

Analysis of the Operational Model Capabilities of the Moxue Group

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Abstract

To investigate Mixue Group's business model, capital operations, and profitability, this study employs a literature review, case analysis, and official statistics to systematically evaluate its operational capabilities. By examining both corporate and public perspectives, it examines the group's core competencies alongside operational risks and mitigation strategies. The findings indicate that the mix group's comprehensive operational capabilities rank among China's foremost. As a leading entity in China's catering industry, the research demonstrates that Mixue Group's overall strength aligns with its contemporary societal influence.

Keywords

business model, profit model, operational capability, risk, risk mitigation

1. Introduction

China's made-to-order tea beverage market has experienced sustained expansion in recent years. By August 2025, the nation's tea beverage outlets had reached 669,000, with leading brands establishing competitive advantages on the basis of supply chain efficiency, product differentiation, scaled expansion, and preliminary global footprints. The industry is transitioning from a period of "hundreds of schools of thought contending" towards a phase of deep consolidation characterised by "the strong getting stronger". With over 50,000 outlets worldwide, Mixue Group ranks among the top five global food and beverage chains by store count. Its market penetration in lower-tier cities remains substantial, with over 57% of its outlets located in tier three cities and below (as of 2023). This analysis examines the specific components of Mixue Group's formidable operational capabilities, its business selection model, and sustainability, given its current societal influence as an industry leader. This study enriches case research within enterprise capability theory and management theory, specifically in the domains of "business models" and "capital capabilities." It aims to provide insights for peer enterprises and serve as a reference for suppliers, investors, and academics.

This thesis follows the structure outlined below: Part One provides an overview and model analysis, reviewing relevant research on corporate operational capabilities and restaurant chain management; Part Two systematically analyses various capital capability indicators via data; Part Three identifies potential risks; and Part Four examines how the mixture group mitigates these risks, concluding with research findings, implications, and future prospects.

2. Overview of the Moxue Group

Founded in 1997 as “Cold Wave Shaved Ice”, Snow Ice City Co., Ltd. was rebranded “Moxue Ice City” in 2008. Headquartered in Zhengzhou, the company specialises in providing high-value-for-money freshly prepared beverages, with its core product range encompassing milk tea, ice cream, and coffee. Through its franchise model, the Moxue Group has rapidly expanded to become a prominent brand within China’s freshly prepared beverage sector.

2.1 Business Model

Mishi Ice City’s business model can be summarised as a combination of “exceptional value-for-money products + franchise expansion + robust supply chain support + IP marketing”(Li, 2025b).

Product Positioning: Focusing on low-priced, high-value staple beverages, with core items priced between ¥2 and ¥8 (e.g., ¥2 ice cream, ¥4 lemonade). This “high-frequency essential” product matrix targets lower-tier markets. By streamlining SKUs to approximately 30 items, the brand achieves “volume sales” through extreme economies of scale.

Operating Model: Expansion relies predominantly on franchising. Franchise fees and associated service charges constitute a low proportion of revenue, ranging from 1.9% to 2.4%. Income is generated primarily through supplying franchisees with ingredients, packaging materials, equipment, and operational supplies and providing franchise management services.

Supply Chain Management: Mixtures have established an end-to-end supply chain system. Its global procurement network spans 38 countries across six continents and is supported by five production bases in Henan, Hainan, Guangxi, Chongqing, and Anhui. The core beverage ingredients are now 100% self-produced. As of 30 September 2024, Mixue’s warehousing system comprises

27 warehouses totaling approximately 350,000 square metres. It achieves 12-hour delivery coverage to 90% of county-level administrative regions and provides cold chain logistics coverage to 97% of its outlets.

Brand marketing: The creation of the “Snow King” super IP, exemplified by Figure 2 Extensive dissemination through the “Snow King” character and the theme song “Meixue Ice City Sweetness”, achieving cumulative exposure exceeding 19.5 billion views and 9.7 billion views, respectively, across major social platforms. Concurrently, merchandise, such as plush toys, water bottles, and building blocks developed around the “Snow King” character, has facilitated an upgrade from product consumption to emotional consumption.

Figure 1: The number of stores of the Meixue Ice City



Figure 2: The iconic logo of Meixue Ice City



2.2 Profit Model

Moxue Ice City's profit model relies primarily on attracting consumers through low-price strategies, rapidly expanding its store network by franchising, and generating profits through a robust supply chain system.

On 27 August, the Meixue Group released its interim results for 2025. During the first half of the year, the group achieved revenue of RMB 14.87 billion, representing a year-over-year increase of 39.3%, with net profit reaching RMB 2.72 billion, up 44.1% year-over-year (Group., 2025).

A representative from Moxue Group informed Securities Daily that the steady growth across all performance metrics stems from the company's sustained efforts to build and strengthen its integrated competitiveness centred on "supply chain + brand IP + store operations", thereby achieving a "trinity" of overall cost leadership. The global store count now exceeds 50,000 outlets (Li, 2025a)

As of 30 June 2025, the Mixue Group's global store count had increased to 53,014, representing an additional 9,796 stores compared with the same period last year. The store network now spans China and 12 overseas countries.

2.3 Key Metrics

Figure 3: Balance Sheet of the Meixue Group

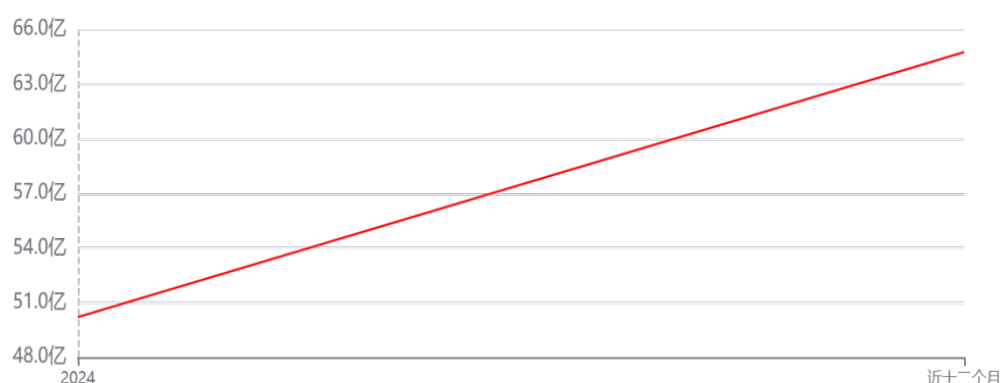


Figure 3 illustrates the evolution of asset figures from 2024 to the "most recent twelve months". Asset values have progressively increased from approximately RMB 5.1 billion, demonstrating sustained growth and reflecting the continuous expansion of Meixue Group's asset scale during this period.

Figure 4: Total Assets of the Meixue Group



Figure 4 illustrates the total asset growth of the Meixue Group from 2024 to the “most recent twelve months”. Assets increased from approximately ¥21 billion (2024 baseline) to nearly ¥30 billion, demonstrating a stable upwards trajectory that reflects the sustained expansion of the Group’s asset base.

Through Figure 3 and Figure 4 above, it can be observed that the Meixue Group’s total liabilities remain within a reasonable range. As revenues increase, the liability amount also increases within a reasonable and regular pattern. This enables the Meixue Group’s overall operational model to maintain a sound upwards trajectory.

2.3.1 Cash Flow Capacity

Table 1 The cash-to-investment ratio of the Meixue Group and the flow ratio of the Meixue Group

	2024	TTM (12 months)
Cash-to-investment ratio (%)	3754	3754
Cash Flow Ratio (%)	13303	13303

Table 1 demonstrates that Mishi Group possesses exceptionally abundant proprietary capital, exhibits strong financial autonomy, and maintains minimal reliance on bank borrowing. The Group’s cash flow ratio also ranks first among its peers.

2.3.2 Debt-Repaying Capacity

Table 2: Current ratios and quick ratios of the mixture groups

	2024	TTM (12 months)
Current Ratio (%)	263.4	263.4
Quick Ratio (%)	214.3	214.3

263.4% measures the Moxue Group’s short-term debt repayment capability. An optimal ratio of $\geq 300\%$ indicates that Moxue Group’s short-term debt repayment capability requires improvement.

Table 2 demonstrates Moxue Group’s capacity to fulfil its short-term obligations using its most liquid assets. A ratio $\geq 150\%$ indicates a Moxue’s ability to meet short-term obligations.

2.3.3 Operational Capability

Table 3: The ratio of cash to cash equivalents of Meixue Group (Zhang, 2023)

	2024	TTM (12 months)
Cash and Cash Equivalents Ratio (%)	28.6	28.6

Table 4: The ratio of accounts receivable to total assets of the Meixue Group

	2024	TTM (12 months)
Ratio of Accounts Receivable to Total Assets (%)	0.1	0.1

Table 5: The ratio of current and noncurrent assets to total assets of the Meixue Group

Ratio of noncurrent assets to total assets	Median over the past two years
39.90%	40.00%
Current assets to total assets ratio	Median over the past two years
50.10%	60.00%

Table 5 indicates that the scale of noncurrent assets remains relatively stable, with no significant fluctuations in long-term asset investments, suggesting a solid operational foundation.

The decline in current assets' share of total assets may stem from corporate adjustments to asset allocation, increased investment in long-term assets, or changes in current asset turnover efficiency. The reasonableness of this trend should be assessed within a specific operational context.

2.4 Risks and Mitigation

As shown in Table 2, the mixture group's current ratio is relatively low, indicating that its short-term debt repayment capacity requires improvement and that numerous risks may arise.

2.4.1 Operational Constraint Risk

Procurement Constraints: Failure to settle supplier invoices promptly may erode supplier trust, prompting them to alter transaction terms—such as demanding advance payments, reducing supply volumes, or increasing prices. This not only elevates procurement costs but also may compromise the timeliness and stability of the raw material supply, thereby impacting production schedules and product quality.

Missed Development Opportunities: When facing sudden market opportunities or investment prospects, enterprises often require swift capital deployment. Under low liquidity ratios, cash constraints may prevent timely capitalisation on such opportunities, thereby forfeiting avenues for business expansion and competitiveness enhancement, ultimately hindering long-term development.

2.4.2 Market Confidence Risk

Diminished Investor Confidence: For shareholders and potential investors, the current ratio serves as a key indicator of a company's financial health. A low ratio may raise concerns about a company's debt repayment capacity and operational stability, thereby reducing its investment appetite. This can lead to falling share prices, diminished market capitalisation, and a tarnished image in capital markets, adversely affecting financing capabilities.

Diminished partner trust: Business partners also scrutinise liquidity ratios when assessing collaboration risk. A low ratio may prompt concerns about a company's ability to fulfil contractual obligations, leading partners to adopt a cautious stance or even withdraw cooperation offers. This undermines business expansion and market share.

To mitigate these risks, enterprises must implement appropriate solutions.

Enhance core profitability by increasing revenue and controlling costs. Only sustained profitability in the principal business can generate stable operating cash flow, which ultimately safeguards debt repayment capacity (Zhang, 2021).

Implement central fund management within the group to reallocate surplus funds or deficit funds between subsidiaries, thereby enhancing overall capital utilisation efficiency.

Expand financing channels and avoid overreliance on short-term bank loans. Explore diverse avenues, such as financial leasing, supply chain finance, accounts receivable factoring, and equity financing (Zeng, 2025).

3. Findings and Analysis

The above analysis indicates that the Mixue Group possesses a high overall comprehensive capability nationally. However, its short-term debt repayment capacity requires strengthening, as this vulnerability may

precipitate numerous risks, including procurement disruptions, missed development opportunities, diminished investor confidence, and reduced trust among business partners.

However, through feasible approaches such as enhancing core profitability, increasing revenue while reducing expenditure, implementing centralised fund management within the group to balance capital surpluses and deficits across subsidiaries, expanding financing channels, and avoiding excessive reliance on short-term bank loans, risks can be effectively mitigated and resolved.

Moxue Ice City's five self-built production bases currently achieve 60% self-sufficiency in terms of raw materials, with 100% control over core ingredients. This results in per-cup costs exceeding 30% below the industry average. Acquiring industry players, such as dairy companies, could further increase the core ingredient self-supply beyond 60%, reducing intermediary markups and potentially compressing overall procurement costs by a further 10%-15%.

The Moxue Ice City generates revenue through merchandise and equipment sales to franchisees, alongside franchise fees and associated service charges. In the first nine months of 2024, its gross profit margins for merchandise sales, equipment sales, and franchise management services stood at 31.5%, 19.5%, and 82.5%, respectively—all surpass those of competitors. Concurrently, the company continuously optimises its franchise ecosystem, with franchisee numbers rising from 19,310 in 2024 to 23,404 in the first half of 2025, achieving an average daily revenue per outlet of RMB 4,127.

Overseas, Mixue prioritised the optimisation of existing stores, implementing operational adjustments in Indonesia and Vietnam to increase the average daily revenue per outlet to 80% of the domestic level. Its inaugural Central Asian store exceeded RMB 430,000 in monthly turnover during its first month – doubling projections – validating its localisation strategy. In Brazil, the company secured a breakthrough by signing an RMB 4 billion agricultural procurement agreement, planning to invest in supply chain factories within 3–5 years, which is expected to create 25,000 jobs.

With the development of multibrand strategies, its subsidiary, Lucky Coffee, accelerated expansion, surpassing 6,000 contracted outlets by end-June 2025. Leveraging the group's supply chain advantages, it entered lower-tier markets with RMB 6 freshly ground coffee, establishing a second growth curve.

IP commercialisation can be strengthened. The Snow Ice City continues developing its “Snow King” IP, launching cobranded products such as bottled beverages and snacks. IP-derived merchandise revenue increased by 120% year-over-year in the first half of 2025.

such as bottled beverages and snacks. IP-derived product revenue surged by 120% year-over-year in the first half of 2025. Interactive marketing campaigns such as “Sing for Free” on platforms such as Douyin and Bilibili generated more than 5 billion brand impressions, with the proportion of younger customers rising to 65%.

4. Conclusion

This research indicates that the mixture group still faces short-term debt repayment challenges, leading to the conclusion that the risks arising from this challenge can be mitigated. Leveraging its brand influence and affordable pricing strategy, Mixue has established itself as a leading brand in the Chinese market.

Moxue Group may mitigate short-term debt repayment challenges by enhancing core profitability, increasing revenue through cost-saving measures, optimising internal fund allocation across subsidiaries, expanding financing channels, and reducing reliance on short-term bank loans (Wang, 2025).

Its subsidiary brand, lucky coffee, surpassed 7,000 contracted outlets and opened its first overseas branch in Malaysia this August. Leveraging the mix of the Ice City's supply chain advantages and low-price strategy, it aims to capture a greater market share in the coffee sector. Additionally, Mixue Ice City has expanded into craft beer with the launch of “Fresh Beer Fulu Home”, creating a new growth avenue for the company.

The “Moxue Ice City” topic has accumulated over 54.2 billion views on Douyin. Initiatives such as the “Snow King” parade, the “Global Exhibition of the Transformative Snow King,” and the release of multilingual animated content have further elevated the brand's visibility and influence, effectively attracting consumers, particularly those with younger demographics.

As major food and beverage enterprises in China and internationally, Mixue Group will continue to expand its ambitions through ongoing refinement and development.

Limitations of this study and recommendations for future research.

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Conflicts of Interest

The authors declare no conflict of interest.

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