

The Development Status of Netflix Restaurants Before and After the COVID-19 —— Taking “MIXUE ice cream and tea” as an example

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Abstract: At present, the market has seen the rapid development of the Netflix industry, as exemplified by Netflix restaurants, where companies can make huge profits in a short time through network communication, packaging, and promotion. Because the threshold of entry is low, many businesses see the value of the industry and flock to it in an attempt to share the profits, causing this industry to be mixed. In this article, we will analyze the current situation and marketing strategies of Netflix restaurants from the perspective of consumers, to help enterprises establish their brand image, expand their brand influence, and improve their profitability.

Keywords: Netflix restaurant, Netflix dining, MIXUE Ice cream and Tea, COVID-19

1. Introduction

In recent years, with the continuous growth of GDP, the per capita consumption level is also getting higher and higher, people no longer focus only on the restaurant "just eat", but to pursue better taste, higher style, more popular restaurants, Netflix dining should be born.

Taking "HEYTEA" for example, the first store opened in Jiangmen City, Guangdong Province in 2012, currently, in Guangzhou, Shenzhen, Foshan and other areas have about 50 branches. Only in Guangzhou and Shenzhen stores, the average monthly turnover of a single store is over 1,000 thousand yuan, including the hottest queue in Shenzhen Coastal City store, area about 90 square meters, the monthly turnover 1,500 thousand yuan.

With the subtle influence of the development of the Internet on the market, the "Netflix" industry has also gone through different stages of change. In the original period, the perception of the traditional catering industry has been overturned from the consumer level, and people have discovered that in addition to "eating" there are also differences in personalized services, style, and environment.

In the second period of focusing on the combination of marketing and products, the topical packaging gives the food unprecedented power of communication, which greatly shortens the brand recognition cycle. In the third period, personalized labels such as "trendy", "light luxury" and "artisanal" attach importance to the overall creation of "Netflix dining", but with this comes the increasingly severe customer fidelity. [1]

As the top stream of the milk tea industry in Netflix, MIXUE ice cream and tea (hereinafter referred to as MIXUE), with the advantage of its low price to attract a large number of customers to buy. MIXUE was founded in August 1997, by a student named Zhang Hongchao of Henan College of Finance and Economics, which is China's most professional foodservice institution located in the young consumer groups. MIXUE is a chain institution focused on fresh ice cream and tea drinks, and committed to creating a new chain form, the integration of high quality and low prices and healthy and fresh, to provide consumers with healthier, value-for-money products. In April 2008, MIXUE was officially registered as Zhengzhou MIXUE Trading Co., Ltd. MIXUE is committed to building the first brand of fresh ice cream and tea drinks in China. [2]

In June 2021, a song named "MIXUE is sweet" rang in a range of MIXUE stores, and then immediately exploded all over the network, quickly occupying the major music platform charts. The

popular song can be called the biggest mystery of the Internet in 2021, but do you think this is just a mediocre brainwashing song? The song has a wealth of secrets behind your mind, when you listen to the theme song too many times, receive too many times the “The Snow King (the mascot of MIXUE)” emoji packets, and thus in would have liked to order in HEYTEA, Good Me, but unknowingly ordered into the MIXUE milk tea, you will then contribute to the MIXUE 20 billion yuan valuation.

MIXUE opened more than 13,000 stores by selling eight or nine yuan also with buy one get one free milk tea. Probably only a little worse than the ubiquitous Zhengxin chicken fillet, which is 3.8 times of alittle-tea, 16 times of HEYTEA.

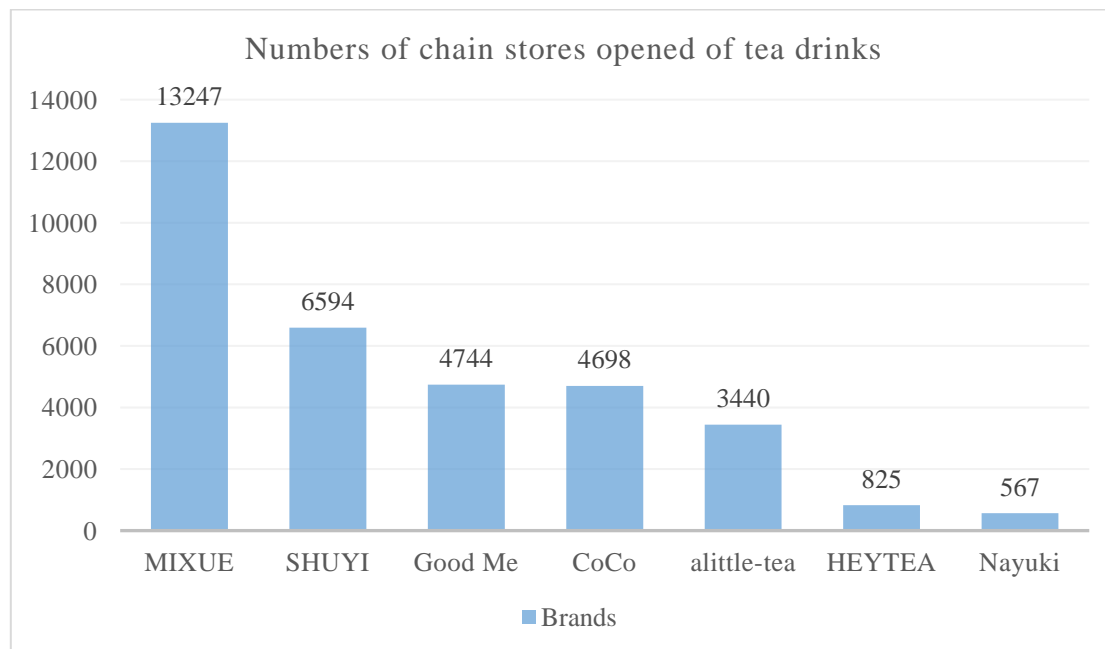


Figure 1: Numbers of chain stores opened of tea drinks.

2. The Rise of MIXUE

So how exactly did this Pinduoduo (a Chinese E-Business Platform, known as the low price) in the milk tea industry suddenly rise in these years? It can be said that the HEYTEA helped the young people in the modern cities to complete the consumer upgrade from drinking saccharin milk tea to cheese fruit tea, while the opportunity of MIXUE is to help the sinking market to complete the upgrade from supermarket bottled drinks to the first cup of freshly mixed milk tea. MIXUE's first store was founded in 1997 in Zhengzhou, Henan Province, before it also sold shaved ice, homemade food, and finally decided to return to ice made food around 2006. In addition, to milk tea, MIXUE's most classic product is the ice cream for 1 yuan, which immediately attracted crowded people to line up and buy, and passed over 20 years, MIXUE's ice cream is now at most the 5 yuan for 2. [3]

MIXUE is not without wavering the original intention that low price, and taking the sinking route. Around 2009, MIXUE would have liked to open a store in Zhengzhou's most fashionable mall, but the mall felt that MIXUE is too low, directly rejected, MIXUE ran to another mall in Zhengzhou opened a high-end store, but soon shouted down due to poor performance, which also reinforced the determination of MIXUE to go low-price strategy, it launched a second pop-up product in 2012: lemonade, priced at 3 yuan. Under the support of the two pop-ups, the speed of opening stores and the scale of operation of the MIXUE in 2013 is 3 times as the same period of the year is 2012, revenue also reached the sum of 2007-2012.

Compared to more than ten yuan of Zhongxuegao (a brand of ice cream), more than thirty yuan of the queue to death of HEYTEA, Nayuki, even a cone in McDonald's comes to five yuan, as long as you do not mind the things are too sweet, MIXUE can simply be said to be a refreshing stream, and the low price does not mean do not earn money.

3. Response of Netflix Restaurants Under the COVID-19

With the arrival of the COVID-19, the world's economies are showing decadence, and Netflix restaurant companies in China can't escape the impact. Many restaurants and milk tea stores have closed down due to the lack of customers, the volume of some enterprises also choose to reduce the number of stores to reduce costs. MIXUE has instead become a treader on the wave of the epidemic because of its own low cost and low selling price. MIXUE's ingredients follow the principle of minimalism, if you buy it will find that its milk tea although up to 12 species, tasted the same flavor aside from the different ingredients, raw materials are milk tea powder, the cost of natural also decline. More importantly, without the dazzling variety of ingredients, the time of waiter done a cup of milk tea is also greatly shortened, compared to the HEYTEA, how long the counter, how many employees, MIXUE's store can cope with the individual of 3 people, so that labor costs are also greatly reduced, and the more the store opened, the bargaining power of the purchase of large, businessmen know that the purchase price of small stores can only up to upstream. If the customer buys a ton of sugar, the supplier is the master, if the customer buys 10,000 tons of sugar, the customer is the master. MIXUE gets the price of raw material can be 20% lower than other small brands. So MIXUE can obtain money from everywhere, more important than saving money is to be able to earn money. MIXUE can earn 6 billion only in 2019, not by franchise fees, not by stores, its real wealth code is actually to franchisees to sell the raw materials to do milk tea. It is very low to open a MIXUE in the county, as long as 7000 yuan a year, but adding the cost of raw materials and other costs, the franchisee needs to hand over to the headquarters at least 350 thousand yuan. But to maintain the advantage of scale, MIXUE does not participate in the franchisee's share of income, like CoCo to take away 50% of the franchisee's profits, and alittle-tea to collect 20 to 30 thousand management fees additional each year.

There are more fast trick brands treating joiners as leeks in the field, harvesting and waiting for the next, compared to them, MIXUE takes an honest road to expansion since MIXUE has been verified their ability to make money in more than 10,000 stores, will not be willing to only in the county as a "milk tea boss", after making a lot of money, MIXUE's next goal is the globalization of expansion that many people feel is whimsical.

4. MIXUE's Super-speed Development Under the COVID-19

How profitable is MIXUE? There is a theorem that in ten milk tea stores only 1 store can earn money, 1 store can manage steadily, the last 8 stores deficit. MIXUE store can make back its money in an average of 10 months.

It can be said to be a miracle, of course, this figure is when MIXUE to solicit franchisees said, probability not the true data, but the eye of capital is shining, in October 2020, MIXUE melted to an investment of more than one billion yuan, the entire company valuation of more than 200 billion, why can earn so much for the low unit price that it can grab business with shaved ice? First of all, the low price means very low cost, a cup of 10 yuan drinks in MIXUE, gross profit can reach to 5 yuan, to do this, raw materials must be controlled in their own hands, MIXUE has its processing plant as early as 2007, but the conditions are rudimentary, every day has to churn in the old washing machine inside the slurry to do egg cones, and after 2012 MIXUE's raw materials mostly come from Henan Dajia Food Company.

Unlike HEYTEA, Nayuki, MIXUE is to take the "sink market route", the city surrounded by rural areas is the main development direction of MIXUE, through Xiaomi's "extreme cost performance" model, MIXUE out of a different road. According to the business data published by MIXUE, the 2019 annual revenue of 6.5 billion yuan, net profit of 800 million yuan, this profit is higher than the first stock of milk tea Nayuki.

According to Nayuki's financial statements, in 2019 Nayuki's revenue is 3.06 billion, the loss amounted to 39.68 million yuan, revenue is half of the MIXUE, but the profit is negative. You know that the average price of a cup of milk tea in Nayuki is 30 yuan, while MIXUE is only 7. A cup of milk tea for 30 yuan, earning is not as good as a cup of milk tea for 7, do you believe it? [4]

But behind this, hides the secret of wealth for the listing of MIXUE: earning is not by selling milk tea, but by selling raw materials. General milk tea stores are directly earning money from consumers, while MIXUE is earning money from franchisees. Selling raw materials to the franchisee, thus earning money from raw materials. Wanting to earn more profits, then there is a problem, the franchisee needs to enough to be able to earn so much money. So MIXUE opened a range of stores, a small county with a

population of fewer than 3.09 million people have four or five stores, there is one store within 500 meters. Such a density of opening stores, so that MIXUE now has nearly 20,000 stores in China. [5]

Other milk tea stores' franchise fees are at least 50,000 to 60,000 yuan, while the MIXUE is only 7000. This leads to a lower overall cost of opening a store, as long as the more stores open, the rawer materials sell. Behind the low price of MIXUE is not because the owner of the store wants to do low-priced products, but because can sell a lot through the low price, can drive the sales of raw materials, so that MIXUE can earn money.

5. Conclusions

Do you know what the relationship is between MIXUE, and Xibei Oat Noodle Village, which sells big stick bones, as well as Sunflower Pharmaceuticals, which sells cold medicine? The characteristics of their advertising slogans are very unified: earthy but particularly brainwashing, the owners of these three companies have spent a lot of money to hire probably the most expensive marketing companies in China, Hua San, and Hua Nan. Peers of the 2 companies' evaluation is: to do the advertising vulgar and barbaric, pompous, and nasty, only with vulgarity and repetition to win the traffic (from Ouyang Liming, CEO and design director of Lirui). For a long time I felt that these local advertisements were too poor compared to the high class, creative advertisements abroad, but only after I knew that MIXUE had been so popular did I finally understand why Chinese bosses, especially those in the industrial sector, were scrambling to get Hua San and Hua Nan to do these advertising slogans that looked like a random high school student could come up with because they are intentionally made so simple and so rustic. The market has proven that for some categories, rustic is the most effective weapon, taking MIXUE for example, compared with HEYTEA, Nayuki or CoCo, alittle-tea, bright red signboard, dense posters, a fancy menu of MIXUE, as if from the last century, but this is also after careful consideration for MIXUE because as long as you stand in front of the store, you will be greeted by a super cheap atmosphere. In the sinking market that MIXUE mainly focuses on, this trick through the decoration to produce intuitive price association is much more useful than taking two loudspeakers shouting, "passing by don't miss", also because of the effect of rustic extremely, Hua Sun also once mocked the founder of HEYTEA, saying that HEYTEA is putting itself up. The more creativity the more difficult it is to copy, the more difficult it is to do business, we do not know the quarrel finally results of these two people, but Hua San and Hua Nan, and MIXUE no doubt through the wave of marketing, each completed the peak performance.

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