

# ***The Key Functions of Relevance and Relationship Effect in Marketing: Based on the Analysis before and after Restructuring of Huiyuan Group***

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**Abstract:** As the economy and society develop continuously, the speed of commodity renewal is accelerated, and the competition between brands is becoming more and fiercer. Fruit juice, as one of the most popular commodities, is deeply loved by all kinds of people and meanwhile, it is also a traditional and dynamic industry. Recently, Huiyuan Group, a celebrated Chinese fruit juice company, has adopted various measures to cope with the fierce competition effectively in the commodity market, such as broadening marketing channels, strengthening market research combined with promoting product innovation, and enhancing the platform interaction in order to maintain customer relations. This paper analyzes the problems existing before the marketing bankruptcy of Huiyuan Group, and the changes made after the reorganization, based on the key function theory of “relevance” and “relationship” effect in 4 Rs. The analyzing results find that Huiyuan Group focuses on the “relevance” and “relationship” effect in the marketing process, broadens the marketing channels such as TikTok, Xiaohongshu and Weibo, and pays attention to the user platform interaction and product innovation, all of which bring considerable benefits to the enterprise marketing, and are conducive to the marketing and maintenance of the enterprise brand.

**Keywords:** case analysis method, literature analysis method, integrated marketing, 4 Rs

## **1. Introduction**

According to the data of the National Bureau of Statistics, the annual output of fruit juice and fruit juice drinks in China has exceeded 170 million tons, ranking the fourth largest in the domestic beverage industry [1]. As the leader of the juice industry, Huiyuan Group, however, did not pay attention to the application of the two key effects of “correlation” and “relationship” in the marketing in the early marketing process, resulting in a decrease with fluctuation its net profit before 2017, and was delisted in 2020. Encountered with the survival crisis, Huiyuan Group carried out innovative measures related to targeted marketing strategy, and finally reversed the crisis, and earned a lot of good reputation with increasing profits. By using the literature analysis method and the case study analysis of Huiyuan Group, the paper innovatively summarizes a set of systematic and efficient integrated marketing model. The article also provides an advanced integrated marketing strategy template for other juice enterprises to improve their core competencies.

By depicting the defects of Huiyuan Group in the early marketing process and its innovative marketing strategy after restructuring, this paper explores how the relevance and relationship effect in 4 Rs theory is applied to promote the development in integrated marketing. Finally, this paper attempts to discover what kind of integrated marketing strategy to can adapt to today's competitive market environment and how to promote the benign development of the juice industry.

Under today's new media marketing environment, employing the theory of "relevance" and "relationship" effect in 4 Rs into the fruit juice industry research can fill the blank in the theory of enterprise integrated marketing. And also Huiyuan Group puts the theory into practice, playing a guiding role in the fruit juice enterprise integrated marketing in the real society, and bringing the economic and social benefits in the sustainable development of the enterprise. 4 Rs theory is a new marketing theory including the four-part effect of relevance, reaction, relationship and reward, which expounds new four elements of marketing. Relevance means the establishment of a relationship with customers; reaction means improving the market response speed; relationship refers to the relationship marketing; and reward is the driving force of the marketing [2]. The traditional marketing strategy is sales-oriented, while 4 Rs focuses on the maximization of customer correlation; the traditional marketing concerns market share more, while 4 Rs cares more about customers loyalty. In other words, the traditional 4 Ps, 4 Cs marketing theory is only isolated, with no related effects. The marketing research based on the theory of 4 Rs focuses on the mutual benefits of the enterprise and customers. As competition-oriented, it satisfies the customer basic demand, creates demand actively, and develops innovative integrated marketing strategies, making the enterprise and customers form a unique sticky relationship and bringing the competitive advantage. At the same time, the theory of "relevance" and "relationship" effect in 4 Rs has its own deficiencies and defects. For instance, developing the strategy needs the enterprises to achieve certain objective conditions, or pay the corresponding cost, which prohibits some enterprises from conducting 4 Rs marketing strategy. Nevertheless, mastering the 4 Rs marketing theory of relevance and relationship, is of guiding significance both in innovative enterprise integrated marketing, and in the improvement of the existing marketing strategy.

## **2. Case Analysis of Huiyuan Group**

### **2.1. Introduction of Huiyuan Group**

Beijing Huiyuan Beverage and Food Group Co., Ltd., founded in 1992, is a large modern enterprise specializing in fruit juice related products. In 2001, Huiyuan's sales revenue reached 1.5 billion yuan, occupying 23% of the juice market. After maintaining its leading position in the industry in the following years, China Huiyuan Juice Group Co., Ltd., which was split by the company, was listed on the main board of the Hong Kong Stock Exchange in February 2007. In September 2008, Coca-Cola announced that it would buy all the shares in Huiyuan Juice for HK \$17.92 billion, but the Ministry of Commerce rejected the deal on antitrust grounds, and the plans failed. During this period, Huiyuan Group focused on the acquisition strategy, ignoring the update and improvement of its marketing strategy, which led to its lead in sales gradually narrowed and its debt increased little by little. From a brilliant market value of over HK \$31.3 billion, it plunged until suspension in 2017 and then it was cancelled by the Hong Kong Stock Exchange in February 2020[3]. In 2021, Shanghai Wensheng Asset Management Co., Ltd., as a restructuring investor, planned to invest 1.6 billion yuan, and after the implementation of a series of innovative self-rescue measures of integrated marketing strategies, Huiyuan Group's sales performance increased significantly year-on-year, gradually reducing debt and changing a loss into a profit.

## 2.2. Ignorance of the Marketing in Huiyuan Group before Bankruptcy and Its Consequences

Before its bankruptcy, Huiyuan Group had always adopted the old business and operation model. Even in the era of mobile Internet, it still maintained the outdated marketing mode. It ignores the important measures to associate with customers in terms of business and demand, resulting in a slow market expansion, decreased consumer acceptance, and profits declining. In 2008, when Coca-Cola acquired Huiyuan, in order to improve the assessed value of the assets, it expanded production blindly. Meanwhile in order to reduce the cost, it reduced large-scale marketing channels, and therefore the employees in the group have been reduced from 9,722 in 2007 to 4,935 in 2007, and sales staff also fell from 3,926 to 1,160, thus a key link between the corporate and customer damaged. This made the weak connection with customers even weaker, and the product distribution was also blocked, eventually resulting in years of debt growth. As shown in figure 1, the sales growth of Huiyuan juice was insignificant, and the growth rate reached the lowest point of 0.46% in 2009. What is more obvious is that the net profit in Huiyuan began to decline in 2008, and reached the historical lowest point with minus more than 200 million yuan in 2015.

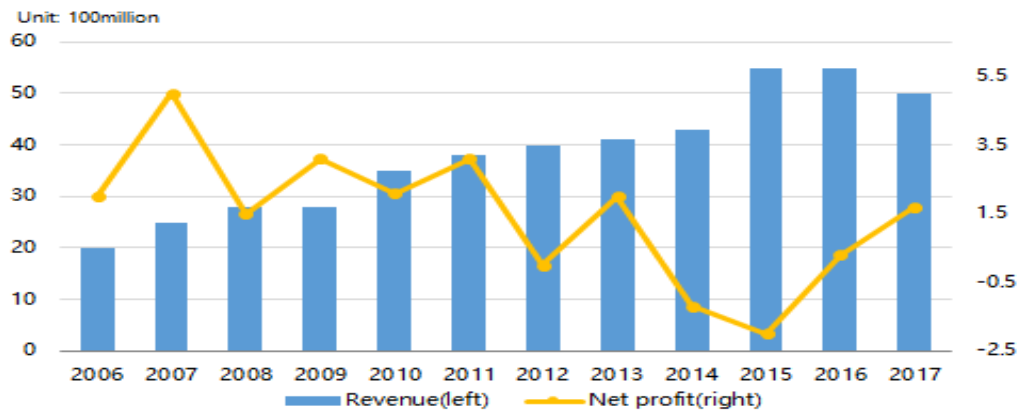


Figure 1: 2006 Receivables and net profit of Huiyuan Juice from the year to 2017 [4].

Before the bankruptcy, Huiyuan Group indeed seized the opportunity in the juice market, but it neglected the building of the relationship with customers, lacked good communication with customers and the understanding of consumers' needs, and did not foster innovation, thus becoming overtaken because of lagging its sales [5]. Brands such as Uni-President, Master Kong and Pepsi continued to pay attention to the relationship between enterprises and customers, taking the lead in the updating products such as "Fresh orange more", "Daily C" and "Fruit Colorful", expanding their production, and seizing market share constantly. Huiyuan, on the other hand, after the obstruction of the group acquisition event, maintained the old hierarchical marketing model and the same single variety of the production. And it did not consider how to continue to expand the juice market, nor did it focus on maintaining existing relationships with customers. This, therefore, greatly damaged the establishment of a mutually beneficial relationship between enterprises and customers, and eventually, it lost its customers, its product market share was shrinking and the loss and debt of Huiyuan increased dramatically. According to the Figure 2, during the eight years from 2009 to 2017, the debt amount increased year by year, and the difference was five times earlier.

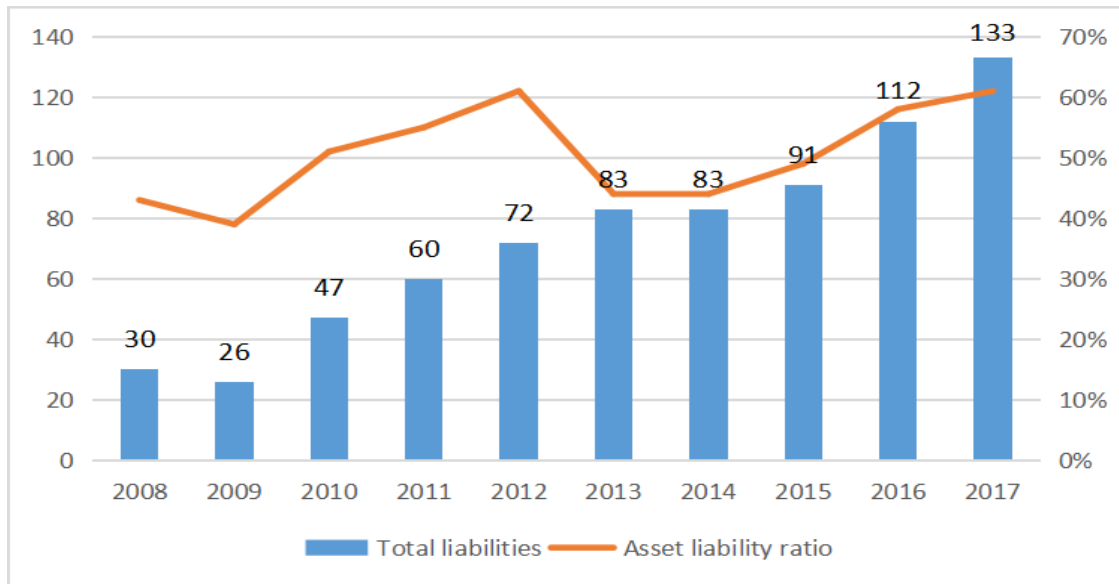


Figure 2: After the failure of Coca-Cola acquisition, Huiyuan Group's debt changed [6].

### 2.3. Huiyuan Group's Emphasizing on "Relevance" and "Relationship" Effect and Its Achievement

After restructuring in 2021, Huiyuan Group realized that the channels for customers to receive information in the network media environment had changed, and that it should constantly pay attention to strengthen the connection with customers, and that it ought to make changes in the single marketing channel before [7]. The company began to continuously invest in expanding its marketing channels, increase the audience marketing coverage, strengthen the original media promotion such as TV advertisements and newspaper reports, and also make efforts in marketing on TikTok, Xiaohongshu, Weibo and other new online media platforms. Besides, it invited a number of popular celebrities to stand up for their products and invested in multiple groups, which strengthened the relationship between the enterprise and customers, and eventually expanding the targeted consumers, and increasing the sales. Huiyuan Group also developed the marketing strategy of direct selling, so as to establish efficient relationships with customers at all levels directly. It attracted a large number of new customers, and make the product market share to increase by allowing customers to know more about the enterprise and products, and buy these products and goods in a more convenient and affordable way. After the implementation of the new marketing strategy, the sales of 2021 increased by 49.7% in 2020, and the gross profit increased by 39.5% in 2021. In addition, the satisfaction index of the juice industry ranked first. From January to April 2022, the online product revenue of Huiyuan brand business went up by more than 200%.

4 Rs marketing theory emphasizes the use of "relationship" marketing and the "relationship" marketing focuses on one-to-one interaction within different ranges. As for Huiyuan Group, it establishes collaborative and stable relationship with customers, and cooperates between buyers and sellers in terms of effective innovation behavior of related products [8]. In details, initially Huiyuan Group increased the relationship with customers, through the comments with potential consumers in its official media platforms, such as TikTok, and Weibo, and in this way Huiyuan Group can discover the customer psychology and their purchase motivation. Accordingly, it fostered the product innovation to meet the personalized needs of customers, and from 2021 to 2023 it developed some new products such as sea-buckthorn pulp, probiotics plum juice, and plum juice, making the products younger, more fashionable, more attractive and more personalized [9,10]. Secondly, based upon the

relationship effect, Huiyuan Group revived its juice product marketing through Internet celebrity drainage and article pushing. In this way, it maintained the relationship with customers and brought mutual benefits both for Huiyuan Group and the consumers. On October 5, 2022, in Huiyuan brand live, more than 1.74 million people were watching, and till October 11, 2022, 340000 followers were increased. Huiyuan also provided the lower price in their live streaming to maintain the benign relations with customers, and in this way it achieved a win-win situation, with a surge in sales and profits. And the endeavor in its juice producing and the various remarkable marketing methods such as the lottery in Weibo and Xiaohongshu raised brand awareness, increased the overall sales, and maintained the long-term relationship with customers.

## 2.4. Analysis and Comparison

According to the analysis and research of Huiyuan Group in the given two stages, it is found that the marketing strategy of Huiyuan Group has changed greatly and brought a relatively contrasting revenue effect. The Enterprise marketing attaching great importance to the “relevance” and “relationship” effect in 4 Rs theory will bring considerable sales to the enterprise, thus promoting the benign development of the enterprise; otherwise, if the enterprise ignores the use of “relevance” and “relationship” effect, it will face stagnating sales and difficult development.

In the marketing strategy, the disadvantages such as the rare relevance between enterprises and customers and the single marketing methods will lengthen the distance between the manufacturers and consumers, resulting in unsalable products. At the same time, enterprises do not pay attention to the maintenance of relations with a variety of customers, will make the product recognition and sales decrease gradually, resulting in the decline in corporate profits, debt increase and even the survival crisis. After the reorganization, Huiyuan Group innovates its marketing strategy, focuses on the investment of relevance and relationship, and expands marketing channels by focusing on the effect of “relevance” and “relationship”. It has established the “marketing matrix”, developed and increased the investment in TikTok Weibo, Xiaohongshu and other platforms, and enhanced the platform interaction and product innovation, making the marketing approaches more diverse [11,12]. While improving the relations with customers at all levels, Huiyuan Company also pays attention to maintain the win-win relationship between the enterprise and customers. Thus, its sales increase year by year, which means Huiyuan Group not only obtains its economic profits, but also improves its brand awareness. All these show the importance of the correlation and positive relationship between enterprises and customers. This new marketing mode is also suitable for other enterprises of commodity production and sales, especially for those which are innovation-oriented, and are incapable to fully apply the four aspects of 4 Rs theory due to their limitations of conditions and strength. This way is an appropriate approach to increase of sales and promote the connection with users.

## 3. Conclusion

Based on the marketing analysis of Huiyuan Group before its bankruptcy and after restructuring, this paper focuses on the importance of “relevance” and “relationship” effect 4 Rs theory in the field of the enterprise marketing. The research finds that without the “relevance and relationship”, the marketing development of enterprises cannot be achieved. Nowadays, with the rapid development of the Internet and the increasing media where customers receive marketing more easily, it is particularly significant for enterprises to establish good relations with customers in different media, which means that without good connection, customers cannot be retained, and enterprises cannot survive without customers. The relationship between the enterprise and customers is also an important part of the marketing strategy. On the one hand, the benign interactive relationship can promote the enterprise

to develop new products, improve the benefits, and realize the customized product value; on the other hand, in the conditions where owning stable customers are crucial to lead the role in the market nowadays, maintaining the stable and healthy relationship has become the “engine” of enterprise marketing development. In the end, the article analyzes and innovates a marketing strategy, with the relevance and relationship effect as the core, applicable to the marketing investment of small and medium-sized enterprises. This strategy helps enterprises to reduce marketing costs, increase the input-output ratio of industries, and promote the benign development of enterprises.

The study presented in this paper also has some limitations. In the economic ability, not all enterprises are capable enough to establish relevance with a variety of customers. And since the commodity market is dominated by the economic benefit, Huiyuan Group, as the lead of the market, can pay attention to improve the relation with customers to innovate its marketing strategy without worrying insufficient fund in a short time. So, this makes some small and medium-sized enterprises with short capital chain or long production cycle unable to adopt this strategy. In the future, under the application and continuous improvement of the theory of “relevance” and “relationship” effect, it is expected to explore a more cost-effective, faster and more direct integrated marketing strategy.

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