

Luckin to expand with 4,500 outlets in 2019

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China's rising coffee chain brand luckin Coffee (luckin) is competing to become the nation's largest coffee chain with a total of 4,500 stores in operation by the end of the year. Founder and CEO Qian Zhiya made the announcement at a press conference in Beijing in early January.



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Luckin burst onto China's coffee scene when it was founded in Beijing in October 2017. Since then, the company has expanded to 2,073 stores in 22 cities across China by the end of 2018, serving up more than 89.6 million cups of coffee to 12.5 million customers.

For luckin, its ambitious plan is backed by an abundant amount of capital. In December 2018, luckin announced having raised USD 200 million in a Series-B round of funding, which pushed its post-money valuation to USD 2.2 billion.

Luckin CEO Qian Zhiya considers the 2019 goal achievable because luckin's business model is already tackling the biggest challenges currently facing the coffee industry in China: expensive prices and inconvenience.

"With the development of the internet, luckin has transformed the traditional coffee chain to a new retail model, integrating offline services and online delivery services," Qian said. "Thus, luckin's new retail model strikes an excellent balance of price and services."

Luckin's delivery service likewise sets the brand apart. With in-app ordering, the company guarantees a delivery time of 18 minutes or less within major cities. Recently, luckin has partnered with China's largest food delivery giant, Meituan Dianping, and now allows customers to order luckin Coffee products via Meituan's delivery app Meituan Waimai.

Qian said that its luckin's established strategy that they will race to grab market share through subsidies.

In 2017, the country's coffee shop sales reached USD 4.4 billion (RMB 30 billion) and are expected to reach USD 145 billion (RMB 1 trillion) by 2025, according to consultancy firm Qianzhan.