

The Business Strategies of Mixue Ice Cream & Tea on Brand Loyalty

Siqi Wang*

Fuzhou No.8 School, Fuzhou, Fujian, 35000, China

* Corresponding Author Email: siqi.wang@fz.lyndoninstitute.org.cn

Abstract. Mixue Ice Cream & Tea enjoys a unique loyalty among China's younger generation by making low-priced ice cream and drinks. In front of a large variety of drink brands, discovering the secret behind Mixue Ice Cream & Tea as the "No. 1" of the new generation of favorite tea drinks will be the main target of this paper. This paper took advantage of the marketing mix theory of the 4Cs to demonstrate that cost, communication, and convenience accelerate the growth of brand loyalty. Through theoretical analysis, data from current affairs news, and consumers' real comments, this paper detected that low cost, positive and multiple communication, and convenient purchases would effectively attract loyal consumers. Finally, this paper suggested that Mixue Ice Cream & Tea should improve its service and the quality assurance of its products, innovate event planning, improve technical support, and improve other aspects to adhere to its position in the hearts of consumers.

Keywords: Mixue Ice Cream & Tea, brand loyalty, low cost, communication, convenience.

1. Introduction

As milk tea became more popular among China's young people, their perceptions regarding it shifted. From "I must purchase Internet celebrity brand milk tea" to "If the taste of milk tea is similar and drinking more milk tea is also harmful to the body, I prefer to purchase the cheaper one. As a result, brands in the milk-tea business have had to lower their pricing and earnings up until today. Different brands actively lower their prices in order to capture the customer base. Take, for example, Heytea and Nai Xue's tea, which were popular in the early years. On their official accounts, they vowed in 2022 to drastically lower the price of beverages [1, 2]. It turns out they do what they say: Heytea products priced under 25 yuan now account for around 90% of all products. There are currently no goods in Nai Xue's tea that cost more than 30 yuan. Simultaneously, single-digit goods are available on the menus of both Heytea and Nai Xue's tea [3]. One of the primary reasons for such a significant shift is that consumers' price sensitivity has continued to develop, as has their understanding of rational consumption. Price restrictions in this sector are partly a result of the growth of specialized beverages and cheap drink retailers.

When most brands are lowering prices, consumers do worry about whether there is a food safety problem in the production of tea. Especially after COVID-19 in 2020, the public's investigation of food safety has become more and more rigorous. In early June 2023, Beijing conducted a food safety inspection, in which Mixue Ice Cream & Tea was found to have problems [4]. Even though it has had food safety problems several times, consumers' brand loyalty to it has never diminished.

Mixue Ice Cream & Tea is a Chinese chain brand that focuses on making ice cream and tea. It promises that its products are high in cost-effectiveness, healthy, and fresh [5]. Research on Mixue ice cream and tea has a long tradition, and it is still being discussed, analyzed, and researched by the real-world and academic communities. For example, Fang Yu analyzes the low-price strategy of Mixture Ice Cream & Tea and provides suggestions for it to break through demand [6]. Du Jiayi took Mixue Ice Cream and Tea as an Example", summarized the measures of brand rejuvenation in recent years from three aspects: brand positioning, brand symbol, and brand communication [7]. Li and Shi tried to explore how Mixue Ice Cream & Tea attracts consumers' attention and the drawbacks brought by the rapid expansion of stores [8]. And as for Wang and Li, they took Mixue Ice Cream & Tea as an example and investigated how to use ritual symbol shaping, ritual space creation, ritual interaction, and co-construction in the communication process of Mixue Ice Cream & Tea and share and co-build

brand culture with consumers [9]. Ye et al. also introduced the sinking market for Mixue ice cream and tea [10].

Although there is much research on Mixue Ice Cream & Tea, the recent food safety problem led to a further problem about the ways and factors that impact ultra-high brand loyalty. As far as it can be known, there has been no previous research investigating this phenomenon, so there are certain academic gaps. So as to make up for this case, this paper will conduct academic analysis with Mixue Ice Cream & Tea and set up the research questions as follows: Why do consumers still maintain high brand loyalty?

The ultimate goal of this study is to summarize the reasons why Mixue Ice Cream & Tea has high brand loyalty, combined with the history of the Mixue Ice Cream & Tea brand, store distribution, the number of stores nationwide, customer complaints, and other information and data, as well as theories about brand equity, brand culture, brand elements, and so on. Finally, to give acceptable recommendations to Mixue Ice Cream & Tea in order to improve its marketing strategy.

2. Case Description

The story of Mixue Ice Cream & Tea started when Mr. Zhang Hongchao's Mixture Super Ice Castle launched its first fresh ice cream, which was only one yuan for each ice cream, in 2006 [5]. In 2007, Mixue Ice Cream & Tea opened its first cream shop at the Henan Information College [5]. A year later, Zhengzhou Mixture was registered on Sanquan Road and Wenhan Road, and it set up its first enterprise [5]. And in 2018, Mixue Ice Cream & Tea created its new logo, the Snow King, and at the same time, it went global with the opening of its first international store in Hanoi, Vietnam [5]. So far, there are 20000+ stores nationwide, and it has opened in Indonesia, Malaysia, South Korea, and other foreign countries [5, 11].

The Beijing Municipal and District Market Supervision Bureaus conducted a citywide food safety examination from May 31 to June 15, 2023. Mixue Ice Cream & Tea, Zhang Liang Spicy Hot, Laoma Noodles, Wei Duomei, Wang Po Prawns, and other restaurants have food safety issues. Since May, three Mixue Ice Cream & Tea locations have been discovered to have food safety issues. In addition, 28 establishments have reported the problem of ingesting unusual things in drinks since January [4]. When Mixue Ice Cream & Tea and other brands were discovered to have food safety problems at the same time, and even though it had the same problem many times, Mixue Ice Cream & Tea's status in the minds of consumers did not deteriorate; in fact, they assisted Mixue Ice Cream & Tea in covering up its mistakes.

Such a confusing phenomenon as "short protection" is actually a manifestation of customers' high brand loyalty. This paper will analyze this in detail next.

3. Analysis on The Problems

The marketing mix theory of 4Cs was proposed by Robert Lauterborn in 1990 [12]. This model contains customer, cost, communication, and convenience to help companies describe their marketing strategy and be more familiar with their consumers' demands [12].

Therefore, the 4Cs are mostly used by companies to analyze their current marketing strategies and make changes to increase sales levels. Just like Zhang and Li analyze the marketing strategy of Azure Automobile's new energy vehicles through 4Cs and further provide suggestions for improving the level and quality of new energy vehicle marketing [13]. Based on the marketing mix theory of 4Cs, Qiu and Liu highlight the major issue with the promotion of green agricultural products in Jilin City and supply references for enterprises to enhance the marketing activities of green agricultural products [14]. Cui takes Company Y as the research object, finds the problems in its existing network marketing strategy, and then puts forward optimization measures that are conducive to the online marketing strategy of Company Y [15]. Consequently, it is appropriate to use the marketing mix

theory of 4Cs to explore the marketing policies used by Mixue Ice Cream & Tea to have high customer loyalty.

3.1. Reason on Cost Strategy

The earliest selling point that distinguishes Mixue Ice Cream & Tea from other milk tea brands is "super cost-effectiveness, and the low cost meets consumers' expectations for this brand.

Nowadays, the price of a single serving of lemonade in Mixue Ice Cream & Tea is 4 yuan, while the price of Heytea is 13 yuan, which is nearly 3 times the price of Mixue Ice Cream & Tea (the prices are all from their official website stores). It goes without saying that consumers seek lesser pricing when purchasing. The fact that three big corporations collaborate to provide a perfect supply chain system is the fundamental reason Mixue Ice Cream & Tea can achieve low-priced sales. Mixue Bingcheng Co., Ltd. is in charge of management and operations; Henan Daka Food Co., Ltd. is in charge of R&D and production; and Shangdao Intelligent Supply Chain Co., Ltd. provides storage and logistics services [16].

Previous studies have confirmed that if the goods are cost-effective and of stable quality, then the brand will enjoy high brand loyalty [17]. Directly, Mixue Ice Cream & Tea builds factories in the production areas of fruits and tea needed to make drinks, which not only reduces costs but also provides higher-quality raw materials [16]. Taking the lemonade of Mixture Ice Cream & Tea as an example, in order to meet the huge demand for lemons, Mixue Ice Cream & Tea established a lemon planting base in Anyue, Sichuan [16]. Even though processed, semi-finished products are used, it guarantees the authenticity of the material. Resulting from the real reaction of some customers, Peach Four Seasons Spring (one of the drinks at Mixue Ice Cream & Tea) uses real tea leaves as a tea base since consumers lose sleep after drinking. There are also customers who have commented on the official website that even semi-finished taro is made of real taro. The reason is that he is allergic to taro, and after eating Mixue Ice Cream & Tea's taro, he had to be hospitalized.

3.2. Reason on Communication Strategy

The communication between Mixue Ice Cream & Tea and customers is very positive, which has a positive impact on brand loyalty.

With the popularity of the Internet, brands are using short videos and recommendation functions on social platforms to promote themselves to consumers. In 2018, Mixue Ice Cream & Tea launched a new image of the Snow King [17]. In 2021, Mixue Ice Cream & Tea's brainwashing theme song exploded on the Internet [18]. In July 2022, Mixue Ice Cream & Tea's brand image Snow King changed from white fat to black charcoal. Mixue Ice Cream & Tea set up suspense on the official Weibo to ask consumers why the Snow King turned black, and the various answers made the Weibo topic of #Mixue Ice Cream & Tea blacken # go straight to the top, followed by Mixue Ice Cream & Tea's official Weibo reply to launch a new mulberry drink [8]. In June this year, in the face of food safety problems, Mixue Ice Cream & Tea officials first came forward to apologize, which gained more goodwill from consumers.

Data from several studies suggests that good communication will bring high satisfaction for consumers [17]. Consumers can get more brand product information through communication and solve their own practical problems. All of which are conducive to converting consumers into loyal customers of the brand.

3.3. Reason on Convenience Strategy

The location of the store makes it easier for consumers to purchase its products, and the store design is similar and easy to identify.

On the official website of Mixue Ice Cream & Tea, the stores are located near bustling streets, commercial areas, and stations with a large flow of people [19]. At the same time, in China, the design and purchase process of the online ordering platform are more personalized: short video platforms will recommend products to consumers from time to time; consumers are no longer limited to one

payment method; they are able to choose their own payment channels, which gradually meets the online purchasing habits of different consumers. Offline stores uniformly use Chinese red as the primary color of the store and the blessing of IP Snow King, even in a variety of commercial streets, consumers can still find out rapidly. The store design of Mixue Ice Cream & Tea' has undergone seven modifications: from the store name without any characteristics at the beginning, to the design of an exclusive logo, to the imitation of minimalist style, and finally the use of their Snow King IP and conspicuous Chinese red, its style has become clear and unparalleled little by little, so that customers will not forget their brand image. The study mentioned in the previous paragraph provides important insights that consumer convenience boosts consumer brand loyalty, as the convenience of purchasing enhances the shopping experience of consumers, and consumers are more willing to establish a long-term relationship with the brand [17].

4. Suggestion

4.1. Suggestion on Cost

Mixue Ice Cream & Tea should be stricter to ensure that the raw materials for product production are fresh and not expired and regularly arrange employees to carefully clean the store on time.

In 2022, 4,000 complaints about Mixue Ice Cream & Tea were posted on a platform, which were mainly about the presence of strange substances in the drink, etc. [20]. It is now well established from a variety of studies that one of the greatest factors in brand loyalty is quality, and many consumers take product quality as their primary standard. Therefore, product quality directly affects the loyalty of consumers [21]. Mixue Ice Cream & Tea must accomplish quality assurance even if raw material costs are low. If the frequency of similar issues continues to rise, Mixue Ice Cream & Tea's low-cost approach will fail, and brand loyalty will suffer. The store employees must keep the raw materials' production dates in mind and use them as soon as feasible; expired raw materials must not be safely disposed of while creating items. Implement the requirement that the product counter top be kept neat and that the staff clean the used production tools on a regular basis. If Mixue Ice Cream & Tea has food safety issues, it can compel customers to upload evidence on the company's website, and the store will give customers after-sales refunds, the right to free orders, and other compensating measures.

In summary, Mixue Ice Cream & Tea should ensure the stable quality of the goods at any rate, or it is impossible to have high brand loyalty.

4.2. Suggestion on Communication

In terms of communication, Mixue Ice Cream & Tea can listen to consumers' opinions, not only to meet their needs but even exceed their expectations. A large and growing body of literature has investigated that with poor communication, consumers usually have negative emotions, and the negative evaluation will spread quickly through the Internet, which has a profound downside for brands [21].

In the face of consumer dissatisfaction, the staff should listen patiently, calm the dissatisfaction of consumers in time, and solve problems for them. Mixue Ice Cream & Tea could also make an online solicitation to ask consumers if they have any new products they are looking forward to. Then Mixue Ice Cream & Tea does its best to meet their wishes.

Furthermore, Mixue Ice Cream & Tea may encourage customers to launch online submissions at various festivals, encouraging them to change the "skin" of the IP Snow King, and lastly, the official may pick and award prizes. In addition, Mixue Ice Cream & Tea is expected to continue their humanitarian endeavors in order to reach out to more people in need. Finally, Mixue Ice Cream & Tea may leverage modern, powerful AI as a tool for online consultation, allowing AI to answer more complex queries and become "humanized."

All in all, Mixue Ice Cream & Tea should keep in mind how to treat consumers with a gentle attitude and how to provide the best service when training employees.

4.3. Suggestion on Convenience

In order to improve the convenience of Mixue Ice Cream and Tea, this paper suggests increasing the selectivity of product flavors and ways to buy. Several pieces of evidence suggest that convenience has a significant positive impact on brand loyalty [17].

Most Mixue Ice Cream & Tea drinks do not include "sweetness" options when purchased online (sweetness being the amount of saccharin). In reality, some customers who enjoy sweets may prefer sweeter drinks, while others reject overly sweet drinks. Mixue Ice Cream & Tea must cater to this segment of the market by offering seven-point sugar, five-point sugar, three-point sugar, and sugar-free drinks in addition to full sugar. Mixue Ice Cream & Tea can also co-brand with popular games and anime that the younger generation is interested in, allowing consumers to purchase goods and accessories on the ordering platform rather than the ordering platform. They can use the gaming interface or the platform where they view anime. Furthermore, while Mixue Ice Cream & Tea has numerous locations in China, the number of overseas retailers is too small, making foreign Chinese purchases difficult. Furthermore, an increasing number of international students and resident Chinese are traveling abroad, and they want to have a "taste of home" from time to time.

As a consequence, Mixue Ice Cream & Tea should cooperate more with foreign franchisees and increase the number of foreign stores. Thereby, make eating Mixue ice cream and tea abroad accessible.

5. Conclusion

In the context of more and more people pursuing "high-cost performance" while loving drinks to make major brands reduce product prices, this paper elaborates on the reasons why Mixue Ice Cream & Tea has high brand loyalty from the perspective of consumers and combines the 4C theory with consumers' real feedback and data so as to learn that Mixue Ice Cream & Tea takes advantage of three aspects: low cost, multi-interaction, and easy purchase to create its exclusive loyal customer group.

This paper once again proves that the marketing mix theory of the 4Cs from the perspective of consumers is likely to help consumers understand a brand's marketing strategy and system, and it also provides a way for new entrepreneurs who want to open a beverage store to gain consumer trust.

The shortcomings of this paper are that it only has a mere theoretical analysis without fact-finding. Consumers who buy Mixue Ice Cream & Tea can be invited to fill out a questionnaire online and interview the personnel of Mixue Ice Cream & Tea in person offline. In this way, it can be known the real views of consumers and staff on the current situation of Mixue Ice Cream & Tea and some suggestions for improvement, which will make this paper closer to the public's ideas and more convincing. What's more, because this paper does not perform Mixue Ice Cream & Tea's beverage production and the launch of new drinks carefully, it is hard to explain the reasons from the perspective of the consumer. Future research could not only add this aspect of analysis but also compare Mixue Ice Cream & Tea's drinks with other brands as a result of discovering the reasons for the popularity of Mixue Ice Cream & Tea more deeply.

References

- [1] HEYTEA. Invite witnesses, never hit the face. 2023
- [2] Nai Xue's tea. Greatly reduced in price, 9 to 19 yuan fresh fruit tea, new every month. 2023
- [3] Beijing News. Nai Xue's tea and Hey tea bid farewell to the "3-character head" and fought head-on with mid-range brands. Retrieve from: <https://finance.sina.com.cn>, 2023
- [4] Headline. Beijing Consumer Association reports the largest number of stores in Michelle Ice City. 2023
- [5] Mixue Ice Cream & Tea. Mixue Ice Cream & Tea- since 1997 ice cream-tes chain brand. Retrieve from <https://www.mxbc.com>, 2023
- [6] Yu Fang. Mixue Ice Cream & Tea, Low Price is King. *Managers*, 2022(05): 66-68.

- [7] Du Jiayi. The Strategy of Rejuvenation of National Brands of Tea Drinks in the Internet Era: Taking Mixue Ice Cream & Tea as an Example. *Today's Media*, 2022, 30(09): 114-116.
- [8] Li Ting and Shi Dan. Mixue Ice Cream & Tea, there are stories in the “Blackened Terrier”. *Schools*, 2022(08): 120-125.
- [9] Li Jiaying and Wang Wenhua. Research on Tea Brand Communication from the Perspective of Communication Rituals: Taking Mixue Ice Cream & Tea as an Example. *Communication and Copyright*, 2023(10): 85-88.
- [10] Jiang Wanqing, Li Jie and Ye Qihan. What is the “password” for the listing of Mixue Ice Cream & Tea? *Southern Daily, Industry Weekly, Inc*, 2022, 14(10), B04.
- [11] Brand knowledge. Where is the brand of Mixue Ice Cream & Tea, those countries have. <https://www.maigoo.com>, 2023
- [12] Janse, B. 4C Model of marketing mix. <https://www.toolshero.com>, 2023
- [13] Li Yu and Zhang Liang. Discussion on marketing strategy of new energy vehicles from the perspective of 4C theory. *Journal of Wuhan University of Business* 2023, 37(03): 37-41
- [14] Liu Jiwei and Qiu Yingshan. Research on Marketing Strategy of Green Agricultural Products Based on 4C Theory: A Case Study of Jilin City. *Modern Marketing (Late Issue)*. 2022(12): 41-43.
- [15] CUI Qianru. Research on Network Marketing Strategy Optimization of Company Y Based on 4C Theory. MA thesis, Anhui University of Finance and Economics, 2022.
- [16] Mixue Ice Cream & Tea. Three-in-one Industrial Chain. <https://en.mxbc.com>, 2023
- [17] Wang Bingqian. Research on the Influencing Factors of Consumer Brand Loyalty under Platform Economy. MA thesis, Capital University of Economics and Business, 2021.
- [18] Mixue Ice Cream & Tea. In 2018 Mixue Ice Cream & Tea launches a new logo. <https://en.mxbc.com>, 2023.
- [19] Mixue Ice Cream & Tea. Store Design History. <https://en.mxbc.com> , 2023.
- [20] Food and Drug Administration Website. Opinions of 14 Departments including the State Council Food Safety Office on Improving the Quality and Safety Level of the Catering Industry. <https://www.gov.cn>, 2023.
- [21] Li Qiu. Research on the Construction and Implementation Strategy of EB Platform Service Facilitation System in the Context of Virtual Consumption. *Economic Research Guide*, 2019(22): 156-158+188.