

### **Abstract**

Ever since the Open Door policy was revealed to the world, China has experienced numerous transformations. From the economy to society, from the dawn of the information age to today's "millennial generation", China has come far and wide from where they first started. Part of this transformation is the emergence of the café and its companion product, coffee. Using news articles gathered from People's Daily, the study will try to understand through the lens of Bourdieu's Habitus how these establishments have managed to integrate themselves into the daily lives of the Chinese and how it has managed to integrate itself in China.

# Chapter 1

## Background

China is famously known as a nation of tea drinkers. Coffee, the plant, however, is no stranger to Chinese soil. Its earliest instance of cultivation was during the 19th century in Yunnan province and large scale commercial plantation started around the 1950s (Zhang, 2014).

### 1.1 Starting on Tea

To illustrate tea's importance to China, There are three aspects to consider: 1. China has been historically involved with tea, 2. there are several provinces whose major industries involve tea, and 3. tea has its own ceremony.

Tea is no stranger to legend. One story attributes its discovery to a legendary emperor named Shen Nong. Legend has it that tea leaves had blown into his cup of hot water and started from there (Beaudoin & Graham, 2011, p. 2). Another, known around Buddhist circles is the story of Bodhidharma, an Indian monk who went to China and is known as the founder of Zen<sup>1</sup> Buddhism. Upon his arrival, he immediately meditated for nine years, and at one point, fell asleep for a few moments. Determined to stay awake, he cut off his eyelids in an effort not to fall asleep again. Upon seeing this, Guanyin, the goddess of mercy, caused tea plants to grow on where Bodhidharma's eyelids fell (Beaudoin & Graham, 2011, pp. 2-3).

During the Tang dynasty, tea was undergoing intensive cultivation. In the eighth century, a scholar named *Lu Yu* wrote the *Cha jing*, translated as The Classic of Tea, detailing the history of tea. It also describes the utensils needed to make tea and the process to make a good brew. Through this document, tea was transformed from an ordinary drink into an art form. Several industries flourished as a side effect of the

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<sup>1</sup>Also known as 禅 Chan

massive demand for tea, bringing in revenue in rural cash poor areas. A transport industry developed, and wooden chests for containing tea grew. The porcelain industry was spurred . Tea was then introduced to Japan and Korea after. Further cultivation was done during the Song dynasty and a drinking habit was established and spread throughout the country. Silk production grew in the north by the thirteenth century to be used as barter for tea (Chow & Kramer, 1990, pp. 2-10). By 1607 CE, more than eight hundred years later, Europe experienced its first taste of tea in Holland, Denmark by a ship that came in from Macau (Chen, 2012).

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*Terroir* is a concept where “the location is given special connotation, where certain products are endowed with a unique identity that will influence production and impart different impacts upon its final characteristics” (Silva, de Queiroz, Pinto, & Santos, 2014). Depending on where tea is grown, its quality, taste, and other characteristics is affected on where it is planted, the type of soil the plant grows on, and the various climates it experiences across locations. This is the concept that helps us differentiate Yunnan tea from Fujian tea, barring specialized methods of preparing tea for consumption.

Yunnan, Fujian, Jiangsu, and Anhui are some of the many provinces in China that cultivate tea. In fact, there are twenty provinces that produce tea, comprising one-fourth of China’s landmass (Chen, 2012) and each known for a specific specialty variant.

## **1.2 The Market**

In 1999, the first Starbucks in the Mainland was established at the Beijing World Trade Center. When the idea of establishing Starbucks in Mainland China was first brought up, there was skepticism on how could a coffee shop chain possibly compete against a country whose beverage market is dominated by tea and whose drink prices are US\$3 per cup (Adamy, 2006)?

## **1.3 Open Door**

We move on to the modern era, during the time of Deng Xiaoping and the Open Door Policy and known for the quote “It doesn’t matter if the cat is black or white, so

as long as it catches mice”. Economic reform was the plan and his leadership was generally hands-off by nature, leaving decisions to officials he has appointed, experts in their field, with Deng providing general guidance and direction. For the rare times he has personally intervened for policymaking, his decisions have proven crucial and effective (Naughton, 1993).

For the initial steps of economic reform, the government loosened its grip on existing enterprises. This left individual citizens now free to initiate their own small to medium business ventures and letting these enterprising individuals dictate their own prices and at quantities they wish to produce. This is in contrast to Mao’s plan of the state having control of all means of production throughout the territory and controlled how much and how many products of a certain kind are churned out. After which these products are sold to the government at basement prices which are then resold to the general populace.

As an effect, private ownership became possible. Competition among firms heated, stimulating development and creativity. This in turn incentivized workers and increased productivity. The economy flourished.

Then came the Special Economic Zones, or SEZs. A *Special Economic Zone* is a specially demarcated area, with a special administration handling that area. Incentives like tax cuts are offered to businesses and enterprises when established within the zone. On the state’s part, procedures are streamlined to make it easier and faster for these prospective businesses to get started. An important provision of the SEZs is that foreign companies can establish themselves there, with full ownership of their assets. Further, they are exempted from import duties for selected items (Zeng, 2011; Jaggi, Rundle, Rosen, & Takahashi, 1996).

When the program was first initiated in 1980, there initially four participating cities across the two provinces of Guangdong and Fujian. These four cities were Shenzhen, Zhuhai, Shantou, and Xiamen. Hainan, Pudong, and other cities followed after (Jaggi et al., 1996).

## **1.4 Where Starbucks fits in**

Then came Starbucks. While not the first, it is one of the many North American food service chains to set foot early in China. Their initial foray into the Asian market was in August 1996, whose first branch outside North America was established in Tokyo. The plan was to form partnerships with local operators, initially with a joint venture with Sazabu (Harrison, 2005). This was in the similar case of McDonald’s in Japan in 1971, where the chain was franchised by a then University of Tokyo student, Den Fujita. (Watson, 2006, pp. 21, 113)

At China World Trade Building in Beijing, Starbucks made its first presence in

the Mainland in 1999. From one branch in 1999, they have expanded to 209 stores in 2005, 470 stores at the turn of the decade in 2010. In 2011, Starbucks planned to further increase their presence by opening 1000 more stores, with a target of 1500 branches by 2015 (“Starbucks to increase 1,000 cafes in China by 2015,” 2011). True to their word, they have reached 1811 stores near the end of 2015 (Statista, 2015). CEO Howard Schulz is confident of the company’s progress within China so much that the corporation plans to open 500 more branches within the Mainland for the next five years (Burkitt, 2016).

## **1.5 Statement of the Problem**

Since Starbucks’ entry into the cafe market in China in 1999, cafes have been a hit with the population. This research desires to seek out the factors that enabled Western-style cafes to be popular, with Starbucks as a specific example. While being popular with the population, who are its patrons and what are their motivations to frequent or even to just try out these cafes?

## Chapter 2

### Review of Related Literature

While other countries have coffee as their perk-me-up drink of choice, China has tea for their case. This is evident with ready-to-drink (RTD) tea sales specially in the retail sector (International Coffee Council, 2015). The same holds true in a large part of the world, and will be so for a good period of time (CITEME). In places where coffee holds dominance, it serves the same purpose as tea would: as a recreational drink and as something to keep one awake.

Tea also appears in other texts, through its close connections with Buddhism. Kieschnick (2003) details how tea came into regular use by monks as a drink to keep their concentration going during long meditation sessions. He also describes here tea's various appearances in legends and ancient writing such as Lu (1974) on The Classic of Tea.

In analyzing coffee, Silva et al. (2014) puts forward *terroir*, a concept used in winemaking to analyze its quality and taste. Location, altitude, and soil type are variables in crop production and influence taste profile of a specific type of coffee bean. The study managed to efficiently determine differences with harvests among the locations sampled.

For health, Dharmananda (2003) analyzes coffee in the context of Traditional Chinese Medicine. The coffee plant and its relatives have historically been a source of medicinal herbs. Coffee in particular has an effect of regulating liver qi, giving the experience of “a strong sense of mental and physical vitality”. Namba and Matsuse (2001) recounts how coffee first arrived in Japan through translations of Dutch textbooks. They further study how the framework of how Chinese and Arabic traditional medicine dealt with and described the effects of coffee, mostly through caffeine and its effects on aging, infectious diseases, and heart processes.

Su, Chiou, and Chang (2006) studies the impact of western culture in Taiwan. Three studies were performed, correlating consumption patterns with the desirability of foreign culture and the “adoring of foreign value in coffee consumption”. It was

found that foreign brands were being preferred over local brands for tea and coffee. This led to the conclusion that there was an adoration of western culture and influenced consumers' purchase decisions and drink preferences. A market research study by Euromonitor International (2015) illustrates the growing coffee trend in Taiwan. Sales of instant coffee, Nestlé to be specific, dominate the market. In addition, a new format of coffee preparation was introduced to the market in the form of "coffee pods" through the brand "Nespresso", a division of Nestlé. However, there is a growing demand for fresh coffee beans driven by an increasing number of cafés opening up in Taiwan. Consumers have started to gain access to coffee making equipment, enabling them to prepare their own serving at home. Because of an increased demand for fresh coffee, prices have risen due to consumers seeking better quality coffee. As a net effect, the rise of coffee has cannibalized tea sales and consumption, with consumers preferring ready-to-drink tea mixes while on the go.

In China, Harrison (2005) describes Starbucks' initial foray into the international market, along with descriptions of its business model. For example, in an effort to stimulate consumption, Starbucks places several stores nearby other branches. Yang, Hu, Mupandawana, and Liu (2012, 1) measured how much of a premium, consumers in Wuhan are willing to pay for coffee that is labelled as "Fair Trade". It was found that consumers were willing to pay as much as 22% more on average than traditional coffee. While not mentioned in the study, Starbucks promotes its products as fair trade goods.

Watson (2006) presents an ethnographic case study of the fast food chain McDonald's across five cities: Beijing, Hong Kong, Seoul, Taipei, and Osaka. The study describes locals' perception of McDonald's in each of these cities. These perceptions range from being a window to the world outside of China in the case of Beijing, to being a political act and a reflection of attitude on the subject of reunification in Taiwan, and to the eventual integration of everyday culture in Japan.

Zhang (2014) argues that coffee drinking in China is more of a trend than a habit. Most of its consumers are of a younger and more affluent demographic. Drinkers are found to be concentrated among major cities like Beijing, Shanghai, and Guangzhou. International Coffee Council (2015) notes that there are no clear statistics on China's coffee drinkers, but consumption can be estimated by import and export volumes. Coffee imports are noted to be mostly in unprocessed and non-roasted form. While Yunnan (云南) is an area known for tea, coffee production is rising.

# Chapter 3

## Methodology

I will attempt to answer these questions using Bourdieu's framework of *Habitus*. Articles from People's Daily (English) have been gathered for this study. These articles will then be subject to content analysis, on the lookout for recurrent themes.

Being a daily publication, newspapers provide a good form of coverage for small incidents and important events. A newspaper provides the role of an archival chronicle, keeping track of what was happening on a day to day basis (Martin & Hansen, 1996). People's Daily was selected because of its wide circulation in China, enjoying significant readership and wide reach across the population. Public officials and ministers have chosen to release official statements through this outlet.

In gathering articles, a simple search with the term "Starbucks" within the [People's Daily website](http://en.people.cn)<sup>1</sup> was performed, returning 81 articles, the earliest of which date back to August 2007. A small Python script (see appendix Appendix A) was written to programatically download all matching articles. While all news articles presented in the search results dating back from 2007 were downloaded for the dataset, analysis was intentionally limited to stories within January 2010 until May 2016. Refining further, stories that did not happen within China's borders are not included in the analysis. A complete archive of all downloaded articles and this paper itself are available in a [GitHub repository](https://github.com/tsdmgz/sbux-rmrb)<sup>2</sup>. Sample articles that were included and excluded can be found in appendices ?? and ??.

One may question, so why Starbucks? There are a number of competing coffee chains in China knowing that Starbucks was not the first of its kind in the Mainland.

There is the popularity aspect. Yes, there are other coffee chains like Taiwanese-based UBC Coffee, and Costa Coffee from Hong Kong, but Starbucks is not known as yet another coffee chain, but it is rather known as a famous coffee chain. They are a

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<sup>1</sup><http://en.people.cn>

<sup>2</sup><https://github.com/tsdmgz/sbux-rmrb>



place to be that sells coffee, rather than something that sells coffee that offers itself as a place to be.

# Appendix A

## article-grab-link.py

```
1  #!/usr/bin/python3
2  #takes TOC archive index and gets links for wget to download
3
4  import argparse
5  from bs4 import BeautifulSoup
6  from bs4 import SoupStrainer
7
8  parser = argparse.ArgumentParser(description="HTML file to use")
9  parser.add_argument('-f', dest = 'file')
10 parser.add_argument('-t', dest = 'publication')
11 args = parser.parse_args()
12 html_doc = open(format(args.file))
13
14 soup = BeautifulSoup(html_doc, "html.parser")
15
16 if args.publication == 'rmb':
17     x = soup.find_all(class_='on1 clear')
18     for ul in x:
19         for link in ul.find_all('a'):
20             print(link['href'])
21 elif args.publication == 'chinadaily':
22     x = soup.find_all(class_='cs_sear_list_tit')
23     for div in x:
24         for link in div.find_all('a'):
25             print(link['href'])
26
27 # vim: smartindent breakindent
```

## A.1 Usage

### A.1.1 Synopsis

```
article-grab-link.py -t PUBLICATION -f FILE
```

### A.1.2 Description

Parses a downloaded copy of a search results page of a given FILE from PUBLICATION and returns links to articles in the given FILE.

### A.1.3 Options

- t PUBLICATION** Use PUBLICATION in parsing a saved results page.
  - t rmr** Download articles from People's Daily (English).
  - t chinadaily** Download articles from China Daily.
- f FILE** Obtain links from FILE. Multiple input files are not supported.

### A.1.4 Use case

In the process of grabbing the articles, a search is performed in People's Daily website which then returns a results page with the URL

```
http://search.people.com.cn/language/english/getResult.jsp
```

However, this is not the page we are looking for. The actual URL for the results page is at the bottom part, at the pagination links and looks like

```
http://search.people.com.cn/language/search.do?pageNum=3&keyword=starbucks  
&siteName=english&dateFlag=true&a=&b=&c=&d=&e=&f=
```

The URL for the results page is now known. As of writing, there are 9 pages in the results page. A command to download all the pages in the search results can now be constructed.

```
cd data/articles/peoples-daily/searchresults
echo "http://search.people.com.cn/language/search.do?pageNum="{1..9}
"&keyword=starbucks&siteName=english&dateFlag=true&a=&b=&c=&d=&e=&f="
| parallel -n1 -j9 wget -v
```

With all pages from the search results downloaded, links to resulting articles can now be parsed.

```
cd articles
find ../ -maxdepth 1 -type f|parallel ../.../script/article-grab-link.py
↪ -t rmb -f {}|parallel -j30 wget -v {}
```

All downloaded articles are downloaded in the current working directory. If the commands were followed, look in data/searchresults/peoples-daily/articles.

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