

A Strategic Analysis of Chaheetea (Bawang Chaji): A SWOT Perspective

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Abstract—China’s new-style tea beverage market has shifted from rapid expansion to mature stock competition, where brand differentiation and operational refinement are critical for success. This paper selects Chaheetea (Bawang Chaji, hereinafter CHAGEE), a fast-growing Chinese tea brand, as the research subject. Using the SWOT framework, the study systematically evaluates CHAGEE’s internal strengths and weaknesses against external opportunities and threats. The investigation utilizes brand marketing theory, industry reports, and public data. Principal strengths are a distinct quality-oriented product offering and robust cultural branding anchored in the “Guochao” look. Weaknesses involve high structural costs and limited interactive marketing depth. Opportunities lie in geographic expansion and digital retail, while threats include intense multi-level competition and regulatory risks. Based on this assessment, strategic recommendations are proposed to strengthen CHAGEE’s market position.

Keywords—new-style tea beverage, Chaheetea (Bawang Chaji), brand marketing, strategic management, SWOT analysis, competitive strategy

I. INTRODUCTION

The Chinese ready-made tea drink industry has evolved from a simple “powder modulation” phase to a sophisticated stage often described as “tea + milk + fruit + culture” (Keller, 2013; iiMedia Research, 2024). This shift reflects a move from basic refreshment to experiential consumption. Despite ongoing market growth, the sector has transitioned into a phase of “stock competition,” necessitating that brands acquire market share from competitors instead of depending on general market expansion (Kotler & Keller, 2016). In this saturated environment, strategic brand management has become a key determinant of long-term success (Keller, 1993).

Within this sector, Chaheetea (Bawang Chaji, hereinafter CHAGEE) has emerged as a notable player. Founded in 2017 in Yunnan Province, CHAGEE has rapidly expanded to thousands of stores across both domestic and international markets. Its strategic positioning as an “Oriental New Tea Shop” focused on “original leaf fresh milk tea” has carved a distinct niche in the Chinese-style tea segment (Kotler & Armstrong, 2013). The brand uses a cohesive Chinese aesthetic across its naming, logo, packaging, and store design, aligning with the rising “Guochao” (national trend) movement among young Chinese consumers. Notwithstanding its economic success, CHAGEE contends with formidable competition from brands such as Chayan Yuese, Heytea, Nayuki, and Mixue Bingcheng, in addition to regulatory and market hurdles (Gao, 2021).

This paper aims to conduct a comprehensive strategic analysis of CHAGEE using the SWOT framework. The

central research question is: What are the principal internal strategic factors (strengths and weaknesses) and external forces (opportunities and threats) shaping CHAGEE’s current position and future options? The methodology is grounded on literature, utilizing brand marketing ideas, scholarly research, industry reports, and publicly available data. This study offers both managerial insights for CHAGEE and a broader understanding of competitive dynamics in China’s new-style tea beverage market.

II. LITERATURE REVIEW AND THEORETICAL FRAMEWORK

A. Theoretical Foundations of Brand Marketing

Kevin Lane Keller’s Customer-Based Brand Equity (CBBE) model provides a seminal framework for building brand value through identity, meaning, responses, and relationships [4]. For a consumer-facing brand like CHAGEE, this means achieving clear recognition, associating with desirable attributes (e.g., quality, health, culture), and fostering loyalty.

Complementing this, STP theory (Segmentation, Targeting, Positioning) offers a strategic roadmap (Kotler & Keller, 2016). It requires segmenting the market, selecting attractive targets, and developing a distinct brand image. In the tea-drink market, successful brands have adopted diverse positioning strategies, ranging from premium indulgence to cultural identity (Ogilvy, 1983).

David Ogilvy’s brand image theory emphasizes that a brand is more than functional attributes; it has a personality that enables emotional connection (Chen & Yang, 2017). Research shows that anthropomorphizing a brand can enhance consumer-brand relationships (Liu, 2021). The success of mascots like Mixue Bingcheng’s “Snow King” illustrates this.

Finally, digital and social media have transformed brand communication. The New 4C theory (Context, Community, Content, Connection) argues for interactive, participatory engagement rather than one-way advertising (Tang, 2015). This paradigm is especially relevant for CHAGEE.

B. The SWOT Analysis Framework

SWOT analysis is a core strategic planning tool that categorizes internal factors as Strengths and Weaknesses and external factors as Opportunities and Threats (Hill & Westbrook, 1997). It informs strategy formulation through four directions: SO (use strengths to seize opportunities), WO (overcome weaknesses via opportunities), ST (use strengths to mitigate threats), and WT (defensive actions). For a fast-paced industry like new-style tea drinks, SWOT provides a structured diagnostic starting point (Ipsos, 2023).

III. SWOT ANALYSIS OF CHAGEE

A. Strengths

1) Differentiated and value-added product proposition

CHAGEE's foundational strength is its clear product strategy: "original leaf fresh milk tea" with no creamer. This taps into growing consumer demand for health and ingredient transparency (Su, 2022). Industry surveys indicate that "zero creamer, low sugar" is a primary purchasing motivator for health-conscious consumers, especially among Generation Z (Feng, 2021). This positioning allows CHAGEE to command premium prices.

2) Potent cultural branding and aesthetic coherence

CHAGEE has masterfully leveraged the "Guochao" cultural wave. Its name, derived from the classic tale "Farewell My Concubine," evokes cultural heritage. This is reinforced through a logo that blends traditional opera silhouettes with modern design, product names inspired by poetry (e.g., "Boyue Juexian," "Wanli Chashan"), and store interiors featuring traditional colors and motifs. Such cultural symbolism evokes local identity and emotional resonance (Zhou & Chen, 2022). The aesthetic is also highly "Instagrammable," generating user-generated content on Xiaohongshu and Douyin, fueling organic growth (Mao, 2022).

B. Weaknesses

1) Structural cost disadvantages and profit margin pressure

The commitment to high-quality ingredients is a double-edged sword. Fresh milk and premium tea leaves cost significantly more than powders and creamers, raising the Cost Of Goods Sold (COGS). Furthermore, the brand's commitment to aesthetic uniformity—especially tailored fixtures, cultural decorations, and premium retail locations—culminates in a substantial operating cost framework (Miao, 2023). While this supports a premium image, it puts pressure on profit margins, especially as price competition intensifies among premium brands moving downstream (NCBD, 2024).

2) Limitations in marketing depth and relational engagement

Although CHAGEE excels at creating awareness through cultural aesthetics and star endorsements, its marketing may lack depth in building sustained interactive consumer relationships. Its social media presence sometimes resembles a one-way broadcast rather than a dynamic space for genuine dialogue (Wang, 2021). In comparison to businesses who thrive in interactive content, CHAGEE's digital approach may not completely capitalize on the "Connection" and "Community" dimensions of the New 4C theory (Zhou *et al.*, 2018). Its brand personality, while aesthetically clear, could be perceived as somewhat distant, limiting emotional attachment beyond initial appeal.

C. Opportunities

1) Geographical and demographic market expansion

Significant opportunities lie beyond CHAGEE's existing domains. Domestically, lower-tier cities constitute a substantial, under-exploited market characterized by

increasing disposable incomes (China State Administration for Market Regulation, 2018). Internationally, Southeast Asia—with its large ethnic Chinese populations and existing tea culture—offers a logical frontier, as seen in CHAGEE's early moves into Malaysia and Singapore. Additionally, targeting male consumers or older demographics within existing markets could unlock further growth.

2) Digital transformation and new retail models

The digital ecosystem offers transformative opportunities. First, deepening the membership system via apps and mini-programs can create a Direct-To-Consumer (DTC) channel for personalized marketing and first-party data collection. Second, developing a New Retail product line—such as ready-to-drink bottled teas or tea-based snacks—can break the spatial limits of physical stores (Foodaily, 2026). Third, live-streaming commerce is a potent sales channel in China, capable of driving both volume and engagement (Economic Information Daily, 2025).

D. Threats

1) Hyper-competitive and "borderless" industry rivalry

CHAGEE operates in a state of "borderless competition." It competes directly with other Chinese-style brands (e.g., Chayan Yuese) for cultural cachet, faces pressure from premium brands (Heytea, Nayuki) that are lowering prices and expanding into lower-tier cities, and is challenged by ultra-low-cost giants like Mixue Bingcheng. This multi-front war demands constant innovation and squeezes profitability (LanJing Finance & DoNews, 2026). Furthermore, swift imitation allows for every successful product or campaign to be replicated within weeks (Zhanjiang Daily (Reprinted from Xinhua Net, 2025).

2) Escalating regulatory scrutiny and legal-reputational risks

Regulatory oversight is increasing on food safety, ingredient labeling, and advertising claims. Any violation, even at a single franchise store, can lead to fines, closures, and severe reputational damage amplified by social media (Ministry of Agriculture and Rural Affairs of the People's Republic of China, 2025). The brand's high profile makes it a target for competitive complaints or consumer activism, necessitating impeccable compliance and proactive PR management.

IV. DISCUSSION AND STRATEGIC RECOMMENDATIONS

SO Strategies (Leverage Strengths to Seize Opportunities): CHAGEE should aggressively pursue expansion into lower-tier Chinese cities and Southeast Asian markets, emphasizing its "original leaf" quality and Chinese aesthetic. It should also launch a New Retail product line (e.g., premium bottled "Boyue Juexian") sold through its membership ecosystem and e-commerce platforms.

WO Strategies (Overcome Weaknesses by Exploiting Opportunities): To address high operational costs during expansion, CHAGEE should develop a tiered store model: flagship stores in top-tier cities maintain the full aesthetic, while cost-effective "Express" formats in lower-tier cities focus on core product delivery. To deepen engagement, it should build an online community around tea culture (e.g., "CHAGEE Tea Club") using live-streamed tasting sessions

and UGC contests.

ST Strategies (Use Strengths to Counter Threats): To safeguard against copying, CHAGEE must enhance its cultural story from mere aesthetics to genuine expertise—such as by founding a “CHAGEE Tea Culture Research Institute” or collaborating with cultural institutions. To mitigate regulatory risks, it should implement an industry-leading, transparent supply chain traceability system from the tea garden to the cup, making this transparency a key consumer communication.

WT Strategies

(Minimize Weaknesses to Avoid Threats): Continuous supply chain optimization—through direct sourcing or backward integration into tea production—is critical to control costs. A robust crisis management framework, including rigorous franchisee training, 24/7 social media monitoring, and transparent incident protocols, is non-negotiable.

V. CONCLUSION

This strategic analysis using the SWOT framework reveals that CHAGEE has successfully harnessed a quality-based product proposition and resonant cultural identity to achieve rapid growth. However, its premium positioning entails a high-cost structure that threatens long-term profitability. The brand encounters formidable competition and heightened regulatory oversight externally. Opportunities in emerging areas and digital platforms are significant but necessitate meticulous implementation.

The strategic path forward for CHAGEE is not one of simple continuation but of sophisticated evolution. It must simultaneously be aggressive and defensive, culturally profound and operationally excellent. By executing a multi-faceted strategy that synergistically addresses the factors identified in this SWOT analysis, CHAGEE can transcend being a trend-led brand to become a durable, respected, and profitable institution. Future research may utilize empirical methodologies, including consumer surveys or case studies of CHAGEE’s expansion into certain new areas, to further comprehension of its competitive dynamics.

CONFLICT OF INTEREST

The authors declare no conflict of interest.

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