Proceedings of the 3rd International Conference on Management Research and Economic Development
DOI: 10.54254/2754-1169/165/2025.21134

Brand Co-branding Marketing Strategy Analysis--Taking Luckin and Moutai Co-branding as an Example

Yitong Lin[1,a,*]

[1]Shinyway Education, Hangzhou, Zhejiang, 310058, China
a. 3581077455@qq.com
**corresponding author*

Abstract: With the growing diversity of marketing tools, co-branding has become a key strategy for major brands. By collaborating and launching products featuring elements from both brands, companies leverage shared popularity to achieve synergy. Luckin Coffee, a leading player in the beverage industry, exemplifies successful co-branding. Striving to become China's largest coffee chain by 2023, Luckin focuses on offering high-quality, affordable, and convenient products. Its collaboration with Moutai showcases the power of cross-industry partnerships, combining strengths to attract a broader consumer base and boost purchase interest. This paper examines Luckin's co-branding with Moutai, analyzing the advantages from 4P perspectives and consumer psychology. It explores marketing strategies, consumer perceptions of co-branded products, and how to craft a co-branding approach that drives high attraction, traffic, and returns. The findings highlight key factors for successful co-branding and provide valuable insights for other brands looking to adopt this strategy. Luckin and Moutai's collaboration serves as a benchmark, offering actionable guidance for businesses aiming to maximize the potential of co-branding initiatives.

Keywords: brand marketing, co-branding analysis, Luckin Coffee, crossover co-branding

1. Introduction

Co-branding has become a mainstream marketing strategy across various industries. Luckin Coffee serves as a prime example, launching cross-border collaborations with popular IPs and renowned brands since 2022. These well-planned partnerships frequently result in joint hits, driving the brand's rapid growth. From the perspectives of brand value, partner selection, and activity strategies, Luckin Coffee's co-branding efforts offer significant benefits, such as enhancing product appeal, boosting sales, increasing visibility, aligning with audience preferences, leveraging brand strengths, and compensating for weaknesses.

When selecting co-branding partners, factors such as a strong fan base, high traffic potential, exclusivity, strategic fit, and audience appeal are carefully considered. The strategy involves warming up the collaboration by teasing details, building anticipation, incorporating multi-attribute products to drive sales and engagement, and maintaining consumer interaction to solidify brand memory [1].

According to scholar Hu, cross-border collaborations can succeed by aligning brand values, gaining niche recognition, generating buzz, and encouraging organic promotion. However, brands must focus on sustainable growth and innovative business practices to ensure long-term success

DOI: 10.54254/2754-1169/165/2025.21134

beyond the initial campaign [2]. Scholar Liu Wanjun highlights challenges such as market saturation, fleeting popularity, and overuse of joint ventures. Reverse collaborations, a newer approach, offer fresh momentum for achieving lasting impact [3].

Using Luckin Coffee's collaboration with Moutai as an example, this article examines co-branding from 4P and consumer psychology perspectives. It highlights the advantages, challenges, and risks of co-branded marketing, offering actionable strategies and insights to achieve high engagement, traffic, and returns while ensuring sustainable brand development.

2. Overview of Co-branding Strategies

2.1. Definition and Types of Co-Marketing

Co-branding encompasses various forms, such as brand co-branding, service co-branding, and cross-border co-branding. Brand co-branding involves collaborations between brands or brands and IPs to launch innovative products or services. This approach leverages mutual brand influence to enhance product value, appeal, and market reach, achieving a marketing effect where "1 + 1 > 2." It can be further divided into brand-to-brand co-branding, brand-to-celebrity co-branding, and brand-to-IP co-branding. Such collaborations boost brand awareness and image, increasing consumer purchase intent.

Service co-branding involves partnerships between two or more brands (or IPs) at both the product and service levels. By pooling resources and influence, brands can introduce new offerings that cater to diverse consumer needs.

Cross-border co-branding involves partnerships between brands from different industries to create limited-edition products or services. This strategy integrates resources and strengths from distinct fields, breaking traditional promotion boundaries. It enhances mutual publicity, expands market share, and attracts broader consumer attention.

Co-branding has become a widely adopted strategy across industries such as fashion, food, and fast-moving consumer goods (FMCG), offering brands innovative ways to engage consumers and increase market impact [4].

2.2. Advantages of Co-Marketing Cross-Level Marketing

The first point is to expand brand exposure and market expansion, by linking with other well-known brands or industries, the brand can quickly increase exposure to attract more consumer attention. Next, the second point is that both parties can share each other's resources, such as sales channels, customer groups, technology, etc., so as to realize the optimal allocation of resources. The third point of advantage is the innovative products or services, the combination of different industries can stimulate innovative thinking and the development of unique products or services to meet the diverse needs of consumers. The enhanced brand image is also a advantage of marketing, linkage with high-end or well-known brands can enhance brand image and increase consumer awareness and trust in the brand. Cross-border linkages can also help brands enter new market segments, and increase market share. Realizing mutual benefit and win-win means that both parties can share the risk and revenue, and realize the business goal of mutual benefit and win-win [5].

3. A case study of Luckin's association with Moutai

3.1. Historical Background and Market Positioning

Since opening its first store in Beijing in October 2017, Luckin Coffee has rapidly expanded, reaching over 20,000 stores by July 2024, making it China's largest coffee chain.

DOI: 10.54254/2754-1169/165/2025.21134

Luckin Coffee's market segmentation primarily targets young white-collar workers, students, and middle-class individuals seeking a quality lifestyle. It further segments its market based on coffee consumption habits and preferences, including daily coffee consumption, flavor preferences, purchase frequency, and preferred consumption venues. Luckin's market positioning is to offer high-quality, cost-effective, and convenient specialty coffee.

Moutai, a renowned Chinese liquor brand, has a history dating back over 2,000 years to the Han Dynasty. It is recognized as the originator of large curved soy sauce-flavored liquor and holds a prominent place in traditional Chinese culture. Positioned in the high-end market, Moutai is celebrated for its unique flavor, soft taste, and rich layering, making it the top choice for high-end banquets and business events.

With its deep cultural heritage, unique quality, and continuous brand innovation, Moutai has gained wide consumer recognition and loyalty. It aims to uphold its commitment to excellence and tradition, solidifying its position as a leader in the premium liquor market in China and globally.

3.2. Product features and innovations

Luckin Coffee, a brand known for its cost-effective offerings, has engaged in cross-border cooperation with Moutai, a high-end national liquor. The partnership between coffee and liquor is nearly unprecedented in the market, creating a sense of novelty and scarcity that piques public curiosity. Is it a "dark cuisine" or an "endless flavor"? Combining luxury and accessibility, tradition and modernity, this innovative collaboration resonates with young people who enjoy exploring new experiences.

While Moutai is a renowned national liquor, its primary audience has traditionally been middle-aged and older individuals, making it less familiar to younger generations. Partnering with Luckin, a youthful and vibrant brand, has successfully introduced Moutai to a younger market. This collaboration allows young consumers to engage with Moutai in a fresh, approachable way, even earning it the nickname "young people's first coffee."

The fusion of liquor and coffee has also driven significant traffic to Luckin Coffee, attracting many first-time customers eager to try the co-branded product. This partnership highlights the potential of creative collaborations in reaching diverse audiences [6].

3.3. The marketing strategy of this co-branding from the perspective of the 4p

The product stands out with unique selling points and innovative features, combining the fame of both brands, and this cross-border collaboration offers consumers a novel taste experience.

The Soy Latte, priced at ¥19 per cup, is more expensive than other Luckin products but reflects Moutai's premium value and Luckin's high quality. Compared to other coffee brands like Starbucks, where prices exceed ¥30, it remains relatively affordable. For consumers seeking fresh flavors and premium quality, this price is unlikely to be a deterrent.

The campaign primarily relied on online promotions and attracted consumers through discounts, gifts, and social media marketing. By leveraging multiple platforms, the campaign successfully increased awareness and engagement.

The Sauce Latte is sold at Luckin Coffee stores and online. This dual-channel approach, supported by Luckin's extensive store network and online presence, ensures accessibility and convenience for consumers.

3.4. Effectiveness evaluation

The Maotai-flavor Latte single-serve sold 5.44 million cups on its first day and had $100 million+ in single-serve sales. There was even a situation of insufficient supply due to too much heat. Moutai harvested a large number of young markets. The first day of the new latte market response is very good. The popularity of Maotai-flavor Latte topics on RED, Weibo, and TikTok continues to rise. On RED, the number of notes about soy sauce latte increases by 9,300 per day, the number of topic readings increases by 979.75w, and the number of note interactions increases by 82.31w. The popularity has soared and the praise has continued [7].

4. Challenges and Risks of Co-branding Strategies

Firstly, cross-border collaborations involving different industries and enterprises may face risks such as cultural differences and philosophical incompatibilities, potentially leading to the failure of the partnership. Brand dilution is another concern. If the partner's image does not align with the brand or has a negative reputation, it may harm the brand image and reduce its value.

Secondly, market acceptance can be a challenge. Cross-border products or services may face low initial acceptance, requiring time for consumers to adapt to the new offering.

Thirdly, higher input costs are often a factor. These partnerships typically demand significant investments in human, material, and financial resources, including research and development, marketing, and promotion expenses. The instability of the cooperation relationship is another risk. Conflicts of interest or misaligned goals between partners may destabilize the collaboration and reduce its effectiveness.

Finally, legal risks must be considered. Cross-border linkages may involve issues related to intellectual property, contracts, and compliance, requiring careful management by both parties to avoid potential legal complications.

5. Conclusion

Co-branding is not merely about combining two brands; it is about creating synergy where "1+1>2." The successful collaboration between Luckin and Moutai exemplifies this by blending old and new IPs and merging Moutai's middle-aged and older audience with Luckin's younger demographic. This success stems not only from the combination of distinct audiences but also from the quality of the co-branded product, engaging marketing content, and effective promotion strategies. A successful co-branding effort requires more than placing an "x" or "+" between brand names. It involves thorough research to identify compatibility between brands, finding interaction points that add value, and aligning intrinsic brand values, target audiences, and marketing scenarios to create a product that resonates. In recent years, Chinese brands have excelled in leveraging local resources to meet the preferences of Chinese consumers, allowing them to compete with and sometimes surpass foreign brands. This success lies in their deep understanding of users' needs. The Luckin and Moutai partnership is just one example of many successful collaborations. As Luckin continues its journey, it is poised to deliver more impactful co-branded products. Meanwhile, traditional brands like Moutai can gain traction with younger audiences through innovative and diversified approaches.

References

[1] *Liu N. (2024). Analysis of the marketing strategy of Luckin Coffee's brand collaboration. China Journal of Commerce (13), 81-84. doi:10.19699/j.cnki.issn2096-0298.2024.13.081.*

[2] *Hu D. (2024). Research on the long-term development strategy of cross-border marketing - taking "Jiangxiang Latte" as an example. Media Forum (13), 54-56.*

[3] *Liu W. (2024). Reverse co-branding: the way for brands to break through the circle of cross-border marketing. Time-honored Brand Marketing (13), 9-11.*

[4] *Lu, Z. (2023). Research on Marketing Strategy of Chinese Confectionery Industry—Take Alpenliebe Candy Brand as an Example. Advances in Economics, Management and Political Sciences, 58, 302-308.*

DOI: 10.54254/2754-1169/165/2025.21134

[5] Cui, J. (2024). What is the Impact of Brand Co-branding on Consumers' Purchase Intention?. Transactions on Economics, Business and Management Research, 6, 85-93.
[6] Martin, M. C. (2021). Play Cultures, Social Worlds, and Youth in Familial Settings, 1700–1905.
[7] Nagata, Y. (2024). Research on Branding Strategy in Cambodia: Phase 2.