

Discussion on the Business Model of Mixue Ice Cream & Tea Based on Business Model Canvas

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Abstract: Mixue Ice Cream & Tea is a successful chain tea brand, and its rapid development in recent years is often discussed. This paper attempts to analyze the reasons for the success of Mixue Ice Cream & Tea's business model from the perspective of business model Canvas, explore its success factors and core competitive advantages, sum up experience and lessons, and provide reference and inspiration for other tea enterprises. For investors and researchers, studying the business model of Mixue Ice Cream & Tea can help people grasp the development trend of the tea industry and the ideas of business model innovation, and help investors make wise investment decisions.

Keywords: Mixue Ice Cream & Tea; Business Model Canvas; Beverage Industry

1. Overview of Mixue Ice Cream & Tea

Founded in 1997, Mixue Ice Cream & Tea is one of the most popular tea brands in recent years. In 2005, Mixue Ice Cream & Tea opened its first franchise store, since then, Mixue Ice Cream & Tea began its national development, and is committed to promoting the development of global ice cream and tea industry. As an excellent representative of social enterprises, Mixue Ice Cream & Tea actively undertakes social responsibilities. When social public health crisis events and natural disasters come, it makes generous donations and sends manpower to transport relief materials, which makes it absorb extensive social attention and love, and brings huge economic benefits. As of 2022, Mixue Ice Cream & Tea has more than 20,000 stores nationwide, achieving annual revenue of 6.5 billion yuan. Therefore, it is very necessary to use the commercial canvas model to explore and study the business model of Mixue Ice Cream & Tea.

2. Business Model Canvas Analysis of Mixue Ice Cream & Tea

2.1 Value Proposition

Mixue Ice Cream & Tea always adhere to the high quality production requirements, the principle of affordable people, the use of real milk, real tea and real fruit, high quality low price and healthy fresh into one, to provide consumers with more affordable products. The value proposition of Mixue Ice Cream & Tea is to allow all people who love life to enjoy high quality and affordable delicious food. With inexpensive products and convenient and quick access, it allows consumers to enjoy the delicious food of great value for money while meeting the social needs of customers, giving customers sweet happiness, and thus increasing the amount of customers' purchases.

2.2 Customer Segmentation

As a restricted beverage brand, Mixue Ice Cream & Tea has a clear market positioning - mainly to attack the sinking market: third and fourth-tier cities and the following cities, the target groups are also people with low consumption power, such as the student party, young people who have just entered society. This group of people has a higher desire to consume, but only low consumption power characteristics, so they are less concerned about the taste of drinks, quality, and other aspects, often more concerned about the price of products, the pursuit of higher cost performance. The unit price of milk tea launched by Mixue Ice Cream & Tea does not exceed ten

yuan and two yuan of ice cream, coupled with the usual promotional activities in the store, is the best choice for the pursuit of cost-effective people. It can be seen that the main high price of Mixue Ice Cream & Tea is more suitable for the development of the sinking market than other tea brands.

2.3 Channel Channels

In 2021, Mixue Ice Cream & Tea through the catchy brand theme song "You love me, I love you, Mixue Ice Cream & Tea (你爱我, 我爱你, 蜜雪冰城甜蜜蜜)" goes viral on the whole social media, coupled with the successful creation of the brand IP image of "Snow King (雪王)" wearing a crown and holding an ice cream staff, making Mixue Ice Cream & Tea quickly out of the fixed circle, narrowing the distance with customers, winning a lot of goodwill, and expanding brand awareness. After gaining popularity, the sales channels of Mixue Ice Cream & Tea have also been further expanded, adopting the way of online and offline synchronization, mainly through the way of offline store order sales to complete the transaction; Combining online welfare, small program ordering, and cooperation with takeout platforms for online consumption. Among them, through the small program to order in advance, consumers only need to open the small program, choose the store they are about to go to and then choose the drinks they need, and complete the payment, after the production of orders, it can be achieved: no need to queue up on the spot, go to the store immediately, which greatly reduces the time cost of consumers. In the location of offline stores, Mixue Ice Cream & Tea is often opened in schools, stations, commercial pedestrian streets, and other target populations are relatively dense places, more conducive to increasing the exposure of the Mixue Ice Cream & Tea brand. In addition, Mixue Ice Cream & Tea will also promote activities on Weibo, Tiktok, Little Red Book, and other social platforms to attract customers. With a more simple and convenient way, let consumers experience the value proposition of Mixue Ice Cream & Tea "Let customers buy high-quality and affordable products".

2.4 Customer Relationship

Mixue Ice Cream & Tea seized the tuture of The Times and made full use of the developed Internet for brand promotion. Most people initially know and understand the brand of Mixue Ice Cream & Tea through promotional advertisements and promotional videos on major platforms. At the same time, Mixue Ice Cream & Tea uses the geographical advantages of offline stores to attract consumers through offline staff contact with customers, sending leaflets, forwarding the circle of friends to get preferential treatment, and other ways and channels, especially students and young consumer groups who have just entered the society. In addition, when encountering hotspot-holidays, Mixue Ice Cream & Tea will also launch corresponding brand activities to attract customers by adopting the mode of node and stage promotion. For example, the introduction of couples receiving a "Mixue marriage certificate" on Valentine's Day, the "Frozen Roses" event on Valentine's Day on May 20, the collection of blessing bags during the Spring Festival, and so on. Finally, Mixue Ice Cream & Tea also actively collects customer feedback. Consumers can put forward their own opinions and suggestions by directly reflecting on the store, calling the official customer service phone number of Mixue Ice Cream & Tea, logging in to the official website of Mixue Ice Cream & Tea, etc.

2.5 Key Services

Mixue Ice Cream & Tea is favored by many young people for its affordable features, and its key business is to develop a variety of products while focusing on the development of ice cream and tea drinks. The self-established supply chain and logistics system of Mixue Ice Cream & Tea is also the focus of the company, through the self-established food production base to achieve the core raw materials self-production and self-marketing and reduce costs. The company's warehousing and logistics system covers almost the whole country's logistics and transportation network, which can not only improve the efficiency of logistics and transportation but also help the store to manage the inventory and reduce the additional financial pressure caused by the accumulation of unnecessary inventory. At the same time, Mixue Ice Cream & Tea also implements the national logistics freight policy, which further improves the company's ability to operate across regions, to attract more franchisees.

2.6 Core Resources

Since its establishment in 1997, Mixue Ice Cream & Tea has been well-known for its lovely and colorful Snow King brand image. By the end of October 2022, Mixue Ice Cream & Tea ranked first in the tea market with 23,295 stores, covering 31 provinces, autonomous regions, and municipalities across the country. At the same time, Mixue Ice Cream & Tea has gradually gone abroad and

gone international, with nearly 100 stores overseas.

The success of Mixue Ice Cream & Tea in store management is inseparable from nearly 20 years of experience and exploration, from personnel management to market operation, it has found a suitable road for its development. In terms of personnel management, Mixue Ice Cream & Tea pays attention to improving the quality and efficiency of service personnel, reflecting the professionalism and efficiency of work. In terms of store operation, the service team can provide early guidance on the actual situation, and give timely guidance on the later operation and management mode and planning and publicity activities. In addition, Mixue Ice Cream & Tea has a high brand value and can continue to attract franchisees at the same time, but also for the company to bring goodwill.

2.7 Important Cooperation

2.7.1 Intra-company Cooperation

Mixue Ice Cream & Tea built its core raw material factory and its complete supply chain company between 2018 and 2021 respectively establishing the Shangdao Wisdom Supply Chain Co., LTD and Hainan Xianyida Supply Chain Management Co., LTD. As well as the warehousing and logistics system all over the country, with Zhengzhou as the circle point, gradually expanding the coverage to the whole country.

2.7.2 External Cooperation

Mixue Ice Cream & Tea franchise stores all over the country and abroad are the company's extremely large cooperative operation system. Although Mixue has its supply chain, it continues to work with other suppliers to improve the processing of beverages. For example, Tianye Innovation Cooperation and HK Jiahe Food Co., LTD provide raw material production for Mixue Ice Cream & Tea, and Ningbo Homelink Eco-Itech Co., LTD and Fuling Technology Co., LTD complete the production and research, and development of tableware and packaging for them. In addition, online platform sales are also one of the important cooperation of Mixue Ice Cream & Tea. Through the online payment platform, selecting orders can not only make customers quickly and easily understand all kinds of drinks, but also save the time of customers queuing and waiting for orders.

2.8 Cost Structure

2.8.1 Fixed Costs

The fixed costs of Mixue Ice Cream & Tea mainly include commodity costs, labor costs, general and administrative expenses, equipment costs, logistics costs, and plant completion costs.

Mixue Ice Cream & Tea is committed to building its own supply chain and logistics network, through the self-construction of factories, self-construction of the supply chain, and self-construction of core raw materials to achieve the purpose of cost control in a self-sufficient way, to a large extent to reduce the phenomenon of middlemen to earn the difference. The company has become the upstream supplier of many franchisees, and the franchisee is regarded as the end of the enterprise sales chain, which greatly reduces the cost of goods.

In terms of the operation of the company, it mainly includes labor costs and administrative expenses. The normal operation of Mixue Ice Cream & Tea and the continuous flow of franchisees it has attracted have confirmed that having a professional and forward-looking management team is a necessary condition for the success of the company. In addition, for offline stores all over the country and even around the world, training professionals and high-quality customer-oriented service talents is always an important sign that the brand goes further and further.

2.8.2 Variable Costs

The variable costs of Mixue Ice Cream & Tea mainly include raw material costs, advertising and marketing costs, packaging costs, and so on.

In addition to the core raw materials involved in the products of Mixue Ice Cream & Tea, the supply of other raw materials also relies on the support of other suppliers. At the same time, in terms of product packaging and tableware production, Mixue Ice Cream & Tea also has business cooperation with corresponding suppliers.

In terms of brand promotion and publicity, including advertising cooperation with other platforms, and supporting the purchase of

products on various delivery platforms. At the same time, to further enhance the influence of the brand, Mixue Ice Cream & Tea will also put the cost into the production of promotional songs and optimize the image of the snow king.

2.9 Sources of Income

According to Mixue Ice Cream & Tea's prospectus, the company's income mainly comes from selling various food ingredients and packaging products to franchisees and providing franchise management services.

2.9.1 Sales of Food and Packaging Materials

Mixue Ice Cream & Tea's biggest source of income is the sale of food and packaging materials. The company has a complete production supply chain, from plant to equipment to achieve independent production. Mixue Ice Cream & Tea is not a single dealer role, but also a supplier to its own and other companies.

2.9.2 Franchise Income

At present, Mixue Ice Cream & Tea has more than 20,000 stores across the country, and more than 90% of its income comes from franchisees. The franchise model of Mixue Ice Cream & Tea is a single-store franchise, the store is responsible for its profits and losses, and the company does not participate in sharing, mainly to collect fees. The front end collects food materials, packaging materials, equipment, and facilities costs, and the back end collects franchise fees, management fees, training fees, and so on.

3. Conclusion

Mixue Ice Cream & Tea is not so much a good distributor, as it is a very smart supply chain manufacturer. Since its inception, Mixue has been building and expanding its supply chain as a cornerstone of development, reducing costs from the source of continuous iteration, and opening up an important source of revenue through the sale of raw materials and packaging materials. The company has mastered the core raw material production, which reduces the constraint of development to a certain extent. In terms of warehousing and logistics, Mixue Ice Cream & Tea also takes itself as a starting point, gradually covering the national logistics system, does not charge transportation costs, greatly reducing the logistics costs of franchise stores, and at the same time, achieving the purpose of integrated management of the company's headquarters and many franchise stores, breaking through the problem of cross-regional operation.

With the increasing number of franchise stores around the countries, Mixue Ice Cream & Tea is also facing serious management problems. For example, food safety has been a hot topic in recent years. So how to ensure the professionalism of employees while growing rapidly in scale will be one of the management problems for the long-term development of Mixue Ice Cream & Tea. However, as far as the overall analysis of the commercialization department is concerned, Mixue Ice Cream & Tea has occupied the sinking market through low prices and has also grown year by year in terms of income, which is expected to join the tea brand listed company.

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