

THE CHINESE ATTITUDE TO FOREIGN BRANDS IN THE CASE OF STARBUCKS' SUCCESS

L. S. Sidarava

Belarusian State University, Minsk;

lizaveta11sid@mail.ru;

scientific supervisor – V. S. Zhukavets, senior lecturer

The article is dedicated to the ways in which Chinese consumers engage with foreign brands, looking specifically at their perceptions and experiences of Starbucks. Based on online-interviews with consumers from Beijing, Tianjin, Shanghai, the article explores the factors which contributed to the company's popularity in China. The relevance and degree of study of the researched problem in foreign literature is underlined. From the results, it was found that western culture adoration and Starbucks' smart market entry strategy were the key factors in determining the consumer decisions and preferences in drink consumption. We suggest that the results of this survey can be used to assume Starbucks' strategy for entering the Belarusian market.

Key words: Starbucks in China; marketing strategy; local brands; coffee culture; coffee consumption; Starbucks in Belarus.

The attitude towards foreign brands in China is evolving as perceptions of Chinese brands improve. This can be attributed to increasing consumer sophistication, improved product design, functionality and Chinese brand marketing. The tendency for Chinese media to boost product or service problems with foreign brands damages the image of non-native companies.

The tendency that local brands are gaining share is not the result of nationalistic favour. Chinese niche brands are targeted at individuals. Big store, mass-produced products often have less appeal in China. Local brands are winning because they address consumer needs in three areas: value for money, quality and aftersales service [1]. These three factors play a key role in the choice of Chinese consumers today.

Companies from all over their world try to sell their products to the world's largest group of consumers. Nevertheless, rapidly changing Chinese market is set in deeply-rooted traditions. For this reason, nearly half of all foreign businesses fail in China within two years of entering the market. Both luxury and mass-market international brands fail to establish their presence. For instance, Nike did not translate campaign messaging properly, which led to misunderstanding. D&G ad campaign sabotaged their brand image with cultural superiority making a Chinese model look clumsy while eating Italian pizza with chopsticks. Versace campaign touched on sensitive Chinese issues. The brand claimed Hong Kong and Macau to be independent states. The followed fierce criticism and boycott almost swatted these brands out of China.

If there were one company that should have failed in China, it would be Starbucks. China has long-lasting history of drinking tea and a strong culture associated with it. Nobody could have guessed that the Chinese would ever drink coffee instead of tea. Yet, Starbucks has successfully opened more than 570 stores in 48 cities since it first entered China more than 20 years ago. The brand aims to have 5,000 stores in the next few years.

To analyze the factors of Starbucks' success in China an online-survey was carried out with a sample of 20 Starbucks consumers from 3 urban centres (Beijing, Tianjin, Shanghai). Our minimum requirement was that respondents should have visited Starbucks at least once in the past three months. As the survey reveals, most of them are regular Starbucks' consumers. The respondents are the representatives of the Chinese youth, aged between 17 and 25. Some of them are students. The interviews were guided by open-ended questions such as: "How often do you visit Starbucks?", "Do you find this place popular and why?".

Consequently, 80% of respondents say that they visit Starbucks from 1 to 3 times a week and find this coffee chain popular. They note that despite the high cost of coffee, they like to come to Starbucks. It is a place where they can have fun with friends and their family. Only 20% of respondents indicate that Starbucks is currently losing popularity in the country. The results of our survey confirm the hypothesis that we have put forward earlier about the popularity of Starbucks in China and allow us to identify the key factors to Starbucks' success in the Chinese market.

After Starbucks decided to enter China, it implemented a smart market entry strategy. It did not use any advertising and promotions that could be perceived by the Chinese as a threat to their tea-drinking culture. Instead, Starbucks used advantages of the tea-drinking culture of Chinese consumers. The brand introduced beverages using popular local ingredients such as green tea [2].

One of Starbucks' key marketing strategies is to provide customers with an exceptional experience. Chic interior, comfortable lounge chairs and popular music set Starbucks apart from the competition. It also has strong appeal to younger generations, which fantasize about Western coffee culture as a symbol of modern lifestyle. It makes them feel cool and trendy. These places are neutral locations where people can comfortably meet up with friends, coworkers, and clients. For this reason, Chinese Starbucks are packed at 8PM rather than at 8AM, as is customary in the West [3].

The survey has found that the price of Starbucks' coffee exceeds the market average price. The average price of a cup of coffee in China is 20 yuan (\$ 2.8), while Starbucks is about 30 yuan (\$ 4.3). What attracts Chinese consumers to this American company?

One respondent notes that the Chinese are more likely to take pictures of what and how they drink at Starbucks rather than just drink coffee. Starbucks in China doesn't sell just drinks but social status. Only the upper tiers of the society can frequently afford this place. Starbucks' cafés are a stage for the outward display of social position. If you go in and buy a \$5 drink from Starbucks everyone who sees you is going to know that you are the type of person who can afford to spend \$5 on a drink. Most people in the country simply can't do this. Due to this fact, Starbucks' stores are on busy pedestrian thoroughfares and have large windows to show off everyone within [3].

Another key factor to success is that Starbucks offers coffee education courses at many of its China locations. Each evening a worker teaches a small group of customers about the culture of drinking and preparing coffee. Baristas also engage with consumers by offering free samples and mini-lectures on new types of coffee. Starbucks is introducing the coffee drinking style to China from the ground up. The direct impact on sales is unclear, but according to Euromonitor International, coffee consumption in China is rising by 18% annually [4].

Considering everything, if Starbucks can succeed in a most unlikely-to-succeed market, there is no reason that any other company cannot succeed in China. The ability to think differently, implement right strategies, adapt to local markets, and commit long term are all important steps to achieve that goal.

The results of this survey are of practical value. It can be used to assume Starbucks' strategy for entering the Belarusian market. Today franchise business is gaining popularity in our country. Such international brands as McDonalds, Burger King, KFC, Sbarro, Zara, H&M, Bershka have already established their presence in Belarus. Starbucks has not opened its coffee shops in our country due to different factors. FOA The coffee market is competitive in our region and Starbucks' products are quite expensive for the average consumer. Other factors include high financial entry threshold, requirements for space and traffic, strict legislative regulation. Company's experience in China has shown the importance of direct messaging to the consumer. Providing customers with an exceptional experience and quality service, targeting at the youth can spread the western coffee culture in Belarus. The young generation of Belarusians is ready to pay more in order to feel its uniqueness.

In conclusion, insightful leaders, respect for customers, emphasis on adaptive products and service standards are advantages of the American coffee chain. The most important success factors for Starbucks are accurate positioning, good service and good marketing. These factors have contributed to the company's popularity in China today and can affect Starbucks' presence in our country in the future.

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