

Analysis on the Marketing of MIXUE Ice Cream & Tea

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Abstract: In recent years, Chinese tea brands have emerged one after another, and the market has gradually become saturated. This paper explores how MIXUE Ice Cream & Tea has become a leading brand in the low-end tea-drinking industry in China. By applying several basic models, such as Strengths, Weaknesses, Opportunities, Threats (SWOT), Segmentation, Targeting, Positioning (STP), Political, Economic, Social, Technical (PEST), and Porter's Five Forces, the author explores the success of MIXUE Ice Cream & Tea and draws a conclusion that MIXUE Ice Cream & Tea attracts a large number of consumers by utilizing its price advantage and multimedia platforms. Meanwhile, the brand can better understand the needs and preferences of the target market, which helps it achieve an improvement in brand awareness and promote the launch of suitable products. Additionally, MIXUE Ice Cream & Tea's success is also closely associated with a conducive economic environment, policy support, and technology development. However, risks in market competition, franchise business, inherent brand impression, substitutes, etc. exist as well, and MIXUE Ice Cream & Tea still needs to overcome these difficulties in the future.

Keywords: MIXUE Ice Cream & Tea, SWOT, STP, PEST, Porter's Five Forces analysis

1. Introduction

In 1997, Zhang Hongchao founded MIXUE Ice Cream & Tea, a national chain of fresh ice cream and tea drinks for young people, in Zhengzhou, China. The brand of MIXUE Ice Cream & Tea is jointly served by three major companies, leading management and operation, research and development production, and warehousing and logistics services, respectively. The three companies' mission is to make the brand stronger, make partners richer, and let everyone around the world enjoy high-quality and affordable delicious food. The stores of MIXUE Ice Cream & Tea have undergone seven times of changes, and in 2021, MIXUE Ice Cream & Tea became the first tea drink brand in the world with more than 20,000 stores adopting the development model of "direct operation and franchise" [1]. In the same year, the operating income of MIXUE Ice Cream & Tea was about 10.351 billion yuan and it completed the first round of financing with an amount up to 2 billion yuan. After its completion of financing, the valuation of MIXUE Ice Cream & Tea reached 20 billion yuan. In this paper, the author studies the success of MIXUE Ice Cream & Tea through four models, i.e. Strengths, Weaknesses, Opportunities, Threats (SWOT), Segmentation, Targeting, Positioning (STP), Political, Economic, Social, Technical (PEST), and Porter's Five Forces. The paper aims to give some enlightenment to the development of tea-drinking brands in China.

This paper aims to investigate the significance of studying the innovation of technology and marketing model of new energy vehicles, using Tesla Inc. as an example. The importance of this research is to provide a deep understanding of the development trend of the new energy vehicle industry, guide future development, and promote the industry's growth.

2. SWOT Analysis

SWOT analysis is a business strategy tool used to evaluate an organization with its competitors [2]. Benzaghta et al. claim that SWOT analysis has become a key tool for business strategic planning [3].

In terms of strengths, the price focusing on the "cost performance" has obvious advantages for MIXUE Ice Cream & Tea, whose main consumers are college students and township residents. At the same time, the brand image is deeply rooted in people's hearts through various media marketing activities, deepening users' impression of the brand and increasing users' brand awareness of MIXUE Ice Cream & Tea. Moreover, MIXUE Ice Cream & Tea also uses its own supply chain advantages, supplying raw materials to its franchisees with the cost price and free shipping. Besides, there is a nationwide supply warehouse. In the popularity of new tea drinks in 2022, MIXUE Ice Cream & Tea accounts for the highest proportion [4].

In terms of weaknesses, "ice cream" and "lemonade" are its main products. Other products include milk tea, fruit tea beverage series, etc. The products are relatively simple. Meanwhile, the training popularization of franchise stores is low and the quality levels of employees are different. Negative effects of individual stores will bring negative evaluations.

In terms of opportunities, the big data network platform drives the spread of the brand and its good reputation among consumers. The milk tea market has a large consumer group. When a variety of styles of design patterns appear, consumers have been spared beauty fatigue. MIXUE Ice Cream & Tea, with sound to attract attention, launched the MIXUE Ice Cream & Tea theme song and brought a high level of attention. At the same time, with the help of topic interaction online, the theme song was translated into other languages and instantly became popular on the Internet, increasing the degree of discussion on social platforms. There are also online and offline discounts. Offline stores occupy the third- and fourth-tier cities in China. Transactions are completed in offline stores, while online welfare and the promotion of various product platform activities are combined to attract customers.

In terms of threats, the competition in the milk tea market is fierce and the market share is approaching saturation. Besides, consumer demand is becoming more and more diversified and the product requirements are getting higher and higher. Meanwhile, the food safety problems of stores have been fined many times and the brand image has been affected. To conclude, there are three main risks in the development of MIXUE Ice Cream & Tea. First is the market competition risk. There are many market participants in China's new tea industry, and the tea market is becoming increasingly saturated, so MIXUE Ice Cream & Tea needs to expand its gold business territory. In addition, the number of MIXUE Ice Cream & Tea stores is dense in the same region, which means the passenger flow is diluted, the customer unit price is low, and the turnover of franchisees can not be improved. The decline in the single-store profit will cause the closing rate to rise. After the number of stores plummeted, the confidence of franchisees was negatively affected, and the company's performance was also affected. Second is the franchise business risk. The franchise management experience of MIXUE Ice Cream & Tea is insufficient, resulting in frequent food safety problems. In 2021, the market supervision department of Henan Province conducted investigations on 1791 MIXUE Ice Cream & Tea stores in Henan and found that some individual franchise stores used expired food. Among them, 5 stores were ordered to suspend operations for rectification, and 9 stores were given administrative penalties [5]. Food safety issues can have a

negative impact on a company's overall reputation. Third is the inherent brand impression. Low price has become the first impression of most people on MIXUE Ice Cream & Tea. Once the inherent image of the market appears, seeking a road to market transformation will be extremely difficult.

3. STP Analysis

STP analysis refers to the accurate positioning of products on the basis of marketing segmentation and selection of the target market, which is the key point of marketing effect [6]. In terms of segmentation, MIXUE Ice Cream & Tea has more than 20,000 stores in China, covering 31 provinces and widely distributed in third- and fourth-tier cities, as well as urban villages in big cities, due to the low rent and less competitive pressure. In terms of targeting, MIXUE Ice Cream & Tea mainly targets young consumer groups represented by college students as well as young people in third- and fourth-tier cities. In terms of positioning, MIXUE Ice Cream & Tea takes the pricing strategy of cost retrogression and insists on the marketing strategy of using low prices to benefit consumers, formulating the strategy of "small profits and quick sales", that is, calculating the lowest cost and only earning the gross profit. This approachable pricing strategy wins customers' preference for the brand.

From the analysis above, conclusions can be drawn that MIXUE Ice Cream & Tea can better understand the needs and preferences of the target market, so as to launch targeted products and services, improve brand awareness, increase sales, reduce marketing costs, and build brand loyalty. Despite this, there is an unclear brand positioning, an unreasonable store layout, a lack of innovation, and a high level of competition. As a result, the improvement strategy should include strengthening market research and analysis, promoting brands more effectively, and improving product quality and service.

4. PEST Analysis

According to Yingfa and Hong, PEST analysis could grasp the overall macro environment of the organization and assess its impact [7].

Politically, according to the second basic principle of the Opinions of The General Office of the State Council on Promoting the Revitalization of the Dairy Industry and Ensuring the Quality and Safety of Dairy, products should be problem-oriented, focusing on key problems. In view of the current unbalanced and inadequate development of the dairy industry, the key links and key difficulties are taken as a breakthrough, and efforts are made to improve the quality and efficiency of the dairy supply system, improve the quality and safety level of dairy products, and better adapt to the total consumption demand and structural changes [8].

Economically, according to a report from the National Bureau of Statistics, the country's gross domestic product will reach 12.102 billion yuan in 2022. By 2022, the net disposable property income per capita will reach 3,277 yuan. It is evident that consistent economic expansion has aided in raising consumption levels and living standards, and that the pattern of consumption has steadily shifted to leisure spending. It offers a conducive economic setting for the growth of a new tea-drinking business. New goods including tea-flavored beverages, coffee, and fruit tea have increasingly assimilated into people's daily life as a result of the continual development of the size of China's tea market.

Socially, the delivery platform has become an indispensable part of residents' lives, and it also provides a new consumption growth point for the new tea market to meet the needs of consumers during leisure activities.

Technologically, the milk tea shop will experience member system digitalization, so as to better improve the efficiency of the store and conduct precise marketing to accumulate members. The digitalized member system can also analyze the preferences of members based on their buying habits, and automatically recommend drinks they may like. The system will also automatically screen out members who have not consumed for a while and recommend appropriate coupons to them based on their buying habits to stimulate them to buy again [9].

5. Porter's Five Forces Analysis

Porter's Five Forces model, proposed by Michael Porter, can effectively analyze the situation and degree of competition in an industry. Five different aspects (suppliers, buyers, substitutes, potential competitors, and industry competitors) are involved [10], which are mainly used to analyze the enterprise competition pattern of the industry and the relationship between the industry and other industries.

5.1. Bargaining Power of Suppliers

The main suppliers of MIXUE Ice Cream & Tea are raw material suppliers and equipment suppliers. Raw material suppliers mainly provide base drinks and liquid ingredients, while equipment suppliers are mainly responsible for the supply of ice machines, sealing machines, milk tea buckets, and other necessary machines for the production of their products. Currently, MIXUE Ice Cream & Tea has established a complete industrial chain. It has factories and warehousing logistics in a number of locations, and raw materials can be delivered straight to franchise locations from self-built factories, warehousing logistics centers, etc. The industrial system is continually improving, allowing MIXUE Ice Cream & Tea to compress costs to the utmost degree and guaranteeing its utmost cost performance. As a result, suppliers have lower bargaining power.

5.2. Bargaining Power of Buyers

At present, MIXUE Ice Cream & Tea occupies an important position in the current tea industry in China, especially in the low-end market. MIXUE Ice Cream & Tea is in the form of a rapid expansion and is more focused on the cost of the product. It strives for cheap costs, considers cost effectiveness, and has held a dominant position in the low-end tea drink industry. It has a strong voice in the market. As a result, customers have less bargaining power.

5.3. The Threat of New Entrants

Due to the low entry barrier of the existing tea drink market, the replicability of the product is high. The mid-end market of existing tea drinks has the highest public acceptance, but it has also led to a large number of businesses on the mid-end tea drink track, and some tea brands in the high-end market have also begun to enter the sinking market, competing with MIXUE Ice Cream & Tea for the low-end market. The downward extension of the high-end brand is relatively easy, while the upward breakthrough of the mass brand is quite difficult. Currently, the price-changing space for MIXUE Ice Cream & Tea is small, and it also needs a certain amount of time and ability to impact the high-end market. As a result, the threat from new entrants is great.

5.4. Threat of Substitutes

Despite the low unit price of the current tea drink products of MIXUE Ice Cream & Tea, there is also competition with finished drinks. For example, cola, Sprite, finished black tea, finished milk tea, etc. The finished beverage has also become a substitute for current drinks because it does not

require waiting, and has diverse tastes with cheaper prices. In addition, the finished beverage is sold in large and small supermarkets all over the country and has a large number of consumers. Therefore, there is a high possibility that MIXUE Ice Cream & Tea will be replaced by finished drinks.

5.5. Existing Competitor Threat

At present, China's current low-end tea market competition is also relatively fierce. However, among the competitors, MIXUE Ice Cream & Tea accounts for more than 30% of the market segment. The number of its stores in China is more than 20,000, covering 31 provinces (municipalities, autonomous regions) and it is actively exploring overseas markets. As a result, existing competitors pose less of a threat.

6. Conclusion

In conclusion, this article applies several tools, including Strength, Weakness, Opportunities, Threats (SWOT), Segmentation, Targeting, Positioning (STP), Political, Economic, Social, Technical (PEST), and Porter's Five Forces to analyze the marketing strategies of MIXUE Ice Cream & Tea. Based on the analysis, it is found that MIXUE Ice Cream & Tea adopts a low-priced strategy and mainly targets customers in third- and fourth-tier cities in China. It focuses on franchise models and has over 20,000 stores in China. Moreover, the rapid development of MIXUE Ice Cream & Tea is related to the conducive economic environment, policy support, and technology advancement in China as well. However, with the gradual saturation of the market, the development trend of MIXUE Ice Cream & Tea has slowed down. Threats exist in market competition, franchise business, inherent brand impression, substitutes, and so on. In the future, MIXUE Ice Cream & Tea still needs to overcome these challenges and overseas markets have to be developed. As a result, the success of MIXUE Ice Cream & Tea cannot be replicated, but the other brands in the same industry can learn from the development of MIXUE Ice Cream & Tea to open up new markets.

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