



The Impact of Mixue's Brand Character on Its Corporate Growth

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Abstract. The beverage business in China has faced a big negative economic shock after COVID-19, thus, many milk tea businesses had to close or even became insolvent. During the spring of COVID-19, they have become more sensitive to price competition, however, there are still some eminent businesses standing out from the others in the highly saturated market. For example, if one company launches a new product, the rest of the companies will follow it and almost simultaneously launch the same flavors. One of the most interesting ideas is to set up their personal character to strengthen themselves in the consumer's mind. Using the "Snow King" image as its strategic core and through the continuous expansion of its peripheral product matrix, the brand has successfully built a far-reaching and highly influential IP ecosystem. Therefore, this essay is thoroughly drawing on literature research and comparative study to figure out the advantages and disadvantages of Mixue.

Keywords: Mixue Ice Cream & Tea, Intellectual property theorem, Auntea Jenny, Nayuki

1 Introduction

Mixue Ice Cream & Tea, also known as Mixue, is currently one of the most dominant businesses in the beverage market of China. It originally transformed from a small shaved ice shop. In 2005, Mixue ice cream was launched. Because of the comparative price and nice flavors, it gained a lot of followers. And it started to expand its branding awareness and explored the trade across the world as its happiness domestic development [1]. Their product price is the most attractive trait compared to others, it levels around 5-9 Yuan (\$0.69-\$1.24) whether it is juice, milk tea, coffee, or ice cream. In the next few years, Mixue has been steadily extending itself into different fields. For example, its Supply chain has the biggest scale in the whole drinking market. It masters digital technology to precisely monitor different data. Additionally, according to this advantage, it can ensure the quality of the drinking water of 6 continents, 38 countries. And it helps attract more franchisees. In terms of its Retail Sales in 2023, it was ranked the first top drinks of China and also the fourth top worldwide. Mixue's market share was 11.3% and 2.2% in the domestic and global respectively. As of September 30 in

2024, there were 45,000 outlets of franchise-based store network under Mixue, covering China and 11 overseas countries.

Besides that, as shown in Fig. 1, there has been an increasing call for their Intellectual property, a cartoon character- XueWang, which was founded in 2018 and was already well-known in every household over a few years. Nowadays, XueWang is not only a branding character to Mixue, but also has become a cultural sign to modern people. It is worth noting that Mixue is far ahead of other drinking businesses, though it is still very concentrated on measuring the risk in many aspects under its management field. And it mentions that the IP-XueWang is an uncontrol factor, which means that it has the risk of being replaced by other companies or being duplicated by them to a pirate. In other words, it can lead to other pirates; therefore, it would cause dramatic damage to its development [2].

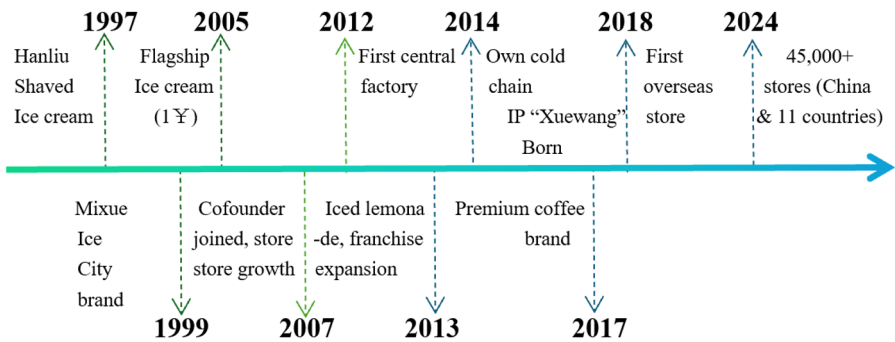


Fig. 1. Mixue’s Timeline [2]

2 Brand Intellectual Property (IP) Theory

2.1 IP Proliferation

Intellectual property has become a common phenomenon in varied businesses, for example, traveling attractions, restaurants, and even some schools, etc. It usually creates their personal preference, history, as well as inspiration, and becomes a new sign. It actually gives extra value to a single region, a team, or even a single person. In terms of the development of a business’s brand, it is a new conversion from the normal products or branding Logo into the special cultures. Compared to traditional branding mind, focusing on goods, products, and services, it provides the emotional value to consumers that promoting the development of the brand [3].

2.2 IP Marketing

IP Marketing is derived from some extravagant brands that want to establish a luxurious logo or an elegant and special story to depict how special they are. Thus, their consumer would get self-superiority and satisfaction. Furthermore, it is a tricky way to attract

consumers; it relies on passing the new values and establishing an emotional connection to create the core spirit of its branding. Using low cost to make some direct features to do brainwashing to the public, it seems like a versus to spread widely. And when it comes to a hot stream in everyone’s life, Word-of-Mouth Marketing (WoMM) would work naturally [3].

2.3 Discount IP Management vs Lean IP Management

As the Table. 1. , Discount IP management (DIPM) focuses on high economic efficiency and avoids low-quality patents, resulting in a high number of useless patents. Lean IP management (LIPM) pays more attention to limited patents, but creates more value for businesses. Moreover, DIPM seems to be a waste compared with the former. Because there is no benefit coming out if the money is paid out, then it becomes a negative asset to a company, and it is a futile patent.

From an abstract perspective, as the new unique favor to a new patent of a company, there are countless businesses to renew their product around week or every month. They devoted significant effort, but achieved far from satisfactory results. This is undoubtedly nothing but DIPM. Whether how much effort on a business’s patent flavor as the designer did today, another competitor will do a similar thing tomorrow, and another one will probably launch a blending version based on all of those ideas.

Table 1. DIPM Vs. LIPM [4]

Discount IP Management	Lean IP Management
Large patent portfolio	Small patent portfolio
Focus on cost effective handling	Focus on quality of each patent
Calculatable flat-fee expenses	Expenses by hourly rate
Disregarding the patent’s quality	Strengthening the economic position due to only high quality patent
High costs for questionable economic benefit	Fair costs for greater economic value

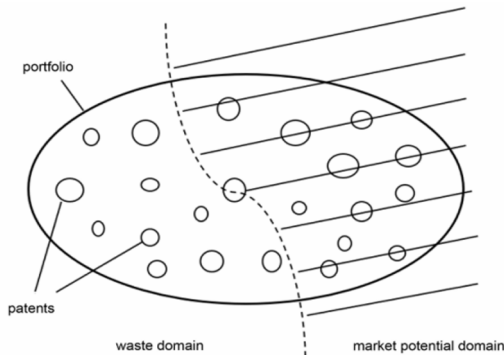


Fig. 2. Patent portfolio when applying Discount IPM [4]

As the Fig. 2, the modern real tea market in China is concretized through this concept diagram. The main circle depicts the whole tea market; every single circle represents different patents from different brands. The shade area represents the market potential domain, which means there actually is a wide region provided to entrepreneurs to explore. However, there are still existing small circles under the shade area, even though they are potential. This is because the founders or the creators did not realize what they should do except for producing enhanced flavors.

Conversely, Mixue successfully jumped out DIPM trap, built a completely new image for itself. They will produce new items, but based on their own private character (Fig. 3), which can newly attract their advocates and maintain their branding feature.



Fig. 3. Mixue's IP merchandise [5]

3 Comparison

3.1 Mixue IP

Tracking back to 2019, 'You love me, I love you', it was adapted from a classic song's melody- 'Oh Susanna', and got viral success on social media. It is worth wondering whether it is a complete coincidence or it is done with intention that a children's song makes a business a tremendous success and is accepted by people across the world. The truth is, it is a realistic depiction of Sensory Marketing [6]. The brand decided to target consumers with their senses. It is often said that the body doesn't lie. Mixue, as a beverage company, not only gains mastery over your preference, but also controls your hearing and sight as well. They stimulate consumers' nerves and trigger their purchase interest. For example, this song consisted of the cartoon character-Xue Wang easily satisfying their spending demand of innovation, special, and personality. This was a big gain in promoting its brand and made it more user-friendly. Eventually, this brand naturally carved in the public mind [1].

3.2 Auntea Jenny IP

Mr. Shan and Ms. Zhou, who are married and founded Auntea Jenny in Shanghai in 2013. Auntea Jenny's IP is a pretty young lady. However, it does not give a deep resonance to its consumer, and their loyalty. Compared to Mixue, Auntea Jenny significantly did not improve their awareness level through its IP. Even though it focuses on the development of product, price, promotion, and place complying with the 4P Marketing Mix, they have been considering changing new packaging, new flavors, and new combinations of products in the competitive market [7]. Whereas, above elements are too competitive to innovate and to protect the property rights. Also, following some trends, such as China Chic or I.C.H. (Intangible Cultural Heritage) is another way to promote itself; it, in essence, is leveraging those IP to do so. However, it all brings short-term benefit to it, no private branding value is invented, nor any certain benefits. By the end of 2022, for instance, Auntea Jenny's IP Crossover partnership with the Game 'Light and Night'. However, because of one staff member in Auntea, whose improper speech insulted the female player of that game. His comment was posted on social media, and it pissed universal gamers off. Unsurprisingly, eventually, it was ranked the top #8 of a questionnaire about '10 favorite milk tea ranks' in 2023. Overall, Auntea Jenny not only did not expand itself, but also carved a low moral and low quality brand to the public. Moreover, this behavior lost a lot of their potential customers and sent them to the other competitor without any obstacles [8].

3.3 Nayuki IP

Nayuki was founded in Shenzhen in 2015 by Mr. Zhao and Ms. Peng, who are also a married couple. Nayuki gained a lot of excellent feedback about the quality of the product. This is benefiting from a different market positioning than other brands. Compared to Mixue and Auntea Jenny, Nayuki is more care about "freshly made drinking". Nayuki followed the stratification of the tea market, which was explicated into three levels: 1st Generation (low-end tea shops), 2nd Generation (mid-end tea shops), 3rd Generation (premium modern teahouse), as the Fig. 4, and the position depends on the classification criteria—ingredients, representative products, average selling, and major store format. Following its investigation of the consumer characteristics. Nayuki found that more and more consumers are no longer chasing low prices; On the contrary, they are more willing to spend money on those healthier products since 2015.

Based on this trend, Nayuki placed itself in the role of 3rd Gen, and dedicated to building their own branding preference through high product quality. Nayuki also believed it would help them gain more accomplishments and become a new signal in the tea market. Thus, Nayuki has become the first tea beverage business with the will of "teahouse not just the shop" in China [9].

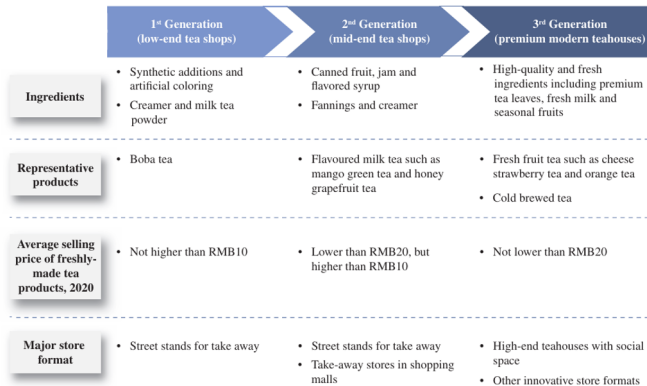


Fig. 4. The levels of the qualities of tea shops [9]

Table 2. Financial data table (Unit: Billion Yuan) [10]

Year	Net Profit	Sales Revenue	Total Assets	Total Liabilities
2018	-0.66	10.87	13.43	14.53
2019	-0.39	25.02	20.51	22.01
2020	-2.02	30.57	33.14	37.39
2021	-45.25	42.97	73.28	23.85

Table 3. Financial indicators table (Unit: Billion Yuan) [10]

Year	Return on Net Assets	Equity Multiplier	Net Profit Margin	Total Asset Turnover
2018	60.00%	-12.21	-6.07%	0.81
2019	31.42%	-13.67	-1.56%	1.47
2020	58.72%	-7.8	6.61%	1.14
2021	-126.07	1.48	-105.31%	0.81

Nevertheless, keeping high quality is undoubtedly a double-edged sword, bringing a heel. Table 2 and Table 3 demonstrate the net profit and the return on Net Assets, represent, and explain the change of Nayuki’s Revenue-Generating capability and sales revenue, respectively. They exhibited an overall decline through 2018-2021, and even faced a dramatic plummet during the last year. The expansion of Nayuki is not a franchise model, but company-owned. This endeavor is made significantly more challenging by the pursuit of high quality. Therefore, the undertaking of substantial capital expenditure constitutes an indispensable component of its operational framework, with its expansion strategy being categorically classified as a capital-intensive (heavy-asset) model. In direct response to these financial imperatives, Nayuki has strategically implemented a comprehensive cost-optimization initiative targeting four primary operational domains: systematic upgrades of technological infrastructure, strategic workforce restructuring with an emphasis on retaining specialized technical personnel, enhanced supply chain integration and efficiency, and the aggressive adoption of e-com-

merce live-streaming and internet-based sales methodologies. Concurrently, the enterprise maintains a deliberate market focus on premium urban centers characterized by superior consumer purchasing capacity. A strategically notable observation is that Nayuki's brand development approach has not incorporated the creation of a proprietary intellectual property (IP) image, thereby forgoing a potential avenue for augmenting core brand influence and strengthening intrinsic brand equity in the contemporary marketplace.

4 Risk

In recent years, Mixue has been experiencing vigorous and steady development. Its store count has expanded at a viral, exponential pace—spreading rapidly across first-tier cities, second and third-tier cities, and even sinking into county-level regions—while its market popularity remains undiminished, still maintaining a high level of public attention and consumer preference. However, as the overall economy gradually recovers and people's demand for a higher quality of life has been steadily growing, with consumers increasingly prioritizing factors such as product ingredients, brand positioning, and in-store consumption experience, Mixue Bingcheng can no longer guarantee that it will sustain its current glory and market dominance indefinitely in the future.

In fact, there have already emerged numerous subtle signs and discussions across various Internet platforms—including social media, short-video apps, and online forums—recently. A common analogy has been formed among netizens: Mixue Bingcheng is referred to as "Android drinks," while those high-end beverage brands with premium pricing, sophisticated packaging, and upscale brand positioning are called "Apple drinks." The analogy draws on the public's perception of smartphone ecosystems—Android represents accessibility and wide popularity among the mass market, while Apple stands for premium quality and higher consumption thresholds.

Furthermore, some netizens have even created playful content by taking cup sleeves from well-known high-end beverage companies and putting them on Mixue Bingcheng's cups. They then share photos or short videos of this "mismatched combination" online to amuse the public and gain more likes or comments. Unfortunately, this kind of playful behavior has inadvertently further deepened the negative stereotype that Mixue Bingcheng is a "product for low-income groups" or a "budget-friendly option only for people who cannot afford more expensive drinks."

The reasons behind this phenomenon are not single-dimensional. On one hand, it is because the unit price of most drinks sold in Mixue Bingcheng is indeed lower than that of mainstream high-end beverage brands, usually ranging from a few to a dozen yuan, which positions it clearly in the budget segment of the market. On the other hand, the image of most of its franchise stores fails to meet the public's expectations for a modern beverage brand: many stores have simple and shabby storefront designs, the interior space is narrow and cramped, with limited seating areas, and the overall decoration style lacks a sense of fashion or comfort.

These factors together have led to a widespread public perception that seems to imply that consumers who choose Mixue Bingcheng are mostly unable to afford drinks

from more high-end or mid-range milk tea brands. Given this situation, a critical question arises: in the future, as consumers' purchasing power continues to improve and their requirements for brand image and product quality become stricter, will a portion of Mixue Bingcheng's existing consumers gradually lose confidence in the brand and thus switch to other, more high-end or well-positioned beverage brands?

5 Suggestion

Mixue, often labeled as the "Pinduoduo of the tea beverage industry"—a comparison rooted in both brands' focus on high cost-performance, penetration into sinking markets, and mass consumer appeal—should safeguard the IP advantages it has painstakingly built [3]. Specifically, it must preserve the "Xue Wang" (Snow King) character's established image among consumers: a figure defined by cuteness, endearing clumsiness, and approachability, which has become a key emotional touchpoint for the brand.

To further leverage this asset, Mixue should continue integrating the Xue Wang image into its marketing initiatives—from in-store decorations and product packaging to social media content and offline events—to amplify its brand value. More importantly, it needs to embed its core consumption concept (affordable quality for the public) deeper into consumers' minds, fostering a lasting emotional bond rather than just transactional relationships. Simultaneously, the brand must draw lessons from the setbacks faced by competitors like Aunt Shanghai (a domestic tea chain), whose brand equity suffered due to issues such as inconsistent product quality and vague positioning. Mixue must avoid repeating such mistakes to prevent irreversible damage to its own brand reputation.

A critical reality that Mixue cannot ignore is this: no enterprise can remain at the forefront of industry trends indefinitely. Even with a strong IP, Mixue still needs to prioritize innovation in its core product offerings. After all, fundamental to its identity is a milk tea store—not an animation studio. Its over-reliance on IP for brand visibility, while effective in the short term, risks overshadowing its core business if product development lags. This concern is underscored by a clear industry gap: compared to other tea beverage brands that lack robust IP support (and thus rely more on product innovation to compete), Mixue's pace of launching new products is noticeably slower. For instance, while some mid-tier competitors release 2-3 new Stock Keeping Units (such as seasonal fruit teas or limited-edition drinks) each month, Mixue typically introduces only 1-2 new products per quarter. Compounding this issue is the relative monotony of its existing product lineup, which centers heavily on classic items like milk tea and lemon tea, with few innovative variations to cater to evolving consumer tastes—an aspect that has raised concerns among industry observers and loyal customers alike.

Beyond product innovation, Mixue must also maintain acute sensitivity to shifts in public opinion on the internet. This is an era where the internet shapes brand fortunes: Mixue's own rise to prominence, for example, was largely fueled by viral internet content—such as its catchy jingles, Xue Wang-themed memes, and user-generated reviews on platforms like Chinese TikTok and Rednote (Xiaohongshu). Given this dependence, the brand cannot afford to be complacent about online sentiment. It must proactively

monitor and address negative discourse, particularly associations of its brand with derogatory terms like "cheap," "low-value," and "unhealthy." These labels, if left unchallenged, could erode consumer trust over time.

To counter such perceptions and elevate its overall quality, Mixue should implement targeted improvements across multiple touchpoints: first, standardizing the basic image of its franchise stores—ensuring consistent storefront design, cleaner interiors, and more spacious layouts to replace the current narrow, cramped spaces that many consumers complain about; second, upgrading product packaging to enhance durability and aesthetic appeal, moving beyond the simple plastic cups that reinforce the "low-cost" stereotype; and third, introducing more "hidden services" to surprise and delight consumers—such as complimentary toppings for repeat customers, birthday-exclusive discounts, or limited-edition Xue Wang merchandise for loyalty program members.

Crucially, these quality enhancements must be balanced with preserving Mixue's core price advantage—the cornerstone of its market position. The goal is to shift consumer perception: from viewing Mixue as a "cheap option" to recognizing it as a brand that delivers "happiness through high cost-performance." In other words, Mixue needs to communicate that its affordability does not equate to inferior quality or "unhealthiness," but rather to a commitment to making quality tea beverages accessible to the broadest possible audience.

6 Conclusion

The birth of Mixue Bingcheng's IP has made an indelible contribution to its current business empire and has become a symbol of an era in China's tea beverage industry. Evolving from an unknown local shop to a brand expanding beyond China, Mixue's success stems from key strategic insights.

It acutely captured the needs of low-consumption groups, focused on mass-market positioning instead of competing with high-end brands, and early recognized the value of a quality IP—building the "Xue Wang" (Snow King) as a core asset to connect with consumers. Additionally, it leveraged internet communication (via viral content and influencer partnerships) and adopted a franchise model to rapidly penetrate urban, rural, and sinking markets.

These moves drove Mixue to operate over 40,000 global stores, securing its top position in China's tea industry. Its success reaffirms that global consumers value accessible, value-driven products, and brand building lies in understanding real needs. Looking ahead, top enterprises will always be those that identify target groups, grasp needs, innovate, and break norms—principles Mixue's achievements embody. Currently, this paper only conducts a comparison based on the limited behaviors or cases of two milk tea brands, which lacks sufficient representativeness. Nevertheless, the analysis still serves as a warning to other milk tea brands in the industry, reminding them to avoid similar risks and optimize their development strategies. In future research, more comprehensive and in-depth comparisons can be carried out based on more detailed and accurate business operation data—such as sales volume, profit margin, customer reten-

tion rate, and regional expansion efficiency of different brands. This will not only enhance the persuasiveness and universality of the research conclusions but also provide more targeted reference and guidance for the sustainable development of enterprises in the milk tea industry.

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