
Localizing a Global Brand: Starbucks's Marketing Strategy in China

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ABSTRACT

With the acceleration of economic globalization, cultural integration and innovation across countries have become increasingly prominent. Coffee culture is also becoming more integrated into the consumption needs of the Chinese market. Since Starbucks entered China in 1998, its marketing strategy has achieved remarkable results, becoming a successful example of international brand localization. This paper aims to analyze the development of Starbucks in China and explore how it has adjusted its marketing strategies to achieve cultural localization, thereby establishing a firm foothold in the local market and becoming its most important overseas market after the United States.

This study adopts a combination of literature review and comparative analysis methods, collecting a large amount of relevant research materials and applying SWOT analysis theory to identify the strengths, weaknesses, opportunities, and threats of Starbucks' marketing strategy. The findings indicate that Starbucks' success lies in its effective adaptation to Chinese consumer preferences, brand positioning, and cultural localization. However, challenges such as intensified market competition and market saturation still exist. This research aims to serve as a reference for other food and beverage companies seeking to enter emerging markets.



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1. INTRODUCTION

Against the backdrop of deepening economic globalization, international brands are actively seeking opportunities to enter emerging markets. However, relying solely on standardized strategies often proves insufficient for global brands to establish a long-term presence in local markets. Localization has therefore become a key strategy in the process of brand internationalization. As the world's second - largest economy, China features a diverse and continuously expanding consumer market, making it a focal point for many international brands (Zhang, W., 2015). According to Starbucks Corporation's Annual Report (2024), by the end of 2024, Starbucks operated over 6,500 stores in the Chinese market, accounting for more than 20% of its global total. At the same time, the

size of China's coffee market has exceeded 300 billion RMB and continues to grow at an average annual rate of over 10% (iiMedia Research, 2024). These figures indicate that coffee consumption in China has gradually shifted from a niche habit to a mainstream lifestyle. However, compared with Western markets, Chinese consumers exhibit significant differences in taste preferences, consumption scenarios, and brand perception (Wang, Y., 2021).

As one of the world's most representative coffee chains, Starbucks has not simply replicated its successful model from the United States since entering the Chinese market in 1998. Instead, it has gradually developed marketing strategies with distinct local characteristics, tailored to the unique features of the Chinese market. Although some academic studies have examined the localization practices of global brands in China (Chen, J., 2023; Liu, H., 2022), there is still a lack of systematic research on how Starbucks specifically adjusts its marketing strategies to achieve cultural localization and effectively enhance its market position. Standardized global marketing strategies can no longer fully meet the increasingly diverse consumer demands in the Chinese market (Wang, Y., 2021), while localization strategies are regarded as the key for international brands to succeed in China (Li, X., 2019). In particular, there is a notable gap in comprehensive studies that integrate literature review and SWOT analysis frameworks to systematically summarize Starbucks' successes and potential challenges in the Chinese market.

Based on this, the present study aims to systematically analyze Starbucks' development in the Chinese market since its entry in 1998, with a particular focus on how it has promoted cultural localization through multi - dimensional marketing strategies such as product localization, in - store experience design, brand culture communication, and corporate social responsibility practices. This paper employs a combination of literature review and comparative analysis methods, integrated with the SWOT analysis framework, to systematically summarize Starbucks' strengths, weaknesses, opportunities, and threats in the Chinese market. The goal is to provide theoretical guidance and practical insights for other international brands seeking to implement localization strategies in emerging markets.

2 Literature Review

Against the backdrop of intertwined globalization and localization strategies, extensive academic research has been conducted on how international brands achieve localization in emerging markets. This literature review systematically examines four key aspects: global brand localization strategies, Starbucks' localization practices in the Chinese market, current research gaps and deficiencies, and the positioning and contributions of this study.

2.1 Global Brand Localization Strategies: Existing Research

Global brand localization has become a key topic in the field of international marketing. (Wang, Y., 2021) pointed out that standardized global marketing strategies can no longer fully meet the increasingly diversified consumer demands in the Chinese market. (Johnson, Lee, and Wang. 2019) emphasized that localization and standardization should achieve a dynamic balance, suggesting that brands need to flexibly adjust products, pricing, channels, and promotional strategies according to target market characteristics to enhance market adaptability and competitiveness. (Liu, H., 2022) highlighted that digital transformation combined with local cultural integration plays a critical role in enabling coffee brands to adapt to market demands. (Yan. 2023), through

comparative research, indicated that international brands in the Chinese market must flexibly switch between standardization, localization, and coordination models to cope with the complexity of different market environments.

2.2 Starbucks' Localization Practices in the Chinese Market: Existing Findings

(Li, X., 2019) and (Wang, Y., 2021) conducted initial analyses of Starbucks' marketing strategies in the Chinese market, concluding that Starbucks has effectively achieved brand localization through product adaptation, spatial design, and cultural marketing approaches. (Liu, H., 2022) focused on Starbucks' digital transformation strategies, emphasizing the supportive role of digital technologies in facilitating brand localization. Additionally, (Chen, J., 2023) examined green marketing strategies within China's beverage industry, offering insights relevant to Starbucks' corporate social responsibility practices.

2.3 Research Gaps and Limitations

Although the aforementioned studies provide valuable insights into Starbucks' localization practices in the Chinese market, several gaps remain:

- (a) Most existing research focuses on a single dimension (such as products or brand image), lacking systematic and comprehensive analysis.
- (b) There is a shortage of integrated studies combining literature review with the SWOT analysis framework to evaluate Starbucks' localization strategy holistically.
- (c) The rapid changes in the market environment in recent years, including the rise of new competitors such as Luckin Coffee, have not been sufficiently discussed regarding their impact on Starbucks' position in China.

2.4 Research Positioning and Contribution

Based on the above literature review, this study aims to systematically analyze Starbucks' development trajectory in the Chinese market since its entry in 1998. It focuses on exploring how Starbucks has promoted cultural localization through multidimensional marketing strategies such as product localization, spatial experience design, brand culture communication, and corporate social responsibility practices. These efforts have enabled Starbucks to establish a solid foothold in the local market and grow into its most important overseas market after the United States.

To fill the existing research gaps, this study adopts a combination of literature review and comparative analysis methods, supplemented by the SWOT analysis framework. It systematically summarizes Starbucks' strengths, weaknesses, opportunities, and threats in the Chinese market. The goal is to provide both theoretical foundation and practical reference for other international brands seeking to advance localization strategies in emerging markets.

3 Research Methodology

To systematically analyze Starbucks' localization marketing strategies in the Chinese market, this study adopts a combination of literature review and comparative analysis methods, supplemented by SWOT analysis for structured synthesis and evaluation. The specific methods are as follows:

3.1 Literature Review Method

A comprehensive collection and screening of Chinese and international core journal articles, industry reports, and corporate annual reports published between 2010 and 2025. The focus includes topics such as global brand localization, cross-cultural marketing, coffee market development, and Starbucks-related studies.

3.2 Comparative Analysis Method

This study conducts a comparative analysis between Starbucks in the Chinese market and other international coffee brands (such as Costa Coffee and Tim Hortons) as well as local brands (such as Luckin Coffee). It examines differences in key dimensions including the number of stores, product innovation, and brand influence, in order to highlight Starbucks' uniqueness and advantages in its localization strategies.

3.3 SWOT Analysis

To provide a more comprehensive overview of Starbucks' marketing strategies in the Chinese market, this study applies a SWOT analysis model, conducting a systematic evaluation from the following four perspectives: Strengths, Weaknesses, Opportunities, and Threats.

Strengths	Global brand recognition, well - established store network, strong product and service innovation capabilities
Weaknesses	High pricing, insufficient cultural adaptability in certain market segments
Opportunities	Continuous growth of China's coffee market, rising consumer spending trends
Threats	Intensified competition from local brands, raw material price fluctuations, and policy risks

4 Results

Through systematic organization using literature review, comparative analysis, and the SWOT framework, this study summarizes the key outcomes of Starbucks' localization marketing strategies in the Chinese market. Combined with relevant market data, the following four core research findings have been identified.

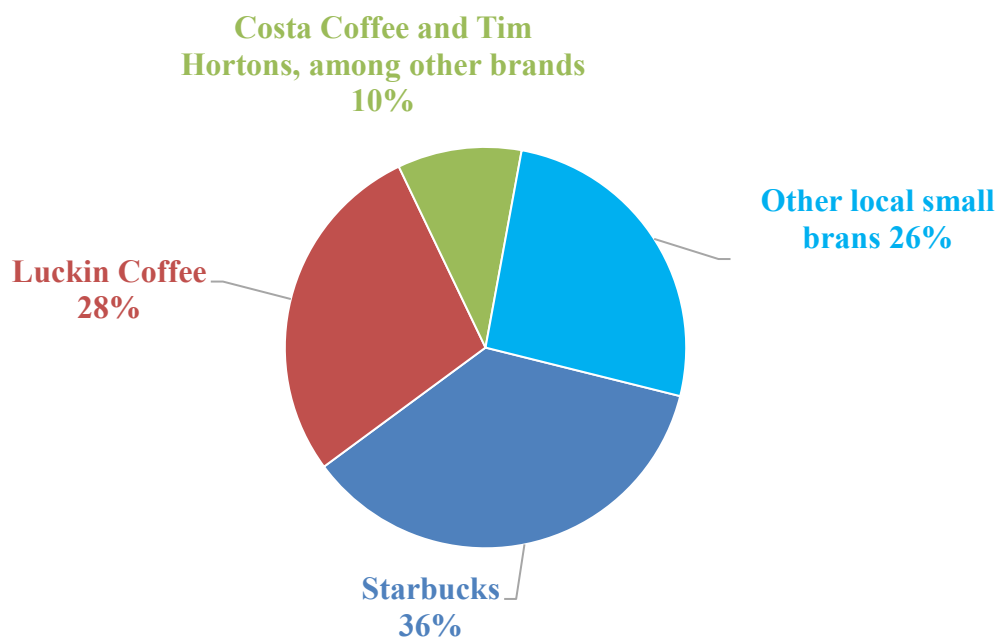
4.1 SWOT Analysis of Starbucks in the Chinese Market

Based on existing studies (Li, X., 2019; Wang, Y., 2021; Starbucks Annual Report, 2024) and the latest industry data, the following SWOT matrix is established:

Strengths	Weaknesses
Strong brand influence and global recognition	Product prices higher than local competitor brands

Extensive store network covering first-tier, second-tier, and emerging cities	Market saturation in first-tier cities
Localized innovation in products and in-store experience	Dependence on imported coffee beans, with costs affected by exchange rate fluctuations
Well-developed digital operations and membership system	Insufficient engagement with local brands in social media marketing
Opportunities	Threats
There is considerable growth potential in third - tier and lower - tier city markets.	The rise of local brands with significant advantages in pricing and localization.
Coffee culture is gradually becoming more widespread, with a continuously expanding consumer base.	High innovation frequency among competitors such as Luckin Coffee, increasing market share pressure.
Consumers are placing increasing importance on sustainability and green consumption.	Uncertainty in consumer spending due to macroeconomic fluctuations.

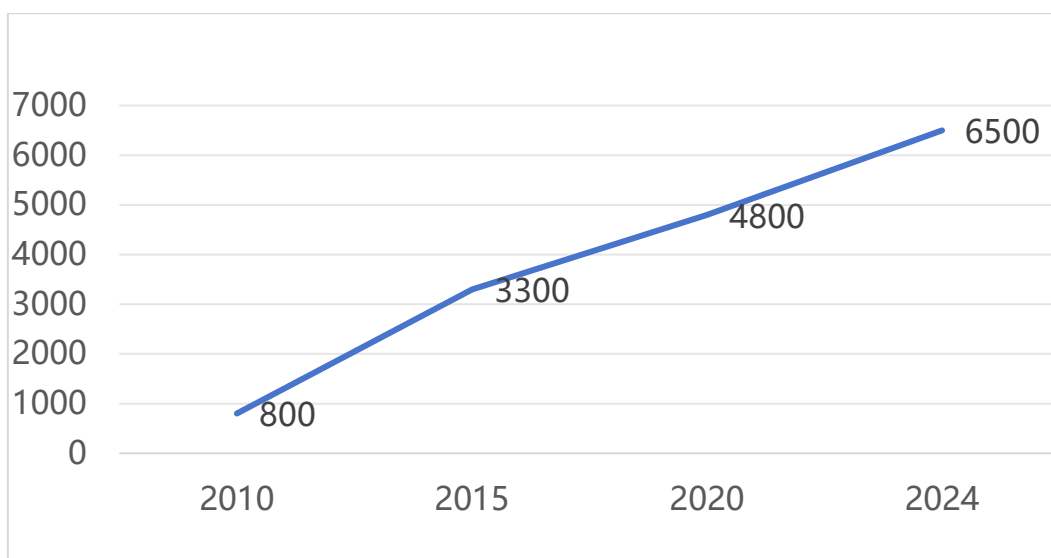
4.2 Market Share Comparison Between Starbucks and Major Competitors



1 .Market Share Comparison Between Starbucks and Major Competitors

(According to data from iiMedia Research (2024) and the China Coffee Industry White Paper (2024), as of the end of 2024. This data indicates that while Starbucks still holds a dominant position, the market share of local brands is rising rapidly.

4.3 Starbucks China Store Growth Trend (2010 – 2025)

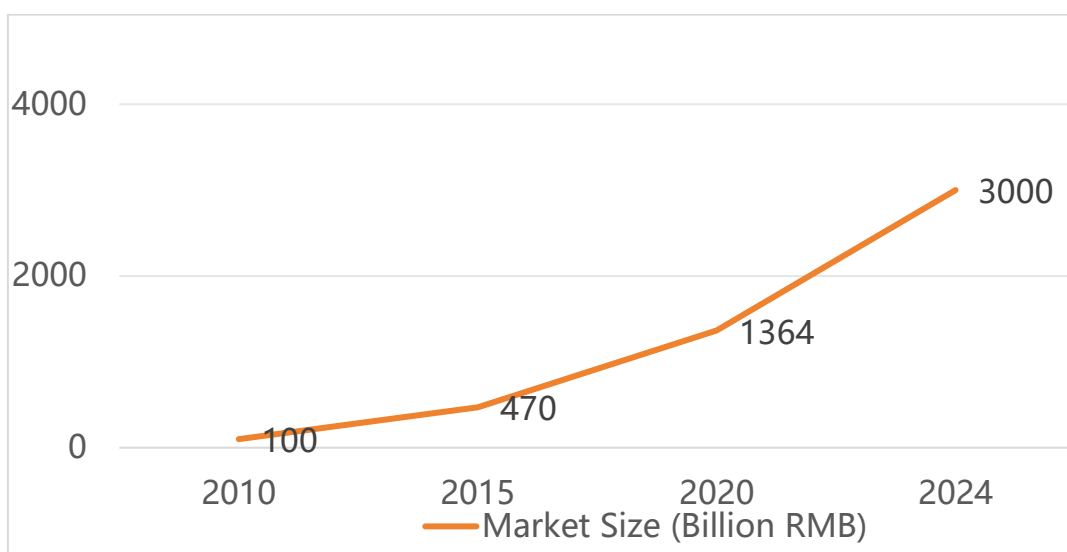


2. Starbucks China Store Growth Trend

(Data Source: Starbucks Corporation Annual Report (2024))

The growth trend shows that Starbucks has continued to expand in the Chinese market; however, its growth rate has slowed in the past three years, demonstrating a shift from first-tier cities to second- and third-tier cities.

4.4. China Coffee Market Size Growth Curve (2010 – 2025)



3. China Coffee Market Size Growth Curve

(According to iiMedia Research (2024) and relevant industry reports)

The annual growth rate has remained above 10%, with the coffee market showing a structural growth trend, especially driven by post-pandemic consumption recovery.

4.5 Summary of Key Findings

(a) Compared with Costa Coffee and Luckin Coffee, Starbucks maintains a leading advantage in brand influence, store network layout, and product localization.

- (b) Market competition is intensifying, with particularly notable challenges from local brands such as Luckin Coffee.
- (c) China's coffee market still holds growth potential, but in first-tier cities, Starbucks shows relatively weaker competitiveness in price-sensitive segments. Local consumers' price sensitivity and saturation of social experience require further market expansion into broader areas.

5 Discussion

Based on the research findings presented above, this section discusses Starbucks' localized marketing strategy in the Chinese market from four perspectives: maintaining advantages, market challenges, strategic adjustment directions, and theoretical and practical implications.

5.1 Sustainability of Brand Advantages and Effectiveness of Localization Strategies

This study finds that since Starbucks entered the Chinese market in 1998, it has established a solid market position through product localization, spatial experience innovation, cultural communication, and corporate social responsibility practices. In particular, Starbucks maintains a leading position in store network layout and brand recognition. This aligns with the concept of "dynamic balance between localization and standardization" proposed by (Johnson, M., Lee, H., & Wang, Y. 2019), which emphasizes that international brands should flexibly adjust between global consistency and local adaptability to meet target market demands. The results of the SWOT analysis show that Starbucks' localization strategies have effectively enhanced its brand competitiveness, especially demonstrating significant advantages in high-end market positioning and digital membership systems.

5.2 Market Challenges and Potential Threats

Although Starbucks holds approximately 36% market share in China, the research results indicate that competitive pressure from local brands such as Luckin Coffee is increasing significantly. Local brands demonstrate greater flexibility and responsiveness in terms of pricing advantages, social marketing, and digital innovation (Liu, H., 2022). In addition, while China's coffee market continues to grow at an annual rate of over 10%, market saturation in first-tier cities has become an issue that cannot be ignored (iiMedia Research, 2024). This confirms the viewpoint of (Li, X. 2019), who emphasized that "global brands must remain vigilant to market cycle changes in local markets."

5.3 Adjustment Directions for Localization Strategy

Based on market trends and SWOT analysis, Starbucks' future localization strategy in the Chinese market may consider the following directions:

- (a) Market Penetration into Lower - tier Cities: Accelerate expansion into third-tier and lower-tier cities, targeting unsaturated market areas.
- (b) Product Innovation: Develop more products that align with local taste preferences and health consumption trends, such as sugar-free, low-fat coffee drinks and locally inspired co-branded series.
- (c) Pricing Strategy Optimization: While maintaining its premium positioning, moderately introduce more affordable product options to increase market penetration.

- (d) Enhancing Social Interaction: Learn from local brands like Luckin Coffee by adopting social marketing models to strengthen customer engagement and brand activity.

5.4 Theoretical Significance and Practical Reference Value

This study fills the gap in systematic research on Starbucks' localization strategy in the Chinese market, particularly by combining literature review with SWOT analysis, offering a new methodological reference for global brand localization strategy research. Compared with (Chen, J., 2023) and (Wang, Y., 2021), this paper does not focus solely on a single dimension such as product or service, but proposes a more comprehensive analytical framework.

For other international brands seeking to enter China or other emerging markets, the case of Starbucks provides the following insights:

- (a) Localization and standardization are not opposing strategies but require dynamic balance and flexible adjustment.
- (b) Continuously monitor market trends and promptly optimize products and services.
- (c) Emphasize deep integration of brand culture and social responsibility within the local market.

5.5 Discussion Summary

Overall, Starbucks' localization marketing strategy in the Chinese market has achieved positive results. However, continuous optimization and innovation are still required to address competition from local brands, market expansion, and changing consumer demands. Starbucks' experience holds strong representativeness and reference value, providing both theoretical foundation and practical guidance for international brands implementing localization strategies in emerging markets.

6 Conclusion

This study focuses on the theme of "localization strategies of global brands," using Starbucks' marketing strategy in the Chinese market as a case. It systematically analyzes how Starbucks has achieved effective cultural localization and consolidated its market position through multidimensional measures such as product localization, spatial experience design, brand culture communication, and corporate social responsibility practices. The research adopts a combination of literature review and comparative analysis methods, supplemented by the SWOT analysis framework, to comprehensively summarize and evaluate Starbucks' strengths, weaknesses, opportunities, and threats in the Chinese market.

The research findings indicate that Starbucks' success in China is mainly attributed to the following factors:

- (a) Continuous deepening of product and service localization, meeting Chinese consumers' taste preferences and cultural needs.
- (b) Precise brand positioning and spatial experience design, creating consumption scenarios that differ from traditional coffee brands.
- (c) Digital transformation and corporate social responsibility practices, which effectively enhance user engagement and brand recognition.

At the same time, the study also highlights challenges faced by Starbucks, such as the rise of local competitors and market saturation.

The main contribution of this study lies in filling the research gap in the systematic analysis of international brand localization strategies, especially by combining literature review with the SWOT analysis framework, providing valuable references for other international brands.

Based on the conclusions of this research, it is recommended that future related enterprises pay attention to the following aspects when formulating localization strategies: Continuously optimize products and services to adapt to market changes; Focus on integrating brand culture with local values; Flexibly adjust pricing and market strategies; Actively respond to challenges from local competitors. In addition, future research could further combine field surveys and consumer behavior data to conduct more quantitative and empirical analyses of brand localization effectiveness, thereby enhancing the comprehensiveness and practical relevance of the study.

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