

# Marketing Strategy Research in China's Milk Tea Industry: A Case Study of Mixue

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**Abstract.** This paper delves into the marketing strategies employed within the dynamic landscape of China's milk tea industry, with a specific focus on Mixue as a compelling case study. The milk tea sector in China has witnessed remarkable growth and transformation in recent years, driven by changing consumer preferences and a burgeoning youth demographic. Through a meticulous analysis of Mixue's marketing strategies, this research aims to unravel the key factors contributing to the brand's success in this fiercely competitive arena. The study employs a multifaceted approach that encompasses various dimensions of marketing, including product innovation, branding, pricing, distribution, and promotional tactics. Mixue's ascendancy within the milk tea industry is underpinned by its adept utilization of social media platforms, reflecting the evolving nature of consumer engagement in the digital age. The brand's ability to create compelling content, engage with its target audience, and harness the power of user-generated content has played a pivotal role in bolstering its market presence. Furthermore, this research examines Mixue's strategies for differentiation and brand positioning within the crowded milk tea marketplace. The findings shed light on the brand's unique selling propositions and how these resonate with consumers, ultimately influencing their purchase decisions. As a case study, Mixue's marketing strategies provide valuable insights for both industry practitioners and academics seeking to understand the evolving dynamics of the milk tea sector in China. By examining Mixue's approach, this research contributes to a broader comprehension of successful marketing strategies within the context of China's vibrant milk tea industry.

**Keywords:** Marketing Strategy; Business Management; Mixue.

## 1. Introduction

Founded in 1997, Mixue is a renowned national chain brand that has established itself as a prominent player in the Chinese milk tea and ice cream industry. With a distinctive focus on creating fresh, innovative ice cream and tea beverages tailored to the preferences of young consumers, Mixue has earned its place as one of the largest chain tea brands in China. The brand's iconic slogan, "I love you, you love me, Mixue ice cream and tea," encapsulates the essence of Mixue's warm and inviting brand culture, resonating deeply with its target audience.

At the heart of Mixue's success lies its core value of "real people, wholehearted and real products." This fundamental principle has not only guided Mixue's brand identity but has also endeared it to a vast and loyal following among young people. With a relentless commitment to authenticity and quality, Mixue has become a beloved household name, symbolizing trustworthiness and a genuine connection with its customers.

Today, Mixue boasts an extensive network of over 25,000 stores across China, a testament to its unwavering popularity and market presence. The brand's ambition to expand its global footprint became a reality in 2018 when it opened its first overseas store in Hanoi, Vietnam. This pivotal move marked Mixue's entry into the global market, signifying its aspiration to introduce its delectable offerings and unique brand experience to consumers beyond China's borders.

Mixue's journey from a local favorite to a global contender is a compelling case study that sheds light on the intricacies of marketing strategies employed within China's vibrant milk tea industry. This research endeavors to dissect Mixue's marketing tactics and unveil the critical factors that have propelled the brand to its esteemed position in this fiercely competitive sector. Through an in-depth analysis of Mixue's innovative approaches to product development, branding, pricing, distribution,

and promotion, this study aims to offer valuable insights for both industry practitioners and scholars seeking to navigate the ever-evolving landscape of China's milk tea industry.

## 2. Branding and Promotion Strategy of Mixue

### 2.1. Brand Positioning and Image

In 2018, Mixue introduced a fresh brand persona known as the "Snow King." This whimsical character takes the form of a snowman adorned with a regal crown and proudly clutching an ice cream scepter. The "Snow King" comes to life on November 22nd each year, embodying a set of distinct personality traits, including integrity, kindness, friendship, and an entrepreneurial spirit. At the heart of this new brand identity is the cherished mantra, "You love me, I love you, honey snow ice city sweet honey," a phrase that resonates intimately with Mixue's values and resonates deeply with its dedicated clientele. A large part of the reason why Mixue has achieved such great success comes from the precise brand positioning: sinking market. In the early days of operation, Mixue laid out its stores in urban villages, schools and surrounding commercial streets in third- and fourth-tier cities, using its own price advantages (such as 4 yuan a cup of lemonade) to quickly harvest the sinking market ignored by the head milk tea brand with expensive unit price. Capturing the student market and young people, pricing low, and focusing brand development on the sinking market with greater consumption potential and longer sustainable development cycle, Mixue has won success in all aspects by clearly positioning itself [1].

### 2.2. Product Portfolio and Pricing Strategy

Mixue's product portfolio and pricing strategy are important factors that determine its long-term success with consumers.

Under the influence of "consumption upgrades", the price of new tea drinks once increased. Small bourgeoisie, high appearance, Internet celebrity, have become the added value of the new tea brand, and even once gave birth to the phenomenon of long queues and markup purchases, and the price of a cup of 30 yuan Hey Tea was once speculated to hundreds of yuan. The emergence of new tea brands such as NAYUKI and LELECHA has made this phenomenon more common [2].

Mixue's pricing strategy is precisely at this time to make consumers' eyes shine. In stark contrast to the 30-yuan cup of fruit tea, Mixue's 4 yuan a cup of lemonade and 2 yuan a Snow King ice cream, affordable and in line with the public taste, perfectly harvested Mixue's target customers, that is, tea consumers aged 10 to 30. This consumer group is the most suitable for Mixue products in terms of consumption power and consumption concept. At a time when other tea brands are rightfully setting high prices, Mixue's product prices are the opposite, forming a dislocation competition with other high-end tea brands, and also winning the favor and support of consumers psychologically.

### 2.3. Promotions and Marketing Channels

Promotion is a vital component of Mixue's marketing strategy, which can be categorized into four main areas:

1) Discount Promotion: Like many milk tea brands, Mixue shares discount information on its official accounts and apps, allowing customers to access discounts through coupons.

2) Full Minus Promotion: This involves reducing the total purchase price when customers reach a specified spending threshold at checkout, effectively providing a discount.

3) Giveaways: Mixue surprises customers with small gifts, often featuring the Mixue logo. This enhances the shopping experience and fosters a positive brand impression.

4) Membership Benefits: Mixue offers quick membership registration on public accounts or social media platforms, granting members ongoing access to the above three benefits. This cost-effective approach encourages customers to continue purchasing from Mixue.

Mixue's successful marketing channels primarily encompass three categories:

1) Short Video + Music: On June 3, 2021, Mixue released a captivating 25-second theme song MV on mainstream social media platforms like Douyin, Kuaishou, and Bilibili. Despite its brevity, this music video, based on the tune of "Oh! Suzanne," featured catchy lyrics that left a lasting impression. In the subsequent 20 days, the Mixue theme song went viral across the internet. Its "earthy" visual style appealed to young audiences, accumulating over 4.2 million views for the Chinese version of the MV by June 27, 2021. Multiple adaptations, including ancient, Beijing Opera, Soviet, and Japanese versions, along with CCTV's reimagined lyrics and arrangements, amplified its impact. User-generated content, such as comments featuring phrases like "sweet honey" and "honey snow ice city," created a "honey snow ice city social trend."

2) IP Branding: Recognizing the need for a distinct brand image, Mixue sought professional assistance in 2018 to create the "Snow King" image. This character-based branding stimulated the "collective unconscious," making "Snow King" a universal symbol and a representative trademark for Mixue. It has been incorporated into various brand activities and communication efforts.

3) Cross-Border Innovation: Mixue's strategic partnerships with major brands such as Zodiac Blind Box, Hongxing Erke, and Chaguazi have expanded its brand influence. Joint product launches and collaborations create synergy, allowing Mixue to better integrate into consumers' lives and generate "1+1>2" benefits for both Mixue and its partners.

### 3. Success Factors for Mixue's Marketing Strategy

#### 3.1. Social Media Campaign

For emerging young brands, social media marketing is almost an essential part of the process of gaining consumers' love.

Using social media to build a fan economy is a very common marketing tool. The essence of IP marketing mentioned above is the fan economy, because every hot IP has a broad fan base behind it. Now that the cost of signing up for social media is much smaller than the cost of maintaining Internet users, brands such as McDonald's, Starbucks, and others have also built their own fan economies, forming a cycle by posting information about grouping, discounts, and regular gift certificates on social media platforms to attract consumer attention and obtain user traffic. The same is true that Michelle Ice City can be quickly accepted by the public. Mixue not only publishes discount voucher information on apps such as Douyin, Xiaohongshu, and Bilibili, but also lays promotional videos and advertising offers to continuously attract new consumers to join. Whether it is advertising, online topic discussion, or the re-creation of the brainwashing divine comedy, it is a process of using social media to turn customers into fans and then into friends.

Another important factor in Mixue's marketing success in social media is social media & music. The short video platform's emphasis on music did not happen overnight, and Douyin came out on the short video field by relying on its positioning as a "music short video community focusing on young people". The platform side has also said that the marketing effect of music products on Douyin is eye-catching. According to the "2021 China Music Marketing Development Research Report", "wide dissemination on short video platforms" has become the second criterion for achieving mass communication of songs during the publicity period. Nowadays, in the popular music charts, almost all of the top 100 songs have been active in short videos and are used as background music by the majority of netizens. With the gradual diversification of commercial promotion forms, music has gradually become an important part of advertising and marketing. Early academic research on music marketing focused on "TV advertising music". Nowadays, the popularity of advertising music such as the theme song of Michelle Ice City on short video platforms has attracted attention to music marketing again [3].

The last social media marketing, and one I think Mixue does best, is to let consumers know about the brand's great deeds through social media. Mixue's deeply rooted brand image is inseparable from its return to society and the development of public welfare. In 2021, when heavy rain occurred in Henan, Mixue's headquarters was located in the affected area, and when it could no longer take care

of itself, Mixue still donated 22 million yuan for flood relief and post-disaster reconstruction. This incident spread widely on social media, and for a while Mixue received the attention of the whole network, its spirit of giving charcoal was unanimously praised, and consumers' favorability of the brand increased greatly. In addition, in public welfare undertakings such as poverty alleviation teaching assistants and love exam assistance, it skillfully transforms the image of the snow king, allowing him to hold flowers and wear doctoral hats to congratulate students on the gold list. Mixue's activities have distributed more than 10,000 cups of drinks to candidates, parents and on-duty personnel, and provided more than 100 caring service vehicles to help tens of millions of candidates feel at ease in the college entrance examination. In China, the importance of the college entrance examination is self-evident, and the social attention on social media is extremely high. Mixue's loving behavior highlights the corporate values of "taking from the society, feeding back to the society, and devoting itself to public welfare", and the brand capital image behind it has been greatly weakened, replaced by an increase in exposure and market share. On the one hand, the "Matthew effect" is formed in front of the public and a good social image is established; On the other hand, it has produced a huge advertising effect and created a new round of business models.

### **3.2. Brand Loyalty and Consumer Experience**

As a good tea brand, Mixue's marketing success factors also include high brand loyalty and a good consumer experience.

In order to make customers love and loyal to the brand, brands should start from customer needs, be consumer-oriented, tap potential needs and accurately position themselves to obtain consumer recognition. Since its inception, Mixue has established the corporate mission of "allowing everyone in the world to enjoy high-quality and affordable deliciousness" and has effectively grasped the psychology of young people "wool" and "pursuit of affordability" by gaining insight into the trend of contemporary young people's consumption grading, taking advantage of young people's price-sensitive psychology, and positioning the brand as "high-quality and affordable ice cream and tea". The positioning of "high quality and parity" not only increases the loyalty of existing customers to the brand, but also gains new customers [4].

In the era of new media, fans are not only passive recipients, but also have greater initiative and radiation. Mixue cleverly uses new media platforms to establish fan effect, and the official released a version of the adaptation immediately after the initial MV exploded, and then the blogger carried out secondary creation, adaptation and re-dissemination, thus accumulating a large number of fans. Subsequently, Mixue took advantage of the power of the Internet to bring the enthusiasm of fans to offline stores, and you can get free activities by imitating the theme song MV in Mixue stores. The threshold for consumer participation has been lowered, and new fans have been continuously attracted during the event, and the stickiness of the original fans has been consolidated through a succession of activities, which has virtually increased consumers' loyalty to the brand [5].

### **3.3. Innovation and Product Development**

The latest innovation is that of the Mixue management system. Through the trend of new technologies, Mixue has changed the traditional ordering mode that customers had to wait on the scene throughout the process, not only installing a pos system in the store, but also adding a mini program to order, overcoming the cumbersome, error-prone and inefficient shortcomings of manual ordering in the past. Instead of waiting in long lines to order or pick up food, consumers can directly log in to the mini program on their mobile phones, locate the target store to place an order, and then pick it up according to the number. This innovation has played a significant role in improving efficiency.

Innovation in R&D and logistics are also cannot be ignored. Mixue has an independent R&D center that enables independent production of raw material assets. In order to better carry out R&D projects, Mixue has its own independent logistics sub-warehouses in many places across the country and presents a trend of multilateral radiation across the country. The independent research and

development system not only improves the efficiency of products, but also guarantees the quality of products. On the other hand, the raw materials and distribution services of Mixue's stores nationwide are hands-on, effectively reducing operating costs and ensuring the freshness of raw materials. Because of this, no matter how low the price of Mixue is, it can also reap a lot of profits and become the best in the industry [6].

Another brilliant aspect of Mixue's success is developing products that break stereotypes. From a single series of fruit tea and milk tea, it has extended to many consumers' favorite snacks today, such as rice cake skewers, chicken strips, etc., as well as the coffee that consumers love to drink in recent years. It is still a price of 5 yuan to 8 yuan per cup, which is more competitive compared to brands that take the high-end route. At the same time, Mixue has also changed consumers' perception that tea brands only sell milk tea, broadened its business scope, and given consumers a more diversified experience [7].

## 4. Challenges and Opportunities

### 4.1. Potential Market Risks

Mixue's main potential market risk is that its unique marketing tactics and pricing strategy are easily imitated by competitors, and food safety issues, which are also common problems in the catering industry.

Mixue's approach to product marketing and communication clearly lacks innovation. After the popularity of the "You Love Me, I Love You" theme song gradually faded in 2021, Mixue chose to continue to use the marketing communication model of "brainwashing song" to attract consumers' attention. However, this kind of marketing activities with high similarity and duplication in a short period of time has a strong purpose, and it is difficult to mobilize consumers' enthusiasm to participate in topic discussions, and even easy to make consumers resistant.

Since the new crown pneumonia epidemic, the trend of consumption downgrade has caused major tea brands to enter the sinking market. Hey Tea, NAYUKI and other tea brands have taken the initiative to reduce prices, which also means that the space for sinking markets is constantly being compressed. Mixue will face more risks and unknown challenges on the road of "high quality parity" [8].

### 4.2. Competitive Pressures and Emerging Trends

The competitive pressures Mixue faces are mainly focused on the threat of alternatives and new brands.

Due to the lower unit price of Mixue's ready-made tea products, it also competes with finished beverages. The finished beverage is also an alternative to Mixue's ready-made beverages due to its characteristics of no on-site production, diverse flavors and cheaper prices. Finished cola, sprite, black tea, milk tea, etc. are cheaper and sold in supermarkets nationwide, resulting in a wider audience for finished beverages. In today's accelerating pace of life, reducing the waiting time for purchase has become a key focus for some consumers, and in the field of low-end ready-made tea, Mixue still has the possibility of being replaced by finished beverages.

Due to the low barriers to entry in the ready-made tea market, the reproducibility of products is strong, and most of the single-store profit models are consistent. In the future, with the saturation of major retail formats, more merchants in other industries such as beverages and fried skewers will enter the ready-made catering industry to compete for the market and share profits. At present, although the public acceptance of the ready-made tea beverage mid-end market is the highest, it has also led to many merchants in the mid-end tea drinking track, fierce brand card slots, and iterative updates of new brands. Some high-end tea brands have also begun to enter the sinking market, and there is a momentum to compete with Mixue for the low-end market. High-end brand downward extension is relatively easy, the public brand upward breakthrough is quite difficult, the current Mixue price increase space is small, to impact the high-end market also requires a certain amount of time

and ability, in the short term is difficult to achieve, and Mixue belongs to the medium low price, from medium low price to high quality parity also needs a process. Facing the threat of new entrants in the market, Mixue must be well prepared [9].

## 5. Suggestions for Improvement

1) Deepen brand image, deepen IP marketing, create brand culture, tell brand stories to the public, so that Snow King is not only a cute and funny image, but also a vivid character, providing consumers with more emotional value.

2) Innovate and upgrade products and give cultural connotations, improve tea processing technology, and continuously improve product taste. The tea beverage industry has entered the 3.0 era, consumers not only pay attention to the taste of the product itself, but also pay more attention to the naturalization and health of raw materials, as well as the novelty of product forms, and can regularly launch themed tea products and cross-border co-branded products to shape a diversified brand image of specialty drinks. Under the condition of minimizing costs, the outer packaging is designed to be more beautiful and cuter, increase consumer satisfaction and improve user stickiness. Mixue can integrate Chinese traditional culture into brand image, tea products, packaging design, create national tide tea drinks, transmit brand culture, derive many national style peripheral products, precipitate its own cultural heritage and value, and achieve more long-term development [10].

3) Rectify food safety issues. Enterprises must strengthen self-discipline and management, improve supervision and reward and punishment mechanisms, supervise their franchised stores, and strictly prohibit fraud. At the same time, franchised stores must strictly abide by the shelf life of raw materials, screen the fruits used every day, and display them in the storefront display case. At the same time, the environment in the store is required to be clean and tidy, and regular inspections and daily supervision are achieved [11].

## 6. Conclusion

In the era of vigorous tea industry, Mixue has occupied most of the tea market in third- and fourth-tier cities by providing low-priced products and excellent online brand marketing. As a typical case, the brand conveys the brand image and brand significance of Michelle Ice City through the combination of online and offline marketing, and occupies a place in the hearts of consumers, which is worthy of learning and reference from many tea brands. At the same time, as a well-known tea brand, paying attention to brand image management and construction, and controlling food safety problems is still the direction that Mixue needs to rectify in time and adhere to for a long time. In terms of innovation, we must keep up with the pace of the times, constantly innovate and improve ourselves. In addition, brands need to take a long-term view, expand overseas markets in a timely manner, extend the industrial chain, increase the added value of products and stabilize consumer groups, so that the brand can occupy a place in the high-speed renewal market.

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