

Chapter 1

Introduction

Background and Significance of Research Problem

While tea is the main dish of Chinese people for a long time, with the rapid growth of international economic cooperation, various kinds of drinks have been introduced into the Chinese market. Today, it's the second-favorite drink in China, and it's also getting more and more popular with employees and youngsters. The Chinese Coffee Machine Market Development Report predicts that by 2020 there will be more than 100 000 cafes and more than 300 million customers, and this figure will continue to increase annually (Ta & Mo, 2023, pp. 164-166). Recent research indicates that European and American coffee consumption per head is about 365 cups a year, or about one cup of each person a day. On the other hand, in China, the average annual average consumption of coffee is less than ten cups (Zhang, & Xiang, 2020, pp. 148-149). In fact, Chinese coffee consumption has grown there has been significant growth in Chinese coffee consumption over the past couple of years, from under 10 cups in 2016 to over 30 by 2023. But it remains well below that of other nations like Japan (280), America (329) and South Korea (367 cups).

While the average amount of coffee consumed in China is increasing, it remains below that of other nations. This difference, however, constitutes an unexploited potential and provides significant growth opportunities for China's coffee industry. Being the largest nation in the world, the Chinese coffee market has enormous growth potential, providing a great chance for both domestic.

Then it was "Larkin Coffee". Established in October 2017, it has grown into China's largest coffee chain in just a year. By January 2020, there were 4507 stores and the share price of Nasdaq was \$4.2 billion in the past 17 months (Wang L. 2016, pp. 7-8). Luckin Coffee has made remarkable achievements in the Chinese coffee industry through innovation, and made important contributions to the long-term

growth of the coffee industry as a whole, which is highly praised by both experts and customers (Lai, 2016, pp. 62-63).

Brand assets are invisible assets of a company, which can be used to increase the value of a brand, such as brand awareness and customer loyalty. The most important thing for Luckin Coffee is brand assets. The company has high brand recognition and is recognized as one of the leading coffee brands in China (read 2014). In addition, Luckin Coffee has a strong reputation in the industry, with unique commercial patterns and high quality products being accepted by customers (Lee, 2007, pp. 247-250). In addition, Luckin is highly loyal to his clients and emotionally attached to them.

The long-term goal of Luckin Coffee is to meet growing customer needs, as well as to be a global and Chinese market leader. In the short run, the aim is to expand the market share of the region, enhance the reputation of the brand, and establish a strong client base (Zeng, 2006, pp. 20-21).

Brand equity is one of the critical elements to reach those goals. Luckin, for instance, has a 90 per cent brand recognition rate, in this way; we can quickly acquire new customers and transform them into loyal customers for many years (zhao xizheng, 2006, pp. 33-38). In the accumulation and management of such brand assets, Luckin was a powerful backer to the realization of commercial goals.

Despite the success of Luckin's growth, there are still many problems in its development. One of the major challenges for Luckin's management of the brand is to enhance the brand's reputation and create customer loyalty. The enterprise's brand management is global, covering every aspect of the enterprise and affecting its whole development (Zhao, 2023).

Brand Asset Management (BAM) is a strategy for managing brand assets with the goal of optimizing and maximizing the value of the brand. For Luckin Coffee, it is essential to manage the brand assets. The efficient management of the brand assets contributes to the recognition of the brand, the improvement of the brand image and the improvement of the brand loyalty. Furthermore, Luckin Coffee can make the best use of its own brand strategy, such as the location of the brand, the expansion of the brand and the protection of the brand.

This paper takes Luckin as the research target, deeply analyses Luckin's brand strategy, brand orientation and international brand management. It is expected that the research on Lukin's Brand Management will be helpful to China Coffee Brand Management (Yang, 2022).

Research Objectives

1. To investigate the impact of brand perception management on Luckin Coffee's brand equity.
2. To investigate the impact of perceived quality management on Luckin Coffee's brand equity.
3. To investigate the impact of brand association management on Luckin Coffee's brand equity.
4. To examine the impact of brand loyalty management on Luckin Coffee brand equity.

Scope of the Study

Scopes of this research are as follows:

1. Scope of Content

This study is based on brand fair theory, which contains the core factors of Brand Consciousness, Brand Relationship, Brand Loyalty and Perception. Those ideas can be used to distinguish Lukin Coffee from other companies by emphasizing their distinctive advantages as well as their possible shortcomings in terms of brand management.

2. Scope of Population

This research will involve three main groups of respondents:

1) Luckin Coffee Customers:

A total of 5 customers purchased Luckin Coffee products.

2) Luckin Coffee's Internal Marketing Team:

The Luckin Coffee Marketing Team consists of 5 employees: the Marketing Manager, the Marketing Manager and the Marketing Expert. Your input will help us to know more about the strategy and strategy of the brand and its inner challenges and achievements.

3) External marketers:

5 People in total. The team consists of specialists and scholars who have extensive experience in the field of marketing and brand theory. They are able to assess Lukin Coffee's brand strategy and performance objectively and independently in relation to the industry norms and competition.

3. Scope of Area

The data were obtained from the Lukin cafe in Shanghai, Beijing, and Zhengdu, China. The reason why we have selected them is that they are the main economic centers of China, and that they represent a huge and diversified consumption market.

Conceptual Framework

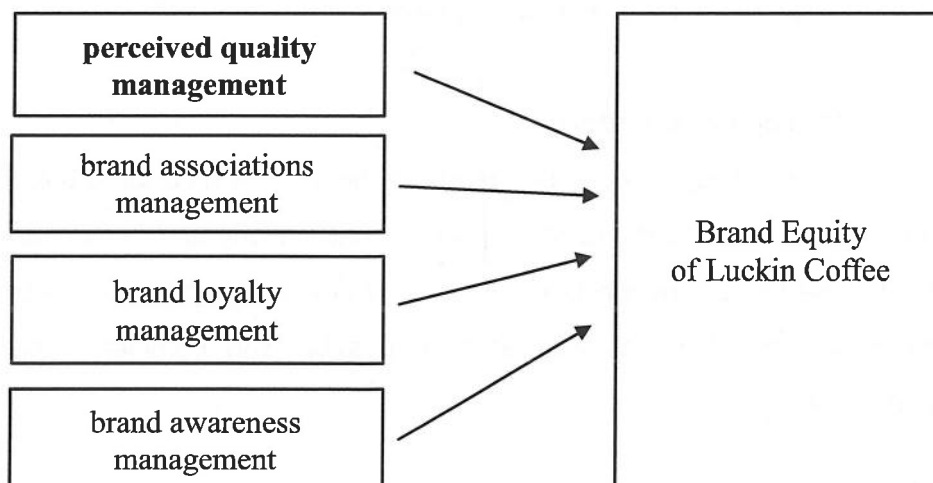


Figure 1.1 Conceptual framework

Definition of Terms

1. Brand refers to Philip Kotler put forward six dimensions of brand theory and emphasized the need for multiple meanings for customers. He stressed that the essence of a brand lies in characteristics, benefits, values, culture, individuality, and customers. 'Characteristics' are characteristics of the product itself, and frequently refer to 'objective features'. Profit is defined as the physical and emotional benefits of a product. Value focuses on what is perceived and perceived by products or enterprises. Culture is the invisible value that a brand sends. Individuality is the expression of the characteristic image of a product. Users are the different categories of customers that the product targets. The label is not only symbolic. It's a complex system.

2. Brand management refers to According to Bezos (2018, pp. 37-57), brand management involves an organized and structured effort to build, maintain and maintain a brand. Whether it's more effective to strengthen brand culture and improve brand relationships. The development of the coffee market is a case in point. Luckin Coffee's release has profoundly affected the coffee industry. The brand has changed its way of drinking coffee by serving its employees' busy lives and offering them an effective coffee experience.

3. Brand value refers to defined as the visible and invisible value that the brand gives to a company. Aix involves 4 important factors such as brand recognition, recognition, brand consistency and brand royalties. These factors have a significant impact on improving brand value. Comprehensive brand asset management is important to maximize brand assets and ensure the long-term success of your business (Chen, M., 2019).

4. Coffeehouse chain refers to a cafe chain is a collection of cafes located at various locations. They often have common brands, interiors and products. This is coordinated by the concentrated parent company and allows economies of scale between a few firms.

Expected Benefits

1. Provide useful information to independent coffee brands in China; solve the problems of products, services, business models, supply and demand. By analyzing the brand strategies of major coffee brands such as Luckin coffee, this study can provide a roadmap for how these companies should move forward.

2. This study provides an overview of effective coffee brand management strategies for emerging and mature coffee brand managers. We provide practical advice on how to establish and manage your brand effectively to increase your market share and loyalty rate.

3. The study provides a wealth of empirical evidence for brand researchers and researchers. This offers new perspectives for understanding the complexity and dynamics of coffee brand management and contributes to expanding existing theoretical knowledge in this field.