

# ***An Analysis of the Reasons for MINISO's Marketing Success: A Comprehensive Application of SWOT and Its Submodels***

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**Abstract:** In the era of new retail, digitization and consumption upgrading are transforming the global consumer goods market. The trends of “high cost performance” and “IP co-branding”, led by Generation Z, are restructuring the consumer ecology. Traditional retail brands are facing homogenized competition due to e-commerce, but MINISO has achieved counter-trend growth through IP co-branding, supply chain integration, and social media operations. Positioning as “Japanese design + extreme cost-effectiveness”, the brand has completed the globalization layout since 2013, covering more than 100 countries, and exceeding 10 billion in revenue in 2022. Its innovative marketing strategy has become the focus of academic research. This paper utilizes the SWOT model and its sub-models, combined with empirical cases, to systematically analyze its strategic advantages and potential risks, providing theoretical references for the transformation and upgrading of the retail industry. It is found that MINISO’s success stems from its ability to align with the priorities of the SWOT model and translate its strategy into quantifiable actions.

**Keywords:** MINISO, Marketing Strategy, SWOT Model, New Retail

## **1. Introduction**

Recently, the global retail industry has been facing profound changes driven by both consumption upgrading and digital transformation. The new retail model has reshaped the market pattern through the integration of online and offline, data-driven and experience optimization. Amidst this transformation, China's local brand MINISO has risen rapidly with its unique marketing strategy and become a typical case of global layout.

Academic research on MINISO has made some progress. For example, Hu Yilan attributes its success to a “cost-effective + youthful positioning” based on the 4C theory, while Zhou Mi highlights supply chain efficiency advantage through the SWOT framework. However, both neglect the dynamic guidance of sub-models on the strategy [1-2]. In addition, Xiong Can suggests that the success of MINISO's business model innovation lies in the clear market positioning, insights into customer needs, and the construction of a competitive marketing model, procurement process and resource model, but does not deeply explore the impact of external opportunities and threats [3].

Based on existing literature, this paper takes the SWOT model and its sub-models (SW model and OT model) as a framework and combines MINISO's financial data, store expansion strategy and marketing activities in the past three years. It systematically analyzes the synergistic mechanism between its internal and external environments and strategies. This study not only makes up for the fragmentation of the existing literature, but also provides retailers with practical

references for the dynamic matching of “environment-strategy”, which can help optimize the globalization strategy of Chinese brands.

## 2. Analysis of MINISO's internal and external environment under the SWOT model

### 2.1. Internal advantages (strengths)

First of all, MINISO has the ultimate cost-effective and IP-driven product strategy. As shown in Table 1, by practicing the strategy of “cost-effective + IP co-branding”, controlling the price of products in the range of \$1-30, and through cooperation with 150+ global IPs, such as Disney, Marvel, etc., MINISO has achieved a gradual increase in revenues and gross profit margins in recent years. million US dollars in 2023 and further grew to 1750.1 in 2024, far exceeding the peripheral product revenues of many of the world-class IPs with which it is linked to its own channels. Gross margin reached a record high of 44.1% in the third quarter of 2024, demonstrating its improved profitability through supply chain optimization and IP premiums [4].

Table 1: Sustained growth in sales revenue and gross margin: MINISO performance metrics (2021-2024) [4]

	Sales Revenue (USD million)	Gross Margin (%)
2021	1405.0	25.8
2022	1505.7	33.3
2023	1582.2	40.4
2024	1750.1	44.1

Secondly, MINISO pays extreme attention to its own supply chain efficiency, which leads the industry in cost control through global sourcing and centralized production to achieve a 7-day product refresh cycle and more than 8,000 SKUs in 2023 [4].

Moreover, MINISO's globalized store expansion efficiency is outstanding. As shown in Table 2, MINISO has achieved remarkable results in expanding overseas markets from 2021 to 2024, with significant growth in both overseas store volume and overseas revenue. As of September 2024, MINISO has expanded to 7,420 stores across 112 countries and regions. The proportion of overseas revenue has risen to 37%, with the average annual revenue per store at approximately 2.2 million yuan. Notably, MINISO's expansion rate is 10 times faster than that of Uniqlo, with an average of 3.2 new stores opening each day [4].

Table 2: Global expansion driving operational synergy: MINISO's overseas store scale and revenue growth (2021-2024) [4]

	Overseas Store Scale (units)	Overseas Sales Revenue (USD million)
2021	1810	275.8
2022	1916	394.7
2023	2313	527.1
2024	2936	647.4

In addition, MINISO also focuses on improving its own management efficiency. In 2025, it will implement “anti-formalism” reform, which will eliminate the use of PPT for internal communication and streamline the meetings to 30 minutes. This initiative aims to improve the efficiency of decision-making and adapt to the demand for rapid response to globalization.

## 2.2. Internal disadvantages (weakness)

First, MINISO currently relies heavily on physical stores, with online channels contributing over 90% of its revenue. Despite attempts to expand e-commerce, the online penetration rate remains insufficient, facing the challenge of online consumption trends. At present, MINISO still has brand perception disputes. Some consumers have doubts about its “pseudo-Japanese” brand positioning, which may affect the degree of trust; the low price strategy leads some users to think that the products are “cheap”.

MINISO should also be wary of over-expansion, a challenge that is either currently present or on the horizon. As the number of stores increases, so does the difficulty of managing and controlling the quality of each store. If the stores do not strictly control quality standards, the shopping experience of consumers in different stores may be inconsistent, thus affecting the brand's reputation and loyalty. MINISO's global expansion will lead to a significant increase in rental costs, pressure on logistics management, and human resources and training costs, which in turn will lead to a decline in net profit. In some first-tier cities and popular shopping districts, rising rents may multiply the operating costs of stores.

## 2.3. External advantages (opportunities)

MINISO's share of emerging markets is growing. MINISO's retail scale in Southeast Asia is growing rapidly, with the number of stores in Indonesia and Thailand doubling in three years to account for 25% of the total number of stores [4]. The “Valley Economy” (peripheral of the second generation) and the pet economy have become growth points, and sales of the “Vinyl Plush” series launched in 2024 are surging. Secondly, the growing consumption power of Generation Z is also expanding MINISO's advantage. Post-95 consumers account for more than 60% of the total, and their tendency to “consume for their own pleasure” is driving MINISO's sales of trendy toys to surge [5]. In addition, technology-driven omni-channel integration is also an important opportunity, AI models in various fields continue to launch iterations towards maturity. For MINISO, figuring out how to use AI technologies logically to save expenses, boost capacity and efficiency, and open up new channels will become crucial.

## 2.4. External disadvantages (threats)

MINISO is facing a severe retail environment. Most of the local Chinese retail brands, founded in the mid-1990s, are struggling in the process of development due to the double impact of multinational retail giants and emerging e-commerce and fierce competition. Although the external business environment gradually matured in the process of reform, there were almost no truly national retailers in the Chinese retail industry before MINISO [6]. Meanwhile, brands such as Muji and Nome, along with numerous e-commerce platforms, have accelerated their development of low-priced product lines, which means MINISO will face increased competition and greater market pressure.

Secondly, the international market is still prejudiced against Chinese brands. In the international market, the internationalization of Chinese brands is still caught in the vortex of the “manufacturing country”, few Chinese brands are known to global consumers, the internationalization process is still in the early stage, and the geographical background of China will have a certain negative impact on the brand image, resulting in a significant reduction in the premium ability of Chinese brands [7].

In addition, factors such as the rapidly changing preferences of Generation Z consumers and increasingly tense geopolitical conflicts also pose challenges for MINISO.

### 3. SWOT sub-model - SW model and OT model analysis

The SW model (Strengths and Weaknesses) and the OT model (Opportunities and Threats) of SWOT analysis focus on a company's internal resources and capabilities, and the external environment, respectively. The SW model helps a company to identify and capitalize on its internal strengths while addressing weaknesses, whereas the OT model aids in seizing external opportunities and managing potential threats. The highest priority results from these models are low performance + high importance factors (requiring immediate improvement) in the SW model and high impact + high probability factors (future strategic priorities) in the OT model. By combining these two components, companies can develop comprehensive strategies to improve competitiveness and respond to rapidly changing market conditions.

#### 3.1. SW model analysis

In the “High Performance + High Importance” quadrant of the SW model, MINISO's core strength lies in its cost-effective supply chain reconstruction. By integrating more than 800 Chinese manufacturing companies and building a flexible supply chain system of “production on demand”, its product prices are 30%-50% lower than those of similar competitors, which stems from the “cash on delivery” settlement model for suppliers that reduces transaction friction costs [2]. This strategy not only strengthens its market barriers in lower-tier cities, but also supports its globalized store expansion. 89% of the over 5,000 stores in the world will adopt asset-light franchising model by 2023, and the cost per store will continue to decline through the output of standardized store modules. In addition, the IP co-branding strategy has greatly increased the added value of products by binding Disney, Marvel and other top global cultural symbols, effectively hedging against the risk of brand value dilution due to low-priced positioning.

In the “low performance + high importance” quadrant, the lack of online channel penetration has become a key shortcoming. Although the e-commerce business is growing at a certain rate, its online sales accounted for only about 10%, significantly lower than those of Muji and NetEase. This reflects the company's path dependence on offline channels, as well as the shortcomings of the end of being able to build a differentiated online experience. Other secondary issues include brand perception disputes (“cottage questioning”) and occasional quality control issues, both of which need to be improved through greater supply chain transparency.

In addition, the main factor in the “High Performance + Low Importance” quadrant is improving internal management efficiency, while factors such as inefficient single stores in remote areas are in the “Low Performance + Low Importance” quadrant.

#### 3.2. OT model analysis

In the “High Impact + High Probability” quadrant of the OT model, the structural opportunities in the emerging markets of Southeast Asia and the Middle East are particularly prominent. The Southeast Asian market has a population of about 700 million and the proportion of people under 35 years old is more than 60%. MINISO has adopted the strategy of “regional central warehouse + localized product selection”. For example, it introduces halal-certified product lines in Indonesia, which makes the local unit price 22% higher than that in China. In the Middle East market, relying on the UAE and other hub countries, we have launched gold co-branded products for high net worth customers, with a premium of 150%-200%. Meanwhile, the wave of interest consumption is reshaping the logic of product development. Take the “Valley Economy” (secondary yuan periphery) as an example. Its global market scale is expected to exceed 90 billion dollars in 2025. MINISO, through the co-branding with China's local animation IP “Tianguan Zhifu”, had related series first-month sales exceeding 200 million yuan, which verifies the commercial value of cultural empowerment. In the pet

economy, the smart feeder it launched increased its repurchase rate to 1.8 times the industry average by embedding social features (user-generated feeding video sharing).

For “high impact + low probability” threats such as geopolitical conflicts, companies need to establish multiple supply chain nodes (e.g., additional regional warehouses in Vietnam) to reduce risk. While fast fashion brands compete in short-term seasonal demand fluctuations and other low-impact conventional threats, they can appropriately strengthen the design iteration speed to build dynamic barriers to adapt to market changes.

#### **4. MINISO's corresponding strategies and effectiveness**

##### **4.1. Strategies for low performance + high importance issues in SW models**

To address the problem of over-reliance on stores, MINISO is committed to omni-channel retailing. Omni-channel retailing refers to maintaining “zero distance” contact and timely interaction with consumers at key points in the shopping process through as many channels as possible, such as physical channels, e-commerce channels, mobile commerce channels, etc., so as to create value together [8]. Through the layout of e-commerce platforms (Tmall, Jingdong and Pinduoduo flagship store) and social e-commerce (Jittery Live and WeChat small program), MINISO has launched the “online order + store self-pickup” mode to strengthen the integration of omni-channel, to a certain extent, to make up for the lack of coverage of the offline stores, to reach the consumers of the sinking market, and to enhance the ability of anti-risk (e.g., during the epidemic period of the decline in the flow of the offline channel to support the growth of revenue).

At the same time, MINISO is also working to reduce brand recognition disputes in the global market, launching the “MINISO Green” environmental protection series (recyclable packaging, plant-based products) covering 30% of SKUs, emphasizing the local brand identity, and downplaying the “pseudo-Japanese” label, e.g., by advertising its products in the local market. “MINISO continues to promote environmental protection and a sustainable development strategy in 2024, and its eco-friendly series products are favored by consumers [9]. Rebranding as “Young, Responsible and Global” attracts ESG-oriented consumers and reduces the risk of public opinion.

As for the controversial issue of quality control, MINISO has established a whole chain quality control system, introduced third-party quality inspection (e.g., SGS certification), and implemented an elimination mechanism for suppliers with a high rate of slow-moving products, which has improved the overall quality of the products [10]. To consolidate the consumer perception that “cost-effective does not equal low quality,” the company should implement strategies to enhance product quality messaging, thereby improving word-of-mouth and increasing the repurchase rate.

##### **4.2. Strategies for OT modeling high impact + high probability opportunities**

To capitalize on the expanding emerging markets (Southeast Asia and the Middle East), MINISO has opened “localized IP-themed stores” (e.g., co-branded products of Middle Eastern cultures) in Indonesia and Saudi Arabia. Secondly, MINISO cooperates with local KOLs to promote and adapt to religious and cultural customs (e.g., launching hijab-friendly design). MINISO's revenue in 2024 in Southeast Asia nearly doubled, and the average monthly revenue of Middle East stores reached 500,000 RMB (1.5 times that of Chinese stores), which diversifies the market risk and captures the dividends of middle-class consumption upgrade in emerging markets [4].

MINISO continues to deepen its efforts in the field of interest consumption (valley economy and pet economy). MINISO has launched more pet products, including a variety of pet food and toys. Additionally, it has cooperated with popular game and animation IPs (such as Black Myth Goku) to develop blind boxes and peripherals, and has created a “Valley Specialty Zone”. MINISO maintains



the loyalty of core consumers such as Generation Z and pet owners, creates more demand, raises customer unit price, and strengthens the brand's "trendy lifestyle" positioning.

By accurately matching SWOT priorities, MINISO has translated its strategy into quantifiable actions, upgraded from a "10-yuan store" to a "global interest consumption platform", and formed the public perception of the brand as "low price but not low quality". The brand is recognized by the public as "low price but not low quality".

## 5. Conclusion

Through the comprehensive application of the SWOT model and its sub-models, this study points out the main problems of MINISO at this stage: low online penetration, brand awareness controversy, and quality control controversy. At the same time, this paper also reveals the internal logic of MINISO's marketing success: it optimizes internal resource allocation through the SW model, captures external opportunities through the OT model, and ultimately realizes the strategy of "cost-effective+interested consumption+globalization". Finally, this paper illustrates MINISO's future strategic focus on emerging markets (Southeast Asia, Middle East) and interest consumption (cereal economy, pet economy). This study fills the gap in the existing literature on dynamic environmental adaptation mechanisms, and provides retailers with a systematic framework from environmental analysis to strategy formulation.

However, there are two limitations in this paper. First, no consumer research was conducted, which can be combined with questionnaires to quantify brand awareness in the future. Second, long-term time series data was not included, which can be followed up by introducing a dynamic SWOT model to analyze the continuity of strategies. Looking ahead, with the penetration of artificial intelligence and big data technology, retailers may be able to further strengthen their competitive advantages through real-time environmental scanning and strategy adjustment.

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