

## **Digital Transformation and Competitive Advantage in International Markets: Evidence from Global and Domestic Firms in China**

Заявка № 1673533

Digital transformation has become one of the main factors influencing competition in international business. In the last decade, companies increasingly use digital technologies, data analytics and mobile platforms to improve efficiency and expand to new markets. At the same time, traditional multinational corporations face strong competition from domestic firms that build their business models around digital solutions from the beginning.

The purpose of this study is to analyze how digital transformation influences competitive advantage in international markets. The research focuses on companies operating in China, one of the most dynamic and competitive markets in the world. As a main empirical example, the paper examines the competition between Starbucks as a global company and Luckin Coffee as a domestic digital-oriented firm.

The theoretical basis of the research is the concept of competitive advantage developed by Porter [1] and modern approaches to digital transformation in business [4]. According to Porter [1], companies can achieve competitive advantage through cost leadership, differentiation or focus strategy. Digital transformation changes these traditional mechanisms by reducing transaction costs, increasing operational speed and improving decision-making through data analysis [4].

The study tests the following hypothesis: digital-first business models provide higher operational flexibility and cost efficiency in fast-growing international markets compared to traditional multinational expansion strategies.

The methodology is based on comparative analysis of publicly available data. The research uses annual reports and financial information of Starbucks and Luckin Coffee, as well as analytical materials about the Chinese coffee market [2; 3]. The analysis includes revenue dynamics, store expansion, digital sales integration and general strategic positioning.

The preliminary analysis shows that Luckin Coffee actively uses mobile ordering, digital payments and platform-based promotion. This model allows the company to reduce costs related to physical stores and staff and to scale rapidly. In contrast, Starbucks relies on brand image, customer experience and physical presence, which creates higher fixed costs but supports strong global brand recognition.

The comparison demonstrates that in digitally intensive markets domestic firms can achieve significant competitive advantages by using data-driven models and flexible pricing strategies. At the same time, multinational corporations maintain advantages in brand strength and long-term stability.

The results of the research contribute to understanding how digital transformation influences corporate efficiency and competitive strategies in international business. Consequently, the study highlights the importance of data-driven decision-making in the modern global economy.

### **Источники и литература**

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- 4) Vial G. Understanding digital transformation: A review and a research agenda // Journal of Strategic Information Systems. 2019. Vol. 28. No. 2. P. 118-144