

# *A SWOT Model-Based Analysis of Marketing Strategy*

## *—Taking Mixue Ice Cream and Tea as an Example*

Zhida Ou<sup>1,a,\*</sup>

<sup>1</sup>Department of Accounting, Nanjing Audit University, Nanjing, 211815, China

a. 3196635451@qq.com

\*corresponding author

**Abstract:** People's living needs have become increasingly diversified as a result of the rapid development of the economy. In recent years, the freshly-made tea beverage industry has seen a surge in popularity, with numerous tea beverage brands entering the market. The tea industry has formed a fruit-flavored tea and milk tea beverage model based on high-quality tea, gradually replacing the dominant position of tea powder preparation in the past. In order to obtain a place in the fierce market competition, the majority of tea brands must fully understand the market changes and their own development status, and formulate long-term development strategies. This paper takes Mixue Ice Cream and Tea (hereinafter referred to as MIXUE) as the research object and uses the SWOT model to analyze its strengths, weaknesses, opportunities and threats. Besides, we analyze and study its own status quo in the construction of internal control. We also formulate future marketing and development strategies for MIXUE, aiming to improve its brand competitiveness and help it to achieve substantial development.

**Keywords:** SWOT Model, Marketing Strategy, MIXUE

## 1. Introduction

With the rapid development of the economy, people's living standards are continuously improving, resulting in a growth in per capita disposable income and an increase in consumption levels. As people's pursuit of taste and differentiated demand increases, tea beverage industry has gradually risen and shown a booming trend. According to the data of Mob Research Institute, as of 2020, the scale of the industry has reached 113.6 billion yuan, an increase of 6.9% compared with 2019, and the market size of the industry is expected to reach 180.6 billion yuan in 2022. As MIXUE holds a relatively significant market share within this industry, this paper will focus on researching and analyzing its marketing strategy.

In some previous studies, researchers have used the 4C theory to analyze the integrated marketing strategy of MIXUE from the four aspects of customer, cost, convenience and communication, pointing out that the development of MIXUE benefits from the consumer-centered marketing strategy [1]. In addition, some studies have analyzed the business model of MIXUE and proposed that it should keep up with the development of time [2].

To further analyze MIXUE's marketing strategy in detail, this paper uses SWOT analysis to evaluate its current development situation based on strengths, weaknesses, opportunities and threats.

These four elements will ultimately help to study what measures should be taken by MIXUE in the future to make it develop for a long time. Through the research and analysis of MIXUE, we can also find the commonalities in the development of tea beverage industry, so as to provide inspiration for the construction and development strategy of the entire tea beverage industry.

## **2. Company Profile**

Mixue Ice Cream and Tea (hereinafter referred to as MIXUE) is an ice cream and tea beverage brand created by Zhang Hongchao in 1997, enjoying higher recognition in the beverage market. Currently, the brand has stores in 31 provinces (cities) throughout China and is actively expanding into overseas markets. It is dedicated to making high-quality and affordable products available to everyone in the world. It always adheres to striver as the fundamental and customer-oriented business philosophy, with high-quality raw materials to create products and a high-quality team to serve customers. MIXUE is jointly coordinated by the three major industrial chains of research and development, warehousing logistics, and operation management, which helps it grow steadily in the domestic beverage industry and encourages the better and faster development of the global ice cream and tea industries [3].

MIXUE is a brand with ice cream and tea beverages as its main products. Compared with other brands, its most prominent feature is the low price, with an average unit price of less than 10 yuan. The product is positioned as being of high quality and cheap cost; compared with the gross profit of more than 60% of the other new tea beverages, its gross profit is kept at a maximum of 55%.

Such kind of product pricing has helped MIXUE quickly occupy the sinking market of the third and fourth-tier cities, becoming the biggest difference between it and other tea beverage brands. Instead of HEYTEA and NAIXUE's development in the first-tier and second-tier cities with high-end routes, MIXUE's development in the sinking market of the third and fourth-tier cities has a larger customer group who are more sensitive to prices. Therefore, offering lower prices can more effectively draw the customer group's attention, and raising productivity by cutting costs can result in larger sales. Those who are stopped by the threshold of the head tea brand but want to drink milky tea, especially students and young people, are the core target customers of MIXUE.

In addition, MIXUE is actively looking into international markets, with a particular emphasis on Southeast Asia. With over 3,100 foreign branch stores, it is currently ranked fifth in terms of global stores, notably after opening nearly 1,500 in Indonesia.

## **3. A SWOT Model-Based Analysis of Marketing Strategy**

### **3.1. Strengths**

#### **3.1.1. Low Cost and Expansion of Consumer Base**

In a context of intense market competition, cost control is an important part of corporate strategy. While controlling costs, in order to ensure the quality and uniformity of products, MIXUE requires all franchisees to use raw materials and equipment purchased uniformly by the headquarters. In this way, MIXUE can reduce costs and increase profits through scale effects. Besides, it has its own supply chain for raw materials. From lemons to tea, all the materials are purchased directly from the place of origin or manufacturer, so no middleman earns a difference in price. This not only ensures the freshness and safety of raw materials but also saves a lot of transportation and warehouse charges. It also has its own logistics system, which is specifically responsible for delivering raw materials and equipment to each store, avoiding problems such as instability and unreliability of external logistics companies and reducing losses and delays. Through such a complete supply chain system, MIXUE

has achieved full control from raw materials to products, which not only ensures that stores maintain cost advantages but also leaves a certain profit margin for itself.

Low cost enables MIXUE to provide products and services at more competitive prices. It not only attracts less economically powerful consumers but also expands the scale of the target market. Unlike high-end tea beverage brands such as NAIXUE and HEYTEA, MIXUE follows the low-end route with the distinctive characteristic of low prices. Different from other stores that have already raised the average price of a cup of milky tea to between 15 and 30, most of the drinks at MIXUE are less than 10 yuan. With the growth of the company, the prices of the products actually have not changed much, and it continues to implement a low-price strategy. With the expansion of the consumer base, MIXUE can not only earn more revenue but also further increase economies of scale, thereby further reducing costs and forming a virtuous cycle.

### 3.1.2. Good Corporate Image

MIXUE's popularity hasn't diminished since it peaked in 2021. Apart from the recognition of its products from consumers, another major factor stems from its good corporate image.

Despite being located in the disaster-stricken area during the heavy rain and flooding in Zhengzhou, Henan, in 2021, MIXUE donated 26 million yuan to support the disaster relief efforts. Similarly, when extreme rainfall hit the Beijing-Tianjin-Hebei region this year, it donated 10 million yuan to support flood control and disaster relief efforts, as well as 47,000 boxes of bottled water. Its products are inexpensive, but the company always takes the initiative to donate before public opinion begins to turn in times of disaster, reflecting the human interest behind the enterprise.

Therefore, in the eyes of the public, MIXUE is not only a cheap and affordable tea beverage store but also a conscientious enterprise that loves the country's people and has a sense of social responsibility. The public welfare actions carried out by it have also increased public recognition and established a good corporate image for it.

### 3.1.3. Stable IP Image

Since November 2018, MIXUE has started to use a new cartoon image and has created a series of promotional works around this image, such as promotional songs, peripheral films, cartoons, and so on. This strong publicity made the image widely spread and greatly enhanced the brand awareness and influence of MIXUE, which became one of the most successful brand marketing cases in 2021.

After that, MIXUE has continued to promote its brand through the image of "Snow King." For example, a compelling storyline was created through the IP of Snow King. This storyline not only appears in the brand's promotional materials but also extends to physical store decoration and product packaging, enabling consumers to more deeply immerse themselves in the brand's world and increase the joy of consumption. At the same time, MIXUE actively uses social media platforms to interact with consumers. By posting content related to the IP of Snow King, such as comics, cartoons, short videos, etc., it attracted the attention of young audiences. The interaction not only increased brand awareness but also enhanced consumers' sense of engagement. In addition to beverages, MIXUE has also begun to launch peripheral products connected to the IP of Snow King, such as water bottles, blind boxes, dolls, etc., all of which have contributed to an increase in turnover.

## 3.2. Weaknesses

### 3.2.1. Difficult to Follow the High-end Route

The weaknesses of MIXUE are also quite obvious. As a brand that started with low prices as its selling point, the difficulty of breaking out of a high-end route has always been one of the major

weaknesses faced by MIXUE in the highly competitive industry. Compared with brands such as HEYTEA and NAIXUE, its product flavors actually don't have an advantage, but it has always been favored by people because it has an absolutely affordable price compared to other tea beverage brands. Precisely because of this, if it wants to follow the high-end route, it is difficult to use the method of raising prices. A drastic price adjustment will not only make it difficult to make it a high-end brand, but it will even cause current customers not to buy its products, thus putting MIXUE into a dilemma.

### **3.2.2. Insufficient Management of Its Franchised Stores**

At present, there are more than 20,000 franchised stores in MIXUE. Although the increase in stores is a good thing, the scale of the company has expanded rapidly in a short period of time, and the number of stores has increased rapidly, making it difficult for the original training and management system to meet the rapidly increasing demand. New employees' lack of familiarity with business and services has led to a decline in work efficiency while also affecting customer experience and satisfaction, which in turn has a direct impact on sales. At the same time, the large number of franchisees has also made the quality of employees uneven. There have been farces in many places where there have been conflicts between employees and customers at MIXUE, and it has gone viral on the Internet. All of this has caused the image and reputation of MIXUE to a greater or lesser extent.

## **3.3. Opportunities**

### **3.3.1. A Wide Range of Consumers**

According to the "2021 White Paper on Modern Tea Consumption", "post-90s" consumers (21 to 30 years old) have become the mainstream consumer group for new-style tea beverages, accounting for 55% of the total number of consumers, and "post-80s" consumers account for 32% [4]. It can be seen that new-style tea has penetrated into the lives of most young people. In addition to young people, MIXUE focuses on other groups to open up a wider market. Nowadays, the aging of the population continues to escalate, and the elderly consumer group is also growing. How to cater to the eating habits of the elderly and promote products to expand the consumer market is a major opportunity for MIXUE to consider in the future.

### **3.3.2. The Rapid Development of the Internet**

Nowadays, the rapid development of the Internet has created numerous opportunities for many emerging industries, including the tea beverage industry. With the rise of takeout platforms such as Meituan, MIXUE can take orders through the Internet, provide delivery services to consumers, and expand its scope of business. Meanwhile, social media platforms such as WeChat, Weibo and Tik Tok, provide a stage for MIXUE to display and promote its products, which can help it increase its brand awareness.

In addition to this, collecting user data through the Internet can better understand consumer needs and optimize products and services. Through using Internet technology, it is possible to optimize the supply chain and achieve more efficient procurement of raw materials and inventory management.

## **3.4. Threats**

### **3.4.1. Fierce Competition**

MIXUE is facing fierce competition in the blooming tea beverage industry, which has a low barrier to entry. Nowadays, more and more investors are opting to invest in this sector, and more and more tea brands, including Goodme, Tianlala, CHAGEE, etc., are emerging into the market. In terms of

product categories, costs, and advertising strategies, all of these companies compete directly with MIXUE. The market share and profitability of MIXUE have also been somewhat impacted by the existence of this form of rivalry. MIXUE will be at a disadvantage in the future's strong market rivalry if it is unable to quickly innovate and reform, develop distinctive product attributes, and differentiate itself from other tea brands.

### **3.4.2. Rising Prices**

Prices have risen steadily due to the economy's rapid growth and the COVID-19 pandemic's effects from 2020 to 2023. Maintaining low prices is challenging because of rising labor, store rent, fruit prices and logistics costs for raw ingredients. How to expand the MIXUE brand's profit margin while still keeping a low price advantage has been a major concern in developing business strategies in the face of rising costs.

## **4. Suggestions for Improvement**

### **4.1. Introducing New Products and Designs**

As a well-known beverage chain brand, MIXUE needs to continue to introduce new products if it wants to stand out from the fierce market competition. First, it can make adjustments in the two aspects of taste and ingredients, developing more diversified and unique products. Nowadays, consumer tastes are more diverse than before. Compared to traditional milky tea, coffee, and juice, people prefer to try fresh and creative flavors. Therefore, some novel ingredients or food materials can be used and incorporated into drinks to attract more consumer interest and curiosity.

Besides, packaging design and look can be improved. When consumers make a purchasing decision, they consider not just the product's quality and flavor but also its look and packaging. As a result, MIXUE can create one-of-a-kind packaging to help products stand out on store shelves and capture the attention of customers. Simultaneously, transmitting the product's traits and advantages, such as through amusing slogans and attractive visuals etc., boosts the product's appeal and market competitiveness.

In addition to improving the essence of its products, MIXUE can also consider introducing new beverage concepts and service models. Nowadays, more and more consumers are pursuing a healthy lifestyle and paying attention to the health value that beverages bring. Therefore, in product development it can focus on balancing the nutritional components, using natural and additive-free ingredients to meet consumers' healthy needs. At the same time, personalized customization services can be provided, such as adjusting ingredient ratios based on customers' taste preferences and nutritional needs, so that customers can enjoy a unique and personalized beverage experience.

Meanwhile, MIXUE can also actively expand collaborations with other industries to launch co-branded products or collaborative packages, bringing together fans from different fields and achieving mutual benefits. Just like the recent collaboration between Luckin Coffee and Maotai, which introduced a sauce-flavored latte. While opinions on its taste varied, it attracted attention from people of all ages and generated high sales. It demonstrates that such partnerships can attract more consumers and gain a competitive advantage in the market through differentiation.

### **4.2. Developing Online Channels**

With the rapid development of the Internet, online channels have become an indispensable part of marketing. For MIXUE, it is quite an important step to follow the trend of the times and actively develop online channels.



Compared with offline brick-and-mortar shops, online channels have timeless accessibility. By establishing a powerful official website and providing online ordering and delivery services can not only attract more consumers who seek convenience, but also expand the scope of the sale and further promote the growth of sales.

At the same time, it can make use of popular platforms such as Weibo, WeChat, and TikTok to publish attractive content and promotions to attract and retain user' attention and co-operate with stars, online celebrities, popular IPs, etc. to increase sales by providing brand exposure to attract a wider target group.

Furthermore, it can also consider opening an online membership system to give online consumers special offers and benefits, such as points for souvenirs, regular coupons, and so on. Through the membership system, the relationship with customers is strengthened, loyalty is continuously cultivated, and customers are prompted to repurchase. In addition, online communities can be created to allow consumers to interact and communicate with each other, share their experiences and make suggestions, which facilitates the improvement of merchants and enhances the interaction between consumers and the brand, thus forming a user word-of-mouth effect.

### 4.3. Strengthening the Monitoring of Services and Management

Due to the large number of franchised stores, MIXUE has so many employees that it is difficult to monitor and control the employee's quality and workmanship, causing some negative reviews about its product quality. On the Black Cat Complaint Platform, there are more than 4,000 complaints involving MIXUE. The problems mainly focus on unknown objects in the drink, the difficulty of getting a refund after refunding an order, and poor quality of service [5]. Therefore, when training employees, it is necessary not only to train them to have a warm service attitude but also to strictly control the operation process of beverage production. Besides, it should continuously check employees' health certificates to ensure the quality of their products.

In terms of food safety, enterprises must also strengthen industry self-discipline and internal management, improve supervision and reward and punishment mechanisms, and do a good job of supervising and reviewing their franchisees to put an end to falsification. Franchised stores must strictly abide by the shelf life of raw materials, select the fruits used every day, and display them in the store display case. At the same time, the environment inside the store is required to be clean and tidy so that regular inspections and daily supervision are carried out. Outstanding employees should also be rewarded to motivate other employees to meet higher standards and continuously improve the management system. Only by grasping food safety and maintaining the bottom line of brand trust can enterprises achieve better and faster development in an increasingly stringent food safety environment.

## 5. Conclusion

Currently, the competition of China's tea beverage market is quite fierce. Many brands have suffered from the industrial development of the many opportunities and tests, and want to survive in the severe market competition, MIXUE must continue to optimize its marketing strategy and improve its competitive advantages in order to achieve greater market benefits. Although the current development momentum of MIXUE is good, the future risk is unknown. Only to keep abreast of current events to improve the strategy in order to achieve long-term healthy development.

## Acknowledgments

I would like to extend my sincerest gratitude to my supervisor, Shang Yu, for his unwavering support, invaluable insights, and patient guidance throughout the course of this research. His expertise and dedication have been pivotal in shaping this work.

## References

- [1] Y. Xia, "Integrated marketing communication based on the 4C theory and its application," *Trade Fair Econ.*, no. 19, pp. 42–44, October 2022.
- [2] M. Y. Gao, "Analysis of the business model of Mixue Bingcheng," *Market Modern.*, no. 9, pp. 31–33, May 2022.
- [3] Y. Zhang, "Analysis of the development strategy of the tea drinking industry based on SWOT model: taking Mixue Bingcheng as an example," *Market. Manage. Rev.*, no. 9, pp. 68–70, September 2022.
- [4] J. X. Chen and W. Wang, "SWOT analysis and optimization development suggestions for the fresh tea drinking industry," *Manage. Admin.*, January 2023. [Online]. Available: <https://doi.org/10.16517/j.cnki.cn12-1034/f.20221229.003>
- [5] Z. Feng, "Performance growth roadmap of Mixue Bingcheng," *China Brand*, no. 10, pp. 75–77, October 2022.