

Analysis of the Commercial Design and Marketing Strategy of Luckin Coffee

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Abstract: The financial report data released by Luckin Coffee shows that Luckin Coffee's self-operated shops were revived at the end of 2021. In 2020, Luckin Coffee announced that the number of directly operated shops reached 4,507, surpassing Starbucks and becoming the largest coffee chain brand in China. As an emerging coffee brand in China and a pioneer of Internet coffee in China, Luckin Coffee's business design and marketing strategies have important and rich implications for the shaping and development of similar brands in China. In this paper, through the joint study of Luckin Coffee's commercial design and marketing strategies, it is concluded that the commercial design of Luckin Coffee is an important means of marketing promotion and the marketing strategy is one of the purposes of its commercial design. On the one side, Luckin Coffee's commercial design brings convenience to its marketing; on the other side, its marketing strategies promote continuous innovation of commercial design. The two complement each other and together bring a positive contribution to the brand image and corporate interests.

Keywords: Luckin Coffee, Business Design, Marketing Strategy

1. Introduction

The development of the coffee industry is accelerating and the number of coffee categories is increasing. Nowadays, coffee has penetrated all aspects and corners of Chinese consumers' lives. The Chinese coffee consumption market is gradually maturing. Only through constant innovation, unique product differentiation, and appropriate positioning with services and experiences, can a coffee brand stand out in the increasingly fierce competition and win more consumers' attention [1]. In this paper, the author studies and combines three aspects of Luckin Coffee's commercial design (brand visual image design, brand app design, and brand advertising design) and three strategies in marketing (brand marketing, fission marketing, and advertisement marketing). By conducting joint research and analysis, this paper explores the relationship between business design and marketing strategies behind the fact that there have always been young consumers willing to consume Luckin Coffee, which was once known as the "light of the nation". This paper has important and rich implications for similar coffee brands in China.

2. Brand Visual Design and Brand Marketing of Luckin Coffee

The visual image of a brand is a visual carrier of branding and a medium of communication of the brand's intrinsic value [2]. The visual image of a brand is mainly used to communicate the brand concept and brand culture through the visual image system, which includes the brand logo design, colour design, and packaging design [3]. For example, the text and graphics in the brand logo need to accurately convey the company's positioning and integrate the company's culture, which is a special mark adopted by the company to distinguish its own products from the other competitors [4]. The colour design of the brand's visual image should be in line with the style of the brand.

Luckin Coffee uses branding through brand visual design as part of its brand marketing. “瑞幸” is used as the brand's Chinese name, the visual image of a deer is used as the brand logo, and blue is used as the brand's main colour. Different elements echo each other. In traditional Chinese culture, the Chinese character “瑞” represents good luck and “幸” represents good fortune, which is in line with the Chinese people's desire for an auspicious and fortunate life; deer is regarded as a sacred object, a symbol of good luck, and at the same time, a symbol of dignity and elegance. This is in line with the high quality of life that coffee represents, which is why Luckin Coffee is positioned as a high-quality commercial coffee. In addition, the color blue uses the principle of secondary association leverage mentioned by the famous marketing guru Philip Kotler in his book “Marketing Management” [5], thus linking the brand to meaningful messages in users' memories. In other words, Luckin Coffee leveraged the brand influence of Starbucks to create a visual image of the “little blue cup” by comparing the blue color of Luckin with the green color of Starbucks. The “little blue cup” fits in with its target consumers who are mainly young people, especially urban white-collar workers, as the colour blue reflects the youth and vitality of the brand. On the premise that coffee represents a high living standard, the deer and the colour blue help to build a unique brand image and increase the brand's added value [6], reinforcing consumers' perceptions.

3. Brand App Design and Fission Marketing of Luckin Coffee

There are many advantages of designing a brand app in marketing strategy. For instance, it can guide the marketing strategy of the product by obtaining user data; it can break the limitation of marketing means and provide convenience for marketing. This is mainly reflected in two stages, the pre-app stage and the post-app stage. The pre-app stage can break the restrictions of WeChat for fission marketing, help update the product, and increase the number of users; the post-app stage is conducive to long-term operation and promotion. Various marketing activities can quickly reach different users and help Luckin Coffee promote the activation of new users and ensure the retention of old users [7].

In the pre-marketing process of a brand, the fission marketing model of an app can help a product to gain a number of customers rapidly. The book “Marketing Management” states that fission marketing is a form of marketing that encourages users to promote a company's products and services to others online, a form of online word of mouth [5]. Fission marketing is consumer-initiated communication, and since people are more likely to trust those close to them, the fission marketing model tends to better present the results that companies want. Common offers such as free coffee for sharing with new users and coupons for Luckin Coffee are utilising the fission marketing strategy. The first seed users are used to drive the fission growth of new users and help the company attract new customers. That is, Luckin Coffee mainly uses low-cost social customer acquisition and user fission marketing to achieve rapid occupation of the target customer base, specifically through the Luckin Coffee app to achieve fission. In addition, in order to make fission marketing more effective and fast, Luckin Coffee also added a low-price strategy of subsidised offers to the fission marketing, using benefits as bait. Users who download the Luckin Coffee app and register the membership can get the first cup free of charge. Thus, the first group of users is acquired through this marketing

strategy. They share and recommend the product to new users and invite their friends to get a cup of free coffee. By continuously offering benefits to old users or, as mentioned before, the first group of users, the second group of users is acquired. They continue to invite new users to achieve a social fission cycle. The combination of “fission marketing” and the “low-price strategy” enables Luckin Coffee to quickly dominate the consumer’s circle of friends and brings a large amount of traffic to Luckin Coffee. The most important feature of Luckin Coffee's low-price fission marketing is that the product helps pull in newcomers and fission growth, enhancing the effectiveness of brand communication [8]. In the later stages, a series of activities launched by Luckin Coffee, such as the Luckin Freedom Card, weekly drink coupons, and top-up gifts, are displayed to users in the Luckin Coffee app, so as to enable them to understand and participate in the activities at the first time, thereby promoting the activation of new users, ensuring the retention of old users, and increasing user stickiness.

4. Brand Advertising Design and Advertisement Marketing of Luckin Coffee

Advertisement design is an important form for companies to promote and disseminate their products. Good advertising communication requires the use of a variety of media and a reasonable mix of them to present the creativity of the brand. Advertising generally consists of visual and auditory, both of which work together to present a complete audio-visual effect in order to attract users.

Visuals in advertising design are an important form of presenting product information, shaping the brand image, and marketing the core values of the company. In the early stages of entering the coffee market, Luckin Coffee chose the famous actress Tang Wei and actor Zhang Zhen, who are low-key and full of artistic temperament, as its spokespersons. Besides, the advertising slogan “Little blue cup, who doesn't love it” highlighted the image of Luckin Coffee's little blue cup. Luckin Coffee chooses these two celebrities because they both have excellent work and a good reputation for their excellent business ability. They are especially liked by consumers from the urban white-collar group. The characteristics of both of them have also enabled Luckin Coffee to successfully present its brand positioning of “high-quality commercial coffee” to the public [9]. In the later stages, Luckin Coffee's marketing continued to refine its operations and accurately advertise its products to the young people in the target consumer group. Therefore, in terms of the endorsement for the products, Luckin Coffee chose Ailing Gu, an athlete who became famous in the 2022 Beijing Winter Olympic Games and is loved by young people [10]. Luckin Coffee has a deep understanding of the young audience among its target consumers and conducts precise marketing, but this cannot be done without careful advertising design and good communication.

At the same time, Luckin Coffee's use of visuals in its advertising design is also reflected in the combination of images and creative texts, thus presenting a graphic form of advertising and a precise communication effect. It is worth mentioning that the specific series of beverages of Luckin Coffee has its own matching cup sleeves, which work together with the corresponding posters to keep the product fresh and attractive to the target consumers. The combination of graphic design, new and beautiful advertising formats such as posters and cup sleeves, and precise marketing continues to attract consumers' attention. Meanwhile, the advertising design continues to innovate the products that appeal to consumers, which not only increases the number of repost and the level of popularity of the designed advertising, but also stimulates consumers' curiosity and their desire to share, buy, and collect. For example, some young people like to collect a variety of Luckin Coffee's beautiful cup sets and then take photos of them to share on social media. What is more, Luckin Coffee will design and update its advertising and promotional materials and posters to keep up with the times on traditional Chinese holidays and Western holidays that are popular among young people. For example, every year at Christmas, Luckin Coffee will use the Christmas poster design to warm up in advance and launch Christmas limited warm drinks with a slogan such as “hold your luck in your hands” on the

poster. Beautiful pictures that can fully express the creativity of the text are also used, so that the advertising content can be accurately and quickly understood by the target users.

The auditory sense in advertising design mainly revolves around the element of sound, which strengthens the communication between users and the brand and promotes a closer connection between users and the brand [11]. Therefore, in the auditory sense of advertising design, Luckin Coffee mainly transmits the text to its users through the form of the human voice. Luckin Coffee's advertising campaign text, together with the reading of celebrities and the dissemination of videos, subliminally influences consumers' auditory feelings, thus increasing the popularity of the advertising campaign text and inspiring users' purchasing behaviour. In addition, Luckin Coffee spreads its advertisements all over public places such as subways and lifts in first-tier cities, attracting consumers' eyes and ears with high-intensity exposure. Luckin Coffee has also partnered with Focus Media, a Chinese company specialising in in-building advertising, and starts to flood the screen in the lifts of major office buildings, thereby leaving a deep impression on its target consumers.

5. Conclusion

The success of Luckin Coffee in terms of commercial design and marketing strategies has important and rich implications for similar enterprises in China. In this paper, an in-depth study of Luckin Coffee's commercial design is conducted from three aspects: brand visual design, brand app design, and brand advertising design. It is concluded that Luckin Coffee attaches very high importance to commercial design and uses commercial design to facilitate marketing, with the two interacting and complementing each other. It is also concluded that commercial design, as an effective marketing tool, has a positive impact on the establishment of the company's brand. In the past, commercial design and marketing strategy are always regarded as two separate elements, but in today's market economy, consumers have focused more on their spiritual needs and aesthetic pursuits, and commercial design has become an important vehicle for marketing promotion. Design is no longer just about aesthetics but, more importantly, about improving economic efficiency.

In addition, it is necessary to study the shortcomings of both the commercial design and the marketing strategy of Luckin Coffee, thus providing Luckin Coffee with corresponding suggestions for improvement and optimisation, which is a direction worthy of continued research in the future.

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