

ANT 5350 Economy, Culture and Power

Term Paper: Consuming Coffee - Coffee drinking culture in Hong Kong

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## **1. Introduction**

With its strategic geographic situation and rapid economic development in the last decades, Hong Kong became a dynamic cosmopolitan. It flourished with various kinds of western and exotic traditional cuisine business, which intertwine with local dining culture. Starbucks coffee company, one of the largest coffee chain stores in worldwide, practiced the strategic expansion in East Asian market in the last ten years, which arrived Hong Kong on May 2, 2000. It orchestrates with the local living style and tries to modify the attitude and perception of Hong Kong people towards coffee. After around one and a half year of development, more than twenty branches had been set up in the territory. Starbucks now acts as a symbol of 'real coffee' in Hong Kong coffee drinking culture, as its prominent leader in the local small coffee shop's market. In this paper, Starbucks coffee would be applied as the case study. This research aims to investigate the change of coffee drinking culture after the arrival of Starbucks, and further explain the coffee consuming behavior of Hong Kong people in this affluent society. In the research, to construct a holistic picture of coffee drinking culture in Hong Kong, I conducted the face-to-face interview with ten informants who love Starbucks coffee. Also, as participant observation is very important, I did five times of field study in different Starbucks coffee shop.

## **2. The History of Starbucks coffee and its first pace in Hong Kong**

After the trip to Milan, Italy in 1983 spring, Howard Schultz, the original founder and current chief executive officer of Starbucks coffee company, impressed by the attraction and passion of coffee from Italian, he mentioned that ‘no matter what people were doing during the day, when they entered the coffee bars, there was a feeling of safety, or warmth, of comfort. Almost an extension of their front porch’ (Bollier 1996: 213). Therefore, he decided to provide the high quality coffee servicing business in Seattle.

In 1984, the first Starbucks coffee bar was established in downtown Seattle, the birthplace of many American coffee shops. The company set its positioning at ‘high-brow Italian image’ coffee shop in US Coffee shop market (Pendergrast 1999: 367). To show its distinctiveness among all coffee shops, Starbucks emphasized on the revolution of specialty coffee. Mr. Schultz admitted that, ‘I became increasing afraid of waking up the sleeping giants (which referred to Maxwell House, Folgers and Nestle). If they had begun to sell specialty coffee early on, they could have wiped us out’ (Pendergrast 1999: 371). Starbucks did not aim to provide a quick grab of low quality coffee; instead, the company wished to develop middle to high-class coffee shops that served customers with high quality coffee and friendly

customer service.

Gradually, Starbucks expanded as one of the largest coffee chain store through the United State, and recently, in the worldwide. Starbucks coffee shop seems ubiquitous, like the McDonald fast food shops, its branches can be found in Japan, United Kingdom, Malaysia, Kuwait, Lebone, etc. There are more than 3000 Starbucks coffee shops in this planet now. In the expansion of Business in Asian Pacific region, included Japan, Singapore, Taiwan, Beijing, etc. Hong Kong was almost the last station of the plan of the company. Eventually, the first Starbucks coffee shop in Hong Kong opened on May 2, 2000. The company sets up the joint venture relationship with Maxim's. According to the new joint venture, Coffee Concept is responsible for the stores' management and operations, and Starbucks offers 'idea' and materials (Hong Kong Standard: 05-03-2000).

In the next part, I will use three views of consumption: neoclassical economic, cultural and social points of view, to explain how my informants' perception towards coffee are changed by Starbucks and why they consume in Starbucks Coffee Shop.

### **3. How informants perceive coffee before the arrival of Starbucks?**

There was an interesting belief about coffee in Hong Kong: a person who had committed corruption would be invited by the Independent Commission Against Corruption (ICAC) to have a cup of coffee.

Frankly, Hong Kong people do not have strong knowledge about coffee. They perceive that coffee is not good for human health, coffee bean is a sort of food which is 'hot' in the ideology of Chinese medicine – the human body cannot get balance if a person drinks too much coffee. Women and young teenagers think coffee may harmful to their skin; parents do not allow kids to have coffee, it is perceived as an exclusive 'adult beverage' because of the high content of caffeine in coffee beans, however, parents will give coke to kids which is high caffeine and calorie. Besides, coffee is most useful for students who have examination: they may addict to coffee at that period, they do not want to fall asleep when they are burning the mid-night oil. In their eyes, coffee is merely a booster. Even James Wu, the chairman of Maxim's mentioned that 'if you ask Chinese what they think of coffee, 99 percent answer it's bad for your health and keep you from sleeping.' Therefore, Starbucks had put much effort to 're-educate' and transform Hong Kong people's coffee consumed habit. After one and a half year, the company's strategies seem work, it can be found that during weekend or after work, the coffee shops would be full of customers.

#### **4. Neoclassical economic view - the maximization of utility**

Hong Kong people are usually claimed as 'workaholic' and 'money loving' after the economic expansion since 1960s. Many people believed that their hard working led to the economic miracle for the territory. However, nowadays, the new generation considers that their parents did not know how to enjoy their life. As Hong Kong transformed to an affluent society, the young group started to strive for higher living standard and upgrading life-style through consumption, which is a typical phenomenon in the consumer capitalist society. The motto of the new generation is 'working hard and play hard!' The idea of 'delay gratification' seems to be old fashioned, people who work hard and save all money is perceived as just an ant. It is legitimatised that consumption can achieve psychological comfort and self-fulfillment of an individual (Robin 1999). On the other hand, in neoclassical economic point of view, People are economic man, which is selfish, rational and self-interested oriented. Their aim is to maximize their utility.

More of my informants like to consume in Starbuck coffee, although the price is relative high compare with coffee or drinks from local tea café or those instant coffee<sup>1</sup>,

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<sup>1</sup> In those local tea café, hot drinks cost\$8-9, cold drinks costs \$12-13, Starbucks coffee ranges from \$14-\$32, the cheapest one is the coffee of the day, the most expensive one is Mocha Frappunchino.

they still choose it because they believe that Starbucks coffee is the finest. During the consuming process, it is *assumed* that a cup of Starbucks coffee can fulfill their physical and psychological need, the maximization of utility can be achieved, as long as the opportunities cost is lowest. Moreover, some informants think that the price of Starbucks coffee is not expensive, it is because when they enter the coffee shops, they are not only having a cup of coffee, but also consume the environment and the atmosphere there. Thanks to the fascinating interior design of the coffee shops, they can stay there for more than two hours in the coffee shop without being disturbed.

Besides, like others café, Starbucks also provides pastries and deserts, such as cheesecake, cookies, croissants and pudding, etc. A Starbucks lunch set – a piece of sandwiches with a cup of coffee costs around \$50. There are very few customers having lunch in the coffee shop because the price is expensive, and during the lunch period the customers can only stay there for very short time (less than an hour). In economic point of view, the relative price of a lunch, relates to the length of time they stay in the coffee shop, is very high. Besides, in the Chinese custom, sandwiches or pastries are not nutritious enough in a dinner meal; therefore, it is hardly to find a local customer to have a ‘normal’ meal in the coffee shops.

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Besides, pastries and deserts are also provided in the coffee shop, the prices are about \$15-\$30.

People assume that the consumption is a human nature, of course, it is not natural, but is constructed in the consumer capitalism, it will be analyze in the following parts in this paper.

## **5. Cultural view of consumption- the creation of cultural meaning**

### 5.1 Teach people to consume

In the Hong Kong market, Starbucks tries to construct a new meaning of coffee for Hong Kong people, and further create the consumption. The company believes that Hong Kong people do not recognize what 'real coffee' is. According to some 'experts' in the coffee industry, Hong Kong people can only reach to the elementary stage in coffee culture: they apply too much milk and sugar into the coffee, and some of them just use to have instant coffee, and they are not sophisticated enough to concern with the quality of coffee beans. Starbucks aims to provide coffee knowledge to them, and educate them what the 'real' coffee is. James Wu stated that Starbucks is at the vantage point to fill the gap in the local coffee market where no or less professional coffee shops existed in Hong Kong (Apple Daily: 05-03-2000).

Besides, Coffee Concept mentioned that Starbucks hopes to change the tea culture to

coffee culture of Hong Kong people, and aims ‘to have more Hong Kong people put down their teacups and pick up coffee mugs’ (Hong Kong Standard: 05-03-2000). Mr. Schultz believed that there is a strong market potentiality in Hong Kong; he wanted to replay the brilliant success of the development in Taiwan, ‘tea has always been more popular than coffee among Hong Kong people, as it is a long tradition in the Chinese Culture, we will educate the people on coffee drinking, and we have been very successful in Taiwan where tea drinking is also deep rooted in the culture... it will push for the coffee culture in Hong Kong.’ Mr. Schultz declared in the last year press conference (Hong Kong Standard: 05-03-2000). To educate its customers, the company prepared several types of leaflets, which introduces the method of home coffee brewing or the knowledge of coffee beans, it is expected that customers can know more about coffee.

## 5.2 Marketing Strategy

The core-targeted customers of Starbucks are the bourgeoisies and white collars working staff. The company strategizes its position in Hong Kong as the elegant, high class Americanized coffee maker. As mentioned before, the company emphasized on freshness, world’s best quality and the most important point: the specialty of coffee. The coffee beans of Starbucks are ‘from countries that college

graduates cannot find on a map' (Pendergrast 1999: 371). In its leaflet *The Story of Good Coffee – Whole Bean Coffee*, 'Starbuck Coffee Company began as an unusual place because we were the first of our kind (buying a whole fresh-roasted coffee beans instead of canned supermarket coffee)' (2001). Besides, the company did not pay too much advertisement, it is because Starbucks did not wish to mislead customers that it is merely one of those common chained fast food shop, and avoid the 'hard- sell' feeling of the brand. Instead, it constructed the image of a cozy and elegant coffee shop through Press release or press conference through medias.

### 5.3 Locations of Starbucks Coffee Shops

The company tries to enhance its sophisticated cultural image through the locations of the shops. In Hong Kong Starbucks coffee shops scattered at the belt of Central Business Districts and shopping areas around the Victoria harbor, such as Central, Causeway Bay and Tsim Sha Tsui. There is no branch exists in the New Territories. Even in United Stated, most Starbucks coffee shops located in large and important cities, such as New York, Seattle, Boston, etc. It is because the company tried to maintain the image of cosmopolitan, trendy, artistic, bohemian and stylish. Besides, in United States, coffee shops usually exist in shopping malls. It provides a comfortable area for shoppers to take rest and meet friends. But in Hong Kong,

coffee shops (like Starbucks) can be only found in or near those highest ordered gigantic shopping centers, like Pacific Place, Time Square, etc., where provided all high-class commodities, and visited by customers with high consuming ability, such as young people, tourists, bourgeoisie. In Hong Kong, those largest shopping malls in the heart of commercial centers acts as indicators of most updated international trends of consumption (Lui: 2001). Starbucks coffee can then reinforce its western and stylish image with its locations in those highest ordered shopping malls. In my opinion, like Delifrance, Starbucks coffee may take care the New Territories region in the soon future, if its brand image becomes more concrete and mature.

#### 5.4. Interior Design of the Coffee Shops

Most of the customers appreciated the interior design of the Starbucks coffee shops, which creates a simple, stylish and comfortable atmosphere. There are many artistic and postmodern wall paintings, echo with the warm yellow lighting. The large leather sofa provides comfortable and homelike sitting place. In addition with the light Jazz music, customers can relax and stay more than an hour in the coffee shop. In the mid of 2000, there was a photography competition in Starbucks, customers were encouraged to submit some photos they took from the coffee shops, which could reflect the special 'temperament' of Starbucks coffee. The company wishes to show

that Starbucks is more than a moneymaking and profiting company, it provides an artistic and stylish life style to customers.

There is an interesting point: only English titles of the coffee names exist on the menu behind the cashier. Not everyone in Hong Kong can pronounce the words 'Americano', 'Frappuccino' (an ice-blend beverage), 'Mocha' or 'Espresso decaf' perfectly, they would be very embarrassed as they standstill in front of the cashier and unable to say even a word. The company did not put the Chinese description in the menu because it wants to show the superior feeling and the cosmopolitan image of the brand. In this pre-colonial region, English is still perceived as a prestigious language. People would categorize a restaurant as high-class and expensive if there is only English, or French, or Italian in the menu.

In summary, Starbucks does not only sell coffee beans and service, it sells an image. Now, Many Hong Kong people believe that the word 'Starbucks' is the synonymous of 'best quality coffee'. Also, because of its uniqueness and sophistication of coffee quality, the company constructed an image that the one who drink Starbucks coffee are stylish, in others words, people who have a cup of coffee in their hands can reflect that 'cultural capital', because they know how to enjoy the world's best coffee. It

further developed as a kind of conspicuous consumption, to let others know they are sophisticated consumers who know how to enjoy the life.

## **6. Social Point of view –the change of social life**

### **6.1 The reflection of social hierarchy**

In the coffee shop, like the company expects, most of the customers are bourgeoisie groups. Every time I stayed in the café, who sit besides were speaking English, no matter he/she was an Asian or a Caucasian, of course, I cannot judge that someone who can speak fluent English are in middle or higher class groups, but in Hong Kong, it is undeniable that fluent English is an important tool to achieve a better social status. That means, social status can be reflected through a person's drinking and dining habit, it can further explain why some (not all) customers who visit Starbucks coffee instead of local tea restaurant can be explained as a kind of conspicuous consumption in social term. To be franked, not many Hong Kong people appreciate the taste of coffee, no matter they are high or low quality. One of my informants admitted that he would like to order a take away Starbucks coffee just because they want to show it off. For those who visit Starbucks for just an orange juice can be justified that they try to enjoy the environment of the coffee shop, but it can also be explained that they want the pass-bys to 'recognize' that they belong to the group of bourgeoisie, (especially in

those Starbucks coffee shops with extra seats in outdoor area, or where have a large glass window; people from outside can look through it.)

Besides, there are many souvenirs, such as cup mats, coffee mugs, coffee-brewing utensil can be found in the shop, all products marked with the Starbuck logo.

Different types of high quality coffee beans are also available. A pound of coffee beans costs around \$125 to \$188 (Apple Daily: 05-04-2000), clearly coffee beans in this price range is targeted to middle class customers. Besides, in special period,

Starbucks will provide limited edition coffee bean gift set. For example, recently, as Christmas is approaching, several types of Christmas gift set are offered, with a special taste coffee blend, coffee mug, candies and holiday bear stuff toy. All these

by-products aim to 'melt' the Starbucks image into customers' daily life, to enhance the brand loyalty, and further create Starbucks coffee as a luxury but necessary item

for them. For a Starbucks devotee who practices conspicuous consumption, the most important for them on a souvenir is the large green Starbucks logo, to let others

perceived him/her as a person with high social status. Refer to the theory of 'Performance' by Foucault, maybe some person are not that good taste or high social

status, they can still performed that they are in these group by representing a front – a cup of Starbucks coffee or a souvenir with the large logo to others (Goffman: 1959).

## 6.2. The creation of social space

Of course, not all Starbucks customers are addicted to conspicuous consumption. It was an exciting good news of Starbucks coffee arrived Hong Kong last year, because its coffee shops create Hong Kong people a new and comfortable space for their social life. Some informants commented that the coffee shop was a nice gathering and relaxing place. The company advocates the idea of 'the third place', which means, except the office and the home, Starbucks coffee can be the third gathering spot of its customers (Ming Po: 07-06-2000).

Unlike the local tea cafes, fast food shops and even those Taiwanese style teashops, customers can stay relatively longer in the Starbucks coffee shops. They meet their friends and have a long chat, or just take a good rest after work; students stay together after school. Office staffs can spend their 'happy hours' in the coffee shop, rather than pubs or bars. Sometimes, insurance agents or sales like to meet their clients or sign the contract in the Starbucks coffee shop. It is because the café is much less crowded and quiet, and unlike other fast food shops, they can more easily to protect the privacy of their customers and avoid disclosing client's personal information. Others customers may stay alone in the coffee shops to read books (usually English

novels), newspaper, or do their work with a portable computer notebook. Everyone can find their private little corners in the café, to do whatever they like.

## **7. Criticism of Starbucks coffee**

When Starbucks arrived Hong Kong, as mentioned before, it planned to change Hong Kong people attitude towards coffee. Generally, not many Hong Kong people like the taste of coffee. As I talked with several informants who visit Starbucks frequently, they knew that Starbucks provided the highest quality coffee in Hong Kong. But when I asked if they had tasted any type of Starbucks coffee before, most of them actually had not had even try one cup of the Starbucks coffee! When they visited the coffee shop, they only ordered orange juice, hot chocolate or Frappuccino – an ice blended beverages that blend coffee with cold milk, sugar, cream, syrup and ice together. The original taste of the coffee beans is almost disappeared. One day when I stayed in the Starbucks coffee shop in Causeway, I found that all schoolgirls were having a cup of Frappuncino instead of those ‘real coffee’. Clearly, the brand image establishment is very successful; most of the customers believe that Starbucks coffee tastes best even they have not experienced a sip of it. But, it seems a paradox that the company wished to increase the business by intruding the Americanized coffee culture to Hong Kong. My informants reflected

that they were attracted by the fabulous image of Starbucks, but their coffee drinking habit did not change so much, not to mention if they have received any knowledge about coffee beans or brewing in this stage. Several of my informants cannot easily distinguish the difference between espresso, latte and Mocha even they are the Starbucks fans. Hopefully, the 'Frappuccino' can be act as a starting point of them.

The origin of 'sophisticated' coffee drinking culture started from France and Italy. In these two countries, coffee is a necessary drink for the European's daily life. Italian usually teased the coffee drinking habit of American. For example, in Italy, espresso is served in a very tiny coffee cup without milk and sugar. However, the espresso from Starbucks will be served in a tall or even grand size cup, with much sugar, milk, and even whipped cream on the ice espresso, which totally meets the taste of American, but too far from the original taste. It explains why Starbucks coffee does expand its business to Italy or France. If Starbucks perceives Hong Kong people as 'country folks' in coffee drinking culture, while the company itself does not follow the traditional method to create 'real' coffee, the ideology of Starbucks – it tries to teach Hong Kong people to drink coffee - is just a ridiculous and ethnocentric view from the company. In other words, Starbucks is not that 'sophisticated' or 'elegant', the image of 'coffee expert' is just constructed by the Public Relation or

marketing strategy (again, it proves the success of the company planning).

Moreover, I wondered if Starbucks enables to change the tea drinking culture in Hong Kong. As a cosmopolitan and a grate way of China in the last several decades, Hong Kong experienced a large degree of westernization, and remained the traditional Chinese culture, especially the Chinese dining habit. It means that Hong Kong people can enjoy the comprehensive cultural diversity. Inside the culture supermarket, Hong Kong people have a relatively large degree of freedom for consumption (Matthews 2000). For example, for the young generation, they may go to 'Yum Cha' with family on Sunday morning, visit a Japanese restaurant with boyfriend/girlfriend, enjoy, and then enjoy a grand size American dinner set with friends, and have a sip of coffee in café after the shopping. One attractive points of Hong Kong is the large degree of cultural diversity. I argued that Mr. Schultz is too aggressive that he aims to violate the traditional tea drinking culture by the intrusion of American coffee drinking culture. Actually, both cultures can coexist in the same place.

## **8. Conclusion**

Food can fulfill both of our physical and psychological need – though the process of

consumption of food, we can satisfy our appetite, and also provide the spiritual comfort. According to Mintz, “Food and eating are enormously inviting subjects for study for social scientists’ (Mintz 2001: 271). The culture and social structure of a certain place can be reflected by the dining habits of people over there. Although under the process of globalization, the social life of Hong Kong people is strongly westernized, but the traditional Chinese dining habit and culture had not been erased. To conclude, we should preserve this dining cultural diversity in Hong Kong.

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07-04-2000/07-06-2000/12-21-2000

*From others:*

<http://www.starbucks.com>

Starbucks leaflets:

The Best Coffee At Home/The World of Coffee/Frappuccino – ice blended

beverages/The Story of Good Coffee/Gifts of great taste of Starbucks