



Cross-Cultural Brand Communication in the Globalization Context: Nestlé Coffee's Marketing and Communication Strategies in China

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Abstract. With the globalization of the economy, cross-cultural marketing communication has become an inevitable trend in the world. As one of the earliest coffee brands to enter China, Nestlé Coffee has deeply impressed consumers with its high quality and effective brand marketing communication strategies. It has consistently maintained a leading position in the market through its retail channels, providing Chinese consumers with new lifestyles and a source of inspiration, while also aligning with the world. This article adopts a qualitative research approach, specifically the case study method, using Nestlé Coffee as a prime example to investigate the brand's cross-cultural marketing and communication strategies in China. It aims to examine the brand's marketing strategies and potential risks in the Chinese market, and also to draw insights that can be applied to cross-cultural brand communication as a whole. The goal is to study Nestlé Coffee's brand marketing strategies and potential risks in China, providing valuable references for other foreign brands entering the Chinese market.

Keywords: Cross-cultural marketing communication · Brand communication · International brands · Nestlé Coffee · Globalization

1 Introduction

Nestlé, founded by Henri Nestlé in 1867 which was headquartered in Vevey, Switzerland, by the shores of Lake Geneva. Nestlé is a renowned coffee brand and one of the largest food manufacturers in the world, with its business spanning across more than 100 countries and regions. In 1938, in order to meet the growing demand for fast and convenient coffee consumption, Nestlé invented instant coffee and named it Nestlé Coffee, officially establishing the brand [1]. According to the 2020 Best Global Brands ranking published by brand consultancy firm Interbrand, Nestlé Coffee ranked 38th with a brand

value of 13.9 billion US dollars, experiencing a 2% growth. Currently, Nestlé Coffee offers a range of instant coffee products, including the 1 + 2 series, premium collection, gourmet selection, and gold blend, as well as coffee machines such as the Dolce Gusto capsule system. Nestlé Coffee specializes in the production of instant coffee, ready-to-drink coffee, and capsule coffee, with its products sold in more than 100 countries and regions worldwide. This reflects the success of Nestlé Coffee's brand shaping and communication efforts.

As a multinational brand, Nestlé Coffee inevitably needs to engage in cross-cultural marketing communication. Cross-cultural marketing communication refers to the marketing communication activities conducted by a brand in cultural environments different from its own country or ethnicity [2]. In these marketing communication activities, particular emphasis is placed on managing cultural differences among the transactional parties from diverse cultural backgrounds, including companies, customers, clients, distributors, suppliers, etc. The essence of cross-cultural marketing communication lies in overcoming the obstacles posed by cultural differences and effectively selling products and services in diverse cultural market environments. It involves various stages of the brand's marketing communication process under the heterogeneous cultural environments [3], including strategic planning, demand analysis, market research, product development, brand management, channel management, promotion, service management, and other aspects. This article examines the marketing communication strategies of Nestlé Coffee, as a foreign brand, in the distinct cultural environment of China.

2 Research Objective and Research Question

Research Objective: To investigate the marketing communication strategies of Nestlé Coffee in China.

Research Question: What are the marketing communication strategies employed by Nestlé Coffee in China?

3 Research Method

This study employs a qualitative research approach, specifically the case study method, focusing on the market expansion process of Nestlé Coffee in China. By utilizing relevant literature and case studies, it analyzes the brand's advertising communication strategies in this context, aiming to uncover the characteristics and areas of improvement in Nestlé Coffee's advertising strategies for the Chinese domestic market.

4 Analysis of Nestlé Coffee's Cross-Cultural Marketing Communication Strategies in China

Nestlé initiated its entry into the Chinese market as early as 1874, with the registration of its first trademark, Nestle Eagle brand sweetened condensed milk, in Hong Kong. It was also one of the earliest foreign companies to enter China after the reform and opening up and the establishment of a cooperation agreement with the Chinese government. In 1988,

Nestlé Dongguan Ltd. was established as a joint venture between Nestlé and Dongguan Sugar & Liquor Group Co., Ltd. [4]. The company set up its production facility for instant coffee and related products in Dongguan, establishing a foundation for distribution and sales channels. In 1989, the classic advertising slogan “Tastes great!” for Nestlé Coffee officially landed in the Chinese market. After more than 30 years, Nestlé Coffee has secured a leading position in the Chinese coffee market’s instant coffee segment with a market share of 28.5%. While facing significant challenges brought about by the ever-changing market environments such as generational shifts in consumer behavior, changes in industry structure, and competition from peers, Nestlé Coffee has achieved sustained high brand awareness in China over the years. This success can be attributed to Nestlé Coffee’s cross-cultural marketing communication strategies in China.

4.1 Brand Positioning Strategy

The promotion of Nestlé Coffee, as a foreign brand, in China requires a focus on cultural consumer psychology to maintain its distinctiveness and novelty based on heterogeneous cultures. Therefore, the brand has been precisely positioned [5]. The first selling point was experiencing a taste of the West. The initial step in Nestlé Coffee’s marketing strategy in the Chinese market is to position coffee as an invigorating and high-quality product. Nestlé Coffee consciously launched the advertising slogan “Tastes great!” in China. Since the reform and opening up, people’s consumption levels have gradually increased as China’s economic level has improved. More and more consumers were willing to try international brands and previously unexplored products. As a result, coffee, as a newly introduced beverage in China, gained popularity and became a trend. The second selling point was integrating into the lifestyle of Chinese people. As Chinese consumers began to associate the Nestlé brand with coffee, the focus of Nestlé’s advertising shifted from taste to lifestyle. Nestlé’s advertisements, especially targeting Chinese young people, emphasized the alignment with their lifestyles. As the lifestyle of the younger generation in China has evolved, the focus of Nestlé Coffee’s advertisements has also changed. It now emphasizes helping consumers enhance work confidence and alleviate work pressure. Additionally, Nestlé Coffee has integrated into the daily lives of consumers in China, a vibrant and energetic place, through various forms such as music, games [6], and actively participates in campus activities, showcasing the omnipresence of Nestlé Coffee on university campuses. These efforts aim to maintain a strong brand image among college students.

4.2 Product Localization Strategy

High-quality products are the foundation of all marketing efforts. Based on the highest global standards, Nestlé has established a world-class coffee factory in China, along with a dedicated coffee research and development center focused on product innovation. Additionally, Nestlé has set up the Nestlé Agriculture Services Department in Simao, Yunnan, to provide technical support to coffee farmers and ensure the sourcing of high-quality small coffee beans [7]. These measures were taken to guarantee the excellent quality of Nestlé coffee produced in China, from raw materials to the finished product. Furthermore, while maintaining high-quality products, Nestlé Coffee places emphasis on product localization. In the 1980s, when Nestlé coffee entered China, it began to promote coffee gift boxes. At that time, coffee gift boxes were seen as prestigious gifts,

especially during festive seasons when sales were booming. In terms of packaging, while Nestlé coffee maintaining the internationally recognized red and black elements, Nestlé coffee adopted auspicious red for most of its packaging in China. This clever use of red color appeals to Chinese consumers, both for gifting and personal consumption. Additionally, Nestlé recognized the need to focus on mass consumer products to attract more consumers to try coffee in China, a country known for its tea culture. Since 2000, Nestlé has placed emphasis on developing the 1 + 2 mixed instant coffee, which offers a high cost-performance ratio and convenient consumption. The affordability, simplicity, and on-the-go convenience of this product have sparked consumers' interest in experiencing a cup of "great-taste" Nestlé coffee, gradually driving the growth of the coffee market.

4.3 Communication Strategy

Nestlé Coffee's main communication strategy for entering the Chinese market revolves around advertising and offline activities, with particular success seen in its online advertising strategy. From Nestlé Coffee's brand communication strategy in China, it can be clearly seen that the key to its success lies in meeting consumers' cultural and psychological needs of consumers. Nestlé Coffee's advertisements show great respect for consumers' demands, cultural customs, and habits, reflecting the everyday lives and work of Chinese consumers and making the brand truly resonate with the local market. Looking at Nestlé Coffee's advertising strategy, it employs catchy phrases in line with popular Chinese language, which are easy to remember and leave a lasting impression on people. Phrases such as "tastes great" sounds like a relative or friend with a sweet smile is recommending his or her favorite product to you, making it relatable, understandable, and friendly. Additionally, Nestlé's advertising strategy is adept at understanding the psychological characteristics of different target groups and creating resonance with them. For example, in Nestlé Coffee's advertisements, it highlights how a cup of coffee can bring people closer in romantic relationships and empowers individuals in the workplace, encouraging them to boost their confidence while conveying the message that Nestlé Coffee can help alleviate stress [8]. Nestlé Coffee also captures the cultural psychology of Chinese people, who value family and reunion, by expressing sentiments of kinship, friendship, and love to gain consumers' psychological identification and cultural resonance. For instance, in a Nestlé Coffee TV commercial, a husband returning home from a business trip arrives at the doorstep, and his excited daughter spots him from the window upstairs. The mother's reaction is modest and content as she tidies her hair and busies herself preparing the Nestlé Coffee that her husband loves.

5 Potential Issues and Advice for Nestlé Coffee's Marketing Communication

5.1 Potential Issues and Recommendations

Conflict Between Health Consciousness and Nestlé Coffee's Ingredients

While Nestlé Coffee can provide stress relief, the presence of added sugars and trans fats in the product may contradict health-conscious consumer preferences. In 2018,

Nestlé Japan faced criticism from the government for not clearly labeling the types of added flavors in its products and was required to make corrections and issue a public apology. Additionally, studies conducted by professional organizations in recent years have indicated that instant coffee contains acrylamide, which has the potential to be carcinogenic. Although the impact cannot be solely judged without considering the dosage, as a widely recognized coffee brand, Nestlé Coffee's involvement in these issues is of significant concern. Therefore, it is important to address these concerns and make necessary changes.

Food safety and health concerns are persistent issues and are among the top concerns for consumers. This is not unique to Nestlé but as a leading company, it should play a leading role in ensuring safety and health. However, in May 2021, Nestlé made a significant announcement. According to a report from the Chinese version of the *Financial Times*, Nestlé, the world's largest food company, admitted in an internal document that over 60% of its mainstream food and beverage products do not meet a recognized definition of health. Furthermore, it stated that some of its categories and products will never be able to be considered healthy, regardless of any innovation efforts.

To introduce product innovation, one possible approach is leveraging Nestlé's brand to launch a separate product line under a different brand name. By utilizing the high brand awareness of Nestlé, another brand under the Nestlé umbrella can be developed, focusing specifically on healthy products.

Conflict Between Environment and Sustainable Development and Nestlé's Development

Nestlé's operations involve significant resource consumption, including energy, water, and raw materials. The procurement, production, and transportation processes of these resources have environmental impacts such as greenhouse gas emissions, water pollution, and land degradation. Failure to take measures to reduce these environmental impacts can not only affect Nestlé's reputation and brand image but also lead to legal litigation and financial losses. Nestlé has previously been accused of forest destruction and environmental damage in the procurement of raw materials such as cocoa beans, coffee, and palm oil. Additionally, it has been criticized for irresponsible handling of plastic waste and water resources, resulting in negative environmental consequences. As a large manufacturer, its production inevitably requires a significant amount of energy, resulting in high greenhouse gas emissions. While Nestlé has made some progress in reducing greenhouse gas emissions, such as setting a goal to reduce emissions by 50% by 2030 and planning to use more renewable energy in its factories and supply chains, further efforts are still needed to achieve these targets. The environmental and sustainability challenges for Nestlé are pressing.

In the future, Nestlé needs to explore the environmental-friendly elements in all of its products and promote them through social media. The promotional strategy should involve collaborations with influencers who have a strong online presence. This approach will help change consumers' perception of Nestlé and improve its brand image.

6 Insights from Nestlé Coffee's Cross-Cultural Marketing Communication

Cross-cultural marketing communication is a challenge that every multinational brand needs to address [9]. The cross-cultural marketing communication strategy of Nestlé Coffee in China can provide insights for multinational brands to effectively conduct cross-cultural marketing communication.

6.1 Meeting the Demands of Local Consumers

The marketing communication of a brand involves increasing brand awareness, stimulating consumer desires to purchase, identifying potential needs, and engaging in value exchange with consumers. Simply providing customers with what they want is no longer sufficient. To remain competitive, brands need to conduct research on consumers to discover or create their true needs. The fast-paced modern lifestyle has intensified people's desire for a high-quality lifestyle. Nestlé Coffee not only offers convenient and high-quality coffee enjoyment [10], but also as a promoter of coffee culture, it needs to satisfy consumers' higher-level needs for cultural experiences. This is what keeps Nestlé Coffee competitive and favored by consumers. Therefore, in cross-cultural marketing communication, it is important to conduct research and analysis on the relevant region's consumers, fully meet their demands, and enhance the effectiveness of cross-cultural marketing communication for the brand.

6.2 Adopting an Acculturation Communication Strategy

In cross-cultural operations, it is essential to respect the cognitive perceptions of consumers from different cultural backgrounds, understand, accept, and respect cultural differences, and find ways to leverage them. With a long history and unique cultural system [11], China is different from Western cultures, which inevitably increases the difficulty of marketing. Nestlé Coffee, in its cross-cultural marketing communication, understands the values of Chinese consumers, grasps their purchasing psychology and behavioral changes, and conducts corresponding marketing activities, thus gaining consumer favor and loyalty. Therefore, in cross-cultural marketing communication, it is important to adhere to the principle of seeking common ground while respecting differences, respecting the local cultural context, and considering the differences in customs, education levels, language, aesthetic values, religious beliefs, and values among different countries and regions. It is necessary to adapt to the local customs and adopt an acculturation communication strategy that is compatible with the cultural psychology of the target audience.

6.3 Brand Adaptation Strategies

Chinese cultural life is constantly evolving with the progress of time, and people's habits and lifestyles are undergoing rapid changes. For example, in the early stages, Nestlé Coffee advertisements, by emphasizing product quality and the enjoyment of

delicious taste with the slogan “It tastes incredibly good,” gradually encouraged people to accept and cultivate the habit of drinking coffee. As the brand gained popularity, it promptly shifted its marketing concept to lifestyle-oriented advertising campaigns that resonated with young people’s lives. Aesthetic and values perspectives of individuals change with the continuous development of society. Therefore, in cross-cultural marketing communication, while maintaining the brand’s cultural essence, it is crucial to promptly recognize shifts in consumer demographics and adjust marketing communication strategies accordingly. The media and touchpoints used for cultural penetration should align with consumer interests and changes, enabling marketing communication activities to be more readily accepted by consumers.

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