

A study on brand positioning strategies of Starbucks(China)

MaYueyi

Shanghai University, Shanghai

ABSTRACT: Starbucks is a well-known international coffee chain brand. It has been in the Chinese market for 20 years. With the brand positioning of "third space" independent of family space and workspace, Starbucks is widely favored by consumers. However, the competition in the coffee market is becoming more and more fierce, and the performance of Starbucks is not satisfactory. One of the reason is that the supporting system of brand positioning of Starbucks has deviated. This paper takes Starbucks(China) as the research object and compares the brand positioning strategies of Starbucks and its main competitors, using the positioning theory to find the current positioning problems of Starbucks (China). This paper tries to give some feasible brand positioning strategies.

KEYWORDS: Brand positioning, Starbucks (China), Competitive environment

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I. INTRODUCTION

As a coffee chain brand that entered the Chinese market earlier, Starbucks has been popular with consumers because of its "third space" positioning outside of home and office. But in recent years, Starbucks brand management is becoming a fast-food style, and the support system in practice has deviated from the original positioning. For example, encourage consumers to take out, remove the comfortable tables and chairs, and shrink space. The coffee market in China has great potential, but the competition becomes increasingly fierce. Relevant surveys show that by 2025, China's coffee market will reach a trillion. Confronted with fierce competition from coffee brand chain stores such as Costa and Maan Coffee, Starbucks must make its positioning carefully and develop its supporting system and communication strategies in line with its positioning.

Positioning refers to that the enterprise takes the mind of consumers as a battlefield, positioning products in the minds of target customers, to ensure that they occupy a truly valuable position in the minds of expected customers. Positioning theory was proposed by Al Ries and Jack Trout in 1972s^[1]. They believe that positioning should start with a product, which may be a commodity, a service, an organization, or a person. The theory requires that enterprises must distinguish themselves from competitors in the minds of customers and become the first in a certain category, to lead enterprises to develop well. The positioning steps are divided into four steps: Firstly, analyzing the industry environment. This step needs to identify competitors, know and exploit their advantages, and attack the enemy's weaknesses. Secondly, looking for the concept of differentiation. In this step, we need to find the positioning point which is different from the competitors. Thirdly, finding the support system to make the positioning real and credible. Fourthly, Communication, and application. In this step, we need to strike the support force to the separated positioning points in the minds of consumers and establish a good communication relationship with customers.

This paper takes Starbucks (China) as the research object, draws lessons from Traut's positioning theory, compares the brand positioning situation of Starbucks (China) and its main competitors, finds the existing positioning problems, and tries to provide feasible brand positioning strategies.

II. THE INTRODUCTION OF STARBUCKS

Starbucks was founded in Seattle in 1971. In 1987, Howard Schultz acquired Starbucks and merged it with Tiantian coffee, and integrated them into a new Starbucks^[2]. With the "third space" created by Schultz, in addition to the family (the first space) and the Office (the second space), Starbucks is widely favored by consumers and rapidly expands. Starbucks entered Taiwan in 1998 and opened stores in mainland China in 1999. By January 2020, Starbucks has opened 4292 stores in China.

III. THE POSITIONING CHALLENGE TO STARBUCKS

3.1 Deviation from original positioning

The original positioning of Starbucks is to provide a "third space" for white-collar workers with cultural and social status. But in recent years, to pursue efficiency and profit, the support system used by Starbucks has deviated from its original positioning. For example, paper cups instead of mugs, wooden chairs

instead of comfortable sofas, take out coffee, and so on. This support system makes Starbucks like a fast-food restaurant, which is not consistent with the original brand positioning. David Vnjamuri, an associate professor of marketing at New York University, expressed concern that Starbucks' current positioning would damage the brand value of Starbucks and eventually had to accept the rule of "price war".

3.2 Imitation of competing brands

The brand positioning of Starbucks is imitated by many competitive brands. A good positioning usually attracts competitors to join in^[3]. In the Chinese market, not only chain coffee brands but also other restaurants can provide consumers with a "third space", such as DQ ice cream shop, McDonald, 85 degrees C, etc. The imitation of competitive brands poses a threat to Starbucks, making it fall into a greater challenge.

IV. STARBUCKS' COMPETITORS AND THEIR POSITIONING

4.1 Brand positioning comparison

The positioning of each coffee brand is compared below.

In determining the competitive reference frame, two issues should be considered: (1) whether the competitive brands are in the same price level; (2) whether the competitive brands serve the same market segment. By comparison, the average prices of Costa Coffee, Maan Coffee, and Starbucks are between 30RMB and 40RMB. It means that these three brands are at the same level. The target consumers are similar, for example, they provide products and services for white-collar workers and middle and high-income groups who are knowledgeable, and pursue exquisite life. The positioning of Costa Coffee is to create a feeling of home. Maan Coffee is positioned as a slow life. Starbucks provides customers with a "third space" outside their home and workplace, and brings the values of "working actively and enjoying life". This paper accepts the original "third space" positioning of Starbucks.

Table 1: Brand positioning comparison

Positioning	Starbucks	Costa Coffee	Maan Coffee
Functional positioning	• Comfortable third space out of the office and home	• A home-like rest place	• Slow life
Attribute positioning	• Automatic machine-made coffee and other desserts; • Good environment and service	• High-quality handmade coffee and other desserts; • Comfortable environment	• Coffee and other desserts; • An environment that mimics nature
Value positioning	• Enjoy life	• Home feeling; • European aristocratic culture	• Leisure time

Data Source: The author arranges by himself

4.2 Comparison of brand support systems

This paper makes a comparative analysis of the products, prices, place, and marketing communication strategies between Starbucks and its competitors.

4.2.1 Comparison of product strategies

Aiming at the white-collar workers with higher consumption level, Starbucks provides the highest quality freshly brewed coffee and related peripheral products, such as coffee beans, coffee brewing equipment, containers, and assorted pastries, and so on. The coffee beans of Starbucks are deeply roasted and made by a unified and standardized automatic coffee machine. In terms of experience service, Starbucks has always hoped to pass on the American cultural connotation represented by Starbucks to consumers through its employees. However, nowadays, the service is not as good as before. A large number of orders make employees have no time to care about communication with customers. The beans of Costa Coffee are light roasted and all cups of Costa Coffee are hand-made coffee with good flavor. Coffee making hall is semi-open, customers can observe and enjoy the whole process of making handmade coffee. Costa's design and layout are comfortable and warm in terms of color matching, spatial layout, goods display. Costa also carries out functional zone, providing different experiences for customers with different identities^[7]. Maan Coffee pays more attention to the diversity of coffee flavor, focusing on the research of coffee suitable for the Chinese population. It uses "Maanbear" to order, that is creative. The environment of Maan Coffee is idyllic, and it meets the modern consumers' worship of nature^[8]. This paper reckons that the coffee flavor and service experience of Starbucks need to be improved.

4.2.2 Comparison of price strategies

Starbucks has adopted the method of uniform pricing among its branches, which has led to a few people who can afford it in some parts of China. Maan Coffee adopts the strategy of low price and high quality in its coffee business, and the price of its dessert business is higher than the market price to make up for the shortage of coffee business revenue. It is necessary for Starbucks to adjust its price strategy.

4.2.3 Comparison of place strategies

Different companies have different place strategies and there are some problems with the place strategy of Starbucks. The third trunk road location strategy is adopted for the location of Maan Coffee, which is far away from the noisy business district, school, residential area, or park^[9]. The rent of these locations is relatively cheap and space is larger. Costa has been awarded excellent locations and the right to occupy large shopping malls for Beijing Hualian Group and Jiangsu Yueda Group are partners. There are three characteristics in place strategy of Starbucks. The first is that the location of Starbucks is concentrated in densely populated places, such as central business districts, office buildings, and airports, and many Starbucks stores are distributed in the same area^[10]. The second is that Starbucks adopts direct sales to ensure the unique quality experience and service standard, which also overcomes the restrictions imposed by Chinese laws on foreign retail enterprises. Thirdly, blanket chain stores of Starbucks. Dense stores showed outside the office can deepen the brand impression of customers, but the dense store outlets will lead to each store competing for customers.

Table 2: Place strategies comparison

	Starbucks	Costa Coffee	Maan Coffee
Characteristic	<ul style="list-style-type: none"> • Fully occupy the advantageous business district • Blanket chain stores • Direct sales 	<ul style="list-style-type: none"> • Occupy large shopping malls • direct sales combined with the franchise 	<ul style="list-style-type: none"> • Third trunk road location strategy which is far away from the noisy business district

Data Source: The author arranges by himself

4.2.4 Comparison of marketing communication strategies

Starbucks mainly adopts a word-of-mouth communication strategy. First of all, Starbucks spread American culture to customers through its employees to enhance customers' recognition of Starbucks. Secondly, by providing high-quality consumption experience for existing customers, Starbucks can guide existing customers to spread and share. However, although one of the major competitive strategies of Starbucks is to communicate with customers in the coffee shops, it is difficult for Starbucks to guarantee its service quality and spread the connotation of Starbucks due to its rapid expansion. It is Dr. Cerf Michelle mentioned in Starbucks' experience that Starbucks employees will receive surreal simulation training, every barista would have training classes contains customer service, basic sales skills, coffee basics, and coffee-making skills for at least 24 hours. However, in the real-life, the effect of these training methods in different stores will be different. Starbucks uses word-of-mouth communication to improve its popularity, but the quality of experience declines.

Maan coffee mainly uses experience marketing strategy. Maan coffee has established a perfect service training system for employees, and employees can only receive customers after the training and assessment, can only carry out background services if they can not pass the assessment^[11]. Also, Maan Coffee would place all kinds of honest and charming teddy bears as the proof of ordering food and then take back the bear after serving food. It is warm and unique.

Costa mainly uses experience marketing strategy. Unlike other coffee shops with a compact layout, Costa has extremely strict requirements on the space in its stores. Even in the metropolis where land is very precious, COSTA also requires customers to have enough space to move, providing customers with enough comfort and satisfaction. Specifically, space is divided into different areas. The "business district" is conducive to customers negotiation, and unlike the "living room area", the sofa of the "business district" is equipped with special armrests, which is comfortable for a long-time negotiation. The "convenience zone" is designed to provide convenience to customers, comfortable tables and chairs are placed for customers to stay for a short time.

V. SUGGESTIONS ON THE IMPROVEMENT OF STARBUCKS' POSITIONING STRATEGY

5.1 Positioning strategy

The positioning of Starbucks is quite well. As a result, the positioning of Starbucks could not be changed.

Positioning is to make the enterprise's products or services occupy the most favorable position in the minds of consumers and obtain the preference of users, so as to represent a certain category or a certain feature^[3]. Starbucks stands for American culture and is a place to drink coffee or a "third place" to relax, and it is widely accepted.

5.2 Supporting system

5.2.1 Product strategies

High-quality coffee and coffee experiences services are in line with Starbucks' positioning. Starbucks has a specialized "grower support center" and agronomists. The raw material of coffee beans is high-quality Arabica beans. In transportation, it is necessary to use relevant science and technology to ensure the loss. In the process of baking coffee beans, coffee beans could be roasted in a shallow degree to keep its flavor. A high-level barista may bring good taste coffee. It is great to hold regular barista gathering in the same city to share experience to enhance their professional skills and give promotion rewards to the well-performed baristas.

Starbucks should challenge itself with newer and better products. For one thing, Starbucks needs to localize its products, and for another thing, new products and additional services could be provided. In terms of product localization, Starbucks can study novel kinds of coffee, for example, combine coffee with tea. Tea culture has a history of thousands of years in China, it would be local adaptability if combine tea with coffee. In terms of new products and additional services, Starbucks can try different coffee categories. For example, research functional coffee with health care function and exclusive coffee with different constellations. Aside from coffee itself, the Starbucks coffee cup package could be designed again. Design competitions can be held to get more ideas and enhance the exposure of the Starbucks brand. For additional services, Starbucks can provide customers with effective knowledge resources. For example, provide industry data. Consumption points could be accumulated to search and download database resources.

5.2.2 Price strategies

Starbucks uses the psychological pricing method, while selling coffee, it also brings consumers a good coffee experience and elegant environmental atmosphere^[5]. In order to maintain the company's high-end positioning, consumer interests, and brand image, Starbucks rarely carries out discount promotion. This paper puts forward the following suggestions on the price strategy of Starbucks: (1) Pricing by geographic area. To be specific, unified pricing in first and second-tier cities, some additional products, such as Starbucks' key chain or pendant, can be given as consumption compensation in the third and fourth-tier cities; (2) Pricing by product combination. Coffee and snacks will be sold in combination in certain periods^[6]; (3) Promotion pricing. Discounts are given to consumers who buy large quantities or order early.

5.2.3 Place strategies

This paper suggests that Starbucks should improve consumer experience and optimize the environmental layout. It is necessary to slow down the expansion speed of the first and second-tier cities and strengthen the expansion of the third and fourth-tier cities. In terms of consumer experience, create a relaxed and comfortable "living room" environment. For instance, soft sofa instead of wooden chairs, play romantic music and decorate with warm color light, etc. The interior decoration should be differentiated in the same city and renovated regularly. With the development of new media, the concept of "live commercialization" is becoming more and more popular. Many applications have a live selling function, such as Douyin and Taobao. Starbucks could sell its products through live selling function to increase revenue.

5.2.4 Marketing communication strategies

The aim of the communication strategy is to enhance consumers' impression and understanding of the brand. Nowadays, we are in the digital era. The communication between brands and consumers has been removed from the past offline physical store scene, and the communication process has been repositioned. Different videos could be put to explain planting, growing, purchasing, transporting, baking, and making the process of coffee in different regions on Weibo. Opinion leaders and superstars could be invited to live telecasts to influence their fans' purchase. Sponsor TV shows like "Zhilaizhiwang" is a good idea because the target consumer group of Starbucks includes business people and high-end business talents. Starbucks baking workshop can host large-scale industry summit, taking this as an example to radiate the surrounding cities.

VI. CONCLUSIONS

This paper takes Starbucks (China) as the research object and finds that its supporting system deviates from the existing positioning. The imitation of competitive brands makes it lose the absolute advantage of the original brand positioning. Through the comparative analysis of the positioning and supporting system of Starbucks and its competitors, this paper concludes that Starbucks coffee has poor taste, unreasonable pricing, intensive stores competing for customers, and the quality of service and environment has declined. In this regard, this paper puts forward the corresponding solutions. For example, making handmade coffee, and change the surface package of the cup, differential pricing, slow down the expansion and improve the experience. In addition, Starbucks can broaden Weibo, Douyin, and Taobao marketing publicity, and sponsor industry forums to improve Starbucks' brand influence.

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