

Research on Marketing Strategies of Small and Medium-sized Enterprises in the Era of New Consumption

--Taking Genki Forest as an Example

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Abstract: With the continuous popularization of network and 5g technology, Chinese society has gradually entered an era of new consumption. The economic contribution of small and medium-sized enterprises has always occupied a decisive position in society. Therefore, for small and medium-sized enterprises, what kind of marketing methods should be adopted to stabilize their position in the wave of new consumption has become a hot topic. In this article, we will take the enterprise Genki Forest, which is very popular in recent years, as an example, and analyze its marketing methods in the new consumption era with the help of marketing models. In the research, we found that the main target customers of Genki Forest are young female consumers. It makes full use of the network platform, including live broadcast, short videos and other ways to carry out advertising promotion. At the same time, it sold both online and offline, and form its unique brand characteristics. The purpose of this study is to give other small and medium-sized enterprises suggestions on marketing, so as to help them take advantage of the new consumption era and improve the sales of products. In conclusion, small and medium-sized enterprises need to form their own features and develop more platforms to increase brand visibility.

Keywords: new consumption, marketing strategy, Genki Forest

1. Introduction

Since the reform and opening up, great changes have taken place in China's economy and society, people's income and living standards have been continuously improved, and the consumption structure of residents has also been greatly improved. With the rapid development of the Internet, especially the mobile Internet and 5g technology, the traditional consumption industry chain and its relationship are being transformed and reshaped. Digital technology is widely used in all links of the supply chain, such as production, logistics, sales and so on. According to the guidance on actively playing the leading role of new consumption and accelerating the cultivation of new supply and new power triggered by the State Council of China in 2015, China has entered an important stage of sustained growth in consumption demand, accelerated upgrading of consumption structure, and significantly enhanced the role of consumption in driving the economy [1]. New consumption, with

the upgrading of traditional consumption and the vigorous rise of emerging consumption as its main content, and the new investment and supply in related industrial development, scientific and technological innovation, infrastructure construction and public services, contain huge development potential and space. In the context of new consumption, a number of small and medium-sized enterprises have sprung up in the consumer market, with annual sales of nearly 100 million yuan or even several billion yuan. Zhong Xuegao ice cream broke through the sales volume of 3million yuan in one hour in the "double 11" activity; Wang satin 's new cereal products launched in "double 11" surpassed Quaker, kalobi and other traditional brands, and won the first place in the sales of tsmall cereal [2]. But on the whole, the development of a small enterprise is not optimistic because of its limited scale and capital. As for itself, on the one hand, limited by the growth space of its own category, the market penetration space is very limited; On the other hand, it is difficult for small brands to achieve brand growth by improving "loyalty" [3]. There are relevant literatures on the marketing trend in the new consumption era. However, there is no literature on how small and medium-sized enterprises should carry out marketing strategies in the new consumption era. This paper will take the beverage brand Genki Forest as an example, based on the classic marketing model, to explore what kind of marketing strategy small and medium-sized enterprises should adopt in the new consumption era to gradually improve product sales.

2. Analysis on the Marketing Strategies of Genki Forest

2.1. The Market Size of Genji Forest

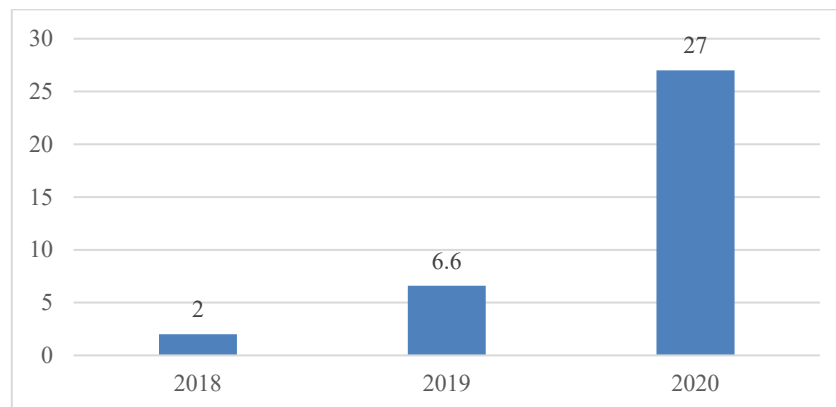


Figure 1: Genki Forest annual sales.

Genki Forest is a sugar-free beverage production company founded in 2016. It is a dark horse in this industry recently. In 2016, Genki Forest joined the sugar-free tea market, and in 2018 with the "no sugar no fat no calorie" sparkling water, quickly became an famous brand. The annual sales profit has increased by 300% compared with 2017 until May 2018. The profit in 2019 increased by more than 200% compared with 2018. And in 2020 it increased by 309% compared with 2019, with revenue of 2.7 billion yuan. That's to say, in just four years, Genki Forest has completed the performance from less than 50 million to nearly 3 billion [4]. Therefore, the marketing strategy of Genki Forest is worth learning.

2.2. STP Analysis of Genki Forest

Market segmentation. Market segmentation means segmenting an entire market according to certain standards. It can be further explained as according to the differences in consumer demand and

purchasing habits, the overall market is divided into sub-markets concluding with many consumer groups with similar needs [5].

Figure 1 shows the main consumers of beverage stores in China are women under 30, accounting for about 70% of the consumers. Since the consumption level of people under 15 is limited, women from 15 to 30 are the main consumers of beverages. Consequently, Genki Forest segmented its market based on the gender and age.

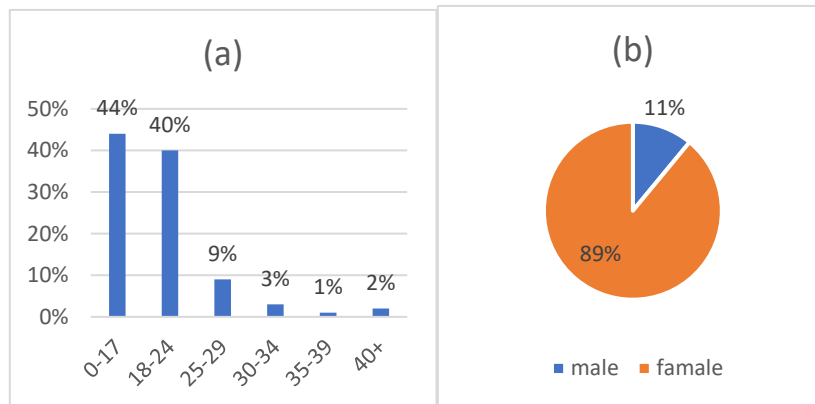


Figure 2: (a) Age ratio of Genki Forest consumers; (b) Gender ratio of Genki Forest consumers.

Target market selection. Because Genki Forest segmented the market according to age and gender, the market can be divided into young women, old women, young men and old men. Meanwhile, young people are the group who pays more attention to the composition and health of the food and are more interested in new products. Genki Forest is an emerging middle-sized company, whose products are all 0 sugar, 0 fat and 0 calorie correspondent with young people's pursuit. So we can draw the conclusion that Genki Forest regards young women who are from 15 to 30 as its target consumers.

Market position. Position not only means the position in the market but also means that in the heart of the customer. The sugar-free beverage market has developed rapidly in China in recent years. The market size was just 1.66 billion yuan in 2014, accounting for only 0.27% of the beverage market, but by 2019, the market size of China's sugar-free beverage industry was 98.7 billion yuan, accounting for 1.25%, with a compound annual growth rate of 42.84% [6]. In 2020, the market size reached 11.78 billion yuan, a 7-fold increase over 2014. According to the forecast of the Chinese Academy of Sciences, the market will increase to 22.74 billion yuan in 2025, doubling the scale within 5 years and in 2027, the market will continue to climb to 27.6 billion yuan [7].

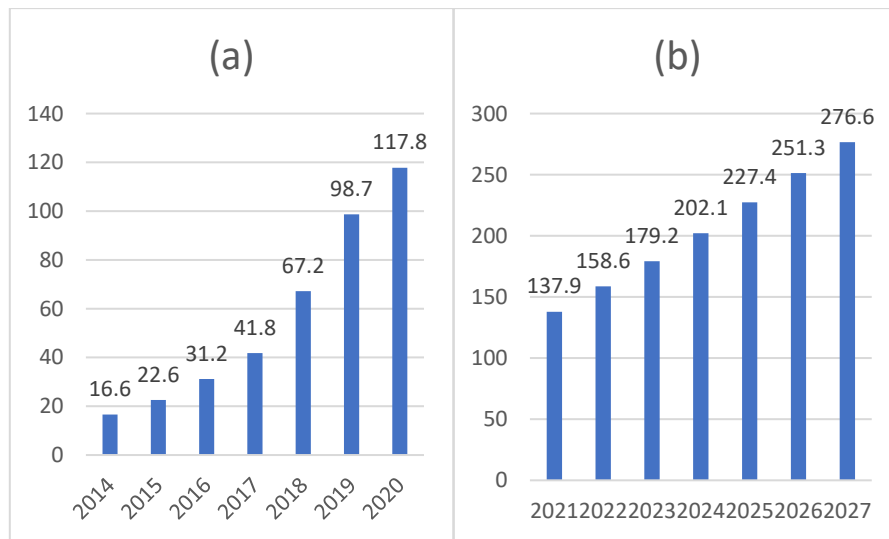


Figure 3: (a) Size of the sugar-free beverage market from 2014 to 2020; (b) Forecast of the size of sugar-free beverage market from 2021-2027.

In view of the constant development of the sugar-free beverage market, this company's position in the market is the 0 sugar, 0 fat, and 0 calorie beverages. Besides, as Genki Forest is an emerging company and doesn't have the ability to compete with industry giants like Coca Cola, it joined the market as a middle-sized company and its products acted as affordable products. China's obese population exceeds 250 million [8]. The development of the obesity population scale, and the health problems caused by obesity have gradually become the focus of social attention. As soon as Genki Forest entered the market, its position among the customers is not just a kind of beverage but a kind of healthy food. All the products from Genki Forest focused on the health concept of "0 sugar, 0 fat and 0 calorie". At present, the brand power of Genki Forest has not occupied the minds of consumers entirely, and it is easy to be replaced by similar brands in the market. Thus Genki Forest should stick to this position and continuously emphasized this concept in the consumers' minds until when it comes to healthy beverages, consumers will remember Genki Forest.

2.3. Marketing Strategy of 4Ps

Products. As I have mentioned before, all the products from Genki Forest are sugar-free beverages. Another feature of this company is that the main products are sparkling water. Before Genki Forest entered the market, there are little sparkling water in China. In 2016, Genki Forest introduces its first beverage series, which attracted extensive attention of consumers and they also indicated the possibility to produce more sugar-free beverages. Genki Forest adds sugar substitutes to the traditional sparkling water, so that the product can achieve "0 Sugar 0 fat 0 calorie", which meets the needs of most people who are willing to sacrifice part of their taste to pursue health.

What's more, as the main consumers are young people, the package of the products are innovative. The fresh quadratic element style, beautiful colors and personalized bottle body, combined with some Japanese factors are highly in line with taste of young consumer group [9]. The aesthetic of body, coupled with the slogan of "0 fat, 0 sugar, 0 card", caught the attention of consumers all at once. Genki in Chinese means energetic, positive and healthy [10]. Consequently, no matter from outside or the concept, people are implanted with a kind of cognition that this brand is innovative and healthy and after drinking it, consumers can become energetic.

Not only that, there are many flavors of Genki Forest: lactic acid bacteria flavor, carman orange flavor, white peach flavor, sour plum juice flavor, etc. [11]. During the double 11, a variety of

innovative flavors were introduced to arouse consumers' desire to buy. The target audience of Genki Forest is young people, this group pursues freshness and innovative experience. In this way, Genki Forest can attract a group of loyal customers.

Price. The price strategy of Genki Forest was formulated by its founder Tang Binsen from the beginning. This pricing idea is to constantly test users' preference for the product with more expensive prices. The logic behind this idea is to ensure the quality of the product through price. If the price is higher, consumers may not buy it, then the sales will deviate far from expectations. This result is not to push enterprises to reduce prices to increase sales, but to enforce enterprises to reflect on problems, then put forward improvement measures, and finally realize the results that the products match the price [12]. That is to say, the premise of high price must be that the product is of high quality.

At the same time, in retail terminals, the fixed price principle of Genki Forest forest is also strictly limited. Genki Forest requires all the retail stores not to do promotional activities, including discounting, full reduction, sending gifts and any other forms.

The price is strictly controlled at more than 5 yuan, which is very unique in the beverage industry.

To produce high-quality beverages, the cost of its products is very high. They used erythritol as a sugar substitute. Erythritol is a kind of filling sweetener, whose chemical essence is tetracarbitol. It has the characteristics of low sweetness, high stability, high heat of dissolution and low moisture absorption. It cannot be decomposed by enzymes in the human body and can only be discharged from urine through the kidney [13]. In other words, erythritol cannot be absorbed by the human body, so it does not produce heat. Compared to aspartame and acesulfame, it is more expensive. So the price of Genki Forest is a little higher than other beverages. But to keep health, people are willing to pay more.

Place. Genki Forest adopts the principle of combining online and offline. In terms of online, the main responsibility is to expand the popularity of Genki Forest through online selling. In terms of offline, they first try to sell in hypermarkets and chain supermarkets like many other traditional drinks. But after a period of time, they found that the effect was not ideal. After analyzing the reasons, they moved to new convenience stores and campus supermarkets, because these places gather more of their potential users. Their target users are consumers aged 15-30, who have been trained by the market to have a healthy concept and prefer to experience new products. For their products, the freezer of chain convenience stores is the best place to meet the right consumers.

Produce. In terms of producing offline, as the sales channels are mainly concentrated in urban convenience stores, the number of places is limited, to some extent, it may form the effect of hungry marketing. In terms of producing online, there are three main ways.

The first one is to introduce their products with the help of new media platforms. They invite online celebrities to promote products, and improve brand awareness with the help of the relationship between online celebrities and their fans. On a top-level platform Tik Tok, there are nearly 1000 videos related to Genki Forest, and nearly 100 million views are available. In this way, the popularity of Genki Forest can be further opened.

The second way is to make full use of the Internet trend of "live broadcasting with goods" and cooperate with anchor broadcasters. No matter the head anchor or the live broadcast room at the middle waist, Genki Forest all cooperates with them. In this way, the sales volume can be highly improved. According to the statistics of live eye data, Genki Forest sold 61 products in Taobao live broadcast in only half a month, with 168 live broadcasts. On the "double 11" day in 2020, the sales volume of Genki Forest exceeded 10 million in 37 minutes and exceeded the total sales volume in 2019 in 42 minutes, an increase of 344% over the same period in 2019, ranking first in the sales volume of Tmall and jd.com water drinks.

The third one is to advertise. Genki Forest has sponsored countless variety shows. In 2020, Genki Forest successively sponsored six variety shows. The audience groups of these variety shows are mainly young groups, who are inconsistent with the target audience. Besides, Genki Forest also

invites many celebrities as spokespersons, not only including entertainment stars, but also sports stars, involving all aspects.

3. Marketing Strategy of Small and Middle-sized Enterprises in the New Consumption Era

3.1. Identify Product Positioning

After selecting market segments, enterprises should clarify the brand positioning and core users, understand the characteristics of users, and make sure the brand products are consistent with core users. What's more, from the perspective of the market, most of the racetracks are occupied by big brands, while small brands are often difficult to compete with them due to limited capital and scale. Small and middle-sized companies can try to find the market gap and occupy this market to identify their position. As we can see from Genki Forest, the key is to directly hit the consumption pain points and fill the blank areas.

3.2. Form Their Own Feature

Under the background of new consumption, young people have become the mainstream of consumption. However, many brands only attract young people in the package or the slogan, but do not understand the core needs of young people in products. Consequently, small and medium-sized enterprises had better try to improve the quality of their products and form their own feature [14]. Moreover, when the small and middle-sized companies fill the market vacancies, it is possible for them to form their own future.

3.3. Sell Both Online and the Offline

The effective combination of online sales and offline sales enables enterprises not only to use traditional offline sales to meet consumers' shopping experience, but also to understand their consumption needs through direct communication with consumers and assist online sales. At the same time, enterprises can expand marketing coverage and improve marketing efficiency with the help of online sales platforms.

3.4. Promote Products with the Help of Network Platform

The first thing is to sell goods through live broadcasting. Since the "first year of live broadcasting" in 2020, live broadcasting with goods has soared. According to the Research Report of Guojin securities, the penetration rate of live broadcasting with goods in the e-commerce industry has soared from 1.74% in 2018 to 17.9% in the first half of 2021 [15]. In other words, nearly one-fifth of online shopping took place in the live broadcasting room in 2021. On one hand, companies can draw support from head anchor. On the other hand, brands can build their own live broadcasting room to sell their products. Compared with the above two live methods, launching the head anchor can improve the sales data rapidly in a short time. But there also existed some problems, such as the uncertainty of the anchor, the high return rate and the uncontrollable scheduling. Therefore, brands finally need to build their own live broadcasting platform to sell their fantastic products, which has also become one of the key marketing methods of many small and middle-sized enterprises in 2021.

The second thing is to pay some celebrities on the social media to give publicity to their products. Thus more and more people will become familiar with the products.

4. Conclusion

The paper aims to analyze under the background of new consumption, which marketing strategies small and medium-sized enterprises can take. Based on this purpose, the research took the brand Genki Forest which is very popular in recent years as an example. Based on the classic marketing theories like 4ps and STP, this research analyzed the methods that Genki Forest took to illustrate why Genki Forest became so popular. This research gave some guidance to small and medium-sized enterprises in marketing. Those enterprises should try to form their own characteristics, sell in different ways and promote their products in the new platforms. While this research mainly focus on the marketing strategies of FMCG enterprises, future studies could do some research on other careers.

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