

Strategic Development Analysis of MINISO Based on the Business Model Canvas

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Abstract: As a representative enterprise in the retail industry, MINISO takes cost leadership and product differentiation as its core strategy to compete actively in the global market. However, multi-brand retailers continue to appear in the domestic market and the existing “dollar stores” in the foreign market already have a certain number of loyal customers. Therefore, MINISO needs to understand its principles for creating, delivering, and capturing value. By strengthening its own competitive advantages, it could achieve differentiation when confronting challenges in both domestic and international markets. Based on the analysis of MINISO’s business model canvas, this paper puts forward corresponding strategic development suggestions.

Keywords: Business model; Development strategy; Retail industry

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1. Introduction

MINISO is a global retail company with IP creative design as its core feature, and is committed to providing consumers with a diversified range of fashionable home and lifestyle products. Since opening its first physical store in mainland China in 2013, the enterprise has successfully established two proprietary brands: “MINISO” and “TOP TOY”. Through its global strategic expansion, MINISO has built an extensive retail network worldwide and grown into a globally recognized consumer brand. Based on its continuous innovation-driven product strategy, MINISO has developed a comprehensive matrix of quality products catering to diverse lifestyle scenarios. The enterprise maintains product vitality through a high-frequency new product launch mechanism, adheres to an integrated business philosophy of fashion design and utilitarianism, and meets consumers’ diverse needs for a better life by implementing strict quality control and a consumer-friendly pricing system ^[1].

2. The business model of MINISO

The business model is a core framework for creating, delivering, and capturing value ^[2].

2.1. Target customer segment

Target customer segment serves as the strategic foundation in the business model canvas. Precisely identifying customer needs and pain points, it enables enterprises to build a sustainable path for value creation. Operating within the daily consumer goods sector, MINISO primarily targets a mass customer segment, fulfilling the similar needs of its target customers through a diverse range of household products. Beyond the mass customer segment, MINISO also strategically caters to the price-sensitive younger customer segment ^[3]. Young consumers tend to respond more quickly to market shifts and price fluctuations, and their needs are likely to exhibit dynamic changes, including both functional and emotional consumption dimensions. They are not only concerned with basic living needs, such as personal care products and daily textiles, but also show interest in products that cater to their interests or emotions, like blind box collectibles and IP-themed display bags. Such dynamic demand changes enable MINISO to strategically diversify its product matrix, and then realize the effective development of the market, so as to attract a broader customer segment.

2.2. Value proposition

The value proposition is the value that a company provides to its customers through its products and services, and it is the reason why the target customer segment chooses the company ^[4]. The fast-paced lifestyle is one of the main characteristics of contemporary society. It is reflected not only in the workplace's emphasis on efficiency but also in the fragmented communication in social life and the short-form and instant nature of leisure and entertainment. Therefore, the consumption habits of customer segments tend more towards immediate fulfillment. However, the retail industry faces a highly competitive market environment and an omni-channel purchasing path that integrates online and offline channels. Therefore, against the background of accelerated decision-making patterns, customers need to identify companies that could meet their needs in terms of high quality, variety, and affordability among numerous enterprises. MINISO's value proposition is also reflected in this, by "returning to the essence of products," it ensures both the artistic quality and cost-effectiveness ^[5]. MINISO integrates its diverse product matrix, competitive pricing mechanism, and brand image of a better lifestyle. Through its key product categories, it helps customers enjoy a simple yet high-quality life and build a unique lifestyle.

2.3. Distribution channels

Distribution channels describe the ways in which a company interacts with and communicates with its customer segments. MINISO's distribution channels are primarily divided into online and offline channels. For the retail industry, offline channels enable consumers to observe the physical details, experience the quality, and test the usability of products. The offline channels help consumers quickly determine whether the products meet their expectations. In 2024, the number of MINISO's offline stores increased from 6,413 to 7,504, with the number of stores in overseas markets growing by approximately 25.37%. The majority of these overseas stores are concentrated in the Asia-Pacific region, where the company is consolidating its relatively mature market presence. The significant increase in the number of stores in North America demonstrates that MINISO's globalization strategy has effectively enhanced its market share overseas. For instance, by integrating with local culture to convey the concept of "Chinese MINISO, Happy World" and choosing prosperous areas to enhance its brand image ^[6]. The number of MINISO stores in mainland China has remained relatively stable, with a growth rate of about 11.72%. MINISO not only operates in first-tier and second-tier cities but also in third-tier and lower-tier cities, maintaining stability while expanding. MINISO's offline channels include not only its own stores, but

also franchisees and agents, and the multi-channel distribution layout helps the enterprise to accelerate its market penetration. MINISO could create limited edition self-operated stores with personalized or characteristic themes, such as MINISO LAND, which becomes a popular tourist attraction. At the same time, the franchise or agency system could break through the regional barriers, quickly enter the sinking market with the help of the unified decoration style, becoming a leisure and consumption space for people in the shopping malls^[7]. MINISO's online channels are present on mainstream e-commerce platforms and food delivery platforms, including its official mini-program and stores on Rednote. With the popularity of short videos and live-streaming channels, MINISO's online channels are no longer limited to simply displaying product links, they also include time-limited flash sales and group buying discounts. Therefore, MINISO should continue to improve the online customer flow conversion rate to drive online customers to offline stores.

2.4. Customer relationship

Customer relationships describe the nature of the relationships an enterprise establishes with specific customer segments. MINISO maintains customer relationships through its official accounts on social media platforms, such as WeChat official accounts, social messages, posts on Rednote, and short videos to update ongoing events. Beyond marketing through official accounts, MINISO also organizes offline promotions, such as the advertisement in Hangzhou CBD on World Smile Day in combination with the current AI trend. To improve its service mechanism, MINISO has established feedback channels across all distribution channels. It categorizes common issues to quickly identify solutions and provides customer service representatives to address personalized needs. By creating targeted and customized customer connections, MINISO enhances customer loyalty and increases repurchase rates.

2.5. Revenue streams

Revenue streams describe the income that an enterprise generates from its customer segments. According to the 2024 Annual Report, MINISO's main revenue streams are the sales of household products and toys of TOP TOY. Among these, sales to franchisees dominate account for 51.32% of product revenue, retail sales from self-operated stores represent 20.46%, sales to offline agents contribute 21.82%, and online channels comprise 6.09%. In addition to product sales, MINISO's revenue sources also include licensing fees, royalties, and consulting service fees, which are relatively small compared with product sales. From a geographical perspective, MINISO's primary revenue originates from the Chinese mainland (60.68%), followed by other Asian regions (14.96%), North America (11.68%), with Latin America and Europe collectively representing less than 10%. This indicates that MINISO's localization strategy has been effective, and it can make use of the regional commonality to adjust the adaptation in Asia, but the regional market is more concentrated, and the European and American markets need to be explored, so the globalization strategy should be further deployed.

2.6. Key resources

Key resources describe the essential resources required to make the business model operate. From the distribution channels, it can be seen that MINISO's rapid expansion in both domestic and international markets has some correlation with its franchisees and agents. In the domestic market, MINISO mainly operates through a partnership franchise model, charging a certain amount of licensed trademark royalties, goods deposit and decoration prepayment, which authorizes them to sell MINISO products^[8]. Partners are responsible for expenses such as

rent, labor costs, and utilities. However, the goods deposit system reduces the inventory pressure on partners and helps them reduce certain market risks. MINISO would unify the decoration of the store, including basic decoration, display cabinets, equipment, and accessories, and will also provide professional training for employees to maintain a consistent brand image^[9]. Moreover, 38% of the daily turnover (33% for food items) is transferred to the partner's account on the following day as income, and ensures that partners have a stable source of cash flow, achieving a win-win situation for both parties^[10]. In foreign markets, due to local market characteristics, legal regulations, and other factors, MINISO mainly operates through agents with rich local resources to expand the market in a more localized way. Therefore, the agent model involves buying out and distributing products to help MINISO mitigate certain operational risks.

2.7. Key activities

Key activities are the essential activities required to make the business model work. In 2024, the MINISO brand offered over 12,600 product combinations, creating diverse consumption scenarios. These offerings comprehensively cover lifestyle home goods, digital accessories, beauty and personal care products, among other categories, precisely catering to different consumers' quality lifestyle needs. The TOP TOY brand focuses on new-generation cultural consumption and offers around 11,000 product combinations, creating a diverse, trendy-toy ecosystem centered on blind boxes, with creative brick toys, collectible model kits, and other offerings. This serves the interest-driven consumption of the younger customer segment, such as the anime merchandise market. Compared with other established companies, MINISO's self-branded products maintain relatively low pricing. The company attracts customers with high-demand daily necessities, driving entry-level consumption. By leveraging the relevance within its product matrix, MINISO deepens its value proposition. For example, it has built a "disposable product demand chain" around travel scenarios, transforming single-product consumption into scenario-based consumption. TOP TOY builds a youth engagement hub through trendy toy products, collaborating with diverse IPs to attract young customer segments. This advances MINISO's expansion into evolving consumption characteristics and preferences^[11].

2.8. Key partnership

The partnership defines the network of partners that enable the business model to function effectively. MINISO adheres to the cost leadership strategy and product differentiation strategy. While maintaining price advantages, it emphasizes distinctive designs to consistently deliver high-quality products to the market. Therefore, suppliers and IP collaborators become indispensable partners. MINISO's suppliers are mainly located in mainland China, with the majority concentrated in the Pearl River Delta region. Through its "volume-based pricing + buyout customization + no delayed payment" model, MINISO collaborates with high-performing suppliers across various fields. This approach ensures rapid supplier responsiveness while maintaining controlled product quality and cost^[12]. In IP collaborations, MINISO partners with numerous well-known IPs to develop products suitable for various scenarios. For example, it has created plush toys and bag accessories with CHiiKAWA, charms and stationery with PIXAR, and scented candles with Harry Potter. A single IP element can permeate multiple product categories, attracting fan groups while creating competitive differentiation from industry peers. MINISO also creates immersive offline experiential spaces like pop-up stores featuring limited-time access. This approach enhances the marketing buzz while driving profit growth, further promoting interest-driven consumption.

2.9. Cost structure

Cost structure defines the costs incurred by operating the business model^[13]. Driven by its diversified development strategy and product artistry focus, IP licensing fees constitute a significant component of MINISO's cost structure. Unlike POP MART however, MINISO does not emphasize creating its own IP culture, instead prioritizing collaborations with established IPs. While IP collaborations generate price premiums for the company, partnerships with established IP holders may create negotiating disadvantages during royalty discussions. The high cost of licensing fees may affect the company's profit margin. With the implementation of its globalization strategy, the expansion of directly-operated overseas stores has driven up operating expenses. Prime commercial locations command premium rents, while distinctive interior designs require substantial investment. At the same time, in order to enhance its brand image, the company's marketing and promotion costs are also on the rise. For example, the planning and scene construction of pop-up stores with multiple IP themes, as well as cooperation with social media influencers, are all continuous investments made by the company in market promotion.

3. Strategic development recommendations for MINISO

3.1. Attract the customer segment of family units

Individual consumers currently constitute MINISO's primary customer base. However, the needs of customer groups based on family units have not yet been fully addressed by MINISO. MINISO can conduct market research through corporate WeChat communities and other methods to understand the demand for family-oriented products. By creating a family product matrix and shaping family product scenarios, MINISO can reduce household purchasing costs with cost-effective products and create a consumption environment suitable for family units. MINISO could leverage community engagement initiatives to host family-inclusive activities, providing interactive leisure spaces for family-based customer segment. This approach offers emotional value while reinforcing brand identity, ultimately embedding the brand into daily life experiences. This family-based customer segment also includes pet families. The new generation of customers heals themselves through companionship with their pets, gaining stable emotional support and value resonance in complex interpersonal relationships or fast-paced social environment. Pets are inevitably important family members, so the pet economy has significant potential. MINISO could collaborate with IPs to launch pet-friendly products, and demonstrate its care and affection for the pet domain by organizing public welfare activities and taking concrete actions to fulfill social responsibilities, thereby increasing consumer identification.

3.2. Strengthen the strategic position of TOP TOY

IP collaborations hold significant importance in MINISO's development strategy, but without exclusive licensing, the market will be flooded with homogeneous products that consumers will compare^[14]. This may even dilute the high-premium effect that IPs originally command. MINISO can compensate for this shortfall by strengthening the strategic position of TOP TOY. As a trendy toy brand, TOP TOY is committed to creating in-depth communication experiences and consumption scenarios with young people. Although TOP TOY currently has an insufficient number of original IPs, it is incubating its own IPs through stable collaborations with artists^[15]. The domestic cultural and creative market currently has significant potential for development. TOP TOY could engage in in-depth collaborations with cultural institutions across the country to develop products with unique cultural characteristics. TOP TOY has a more diverse range of trendy toy products compared to MINISO, such as acrylic stands and badges. TOP TOY could gain deeper insights into the market demands of the new generation, and

enhance its strategy for interest-driven consumption. TOP TOY is also committed to developing Chinese building blocks, including display blocks, scene blocks, and mechanical blocks. TOP TOY can create building blocks themed domestic culture and integrate technologies such as AR, to help MINISO expand its product categories and ultimately broaden its consumer market.

4. Conclusion

The retail industry is characterized by intense competition and dynamic changes in consumer demand. MINISO, with its core strategies of cost leadership and product differentiation, targets young consumer segment and conveys the concept of “high-quality yet affordable products”. By integrating online and offline channels, MINISO has pursued a global expansion while assembling a diversified product portfolio. To consolidate existing strengths and develop new growth curves, MINISO could explore new scenarios of family consumption, deepening customer value of family units. Additionally, MINISO could strengthen the strategic position of its trendy toy brand through the incubation of original IP, and the integration of local cultural elements would allow MINISO to better engage the interest-driven consumption market. Ultimately, these would enable MINISO to evolve from a retailer into a lifestyle advocate.

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