

The Success of Luckin Coffee Digital Marketing from the Perspective of STP

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Abstract: In recent years, the global coffee industry has witnessed rapid development influenced by various factors, and digital marketing strategies play a crucial role in its growth. This paper takes Luckin Coffee as the research object and uses methods such as case analysis to analyze its digital marketing strategies. The research findings show that Luckin has enhanced its brand image and expanded its market share through precise STP positioning and diverse digital marketing activities, such as co-branded marketing. Its low-price strategy has also attracted price-sensitive consumers. However, Luckin faces issues such as product homogeneity, vague brand positioning, and low consumer stickiness. Some co-branded activities have even damaged the brand image. The research concludes that Luckin needs to strengthen its brand positioning, optimize its pricing strategy, conduct precise market research, and improve the user experience. Other coffee companies can also draw lessons from this to expand their markets by optimizing their digital marketing strategies.

1 INTRODUCTION

The coffee industry has evolved significantly worldwide in recent years, influenced by globalization, consumer taste change, and successful marketing strategies. In the global coffee market, coffee shows noticeable influence: North America and Europe are the biggest coffee consumption markets; the Middle East and the Asia-Pacific region rapidly expands the coffee market with high potential while South America is the main coffee supply market. The global coffee industry expands at an incredible speed--In 2024, the coffee market size is expected to reach USD 132.13 billion, and would continuously reach 166.39 billion by 2029 by prediction. (FHA Editor, 2024) This impressive growth in market size and global influence is inseparable from its effective digital marketing strategies, and the coffee industry can benefit from them in terms of learning consumers' lifestyle through the database, helping it adapt to consumers' rapid changes in taste and producing trendy coffee products. Moreover, the coffee market produces highly similar products, so those producers need to differentiate

their coffee, gaining a unique competitive advantage like home delivery by using these strategies. As globalization develops, global awareness of the environment and ethics has increased to an unprecedented position, which requires them to build an environment-friendly and ethical image towards customers across the world in terms of building customer loyalty, and digital marketing strategy provides approaches to allow producers to build such a brand image.

Academic discussion about coffee industry's digital marketing strategy is also endless, mainly focusing on consumer preferences, technology, and sustainability concerns. Digital marketing strategy includes social media marketing, search engine optimization, paid advertisement, mobile app engagement and E-commerce, which effectively assist expansion of the coffee industry from various perspectives (Grant, 2021). For example, social media marketing showcases coffee products to consumers in the form of engaging their life, since coffee ads would appear when they are checking apps like TikTok and Instagram and introduce a perfect lifestyle with coffee (Hidayat, 2022). Other digital marketing strategies like e-commerce provide

convenience towards consumers in terms of making purchases much easier online than physical stores. Digital marketing strategy could target potential customers in high intent accurately through search engine optimization according to its tremendous database.(Research Publish Journals, 2022) As a result, digital marketing strategy is the key to the success of the coffee industry, and analyzing these strategies brings long-term benefits to the coffee industry.

As one of the fastest growing and most promising coffee brands in China, Luckin also uses various digital marketing strategies. This paper will analyze how Luckin achieves rapid market development through using digital marketing strategies.

2 STP ANALYSIS OF LUCKIN COFFEE

2.1 Segmentation

Luckin Coffee is expanding globally, with a focus on opening stores in densely populated and high spending areas such as core commercial districts, office buildings, shopping centers, and universities in first - and second tier cities, while also penetrating into third - and fourth tier cities (Tao Li,2024). Therefore, its target customers are mainly concentrated in the age range of 20-40, mainly young office workers and students. This group of people pursue fashion and trends, value quality of life, are willing to accept new things, have strong social needs, and pay attention to consumer experience and product aesthetics. In addition, they have a high frequency of demand for coffee and have certain requirements for coffee quality. They also pursue convenient purchasing and fast delivery services, prefer to consume through online platforms, and are easily influenced by brand marketing activities.

2.2 Targeting

Luckin Coffee has chosen the younger generation of consumers as its core target market. This group is greatly influenced by social media and digital lifestyle, with diversified and personalized consumption needs, high acceptance of new things, and emphasis on convenience and immediacy of consumption. Luckin Coffee meets the coffee and beverage needs of young consumers in different scenarios, such as work, leisure gatherings, social sharing, by providing diversified products,

convenient online and offline purchasing channels, and rich marketing activities.

2.3 Positioning

Luckin Coffee shapes a brand image that is young, fashionable, convenient, efficient, and cost-effective. Luckin Coffee emphasizes the concept of "fast fashion coffee". It allows consumers to enjoy coffee anytime, anywhere through rapid expansion of stores and efficient delivery services. Moreover, Luckin Coffee actively collaborates with numerous IPs to carry out various themed marketing activities, which enhances the brand's topicality and influence and helps establish a youthful, dynamic, and trendy brand tone.

Luckin Coffee offers high-quality and diverse coffee and other food products, including classic coffee, creative blends, light desserts, to meet the taste needs of different consumers. In terms of packaging, Luckin Coffee focuses on the appearance and packaging design of its products, creating a fashionable and personalized product image.

Luckin Coffee's product prices are mainly concentrated in the range of 15-30 yuan, and weekly coupons are issued to customers to purchase a cup of coffee for 9.9 yuan, which is at the mid to low end level and differs from other high-end coffee brands such as Starbucks (Jiang Mingjue,2024). It has a high cost performance ratio, which can meet consumers' demand for quality and meet the consumption ability and price sensitivity of young groups.

3 THE ADVANTAGES AND DISADVANTAGES OF LUCKIN MARKETING

3.1 Advantages

Since its foundation, Luckin Coffee has made co-branded promotions as one of its primary marketing strategies. It has collaborated with major IPs across various fields, including the stage play Dream of the Red Chamber, the band Wutiaoren, and the game Genshin Impact, launching a series of new products and merchandise. The most phenomenal marketing case was the launch of "Sauce-Flavored Latte", collaboration with Moutai, which set a record of 100 million yuan in first-day sales and drove an 84.9% year-over-year increase in revenue for the quarter.

3.1.1 Setting Precise Market Positioning, Meeting Public's Curiosity

The widespread popularity of Sauce-Flavored Latte can be largely attributed to its precise brand positioning. Generation Z has grown up in an era of highly developed internet and social media, exposed to diverse, personalized, and unconventional ideas. They have a strong desire for unique and customized products. The "Sauce-Flavored Latte" combines fast-moving consumer goods with luxury products, creating a unique niche in the co-branded beverage market. It caters to Gen Z's pursuit of creative drinks and their curiosity about premium baijiu (Zhao & Wang, 2024).

3.1.2 Using a Variety of Topic Marketings to Promote the Product

Luckin Coffee conducted a multi-layered and comprehensive marketing approach for "Sauce Latte.", especially creating diverse topics on social media to promote the product. During the UGC stage, the brand launched an all-round topic marketing on various platforms, while skillfully using buried marketing to respond to critics, to improve discussion and user engagement. For example, using "sauce latte voucher after 19 yuan" to promote how cost-effective the product is; using the topic "Will lattes be recognized as drunk drivers" to combine the product with social topics and create news events to attract public's attention and reports of official media; "The chairman supervising the production process" to response to users' doubts about the raw materials, and highlights the brand's intentions and responsibility for the production process.

3.1.3 Resonates with User Value, Takes Social Responsibility

In addition to the classic topic marketing, the marketing of "sauce latte" also accurately locates user pain points, resonates emotionally with the Generation Z, and causes the wide spread of UGC content. The packaging slogan of "early A (alcohol) late C (coffee)" is used to generate value resonance with office workers, triggering users' sharing and teasing behavior to improve brand exposure. Moreover, Luckin successfully helped traditional brands break through the shackles of small audiences, let more young people have access to Moutai, a time-honored brand, created a new road for many traditional brands to attract young consumers, and further improved the social value of brand co-branding, enabling Luckin Coffee to become a

positive example of economic growth and corporate social responsibility (Wang, 2024).

3.2 Disadvantages

3.2.1 Setting Precise Market Positioning, Meeting Public's Curiosity

According to the 2018-2019 Blue Book of Coffee Consumption in China, 73% prefer lattes due to their low caffeine content (10-20%), which means most Chinese people do not accept "black coffee" with no milk or sugar. After many attempts, Luckin Coffee launched milk coffee products, differentiated its products from traditional coffee brands such as Starbucks, and its sales increased significantly, becoming the leader on the milk coffee track. However, in order to further expand the market, Luckin added fruit tea, lemon tea, baked light food and other products to their product list, which is too close to the products provided by Coco, Starbucks and other competitors. The high degree of product homogeneity makes it lose its unique competitiveness in the fierce competition in the milk tea drink market, and weakens the existence of the cost-effective milk coffee products that the brand focuses on.

3.2.2 High Consumer Flexibility, Low Price Positioning Limits Brand Premium

Luckin has attracted young people through a large amount of subsidies to form a price advantage for a long time, and similar products are 5-10 yuan lower than Starbucks, Costa and other merchants. From the 9.9 yuan activities caused by the rise in consumer dissatisfaction can be seen, due to Luckin has advertized itself as a cost-effective brand since its foundation, consumers now are difficult to accept the rise of price in a short time, and become very sensitive to price changes. The price rise will evoke consumers negative emotions, and then turn to buy other brands. It can be seen that the brand stickiness is poor, and it is also difficult for Luckin to launch high-end products in a short time (Li & Yuan, 2024).

3.2.3 Unintended Consequences of the Co-Branding Campaign on the Company's Social Image

The main marketing method of Luckin is to broaden the market audience by co-branding with large IP in different fields, but sometimes blindly focuses on IP traffic but ignores public opinion monitoring. At the end of August 2023, players of the Black Myth Goku

posted characters' lines that were suspected of "objectifying women" online, believing that it was the example of man gaze, causing discomfort to women, and attracting widespread attention from users. Later, members of the main creative team were found to have made vulgar remarks online, further increasing the controversy over the topic of degrading women. Luckin announced its co-branding campaign with Black Myth Wukong in May 2024, which was boycotted by a large number of female consumers, who turned to Cudi coffee, which has the same competitive price and product with Luckin. At the same time, during the activity, due to the insufficient preparation for consumer survey, the brand wrongly estimated the purchasing power of consumers. Most consumers rushed to empty because the shortage of co-branded products, and the management of offline stores was chaotic, leading to inefficient feedback urged by customers. Consumers' dissatisfaction and negative emotions largely impacted the company's social image.

4 SUGGESTIONS

4.1 Strengthen Brand Positioning

Strategic product positioning and differentiation emerge as critical success factors for contemporary enterprises navigating competitive markets (He, 2025). In order to establish differentiated competitive advantages, it is necessary for Luckin Coffee to deepen its strategic positioning of professional coffee brands. The authors recommend building a quality assurance system from raw material procurement to consumer experience to achieve a visual expression of professionalism. As for the supply chain, it is suggested to establish strategic cooperation with high-quality coffee farms in coffee origin countries such as Colombia and Ethiopia, and establish a coffee quality traceability mechanism by introducing professional coffee taster teams to evaluate the flavor of each batch of coffee beans. In terms of production process, it is suggested that from the origin of selected coffee beans to the precise control of roasting, each link should establish standardized operating norms, such as using German Probat roasters to set of accurate caramelization reaction parameters.

In terms of brand communication, the building of brand image needs multi-dimensional cultural penetration. Luckin Coffee can build a differentiated content system in digital space dissemination, such as creating the "Coffee Master Course" series of IPs through short video platforms and inviting SCA

certified mentors to interpret coffee tasting knowledge; Luckin Coffee can also set up a coffee culture exhibition area in physical space, equipped with AR interactive devices to present consumers with coffee bean origin stories. A more innovative approach is to establish a consumer participation mechanism, such as organizing a "Coffee Flavor Exploration Workshop" activity to guide consumers to perceive the flavor differences brought by different processing methods through cup testing experiences. This immersive experience can effectively enhance brand professional cognition.

4.2 Optimize Pricing Strategy

The current price driven growth model urgently needs to shift towards a value oriented pricing system. The authors suggest that Luckin Coffee build a three-layer pyramid product matrix: basic products maintain price competitiveness, specialty products enhance premium space through flavor innovation, and limited edition products focus on creating collectible value. In specific implementation, Luckin Coffee can draw on the successful experience of Starbucks' Select series to develop a premium coffee series, using COE competition grade bean seeds and nitrogen cold extraction technology, combined with designer co packaging, to increase the unit price to the range of 35-45 yuan.

Developing themed product combinations for specific consumer scenarios is an effective way to break through the price dilemma. For example, launching the "Conference Coffee Butler" service in business scenarios, which includes customized espresso and professional sommelier services; Design a gift box set of "coffee+desserts+peripherals" at festival nodes, and increase the average customer price through scenario based value-added services. It is worth noting that price adjustments need to be accompanied by explicit communication of consumer perceived value. It is recommended to set up a coffee bean roasting display area in stores, equipped with professional baristas for brewing demonstrations, so that consumers can intuitively feel the value support of product premium.

4.3 Precise Market Research and Collaborative Strategy

Luckin Coffee should establish a scientific market evaluation system and effectively avoid potential cooperation risks through multi-dimensional consumer insights and public opinion monitoring mechanisms. In the basic research stage, brands need

to build a complete user profile analysis model to deeply analyze the characteristic maps of core consumer groups in terms of entertainment preferences, consumption habits, and values. Taking the main consumption force of the new generation as an example, its attention to ACG culture, e-sports ecology and the concept of meta universe is significantly higher than that of traditional media, which provides data support for the selection of digital culture IP with phenomenal influence, such as Genshin Impact and League of Heroes. It is worth noting that the dimension of IP evaluation should not be limited to market heat, but should also comprehensively consider its cultural connotation, social evaluation, and legal risks, and establish a screening mechanism including public opinion warning index and ethical compliance review.

In specific operations, the collaborative management of the supply chain for co branded products directly determines the market response efficiency. The authors suggest using a dynamic demand forecasting model, combined with historical sales data and real-time pre-sale information, to achieve flexible adjustment of production capacity allocation. At the marketing and promotion level, a three-dimensional communication matrix of "social fission+scene penetration" can be constructed: by exchanging virtual props to stimulate the participation enthusiasm of Generation Z, using AR technology to create offline pop-up interactive spaces, and cooperating with KOC experiential content production to form a communication loop. This composite promotion model not only enhances user stickiness, but also provides data basis for strategy optimization through real-time monitoring of market feedback through UGC content to better service customers. While brand partnerships lay the groundwork for establishing brand equity, sustained success requires marketers to shift their focus toward consumer-centric strategies (Luo, 2025).

4.4 User Experience Optimization Path

The improvement of store service quality requires the construction of a personalized and emotional service system. Contemporary consumers' expectations for the third space have surpassed basic functional needs and are more focused on emotional experience design. The authors suggest incorporating regional cultural elements into the spatial layout, such as introducing panda themed art installations in the Chengdu store and using Shikumen architectural decoration style in the Shanghai store to enhance scene memory points through localized design. The

employee training system should add an emotional labor management module, enhance service adaptability through scenario simulation training, and establish an instant evaluation and feedback mechanism to directly link customer satisfaction with performance evaluation. Luckin's strategic emphasis on cultivating meaningful dialogue with customers while prioritizing employee skill enhancement has proven instrumental in fortifying its market position (Li et al., 2025).

Optimizing the digital experience requires reconstructing the user journey map. For the pain points of using the APP, an intelligent order prediction algorithm can be introduced to pre load the order interface based on user historical behavior data. In the delivery process, it is recommended to use blockchain technology to achieve full process traceability. It is worth noting that private domain traffic operations should break through the traditional membership system and build user communities with social capital attributes through innovative forms such as NFT digital collection distribution and metaverse coffee workshops. This virtual real fusion experience design not only improves service efficiency, but also enhances brand identity at the emotional level.

5 CONCLUSION

This essay has analyzed Luckin Coffee's marketing strategy, highlighting both its successes and challenges. Research findings indicate that Luckin's digital marketing strategy, including social media engagement, UGC, and collaborations with other IP, have enhanced its brand image and expanded the market share. In the case of the Sauce-flavored Latte, it suggests how Luckin successfully created a trend through a combination of interactive campaigns and traditional media amplification. Additionally, research shows that Luckin's affordable pricing strategy has been crucial in attracting cost-sensitive consumers, gaining a unique competitive advantage over other coffee brands like Starbucks. However, some data also reveals the drawbacks of Luckin's product homogeneity like Coco and Costa, providing an unclear position to customers. Furthermore, inappropriate co-branding like Black Myth Monkey has increased customer dissatisfaction, weakening Luckin's brand image and reputation.

To navigate uncharted waters, this essay provides significant value in understanding rapidly growing China's coffee industry and the importance of targeting customers and implementing accurate

digital marketing strategies. These findings shed light on the fact that while temporary marketing can create short-term success, a company's long-term growth still relies on its customer loyalty and sustainability. Plus, with some evaluation and explanation of Luckin's digital marketing strategy, this essay has provided a reference for other coffee companies seeking opportunities to increase their market share and find their target consumer through optimization of their digital marketing strategies.

In future investigations, more in-depth data and statistical evidence should be used to support arguments. Instead of generalizing Luckin's marketing success, analyzing consumer behavior metrics, financial reports, and market share comparisons with competitors like Starbucks and Costa Coffee would set the stage for further marketing strategies analysis. Additionally, applying marketing theories, such as AIDA (Attention, Interest, Desire, Action), SWOT analysis, or Boston Consulting Group matrix, can deepen the analysis, bridge the gap between theoretical knowledge and practical case study.

AUTHORS CONTRIBUTION

All the authors contributed equally and their names were listed in alphabetical order.

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