Analysis of NAYUKI Operation and Development Suggestions based on SWOT

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Abstract. With the advent of the "Z" era, new tea has replaced traditional tea as a beverage preferred by consumers. This paper mainly starts from the development of new tea beverages in China and analyzes the current situation of China's new tea industry through the PSET model, to analyze the external conditions affecting the development of Starbucks. In addition, through the SWOT model, this paper analyzes NAYUKI's current situation and its market strategy and explores NAYUKI own strengths and weaknesses, the opportunities and threats facing its development, and the main problems faced by its marketing strategy. Finally, this paper makes a series of targeted recommendations for NAYUKI. This paper found that although NAYUKI has not yet reached the stage of sustained profitability, it can be expected that the epidemic will weaken its offline consumption interference, as well as the supply chain and store upgrading of enterprises, NAYUKI through the mining of potential consumers in low-tier cities, with the help of industry digital transformation, make full use of the advantages of "third space" stores, innovative marketing to strengthen brand value, and gradually increase the proportion of future Pro stores to reduce costs, the company's profitability is expected to improve in the future.

Keywords: New tea, NAYUKI, Marketing strategy, Suggestions.

1. Introduction

At present, NAYUKI has opened nearly 900 direct stores in more than 80 cities in Mainland China and the Hong Kong Special Region of China, which is regarded as the "benchmark" of the tea industry. In the development process, NAYUKI not only ensures high-quality products, but also insists on 9 important strategies of NAYUKI leading the development of the industry to promote the transformation of the digital system of new tea drinks and realize the direction of standardization, digitalization, and intelligence. At present, NAYUKI has achieved preliminary results in intelligent aspects and developed an intelligent tea-making machine, which is currently being tested and used and is expected to be fully laid in all stores in the third quarter of this year. New tea brands attach great importance to channel construction. They not only have the traditional offline store consumption model but also open online purchase channels, including their channels and third-party channels. In terms of marketing promotion, content marketing is the core means of competition for new tea brands. For example, through cooperation with other brands, it can not only bring sales appeal to new products but also create marketing topics, thus improving brand awareness.

Compared with the traditional tea, upgrade and innovation of modern tea, make the function of the new tea more diversified, thus promoting China as different from the traditional tea now, fresh tea pays attention to the diversification of product raw material selection and collocation, through innovative production technology, strengthen the store operations management to improve the quality of our products and service quality, create their own brand culture and brand value, At the same time, through the fashion, comfortable decoration shop to provide consumers with the required social places, so that the product has social value and leisure value of dual attributes.

The pain points of NAYUKI's operation are divided into two parts: In terms of supervision, NAYUKI has been punished many times for food safety issues. Up to now, there have been 58 complaints related to NAYUKI tea on the online platform, of which 14 are related to food safety

issues. Users claim to have drunk hair, rubber bands, and even broken glass from the drinks. Some users also complained that NAYUKI was selling previously unsold drinks with new labels as new products. In terms of competition, NAYUKI does not have a complete advantage. Hey tea has carved up market share, while other milk tea brands are riding the wave. The tea market bibcock pattern is still not anacreontic. As mentioned in its Risks section, competitors may have more financial, technical, marketing, and other resources than the Company and may be more experienced and able to devote more resources to developing, promoting, and supporting their business. Increased competition may reduce NAYUKI's market share and profitability, which may adversely affect its operating performance or force it to suffer further losses.

Previous literature has not conducted a comprehensive analysis of NAYUKI based on SWOT theory and a comparative analysis of the business situation of other new tea industries and NAYUKIs business situation fits well with SWOT analysis model, which is convenient for comparative analysis and prediction. Based on SWOT theoretical model, this paper analyzes the current situation of NAYUKIs operation in The Chinese market and puts forward suggestions and prospects for its operation in the future. We divide this paper into four parts, the first is the development of new tea drinks in China, the second is the analysis of Internal Factors of NAYUKI, the third is the analysis based on SWOT theory, and the last is suggestions based on SWOT theory and further prospects of NAYUKI.

2. The development of new tea drinks in China

2.1 New style tea drinking

China is a big tea consumer and a big tea producer. Tea drinking culture is one of the traditional cultures with Chinese characteristics, which has a history of thousands of years. However, the taste of traditional tea is relatively simple and cannot adapt to the fast-paced lifestyle of young people today, so the traditional tea market has not received attention for a long time. Although traditional tea drinks are not the choice of most young consumers, the new tea brands have targeted the audience of young consumers from the beginning. As a light food catering, the new tea drink retains a part of the flavor of traditional tea in terms of taste, but consumers are not limited by fixed scenes when drinking and experiencing, so they can be naturally integrated into a variety of entertainment and consumption activities and have broad market potential. Around 2014, brands represented by Hey Tea brought new tea products into the mass consumer market and were warmly welcomed by young consumers. While meeting the needs of consumers for the taste of tea products, the new tea drink combines health, fashion, and other elements with the brand, attracting many consumers and becoming a new outlet for capital to chase [1].

2.2 The development status of new tea drinks in China.

The consumption level and willingness of residents are increasing day by day. In 2021, the per capita disposable income and per capita consumption expenditure of Chinese residents will be 35,128 yuan and 24,100 yuan respectively, and the growth rate was very large compared with the previous year. In 2020, due to the impact of COVID-19, the growth rate has declined significantly, but with the gradual containment of COVID-19 in China, the growth rate of per capita disposable income and per capita consumption expenditure in China has returned to the pre-epidemic level. The growth of per capita disposable income of residents can effectively stimulate social consumption.

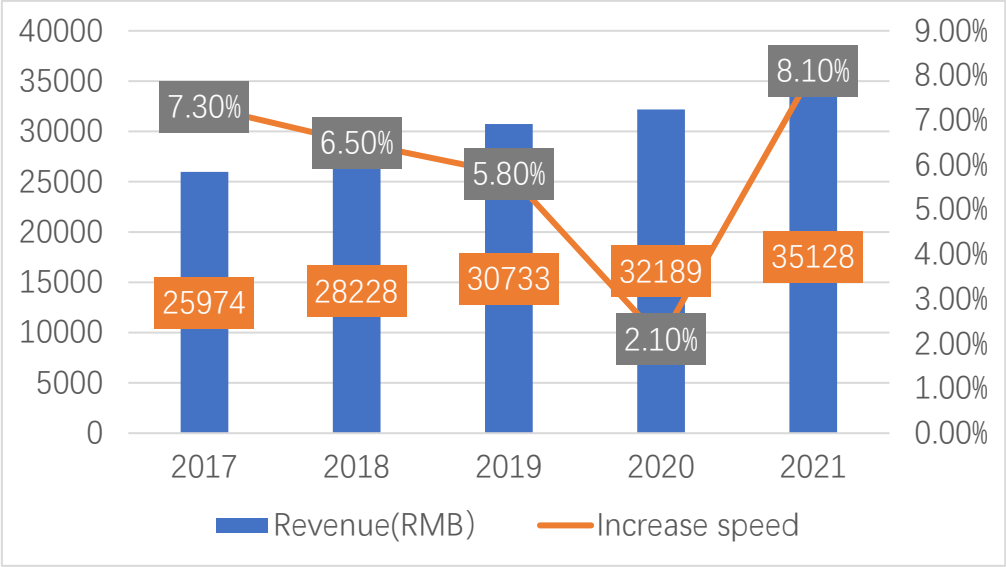


Figure 1. Per capita disposal income of Chinese residents from 2017-2021

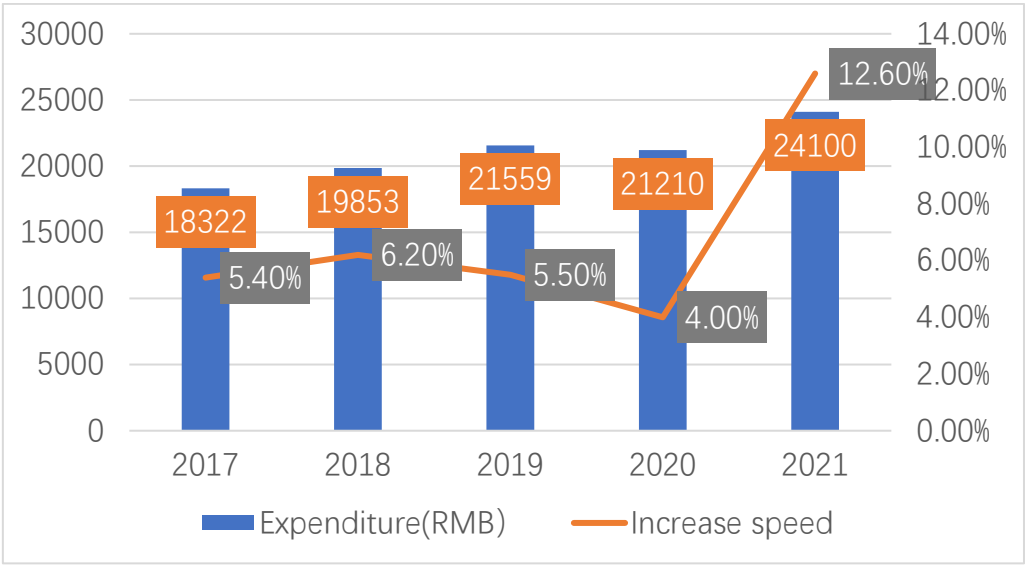


Figure 2. Per capita consumption expenditure of Chinese residents from 2017-2021

2.3 NAYUKI's History

In May 2014, founders Zhao Lin and Peng Xin set up a company in Shenzhen, and in November 2015, the first NAYUKI was launched in the dual category model of "tea + soft European bag". To further improve the market penetration rate of new tea drinks, in December 2017, NAYUKI crossed out of Guangdong, and officially launched the "National Urban Expansion Plan". As of December 31, 2021, NAYUKI has spread to 80 cities across the country, with a total of 817 stores, and all stores are directly operated. Since its inception, NAYUKI has always adhered to the "positioning high-end" route, and the location of the stores is in the high-end business district. High-end brand image maintenance has generated huge operating costs. To meet the strategic needs of expansion, NAYUKI began to seek capital support and operation. With the help of capital, NAYUKI has exceeded the valuation of 10 billion in only 4 years and continued to accelerate its expansion strategy.

2.4 Analysis of Internal Factors of New Tea Drinks in China

The following uses the “pest model” to analyze the external environment of NAYUKI. Political: At present, China is in a period of transition into a modern country. The 14th Five-Year Plan has a new grand blueprint. China is stable and prosperous. Since January 1, 2021, *the Opinions on Further Strengthening the Control of Plastic Pollution* have been issued. All these have played a heart-

strengthening agent for consumers for food safety and laid a good situation for the stable development of enterprise operations and management such as NAYUKI.

Economic: China's GDP reached 17.7 trillion yuan in 2021, and enterprises generally show economic growth vitality. In 2021, the number and scale of A-share listed companies expanded steadily. The data shows that in 2021, among the 19 industry categories of listed companies, about 90% of the industry has achieved profitability. NAYUKI headquarters is located in Shenzhen, which is a special economic zone, and its economic development ranks among the top in China [2].

Social: According to data from iiMedia Research, China's new tea market in 2021 is 279.59 billion yuan. In 2022, 26.2% of Chinese new-style tea consumers said that the future consumption frequency will become more, and only 14.7% of consumers with reduced consumption frequency will continue to rise, and the market size of new-style tea in 2025 is expected to reach 374.93 billion yuan.

Technological**:** With the iteration of Internet technology and the improvement of online payment technology, online shopping has become more convenient, and the loss of offline operation of new tea drinks during the epidemic has been effectively alleviated. In addition, digital transformation has become the development trend of new tea companies. Digital transformation solves the pain points of operation from five aspects and realizes the management and upgrade of personnel, goods, and venues.

3. NAYUKI's Brand Model

3.1 Profitability Analysis

The net losses under non-IFRS in 2018 and 2019 of NAYUKI were 56.58 million yuan and 11.735 million yuan respectively. Although the company achieved a net profit of 16.643 million yuan in 2020, the overall net profit margin was only 0.2%. Industry insiders believe that this is a change in profit and loss caused by the adjustment of accounting caliber, and it is not the same as the real sense of stable profit that the public understands. This does not mean that NAYUKI has fundamentally achieved a turnaround. Gao Jianfeng said that if NAYUKI becomes a pure Internet company in the future, as long as it expands at a high speed, the capital market's requirements for its profitability will be very low, and the loss will not matter. If it is treated as a consumer goods company, investors have higher demands on its stable profitability, which in turn affects valuation. It means that NAYUKI tea is still far from the stable profit stage [3]. In 2021, under the influence of the epidemic, it led to a net loss of 145.265 million yuan.

The main reason for the thin profit level is that the company's operating costs at the store level remain high. According to the annual report, from 2019 to 2021, the cost of tea raw materials in NAYUKI accounted for 36.6%, 37.9%, and 32.6% of the total revenue respectively. Employee costs accounted for 30.0%, 30.0% and 33.2% of total revenue respectively. Rental expenses, advertising expenses, and property management fees accounted for 14.0%, 14.5%, and 17.8% of the total revenue respectively. The above cost expenses accounted for more than 80% of the total revenue.

Table.1. A summary of performance over four fiscal years - NAYUKI

	2021	2020	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	4,296,618	3,057,181	2,501,510	1,086,826
Other income	27,339	205,951	5,604	2,526
Cost of materials	(1,400,674)	(1,159,322)	(915,653)	(383,950)
Staff costs	(1,424,358)	(919,096)	(750,724)	(340,205)
Depreciation of right-of-use assets	(420,272)	(352,912)	(261,417)	(120,353)

Other rentals and related expenses	(212,996)	(100,568)	(127,379)	(73,216)
Depreciation and amortization of other assets	(204,026)	(154,117)	(92,534)	(39,847)
Advertising and promotion expenses	(111,592)	(82,172)	(67,484)	(39,384)
Delivery service fees	(258,976)	(167,369)	(64,435)	(10,796)
Utilities expenses	(90,750)	(66,909)	(51,659)	(23,632)
Logistic and storage fees	(90,502)	(56,710)	(39,891)	(12,039)
Other expenses	(176,325)	(123,655)	(80,267)	(44,544)
Other net losses	(38,746)	(7,382)	(2,176)	(2,617)
Finance costs	(91,547)	(130,258)	(96,185)	(46,160)
Fair value changes of financial assets at fair value through profit or loss("FVTPL")	7.560	-	-	-
Fair value changes of financial liabilities at FVTPL	(11,330)	(132,57)	-	-
Fair value changes of convertible redeemable preferred shares	(4,329.052)	-	-	-
Loss before taxation	(4,529,629)	(190,095)	(42,690)	(47,391)
Income tax	4,105	(13,207)	3,010	(22,338)
Loss for the year	(4,525,524)	(203,302)	(39,680)	(69,729)
Non-IFRS measure Adjusted net(loss)/profit (non-IFRS measure)(3)	(145,265)	16,643	(11,735)	(56,580)
Adjusted net (loss)/profit margin (non-IFRS measure)(2)	(3.4)%	0.5%	(0.5)%	(5.2)%

3.2 Marketing Strategies

3.2.1 Export Brand Culture

NAYUKI has created a brand matrix with the main brand NAYUKI as the axis and the two major expansion brands of "Taigai" and "Lishan" as the secondary line. To meet the increasingly diverse consumption scenarios and customer preferences, as well as enhance brand influence and loyalty, NAYUKI provides consumers with a differentiated tea-drinking experience. NAYUKI launches NAYUKI Gifts, NAYUKI Sake House, and NAYUKI Fantasy Factory, integrating artistic, cultural, and live elements into the tea brand. The main brand takes the high-end market route, and the sub-brand expands the low-end market to ensure full penetration of the customer group. Different types of stores under the main brand meet the needs of different customers: standard stores are the main store types, mainly engaged in tea, baking, and retail business; NAYUKI fantasy factories mainly do branding display; NAYUKI Gifts focus on cultural and creative peripherals; NAYUKI Sake House features a lounge bar.

3.2.2 Store Upgrades

On November 25, 2020, NAYUKI opened two NAYUKI PRO stores in Shenzhen. Different from the traditional NAYUKI store in the business circle, the NAYUKI PRO store was opened in the Business Science and Technology Innovation Park. Also, it is different from the main product of the conventional store "tea + soft European bag", and the NAYUKI PRO store gives four major product types of "tea, coffee, roasting, snacks" to enrich its business hours from breakfast to afternoon tea. NAYUKI Pro closely focuses on the diversified needs of white-collar business people and pushes back product categories, space scenes， and store experience upgrades from consumer demand. In view of the fast-paced office needs of business people, NAYUKI Pro store optimizes the consumer experience around the keyword of "efficiency". Through the upgrading of automated hardware equipment and process management, the speed of NAYUKI Pro has been greatly improved.

3.2.3 Store design

The design of the store space of NAYUKI is also close to its brand positioning. NAYUKI is based on a 200-square-meter large store. With a non-dazzling glare and exquisite decoration, NAYUKI gives people a sense of "gentleness", "comfort" and "fashion", which accurately grasps the aesthetics of young women. The decoration style of each store of NAYUKI is different, and the design company cooperating with NAYUKI takes "a thousand faces and a thousand stores" as the concept. The similarity of each store remains 40%. This greatly enhances the user's freshness and curiosity. NAYUKI ambition is to make the tea shop the fulcrum of the customer's community life, one of the important social scenes for customers to meet acquaintances, meet new friends and enjoy a relaxed life [4].

4. Analysis based on SWOT theory

4.1 The introduction of SWOT theory and the feasibility of SWOT theory in this analysis

SWOT analysis, based on internal and external competitive environment and competition under the condition of situational analysis, is closely related to the object of study of various main internal strengths, weaknesses and external opportunities and threats, and so on, through the investigation list, and according to the matrix form, and then use the thought of system analysis, an analysis of factors to match each other IT draws a series of corresponding conclusions, which is usually of some decision making nature. This brand itself is part production industry and part service industry, and the new tea industry is one of the most popular industries in China, so it is very feasible and necessary to analyze these four aspects and put forward suggestions and prospects.

4.2 Analysis based on SWOT theory

Strength: The selected consumer group of NAYUKI belongs to the middle consumer group. Compared with Hey Tea, NAYUKI is affordable and compared with Coco and Michelle Ice City, NAYUKI tea has the quality guarantee worthy of the price increase, which not only ensures profits, but also attracts more middle consumer groups who are willing to spend more money for higher quality products; stores are roughly distributed in high-end shopping malls and large cities, and the average salary is suitable for selected consumer groups; only direct stores, no franchise stores, good product quality control. NAYUKI has experimented with NFT -- launching online NFT digital art around IP, and releasing the "NAYUKI" NFT art blind box last December. A total of 7 items, including the hidden ones, are limited to 300 copies worldwide. They are only available online in the form of blind boxes, without physical objects. The digital collection is unique and exclusive, not replicable, scarce in quantity, cannot be transferred or traded, and does not have the property of investment. That is, each piece of digital art has its unique code, and only the owner has the right to display the "authentic" version. There are media reports that even if the NFT blind box itself is not high forging cost, the open is just a “NAYUKI girl” as the main illustration, but because NFT has unique, can be right and other characteristics, still attracted a lot of young people keen on collecting

limited money. In addition, the blind box is being pursued by the current young consumer market. As the first attempt of the new tea industry, it has two labels of "NFT" and "Blind box" at the same time and sold out in just one second. Brand positioning is strictly corresponding to brand value. To meet the multi-level needs of consumers, the brand value will naturally rise, and the brand premium is natural. NAYUKI's brand premium is supported by its presence in high-end commercial centers in prime business districts of first and second-tier cities, providing on-site tea in large, highly designed stores that add social features to new teas and meet the social needing of consumers. There is more than one Starbucks, but so far only NAYUKI has done it. For no other reason, NAYUKI's tea has created a consumer scene, while others are often just brands selling tea [5].

Weakness: Most of the commodities sold contain raw materials with short shelf life such as fresh fruits, which will make it difficult to control the purchase quantity and cost. Improper processing of raw materials will cause food safety problems; if the pricing of its products is not accurate enough, it is easy to cause the embarrassing situation that the quality of high-end products at the same price cannot attract customers, or the cost of low-end products at the same price is higher than that of low-end products can not make profits. NAYUKI, which issued a profit warning last night, forecast an adjusted net loss of $1.35 to $165 million for 2021, the fourth consecutive year of losses. On the evening of February 8, NAYUKI announced on the Hong Kong Stock Exchange that it is expected to record revenue of about 4.28 billion ~ 4.32 billion yuan in 2021, and recorded adjusted net loss (non-IFRS measurement) of 135 million ~ 165 million yuan. In addition to rapid growth in store numbers and revenue. NAYUKI has not segmented the product categories, resulting in a single category, which seriously affects the core competitiveness of the brand in similar markets. NAYUKI is currently selling drinks have a lot of snow, but very few products category, must pay attention to the development of new products, broaden the range of products, meet the requirements of the market changes, should also continue to strengthen the upgrading of products, the product category of continuous reform and innovation, not only stay in the past forever [6].

Opportunities: New tea is gradually becoming a high-frequency consumption category in daily life. It used to be that people occasionally bought a cup of tea when they went shopping on weekends, but now, many young white-collar workers take tea as their choice of afternoon tea, and its consumption scene is gradually expanding. With takeaways at your fingertips, consumers can drink the new tea anytime, anywhere. A very important point for the emergence of new tea is that the supply side of the market brings the possibility and support for consumption upgrading, while the vast demand of consumers forces the reform of the supply chain. Hi tea, NAYUKI, and other brands are exploring their supply chain. They look for top-quality raw material suppliers in the industry. They contract tea plantations and fruit orchards to provide consumers with exclusive products that are different from the past [7]. Hey tea stores are usually located in malls with a sufficient flow of people and often rent large enough locations with the best location. However, it will not open stores in areas without a large flow of people and a strong consumption capacity. NAYUKI can fill the gap in these mid-range areas; develop new beverage markets and compete with Hey Tea in the market of new bottled drinks; with scientific and technological advantages, we have independently developed an automatic tea-making machine, automatic milk tea machine, and other equipment, which not only reduces labor costs and improves the work efficiency, but also lays a foundation for the development of science and technology industry; NAYUKI is gradually developing new business to increase its business area. The newly launched virtual currency (NAYUKI currency) to buy and sell the virtual NAYUKI stock market may be their testing direction in the next business area.

Threats: Since its first round of funding in October 2016, NAYUKI has completed five rounds of funding to date, and is now valued at close to $2 billion. However, the reporter learned that NAYUKI's net profit for the three years from 2018 to 2020 was -57 million yuan, -12 million yuan, and -17 million yuan respectively. At present, NAYUKI is still in the dilemma of "increasing revenue is difficult to increase profits, and good people are not popular". In fact, it is not only NAYUKI, but also the huge demand from the new tea circuit, which has caused the cost of competition to continue to rise. In 2019 and 2020, less than 20% of the new tea shops were operating for more than a year,

and the accounting behind them is not good [8]. As a kind of Hey Tea for high consumers, it is gradually lowering its price to attract middle consumers; Coco is targeted at the group with low consumption ability. Michelle Ice City attracts many consumers with its low price and occupies most of the market in small and medium-sized cities. The food safety problem was reported some days ago; as an upper-class competitor, Hey tea is gradually following up on the market opened by NAYUKI.

4.3 Suggestions and further prospects based on SWOT theory

4.3.1 NAYUKI's brand marketing strategy

NAYUKI advocates brand marketing orientation and combine consumption scenes with consumption upgrading to create a simple and fashionable style. The decorative lighting of NAYUKI stores adopts a bright and warm style to make the photo effect close to the studio scene. To meet the needs of the main female consumer groups, it creates a holy land for female consumers to take photos and hit cards. After taking photos, they post them to new media such as moments, Xiaohongshu, and Weibo, which can promote NAYUKI, enhance the brand's popularity and attract more user groups. NAYUKI should upgrade their consumption in the form of high customer unit prices, long graphic publicity, and love topic quiz.

4.3.2 Store Construction

To maintain the image, NAYUKI paid a great price. NAYUKI stores are opened in high-luxury areas, and the store area is maintained at about 200 square meters. Because NAYUKI insists on the form of "tea + soft European bag", it needs about 10 baking staff compared to other brands. NAYUKI should adhere to the strategy of expanding NAYUKI pro stores. The current NAYUKI pro store is reducing the cost of labor and stores. Since the rental cost of the type of pro store has dropped significantly compared with the tea standard tea shop located in the high-end shopping mall, the overall rental cost of the tea shop of NAYUKI will also show a downward trend as the proportion of the Pro store gradually increases in the future.

Table.3. Branch store nature performance - NAYUKI

	Number of stores	Average daily sales per teahouse (RMB'000)	Store-level operating profit margin
Regular NAYUKI teahouse	444	20.3	17.5
Type-I PRO Teahouse	179	14.2	9.8
Type-II PRO Teahouse	6.2	11.0	6.2

4.3.3 NAYUKI's competitive pattern and cross-border development strategy

The competition pattern of NAYUKI brand is mainly concentrated in the first and second-tier cities, and the number of stores in the third-tier cities is small. The current market pattern of milk tea in the first and second-tier cities tends to be saturated, and the consumption capacity of the second and third-tier cities is gradually being released. NAYUKI needs to turn to the sinking market to seek new growth points. Products are easy to be copied. Before mature products are formed and obvious brand walls are formed, grabbing second - and third-tier cities can avoid risks. On the other hand, it takes the lead in occupying the new consumer market. With the rapid development of urbanization and the promotion of consumption upgrading, the consumption capacity of the second and third-tier cities is being stimulated and they can become the consumer market with high gold content.

NAYUKI carries out differentiated operations and improves brand recognition through cross-border development and other strategies. NAYUKI adopts the combination of "milk tea + wine", which is complementary in terms of business hours. From the decoration style and the development of wine products, it can be seen that NAYUKI is not trying to build a bar in the traditional sense but to provide young people with social scenes that traditional bars are unwilling to. NAYUKI's user group is mainly a new generation of young consumers born in the 1990s and 2000s. NAYUKI seeks to explore new varieties to build new scenario-based marketing, attracting young people's attention and improving their experience, and at the same time stimulating their desire for consumption.

As of December 31, 2021, our Group has 817 self-owned NAYUKI teahouses in 80 cities. In 2021, we newly opened 326 NAYUKI teahouses. We insist on further expanding our _ network and increasing market penetration mainly in the existing Tier 1 cities, New Tier 1 cities, and key Tier 2 cities, to cultivate and consolidate consumers' habits for high-end freshly-made tea drinks. The following table sets out the breakdown of the number of our NAYUKI teahouses by geographic location.

Table.2. Number and distribution of stores - NAYUKI teahouses

	As of December 31, 2021	As of December 31, 2020
Number of regular NAYUKI teahouses		
Tier 1 cities	149	166
New Tier 1 cities	150	168
Tier 2 cities	118	122
Other cities(1)	29	29
Total	446	485
	As of	As of
Number of Type-I PRO Teahouses		
Tier 1 cities	96	-
New Tier 1 cities	95	1
Tier 2 cities	54	-
Other cities(1)	27	-
Total	272	1

4.3.4 NAYUKI's brand and product line strategy

From the perspective of the performance of each brand, the tea revenue of the main brand NAYUKI from 2020 to 2021 accounted for 93.9% and 94.7% of the total revenue, which is the absolute core revenue composition of the company. The revenue of the sub-brand "Taigai" accounted for 5.0% and 3.3%; The rest are revenues from the sub-brand "Lishan" and other segments. The sub-brands "Taigai" as the revenue depressions of NAYUKI shows that its route is not very successful, and NAYUKI still needs to concentrate resources on deepening the main brand in the future and looking for new growth opportunities. Judging from the performance of each product line, the main business of NAYUKI is freshly-made tea drinks and baked products. From 2020 to 2021, the revenue of freshly-made tea drinks accounted for 76% and 74.2% of the total revenue, which was the main source of revenue for NAYUKI; baked product revenue accounted for 21.8% and 21.9% respectively; the rest is revenue from retail, coffee and other products. From 2018 to 2020, the overall gross profit

margin level of NAYUKI declined, by 64.67%, 63.4%, and 62.08% respectively. Compared with the coffee-making process, which mainly relies on automated coffee machines and extraction equipment, the production process of new tea drinks is complex, and the degree of mechanization is low. NAYUKI has high requirements for the quality of raw materials, and insists on using high-quality raw materials, resulting in a lower gross profit margin level of tea drinking than ordinary milk tea brands, which is generally maintained at about 66%; the gross profit margin of baked products decreased from 57.91% to 49.48%, which also had a greater impact on the overall gross profit margin. Compared with the standard store type, baked products of the PRO store type are uniformly distributed by the central kitchen, which can reduce the cost of baking, so NAYUKI should focus on creating more PRO store types in the future strategic development; with the increase of subsequent PRO store types, the gross profit margin of products is expected to further increase [9].

Table.4. Revenue performance of each brand and the product line of NAYUKI

Brand type	2021	2020	Product type	2021	2020
	RMB'000	RMB'000		RMB'000	RMB'000
NAYUKI	4,067,298	2,870,888	Freshly-made tea drinks	3,186,988	2,322,849
Tai Gai	141,489	152,981	Baked products	940,054	667,384
Others	87,831	33,312	Other products	169,576	66,948
Total	4,296,618	3,057,181	Total	4,296,618	3,057,18

4.4 Further Prospects for NAYUKI

For NAYUKI, the future of new tea drinks will move towards the digital era of business integration and scene interweaving. With the continuous development of the industry, the competition will become increasingly fierce. Stability (stable supply chain, standard, and service) is the key to future competition, while digitalization and boundary integration is the development trend [10]. Some time ago, the network platform was flooded with "the first cup of milk tea in autumn". The spread of this network hot meme caused a wave of milk tea consumption boom. Consumers would be influenced by the brands new theme experience store, s ocial media users new product, Internet celebrity recommendations on short video platforms, and push of takeaway platforms to buy tea. In addition, consumers buy tea in the context of afternoon tea, shopping, dinner parties, dating, and other scenarios. NAYUKI formulated marketing strategies for these network phenomena, adopted social media marketing and scenario-based marketing, increased store layout density, and made NAYUKI a "daily" demand in peoples lives, rather than a place to go once in a while. NAYUKI according to the content of the clock in hunger marketing and consumer psychology, with the help of the public, Internet platforms such as Weibo, short video platform brand marketing taking advantage to build "the net black tea", to cater to effectively stimulate consumption, social demand and to launch tea, meal scene theme experience store, shaping the brand of "the third space" to sell "life" for the idea, at the same time, themed stores with high appearance and characteristics are easy to trigger secondary communication on social platforms, improve brand awareness and make customers form branding loyalty. NAYUKI according to its management features, shape features different from other tea brands, attract the attention of consumers, adopt social media marketing strategies and scenarios marketing strategy combination, enhance brand awareness, and formation of NAYUKI brand loyalty customers. NAYUKI stores are opened in high-luxury areas, and the store area is maintained at about 200 square meters. Because NAYUKI insists on the form of "tea + soft European bag", it needs about 10 baking staff compared to other brands. NAYUKI should adhere to the strategy of expanding NAYUKI pro stores. The current NAYUKI pro store is reducing the cost of labor and stores.

5. Conclusion

At present, Chinas external environment is conducive to the development of new -style tea drinks, and new-style tea drinks still have broad room for development. If NAYUKI wants to improve its market competitiveness, it needs to seize more markets among many small and medium-sized brands and form its competitive advantage. NAYUKI should continue to tap potential consumers in lower-tier cities to sink into the market to find new consumer demand. At the same time, NAYUKI should constantly update the brand marketing strategy, investigate the hot factors of the Internet, and meet the needs of young consumer groups. NAYUKI should make full use of the advantages of the "third space" store, focusing on the combination of social media marketing strategies and scene marketing strategies to enhance brand awareness and form NAYUKI brand loyalty customers. Although NAYUKI has not yet achieved a stable profit, we believe it has a lot of potential in the future. As a leading brand of high-end ready-made tea, NAYUKI continues to innovate and iterate products, ensure high-quality product strength with the help of a strong supply chain system, cater to the digital transformation of the intensive membership system, and strengthen brand value through innovative marketing. NAYUKI continues to optimize the single-store model, committed to creating a third space, and the PRO store will become the focus of future development. Since the leasing cost of the pro store type has dropped significantly compared with the tea label tea shop located in the high-end shopping mall, the overall rental cost of The NAYUKI tea shop will also show a downward trend as the proportion of Pro shops gradually increases in the future. At the same time, investments in digital and intelligent equipment are expected to further optimize the companys staffing, costs, and operational efficiencies, thereby increasing profitability. In addition, with the improvement of brand power, the company is expected to obtain more favorable rents when penetrating the secondary business district, and economies of scale are also expected to dilute the cost of advertising and logistics warehousing.

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