Consumer

Luckin Coffee's early test of U.S. expansion goes smoothly

Jul. 28, 2025 7:31 AM ET | **Luckin Coffee Inc. (LKNCY) Stock** | SBUX, BROS | By: Clark Schultz, SA News Editor

Chinese coffee chain Luckin Coffee (OTCPK:LKNCY) launched its first two U.S. stores in New York City in June. Both of the stores were positioned very close to Starbucks (SBUX) locations as the brand looks to differentiate itself from its U.S. rival.

Early reviews of the Luckin Coffee (OTCPK:LKNCY) Manhattan stores in Greenwich Village and Chelsea have been generally very positive. The stores were said to be packed but flowing smoothly with grab-and-go orders. Store managers report a steady mix of repeat customers and new customers sampling the chain.

Luckin Coffee's (OTCPK:LKNCY) expansion comes at a time when Starbucks (SBUX) is facing internal challenges, including declining same-store sales over several quarters, highlighted *The Wall Street Journal.* In the U.S., Starbucks (SBUX) operates around 17,000 locations compared to Luckin's (OTCPK:LKNCY) modest entry of two stores, but in China, Luckin has already surpassed Starbucks (SBUX), operating over 24,000 stores and generating greater annual sales there as of 2023.

At its core, Luckin's (OTCPK:LKNCY) strategy is based on technology, requiring customers to place mobile orders through its app, which is known for aggressive discounting and gamified coupons. Those tactics have fueled the brand's appeal, particularly among younger consumers seeking both convenience and value. Of note, drinks orders are prepared very fast off the company's simple menu, and customers enjoy minimal interaction, which is the opposite of Starbucks' (SBUX) concept of being the "third place" for people to gather, socialize, and relax.

Looking ahead, Luckin Coffee (OTCPK:LKNCY) is cautiously plotting expansion, aiming for rapid service and wallet-friendly pricing to win repeat customers. Analysts believe if Luckin can scale without excessive discounts, it may find sustainable success in the U.S., signaling a new frontier in the global coffee wars.

Shares of Luckin Coffee (OTCPK:LKNCY) have drifted 2.6% higher over the last six weeks and are up more than 40% on a year-to-date basis.

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