**Chapter 11: Marketing Strategies**

**Coffee consumption in China**

Today, coffee is very popular in China. Although traditionally being a tea-drinking country the coffee market is booming. Statistics suggest double-digits growth in coffee consumption since 2002 (the year of China’s WTO access). In the last five years, this growth has further accelerated, with coffee consumption nearly tripling. No wonder that many foreign coffee chains have entered the Chinese market with a view to serving the growing Chinese middle class. Seattle-based Starbucks entered mainland China in 1999 and expanded its presence rapidly. As of 2017, the coffee chain operates 3000 stores in more than 130 cities. These efforts translate into a 54.8 percent share of China’s specialist coffee shop market. Management envisions to increase the store number to 10000 within the next ten years.

However, In spite of its growing popularity, tea consumption dwarfs China’s budding coffee culture with a ratio of eight to one (according to statista.com). After building a successful market presence in China, Starbucks is seeking to tap into this huge but mature market. Mainland China is the firm’s key puzzle piece to increase its tea business to 3 Billion USD in the Asia Pacific region. To achieve this, Starbucks has launched Teavana, a US-based brand it acquired in 2012. Akin to its coffee franchise Starbucks plans to establish Teavana as a premium brand. In this way, the firm hopes to differentiate itself from local, more traditional competitors. The offer of upscale, stylish drinking experiences should set the franchise also apart from more mainstream-oriented retail chains such as McDonald’s. The expansion to tea business also comes with a geographical expansion, as the firm seeks to open stores outside metropolitan areas such as Beijing and Shanghai.