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Genghis Khan…the Great Wall…Gourmet Coffee? Chinese Consumption Identity and the Launch of Starbucks in Inner Mongolia

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This study analyzes the “Othering” process in Inner Mongolia. Using the establishment of several Starbucks stores as examples of Westernization, the study examines how young professionals in Inner Mongolia think Starbucks is "exotic": strange and different, yet intriguing and exciting. At the same time, Starbucks is more than coffee; it is an upscale and sophisticated coffee experience with a wholly new coffee vocabulary.

This study will analyze the contexts and cultural identity markers surrounding the Starbucks brand. Existing research (Bookman, 2013; Clarke, Micken & Hart, 2002; Garner, 2005; Maguire & Hu, 2015) found that global brands in China are commonly held to be of superior quality. Even global brand is more much expensive than local brand, but more and more middle-class consumers in China are able to afford it, they tend to emphasize status rather than quality in the advantages of foreign goods (Croll, 2006; Doctoroff, 2005; Flew, 2006). These two dimensions are both present in the middle-class consumption patterns, and in fact, quality was more prevalent than status.

Many consumers in mainland China believe is Starbucks as a bridge between cultures (Maguire & Dan, 2015). Chinese consumers believe their experience in Starbucks is one kind of “American” experience, along with having iphones, ipads, and Nike shoes. The “American” in Starbucks, is actually questionable, given that Starbucks uses Italian coffee beans, and has based their stores on the Italian coffee shop culture (Koehn, 2001). Nevertheless, Starbucks
has succeeded in establishing itself as a major American brand, exported across the globe.

Such exporting, of coffee and other American products, has caught on in massive ways in mainland China and Inner Mongolia.

While there has been some academic research assessing the impact of Starbucks in China (see, for instance, Han & Zhang, 2009) and elsewhere in Asia (see, for instance, Lin, 2012), to date there has been no research on the impact of Starbucks in Inner Mongolia. The first Starbucks store in China was opened in Beijing in 1999. Since then Starbucks has opened more than 1,000 stores in 60 cities in mainland China cities. In 2014, China became second only to the U.S. to the nation having the largest number of Starbucks stores (Soto Ouchi, 2005).

After achieving tremendous business success in top-level cities in China, Starbucks extended their business map to second and third level cities across the mainland. This study explores Starbucks in Hohhot, Inner Mongolia, a typical third-level city in China. Hohhot is capital of Inner Mongolia, its population was 2,866,615 inhabitants at the 2010 census whom 1,980,774 lived in the metro area, which is made up of four urban districts. Hohhot is a major industrial center within Inner Mongolia. Hohhot, together with Baotou and Ordos, account for more than 60 percent of the total industrial output of Inner Mongolia. Hohhot is also the largest consumer center in the region, recording ¥102.2 billion retail sales of consumer goods in 2012, an increase of 14.9 percent from 2011.

The first Starbucks store opened in Hohhot at January of 2014, located in central business district of Hohhot. Within a year Starbucks expanded from one store to four, in each of the four districts of the city.

The study examines young professionals’ perception of Starbucks as an
upscale brand in Inner Mongolia and how Starbucks shapes young professionals’ identity. This work in progress will eventually involve in-depth interviews and ethnographic participant observation in Hohhot.

References


