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The Impact of Marketing Model Transformation on Corporate Financial Performance: A Case Study of Luckin Coffee

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Abstract

This paper takes Luckin Coffee as the research object, focusing on its two key transformations of marketing models from "subsidy-driven expansion by traffic" to "digital value refinement". It systematically analyzes the transmission mechanism of marketing changes on financial performance. Through literature review, case comparison and quantitative analysis of financial indicators, combined with the real financial data of Luckin Coffee from 2022 to 2024, this paper evaluates the performance changes from four dimensions: profitability, operating capacity, solvency and development capacity, and makes a horizontal comparison with Starbucks' experiential marketing model of "the third place". The study finds that after abandoning extensive subsidies and shifting to value-based marketing featuring product innovation, private domain operation and asset-light expansion, Luckin Coffee has achieved continuous improvement in revenue, gross profit and net profit margin, realizing the leap from loss to high-quality profitability. Relying on brand premium, Starbucks maintains stable profitability, but its growth elasticity and operational efficiency are significantly lower than those of Luckin Coffee. This paper reveals the core logic of digital marketing, cost control and the balance between scale and profitability, providing theoretical and practical references for marketing-finance synergy of new consumer chain enterprises.

Keywords: Luckin Coffee; Marketing Model Transformation; Financial Performance; Digital Marketing; Asset-Light Operation; Coffee Industry

1. Introduction

1.1. Research Background

China's ready-to-drink coffee market has entered a period of rapid growth. In 2024, the market scale exceeded 450 billion yuan, with a compound annual growth rate of over 22%. Digitization, youth orientation and sinking into lower-tier markets have become the core trends of the industry. As a benchmark of local new retail coffee, Luckin Coffee rose rapidly with the positioning of

"Internet coffee" after its establishment in 2017. After the financial fraud incident in 2020, it completed strategic restructuring, shifting from money-burning subsidies to refined operation. It achieved full-year profitability in 2022, with 22,340 stores and revenue of 34.475 billion yuan in 2024, surpassing Starbucks China in an all-round way, becoming a typical sample of marketing model transformation driving financial recovery and growth. As a global coffee leader, Starbucks has built an experience barrier with "the third place", but it is facing challenges of slow growth and high costs in the Chinese market. As the core link connecting the market and finance, the marketing model directly determines the revenue structure, cost efficiency and profit quality. Exploring the internal correlation between the two is of great significance to the new consumer industry.

1.2. Research contributions

1.2.1. Theoretical contributions

It enriches the research on the dynamic correlation between marketing strategy and financial performance, deconstructs the complete path of Luckin's transformation from "traffic to value", and reveals the specific impact mechanism of digital marketing, private domain operation and asset-light expansion on financial indicators. It constructs a comparative framework of coffee marketing models between "experience-oriented" and "digital-oriented", making up for the deficiency of quantitative analysis of the transformation process in existing studies, and providing case support for the theory of marketing-finance synergy in the new retail field.

1.2.2. Practical contributions

It provides an implementable transformation path for new consumer chain enterprises: clarifying the balance strategy of "short-term drainage - long-term profitability", guiding enterprises to optimize the input-output ratio of marketing, control costs and improve profit quality. It also provides an analysis framework for investors and regulators to evaluate the financial sustainability of new consumer enterprises, and identify the risks and values behind marketing models.

1.3. Research Content and Methods

1.3.1. Research Content

Centering on the core issue of "how marketing model transformation affects financial performance", this paper is divided into six parts: defining core concepts, sorting out literature and theoretical basis; reviewing the development history and two marketing transformations of Luckin Coffee; comparing the marketing model differences between Luckin Coffee and Starbucks; embedding real financial data from 2022 to 2024 to quantitatively analyze performance changes from four dimensions; summarizing the impact of transformation and existing problems; putting forward industry implications.

1.3.2. Research Methods

Literature Research: Sort out relevant literature on marketing strategy, digital marketing and financial performance evaluation to build a theoretical framework.

Case Analysis: Conduct an in-depth analysis of the motivation, path and financial results of Luckin's marketing transformation.

Comparative Analysis: Compare the marketing models and financial performances of Luckin Coffee and Starbucks to reveal the root causes of differences.

Financial Indicator Analysis: Select core indicators such as revenue, gross profit margin, net profit margin and asset-liability ratio to quantitatively analyze the transformation effect from 2022 to 2024.

2. Literature review

2.1. Definition of Core Concepts

2.1.1. Marketing Model

A marketing model is a systematic value delivery system constructed by enterprises around target markets, products, channels, promotion and user operation. This paper divides Luckin's marketing model into two stages:

(1) Traffic-driven Model (2017-2020): Focusing on scale priority with low-price subsidies, online drainage and rapid store expansion as the core.

(2) Value-oriented Model (2021-present): Focusing on both scale and profitability with product innovation, digital precise operation, private domain precipitation and asset-light expansion as the core.

2.1.2. Financial Performance

Financial performance is a comprehensive reflection of an enterprise's operating results and financial status. This paper evaluates it from four dimensions:

Profitability: Revenue, gross profit margin, net profit margin, ROE;

Operating Capacity: Inventory turnover rate, revenue per store, asset turnover rate;

Solvency: Asset-liability ratio, current ratio;

Development Capacity: Revenue growth rate, store growth rate, user growth rate.

2.2. Related literatures

2.2.1. Relationship between Marketing Model and Financial Performance

Foreign studies focus on the impact of competitive strategy and marketing investment on profitability. Porter (2020) points out that differentiation or cost leadership strategies can improve performance; Kotler emphasizes that customer value drives long-term profitability. Studies on digital marketing show that precise data delivery can reduce customer acquisition costs and improve conversion rates (Chen, 2023). Most domestic studies focus on the double-edged sword effect of the new consumer subsidy model: expanding scale in the short term but causing losses in the long term (Wang, 2023; Zhou, 2022), requiring a shift to value marketing, but lacking quantitative and comparative analysis of the transformation process.

2.2.2. Comparative Study on Marketing in the Coffee Industry

Existing studies compare Starbucks and Luckin: Starbucks is asset-heavy, experience premium and stable profitability; Luckin is asset-light, digital and high-growth, but most stay in model description and do not deeply analyze the specific impact mechanism of marketing differences on financial indicators (gross profit, expense rate, turnover).

2.2.3. Summary

Existing studies have three deficiencies: first, the division of Luckin's transformation stage is vague, lacking support from real financial data after 2022; second, the analysis of the marketing-finance transmission mechanism is not in-depth, without quantifying the changes in expense rate and gross profit; third, comparative studies stay on the surface and do not reveal the deep differences in cost structure and profit quality (Huang, 2023; Ma, 2023). This paper conducts a systematic study aiming at the above deficiencies.

2.3. Theoretical Basis

Marketing Strategy Adaptation Theory: Enterprises need to dynamically adjust marketing strategies according to the market and resources to match goals and resources. Luckin's transformation is precisely strategic adaptation forced by crises.

Digital Marketing Theory: Improve efficiency and reduce marketing costs through user data, precise touch and omni-channel operation, which is the core technical support for Luckin's transformation.

Financial Performance Evaluation Theory: Multi-dimensional indicators comprehensively reflect operating quality, covering profitability, operation, solvency and growth, to fully evaluate the transformation effect.

3. Case Introduction and Marketing Model Analysis of Luckin Coffee

3.1. Development History of Luckin Coffee

Traffic Expansion Period (2017-2020): Positioned as "Internet coffee" at establishment, it rapidly expanded stores with 9.9-yuan low prices and high subsidies, and listed on NASDAQ in 2019. In 2020, it was involved in financial fraud with 2.2 billion yuan of falsely inflated revenue, delisted and fell into financial crisis, with accumulated losses exceeding 5 billion yuan.

Strategic Restoration Period (2021-2022): Management restructuring, Guo Jinyi took over as CEO, closed inefficient stores, cut subsidies, launched hit products such as Yeyun Latte. It achieved GAAP profit of 488 million yuan in 2022, with revenue of 13.293 billion yuan and 8,214 stores, surpassing Starbucks China.

Value Growth Period (2023-2024): Deepened digitization, private domain operation and direct-operated + joint venture mixed model. In 2023, revenue was 24.903 billion yuan and net profit 2.848 billion yuan; in 2024, revenue was 34.475 billion yuan, net profit 2.932 billion yuan, and 22,340 stores, entering a stage of high-quality growth.

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3.2. Two Key Transformations of Luckin's Marketing Model

3.2.1. Traffic-driven Marketing (2017-2020)

Core Positioning: Low price and convenience, rapid market occupation, targeting price-sensitive young groups.

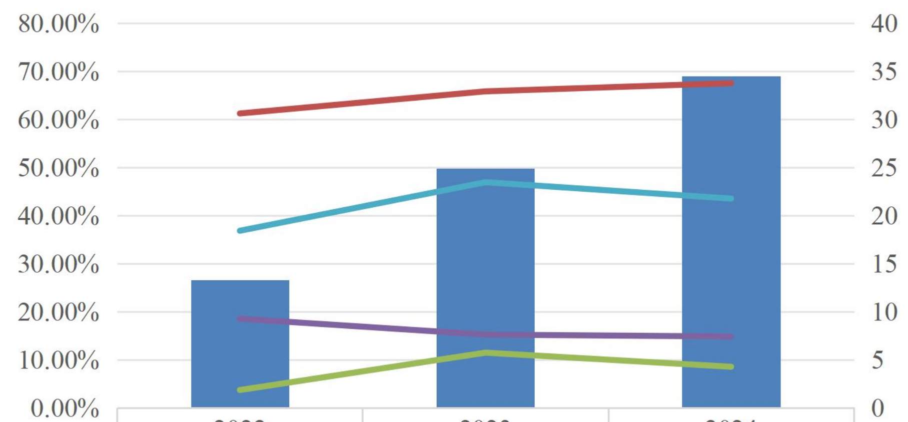
Core Strategies: Standardized coffee as main products, priced at 9.9-19.9 yuan with high-frequency subsidies; asset-light pick-up stores without dine-in and low rent; promotion relying on online advertising and cashback for new customers, with marketing expense rate exceeding 70%; user operation mainly based on APP drainage, repurchase relying on subsidies with lack of stickiness.

Financial Consequences: Stores increased from 200 to 4,500, revenue rose from 840 million yuan to 4.2 billion yuan, but net profit margin was -138.91%, with continuous huge losses and capital chain rupture.

3.2.2. Value-oriented Marketing (2021-present)

Core Positioning: Product strength + digitization + brand precipitation, balancing scale and profitability, covering all customer segments.

Core Strategies: Products: Focus on hit latte products, launch high-margin products such as Yeyun Latte and Jiangxiang Latte. In 2024, the gross profit margin of co-branded products was 10 percentage points higher than that of conventional products, and the proportion of raw material costs dropped to 39.5%.



	2022	2023	2024
revenue	13.293	24.903	34.475
gross profit margin	61.20%	65.80%	67.50%
net profit margin	3.67%	11.44%	8.51%
marketing expense rate	18.50%	15.20%	14.80%
asset-liability ratio	36.80%	46.90%	43.50%

Figure 1. Supporting Financial Data (2022-2024)

Channels: Direct-operated + joint venture mixed model, direct-operated stores for core markets and joint venture stores for sinking markets, takeaway kitchen stores focusing on online business, with rental costs reduced by 40%.

Promotion: Reduce subsidies, shift to cross-border co-branding, private domain operation and content marketing. In 2024, marketing expense rate dropped to 14.8% (peak 72% in 2019), 9 co-branding activities drove over 6 billion exposures and 41.2% conversion rate.

Users: Over 50 million private domain users, 40% repurchase rate, AI intelligent recommendation improving conversion, getting rid of subsidy dependence.

3.3. Motivation for Marketing Model Transformation

3.3.1. External Motivation

Intensified market competition has become a critical external driver forcing Luckin Coffee to abandon its subsidy-driven expansion model. Since 2021, China’s ready-to-drink coffee market has entered a period of full-scale competition, with a large number of low-cost brands emerging and rapidly eroding the market share that Luckin once occupied. Representative brands including Cotti Coffee and Lucky Coffee have adopted ultra-low pricing strategies similar to Luckin’s early subsidy model, launching products priced at 8–12 yuan to target price-sensitive young consumers. At the same time, Starbucks, the global industry leader, has accelerated its store expansion and channel sinking strategy in the Chinese market, launching more cost-effective product lines and optimizing store layouts to seize young consumer groups and urban fringe markets. Under the dual impact of low-cost competitors and strong traditional brands, Luckin’s long-term single subsidy model has gradually lost its competitive advantage; simple low-price promotions can no longer attract new users or maintain customer loyalty, resulting in diminishing marginal returns on marketing investment and making the previous traffic-driven model difficult to sustain.

Meanwhile, consumption upgrading among Chinese consumers has profoundly reshaped their purchasing logic for coffee products. With the popularization of coffee culture and the improvement of residents’ consumption power, customers are no longer merely pursuing low prices but turning to a more comprehensive demand for product quality, taste innovation, drinking convenience and brand experience. More and more consumers are willing to pay for high-quality raw materials, distinctive flavor matching and efficient purchasing services, which means that low-price competition alone cannot support long-term user growth. This shift in consumer demand directly requires Luckin to upgrade its marketing orientation from price-oriented to value-oriented.

In addition, stricter industry supervision and corporate compliance requirements have further restricted extensive marketing behaviors. After the 2020 financial fraud incident, regulatory authorities imposed stricter information disclosure, financial authenticity and operational compliance requirements on China’s new consumer and listed enterprises. High-subsidy, high-expense and high-growth extensive operations are prone to financial risks, abnormal cost fluctuations and even regulatory penalties. Under the high-pressure regulatory environment, Luckin must abandon irregular marketing methods, optimize cost structure, improve transparency in operation and management, and take the path of compliant and refined development, which has become an inevitable choice under external regulatory constraints.

3.3.2. Internal Motivation

The severe financial crisis following the 2020 accounting scandal served as the most direct and powerful internal driver for Luckin's marketing model transformation. The company faced delisting from NASDAQ, substantial regulatory fines, severe damage to its corporate reputation, and a sharp tightening of external financing channels. With cash flow under tremendous pressure and cumulative losses mounting, continuing the high-subsidy, high-expense traffic-driven model was no longer financially viable. Survival and profitability became the top priorities, forcing the firm to abandon its money-burning expansion strategy and pursue a fundamental turnaround through cost control and efficiency improvement.

Meanwhile, governance restructuring and strategic reshaping by the new management team provided critical organizational support for the shift. After the crisis, the new management led by Guo Jinyi abandoned the previous scale-obsessed development logic and established profit-oriented operational goals. The team prioritized sustainable profitability over blind store growth, cut inefficient marketing spending, closed underperforming stores, and optimized overall operational quality. This strategic reorientation laid the institutional foundation for the shift from extensive expansion to refined value marketing.

In addition, Luckin's accumulated digital infrastructure created essential technical conditions for the transformation. Its self-developed APP, integrated user database, real-time transaction system, and digital operation tools enabled precise user profiling, intelligent product recommendation, and data-driven operational decisions. These digital capabilities supported the transition from blanket subsidies to targeted, efficient precision marketing, reduced customer acquisition costs, improved repurchase rates, and made the new value-oriented marketing model technically feasible and operationally sustainable.

4. Comparative Analysis of Marketing Models and Financial Performance between Luckin Coffee and Starbucks

4.1. Core Characteristics of Starbucks' Marketing Model

Starbucks adopts experiential brand marketing with the core of "the third place": positioning in the high-end market, providing social and office scenarios; high-quality and high-priced products (over 30 yuan) with slow iteration; asset-heavy large stores mainly for dine-in with high rental and labor costs; marketing relying on brand culture and membership system with few subsidies, marketing expense rate stable at 12%-15%; rigid cost structure with high proportion of fixed costs.

Table 1. Core Differences in Marketing Models

Comparison Dimension	Luckin Coffee (Value-oriented)	Starbucks (Experience-oriented)
Core Value	Convenience + Cost-performance + Digitization	Space Experience + Brand Premium

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Store Model	Asset-light pick-up/takeaway stores, 20-30 ㎡	Asset-heavy large stores, 100-200 ㎡
Cost Structure	Low rent, low labor, high turnover	High rent, high labor, low turnover
Marketing Logic	Hit co-branding + Private domain + Precise delivery	Brand culture + Membership + Offline activities
User Operation	All customer segments, high-frequency repurchase, data-driven	High-end, emotional loyalty, word-of-mouth driven
Expense Rate	Marketing 14.8%, Delivery 8.2%	Marketing 13.5%, Rent & Labor 28%

4.2. Financial Performance Comparison (2022-2024)

4.2.1. Profitability

From the perspective of profitability, Luckin Coffee and Starbucks China showed distinctly different performance trends during 2022 to 2024. Luckin Coffee achieved a continuous and substantial improvement in profit quality. Its gross profit margin rose steadily from 61.2% to 67.5%, and the net profit margin jumped from 3.67% to 8.51%, reflecting stronger cost control capacity and higher value-creation ability of products. Meanwhile, the annual revenue growth rate stayed between 38.4% and 87.3%, maintaining strong growth momentum. Such results demonstrated that Luckin's transformation from subsidy-oriented expansion to digital precision marketing had effectively boosted both revenue scale and profit level.

In contrast, Starbucks China maintained stable profitability with limited growth space. Its gross profit margin remained at a high level of 72% to 74%, and net profit margin stayed between 8% and 10%, supported by strong brand premium and mature operation system. However, its revenue growth rate was only 5% to 10%, showing sluggish growth and weak growth elasticity.

By comparison, Luckin Coffee realized the synchronous improvement of scale and profitability through digital marketing model, while Starbucks' traditional experience-oriented model maintained stable profit but lacked growth vitality.

4.2.2. Operating Capacity

In terms of operating capacity, the performance gap between Luckin Coffee and Starbucks China fully reflects the efficiency advantages of Luckin's asset-light and digital-driven model. For Luckin Coffee, the inventory turnover rate reached 8.2 times per year, indicating strong ability in raw material allocation, supply chain management and sales turnover. The average daily revenue per store stood at 3,800 yuan, supported by high-frequency consumption and online orders. Meanwhile, its asset turnover rate was 1.8 times, showing that the company efficiently used assets to generate revenue. The asset-light model combined with digital operation significantly reduced idle resources and improved overall operational efficiency.

In contrast, Starbucks China presented a different structure. Although its average daily revenue per store was as high as 8,500 yuan, mainly supported by in-store consumption and higher customer unit price, its inventory turnover rate was only 4.5 times per year, limited by slower store turnover and longer customer stay. More importantly, its asset turnover rate was merely 0.9 times, obviously lower than that of Luckin Coffee. The asset-heavy model with large stores, high rent and more fixed assets occupied substantial capital, resulting in lower asset utilization efficiency and weaker operational flexibility.

By comparison, Luckin Coffee achieved significantly higher operational efficiency than Starbucks China in inventory management and asset utilization. The data fully proves that the digital, asset-light operation system is more conducive to improving turnover efficiency and input-output ratio in the current Chinese coffee market.

4.2.3. Solvency

In terms of solvency, Luckin Coffee and Starbucks China both maintained sound financial conditions, while Luckin showed a remarkable recovery in risk resistance after its strategic transformation. For Luckin Coffee, its asset-liability ratio increased moderately from 36.8% to 43.5% during 2022–2024, staying at a relatively healthy level without excessive debt pressure. The current ratio remained between 1.9 and 2.1, indicating sufficient current assets to cover short-term liabilities and strong short-term solvency. Supported by stable profitability and positive operating cash flow, the company's overall financial risks were controllable, and its capital structure continued to improve.

For Starbucks China, the asset-liability ratio stayed between 45% and 48%, and the current ratio ranged from 1.7 to 1.9, reflecting stable and sound financial status as a mature international brand. Nevertheless, its rigid cost structure composed of high rent and labor expenses reduced flexibility in cash flow management.

By comparison, Luckin Coffee achieved outstanding financial restoration after the marketing model transformation. The steady capital structure, strong liquidity and healthy cash flow jointly enhanced its ability to resist risks, showing a more robust and sustainable financial foundation than before.

4.2.4. Development Capacity

In terms of development capacity, Luckin Coffee and Starbucks China displayed sharply divergent growth momentum between 2022 and 2024. Luckin Coffee maintained a high-speed expansion trend with strong growth vitality. In 2024 alone, the company added 6,092 net new stores, representing a year-on-year growth rate of 37.5%, which greatly accelerated its nationwide layout. Meanwhile, its monthly active users reached 71.8 million, up 48.5% year-on-year, reflecting strong user attraction and market penetration. Such double-digit growth in both stores and users placed Luckin far ahead of its competitors in the industry.

In contrast, Starbucks China entered a relatively mature development stage with noticeable growth bottlenecks. Its annual net new stores were limited to a range of 500 to 800, and its user growth rate stayed at a low level of 10% to 15%, showing weak expansion momentum and limited room for further growth.

Through comparison, it is clear that Luckin's store expansion model featuring market sinking and joint venture partnership effectively unlocked potential in lower-tier cities and new consumer groups, creating sustained growth drivers. Meanwhile, Starbucks' traditional model was constrained by store positioning and cost structure, making it difficult to achieve rapid growth, resulting in obvious development bottlenecks.

4.3. Analysis of Causes of Differences

The divergence in financial performance between Luckin Coffee and Starbucks China primarily stems from three core differences: cost logic, revenue structure, and expense efficiency.

In terms of cost logic, Luckin relies on digitization and asset-light operation, which grant it exceptional flexibility and cost-control advantages. Its small-format pick-up stores, low rental expenses, and data-driven operation significantly lower fixed costs, enabling dynamic cost adjustment. In contrast, Starbucks pursues an asset-heavy model centered on large "third-place" stores, featuring high rents, high labor inputs, and rigid cost structures that are difficult to compress even in slow-growth periods.

Regarding revenue structure, Luckin has built a diversified growth system driven by blockbuster products, takeaway services, and joint-venture stores, which supports high-speed expansion across online and offline channels. Conversely, Starbucks remains heavily dependent on in-store consumption, with a single scenario and limited revenue sources, resulting in weak growth elasticity.

In expense efficiency, Luckin achieves substantial cost reduction and efficiency improvement through precise digital marketing and private domain operations. Starbucks, however, maintains high and rigid costs for brand image and store experience, leading to a lower input–output ratio compared with Luckin. These structural differences fully explain why Luckin achieves simultaneous scale and profit growth, while Starbucks faces bottlenecks.

5. Comprehensive Impact of Luckin's Marketing Model Transformation on Financial Performance

5.1. Positive Impacts

The transformation of Luckin's marketing model has brought about comprehensive and positive improvements to its financial performance and operational quality. First and foremost, the company achieved a historic turnaround from sustained losses to steady profitability, marking a significant leap in profit quality. Supported by a sharp decline in the marketing expense ratio from a peak of 72% to only 14.8% in 2024, together with a 6.3-percentage-point rise in gross profit margin, Luckin recorded cumulative net profit of over 6.2 billion yuan between 2022 and 2024. Sustained positive operating cash flow further strengthened its capital chain and comprehensively enhanced its overall financial health.

Second, cost optimization driven by asset-light operation and digital management significantly improved operational efficiency. Lower rental and labor expenses, faster inventory turnover, and data-based store governance helped each store shift from loss-making to a healthy profit margin of around 25%, while economies of scale became increasingly evident.

Third, the company achieved steady scale expansion and consolidated its leading market position. The number of stores surged from 8,214 in 2022 to 22,340 in 2024, overtaking Starbucks China to become the largest coffee chain in the market. Coverage in lower-tier markets exceeded 70%, forming strong competitive barriers that continuously fed back into profitability.

Finally, brand upgrading helped reduce business volatility. By moving beyond a low-price image to a youthful, trendy brand positioning, Luckin reduced its reliance on price subsidies and significantly improved the stability and sustainability of profits.

5.2. Negative Impacts and Existing Problems

Despite the remarkable financial turnaround driven by marketing model transformation, Luckin Coffee still faces several prominent problems and potential risks that may restrict its long-term sustainable development. First, the company exhibits a clear dependence on hit products, leading to significant growth fluctuations. Its revenue growth is highly reliant on viral co-branded products represented by Jiangxiang Latte, while endogenous product innovation and steady same-store growth remain insufficient. In the fourth quarter of 2024, the same-store sales growth rate dropped sharply to 1.2%, indicating that the brand lacks stable self-driven growth momentum beyond blockbuster products.

Second, long-term low-price inertia has created a noticeable gross profit bottleneck. Affected by early subsidy strategies, most consumers maintain strong price sensitivity. The long-standing 9.9-yuan promotional pricing has become normalized, which directly restricts further improvement in gross profit margin and limits the room for profit enhancement.

Third, continuously rising takeaway costs are visibly eroding net profits. In 2024, the delivery expense ratio reached 8.2%, representing a year-on-year surge of 94.5%. Such a rapid increase in logistics costs has directly compressed the net profit margin and weakened the profitability improvement brought by marketing expense control. Together, these problems pose challenges to the stability and sustainability of Luckin’s future financial performance.

6. Conclusions

First of all, marketing model is the core determinant of financial performance for new consumer enterprises: extensive subsidy model expands scale in the short term but causes losses in the long term (Sun, 2022; Tian, 2023); digital value marketing can balance scale and profitability to achieve sustainable growth.

Luckin's transformation verifies the key role of strategic adjustment: shifting from traffic to value, from money-burning to refinement, relying on product innovation, digitization and asset-light operation to complete financial restoration and high-quality growth, which is fully confirmed by financial data from 2022 to 2024.

The two coffee marketing models have their own advantages and disadvantages: Starbucks' experience model has stable profitability and high barriers, but slow growth and low efficiency; Luckin's digital model has fast growth and high efficiency, but dependence on hit products and pending profit stability.

Digitization is the core starting point for marketing-finance synergy: data-driven precise marketing, cost control and user operation are the key paths for new consumer enterprises to improve quality and efficiency.

7. Practical Implications

(1) For New Consumer Chain Enterprises: Abandon money-burning subsidies, build a sustainable marketing system of "product + digitization + brand", and balance short-term drainage and long-term profitability. Empower refined operation with digitization to reduce customer acquisition and operation costs and improve input-output ratio. Expand in an orderly manner, close inefficient stores, optimize direct-operated/joint venture structure, and avoid simultaneous growth of scale and losses.

(2) For the Coffee Industry: Break through the single model, integrate experience, convenience and cost-performance to build composite competitiveness. Conduct moderate co-branding, control frequency, convert traffic into repurchase, and avoid overdrafting the brand. Optimize cost structure, reduce rigid expenditures such as rent and delivery, and improve profit resilience.

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