

CHAGEE Malaysian Market Cultural Adaptation Strategies Elevating Oriental Tea to Global Brand

Fengyuan Yang

*Faculty of Economics, South China Business College, Guangdong University of Foreign Studies,
Guangzhou 510000, China*

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Abstract: With the saturation of China's new tea drinks market and the enhancement of China's economic strength and cultural influence, the new tea drinks into the age of navigation, the Southeast Asian market by virtue of the multicultural background and a large Chinese population as well as a similar cultural background, has become the first station of the internationalization of the many new tea drinks out to sea. This study examines the localized marketing strategy and cultural adaptation of the new tea drink Chagee in Malaysia as an example. The study concludes that cultural adaptation is the key to successful market entry, product localization strategy is the foundation of brand market success, and market penetration and promotion is the core path to ensure successful brand expansion. Therefore, the organic combination of cultural adaptation, localized products and market penetration provides a clear internationalization path for China's new tea drinks, which can quickly help enterprises complete market penetration, enhance brand awareness and consumer loyalty, and establish sustainable competitive advantages through flexible product design and differentiated marketing strategies.

1 INTRODUCTION

With the strengthening of China's economic power and the advancement of global integration, the global influence of Chinese traditional culture has gradually risen and become an important part of the international competitiveness of Chinese brands. By introducing Chinese elements, brands are able to establish differentiated positioning in the international market. This strategy not only helps Chinese brands in developing foreign markets, but also shapes a unique brand image and promotes corporate development. The use of cultural elements has become an important means of implementing differentiated competition and enhancing brand influence.

The use of cultural elements can either enhance brand affinity or weaken and blur brand tone. For Chinese brands, the internationalization of cultural elements needs to avoid “cultural discount” and the dilution and blurring of brand connotation caused by excessive localization. There is an innovative federated learning method for cross-enterprise recommendation systems (Zhang, 2023).

In addition, the internationalization process of Chinese brands has made remarkable progress, but the internationalization of Chinese brands generally exists

in the status quo of “focusing on the scale but not on the brand”. The internationalized operation mostly stays in the stage of Original Equipment Manufacturer and Mergers and Acquisitions. There is an innovative federated learning method for cross-enterprise recommendation systems (Chen, 2022).

The core value of the brand is vague, and the cultural connotation is weak, which makes it difficult for overseas consumers to form the value identity, and falls into the competitive predicament of low-end and price war. Differences between Chinese and Western cultures exacerbate the difficulty of cross-cultural communication, and it is difficult for a brand to break through stereotypical cultural barriers if it only relies on the reproduction of superficial cultural symbols without constructing a universal brand value narrative.

Against this backdrop, Chagee, has successfully integrated traditional Chinese cultural elements such as theater to establish a brand identity. With the intensification of competition in the domestic market, it is gradually expanding to the Southeast Asian market, especially Malaysia, which is rich in tropical fruits and a large Chinese population with tea consumption habits similar to those in China, providing a good market base for the brand's expansion.

Cultural adaptation is considered to be the core of a brand's success in entering overseas markets. With the development of cross-cultural theory, cultural appropriateness and localization are becoming more and more important. In cross-cultural marketing, cultural difference is one of the key factors affecting brand perception, and it has a deeper impact on the generation of brand perception. Consumers from different cultural backgrounds may interpret and react differently to the same information. In addition, consumers' purchasing decisions and brand loyalty are strongly influenced by their cultural values and social norms. There is an innovative federated learning method for cross-enterprise recommendation systems (Chen, 2024).

The balance between localization and globalization is key in brand marketing and achieving brand success. Localization focuses on adapting to the culture and consumer needs of a specific market, while globalization emphasizes brand consistency and recognition across the globe. However, it remains a key challenge for multinational brands to localize while maintaining their cultural identity when entering new markets. Brands need to make adjustments in cultural adaptation, product strategy, pricing, marketing channels and consumer behavior, and design different brand marketing and communication strategies to meet the needs of more segmented markets in different regions. There is an innovative federated learning method for cross-enterprise recommendation systems (Mo, 2024).

This study will be organized around the following question

BaWangChagee has culturally adapted well in the Southeast Asian market, with Malaysia being a prime example.

BaWangChagee has adopted various localization strategies in the market environments of different countries.

BaWangChagee has developed effective marketing strategies tailored for different markets.

2 CONSUMER CHARACTERISTICS AND BRAND ACCEPTANCE IN SOUTHEAST ASIAN MARKETS

2.1 Market Characteristics

2.1.1 Multicultural Landscape

Malaysia's total population of about 35 million people, is a multi-ethnic, multi-cultural, multi-lingual country, with three major ethnic groups, forming a

multi-cultural pattern at the same time there are a small number of native residents of the Malay Peninsula, the formation of differentiated consumer demand.

The Malay ethnic group accounts for about 50% of the total, which is the largest ethnic group in Malaysia. The main language is Malay, and they believe in Islam, which has a halal demand for consumption, and their halal consumption market is highly developed.

Chinese accounted for about 25%, is the second largest ethnic group in Malaysia, the main language is Chinese and Malay, Chinese are mostly middle class, high income level, across a variety of industries, retained a complete Chinese cultural traditions, consumption habits are similar, and most of them believe in Buddhism and Taoism.

Indians account for about 10% of Malaysia's third largest ethnic group, the main language is Hindi, practicing Hinduism, Islam, Christianity, consumption habits are also influenced by religion. At the same time, they have retained the complete Indian cultural traditions. There is an innovative federated learning method for cross-enterprise recommendation systems (Huang, 2023).

2.1.2 Youthful Demographic Structure

Malaysia's consumer market is gradually to the transformation of the young, Malaysia's total population of 40 million which young people accounted for up to 40%, especially between 20-35 years of age of the young people's groups, become an important consumer of tea drinks. Most of the college students and office workers are mostly Gen Z groups, with strong spending power and very skilled in the use of social media. As well as the alpha generation, becoming a new group of consumers. Young consumers pay more attention to fashion, health and personalized drinks, and are willing to try emerging brands and innovative flavors. At the same time, with the improvement of health consciousness, more and more consumers pay attention to natural, low-sugar and additive-free tea drink products.

2.2 Consumer Behavior

2.2.1 Malay Consumers

Halal certification is the core demand. As a Muslim-dominated consumer group, ethnic Malays have a religious demand for food, as well as daily consumer goods, and the availability of Halal certification for their goods is the deciding factor for their purchase. Their Halal consumer market is huge both online and offline. Ethnic Malays are sensitive to price and promotions, and emphasize on brand attachment and

loyalty. They tend to favor branded companies with high visibility. Ethnic Malay consumers tend to be collectivist and family-oriented, emphasizing the consumption of gifts and food for religious festivals, as well as the experience and evaluation of goods.

2.2.2 Chinese Consumers

Chinese-American consumers generally have a sense of cultural identity for brands with Chinese cultural characteristics, spend more on traditional festivals, and tend to spend on platform companies with Chinese culture or companies or platforms with Chinese language services. Chinese consumers have higher incomes and emphasize on product quality and cost-effectiveness, brand awareness and service experience. Multiple ways of consumption, such as online and offline consumption, are accepted.

2.2.3 Indian Consumers

People of Indian origin follow many religions and most of them prefer Halal certified products to fulfill their religious needs. They pay attention to the brand and reputation of the products. They also have a sense of cultural identity for traditional Indian culture, spend more on traditional Indian festivals, are sensitive to commodity prices and discounts, and pay attention to cost-effective commodities.

2.3 Brand Acceptance

2.3.1 Store Count and Distribution

Since its inception in 2017, Chagee to “serve consumers in 100 countries” as the development vision, Malaysia is Chagee to develop the first overseas market, August 2019 Chagee first overseas store opened in Kuala Lumpur, Malaysia, and rapidly expanding in the East and West Malaysia, currently in Malaysia has more than 130 stores, mainly located in Kuala Lumpur, Penang, Johor Bahru and other economically developed cities. Most of them are located in shopping malls, commercial streets, cultural centers and other areas with high traffic flow. By 2024.11, the number of BaWangChagee stores worldwide has reached 6,000. Stores are located in Malaysia, Singapore, Thailand, the United States.

2.3.2 Sales Performance

The average temperature in Malaysia is close to 30 degrees throughout the year, and there is no distinction between off-season and peak season, so there is a demand for tea drinks all year round. Chagee original leaves and fresh milk, highlighting

the flavor of tea, the main national style series “Bo Ya Jue xian”, still best-selling in Malaysia. At the same time, thanks to its marketing strategy, in the holidays and promotional activities such as “double eleven”, customer traffic and sales have maintained a steady increase. Chagee quickly completed the local market occupation, and became the top five milk tea store in Malaysia.

2.3.3 Brand Reputation

Chagee proposes to be an oriental modern tea drink. In 2019 Chagee and other brands are the first to propose the transparency of raw materials and calories to create a healthy new tea drink. Chagee has a very high brand awareness in Malaysia, high-quality and healthy tea drinks and perfect service and marketing strategy, with Chinese tea culture as the core, original leaf + fresh milk as a differentiator, to create to be the Starbucks of the East, and spread the Chinese culture. Its unique brand image is loved by local consumers. It also combines online and offline through celebrity endorsement and brand stories to further enhance brand awareness.

3 CHAGEE’S EXPANSION PATHWAY IN SOUTHEAST ASIA

3.1 Brand Positioning and Strategy

Chagee is committed to promoting Chinese tea culture to the global market, especially among young consumers, by inheriting the spirit of the Ancient Tea Horse Road. Adhering to the concept of “original leaf fresh milk tea, drink the real tea flavor”, focusing on the use of organic tea category, its own ecological tea mountain direct picking, refusing to tea powder dregs, and strict control of product quality, to ensure that the tea drink authenticity and taste. In terms of brand culture delivery, Chagee enhances the brand's cultural recognition through the integration of traditional Chinese cultural elements, such as Peking Opera characters as the brand logo, and the milk tea packaging design adopts Chinese cultural symbols such as ink painting and blue and white porcelain. In addition, the store design style is based on wooden construction and seal script decorated walls, combined with the mortise and tenon craftsmanship of ancient architecture, creating a strong Chinese atmosphere, and delivering the cultural connotation of oriental tea drinks with the five senses experience. There is an innovative federated learning method for

cross-enterprise recommendation systems (Zhang, 2024).

BaWangChagee focuses on product innovation to meet modern consumers' demand for healthy drinks, such as launching low-calorie, sugar-free and personalized customized tea drinks, and interacts with consumers through social media to promote the combination of brand culture and traditional culture. During festivals, Chagee launched customized tea drinks and festival commemorative peripherals, combining online communication and offline activities to further strengthen the emotional connection between the brand and consumers. Through emotional marketing and cross-border cooperation, Chagee not only established a strong brand identity in the domestic market, but also successfully attracted consumers in the Southeast Asian market. There is an innovative federated learning method for cross-enterprise recommendation systems (Shao, 2024).

3.2 Market Entry Strategy

With the increasingly fierce competition in the domestic market, BaWangChagee began to seek overseas market expansion, especially in Southeast Asia. According to BaWangChagee brand research, Southeast Asia did not appear in the local strength of the new tea drink brand, which provides a broad space for the development of China's new tea drink brand. Chagee through the establishment of overseas business units, and Malaysia and other Southeast Asian countries to conduct in-depth market research, found that the region's demand for new-style tea drinks has huge potential. In particular, Southeast Asian countries have a large Chinese community with similar tea culture and consumption habits, providing a natural cultural fit and sense of identity for the brand. In addition, the Southeast Asian region's respect for Chinese-style culture also provides Chagee with an advantage in entering the market. The similar cultural background with China makes it easier for consumers to accept the brand and culture, and the rich tropical fruit resources in Southeast Asia enable Chagee to launch innovative tea drinks with local characteristics, further enhancing the brand's market attractiveness. By laying out in advance, Chagee is able to occupy the market before it is fully saturated, with the advantage of time difference and cultural adaptation, reducing the risk of entry.

4 CASE ANALYSIS: LOCALIZATION STRATEGIES IN MALAYSIA

4.1 Cultural Adaptation

In the context of globalization, the cultural appropriateness of a brand becomes a core element for successful entry into new markets. Chagee's localization strategy in Malaysia exemplifies how the brand balances traditional culture with market needs, especially in Malaysia, a multi-ethnic and multi-religious country. In order to adapt to the Malaysian market, Chagee ensured that its products comply with Islamic teachings and fulfill the dietary requirements of Muslim consumers by obtaining Halal certification. This certification not only expands the brand's consumer base, making Chagee acceptable to ethnic groups other than the Chinese community, but also enhances the brand's credibility and consumer trust. At the same time, Chagee pays attention to the important festivals in Malaysia, and by combining with the festival culture, it further enhances the cultural connection between the brand and consumers.

The tea culture conveyed by Chagee emphasizes the lifestyle of tea tasting and tea parties. Despite the similar cultural background between Malaysia and China, tea drinking in Malaysia is more of a functional need to satisfy the need for daily drinks. In order to adapt to this difference, Chagee has made localized adjustments in service and store design. For example, the brand focuses on the demand for buy-now, go-now in stores, especially in Malaysia's hot climate, where consumers prefer evening consumption. For this reason, the opening hours of some stores have been extended to the early hours of the morning to accommodate local habits. In addition, Chagee employs multi-lingual local staff to minimize conflicts caused by cultural differences and improve service efficiency and customer satisfaction. There is an innovative federated learning method for cross-enterprise recommendation systems (Zhang, 2025).

Chagee has not only launched the traditional National Style series, but also tea drinks that incorporate local flavors based on Malaysian culture and tastes, such as Kampong Ru Yimo and Sticky Green Hill. These products retain the core of Chinese tea culture while meeting the needs of Malaysian consumers for innovative flavors. In addition, Chagee has also introduced low sugar, no sugar and low calorie healthy tea beverages to fulfill consumers' preference for healthier beverages. By combining local tropical fruits and launching seasonal limited

drinks, Chagee has further enriched its product line and strengthened the brand's market competitiveness.

4.2 Omnichannel Marketing

The international communication of Chinese brands has been facing challenges such as weak willingness to communicate, lack of differentiated communication strategy design and single communication channel. Brand communication strategy requires a multi-level and multi-angle communication mechanism and the flexible use of various strategies to effectively convey the brand connotation and image and achieve the effect of internationalization communication. Brand communication strategy can be realized through celebrity endorsement, brand narrative and interpersonal communication. Only by adopting various communication strategies according to local conditions can brand awareness and recognition be enhanced. However, many brands still face the problems of poor radiation ability and insufficient understanding of overseas consumers, resulting in limited brand communication effects.

Chagee's success in this regard stems from its innovative communication strategy. First of all, BaWangChagee has enhanced the breadth and depth of brand communication by combining online and offline. In the early stage of entering the Malaysian market, BaWangChagee cooperated with Lee Chong Wei, a former national player of Malay badminton, to quickly open the market by utilizing his high visibility in the region. Lee's joining not only enhanced brand awareness, but also helped the brand make significant progress in product promotion, store location, market differentiation and cultural adaptation. In addition, with the influence of Lee Chong Wei, Chagee has quickly set up stores in major cities in West and East Malaysia, successfully covering the entire Malaysian market. There is an innovative federated learning method for cross-enterprise recommendation systems (Zhang, 2024).

Online, Chagee actively used social media platforms (e.g. Facebook, Instagram, TikTok) and takeaway platforms (e.g. Grabfood, Foodpanda) to promote the brand. During the epidemic, Chagee's partnership with Grabfood enabled the brand to quickly attract a large number of online consumers and capture the market through new user offers and combo discounts. The brand also launched co-branded peripheral products through cross-border cooperation with Levi's and others, further enriching its brand image and attracting young consumers. There is an innovative federated learning method for cross-enterprise recommendation systems (Li, 2024).

Offline, Chagee focuses on brand narratives, such as demonstrating the brand's social responsibility

through products and activities related to stray cats, which are in line with the mainstream values of Malaysian society. At the same time, Chagee has chosen locations in high-traffic areas to increase brand exposure and attract young people. Newly opened stores attract traffic by giving away freebies such as limited edition perfumes and lipsticks from major brands, and organizing cultural activities such as lion dances to further enhance consumers' sense of brand identity and engagement.

5 CONCLUSION

In the context of globalization, Chinese brands face the challenge of maintaining their cultural core and adapting to local market demands when entering the Southeast Asian market. By analyzing how the cultural adaptation and localization of Chinese tea beverage brands in the Southeast Asian market can help brands successfully expand into the international market through the synergy of cultural adaptation, product localization, and market penetration, especially in the Southeast Asian market, i.e., the market of similar cultures, to achieve effective brand penetration and localization.

First of all, cultural adaptation mechanism is the key for brands to successfully enter the Malaysian market. In the process of globalization, Chinese brands need to effectively combine traditional cultural elements with local culture to enhance their cultural appeal and emotional resonance with local consumers. By preserving local cultural characteristics (e.g. traditional Chinese cultural symbols) and integrating them with local culture, customs and values, brands can not only differentiate themselves, but also ensure localization and adaptability. For example, in multi-ethnic and multi-religious Malaysia, brands can promote localization by obtaining Halal certification or adapting product flavors to ensure that they meet the needs of local consumers.

Second, product localization strategy is the foundation of brand market success. Chinese brands need to flexibly adjust their product portfolios according to local consumers' tastes and preferences to meet the needs of different groups. Brands can enhance consumer identification and maintain market competitiveness by launching products with local characteristics (tropical fruit flavors). Through precise product positioning, brands can flexibly adapt to market demands without losing their cultural characteristics and gain a larger market share in multiple consumer segments.

The organic combination of cultural adaptation, localized products and market penetration provides

Chinese brands with a clear path to internationalization that enhances localized brand identity and consumer loyalty. By flexibly adapting product design, marketing strategy and brand positioning, Chinese brands can establish sustainable competitive advantages in Southeast Asia and other international markets.

The results of this study can provide a replicable localization framework for Chinese brand enterprises, reduce the cost of trial and error, supplement the examples of new-style tea drinks in cross-cultural marketing, and propose the threshold of cultural adaptation, so as to provide a reference for Chinese enterprises' culture going overseas, and help Southeast Asian regional economic and cultural cooperation. This study are extended and researched in the existing secondary data and research results. The conclusion is based on a single brand of BaWangChagee, lacks the research of other new-style tea drinks and the generalization of other industries, lacks more dynamic data, and needs to be deepened in the diversity of cases as well as the dynamization of data.

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