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A Study on the Profit Model of Mixue Bingcheng Driven by Value Chain

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Abstract. This paper takes the value chain and the five elements of profit model as the main analytical thread, focusing on Mixue Bingcheng, a representative enterprise in the new-style tea beverage sector, to systematically reveal its dual-wheel driving logic of "low price, scale, and supply chain integration" and "content dissemination and community ritualization." Upstream, the company reduces unit costs through raw material and production capacity organization; midstream, it enhances turnover efficiency via warehousing and distribution networks alongside information systems; downstream, it captures traffic through high-density stores, online mini-programs/delivery platforms, and private domain linkages, while depositing brand assets through symbolic dissemination such as theme songs and the "Snow King" IP, ultimately translating value chain advantages into stable profit sources and growth resilience. Meanwhile, the study points out that although intensive store opening and the elimination of regional protection facilitate scale expansion and brand spillover, attention must be paid to structural risks arising from single-store traffic diversion and difficulties in upward price positioning. The conclusions of this paper provide the industry with an operational pathway from "value chain to profit model" and propose policy and management recommendations regarding cost governance, channel pacing, community norms, and brand upgrading.

Keywords: value chain, profit model, low-price strategy

1. Introduction

The modern tea beverage market currently displays simultaneous volume expansion and quality differentiation. Within this landscape, value priced players such as Mixue Bingcheng have scaled rapidly by standardizing recipes and constructing dense store networks [1]. This growth trajectory aligns with several established theoretical streams. Research suggests that the physical servicescape shapes customer perception [2] while the multiple touchpoint journey forms a cohesive experience and choice chain [3]. Additionally, omnichannel coordination supports synergies between physical outlets and digital platforms [4,5]. Mixue also confirms findings on franchising efficiency under value pricing conditions [6] and utilizes its Snow King IP strategy to pair affordability with a high share of voice [7].

Despite these theoretical alignments, there is a need to systematically integrate these elements to explain profit sustainability. This paper focuses on the growth logic of Mixue which is anchored in

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extreme value for money alongside supply chain integration [8]. Specifically, it investigates how activities from upstream capacity building to downstream IP propagation couple with the profit model. Adopting a single case study approach without econometric modeling, this article applies a framework combining the value chain and the five elements of the profit model [9,10]. The study contributes by employing international management theory to interpret Chinese business facts and provides a thesis driven analysis of how low-price transforms from a tactic into a sustainable capability.

2. Theory and methods

This paper employs value chain theory to identify sources of cost and value-added from both internal and external perspectives. By integrating the five elements of the profit model (profit object, profit point, profit source, profit leverage, and profit barrier), an analytical framework is constructed to systematically deconstruct the operational mechanism of Mixue Bingcheng (MIXUE). The research methodology combines literature review and case study analysis.

The theoretical foundation of this research anchors in the seminal Value Chain Theory proposed by Porter [11]. This framework disaggregates a firm into discrete primary and support activities to isolate sources of cost advantage. While early scholarship focused on the linear transformation of inputs into outputs within a single entity, the specific context of Mixue Bingcheng requires a broader lens that encompasses networked governance. Traditional financial analysis often fails to explain how a brand selling beverages at six RMB can sustain profitability. By applying the framework from Porter [11], we can isolate specific activities such as upstream procurement and midstream logistics to locate where value is actually generated.

However, Mixue operates not as a monolithic firm but as a lead firm coordinating a vast network of independent franchisees. To analyze this, we incorporate the governance perspective from Gereffi, Humphrey, and Sturgeon [12]. They argue that in fragmented industries, lead firms drive system efficiency not through ownership but through explicit coordination standards. This perspective is crucial for understanding how Mixue maintains strict quality control and low costs across thousands of stores without owning the assets. The theory of global value chain governance helps explain the mechanism where the headquarters controls the "intangible" standards while franchisees bear the "tangible" costs.

Furthermore, the digital economy has transformed linear chains into complex ecosystems. Peppard and Rylander [13] suggest that modern value creation is evolving from a sequential chain into a value network where information flows and parallel interactions create co-created value. This evolution supports the need to view the retail network of Mixue not merely as a logistics pipeline but as an integrated network where digital data flows from the consumer app back to the factory in real time.

Finally, to bridge the gap between physical supply chain activities and the abstract profit model, we adopt the activity system perspective from Zott and Amit [14]. They define a business model as a system of interdependent activities that transcends firm boundaries. This theoretical lens allows us to understand how the company bundles specific supply chain choices, such as self-produced ingredients and dense warehousing, into a coherent business model. It enables the research to move beyond treating low price as a marketing tactic and instead view it as an outcome of rigorous business model design.

To operationalize these theoretical perspectives, this study constructs a dual layer analytical framework that couples the physical value chain with the five elements of the profit model. The value chain dimension identifies the physical flow of goods and information from sourcing to

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delivery. The profit model dimension breaks down corporate financial logic into five components: profit object, profit point, profit source, profit lever, and profit barrier. The core analytical task is to map the physical activities to these financial elements using the activity system logic derived from Zott and Amit [14]. For instance, we examine how the physical activity of high-density warehousing functions as a financial profit lever by accelerating inventory turnover for franchisees.

The research adopts a single case study approach which is widely accepted in management research for exploring complex phenomena where the boundaries between the context and the mechanism are not clearly evident. Data collection follows a triangulation strategy combining secondary quantitative data and qualitative documentation. Primary sources include the official Mixue Group Holdings Limited prospectus submitted to the Hong Kong Stock Exchange [15] and semi-annual financial reports [16] which provide verifiable data on procurement volumes and logistics costs.

3. Corporate profile and business model definition

MIXUE has formed an operating structure in the value-priced segment in which scale, cost, and channel reinforce one another. On one side, the company depresses unit costs through large-scale network expansion and centralized procurement; on the other, it reduces store-level operating complexity and improves replicability by organizing around a complete industry chain, unified distribution, and a franchise-led format [1,9]. Its total store count exceeded 20,000 in 2021 and continued to pass that threshold in 2022, which expanded franchise-related revenue and revenue from the supply of raw materials. At the same time, the strategies of removing territorial protections and opening stores at high density broadened geographic coverage and in-store accessibility [15], but they also produced the side effect of per-store revenue being shared among nearby outlets. This requires a balance between network density and the single-store economic model. These approaches mutually strengthen the brand's scale advantages and bargaining power along the supply chain, which together constitute its core source of competitiveness in the value-priced band [1,17,18].

In terms of business model structure, MIXUE operates a chain system that is primarily franchise-based with company-operated stores in a supporting role. The company centrally procures and processes raw materials and supplies and then provides unified supply to franchisees. On the franchise side, most of the money comes from selling raw materials and other supplies. The price of franchise fees varies by city tier. Because the corporate headquarters does not participate in revenue sharing from terminal store sales, its cash flows are more closely tied to the supply chain and the replication of scale [1, 19]. At the organizational and industry-chain levels, there is a three-company collaborative division of labor: Zhengzhou Liang'an Enterprise Management Co., Ltd. is responsible for operations management; Henan Daka Food Co., Ltd. handles R&D and production; and Zhengzhou Baodao Commerce & Trade Co., Ltd. undertakes warehousing and logistics, together forming a relatively complete integrated chain from raw materials, to production, to warehousing and distribution, to stores [20,21]. The combination of industry-chain integration with the application of an information system (Oracle JDE) further promotes process standardization, supply-chain completeness, and financial informatization, thereby providing technical and institutional support for coordinated operations across a large-scale franchise network [21-23].

With respect to network density and regional strategy, the brand has progressively removed territorial protections and pursued clustered openings within the same commercial districts. The same street may host multiple stores, which improves overall in-store accessibility and brand visibility while facilitating unified distribution and regional management. However, the cost of this strategy is the allocation of footfall and operating revenue across stores in the same area, which

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imposes higher requirements for refined single-store operations on franchisees [1,22]. To manage the fulfillment pressure associated with dense openings, the system relies on an intelligent warehousing and logistics platform as well as unified settlement and freight policies to ensure delivery efficiency and cost control, achieving higher-frequency and smaller-batch replenishment and reducing inventory pressure for franchisees [15,24].

In sum, MIXUE's corporate profile and business model can be characterized as follows: it offers extreme value for money as its consumer value proposition; its organizational logic is franchise replication combined with supply-chain integration and information-system coordination; and its cost and efficiency advantages originate in full-chain coordination. Its growth mechanism depends on the combined effects of store density, unified supply and distribution, and a brand-communications matrix, while dynamically balancing the tension between single-store performance and network expansion.

4. MIXUE's value chain analysis: internal and external coordination

4.1. External value chain: from raw materials to warehousing and distribution, and finally to franchisees and consumers

On the external side, MIXUE connects upstream suppliers, the company's warehousing and distribution system, franchisees, and end consumers through a "direct link" organizational model that reduces intermediaries and shortens fulfillment paths [1,21,25]. According to disclosures by Mixue Group Holdings Limited, MIXUE has established warehousing, and logistics bases across twenty-two provinces including Henan, Sichuan, Xinjiang, Jiangsu, Guangdong, and Liaoning, and it collaborates with logistics partners to form a transportation network that essentially covers the entire country. A well-developed warehousing and distribution network compresses the time from ordering to delivery, enables stores to replenish in small lots at high frequency, lowers in-transit inventory and capital occupation, and improves stability and responsiveness in cross-regional operations [10]. To increase the efficiency of logistics resource use, the company implements a freight-free policy for orders that reach specified amount or quantity thresholds and settles transportation expenses with third-party logistics partners on a monthly basis; orders that do not reach the threshold bear freight on the franchisee side. Together these arrangements aim to stabilize delivery times, control total costs, and ease cash-flow pressure for franchisees [1,20-22].

On the store side, information flow drives physical flow. Stores submit procurement requests through the ordering system; once approved, suppliers and the company coordinate and the warehousing and distribution network executes delivery, forming a standardized process of "supplier—company—logistics system—franchisee/consumer." This process relies on unified order intake and allocation, emphasizes split deliveries according to need and consistent in-store arrival times, and therefore maintains low error rates and high delivery certainty even as the network scales up [1,20-22].

In procurement and origin layout, direct sourcing of key raw materials and near-origin processing push the external value chain upstream. MIXUE connects directly with production areas for fruit and tea, eliminates unnecessary intermediaries, and builds processing facilities near origins to reduce transport distance and in-transit loss while preserving freshness for fresh inputs and stability of taste for semi-finished products. A supplier-library screening mechanism and differentiated pricing are used to match quality and price. For the "lemon water" product line, for example, the company has arranged planting and initial processing bases in Anyue, Sichuan to secure stable supply and scale

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purchase prices, then links production and sales through standardized procurement to reduce non-value-adding steps and transport uncertainty [1,10,15].

At the network and regional-strategy levels, concentrated openings within a given area are combined with unified distribution. Multiple stores may operate on the same commercial street, which facilitates unified management and rapid replenishment within a city and also creates multiple points of exposure that improve visibility and contact frequency [24,26]. Because there are no dealer or agent layers, warehousing bases can deliver directly to stores, while the intelligent warehousing and distribution system automates order capture and routing to raise fulfillment efficiency. For fees and settlement, unified settlement is combined with threshold-based freight-free policies, which encourages stores to consolidate order batches and cadence so that trunk and branch capacity within a region can be used more fully [5,15,25,27].

Transportation organization has also evolved from ride-sharing models to dedicated direct routes. To improve delivery quality and shorten store wait times, the company has gradually adopted direct dedicated vehicles from warehouse to store [1]. Although this initially raises per-unit transport costs, the addition of leased warehousing and distribution bases and higher network density increase efficiency and lower transportation expense as a share of revenue, reflecting a better balance among quality, timeliness, and cost [10,25].

Lateral coordination along the external chain appears in refined management of supplier relationships and non-ingredient materials. Beyond primary inputs, items such as cup lids and packaging are treated as critical links, with upstream partners jointly managing quality consistency and delivery capability to reduce volatility and "break point" risk. Combined with concentrated area openings and a wide-coverage warehousing and distribution network, the overall chain improves in time sensitivity and fulfillment stability, providing steady external support for large-scale operations in the value-priced segment [10,25,28].

To match penetration into lower-tier markets, the share of stores located in third-tier cities and below remains high. Relying on a low-price strategy and broad coverage, MIXUE follows a differentiated competitive path. Compared with mid-to-high-end brands focused on first- and second-tier cities, this configuration strengthens accessibility and repeat purchase through the combination of low price, network density, coordinated distribution, and direct links, and it creates relative advantages in market share and geographic reach.

4.2. Internal value chain: informatization and capacity organization

MIXUE's internal value chain is grounded in informatization and standardization, and forms replicable supply capabilities and managerial coordination through capacity deployment and institutional complements [17,18]. Since 2017, the company has maintained a long-term partnership with Elingzhe and introduced Oracle JDE ERP, unifying store ordering, supply-chain execution, and financial accounting within a single information system to advance process standardization and normalization [15,24]. The direct benefits of informatization include visibility in order processing and replenishment, traceability of supply-chain data, and a unified financial reporting caliber, which together enable headquarters to maintain stable control over key operational indicators even amid rapid store expansion and concurrent multi-plant operations, while laying the groundwork for subsequent digital tools [3,5,9,10].

Taking the vertical chain of R&D, production, warehousing and distribution, and stores as its axis, the internal stages enhance supply resilience through a highly integrated capacity organization [24,25]. MIXUE's controlled subsidiary Daka International Food Co., Ltd. undertakes production of core inputs such as flavoring powders, fruit jams, and milk creams, while domestic investment has

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established intelligent manufacturing parks and fully automated production lines. New bases have been planned in Guangxi, Henan, and Anhui, and further plant construction is advancing in key raw-material origin areas such as Tongnan (Chongqing) and Chongzuo (Guangxi), thereby shortening both the distance from raw material to plant and from plant to warehouse [8,15]. MIXUE works with food manufacturers in Hong Kong SAR, Vietnam, and Indonesia to build processing capacity for nata de coco, dairy products, and coffee beans. This helps the company expand its stores around the world by making sure that inputs are available and that orders can be fulfilled across borders [10,15,22].

In terms of procurement scale and assortment structure, MIXUE's sourcing spans approximately thirty-five countries. In 2022, procurement volumes reached fifty thousand tons of lemons, nine thousand tons of tea, and five thousand tons of green coffee beans. Localized processing in several key raw-material regions reduces transport losses and procurement costs [15,25]. For comparable grades of milk powder and lemons, 2022 procurement costs were roughly ten percent and over twenty percent lower than industry averages, respectively, reflecting the combined effects of origin-forward sourcing, scale bargaining, and near-origin processing [15,17,24]. This configuration is consistent with a pathway "from information integration to logistics coordination," helping balance cost and timeliness within a high-frequency replenishment, multi-node network [5,18].

As the network scales, production–sales structure requires dynamic balancing. While solid beverage inputs have reached a high self-supply ratio, the production–sales rate for flavored beverage concentrates at times exceeded one hundred and ten percent, indicating tight supply during the ramp-up of new capacity and the need for phased outsourcing to smooth volatility [8,15]. This pattern implies that, during expansion cycles, plant construction, input assurance, and inventory strategies must progress in step, with cross-stage coordination used to bolster system resilience and prevent single-point bottlenecks from propagating downstream [10,24,29].

Standardization and digitalization also extend into store operations and workforce capability building. Unified product-making procedures and operating plans are paired with the "Mixue Academy" and offline training centers, enabling twelve days of intensive pre-opening training, while an app supports daily operational data recording, procurement of materials and equipment, and performance tracking [2,6,15]. High training coverage for both new and renewing stores helps maintain service consistency and throughput across a large franchise system, while process and system support reduce execution volatility stemming from personnel turnover and regional differences [4,5,24].

Cost management along the internal chain follows a structure anchored in self-supply complemented by centralized procurement: on one side, in-house production reduces upstream dependence, depresses input costs, and passes more front-end margin to franchisees, thereby enhancing network sustainability and stickiness [1,8,15]; on the other, a tiered supplier library and differentiated pricing align quality with price, control transaction costs, and stabilize supply [17,24]. This structure supports stable margins and a replicable single-store model under a value-priced strategy and, together with digitalized processes, scales operational efficiency [18,25].

With warehousing–distribution and settlement policies combined, the internal value chain forms a front–middle–back-end loop: the front end uses ERP to coordinate orders, inventory, and finance; the middle builds flexibility through intelligent manufacturing and regionalized bases; and the back end ensures timeliness while controlling fulfillment costs via unified distribution and threshold-based freight-free policies [15,24]. Layered on top are standardized practices and inspection mechanisms across site selection, store formats, fit out, and marketing, which unify quality requirements from plant to store, while training and digital tools reinforce execution [4,6]. In this

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way, a replicable capability base, spanning informatization, capacity, warehousing and distribution, and ultimately stores, provides sustained support for large-scale replication in the value-priced segment [5,18,25].

4.3. Deconstructing the five elements of the profit model profit target

The profit target centers on franchisees, while the consumer side is dominated by younger cohorts; the two are jointly served through a mechanism that combines a value-priced band with standardized supply [1,6]. On the one hand, franchisees purchase raw materials, packaging, and equipment from headquarters on a unified basis and pay an annual franchise fee differentiated by city tier, in addition to deposits, management fees, consulting fees, equipment and materials outlays, fit out, and rent. Public information indicates that annual fees are approximately RMB 11,000 / 9,000 / 7,000 for provincial capitals, prefecture-level cities, and county-level cities respectively, and the initial outlay is typically no less than RMB 100,000, which constitutes a stable and predictable B-side cash-flow source for headquarters [8,9,15]. On the other hand, through an integrated chain of "self-sourcing and self-building, unified processing, and unified distribution," headquarters steadily supplies core inputs to franchisees, and, via scale bargaining and warehousing-distribution efficiency, releases cost space on the franchisee side, thereby improving the replicability and volatility resistance of the single-store model [1,24,25].

On the C-side, MIXUE matches the price-sensitive demand of students and lower-tier cities with "extreme value for money," rapidly expanding reach and trial conversion through entry-level hero products such as the RMB 2 ice cream, RMB 4 lemonade, and RMB 6 milk tea, thus laying the cognitive foundation and customer base for the value-priced band [15,30]. It then maintains a core price band of RMB 6–10 and overlays strategies such as abolishing regional protection and clustered openings within the same commercial area, which further enhance brand visibility and near-field accessibility. Human and vehicular spillovers and the probability of "nearby purchases" rise in tandem, but traffic and revenue may also be apportioned among stores in the same area, requiring more refined franchisee operations to sustain single-store performance [4,15, 26].

4.4. Profit points and sources

Profit points arise primarily from the spread and service income between scale purchasing, centralized processing, and sales to franchisees. Headquarters plays the role of a materials and equipment hub, enlarging the self-supply ratio, raising capacity utilization, and optimizing warehousing distribution routes to reduce unit costs and expand gross margin space; in this way, even while passing benefits to franchisees, headquarters maintains a stable rate of return [8,15,24,25]. In terms of sources, main revenue is concentrated in franchise sales (sales of raw materials, packaging, and equipment to franchisees and related services), supplemented by a small number of self-operated stores and e commerce channels. The observed structure, franchising as the core, with self-operated and e commerce as complements, is highly consistent with MIXUE's value chain positioning [1,15,31]. As the store network continues to expand and capacity/warehousing distribution layouts improve, revenue scale driven by sales of inputs and materials grows significantly, corroborating the model characteristic of a supply hub as the profit core [1,8,15].

Regarding pricing mechanics, value-priced hero products reduce trial-and-error costs and raise conversion along the "first purchase to repeat purchase" path [5]. When consumers form stable expectations of "price, taste, and accessibility" in the RMB 6–10 price band, combined with service consistency from dense openings and standardized output, basket size and turnover efficiency rise

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together, which in turn strengthens headquarters' bargaining and allocation power upstream and on the logistics side [4,5,15,26].

4.5. Profit levers and barriers

Profit levers are mainly reflected in three areas:

(1) Scale and integrated warehousing-distribution: Warehousing and logistics bases in more than twenty provinces and a nationwide transport network, together with threshold-based freight-free policies and unified settlement, allow stores to replenish in small lots at high frequency, lowering inventory and capital occupation while improving timeliness and stability of cross-regional supply [9, 10]. This directly amplifies scale efficiency at headquarters and turnover efficiency on the franchisee side [9,10,15,24,25].

(2) Network density and clustered openings: According to MIXUE (2025), Multiple outlets within the same commercial area increase brand visibility and contact frequency, creating a positive loop of "nearby purchases." In highly competitive locations, clustering also facilitates unified distribution and regional management, amplifying the synergy among density, efficiency, and sales [1,4,5,26].

(3) Value-priced cognition and hero-product strategy: After establishing a value-price perception with RMB 2/4/6 hero products, maintaining a long-term RMB 6–10 price band accommodates a scaled customer base, stabilizes operating indicators along the flow, conversion–repeat chain, and consequently supports headquarters' scale purchasing of inputs and batch coordination in warehousing-distribution [4,15,30] .

Profit barriers are jointly constructed by value-chain depth and organizational capabilities. First, upstream capability: self-built or controlled processing plants, near-origin layouts, and a tiered supplier library reduce in-transit loss and procurement volatility, ensuring stability and cost advantages for key inputs and forming a sustainable cost barrier against homogeneous competition [8,15,24,25]. Second, mid-stream efficiency: ERP integration and intelligent warehousing-distribution systems enable automatic order intake and plan execution, shorten the cycle from store ordering to delivery, improve cross-regional fulfillment consistency, and reduce break-point risk, thus forming a process moat that closes the loop among information, logistics, and funds [5,15,17,18]. Third, downstream network: a nationwide store footprint and clustered openings produce scale brand effects and reach advantages that raise new-customer conversion and strengthen brand memory [28,32] . However, abolishing regional protection and high-density layouts may also divert single-store revenue and dilute marginal returns of the single-store model, creating intrinsic tension at organizational and ecosystem levels that requires dynamic balancing of expansion cadence, site appraisal, and commercial-area coordination [1,4,15,26].

In sum, MIXUE employs a business model of franchising as the mainstay, complemented by self-operated and e-commerce, and through value-chain coordination across the value-priced band, scale supply, and unified warehousing-distribution, aligns profit targets, profit points, and profit sources into a positive organizational cycle [24,28]. Simultaneously, a triad of upstream input capability, mid-stream process efficiency, and downstream network density constructs profit levers and barriers [15,17,18,25]. Under the strategies of abolishing regional protection and dense openings, however, single-store revenue apportionment and franchisee operating pressure emerge as ongoing governance issues that raise the bar for headquarters regarding site selection, supply cadence, and regional management.

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4.6. Channels and marketing: from the theme song to ritualized communities multi-touchpoint sales and operations

From a channel-structure perspective, MIXUE uses offline stores as the primary base and layers on mini-programs, third-party delivery, and group-buying as platform touchpoints to create a three-dimensional service surface of "in-store consumption, online ordering, and delivery to home." This reduces time and spatial costs across scenarios and forms a continuing traffic loop of "store visits, repeat purchases, and spillover" [15,25]. Industry materials indicate that new-style tea operations show a trend in which offline settings carry the experience while online channels carry transactions. Brands decompose "ordering, preparation, product hand-off, and fulfillment" into replicable steps through standardized processes and connect them to membership management and review feedback via online tools, thereby achieving a closed-loop of "operations, data, and re-operations" [1,3,5]. Within this structure, store density and accessibility are key to reach efficiency, while an organizational approach of "unified training, unified product launches, and unified materials" ensures a consistent experience across cities and trade areas, preventing service volatility during scale expansion [4,15].

With respect to operating mechanisms, during new-product launches brands often conduct three-step training that includes "formula explanation, on-site demonstration, and process drills." An information system records key steps and cup-out times to form a combined specification of "movement standards, time standards, and quality standards," which solidifies the "tasty, fast, and consistent" experience in day-to-day store production [1,15]. This parallel approach of standardization and informatization turns headquarter process design into executable rules at the endpoints, supporting stable performance indicators even during rapid expansion and working jointly with service-scene design to shape customer experience and employee execution [2,25]. At the same time, brands use "launch cadence" as an operating lever so that stores coordinate merchandising, scripts, and member tasks through the cycle of "pre-heat, launch, and review," and improve conversion through mini-program vouchers, group-buy redemptions, and platform discounts, thereby strengthening the connection between "scene-based store visits" and "online lead capture" and making the path of "offline anchoring and online amplification" more repeatable [3,5].

From the perspective of communities and content, the brand organizes light-touch participation paths of "shoot, post, and comment" through touchpoints such as window ambience, small cashier screens, and tabletop QR codes at the store end, while online tasks and light-interaction mechanisms increase the coverage and persistence of user-generated content. In parallel, synchronized posting by store accounts and employee accounts forms content synergy in which PGC leverages UGC, expanding the marginal effect of organic spread [7]. This combination of multiple touchpoints, multiple content formats, and multiple platforms" means channels and marketing no longer run in parallel but center on real-time operations, accumulating brand assets and brand-community interaction through everyday micro-operations [3,15,23].

4.7. Supply chain and cost governance: turning "low price" into a capability

With "low price as capability" as the objective, MIXUE reduces unit costs and improves cross-regional fulfillment stability on the supply side through a combined strategy that includes a nationwide warehousing-distribution network, threshold-based free-freight policies, near-origin processing, and scale direct-sourcing, thereby turning pricing advantage into sustainable competitiveness [9,24]. First, in terms of the warehousing-distribution network, the company has built a multi-warehouse system nationwide, established logistics bases in more than twenty

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provinces, and unified order receipt and dispatch through an information system. This forms a high-frequency replenishment mechanism across trunk, branch, and store nodes, shortens the cycle from ordering to delivery, and reduces both in-transit and in-store inventory burdens [10,16]. Its freight policy grants free shipping once certain purchase amount or quantity thresholds are met, while orders below the threshold are borne by stores. In conjunction with unified settlement, the policy encourages stores to optimize batch size and frequency and raises regional capacity utilization, improving both timeliness and cost outcomes [15].

Second, in transport organization the company has gradually shifted from ride-sharing delivery to dedicated-vehicle direct delivery to enhance transport quality and shorten waiting time. Against a backdrop of rising network density and expanding warehouse-distribution bases, unit transport costs trend downward with efficiency gains, creating a better balance among quality, timeliness, and cost. This enables stores to replenish in small lots at high frequency, reducing peak-valley mismatches and cash-flow squeeze [1,15]. At the same time, a regional strategy of clustered openings within the same trade area combined with unified distribution improves same-city operating efficiency and the controllability of delivery routes. Together with a national network, this achieves both broad coverage and near-field reach and further consolidates the foundation for scaled operations [26,28,30].

Third, on the raw-materials side, the company advances strategies of moving upstream to origins and processing nearby. For example, around the lemon product line it builds planting and primary-processing bases in core production areas, using scale purchasing and origin processing to reduce transport loss and procurement volatility, stabilize quality, and form long-term bargaining advantages. For key categories such as tea, dairy, and coffee beans, it expands base-level partnerships anchored in core producing regions, raises the self-supply ratio, and reduces sensitivity to external market fluctuations [8,16,20]. This combination of base-building, proximity, and scale directly supports a stable supply for the RMB 6–10 price band and helps maintain both ingredient quality and the cost curve under promotional and seasonal fluctuations [19,28].

From the perspective of value-chain coordination, ERP-driven integration of ordering, inventory, and finance works together with route planning and unified settlement across a multi-warehouse network to bring information, logistics, and funds into alignment. This significantly reduces organizational friction during cross-regional expansion. Standardized replenishment and reconciliation processes at the store end reduce execution bias caused by staff turnover and experience differences, allowing the supply capability behind the value-priced band to be replicated and scaled organizationally [15,24,28]. Coupled with external traffic drawn by a "brand matrix and social communication," the strategy of multi-dimensional online and offline traffic generation provides a predictable demand curve for the supply chain and, in turn, strengthens planning and bargaining power for warehousing-distribution and raw-materials sourcing [3,7].

Finally, in cost governance and risk control, threshold-based free-freight and unified settlement suppress ineffective small, high-frequency shipments; dedicated-vehicle direct delivery and a multi-warehouse network reduce delivery volatility; and origin processing with scale direct-sourcing smooths the procurement cost curve. Together they convert low price from a sales tactic into a supply-chain capability [1,22]. As the network continues to expand outward, maintaining a dynamic balance among warehousing-distribution density, store density, and raw-material capacity in order to avoid single-point bottlenecks spreading to the channel side will remain a priority for ongoing optimization [10,15,16].

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5. Discussion: how the value chain drives the profit model

From the transmission logic of "value chain → profit model," the external and internal chains are coupled and act together on the replication efficiency of the franchise network and the stability of the single-store model. On the external chain, centralized procurement, nearby processing, and unified distribution, supported by a nationwide multi-warehouse layout and a threshold-based free-shipping policy, significantly shorten the order-to-delivery cycle, reduce dual inventory pressure in transit and at the store, and improve cross-regional fulfillment certainty and timeliness through "small-batch, high-frequency" replenishment [10,15,25]. In city-level operations, the removal of territorial protection and clustered store openings increase visibility and near-field reach; together with unified distribution and route planning, they help form a positive loop of "density–efficiency–sales," while also creating intra-district traffic and revenue splitting among stores. This calls for a dynamic balance between network density and single-store output [1,4,15,26]. These external elements combine into scale advantages on the cost side and accessibility advantages on the channel side, directly supporting stable supply and audience expansion in the low-price band [5].

On the internal chain, informatization and standardization provide the organizational and process base. Since 2017, Oracle JDE ERP has been introduced and advanced through long-term collaboration, bringing store ordering, supply-chain execution, and financial accounting into a unified system, forming operating norms for "action standards, time standards, and quality standards," and enabling order, inventory, and finance coordination through end-to-end data [17,18,24]. In capacity organization, self-built or controlled processing plants and industrial parks raise the self-supply ratio for key inputs such as flavoring powders, jams, and milk bases. Base-building and nearby processing in core producing areas for lemons and tea reduce transport loss and improve quality stability, while overseas raw-material cooperation supports international store expansion [8,15]. Informatization, capacity, and warehousing–distribution operate as a combined "institution and capability" system. Headquarters can maintain control of key indicators such as cup-out efficiency, delivery timeliness, and quality consistency even during rapid expansion and multi-plant operations, thereby lowering organizational frictions and execution deviations in expansion periods [17,24,29].

Channels and marketing are not separate from the value chain; they interlock in operation through "tempo" and "scenarios." On one side, new-product tempo links with scenario displays and member tasks, turning the "warm-up, launch, review" cycle into synchronized actions across stores and online platforms. On the other side, the "Snow King" IP and theme song spread widely on short-video platforms, where repeated user behaviors of "record, post, comment, sing along" are organized into a replicable "participation script." This process deposits symbolic assets into community stickiness and word-of-mouth, thereby raising repeat purchase and store visits [3,7,16,23,33]. In this sense, conversion in the low-price band is not triggered by price alone. It relies on the twin engines of "value-chain efficiency × ritualized diffusion": the former secures stable supply, cost curves, and fulfillment quality, while the latter provides sustained attention and emotional sedimentation. Together they shape audience scale and brand mindset [2,32].

Accordingly, this paper summarizes the path from "value chain → profit model" into four mapping relationships and verifies them in a single case. First, the definition and reception of the profit object depend on the triad of "headquarters—franchisees—consumers." Headquarters, acting as the "materials and equipment hub," stably supplies core goods and services to franchisees, while franchisees, through standardized processes, serve end consumers. This forms predictable B-side cash flows and a replicable C-side conversion path [6,15,31]. Second, the profit point arises from the margin and service income across "scale procurement, central processing, unified distribution, sales

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to franchisees," where depth and coordination in the value chain determine gross margin space and cash-flow quality [24,25]. Third, the profit levers are scale and network. Multi-warehouse networks, unified settlement, and threshold-based free shipping reduce marginal cost; clustered openings raise touch frequency and conversion; launch and diffusion tempos drive a loop of "traffic—sales—word-of-mouth" [4,5,26]. Fourth, profit barriers are jointly formed by supply-chain capability and brand mindset. Upstream nearby processing and base-building stabilize raw-material quality and price; mid-stream informatization and automation enhance process consistency [1,31]; downstream, the IP and theme song provide callable participation paths and community identification, strengthening resilience and retention [17,18,23].

6. Risks and governance recommendations

6.1. The tension between density and protection: balancing network extension and single-store output

Removing territorial protection and deploying high density bring clear advantages in visibility, near-field reach, and unified distribution, but intra-district competition and traffic splitting can erode single-store margins [4,15,25,26].

Recommendations: establish a block-level "site evaluation matrix" that integrates footfall, rent, competitor density, and radius coverage to constrain clustered openings, with rules such as minimum spacing on the same street or caps per floor to avoid cannibalization. Introduce paced openings and dynamic exits with observation windows for new stores. Phase reviews should consider daily orders, conversion, ratings, and repeat purchase, and underperforming sites should be replaced or adjusted in format [6]. Optimize the mix of flagship, small-format, and vending-robot stores to balance experience and exposure at the center with touch frequency and replenishment efficiency on the periphery [16,25].

6.2. The challenge of moving up the price band: consistency from "mid-quality, low price" to "higher-quality, fair price"

When a brand improves product quality or introduces mid-to-high-price items without concurrent upgrades in supply-chain capability and quality consistency control, "mindset splitting" and word-of-mouth volatility may occur [30].

Recommendations: manage launch portfolios through "quality tiers," clearly distinguishing entry-level hits from upgraded items in formula, ingredients, and procedures, with clear price labels and scripts to avoid cognitive conflict between low-price mindset and quality improvement [2,3]. Upstream, increase nearby processing and base-building for key inputs to raise batch-to-batch stability, and strengthen consistency checks across inbound, in-process, and outbound stages via third-party or head-office QA, ensuring stable taste and experience across cities and batches [15,16]. In stores, reinforce launch-specific training and standard-operation audits to reduce execution variance during transitions between old and new products [1,15].

6.3. Franchisee cash and inventory safety: institutional protection for cash flow and fulfillment

Franchisee cash-flow pressure and inventory risks concentrate in ordering, in-transit, and receipt stages [15].

Recommendations: optimize thresholds and cycles for threshold-based free shipping and unified settlement to encourage consolidation of order size and frequency, reduce low-efficiency small

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shipments, and stabilize both delivery timeliness and cost [10,15,26]. Provide temporary credit support or "turnover kits" for new stores or those with strong seasonal swings; refine SOPs for abnormal deliveries, damage, and slow movers, creating a loop of "defect returns, slow-moving recovery, variance compensation" to lower inventory risk [24,29]. In the information system, strengthen delivery SLAs and delay alerts, and coordinate with warehousing and transport partners to set up a rapid chain for "exception ticket, responsibility, fee adjustment," reducing franchisee waiting time and uncertainty [5,15].

6.4. Community norms and responsibility: from viral heat to sustainable trust

While theme songs, challenges, and co-creation have clear effects on traffic and mindset, large-scale diffusion brings issues of copyright, content norms, and protection of minors that require institutional governance [7,23,33].

Recommendations: refine authorization management and boundaries for music and assets, and specify "usable, modifiable, license-required" ranges in brand accounts and store training to reduce disputes [32,33]. Build content grading and prompts for challenge or check-in activities to set participation frequency and spending reminders, encouraging rational consumption and avoiding the conversion of "participation rituals" into high-frequency spending pressure [3,23]. For minors, create three-in-one norms of "store scripts, online prompts, customer support handling," with stricter review and guidance in school contexts. Incorporate public-interest and ESG narratives into the annual communication matrix to emphasize environmental protection, thrift, and social responsibility, aligning community heat with long-term trust [7,33].

In sum, the governance of density, price bands, cash and inventory, and community responsibility corresponds to the core risk points in network structure, product structure, funding structure, and communication structure. For a large-scale franchise system, only by building measurable and iterative mechanisms across "value-chain efficiency, channel tempo, and community norms" can the advantages of the low-price band be converted into sustained competitiveness and robust cash-flow performance.

7. Conclusion

From a value-chain perspective, this study systematically organizes MIXUE's operating logic. The findings show that the firm builds sustainable cost and efficiency advantages through "low price, scale, and supply-chain integration" on the value-chain side; on the channel and marketing side, it uses theme songs and IP as symbolic assets, together with multi-touchpoint operations, to convert one-off transactions into repeat participation and relationships, and then into more stable cash flows and brand equity. Low price is not an isolated pricing tactic, but the outcome of capabilities supported by centralized procurement, nearby processing, unified distribution, and information coordination; symbolic diffusion is not a single event, but a replicable script based on launch tempo, in-store scenarios, and community interaction. The two reinforce each other and form a dual engine of "value-chain efficiency and ritualized diffusion."

Around the five elements of the profit model, MIXUE embeds value-chain components into an organization structured "franchisee-centered, headquarters-as-hub." The profit object is realized as headquarters stably supplying and serving franchisees, who in turn connect to end consumers; the profit point comes from the margin and services across "scale procurement, central processing, unified distribution, and sales to franchisees"; the main profit source is sales of materials and related services to franchisees, supplemented by a small share of self-operated stores and e-commerce; the

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profit levers lie in scale and network, multi-warehouse networks, unified settlement, and threshold-based free shipping improve turnover efficiency, while high-density and clustered openings raise accessibility and conversion; the profit barriers are jointly formed by supply-chain capability and brand mindset, where upstream base-building and nearby processing stabilize quality and price, mid-stream informatization and automation secure process consistency, and downstream IP and the theme song strengthen community identification and retention. This mapping aligns "object, point, source, lever, barrier" with capabilities in the upstream, mid-stream, and downstream, and explains scale replication and single-store stability in the low-price band.

From a governance view, network density and single-store performance need dynamic balancing across cities and districts; moving from mid-quality low price to higher-quality fair price requires simultaneous upgrades in supply-chain capability and quality consistency, with clear tiering in launch portfolios, price cues, and operating standards; franchisee cash and inventory safety should be protected through shipping thresholds, unified settlement, delivery timeliness, and exception-handling mechanisms; community diffusion should follow copyright and content norms, and institutionalize protections for minors and ESG narratives. These governance points correspond to risk in network, product, funding, and communication structures, and aim to match expansion tempo with supply tempo so that value-chain advantages translate into profit quality.

For peer brands, the implication is to bring value-chain capability forward as "replicable organizational knowledge" and institutionalize it through standardization and informatization; enhance upstream stability via base-building and nearby processing; strengthen mid-stream controllability via multi-warehouse networks and unified rules; and raise downstream conversion and retention through paced launches and community scripts. In this way, low price is no longer only a pricing choice, but a composite capability formed by coordinated supply, logistics, and diffusion; long-termism communication and community governance provide a more durable moat for that capability.

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