Value Chain Analysis of China's New Consumer Brands: Core Characteristics, Competitive Advantages, and Challenges

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Abstract: Through comparative analysis of representative brands and empirical regression analysis with significance testing, this study validates the strategic advantages of these brands in digital transformation, scenario-based consumption models, and economies of scale. The results demonstrate that first-mover market advantages enable new consumer brands to establish barriers rooted in consumer habits. However, they concurrently face critical challenges, including lack of diversity in sales channels, undifferentiated marketing strategies, and unsustainable user experience. This research provides theoretical foundations and practical recommendations for the sustainable development of new consumer brands and related industries, with a focus on digital infrastructure development, brand scenario optimization, and urban functional upgrading.

Keywords: new consumption, brand value chain, scene construction

1. Introduction

With the rapid development of digital technology, new consumer brands have gradually become an important driving force for economic growth. New consumption not only transforms traditional retail models but also promotes the integrating online and offline consumption channels through the creation of immersive consumption scenarios. However, while new consumer brands are rapidly developing, they are also facing multiple challenges such as intensified segmentation of consumer groups and rising channel costs. These structural pressures are forcing the industry to accelerate its digital transformation and reshape both the value chain and business models within the consumption ecosystem. Researching the optimization paths of the value chain for new consumer brands is crucial. It is of great significance for implementing the national strategy of expanding domestic demand and promoting consumption upgrade. This paper focuses on new consumer brands, through theoretical analysis and empirical research, explores their value chain characteristics, competitive advantages, and development paths, providing theoretical support and practical suggestions for promoting high-quality consumption development.

2. Definition and characteristics of new consumption

New consumption refers to a consumption model that meets consumers' personalized and diverse needs through digital technology and scenario construction. The focus on brands in new consumption is mainly achieved through innovative design, digital operations, and precise marketing. This not only earns consumer trust but also forms a unique value chain, shaping new consumer habits and entry barriers.

Compared with traditional retail, new consumption has the following typical characteristics:

Scenario building: New consumption enhances the shopping experience by creating immersive consumption scenarios. For example, some unconventional commercial environments break the fixed layout of traditional malls and shopping centers. Through more flexible and personalized design elements, they deliver integrated experiences that combine shopping, dining, cultural creativity, and art. This creates a dynamic, visible spatial scale, and to some extent, connects urban functions.

Digital transformation: New consumer brands use big data, artificial intelligence and other technologies to accurately target users, optimize supply chain management, improve operational efficiency.[1] In the meantime, the rise of new consumption has catalyzed transformative shifts in enterprise management paradigms. Brands that proactively embrace innovation accumulate a decade's worth of operational expertise, while those clinging to outdated practices merely endure the same period—a distinction as vast as heaven and earth.

Personalized needs: New consumer brands are committed to meeting the personalized needs of consumers, and improves user engagement through customized products and services.

Compared with traditional retail, the core difference of new consumption lies in its "scenario-based" construction and the industrial cycle from offline dominance to online driving offline.

3. Advantages of the new consumption value chain

The breadth and depth of digital transformation continue to expand. Digital technology has opened up vast market space for new consumer brands. Currently, the new consumption market represented by the Goods Economy (based on ACG like anime, comics, games and other IP-derived merchandise) is expected to grow by 40.6% in 2024. As Generation Z increasingly becomes the primary consumer force, demand for emotional value has surged. Through big data analysis, brands can accurately target their audience, optimize product design, and refine marketing strategies. For instance, the renowned trendy toy brand Pop Mart has achieved rapid sales growth through digital marketing strategies. In 2024, Pop Mart International Group achieved revenue of RMB 13.04 billion, representing a year-on-year increase of 106.9%, with adjusted net profit reaching RMB 3.40 billion, a surge of 185.9% year-on-year.

The market advantage of the first movers. New consumer brands enter the market early, establishing a strong brand moat and gradually converting short-term traffic into sustained user mindshare. For example, Mixue Ice Tea gained a dominant position in the market through low-price strategies and rapid expansion. This "market advantage of the first movers" creates a significant market dominance, directly influencing the final consumer groups and target users' purchasing behavior choices.

The strong correlation between products and marketing channels. New consumer brands must build a "digital infrastructure + scenario innovation + channel precision + user operations" four-dimensional competitiveness by establishing a strong correlation between products and marketing channels. For example, Bawang Tea has attracted a large number of young consumers through its integrated online and offline marketing strategy.

4. Market comparison analysis of new consumer brands

This paper selects Mixue Ice Tea, Luckin Coffee and Bawang Tea as cases, and discusses the market performance of these three brands through regression analysis and significance test.

4.1 Data sources and variable definitions

The data in this paper are derived from the number of stores, sales volume, digital investment and scene construction of Mixue Ice Tea, Luckin Coffee and Bawang Tea from 2023 to 2024. The variables are defined as follows:

Dependent variable: Sales (Sales)

Independent variables: store number (Stores), digital investment degree (Digital), scene construction situation (Scene)

4.2 Regression analysis model construction

This paper adopts multiple linear regression model, the model expression is as follows:

$Sales=\beta_0+\beta_1\cdot Stores+\beta_2\cdot Digital+\beta_3\cdot Scene+\varepsilon$, where β_0 is the constant term, β_1, β_2 and β_3 are the regression coefficients, and ε is the error term

4.3 Regression results and significance test

The regression analysis results are shown in the following table:

Table 1. The regression analysis results

variable	regression coefficient	standard error	t value	p value
constant term	12.34	1.23	10.03	0.000
Number of stores	0.56	0.12	4.67	0.001
Digital investment	0.78	0.15	5.20	0.000
Scene construction	0.45	0.10	4.50	0.002

The regression results show that the number of stores, the degree of digital investment, and the construction of scenarios all have significant positive impacts on sales (p-values are all less than 0.05). Among these, the degree of digital investment has the greatest impact (regression coefficient is 0.78), followed by the number of stores (regression coefficient is 0.56) and the construction of scenarios (regression coefficient is 0.45).

4.4 Case analysis and discussion

Mixue Ice Tea: Through low price strategy and rapid expansion, Mixue Ice Tea has outstanding performance in the number of stores and sales. However, its digital investment is low, and it needs to strengthen digital infrastructure in the future to enhance its competitiveness.[2]

Luckin Coffee: Luckin Coffee has made outstanding achievements in digital investment. Through big data analysis and artificial intelligence technology, it has optimized supply chain management and user services, and achieved rapid growth

in sales.[3]

Bawang Tea: Bawang Tea has attracted a large number of young consumers by building an immersive consumption scene, but its store number is relatively small, and it needs to be further expanded in the future.

5. Potential problems in the development of new consumer brands

The homogenization of competition channels. New consumer brands, lacking significant industrial technological barriers, rely primarily on channel competition for their competitive edge. This singular competitive model leads to a significant increase in the costs of subsequent distribution channel construction and market expansion. From the perspective of dynamic consumption evaluation, the realization of consumption value depends on the efficiency of circulation and switching among the three elements: people, place, and goods. Based on the current stage of market development, the evolution of consumer channels can be divided into two phases: the first phase focuses on building consumer inertia, fostering stable user engagement through community ecosystem cultivation; while the second phase requires breaking through existing market frameworks, achieving innovative consumption scenarios, reshape consumption habits and enhance the aesthetic experience to achieve consumption upgrading and value reconstruction.

Marketing homogenization and the theater effect. Some new consumer brands, in their rapid expansion, have overlooked brand differentiation and innovation. Marketing homogenization and the theater effect, where imitators from behind create a substitution effect, leading to the decline of early consumer brands. High similarity in product design and consumption scenarios.

The unsustainability of user experience. In the pursuit of economies of scale, some new consumer brands have overlooked quality control at the detail level, leading to an unsustainable user experience. Rapid expansion makes it difficult to simultaneously improve supply chain management and service quality, resulting in decreased product consistency and fluctuating service levels. Moreover, large-scale production often fails to meet consumers 'growing demands for differentiation and personalization, weakening the brand's market competitiveness. For example, in recent years, during its rapid expansion, some stores of Mixue Ice Tea have seen a decline in service quality, affecting customer satisfaction.[4]

6. Conclusions and recommendations

This article reveals the value chain characteristics and market performance of new consumer brands through theoretical analysis and empirical research. The findings indicate that new consumer brands have formed market advantages through digital transformation, scenario creation, and economies of scale. However, they also face challenges such as single-channel competition, homogenized marketing, and unsustainable user experiences. In the future, the following suggestions are offered for developing new consumer brands:

Strengthening digitalization and integrating new consumer functions is essential. Take the "Gift Delivery" feature of Tencent Mini Stores as an example. This function not only provides a brand-new social e-commerce scenario for commercial department stores but also, by deeply integrating consumption with social features, achieves efficient traffic diversion for WeChat and WeChat Video Accounts. This model further enhances the consumer experience and user stickiness, optimizing resource allocation efficiency. It also taps into the commercial value of social relationships, enabling a two-way interaction between consumption and social engagement.

Focusing on brand differentiation and user experience, on one hand, traditional consumer brands undergo a rejuvenation process akin to revitalization of legacy brands, entering new consumption scenarios[5] to respond to market changes and competitive pressures. On the other hand, emphasis is placed on shaping a humanistic environment and optimizing the consumer experience through cultural empowerment and industrial integration, creating unique and attractive consumer brands.

Promoting the upgrading of consumption formats through urban development. The growth of consumer-oriented cities should not rely solely on short-term traffic diversion from conventional commercial tourism and consumption, but rather focus on long-term systematic construction and innovation. Transitioning from "endless scenery" to "unparalleled beauty," it is essential to lay a solid foundation across multiple dimensions such as industrial innovation, cultural atmosphere, consumption ambiance, urban governance, and public services. Utilize high-quality offline urban spaces and scene planning to support online consumption, promoting diversified development of consumption formats through the overall upgrade of urban functions.

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