

SWOT Analysis of Zhao Yiming Snacks: Strengths, Weaknesses, Opportunities and Threats

Jingyin Luo

*School of Economics and Management, South China Normal University, Guangzhou, China
luo1997717@163.com*

Abstract. Driven by rational consumption trends and continuous channel transformation, China's mass snack retail track has maintained rapid growth in recent years. Relying on precise sinking market positioning, digitalized direct-purchasing supply chains and cost-performance pricing, Zhao Yiming Snacks has expanded rapidly and become a representative leading mass snack brand in China. This paper adopts the SWOT analysis framework to systematically explore the brand's internal strengths and weaknesses as well as external opportunities and threats, and summarizes the core operational logic of mass snack retail stores. The study shows that the brand gains competitive edges via sinking channels and flattened supply chains, yet suffers from weak national brand influence, insufficient independent product development and loose franchise management. Sinking market dividends, industrial integration and consumption upgrading bring growth opportunities, while price wars, rising costs, cross-industry competition and product homogenization create industry risks. The findings provide practical references for China's discount snack chains to optimize operations and achieve sustainable development.

Keywords: Zhao Yiming Snacks, Mass Snack, Sinking Market, Supply Chain, SWOT Analysis

1. Introduction

China's leisure food retail channels have undergone dramatic shifts. Offline mass snack collection stores emerge as a new format, competing with traditional supermarkets and small local snack shops. Modern consumers prioritize cost performance, and county and township sinking markets release huge snack consumption demand, spawning numerous discount snack chains. Founded in Yichun, Jiangxi in 2019, Zhao Yiming Snacks expands nationwide rapidly by focusing on low-tier markets and integrated group supply chains, representing a typical mass snack enterprise.

Existing studies mostly focus on online snack brands, with few systematic SWOT analyses targeting emerging mass snack chains like Zhao Yiming and Mingmangmang. Most industrial materials are scattered news reports lacking complete theoretical analysis. Based on SWOT framework, this paper combines industrial reports, corporate public data and media research to analyze Zhao Yiming's internal and external operating conditions, identify its core competitiveness and development bottlenecks, and provide decision-making references for similar snack retail brands.

2. Core competitive strengths of Zhao Yiming Snacks

2.1. Channel advantage: deeply cultivating sinking markets and achieving full regional coverage through asset-light franchising

Zhao Yiming prioritizes store deployment in third- and fourth-tier cities, counties and towns to avoid saturated competition in first- and second-tier cities, filling consumption gaps in low-tier regions and solving circulation defects of multi-level distribution channels. The brand consistently develops sinking markets to form differentiated regional scale advantages.

As of September 2025, Mingmang Group operates over 19,517 stores, 59% of which locate in counties and towns covering 1,343 counties nationwide with a 75% coverage rate. As one of the group's two core brands, Zhao Yiming boasts dense store networks across East and South China [1]. The group adopts an asset-light franchise model: 19,494 stores are franchised with only a small number of self-operated demonstration outlets. 99.5% of revenue comes from supplying goods to franchisees instead of franchise fees, cutting expansion costs and accelerating layout in blank sinking areas [1].

China's snack retail market is divided into three formats: mass collection stores, proprietary brand chains and single-category specialty shops. The mass snack track achieved a 114.6% compound annual growth rate from 2017 to 2022, with the overall leisure snack market exceeding 1.2 trillion yuan. Official statistics show rural consumer goods retail growth outpaces urban areas, proving sinking markets are the core growth engine for mass snack brands [2]. Supported by its large offline store scale, Mingmang receives heavy capital investment, as institutions recognize the irreplaceable offline consumption value of discount snacks [3].

2.2. Supply chain advantage: building a flattened FMCG supply chain through factory direct purchasing and digital warehousing

Supply chain forms the core barrier distinguishing Zhao Yiming from small regional snack retailers. The group removes multi-level dealers to build flattened circulation systems supported by national digital warehousing networks for cost reduction and efficiency improvement. Leading mass snack brands source directly from manufacturers and distribute via regional central warehouses to eliminate intermediate markups. Digital flexible supply chains monitor inventory, shelf life and store demand in real time, with remote online inspection to standardize national store management [2].

FMCG enterprises can optimize procurement, warehousing and distribution via omni-channel collaborative supply chain models, lowering logistics and inventory costs through intelligent algorithms [4]. AI technology supports demand forecasting, intelligent storage and delivery route optimization to build digital flexible supply chains for retail chains [5].

Zhao Yiming cooperates directly with more than 1,200 food manufacturers with an 85% direct procurement ratio. Forty-eight national intelligent warehouses cover a 300-kilometer delivery radius to realize 24-hour store replenishment, cutting inventory turnover days to 11.7 and reducing losses from expired goods [1]. Benefiting from large-scale direct sourcing, Mingmang's store prices are 25% lower than traditional supermarkets, forming core price appeal for sinking market consumers [6].

2.3. Price advantage: achieving low price with stable quality through full-chain refined cost control

Centered on high cost performance, Zhao Yiming cuts unnecessary costs in procurement, warehousing, packaging and store operation to sustain its low-price positioning. Custom simplified packaging, standardized shelves and unified store supplies reduce unit costs through bulk group procurement.

FMCG retailers must control sales, logistics and packaging expenses to maintain profit margins under low-price competition [7]. Mass snack brands simplify packaging and uniform store materials to transfer cost savings to end consumers [8]. Although low-price strategies effectively capture market share, long-term disorderly price competition squeezes corporate profits and limits R&D investment for new products [9]. The brand establishes strict supplier qualification and quality inspection systems to ensure food safety of bulk and unbranded snacks, balancing low pricing and product quality to stabilize customer repurchase rates.

3. Core competitive weaknesses of Zhao Yiming Snacks

3.1. Brand influence: obvious regional limitations and insufficient national brand premium

Brand recognition of Zhao Yiming is concentrated in county and township markets in southern China, with few stores in northern and first- and second-tier cities. The brand lacks nationwide popularity and long-term national marketing planning, and brand communication mainly relies on offline stores and local short video platforms. Competition in the mass snack track is fierce. Most regional chain brands only have local popularity and weak cross-regional brand appeal, and lack brand premium barriers [10].

The brand attracts customer flow merely by low prices without exclusive featured products or consumer scenario awareness, resulting in obvious gaps in cross-regional user stickiness compared with national snack brands such as Bestore.

3.2. Product innovation: dominated by circulating standard products and lagging private brand layout

Products in Zhao Yiming stores are third-party circulating standard products, with a low proportion of featured snacks and self-developed products. Its product structure is highly overlapped with that of brands under Wanchen Group. The China's leisure snack industry has long been plagued by product homogenization. Most collection stores rely on third-party standard products with insufficient investment in private brand R&D, and struggle to build competitive advantages [8]. The group focuses resources on the supply chain end, with limited investment in new products and healthy snacks, failing to meet the needs of consumers and bringing user loss risks. In the low-price involution market environment, corporate disposable R&D funds are continuously squeezed, further exacerbating product homogenization [9].

3.3. Operation management: deficient franchise management and store standardization under rapid store expansion

Under the rapid ten-thousand-store expansion of Mingmang Group, the training cycle for franchisees is shortened, leading to uneven implementation of national store standardization. Some county stores have operational problems including messy display, irregular weighing, and poor

management of near-expiry products. After rapid store expansion, many small and medium-sized snack chain brands fail to keep up with expansion speed in franchisee management, resulting in frequent chaos in store service and quality control and continuous damage to brand reputation [10]. Leading mass snack brands lower franchise access thresholds to seize market share. Some franchisees privately replace supply channels and conduct cross-regional low-price dumping, increasing the difficulty of headquarters management [11].

4. External opportunities

4.1. Sufficient store gaps in sinking markets and continuous expansion of county-level consumption

Mass snack stores in first- and second-tier cities are saturated, while there are gaps in county and township stores in central and western China, leaving room for brand expansion. The market scale of China's snack collection stores increased from 21.1 billion yuan to 104 billion yuan from 2019 to 2024, with an industrial compound annual growth rate of 25%, and sinking markets serve as the core driving force for industrial growth [12]. The overall scale of China's leisure food retail continues to expand, and the consumption potential of low-tier cities has not been fully released, providing a long-term market foundation for the expansion of discount snack chains. Capital favors the sinking snack track, and leading chain enterprises obtain investment based on store scale, with funds supporting store expansion and supply chain upgrading [3, 13].

4.2. Accelerated industrial integration and prominent dividends of dual oligopoly leading enterprises

After 2023, the mass snack track ended rapid expansion and entered a stage of merger and reshuffle, with small and medium-sized brands with weak supply chains and limited capital exiting the market. Mingmangmang achieved an annual operating income of 39.344 billion yuan in 2024 with more than 14,000 stores, and large-scale group operation brings dual cost advantages in procurement and logistics [14]. Wanchen Group has acquired regional snack brands such as Luxiaochan and Yidi Yidi. Industrial resources concentrate on the two leading camps, reducing the market space for small and medium-sized independent brands [15]. Zhao Yiming and Snack Busy completed strategic merger and established Mingmangmang Group in 2023, dividing northern and southern store expansion areas through resource integration and investing one billion yuan to develop blank northern markets to seize industrial integration dividends [11]. The retail track has gradually formed a dual oligopoly competition pattern, where leading enterprises squeeze the living space of small and medium-sized competitors through subsidized store expansion and large-scale group procurement [16].

4.3. Upgrading consumption drives iterative optimization of product categories

Consumers in sinking markets no longer pursue low prices, and the growing demand for healthy and trendy snacks forces brands to adjust product structures. Consumption upgrading provides a transformation opportunity for Zha Yiming to make up for the shortcomings of independent products. The brand can customize products based on terminal store data, shifting from low-price sales volume priority toward balanced quality and price. Under the background of industrial merger,

integration and channel reform, food enterprises need to adjust product matrices according to changing consumer demands and tap new profit growth points [17].

5. External threats

5.1. Fierce industrial competition and continuous profit margin compression caused by price wars

More and more brands enter, and close-store competition in business districts is common, causing industrial involution. Leading brands launch policies such as rent subsidies, adjacent store expansion support and member discounts to compete for franchisees and customer flow, continuously compressing the overall gross profit margin of stores [10]. In the oligopolistic market, retail enterprises adopt subsidy strategies to attract users and store locations, raising short-term expansion costs and reducing industrial profits [16]. The gross profit margin of famous brand products used for customer attraction in mass snack stores is less than 10%, and store profits are highly dependent on bulk unbranded products. New competing stores nearby will directly impact store revenue [12]. Long-term low-price competition leads to continuous industrial profit shrinkage, leaving enterprises with insufficient funds for product and service upgrading [9].

5.2. Rising full-chain costs pressurize the low-price business model

Costs of agricultural raw materials, food packaging, store rent and labor rise year by year, raising industrial operating costs. Fixed operating costs including raw materials and offline store expenses keep rising in the FMCG industry. Retail enterprises focusing on low prices have extremely limited profit buffers and face huge profit pressure [18]. Low pricing is the core competitiveness of Zhao Yiming with limited room for terminal price increase, so the brand can only compress meager profits through supply chain optimization to cope with rising costs.

5.3. Cross-border competition from traditional snack brands diversifies market customer flow

Traditional leading snack enterprises such as Bestore, Three Squirrels and Yanzhifang have successively deployed offline discount stores in sinking markets, competing with mass collection stores for customers. Traditional snack manufacturers expand into sinking channels, forming direct competition with mass snack stores and long-term conflicts of interest between the two business formats [19]. Bestore once held equity in Zhao Yiming, and the equity litigation arising from the merger reflects the competitive conflicts between traditional brands and the mass snack track [19].

5.4. Low industrial entry barriers and unbreakable product homogenization dilemma

The entry threshold for mass snack store opening and procurement replication is low, enabling new brands to quickly copy the low-price model and enter the market.

The leisure snack industry has low entry barriers with highly overlapping products. Most brands rely solely on price competition to attract customers, making it difficult to build long-term differentiated competitive barriers [13]. Low-price competition reduces consumer brand loyalty and restricts high-quality industrial development. Low-price competition continuously weakens corporate innovation willingness, forming a vicious cycle of universal product homogenization in the industry [9].

6. Conclusion

The rise of Zhao Yiming Snacks results from advantages including precise sinking channel layout, flattened direct-purchasing supply chain, small-profit large-volume pricing and asset-light franchise operation. Based on the SWOT framework analysis, the brand forms unique advantages relying on county store resources and large-scale supply chain, while three major shortcomings including insufficient national brand influence, inadequate independent product development and imperfect franchise management restrict its development ceiling. Externally, the brand benefits from sinking market increments, industrial integration and consumption upgrading, while facing four threats: price involution, rising costs, cross-border competition and product homogenization.

Overall, the brand is dominated by advantages and opportunities, and existing shortcomings and external risks can be resolved through long-term strategic adjustment. Its development path demonstrates the key success factors of the mass snack track: deeply cultivating sinking markets, building a efficient digital supply chain, implementing refined cost control and standardized franchise operation. In the future, the mass snack industry will develop towards branding, differentiation and digitalization. Zhao Yiming Snacks should consolidate existing channel and supply chain advantages, increase investment in independent snack R&D, national brand promotion and systematic franchisee training, use the consolidation period of industrial integration to expand market share, and provide an operational model for similar China's discount snack chain brands.

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