

# Research on brand loyalty of Costa coffee in Chinese market

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**Abstract.** The purpose of this research is to explore how to improve Costa brand loyalty in Chinese market. According to the existing theories, it explained that brand loyalty is a sustainable competitiveness for brand to acquired profits. And it also pointed that the advantages of brand loyalty, such as: reduce marketing costs, trade leverage, attract new consumers and respond competitive threats. It also pointed out consumers' satisfaction, brand trust, perceive value, repeat purchase behavior, commitment and involvement all influence brand loyalty. In order to investigate which part is more important for improving brand loyalty of global coffee retail brand in Chinese market and find a way to help it success. This paper adopts secondary research to collect data and use Costa and Starbucks as case to analyze. According to Starbucks highly brand loyalty and successful experience in China, it expressed that understanding local culture and integrating it into their products and services are essential for global coffee retail brand to satisfy consumer' need. At the end of the research, it found that global coffee brand loyalty closely related to consumers' satisfaction. And Costa need to provide more products choice for Chinese consumer and integrate Chinese flavor into their products will help it get highly brand loyalty then acquired more loyalty consumers.

**Keywords:** Costa coffee; Chinese market; brand loyalty.

## 1. Introduction

Compare with Starbucks entered into Chinese market in 1998, Costa is later nearly 10 years to emerge in China. So Starbucks acquired more consumers and loyalty than Costa, how to manage its brand and build brand loyalty is important for Costa. As a well known global coffee brand, Costa adopt worldwide-standardized strategy to build its brand and devote to provide high quality coffee to consumers (Costa official website, 2015). Additionally, Costa identifies their brand in a high level and quite confident in their production procedure, it focus on build the highest-level brand in coffee chain market. In otherwise Costa invest lots of funds on products quality instead of advertising their brand, they considered that the high quality of coffee be able to attract more consumers and win the brand trust in the Chinese coffee retail market (Bao, 2012).

In the other hand, Starbucks is the biggest competitors for Costa and earlier entered into Chinese market, it has a highly brand loyalty and trust. In order to acquire more market share than Starbucks, Costa located their retail stores next to Starbucks and identified their production procedure more professional than Starbucks. However, in this competition Costa still lagged behind, because its competitor better on building brand and meet Chinese consumers' need. As a result, if Costa want to get more profits and market share in Chinese market, it needs pay more attention on building its brand and get loyalty from Chinese consumers.

With coffee drinking culture entered into China, a large number of coffee retail stores appeared in Chinese market and some of local teahouses also provide the coffee for consumers. Costa faced many competitors and challenges in the intense competitive market. Starbucks as an American coffee retail brand, it is the biggest competitors for Costa and extremely similar with Costa. Due to it entered Chinese market in 1998 and earlier than Costa, Starbucks commands half of Chinese coffee retail market and creates a sense of brand loyalty. Moreover, Zhang and Han (2009) claimed that Starbucks adopts a localization strategy in Chinese market and integrate Chinese culture into their brand, and it created green tea to attract more Chinese consumers and meet consumers' needs. Contrary to Starbucks created diversified products and satisfied by different consumers, Costa more concentrated on nature taste of coffee and kept their origin style in foreign market. In all words, Costa

need to pay more attention on integrating local culture into their brand and develop their brand followers in Chinese competitive market.

## 2. Literature Review

### 2.1 The relationship between brand loyalty and strong brand

Brand defined by Benrtrt (1995), brand is a symbol, name and any other features that represented a form's products and services and distinct it from other companies. Additionally, Nguyen et al. (2009) expressed that in today's marketing activities, companies are more attention to promote brand than their products. Accordingly, globalization has led to an intense competition in coffee retail industry, building a strong global brand and improving their brand equity or brand value became the vital issue for global brand (Huang and Cai, 2014). In this point, building a strong brand is extremely necessary for global brands to success and distinct form others in the intense competitive market. According to this approach, many researchers studied on building a strong brand.

According to Aaker (1991) expressed that brand loyalty, brand name awareness, perceived quality and brand associations are the major asset categories for brand equity, and efficiently manage them will be able to build a strong brand. Otherwise, Nguyen et al. (2009) claimed that brand loyalty is the outcome of brand equity and represents valuable asset for brands. Moreover, Malai and Speece (2005) reported that brand loyalty is very related to build a strong brand and make a brand get more value. In the same point, there is little equity and profits, if consumer ignore and cannot distinct the brand, they just buy products according to price and features (Aaker, 1991). However, Baldinger (1996) argued that company just need relied on product volume that will get more profits and market share. Brand loyalty extremely necessary for a company to accumulate assets and acquire market leader. How to make a strong brand is very related to brand loyalty, so the companies improve brand loyalty can acquired more consumers and brand followers.

### 2.2 The definition s of brand loyalty

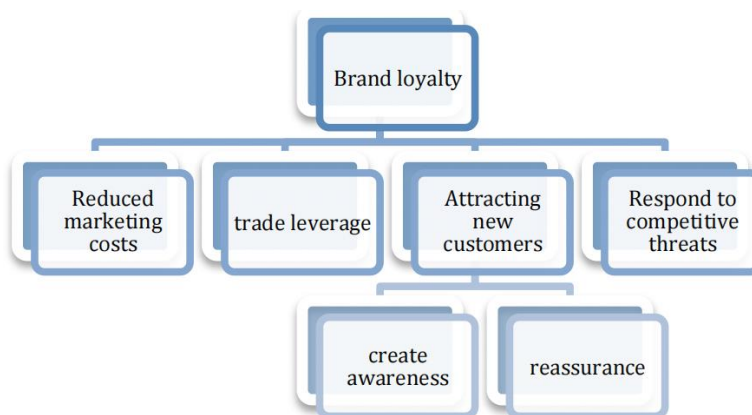
Brand loyalty firstly has been mentioned in four decades ago, and be expressed there are six elements are necessary for brand loyalty, such as: nonrandom, behavior response of consumers' purchase, expressed over time, through decision-making unit, respect alternative brands out of a set of such brand and function of psychological process (Jacoby, 1973). Lots of researchers based on Jacoby's theory to study on brand loyalty and developed it. Moreover, brand loyalty defined as a mixture that consisted of attitudinal and behavioral factors, and it is a function of psychological processes that is the key point distinct it from repeat purchase. (Punniyamoorthy and Prasanna, 2007; Jacoby, 1973). However, Gaur and Arora (2014) defined brand loyalty as consumer buy the same brand's products and service rather than other supplier. Most of researchers are opposed to regard brand loyalty as times of purchase and repeat times and consider this definition is not completed. For instance, different from brand loyalty behavior, consumers repeat purchase behavior only needs the lower price and it easy to change (Light, 1997). In this approach, brand loyalty can be viewed as a deeply promise for repeat purchase and patronize same brand's products or service consistent, even the marketing efforts and situational influence will be change the behavior. (Oliver, 1999). Besides, brand loyalty not means repeat purchase, it is a psychological commitment to a brand and brand loyalty consumer didn't change their mind when other similar brands appeared in the market (Denise et al. 2004). Additionally, more and more brands provide the similar product and services into market at the same time, so the majority of products and services are sold as brand (Tepeci, 1999). Consequently, brand loyalty is a long-term relationship between consumers and products/services of the brand, and cannot purchase other brands' products because of price and other factors.

### 2.3 The importance of building brand loyalty

Today, more and more company produces the same products and services, and brand became an especially important symbol for companies' product and service to distinct itself form others. In this

view, building a strong brand loyalty is very important for companies to success. There are lots of researchers are studied on the importance of brand loyalty and discussed why it so important. Howard and Sheth (1969) recognized that brand loyalty is an important part for marketing literature. Due to the highly intense competitive market bring lots of unpredictable and unavoidable similar products or services, the majority of firms put brand loyalty as their core market strategy and plan to develop themselves around the world (Fournier and Yao,1997). In addition, brand loyalty is a necessary element for company’s competitiveness and all of those firms hope to acquire a high loyalty with their brand (Zehir et al. 2011). Moreover, it is particularly important for global brands to build a success brand loyalty, because the brand loyalty consumers are easier serve than general consumer and never depart them despite the highly price (Tepeci, 1999). In this approach, Paswan et al. (2007) expressed that brand loyalty followers can help firm to create barriers for their competitors because of brand explore new consumers and change loyalty consumer need to spend lots of funds.

Additionally, brand loyalty as a key asset category for brand equity and value, it has lots of advantages for companies. Aaker (1991) expressed that brand with highly loyalty followers will be generated a huge profits and sales, ignoring exist loyalty brand followers to develop new consumers will made a big mistake and waste funds. And also highly brand loyalty be able to reduce marketing costs, trade leverage, attract new consumers and respond competitive threats (Chaudhuri and Holbrook 2001; Aaker 1991). The figure 1 is a conceptual model of brand loyalty and explained why brand loyalty is important and expressed the advantage of brand loyalty. In the same point, Tepeci (1999) based on Aaker’s theory explained that the advantages of brand loyalty, and classified it into several parts.



**Figure 1.** The advantages of brand loyalty

Firstly, continues profit: it means brand loyalty is a long term benefit for companies and their brand loyalty followers are never changed despite the price and other factors, company can get profits from their loyalty consumer with a long time. Secondly, reduce marketing cost and attract new consumers: companies in order to get more market share and profits, they tend to invest lots of money on advertising for attracting new consumers (Mittal and Lassar, 1998). The brand loyalty can help them to save money and promotion funds, and their loyalty follower will recommend this brand to their friends. Thirdly, increase per-customer revenue growth: consumer will spend more money on the brand over time, because as a brand loyalty consumer they will desired to try all of the brand product lines (Reichheld and Sasser, 1990). For instance, Starbucks has a highly brand loyalty in China, their brand loyalty consumers not only buy main products coffee and snack but also spend lots of money on collected Starbucks mugs. Finally, respond competitive threats: if the brand with highly consumer loyalty, it is a substantial entry barrier to competitors and brand loyalty followers cannot change by other competitors.

**2.4 The factors of improving brand loyalty**

Brand loyalty as a completed mixture, and it requires measured by different aspects and multivariate approaches (Gaur and Arora, 2014). In this approach, Punniyamoorthy and Prasanna

(2007) claimed that brand loyalty could be measured by basing on two major approaches: behavior and attitude, and further classified 9 measures for brand loyalty, like: involvement, functional value, price worthiness, emotional value, social value, brand trust, consumers' satisfaction, commitment and repeat purchase. Figure 2 is a conceptual model of influence factors of brand loyalty and created by Punniyamorthy and Prasanna. Moreover, those 9 factors are deeply influenced brand loyalty and became the necessary conditions for it, especially brand trust, consumers' satisfied, commitment and repeat purchase behavior.

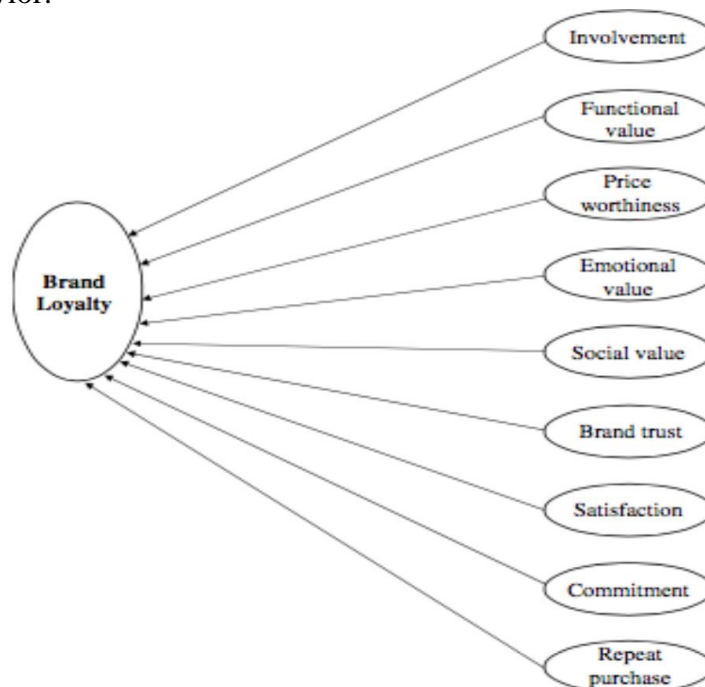
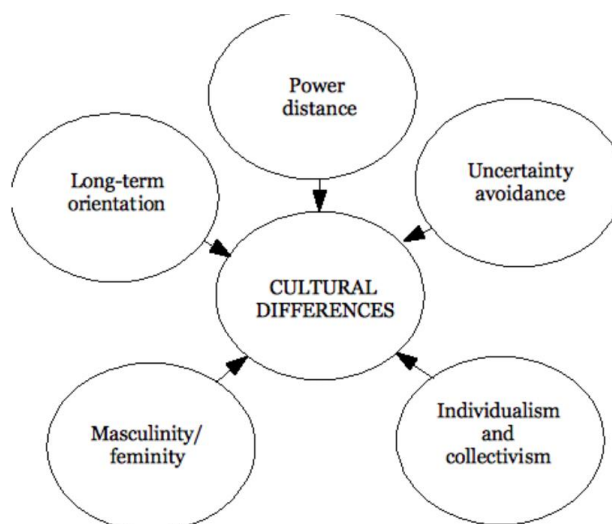


Figure 2. Measurements of brand loyalty model

## 2.5 Brand loyalty and culture

Globalization leads to lots of brands entered into different countries, and the significant cultural differences will caused a set of barriers and problems for those global brand to success. Malai and Speece (2005) expressed that global brand need to recognize and understand cultural impacts that will help them to get success in global market. Brand loyalty is a necessary element to create company competitive and profitable ability, integrating the different market culture become important for global brand to build brand loyalty in foreign market. Additionally, lots of factors influence brand loyalty such as: customer satisfaction, perceived value et al, but how much those factors contribute to brand loyalty are decided by culture (Malhotra and Mccort, 2001). Moreover, consumer perceived value and needs differently in different countries, and consumer needs changed significant with the cultural differences in different market (Kim et al., 2002). Customers' behavior depends on what extent brand loyalty, and satisfied consumers and acquired their loyalty is important to improve brand loyalty. Accordingly, customers' satisfaction not only means global brand need to provide good products or services but also need to localize their product and service to meet new market culture (Lowe and Corkindale,1998). For instance, consumer have different needs in different countries, Thai airline tends to serve spicy food because of Thai consumers prefer spicy taste, but American airline did not provide spicy food because American consumer have different taste (Malai and Speece, 2005). That means even the products and services has a higher quality, it still need to meet consumers' local culture.

Oliver (1999) expressed that brand loyalty is a mixture of attitudinal and behavioral, and also respected consumer deeply commitment for a brand. Moreover, Hofstede (2010) expressed that culture created by country's core value and individuals' mental programming. So understanding consumers behavior in different market, it is quite essential for marketers to improve brand loyalty.



**Figure 3.** Hofstede's culture model, 2001

Hofstede's (2001) created a well-known cultural framework, and it consisted by five dimensions like: "individualism versus collectivism", "uncertainty avoidance", "long-versus short-term orientation", "power distance", and "masculinity versus femininity". Moreover, Zhang et al (2014) expressed that the first three factors are important to influence consumer behavior, and also drives brand loyalty intentions. Consumers in Chinese market are totally different from in western market, Chinese consumers represent collectivistic cultures whereas consumer in western market are tend to represent individualistic cultures (Yuan et al, 2011).

In a collectivist culture, consumers tend to place group goals higher than individual goals and they are tendency influenced by others and reference groups (Li and Su, 2007). That means global brand are easier get higher brand loyalty in Chinese market, and recommend by brand loyalty followers have a effective approach to build brand loyalty in Chinese market. In addition, Wang and Sun (2010) explained that Chinese consumers prefer to have a long-term attitudinal and maintain a long-term relationship, they are more concentrate on rewards in the future. For instance, it extremely success that Starbucks put brand image into their loyalty card to attract consumers and create loyalty of brand in Chinese market because of Chinese consumers more focus on future rewards (Burkitt, 2012). Based on Chinese collectivist culture, many of empirical reported indicate that Chinese consumers more loyalty of a brand than western consumers (Zhang et al. 2014; Chan and Sin, 2009 & Lowe and Carindale, 1998). Consequently, the Chinese culture lead to brand loyalty are easier to build and more important in Chinese market than western market.

### 3. Research Methodology

There are three objectives will be explored in this research project, and due to achieve the objectives and solve how to improve global brand loyalty in Chinese market. To meet those objectives, it needs to collect Costa's data in the home and foreign market. In order to get the valuable and meaningful information, it required primary research over a long period time from three months to one year (Uncles et al, 2010). And secondary data collection is quicker and an efficient approach to get information and solve research questions (Glass, 1976). Therefore, this research project will choose secondary research to collect data and achieved objectives. Secondary research means collect exist data and gathered other researchers arguments and theories. To be more specific, Calantone and Vickery (2010) explained that existing data is other researcher due to achieve their purpose to collect. Moreover, secondary research data are more objective and believable, because those data did not influenced by participants' biases and mood (Busse, 2010).

During this paper, a large number of data will be collect from other professional website and articles. Then researcher will analyze information and select some of valuable and useful information to support researcher's point and analysis. Moreover, the statistic data will be more directly to

understand than theories. This section will be point that how to use secondary data collection to achieve objectives. In order to collect the secondary data, this research project will adopt quantitative and qualitative approaches together. Muijs (2010) exported that quantitative approach is extremely essential to collect statistical data and explain the question. In addition, qualitative research will obtain more specific and elaborate data (Oke, 2007).

First, in order to find which factors are essential and important for Costa brand loyalty in Chinese market, it needs to use quantitative research to get enormous information and statistic. However, there is not enough time to obtain valuable data through primary research. So this project will use others existing primary data who are published in online journals and companies annual report. In this part it will focus on investigating Costa’s target consumer and market share, according to those data and statistic to analyze brand loyalty and consumer behavior. Which factors are more important for influencing Chinese consumer brand loyalty, it also can find the market leader and Costa biggest competitors in Chinese coffee retail industry. Through competitor’s successful experience to explore how to build Costa brand loyalty.

Second, this research project devotes to improve Costa brand loyalty in Chinese market, so understanding Costa strategy is essential for analysis. There are lots of existing reported refers to Costa and its biggest competitors strategies, and analyze whether those brand put improving brand loyalty factors into their strategies. And it also will find Costa strategy in different market is same or different, if it adopt the same strategy why they acquired different degree of brand loyalty. Consequently, the major aim of this section is to find cultural differences, and brand loyalty.

In this section, it will analyze how to use consumers’ satisfaction to improve brand loyalty. And there are lots of data and arguments will be collected, and to support the consumers’ satisfaction are not only need good quality of products or services but also satisfied by consumers. Through Costa and Starbucks as case to explore how culture impact on consumers’ satisfaction.

Through those research approaches will acquire lots of valuable information to support researchers point and discuss.

## 4. Findings and Discussion

### 4.1 Costa market share in Chinese market and UK market

In this part, it will find some statistic data of Costa in Chinese market and UK market to analyze which part of factors are important for improving brand loyalty. Costa coffee has a highly brand loyalty in UK market, and acquired market leader in UK over time (Coleman and Ingram, 2004). Moreover, it has a large number of coffee brands appeared in UK market because of significant consumption Costa coffee still the biggest sellers and market leader (Coffee talk, 2013). According to Hospitality & Catering News (2013) reported Costa coffee has 42.8 percent market share in UK, such as Figure 3. In addition, Figure 3 indicated tha t Costa have a highly brand loyalty in UK, and it expressed that Costa was named the nation’s favorite coffee shop by UK consumers (Whitbread PLC Annual report and accounts, 2014).

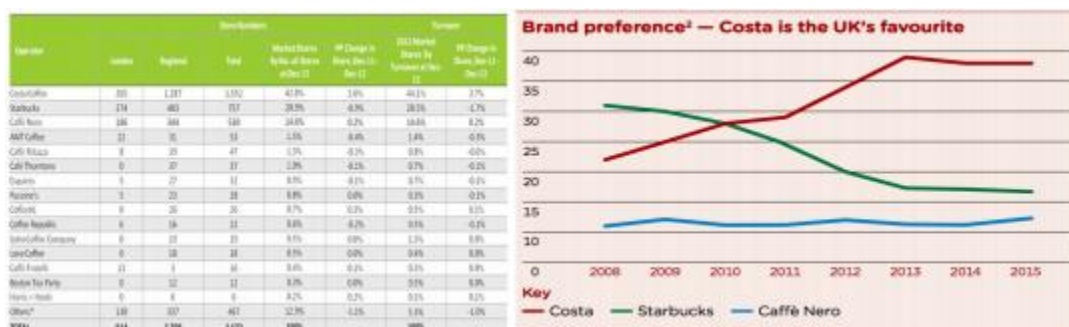


Figure 4. Sourced by: Hospitality & Catering News, 2013 & Sourced by: Whitbread PLC Annual report, 2014

However, compare with in UK market, Costa profits in Chinese market are far behind due to the cultural differences. In particularly, Whitbread PLC Annual report and accounts (2014) claimed that Costa sales reached 762.3m pounds in UK and just obtained 85.7m pounds in Chinese market and it displays in Figure 4 It means the different culture changed brand performance, in order to solve this problem and improve Costa brand loyalty in Chinese market, business need to research Chinese consumers' needs and satisfaction.

Costa: strength and breadth			
UK Retail Equity stores Individual franchise	Costa Enterprises Costa Express Corporate partnerships	Costa EMEI Europe, Middle East and India	Costa Asia China and South East Asia
<b>System sales</b> £762.3m 17.2% growth  <b>Stores</b> 1,575 +12.7%	<b>System sales</b> £346.6m 20.1% growth  <b>Stores</b> 356 -0.6% <b>Machines</b> 4,292 +22.1%	<b>System sales</b> £204.1m 14.7% growth*  <b>Stores</b> 785 +2.7%	<b>System sales</b> £85.7m 22.9% growth*  <b>Stores</b> 364 +6.4%

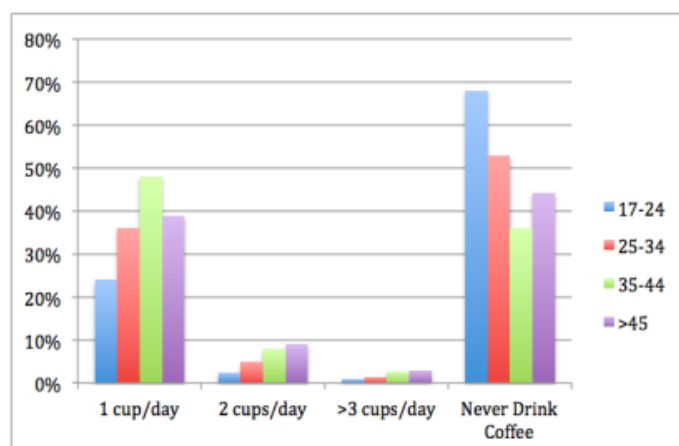
Figure 5. Sourced by: Whitbread PLC Annual report, 2014)

## 4.2 Costa and its biggest competitor in Chinese market

Costa coffee entered into Chinese market in 2006 and later 7 years than Starbucks, so Starbucks acquired more market share and brand loyalty rather than Costa. People Finance (2012) reported that Starbucks has 60 percent market share and Costa just get 11percent market share in Chinese market. Starbucks is an extremely successful global coffee brand in Chinese market and has a strong performance in their Chinese coffee retail store, and Chinese market already became their largest market outside US market (Starbucks annual report, 2014). As a result, those data evidenced Costa is market leader in Chinese market and analyze its currently strategy for maintain their brand loyalty that will help Costa to improve brand loyalty in Chinese market.

## 4.3 Costa and Starbucks major consumers

In order to improve brand loyalty in different market, studied consumer behavior is essential process. Culture affects consumers' behavior in different countries, global brand needs to understand different market consumers' behavior (Kumar et al, 1998). China is traditional tea drinking country, coffee respect new drinking style for Chinese consumers. Thereby, this research collects Chinese consumers data to analyze. According to Pollster (2012) primary research data, it displays the major consumer of coffee drinking are young and middle-aged individuals who aged from 25-44 in Figure 5. Moreover, ITC (2010) mentioned that the coffee retail store consumers are generally aged 20 to 40 years.



Source: Pollster (2012)

Figure 6. Age distribution of Chinese coffee consumers

According to Zhang (2014) expressed that Costa and Starbucks have the same target market, they all focus on young consumers. Compare with older consumers, young consumer are more open-minded and prefer to be influenced by western culture. So the same target consumer segment leads to them facing the same consumer behavior and needs. Moreover, compared with Chinese domestic coffee retail, Starbucks and Costa have a higher price about 30 RMB per cup. That means Starbucks and Costa's major consumers are middle-class young people with strong purchasing power, and most consumers prefer Starbucks because of service quality (Patterson et al, 2010). The majority of Chinese consumers choose Starbucks and Costa because of their brand (Zhang, 2014). Moreover, Yuan et al (2011) mentioned that Chinese consumers tend to hold a collectivistic value, and prefer to follow others. That means improving brand loyalty is an efficient method for a global brand to acquire profits and success in the Chinese market. According to Starbucks' successful experience in the Chinese market, Costa will be able to follow that and satisfy young Chinese consumers' needs.

#### 4.4 Starbucks strategy and brand loyalty

Starbucks' current strategies are particularly successful to keep and improve their brand loyalty followers in the Chinese market, and as a western brand is appreciated and valued by Chinese consumers (Patterson et al, 2010). Moreover, Marketing (2014) mentioned that Starbucks entered into Australia several years ago, and it failed in the Australian market because that it used the same strategy as the US market. In particular, Starbucks based on US market customers' behavior to provide the same products and services in Australia (Patterson et al, 2010). In addition, without adaptation strategies to local products and services, a global brand cannot succeed and accept in a new market (Cavusgil et al, 1993). So after the Australia market failed experience, Starbucks changed their strategy and insisted 'think global and act local' as their core strategy concept. There are two main strategies for Starbucks' success in the Chinese market: one is integrating Chinese culture into their brand and localizing their products and services, and another one is building a third place for consumers (Harrison et al, 2005). Consequently, today Starbucks localizes their products and services to satisfy Chinese consumers' needs, and puts customers' satisfaction as their first important part to improve brand loyalty.

In the literature review, it pointed that consumers' satisfaction, brand trust, perceived value, commitment and repeat purchase behavior influence the degree of brand loyalty. Moreover, consumers' satisfaction, brand trust and perceived value are viewed as the vital factors for improving brand loyalty (Gaur and Arora, 2014). Starbucks is adept at satisfying Chinese consumers' needs and maintaining brand loyalty followers in the Chinese market. In order to enhance consumers' satisfaction, Starbucks localized their products and services to meet Chinese consumers' needs. Additionally, Patterson et al (2010) mentioned that brands localize their products and services in a new market and make them personally for local consumers will get more brand loyalty followers and profits. China is a traditional tea-drinking nation and coffee is a new western drink style in the Chinese market, majority of consumers can't accept coffee and consider it like Chinese medicine taste (Han and Zhang, 2009).

In order to meet Chinese consumers' taste and need, Starbucks offered a large number of Chinese flavor drinks and coffee (Burkitt, 2012). Moreover, Starbucks not only has Chinese flavor drinks, it also integrated Chinese culture into other snacks and products. For instance, Starbucks just provides 'Red Bean Green Tea Frappuccino' (Figure 6) and 'Hojicha Frappuccino with Earl Grey Jelly' (Figure 7) in China and is popular among Chinese consumers, because green tea, Hojicha tea and Adzuki bean are very common foods in Asia and Chinese prefer this taste (JOLT24, 2014). Moreover, Starbucks also offered some traditional Chinese snacks during festivals and mugs with Chinese city sights (Adamy, 2006). According to Starbucks' Chinese official website (2015) reported, Starbucks provides a Chinese traditional dragon dumpling in the Chinese dragon boat festival and named it as 'XING BING ZONG' (Figure 8), it also offers a limited amount of mugs with city sights every year (Figure 9). Through those Chinese culture products, Starbucks attracted a large number of Chinese consumers and gave more product choices for consumers. Harrison (2005) mentioned that Starbucks did well in localizing their brands to meet Chinese consumers' needs and acquired higher consumer satisfaction.

Accordingly, Ji (2013) claimed that Starbucks ranked the number 1 in Chinese coffee retail brands based on consumers satisfaction.



Figure 7. Red Bean Green Tea Frappuccino



Figure 8. Hojicha Frappuccino with Earl Grey Jell

In order to improve brand loyalty, Starbucks tends to devote on provide good service for Chinese consumers and build a third place for consumer to relax and chat with friends (Patterson et al, 2010). And building a comfort place for consumers to relax also is another good strategy for Starbucks, it introduces a new concept compare with other local coffee shop and attracts Chinese consumers (Venkatraman and Nelson, 2005). Moreover, Starbucks desired to be better integrate Chinese culture in their brand, it designed their retail store involved Chinese traditional elements. Figure 10 displays Starbucks Chengdu retail store decoration, and it based different city culture to design their retail store. So the best retail store atmosphere creates a comfortable and relatable place for consumer and satisfies their needs. Starbucks through the excellent localization methods acquired a higher consumer satisfaction, and owned a large number of brand loyalty followers in Chinese market.



Figure 9. Xing bing zong



Figure 10. ChengDu retail store

#### 4.5 Costa strategy and brand loyalty

Costa has a rapidly increased in Chinese market during last years. According to Figure 4, it expressed that growth rate reached 22.9 percent from 2013 to 2014. However, it still acquired less market share than Starbucks. In this part, it will studied Costa currently strategy to maintain brand loyalty and used Starbucks good approaches to help Costa improve brand loyalty. Due to those two global coffee retail brands are similar to each other in Chinese market, and they have the same target market and position. So Costa through Starbucks successful strategy (consumer satisfaction) to improve brand loyalty will be obtained good results and more market share.

Currently, Costa adapt their global standardized strategy in Chinese market and focus on keep coffee nature taste, and their majority of products and services same as UK market (Zhang, 2014). Thereby, Costa strategy leads to a limited amount of products' choice for Chinese consumers and nature taste coffee narrowed their consumer segments. If a global brand just transplants their products/services and experiences from home market to new market, it will be certainly failed at the end (Patterson et al, 2010). Understanding Chinese consumers' needs is essential for global brand to obtain high brand loyalty in Chinese market. For Costa local their brand and integrate Chinese culture into their products/services and decorate of third place is becoming necessary to improve brand loyalty in China. Even Costa have a highly quality coffee products and services, localizing their products to satisfy Chinese consumers' need is the important part to success. From Starbucks successful experience, Costa need to investigate Chinese consumers' flavor taste and provide more meet Chinese consumers products. The global brand desired to improve their brand loyalty in Chinese market, exploring approaches to meet consumers' needs and enhance their consumers' satisfaction is their important part. When global coffee retail brand entered in Chinese market, the cultural differences deeply affects on consumers behavior and satisfaction. Under the different culture environment, to enhance consumers' satisfaction is essential for global coffee retail brand loyalty.

## 5. Conclusion

This paper focuses on explore global brand loyalty and culture influence. And to find which part is important to improve brand loyalty of global coffee brand in Chinese market. In the first part, it introduces Chinese market information and global coffee brand. Then it analyze why global coffee brand need to improve brand loyalty and pointed brand loyalty advantages for companies. After that it collected a large number of researchers theories in brand loyalty area, and find several factors influence brand loyalty. It also mentioned that cultural differences affects brand loyalty and understanding Chinese culture is essential for global brand. After the literature review, researcher adopt secondary research and use Costa and its competitor--Starbucks as case to analyze their performance and brand loyalty in China. Finally, it expressed that Costa need to local their brand and satisfied by consumers, those approaches will help Costa improve its brand loyalty in Chinese market.

In all word, China is becoming the most attractive market for global coffee brand, the highly intense competitive environment leads them to improve their brand loyalty. Because brand loyalty is the efficient approaches to help brand obtained profits and success. Moreover, the large number of global coffee retail brands appeared in Chinese market, they provide the similar products and service. Thereby, brand loyalty will help them acquire a large amount of brand loyalty followers and repeat purchase behavior, it represents a significant profitable and competitiveness in todays Chinese market. And based on a large number of researcher's theory and combined Starbucks successful experience in Chinese market, consumers' satisfaction is the vital factor to influence loyalty of global coffee brand. In order to improve Costa brand loyalty, it needs to localize their products and services to meet Chinese consumers' needs. In conclude, the global coffee retail brand desired to obtain highly brand loyalty, the first thing is understanding Chinese culture and integrated Chinese culture into their brand. Then explore which products and services are meet consumers' needs and enhance consumers' satisfaction.

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