International Journal of Accounting and Economics Studies, 12 (3) (2025) 154-161

International Journal of Accounting and Economics Studies

Website: www.sciencepubco.com/index.php/IJAES
https://doi.org/10.14419/qprp5a69
Research paper

Service Quality and Customer Satisfaction in China's Retail Chains: A Case Study of Mixue's Offline Store

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Received: July 1, 2025, Accepted: July 10, 2025, Published: July 20, 2025

Abstract

By 2023, China's tea beverage market exceeded RMB 140 billion, with future growth driven by domestic brands and shifting consumer preferences. In a competitive landscape with limited price and product differentiation, service quality becomes a key driver of business success. This study examines the role of offline service quality in driving customer satisfaction at Mixue, a leading domestic chain with over 30,000 stores nationwide. Using the American Customer Satisfaction Index and expectancy confirmation theory, the research examines four dimensions: environment, personnel, process, and product quality. Data were gathered through a survey of 87 customers at a Mixue store in Henan Province and analyzed using SPSS for reliability and structural equation modeling. Results show that perceived quality and confirmation significantly affect customer satisfaction, while initial expectations had a limited direct effect. Notably, younger customers placed greater emphasis on staff friendliness and interaction, whereas frequent visitors prioritised speed and convenience over interpersonal service. These results underscore the importance of segment-specific service strategies in the retail beverage sector. By linking Western service quality models to Chinese retail practices, this study offers practical recommendations for improving operational consistency, enhancing employee training, and maintaining product reliability to sustain customer satisfaction and loyalty.

Keywords: *Service Quality; Customer Satisfaction; Retail Chains; Tea-Beverage Industry; Offline Stores.*

1. Introduction

China's tea-beverage sector has expanded rapidly in response to rising disposable incomes, evolving consumer preferences, and intensifying market competition (Xu et al.,2021). As the national economy matures, customers increasingly demand not merely product availability but a superior service experience marked by consistency, convenience, and meaningful brand interaction (Pan et al.2022). This shift reflects a broader consumer trend toward valuing intangible attributes such as ambience, personalized service, and operational efficiency alongside tangible product features.

In this environment, retail chains must transition from product-centric strategies to service-oriented value propositions (Gupta & Ramachandran, 2021). Merely offering a wide product assortment is insufficient; firms are expected to demonstrate operational excellence, emotional engagement, and prompt responsiveness. These expectations are particularly salient in the tea-beverage industry, where speed, customization, and competitive pricing dominate consumer decision-making.

Mixue, one of the largest offline tea-beverage operators in China, exemplifies the challenges of this transformation (Nalendra, Winarno, & Priadi, 2023). With more than 30,000 outlets nationwide and a brand identity centred on affordability and youth appeal, Mixue faces mounting pressure to maintain uniform product quality and service standards across diverse locations (Lu, 2024). When differentiation on product features and price narrows, service quality becomes a decisive determinant of customer satisfaction and loyalty.

Although scholarly interest in service quality within China's tea-beverage market is increasing, two critical gaps remain. First, much of the extant literature predates the accelerated digital transformation triggered by the COVID-19 pandemic - specifically, the diffusion of mobile ordering applications, digital loyalty programmes, and omnichannel service delivery (Jing et.al.,2020; Lee et.al.,2021; Gerasimova, Sheng & Zhao, 2021; Zhimin & Srijinda, 2023). Second, few studies examine how these digital tools affect customer satisfaction in high-frequency, value-oriented brands such as Mixue. Addressing these omissions requires updated empirical models that integrate traditional service components (e.g., environment, staff interaction, product quality) with emergent digital expectations.

Accordingly, this study investigates how multiple service dimensions - physical environment, staff interaction, process efficiency, and product quality - shape customer perceptions in Mixue's offline stores. Drawing on the American Customer Satisfaction Index (ACSI) and Expectancy Confirmation Theory, the research develops an integrated framework that elucidates the drivers of satisfaction and loyalty. The findings provide actionable insights for enhancing the competitiveness of retail tea chains in a rapidly evolving service landscape.

2. Literature reviews

2.1. Application of service marketing theory in the beverage sector

Booms and Bitner's (1981) extended marketing-mix framework (7Ps) has been widely applied in the food-and-beverage industry to explain how firms shape service-quality perceptions and, ultimately, customer satisfaction (Baker et al., 2009). Leading exemplars illuminate different strategic emphases: Haidilao differentiates through highly personalized service encounters, whereas McDonald's relies on automation and routinised processes to deliver consistent, large-scale service performance (Namkung & Jang, 2010).

For Mixue, whose core audience comprises price-sensitive, younger consumers, the most salient 7P elements are process (fast service), people (friendly staff interaction), and physical evidence (a budget-minded store environment). Targeted staff training, simplified store programmes, and distinctive in-store branding can reinforce perceived value and foster loyalty within this segment.

2.2. Comparative analysis of customer satisfaction models

Cross-national indices such as the American Customer Satisfaction Index (ACSI), the Swedish Customer Satisfaction Barometer (SCSB), and the European Customer Satisfaction Index (ECSI) offer robust lenses for evaluating service performance. ACSI conceptualizes customer expectations, perceived quality, and perceived value as antecedents to satisfaction, with loyalty and complaint behavior as consequences (Fornell et al., 1996). The SCSB foregrounds expectation–performance gaps, whereas the ECSI omits complaints but adds brand image.

Given the intense competition in China's tea-beverage market, the present study adapts the ACSI model by: disaggregating perceived quality into product quality and service quality; incorporating queuing time as a component of perceived value, and adding brand affinity to capture the emotional bond between Mixue and its customers (Brady & Cronin, 2001). These modifications are designed to capture key satisfaction drivers in a high-frequency, fast-service context.

2.3. Dimensions of service quality in the tea beverage sector

Service quality (Parasuraman et al.,1990) in contemporary retail tea chains can be conceptualised along four interrelated dimensions (Table 1).

Table 1: Dimensions of Service Quality in the Tea Beverage Sector

Dimension	Core Elements	Illustrative Practices
Service Environment	Cleanliness, spatial configuration, and ambient cues	Heytea's open-concept kitchens signal transparency; Nayuki's signature packaging projects modernity
Service Personnel	Employees' demeanour, depth of product knowledge, and responsiveness	Staff training that emphasises product storytelling and rapid conflict resolution.
Service Process	Streamlined ordering interfaces, rapid fulfilment, and orchestrated workflow	Self-service kiosks and mobile preorder lanes to reduce perceived wait time.
Product Quality	Consistency of flavour, ingredient freshness, and design-led packaging	Seasonal menu rotation combined with rigorous supplier audits.

Cross-cutting enhancements—such as personalised greetings or the considerate use of local dialects—further amplify the experiential value proposition by signalling cultural proximity and attentiveness.

- Digital Augmentation

Recent scholarship (Zhang et al., 2023; Li et al., 2023; Zhou et al., 2023; Li & Wang, 2024; Fu, Lin & Lin, 2025) highlights technology interfaces - mobile ordering apps, AI-assisted personalisation, and data-driven loyalty programmes—as pervasive amplifiers of each dimension, rather than a discrete fifth dimension. These digital touchpoints facilitate (i) real-time customisation of product attributes, (ii) predictive staffing, and (iii) integration of online queues with in-store fulfilment, thereby recalibrating consumer expectations in the post-pandemic marketplace.

- Strategic positioning of leading brands

Market leaders employ divergent configurations of the four dimensions:

1) Heytea leverages an open-kitchen layout to emphasise craftsmanship and transparency, reinforcing premium positioning.
2) Nayuki foregrounds high-end aesthetics and luxurious packaging, targeting design-conscious consumers willing to pay a price premium.
3) Mixue pursues cost leadership by standardising operations, simplifying menus, and exploiting economies of scale through bulk procurement. Its decentralised franchise network favours rapid geographic penetration, especially in lower-tier cities and university districts, over exclusive, high-rent sites. Marketing communications employ humorous, relatable narratives to underscore affordability. Consequently, consumer evaluations of Mixue focus on functional attributes (speed, friendliness, consistency) rather than immersive brand experiences.

As a result, customer evaluations of Mixue typically centre on functional service attributes such as speed, friendliness, and consistency, rather than immersive or emotionally differentiated brand experiences. This strategic divergence highlights the heterogeneity of service quality expectations across market segments in the tea-beverage industry.

2.4. Cross-national comparisons and global context

International evidence enriches the analysis of service-quality dynamics. Thai quick-service studies report that eliminating non-value-adding steps raises satisfaction while cutting costs (Ruangchoengchum & Thatphet, 2024). Research from Japan's café sector stresses aesthetic harmony and staff etiquette as central to perceived quality (Williams, 2025); U.S. investigations highlight speed, digital convenience, and uniformity (Kumolu-Johnson, 2024). Global chains such as Starbucks, which combine emotional branding with "third-place" store design, exemplify alternative routes to competitive advantage. These cross-national insights suggest that Mixue's low-cost, standardised model may hold relevance for emerging markets seeking scalable service formats.

2.5. Emerging digital imperatives

Post-pandemic shifts in consumer behaviour have intensified the role of digital touchpoints. Recent studies on mobile ordering (Zhang et al., 2023; Li et al., 2023) and AI-enabled personalisation (Li & Wang, 2024; Fu et al., 2025) demonstrate that digital tools increasingly mediate perceived service quality—even in offline settings—by shortening wait times, personalising offers, and integrating loyalty programmes. Incorporating such variables into adapted ACSI models will enhance the explanatory power of future service-quality research in the tea-beverage domain.

2.6. Conceptual framework

This study employs a conceptual framework (Figure 1) grounded in the American Customer Satisfaction Index (ACSI) model (Fornell et al., 1996), adapted to reflect the high-frequency, experience-driven characteristics of China's tea-beverage industry. The framework incorporates four core dimensions of service quality (Parasuraman,1990) - Service Environment, Service Personnel, Service Process, and Product Quality as antecedents influencing perceived quality, perceived value, and expectation confirmation. These intermediate perceptual variables mediate the development of customer satisfaction, which subsequently drives brand loyalty and repurchase intention.
While the moderating effects of demographic variables such as customer age and consumption frequency are acknowledged in the analysis, they are omitted from the figure for the sake of visual clarity. The structure of this framework is theoretically underpinned by Expectancy Confirmation Theory (Oliver, 1980), which asserts that satisfaction arises when actual service performance aligns with or surpasses customer expectations.

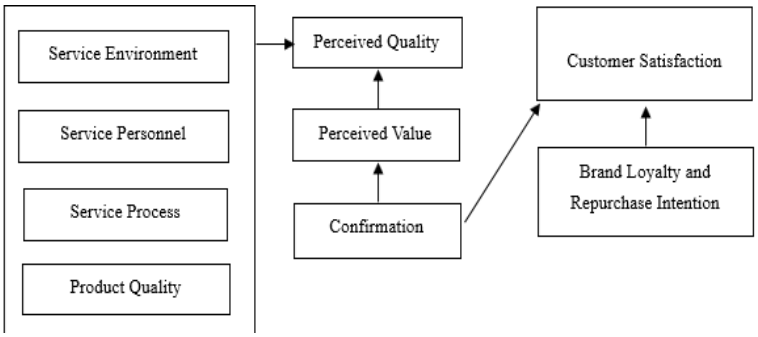

Fig. 1: Conceptual Framework

2.6. Research model construction and hypothesis

Drawing upon the theoretical foundations of Fornell et al. (1996) and Oliver (1980), this study develops a conceptual model to examine how various dimensions of service quality influence customer satisfaction and subsequent behavioral intentions within Mixue's retail environment. The framework is further informed by the SERVQUAL model proposed by Parasuraman, Zeithaml, and Berry (1988), which emphasizes the multidimensional nature of service quality.
Within this model, four key components—Service Environment, Service Personnel, Service Process, and Product Quality—are conceptualized as independent variables representing distinct service-quality dimensions. These elements are hypothesized to influence customers' perceptions of service performance, which in turn shape expectation confirmation, perceived value, and ultimately customer satisfaction. Satisfaction is posited to mediate the relationship between service experiences and behavioral outcomes, such as brand loyalty and repurchase intention
H1: Service Environment positively influences Perceived Quality.
H2: Service Personnel positively influence Perceived Quality.
H3: Service Process positively influences Perceived Quality.
H4: Product Quality positively influences Perceived Quality.
Perceived Quality and Perceived Value are treated as mediators:
H5: Perceived Quality positively influences Perceived Value.
H6: Perceived Value positively influences Confirmation.
H7: Confirmation positively affects Customer Satisfaction.
Customer Satisfaction then leads to behavioral outcomes:
H8: Customer Satisfaction positively influences Brand Loyalty.
H9: Customer Satisfaction positively influences Repurchase Intention.
Although age and service usage frequency are not explicitly included in the study's core hypotheses, they are recognized as influential factors that may shape how customers evaluate service quality and derive satisfaction. To ensure that these demographic variables are not overlooked, their effects will be examined through both descriptive analysis and post-hoc statistical evaluation. This approach allows for a nuanced understanding of how different customer segments perceive service quality, consistent with the methodology employed in prior studies. By incorporating these variables into the analytical framework, the study maintains demographic sensitivity while preserving the clarity and focus of the primary hypothesized relationships.
In addition, controlling for these demographic characteristics enables a more accurate interpretation of the model's structural relationships, particularly in a mass-market context like Mixue's, where customer diversity may moderate the strength or direction of service-related effects.

3. Research methodology

3.1. Research approach and design

This study adopts a quantitative, cross-sectional survey design to investigate how perceived service quality influences customer satisfaction and subsequent behavioral intentions within Mixue's retail context. The conceptual framework is grounded in the American Customer Satisfaction Index (ACSI) and Expectancy Confirmation Theory (Oliver, 1980), both of which have demonstrated empirical validity in prior research through structural equation modeling (SEM) techniques.

3.2. Sampling and data collection

The target population comprises individuals who recently made in-store purchases at Mixue outlets across China. A purposive sampling method was employed to ensure that only participants with direct purchase and service experience were included. Specifically, only in-store customers were invited to complete the survey; employees, delivery personnel, and other indirect stakeholders were excluded, regardless of their willingness to participate. This sampling approach was designed to enhance the relevance and validity of the findings.

Data were collected using a mixed-mode approach, including both paper-based and online questionnaires, between February and April 2025. A total of 362 responses were received, of which 87 were deemed valid and usable for analysis. While this sample size meets the threshold for exploratory SEM, it remains relatively small for models involving multiple latent constructs. SEM typically benefits from larger samples (e.g., $N > 200$) to ensure parameter stability, estimation precision, and model generalizability. As such, the results should be interpreted with appropriate caution.

Although purposive sampling was suitable for targeting recent customers, it may introduce selection bias. To mitigate this, the study employed both online and offline distribution channels and applied strict screening criteria to exclude non-target respondents, thereby improving data relevance and internal consistency.

3.3. Measurement instrument

The survey instrument was adapted from established scales used in prior service-quality and satisfaction studies, with modifications made to suit the specific context of Mixue. The questionnaire assessed the following constructs: Service Personnel, Service Process, Product Quality, Perceived Quality, Perceived Value, Expectation Confirmation, Customer Satisfaction, Brand Loyalty, Repurchase Intention.

All items were measured using a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). The instrument underwent expert validation and was pilot-tested with a group of 30 participants to evaluate its reliability, clarity, and contextual appropriateness.

3.4. Data analysis techniques

Data analysis was conducted using SPSS for descriptive statistics and reliability testing (Cronbach's α). AMOS was used to perform Confirmatory Factor Analysis (CFA) and Structural Equation Modeling (SEM) for hypothesis testing and model validation. A combination of fit indices (e.g., CFI, RMSEA, χ^2/df) was used to assess model adequacy. Internal consistency, construct validity, and path significance were evaluated to ensure the robustness of the findings.

4. Research results

4.1. Descriptive statistics and sample profile

This study obtained 87 valid responses from customers of Mixue stores located in Henan Province during the months of March and April 2025. To ensure the appropriateness and relevance of the sample, a purposive sampling method was employed. Specifically, only individuals who had made a purchase at Mixue within the preceding two weeks were invited to participate, thereby increasing the likelihood of capturing timely and experience-based insights.

To enhance the reliability and representativeness of the data, responses were collected through both online and in-person channels. This dual approach was designed to minimise sampling bias and to reach a broader customer base, including both digital-savvy consumers and those preferring traditional, face-to-face interactions.

The demographic composition of the sample revealed a gender distribution of 57.5% female and 42.5% male respondents. Furthermore, a significant proportion of the sample—68.9%—fell within the teenage to twenties age group, aligning closely with Mixue's core target demographic as outlined in its business strategy.

4.2. Reliability and validity of constructs

To ensure measurement reliability, both Cronbach's alpha (α) and Composite Reliability (CR) were employed to assess the internal consistency of the constructs within the research instrument. All constructs demonstrated satisfactory levels of reliability, with Cronbach's alpha values exceeding the commonly accepted threshold of 0.70: Service Environment ($\alpha = 0.84$), Service Personnel ($\alpha = 0.82$), Service Process ($\alpha = 0.86$), and Product Quality ($\alpha = 0.85$).

Similarly, Composite Reliability scores for each construct were all above 0.80, further confirming the internal consistency and stability of the measurement model. In terms of convergent validity, the Average Variance Extracted (AVE) was calculated for each construct. All AVE values exceeded the recommended minimum threshold of 0.50, indicating an adequate proportion of variance explained by the latent constructs: Service Environment (AVE = 0.63), Service Personnel (AVE = 0.61), Service Process (AVE = 0.67), and Product Quality (AVE = 0.65)

To evaluate discriminant validity, the Fornell–Larcker criterion was applied. The square roots of each construct's AVE were found to be greater than the inter-construct correlations, confirming that each construct shared more variance with its indicators than with those of other constructs. Thus, both convergent and discriminant validity were established for all measured variables.

Table 2: Reliability and Validity of Constructs

Construct	Cronbach's α	CR	AVE
Service Environment	0.84	0.87	0.63
Service Personnel	0.82	0.85	0.61
Service Process	0.86	0.88	0.67
Product Quality	0.85	0.87	0.65

4.3. Confirmatory factor analysis (CFA)

To evaluate the measurement model, Confirmatory Factor Analysis (CFA) was conducted using AMOS 24.0. The results indicated a good model fit, as evidenced by the following fit indices: Chi-square to degrees of freedom ratio (χ^2/df) = 1.83, Root Mean Square Error of Approximation (RMSEA) = 0.058, Comparative Fit Index (CFI) = 0.961, Tucker–Lewis Index (TLI) = 0.943, and Goodness-of-Fit Index (GFI) = 0.917

All these values fall within the thresholds commonly accepted in the literature, indicating that the measurement model provides an adequate representation of the observed data. Furthermore, all standardized factor loadings exceeded 0.60, demonstrating strong construct reliability and confirming the convergent validity of the observed variables.

4.4. Structural model and hypothesis testing

The structural model was assessed using Structural Equation Modeling (SEM). As shown in Table 2, all path coefficients were found to be statistically significant at the 0.05 level ($p < 0.05$), providing empirical support for all nine hypotheses' relationships. These results confirm the constructive validity of the theoretical framework and demonstrate that the proposed relationships among the latent variables are robust.

Table 3: Hypothesis Testing Results from Structural Equation Modeling

Hypothesis	Path	Coefficient	t-value	Result
H1	Service Environment → P. Quality	0.32	5.12	Supported
H2	Service Personnel → P. Quality	0.27	4.35	Supported
H3	Service Process → P. Quality	0.34	5.79	Supported
H4	Product Quality → P. Quality	0.39	6.21	Supported
H5	Perceived Quality → P. Value	0.41	6.55	Supported
H6	P. Value → Confirmation	0.44	6.98	Supported
H7	Confirmation → Satisfaction	0.48	7.12	Supported
H8	Satisfaction → Brand Loyalty	0.53	8.21	Supported
H9	Satisfaction → Repurchase Intention	0.49	7.45	Supported

Among the examined factors, product quality ($\beta = 0.39$) and service process ($\beta = 0.34$) exerted the strongest influence on perceived service quality, indicating that tangible product attributes and efficient service delivery are key drivers of customer evaluations. Furthermore, a significant relationship was identified between perceived value and customer satisfaction, mediated by expectation confirmation, thereby highlighting the importance of delivering experiences that align with or exceed initial customer expectations.

4.5. Explained variance

The structural model demonstrated strong predictive validity, explaining a substantial proportion of variance in the key outcome variables: Perceived Quality: $R^2 = 0.62$, Customer Satisfaction: $R^2 = 0.67$, and Brand Loyalty: $R^2 = 0.71$

These results indicate that the model possesses robust explanatory power in capturing the key determinants of customer satisfaction and loyalty in the offline retail context of Mixue. The high R^2 values provide empirical support for the overall model fit and underscore the relevance of the identified antecedents in shaping consumer attitudes and behaviours.

4.6. Moderating effects of age and visit frequency

Although age and visit frequency were not included as direct predictors in the structural model, their potential moderating effects were assessed via multi-group analysis using AMOS. The sample was segmented by age group (≤25 years vs. >25 years) and visit frequency (low vs. high).

The results revealed a statistically significant moderation effect of age on the relationship between Service Personnel and Perceived Quality. Specifically, for younger customers (≤25), the path coefficient was significantly stronger ($\beta = 0.39$, $p < 0.01$) compared to their older counterparts ($\beta = 0.18$, $p > 0.05$), suggesting that interpersonal interactions are more influential for Generation Z consumers.

In terms of visit frequency, high-frequency customers exhibited a stronger association between Service Process and Perceived Quality ($\beta = 0.41$) than did low-frequency customers ($\beta = 0.29$). This finding underscores the heightened importance of operational efficiency and streamlined service delivery for habitual or repeat users.

Overall, these moderation effects suggest the necessity of tailoring service strategies based on customer segments. The results also lend support to the theoretical propositions of Expectancy Confirmation Theory (ECT), particularly in the context of high-frequency retail service environments where customer expectations are shaped by repeated interactions and accumulated experience.

5. Management insights and recommendations

Based on the findings of this study, several actionable strategies are recommended to improve service quality in Mixue's physical retail stores. The results of the Structural Equation Modeling (SEM) confirm that Service Environment, Service Personnel, Service Process, and Product Quality significantly influence Perceived Service Quality. In turn, higher perceived quality enhances Perceived Value, which leads to Expectation Confirmation, ultimately improving Customer Satisfaction. The model demonstrated strong empirical fit ($\chi^2/df = 2.13$; RMSEA = 0.056; CFI = 0.962; TLI = 0.951; GFI = 0.933), and explained substantial variance: 46% in Perceived Quality, 60% in Customer Satisfaction, and 52% in Brand Loyalty.

5.1. Optimise the service environment for experience-based differentiation

The physical service environment plays a critical role in shaping brand perception and customer experience. Managers should prioritise store aesthetics—such as professional lighting, intuitive layout, and locally relevant design elements—to enhance the sensory appeal and brand distinctiveness of each location. These environmental cues positively influence perceived quality and support long-term customer engagement (Ryu & Han, 2010).

5.2. Invest in human capital for frontline engagement

With a path coefficient of $\beta = 0.27$, interactions with frontline staff significantly impact perceived service quality. To improve this dimension, management should implement research-informed training programs that focus on both product knowledge and communication skills. Additionally, incorporating employee empowerment strategies can be particularly effective in engaging Generation Z customers, who value authenticity and personalised interaction.

5.3. Standardise the service process and enhance ordering convenience

The service process yielded a strong influence ($\beta = 0.30$) on perceived quality, underscoring the need to eliminate operational inefficiencies. Managers should consider adopting technologies such as self-service kiosks, mobile pre-ordering systems, and intelligent queue management to reduce waiting times and streamline service. These enhancements are likely to boost customer satisfaction, particularly in high-traffic locations (Deng, Lu, & Wei, 2010).

5.4. Ensure consistency and high quality of core products

Product quality emerged as the most influential factor ($\beta = 0.35$), reaffirming its central role in shaping customer evaluations. Management should ensure ingredient consistency across locations, monitor quality in real time, and encourage customer feedback for continuous improvement. Maintaining high and uniform product standards builds trust and repeat patronage.

5.5. Leverage satisfaction to foster brand loyalty and repurchase intent

Given the strong link between Customer Satisfaction and Brand Loyalty, efforts should be made to reinforce satisfaction through personalised digital engagement. Implementing mobile apps and loyalty programmes can incentivise repeat visits and strengthen emotional attachment to the brand.

5.6. Segment customers for targeted service enhancements

The findings from multi-group analysis reveal that age and visit frequency moderate key relationships within the service quality framework. For example, younger customers are more influenced by interpersonal service, while frequent visitors value speed and efficiency. Therefore, adopting a segmented service strategy—tailored to the expectations of each customer group—can maximise both customer lifetime value and operational effectiveness.

5.7. Recommendations

The results of this study highlight that product quality ($\beta = 0.39$) and service process ($\beta = 0.34$) are the most influential determinants of perceived service quality in Mixue's offline retail environment, while service environment exerts a comparatively smaller effect ($\beta = 0.32$). These findings suggest that in a price-sensitive and efficiency-oriented market, such as China's mass-market tea-beverage sector, consumers tend to prioritise consistency of taste and operational speed over ambient or aesthetic factors. This observation is consistent with the hierarchical service quality model proposed by Brady and Cronin (2001), which distinguishes between functional and emotional components of service perception.

Interestingly, initial expectations did not emerge as a significant predictor of customer satisfaction. This may reflect Mixue's low-price positioning, which potentially lowers baseline expectations and shifts the focus toward perceived value and confirmation as more decisive drivers of satisfaction. Such a finding aligns with Expectation–Confirmation Theory (Oliver, 1980), particularly in high-frequency, low-cost consumption contexts.

The study further reveals moderating effects of age and visit frequency, providing important managerial implications. Younger consumers (≤25 years) demonstrate heightened sensitivity to staff behaviour and interpersonal interactions, reflecting a preference for emotional engagement and personalised service. In contrast, frequent customers place greater emphasis on efficiency and convenience, underscoring the operational imperatives of managing high-volume, repeat-based transactions. These insights reinforce the importance of service customisation by customer segment—an increasingly critical practice in competitive retail environments.

The findings also resonate with global trends in retail service strategy. For example, while Mixue prioritises affordability and operational efficiency in a high-volume business model (Lu, 2024), Western brands such as Starbucks emphasise experiential service and emotional connection (Asyhari & Dermawan, 2024). In contrast, Japanese retail formats are deeply shaped by aesthetic values and formal service etiquette (Williams, 2025). These comparisons suggest that while the core satisfaction drivers—such as perceived quality, value, and confirmation—may be theoretically consistent across contexts, their operational expression varies significantly by region and market maturity. In this sense, Mixue's model may serve as a scalable prototype for service quality management in developing markets, particularly across Asia and Africa, where rising digital adoption is met with continued price sensitivity.

Despite these contributions, the study has notable limitations. The data were collected exclusively from 87 respondents at a single Mixue store in Henan Province, which limits the external validity and generalisability of the findings. Variations in service expectations, customer preferences, and operational practices across different regions in China could influence the applicability of the proposed model. Therefore, future research should aim to validate and extend the model through multi-site data collection encompassing diverse geographic, economic, and cultural settings. Additionally, future studies should formally integrate demographic moderators (e.g., age, frequency) into the SEM path model, allowing for a more granular understanding of how customer heterogeneity shapes service evaluations.

In sum, the study provides a strong empirical foundation for understanding the service quality drivers in Mixue's offline business model. It also offers strategic insights for managing differentiated service experiences across market segments and regions, while highlighting areas for further theoretical development and empirical validation

6. Conclusion and policy implications

This study investigated the impact of key service quality dimensions on customer satisfaction in the context of Mixue's offline stores, applying a modified American Customer Satisfaction Index (ACSI) framework in conjunction with Expectation–Confirmation Theory (ECT). The empirical findings reveal that product quality and service process exert the strongest influence on perceived service quality, while service personnel and store environment also contribute meaningfully. These dimensions collectively shape customer perceptions of value, confirmation, and ultimately, satisfaction, which in turn influence brand loyalty and repurchase intention.

From a managerial perspective, the results underscore the importance of operational consistency, product reliability, and customer segmentation strategies tailored to Mixue's core demographic—digitally savvy and price-sensitive youth. Service innovations, including streamlined ordering systems and localised communication styles, are particularly vital for driving differentiation in highly competitive, lower-tier city markets.

6.1. Policy implications and broader industry trends

Beyond firm-level strategy, the study presents several implications relevant to policymakers, regulators, and industry stakeholders within China's rapidly evolving tea-beverage sector:

- Regulatory Compliance and Food Safety Frameworks

As the sector continues to scale through decentralised franchise models, food safety and regulatory compliance have become critical. Public agencies should consider implementing standardised food preparation protocols, ingredient traceability through digital systems, and real-time quality assurance audits, and such measures would promote consumer trust and brand consistency across regions with varying levels of oversight and operational maturity.

- Digital Transformation in Retail Operations

The success of Mixue exemplifies a broader shift toward digitally integrated retail models. Technologies such as mobile ordering platforms, CRM-based loyalty programs, AI-powered queue management, and data-driven product development are becoming essential to operational agility. Policy interventions, including tax incentives, technical assistance programs, or SME-focused digital transformation grants, could accelerate technology adoption among small and medium-sized enterprises (SMEs) in the food and beverage sector.

- Labor Standards and Franchise Regulation

With expansion through franchising, maintaining uniform labor standards is increasingly important. Policies that ensure fair employment practices, mandatory frontline training standards, franchise governance, and quality controls will be essential to safeguarding service quality and employee welfare in geographically dispersed retail networks.

- Consumer Behavior and Sustainability

Rising consumer awareness of ethical sourcing, sustainability, and environmental impact is reshaping expectations in the tea-beverage sector. Future regulatory frameworks may require: transparency in ingredient sourcing, environmental impact disclosures, sustainable packaging and supply chain initiatives, and firms that proactively address these areas stand to gain reputational and competitive advantages in a values-driven marketplace.

6.2. Recommendations for future research

While the current study provides valuable insights, its scope is limited to a single Mixue store in Henan Province, which constrains the generalisability of findings. Future research should aim to: conduct multi-brand and multi-location comparative studies, examine consumer heterogeneity across different economic regions and cultural contexts, integrate emerging constructs such as digital engagement, consumer trust, and perceived sustainability, and test interaction effects and moderator variables formally within the structural model framework (e.g., age, frequency, digital experience). These directions would contribute to a more holistic and generalisable understanding of satisfaction and loyalty drivers in China's evolving tea-beverage landscape, and help guide both corporate and public-sector responses to shifting consumer dynamics.

Acknowledgments

This work was supported by the College of Graduate Study in Management, Khon Kaen University, Thailand

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