

# The Strategy of Consumption Patterns in The Realm of Elegance: A Case Study of Blue Bottle Coffee

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**Abstract.** Over the last two years, Shanghai, China, has seen an increase in the number of upmarket coffee shops. This study seeks to identify the inherent variables that contribute to the popularity of these institutions, identify their flaws, and ultimately make specific recommendations. This research focuses on the iconic brand Blue Bottle Coffee, digging into its brand narrative and aesthetic design while applying psychological and marketing insights to examine and interpret consumer behavior. This study successfully reveals the logic behind the brand's meteoric surge in popularity through a rigorous analysis of social identity, environmental quality, and added value. It provides a holistic understanding of the phenomenon by combining knowledge from these three facets. This study adds to the larger conversation on customer preferences and brand success in Shanghai's changing coffee shop ecosystem. The major goal of this article is to provide coffee brand operators with novel ideas and new perspectives. This is accomplished through a thorough examination of Blue Bottle Coffee's marketing strategies, design, and concepts. This research seeks to provide not only practical ideas for coffee brand operators but also to contribute to the extension and application of theoretical knowledge in the fields of consumer psychology and marketing design.

**Keywords:** Exquisite Coffee; Social Identity; Environment; Added Value.

## 1. Introduction

### 1.1. Research Background

Over the course of the previous two years, there has been a notable emergence of a prevailing phenomenon known as "Shanghai Exquisite Workers" in the city of Shanghai, located in the People's Republic of China. One notable development in recent times is the proliferation of sophisticated coffee establishments, akin to the rapid growth of mushrooms following rainfall. Both international coffee brands and domestic Chinese brands have made the strategic decision to establish their presence in the Shanghai region and participate in the intense competition within this market. Consequently, by the year 2023, the cumulative count of coffee establishments in Shanghai would have amounted to 8530, exceeding the same figure in New York City, United States. This achievement solidifies Shanghai's status as the preeminent hub for coffee consumption, earning it the distinction of being the real "coffee capital" [1].

Throughout these coffee shops that opened in Shanghai, most of them shared common or similar characteristics. Firstly, their products are generally priced high, with an average price of around 45 RMB [2]. Secondly, the decoration of these coffee shops is mostly exquisite, and the location of their storefronts is mostly in bustling urban areas. These characteristics all indicate that the target audience of these coffee shops should be high-income elites, but surprisingly, their main consumer force is the vast number of white-collar workers in Shanghai office buildings. According to the 2023 Spring Talent Supply and Demand Report, the average salary of white-collar workers in Shanghai is 7214 RMB. It can be seen that there is a huge contradiction between the consumption capacity of consumer entities and the pricing of products.

China is an emerging and developing country, and Shanghai is the business card of China's development. Any phenomena that arise during the country's development process will be first presented in Shanghai. The rise of exquisite coffee shop consumption in Shanghai is actually called status consumption (SC), which refers to acquiring status or social prestige through the purchase and

consumption of commodities that an individual and significant others regard as being of high status [3].

As an increasing middle class, Shanghai white-collar employees naturally pay for fine coffee, which represents high class status, in order to achieve status recognition. Furthermore, studies on self-presentation theory can help understand this consumption behavior. Self-presentational incentives are activated by the evaluative presence of other individuals as well as others' (even hypothetical) awareness of one's activities [4]. In order to achieve recognition, respect, and acceptance, people shape distinct images and impressions in society. White-collar workers in Shanghai shape their image as high-class elites by purchasing fine coffee and entering and departing high-end coffee shops, garnering reputations and rewards for their jobs. As a result, the worth of these coffees has surpassed the value of the coffee itself, making them an essential weapon for professionals seeking to establish themselves in the workplace.

### 1.2. Research Gap

The reasons for the popularity of status consumption products have been fully studied, and there are sufficient theories to explain their consumption behavior, such as self-presentation theory and social identity theory. However, besides these psychological principles, are there other factors that can lead to this? What's more, new problems have emerged. The rise and popularity of these coffee shops can already be explained by research theories, but their popularity may not be long-lasting. Thus, what measures should these coffee shops take to manipulate consumer psychology and make them a loyal consumer group? The purpose of this article's research is to utilize the knowledge of psychology and marketing to search for specific methods to provide new paths for the sustainable development of these emerging coffee brands. The research significance of this article is not only to provide suggestions for the sustainable development of exquisite coffee brands but also to open up new marketing ideas for operators in other industries and to gain a new understanding of consumer psychology.

### 1.3. Fill The Gap

To address the issue of consumer loyalty among luxury coffee brands, this essay will focus on Blue Bottle, a representative coffee brand in Shanghai. This article will collect information about shop design and consumer comments on the brand in order to examine its market potential and marketing challenges. Furthermore, this article will explain particular reasons for the brand's issues. The issue is in the following areas: consumer experience, environmental impact, product added value, and so on. Finally, this article will employ theories such as social identity theory, emotional connection theory, product value-added theory, and others to propose specific improvement approaches for the brand in order to increase consumer loyalty.

## 2. Case Description

Blue Bottle Coffee is a well-known coffee brand that originated in the United States and was founded in 2002. The brand is renowned for its high-quality coffee beans, strict coffee roasting processes, and emphasis on meticulous coffee brewing methods. Blue Bottle's goal is to provide customers with fresh, delicious coffee, emphasizing the careful selection and roasting of coffee beans as well as the freshness of on-site brewing. It is worth noting that Blue Bottom's coffee shops are typically known for their minimalist, modern, and detail-oriented design styles.

From Figure 1 and Figure 2 below, it can be seen that the design of Blue Bottle Coffee adheres to a minimalist style both outdoors and indoors. Its exterior design is very similar to Apple's, using large glass as the exterior wall, and the interior design is simple with only simple furniture, making it look very simple and clean. The design of the entire storefront gives a sense of technology. Therefore, it is known as Apple in the coffee industry.



**Fig. 1** Interior Design



**Fig. 2** Outdoor Design

In 2022, Blue Bottle opened its first store in China in a foreign building at Shanghai Jing'an International Center and then opened five stores in the following year. As soon as Blue Bottle opened, it sparked consumer enthusiasm in the Shanghai region. There has already been a five-hour line. Even the dog days cannot dampen the enthusiasm of the people of Shanghai. Although the development of blue-bottle coffee is good, it also faces some potential risks. For example, incomplete facilities in the store lead to a poor consumer experience, poor localization strategies, and a lack of added value for products. These will all affect the sustainability of the brand's development.

### **3. Analysis on Problem**

#### **3.1. Reasons for Social Identity**

The theory of social identity offers a plausible rationale for the widespread appeal of Blue Bottle Coffee. According to Erickson and Roberts (year), the process of identity recognition encompasses not only general social recognition but also the recognition of a city's image and a particular region. The process of establishing a sense of belonging and adapting to a different geographical location and lifestyle is a key anticipation shared by both individuals who have just relocated and those who have been residing in a particular area for an extended period [6].

The perception of Shanghai among individuals is that it embodies qualities of advancement, fashionability, and avant-gardism. The residents possess the ability to readily identify coffee brands that are both fashionable and of exceptional quality. Hence, Blue Bottle is cognizant of this fact and has effectively used its distinctive and advanced overseas affiliation to garner significant traction,

thereby attracting a substantial following of individuals who endorse its cause. This phenomenon also elucidates the reason behind Blue Bottle Coffee's absence in the Chinese market, as the establishment's social identity is deeply rooted in its local context.

In addition, Blue Bottle Coffee succeeds in telling its own brand story, describing its history, development process, and events related to society and culture in order to attract customers. This tale has the potential to elicit emotional resonance and make it easier for individuals to form emotional ties with the brand. According to a 2016 survey, emotional connection is more crucial than customer pleasure [7]. This demonstrates the importance of emotional connection in gaining loyal customers.

Storytelling is the most effective technique for engaging emotionally with customers. If the audience can identify qualities or experiences that are similar to their own in the story, they are more likely to form emotional connections with the characters. This identity gives people the impression that the story is personal to them rather than a manufactured plot. Blue Bottle highlights the narrative of its founder, James Freeman, who rose from struggling classical musician to company founder. This arduous founding image is identical to that of the vast majority of Shanghai's struggling young people. These migrant laborers see their own shadow in this story and lay their hopes for the future in its happy ending.

Therefore, Blue Bottle Coffee successfully uses this story to connect emotionally with the Shanghai workers and gain loyal consumers.

### 3.2. Reasons for Environmental Quality

The physical environment of coffee shops can also affect consumers' purchasing intentions. The physical environment is a collection of three services: environmental conditions, space and decor, and directional indications [8]. A good physical environment can produce positive feelings, consumer intention, satisfaction, and consumer loyalty to a restaurant [8].

The interior of the Blue Bottle store has been renovated from the old to the new, with simple and clear furnishings. The design style of "less is more" is vividly displayed here. Simple interior design usually has a clear and orderly layout and decoration, reducing the feeling of chaos and clutter. This sense of cleanliness makes people feel more comfortable in the space because it reduces visual interference and tension, thereby helping them relax and feel happy [9]. At the same time, visual cleanliness means that designers arrange items, furniture, and decorations in an orderly and organized manner. This reduces visual confusion and crowding, making people feel more relaxed in the space. In a clean environment, people do not need to spend too much energy processing too much visual information, thereby reducing the burden on the brain. Blue Bottle Coffee adopts this simple design, with only white walls and a few tables and chairs, creating a comfortable consumption atmosphere for consumers, causing them to have a continuous impulse to consume and a willingness to "come back next time".

Thus, Blue Bottle's shop environment creates a clean and comfortable atmosphere that enhances the quality of the coffee. Therefore, more and more consumers are willing to consume and enjoy the services brought by the environment.

### 3.3. Reasons for Value Added

In the current market economy, increasing the added value of design offers huge economic benefits for businesses, as it may direct people to new ideas and lifestyles. This has significant practical implications for the advancement of social, material, and spiritual civilization [10]. People like blue bottles for a big reason: blue bottle coffee has a lot of added value, making consumers feel that it's worth it.

Everyone knows that one of the best ways to generate added value is to launch co-branded products. The most representative among them is the co-branding of Blue Bottle Coffee with the well-known Japanese furniture brand Karimoku. They have launched wooden filter cup holders, hand brewers, wooden filters, and other essential equipment products for hand-brewing coffee. These products are listed in the display cabinets of Blue Bottle Coffee offline stores and can be seen by consumers. This

not only provides consumers who enter the store to buy coffee with an alternative consumption choice but also showcases the brand's temperament of only making handmade coffee from Blue Bottle, emphasizing quality of life. This emphasis on an exquisite lifestyle is precisely the psychological added value that Shanghai white-collar workers need. In addition to co-branding the surrounding area, the packaging design of Blue Bottle Coffee also reflects the added value of artistic appreciation. The packaging of Blue Bottle Coffee is like an artwork. The outer packaging of the blue bottle is completely white with no other decorations. It is adorned with a blue brand logo in the middle and is decorated with simple black text. The design is reminiscent of Apple's, which is a straightforward technological beauty that young people adore. The beauty of an item can provide consumers with sensory satisfaction and make them feel happy, which is also an emotional added value.

Furthermore, Blue Bottle Coffee establishments feature designs that incorporate characteristics associated with internet celebrities, hence generating a heightened desire for photos. An illustrative instance involves the utilization of an entire edifice designed in the western architectural style, serving as a commercial establishment wherever fashionable and avant-garde embellishments are prominently showcased. The presence of internet celebrities serves as a significant draw for the general public, compelling them to visit the Blue Bottle Coffee establishment. Despite their initial aim, individuals often find themselves opting to purchase a cup of coffee. The rationale behind this phenomenon is straightforward: the inclusion of a cup of coffee has become an indispensable component within the realm of internet celebrity photos. Therefore, this also enhances the value of Blue Bottle Coffee.

## **4. Suggestions**

### **4.1. Suggestions on Product Strategy**

Consumers have gradually recognized the brand image of Blue Bottle Coffee as an exquisite coffee, forming a loyal consumer group with a theme of urban young white-collar workers. However, as a foreign brand, Blue Bottle Coffee still has a disadvantage in terms of emotional connection with local consumers compared to established local brands. Therefore, Blue Bottle Coffee needs to pay attention to brand localization.

The standardization or localization of brands across national markets is a critical marketing strategy area for enterprises in the international marketplace [11]. Localization can enhance emotional identity. Brand localization is the process of adapting a brand to a specific region or cultural background. When a brand is successfully localized, it is more likely to resonate emotionally with the target audience because customers feel that the brand is customized for them and is in line with their lifestyle and culture. This level of identification can enhance emotional connection and make customers more willing to be loyal to the brand.

For blue-bottle coffee, there are specific measures to achieve localization. It can localize products and menus and adjust coffee products and menus according to local culture and taste. Consider adding local specialty coffee drinks or food to meet the needs of local consumers. It can localize the brand story, adapt to local culture and values, and retell the brand story. This can include collaboration with local communities, support for local charities, or marketing based on local stories. In addition, it can also provide feedback and improvement, regularly collect customer feedback, understand their needs and opinions, and then make improvements based on the feedback. This shows that the brand respects and values the voice of local customers.

### **4.2. Suggestions on Environmental Quality**

In response to feedback from social media, Blue Bottle Coffee shops often have insufficient tables and chairs, resulting in consumers being unable to sit down. At the same time, too many consumers are squeezed into small coffee shops, causing chaos and noise in the environment and making the consumer experience worse.

Blue Bottle Coffee can introduce an appointment system to allow customers to book seats in advance to alleviate the shortage of tables and chairs. This can help balance passenger flow and avoid seating shortages. Mealtime constraints can also be tightened. Implementing mealtime limitations during peak hours may allow more customers to obtain seats. Blue Bottle Coffee can set up a specialized fast service window to deliver coffee and snacks, relieving strain on the front desk to order and expediting the client procedure.

Simultaneously, consider establishing a mobile application that allows clients to reserve coffee and seats in advance. This can increase client comfort and pleasure. Blue Bottle Coffee might choose to play relaxing music in the store to reduce the noise that causes a poor mood. It can merge bird sounds with soothing, flowing water sounds to successfully relieve negative emotions such as tension and depression [12].

### 4.3. Suggestion on Value Added

Blue Bottle Coffee has already excelled at generating added value. However, since there is added value, there is also the original value of the product. Blue Bottle Coffee cannot ignore its original value due to the increase in added value.

Value added can indeed attract many consumers in a short period of time, but only the original value of the product can retain customers; that is, the taste and quality of coffee must remain excellent. Blue Bottle Coffee requires continuous research and development of new baking techniques, the introduction of excellent coffee bean varieties, strengthening employee skill training, and striving to ensure that every cup of coffee produced is of high quality in order to gain consumer loyalty.

In addition, the accumulation of added value for blue bottle coffee also requires market expansion. The location of Blue Bottle Coffee only in the Shanghai region will inevitably affect consumers' accessibility and brand awareness. Low accessibility and brand awareness mean that there is an upper limit to the increase in consumer groups, which is detrimental to the sustainable development of a brand. Therefore, Blue Bottle Coffee must start expanding into markets outside of Shanghai. The limited-time store in Shenzhen is a great start. Blue Bottle Coffee needs to accelerate its expansion and avoid falling behind the extremely fierce competition in the Chinese market.

## 5. Conclusion

This article focuses on the rapid expansion of fine coffee shops in Shanghai, with a particular emphasis on the Blue Bottle coffee brand. It examines the causes of Blue Bottle Coffee's appeal and makes specific recommendations for how the brand might achieve consumer loyalty. This article examines the marketing strategies, environmental design, and added value of blue bottle coffee. The end conclusion is that the explosion of Blue Bottle Coffee is the consequence of various causes, including social identity, environmental quality, and added value, and flaws may be recognized, and relevant suggestions can be offered based on these three variables.

The advantage of this paper is that it focuses on multiple perspectives, especially psychological perspectives. This research aims to synthesize the disciplines of marketing and psychology, offering novel insights and viewpoints to enhance comprehension of market strategies. Nevertheless, this paper still has certain limitations. Due to time constraints, this paper is unable to collect sufficient consumer sample data, thus lacking sufficient data support. Therefore, the next goal of this study is to collect as much consumer data as possible, analyze consumer behavior, and use statistical methods to digitize consumer behavior, providing data support for the theory of this paper and making it more convincing.

In summation, while this paper has made commendable strides in amalgamating marketing and psychological perspectives to introduce innovative insights into market strategies, it is essential to acknowledge its areas for improvement. Future research endeavors will prioritize rigorous data collection and in-depth statistical analysis, thereby enhancing the theoretical underpinnings and empirical support of the concepts explored in this paper. Through such dedicated efforts, this paper

aspires to achieve a more profound comprehension of consumer behavior and to play a significant role in the advancement of effective market strategies.

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