



Points-of-differences that shape consumer preferences for a hype brand: The case of Mixue's fast growth

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ABSTRACT

Companies position their brands to consumers using points of difference, attributes, or advantages that consumers strongly associate with the brand and cannot be found in competing brands. Mixue is an ice cream brand that enjoyed significant attention in early 2023. The question is, why did this ice cream outlet receive spectacular attention in such a short time? To answer this question, based on the theory of consumer behavior models that asserts that a company's marketing efforts influence consumer decision-making, the authors theorize that the intentionally created point of difference (PODs) boost consumer preferences. To confirm that applied theory, the authors collected data from 136 respondents who have visited Mixue outlets by distributing questionnaires via Google Forms. The partial least square (PLS), with the help of WarpPLS 7.0 and SPSS 26, reveals that intrinsic and extrinsic product attributes positively and significantly impact consumer preferences. However, these controllable variables only account for 32% of consumer preference and 68% of unidentified non-POD factors. The challenge for the company in maintaining success in the long term is to enhance its uniqueness by increasing the contribution of the PODs. Other researchers are suggested to investigate non-POD factors.

INTRODUCTION

Mixue is a Chinese beverage and ice cream shop founded by Zhang Hongchao in 1997. As a student at Henan University in China, Hongchao produced Mixue ice cream in the form of ice cream, which he then sold at a simple stall to support his family in Zhengzhou, Henan. In 2010, Mixue Bingcheng cooperated with Zhengzhou Baodao Trading Co., Ltd. to expand its franchise operations across the country, further increasing its company's visibility and impact. This collaboration began to increase in the following years, as evidenced by opening many offices in various countries. Based on Momentum Works data in Figure 1, Mixue became the fifth largest F&B company in the world, with 21,582 stores in 2022.

On December 27, 2022, a technology enthusiast named Jason Alexander shared his research on LinkedIn with Google Maps data using Tableau. He found that there are 692 Mixue branches in Indonesia.

Many fast food companies in Indonesia provide ice cream products, such as Haagen Dazs, Baskin Robbins, and McDonald's, but are less popular than Mixue. One of Mixue's popularity that the public has highlighted is the opening of the Mixue branch, which is growing fastly. The question is, why is Mixue so popular among the public that Mixue can grow so fast? The answer of this research will explain aspects of the points of difference that shape consumer preferences in Indonesia that contribute to Mixue's rapid growth in Indonesia.

LITERATURE REVIEW

1. Product Attributes

Product attributes are considered by consumers when evaluating alternatives when making purchases. Product attributes are the vehicle of product benefits that are important in measuring customer satisfaction.

Kotler and Armstrong (2017:249) stated, "Developing a product or service involves defining the benefits that it will offer. These benefits are communicated and delivered by product attributes such as quality, features, and style and design." So, according to this definition, product or service development must involve defining the benefits of the product or service offered. This advantage is reflected in product features such as quality, function, style, and design.

Product attributes are considered necessary by consumers and used as a basis for purchasing decisions (Carlson et al., 2006; Kotler & Keller, 2016). Attributes can be interpreted as tangible and intangible characteristics (tangible and intangible) of a product that provide subjective satisfaction or needs to consumers.

Researchers (e.g., Enneking et al., 2007; Espejel et al., 2007; Kotler & Keller, 2021) divide product attributes into two categories: intrinsic and extrinsic. Intrinsic attributes stick inherently to the product, such as the quality, features, and physical design. Extrinsic attributes are factors outside the product but are associated with the product and influence the perception of product quality, such as labels (name, color, image), brand, service, guarantee, and product appearance design (style).

2. Point of Difference

Kotler and Keller (2021) recommend that to create a brand position, companies must design points of difference (PODs), attributes or benefits that consumers associate

strongly with the brand and that they believe they will not find in competing brands. Strong, unique, favorable brand associations, which form PODs, can be based on product attributes and benefits. For example, Energen is a complementary food (main food substitute) that is consumed by drink (slogan: "Drink nutritious food"), Pocari Sweat is a body ion replacement drink. Rexona Roll-On is a product to prevent underarm odor.

Apart from PODs, Kotler and Keller (2021) stated that companies also need to pay attention to POPs, namely attributes the consumers want, in which our products: (1) have lower quality than competitors but meet consumer needs or (2) have quality equivalent to competitors. POPs are necessary for two reasons. First, the requirements that must be met as a category member. For example, taxis must have air conditioning and drivers who know the road. Second, to counter competitors' PODs.

PODs are not the origin of the differences or uniqueness of our products. Determining which unique features are used as PODs is based on two things, namely, whether consumers want them (desirability) and whether the company can make them (deliverability). In terms of desirability, according to Kotler and Keller (2021), the three criteria that need to be met are: (a) **Relevance**: Is the POD appropriate and essential? For example, Fatigon Hydroplus states that its POD is 'a natural body ion replacement drink'. The question is whether consumers care about whether the isotonic ingredients are natural. (b) **Different (distinctive)**: POD must be different and superior. For example, the Toyota Sirius hybrid car consumes one liter of fuel for 30 km, a ratio that cannot be matched by any conventional car today. (c) **Trustworthiness**: The target market must recognize that POD is trustworthy and credible. Aqua uses natural spring water that is filtered nine times as POD. The question is, do consumers believe it?

In terms of deliverability, the criteria that must be met are: (a) **Feasibility**: Companies must be able to realize POD. Design and marketing must be able to create unique product associations. (b) **Communicability**: Make it easy to communicate the uniqueness in question. Can consumers accept logical reasons that the product has the uniqueness in question? For example, POD Waroeng Kopi Luwak, which is positioned as the most expensive coffee in the world, is made from wild civet feces. Generally, Luwak coffee is made from the feces of farmed civets. However, can consumers understand that coffee from wild civets is different and better than domesticated civets? (c) **Sustainability**: Is the POD difficult to imitate? That is what I want. However, many are not unique because competitors imitate or counter them. For example, the three-in-one feature (mixture of coffee, sugar, and milk) in ready-to-drink coffee is no longer a POD because it is easy to imitate.

3. Consumer Preference

Kotler et al. (2022:291) underline that consumers show preferences for the various service and product. They suggest that preferences are described as consumer attitudes towards products and services, such as cognitive character assessments, emotional feelings, and tendencies toward one's objects or ideas.

In this study, the authors define consumer preference as the tendency to choose certain alternatives over others or things that consumers prefer. This preference is formed from consumer perceptions of the product (Munandar et al., 2012). Although not conducted consciously, consumers rank all conditions from most to least liked.

Nicholson and Snyder (2010) describe consumer preferences as having three basic characteristics: completeness, transit, and continuity.

4. Completeness

Nicholson and Snyder (2010) define completeness as “the assumption that an individual is able to state which of any two options is preferred.” They explain that it is acceptable that someone may state whether they find options A or B equally attractive or prefer A to B. Put another way; we take it for granted that people can express their preferences and are not immobilized by a lack of choice. This presumption eliminates the possibility of the legendary jackass dying of starvation after becoming stuck in the middle of a sack of oats and a bale of hay and being unable to make up his mind.

By assuming that individuals can make such preference judgments for any possibilities that may be put in front of them, we may expand on this example a little. In other words, we will presume that preferences are full. One can always indicate which option they prefer out of all the provided options.

This concept asserts that everyone should never hesitate to make their choice. This happens because they know what is good and good for them. Therefore, it is assumed that individuals can always determine the choice of two alternatives.

5. Transitivity

Nicholson and Snyder (2010) define transitivity as “The property that if A is preferred to B, and B is preferred to C, then A must be preferred to C.” This definition enables us to expect internal consistency in the preferences. In other words, we wouldn't anticipate someone to express opposing views about their preferences.

The formalization of this premise can be achieved by assuming the transitivity of preferences. We would anticipate that someone who says, "I prefer A to C," would also say, "I prefer B to C," if they also say, "I prefer A to B." If someone said the opposite (that is, "I prefer C to A"), they would come across as utterly perplexed. Economists tend to disregard such confusion for the most part since they don't think individuals experience them frequently, if at all.

6. Continuity

According to Nicholson and Snyder (2015), if someone prefers A to B, this means that whatever the circumstances, A is preferred to option B. In the concept of determining choices, experts assume that consumers choose products that are more preferred than other products that may not necessarily maximize their satisfaction and that must have characteristics that are in accordance with the criteria for assessing their desires and needs of the consumer. In other words, product characteristics influence consumer preferences.

7. Research Framework

The framework of thinking of this study can be explained narratively using consumer value theory. Kotler and Keller (2016) stated that a product is a bundle of benefits. Consumers will choose or prefer the products that provide the highest value in a free-choice situation. The consumers judge the benefits using product attributes (Ajzen, 1991). Therefore, it is the attributes that determine consumer preference. By dividing

the attributes into intrinsic and extrinsic attributes (Enneking et al., 2007; Espejel et al., 2007; Kotler & Keller, 2021), the authors formalize the above arguments as follows:

H1: Intrinsic attributes influence consumer preference positively.

H2: Extrinsic attributes influence consumer preference positively.

METHODS

1. Preliminary Research

Preliminary research enables the researcher to prepare for further, more conclusive research (Malhotra, 2020). This study utilizes preliminary research to discover intrinsic and extrinsic attributes. For this requirement, the authors conducted free and unstructured interviews with the central questions: "What factors make Mixue seem different from other ice cream restaurants? The results are as follows: (a) Intrinsic attributes: ice cream flavor, topping, and appearance. (b) Extrinsic attributes: Mascot, outlet color, number of outlets, outlet display, packaging, and price.

2. Sample

The sample in this study consists of 136 respondents recruited judgmentally from among consumers who have ever visited the Mixue outlet and bought and consumed the ice cream. Based on Malhotra (2020), even though the representativeness of the population is uncertain, the use of a non-probability sampling technique in this study because of the homogeneity of consumers' preference for ice cream.

3. Measurement

The PODs concern intrinsic attributes measured using the results of previous research. Thus, there are three questions about this variable. For example, "The taste of Mixue ice cream is different from other ice creams in its class."

The same approach was also conducted to measure extrinsic attributes. Consequently, based on preliminary research results, this variable has six questions. For example, "Mixue's Mascot makes Mixue seem different from other ice cream restaurants in its class."

The measurement of brand preference is based on the assumption that two basic principles are suitable for Mixue: completeness and continuity. Therefore, there are two questions about this variable: "I like Mixue more than other ice cream restaurants" and "My chances of visiting Mixue are greater than visiting any other restaurant."

All questions use a five-level Likert scale (1: Strongly disagree; 5: Strongly agree). The questions are managed as such to avoid bias and ensure data quality, as Simamora (2022) suggested.

RESULTS

1. Respondent Profile

Respondent profiles are displayed in Table 1. We can see that the respondents' demographic characteristics are varied. The segments that stand out in each variable are

aged between 17-25 years (43.38%), graduate-level education (37.5%), women (55.88%), and work as employees (24.26%).

Table 1.
Respondents Profiles

Characteristics	Categories	Frequency	Percentage
Age	<17 years	7	5,15%
	17-25 years	59	43,38%
	26-35 years	38	27,94%
	36-56 years	32	23,53%
Education	SD	1	0,74%
	Junior high school	8	5,88%
	Senior high school	38	27,94%
	Diploma level	21	15,44%
	Bachelor degree	51	37,5%
	Master degree	15	11,03%
	Doctoral degree	2	1,47%
Gender	Male	76	55,88%
	Female	60	44,12%
Pekerjaan	Student	32	23,53%
	Employee	33	24,26%
	Civil servants	14	10,29%
	Sef-employed	28	20,59%
	Professional	9	6,62%
	Housewife	17	12,5%
	Other	3	2,21%

2. Validity and Reliability

Validity refers to the extent to which the inferences are supported theoretically and empirically (AERA et al., 2004). Theoretical support is affirmed by deriving the measurement from relevant theories. Empirical support is ensured in two ways. First, ensure the correctness of the respondent's responses. In doing so, the authors use simple

Table 2.
Validity and Reliability

Constructs	Indicators	<i>Factor Loading</i>	AVE	<i>Cronbach's Alpha</i>	<i>Composite Reliability</i>
Intrinsic attributes	API1	0,870	0,871	0,840	0,904
	API2	0,866			
	API3	0,875			
Extrinsic attributes	APE1	0,810	0,813	0,914	0,932
	APE2	0,851			
	APE3	0,816			
	APE4	0,819			
	APE5	0,826			
	APE6	0,836			
	APE7	0,731			
Consumer preferences	PK1	0,909	0,909	0,790	0,905
	PK2	0,909			

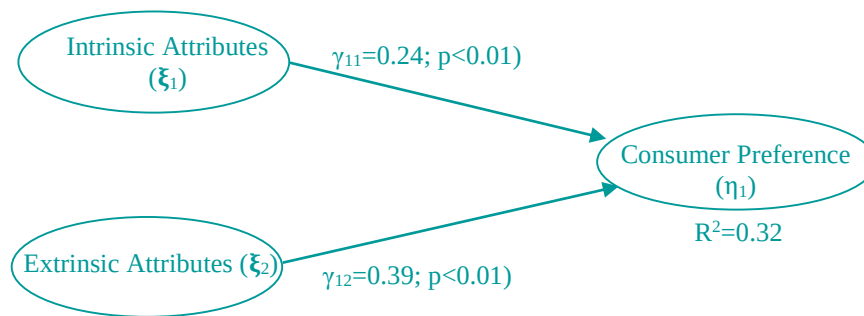
questionnaires with effective questions that require around two minutes to answer. Second, ensuring the solid internal structure of multi-variable constructs. The solidity of the internal construct is verified using factor loading (FL) and average variance extracted (AVE). In all constructs, the FL and AVE exceed 0.50, the minimum cut-off value of the two criteria suggested by Hair et al. (2014). Therefore, the solidity of the internal structure is verified for all constructs.

Reliability means the consistency of the measurement to generate the same responses (Hair et al., 2014; Malhotra, 2020; Mariel et al., 2021). To ensure reliability, the authors use construct reliability and Cronbach alpha. As shown in Table 2, the values of CA and CR are significantly beyond the cut-off value of 0.70. Therefore, the instruments used to measure three constructs are reliable.

3. Structural Model

Figure 1 is this study's structural model that explains the structural relationship between hypothesized structural relationships. Before deciding on the hypotheses, we need ensure whether the model fits

Figure 1.
Structural Model



4. Model fit

The partial least square method for SEM uses ten criteria of model fit. As we can see in Table 3, all criteria are met, and the model is fit.

Table 3.
Model Fit

No.	Criteria	Rule of Thumb	Value	Decision
1	Average Path Coefficient (APC)	$P\text{-value} \leq 0.05$	0.319, $P < 0.001$	Fit
2	Average R-Squared (ARS)	$P\text{-value} \leq 0.05$	0.320, $P < 0.001$	Fit
3	Average Adjusted R-Squared (AARS)	$P\text{-value} \leq 0.05$	0.310 $P < 0.001$	Fit
4	Average Block Variance Inflation Factor (AVIF)	≤ 3.3 ideal, ≤ 5 acceptable	1,442	Fit
5	Average Full Collinearity VIF (AFVIF)	≤ 3.3 ideal, ≤ 5 acceptable	2,738	Fit

Table 3 (Continued)

No.	Criteria	Rule of Thumb	Value	Decision
6	<i>Tenehaus GoF (GoF)</i>	≥ 0.1 small, ≥ 0.25 medium ≥ 0.36 high	0,490	<i>Fit</i>
7	<i>Sympson's Paradox Ratio (SPR)</i>	=1 ideal, ≥ 0.7 acceptable	1	<i>Fit</i>
8	<i>R-Squared Contribution Ratio (RSCR)</i>	=1 ideal, ≥ 0.9 acceptable	1	<i>Fit</i>
9	<i>Statistical Suppression Ratio (SSR)</i>	acceptable if ≥ 0.7	1	<i>Fit</i>
10	<i>Non linear Bivariate Causality Direction Ratio (NLBCDR)</i>	Acceptable if ≥ 0.7	1	<i>Fit</i>

5. Hypothesis Testing

Hypothesis testing results are summarized in Table 4. We can see that the two hypotheses are confirmed. Therefore, this study found that intrinsic and extrinsic attributes influence consumers' preference for Mixue positively and significantly. The two variables can explain the consumers' preference of 32% (Figure 1).

Table 4.
Hypothesis Testing Results

Hypotheses	Paths	Coefficient	P-value	Decision
H1	Intrinsic attributes $\rightarrow$ consumer preference	0.24	<0,01	Confirmed
H2	Extrinsic attributes $\rightarrow$ consumer preference	0.39	<0,01	Confirmed

DISCUSSION

This study found that intrinsic and extrinsic attributes influence and can explain consumer preference as much as 32.0%. On the other hand, we believe that in this study, consumer preference is caused by 68.0% of other factors. These results indirectly stated that Mixue's fast growth is only 32.0% generated by consumer value residing in the intrinsic and extrinsic attributes. The interesting question is, what created Mixue's rapid growth besides product attributes?

Consumer behavior is complex (Schiffman & Wisenblit, 2019). Apart from product attributes, the authors identify potential factors that may shape consumer preference for Mixue: curiosity (Polman et al., 2022; Romero Verdugo et al., 2020) and fads (Mercure, 2018).

The two potential factors occur in the short term. Once fulfilled, curiosity no longer drives people to look for answers. The law of development also states that something that is hyped for a very short time will disappear soon. Therefore, the Mixue should explore its point of differences in terms of intrinsic and extrinsic attributes to maintain the existing development. The failure to conduct this task harms the company's growth.

CONCLUSION

Intrinsic and extrinsic attributes influence consumer preference for Mixue products. The two factors can explain consumer preference as much as 32.0%. Other factors explain 68.0% of consumer preference. Further research can investigate the contribution of curiosity and fads on Mixue's fast growth.

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