



# How Does Genki Forest Manage to Stand Out in the Beverage Industry?

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**Abstract.** With the advent of the mobile Internet era, new concepts, theories and methods are constantly emerging compared to the previous marketing environment, making marketing in the whole market increasingly complex. We can see that the traditional marketing concepts continue to fail, which has caused anxiety and exploration of all parties in the marketing chain. In the beverage industry, both categories and brands are undergoing reshuffling. Only by quickly adapting to the times and embracing change can brands occupy their market share in a market environment that is undergoing significant change.

This paper takes the marketing strategy of Genki Forest (Beijing) Food Technology Group Co., Ltd. as the object of research, and uses three theoretical tools including PEST theory, STP theory and 4P marketing theory, which are used to analyze the macro environment of Genki Forest, the positioning and selection of market segments and the marketing strategy. In this paper, how Genki Forest can stand out in the beverage industry with a novel concept, clear positioning, extensive marketing, and the usage of Internet thinking will be explored. This paper using Internet thinking, is the main question that we want to explore in this paper.

**Keywords:** Genki Forest · marketing strategy · sugar-free drinks

## 1 Introduction

In recent years, China's national beverage industry has shown a good growth trend due to the continuous and stable growth of the national economy, the increasing consumption level of the residents and the improvement of the consumption structure.

Due to the increasing consumption ability of the residents and the change of consumption habits, people's demand for food has diversified, resulting in more diversified food products and tastes in China. In the 1980s and 1990s, China's beverage market was basically dominated by carbonated beverages and packaged drinking water; in the early 21st century, tea beverages and fruit and vegetable juices took off; in recent years, functional beverages such as energy drinks, coffee drinks and flavored beverages have shown rapid development. Among them, Genki Forest, which was founded in 2016 with "Internet thinking", stands out from the rest, with offline terminals exceeding 1 million in just 5 years, covering more than 800 cities nationwide. The number of suppliers

has increased to 370, and the turnover of 2021 is as high as 7 billion yuan. The beverage industry is highly concentrated, how did Genki Forest achieve such success in a short period of time? How is its product positioning? How does it use the Internet for marketing?

With the help of this study, we can understand more clearly the reasons of Genki Forest's success and provide some theoretical support for Genki Forest.

## **2 The National Emphasis on Food Safety and the Pursuit of Health by Consumers**

### **2.1 Analysis on National Policies**

The "12th Five-Year Plan" and "13th Five-Year Plan" national food safety supervision plan, continue to clearly put forward to form a more sound national food safety supervision system, deepen the national food safety plan, and promote quality assurance project national food safety supervision activities. Our society and local departments are also paying more attention to the daily management of people, and food safety management, which is closely related to the daily lives of ordinary people, is also receiving attention from local departments.

In order to comply with the national call, Genki forest from the direction of food additives, to make a series of reform measures.

On October 26, 2011, Genki Forest held a supply chain management and food safety strategy release meeting to fully launch the "3-0 Factory" strategy, declaring that its entire line of sparkling water companies no longer use corrosion-resistant agents, such as sodium benzoate and sodium sorbate. The whole process was made sterile in terms of material liquid, packaging materials and environmental protection.

### **2.2 Analysis on the Economic Dimension**

In recent years, the total disposable income of people has increased, and the total amount of social consumer goods has also increased. In 2021, the year-on-year growth of beverages ranked the highest among all categories of social consumer goods, with a growth rate of 22.4%.

The founders of Genki Forest have keenly discovered the broad development prospect of China's beverage market and grasped consumers' consumption preference. Since 2019, in order to meet the strong demand of Chinese young people for food and beverage market, Genki Forest has started to plan and build its own factories in China, and successively prepared to build factories in Anhui, Guangdong, Tianjin, Hubei and Sichuan to realize strategic investment. The total investment in these five industrial parks is more than 5.5 billion RMB, compared with the five major city clusters in East China, South China, North China, Central China, and Southwest China, initially building up the national economic strategy pattern of "super city cluster + self-built factories".

### 2.3 Analysis on the Social Dimension

According to the World Health Organization (WHO) released the global diabetic report, the global diabetic patients have reached 400 million people, and the primary factor is undoubtedly sugar [1]. With “low sugar and low fat”, the concept of healthy diet is widely spread in China and consumers’ health concept is increasingly strengthened, and more customers are willing to choose zero-sugar and zero-calorie drinks under the same price requirement. Data analysis shows that close to 60% of domestic consumers have chosen sugar-free beverages, and sales in 2010 will grow by more than 10% year-on-year, much faster than the overall beverage growth rate.

Genki Forest seized the transformation and upgrading of consumer demand and launched the sugar-free and fat-free Burning Tea Series, Sparkling Water Series, Alien Series, and the low-sugar and low-fat Milk Tea Series. The launch of these products are deeply loved by the majority of consumers. In the 2019 Double Eleven promotion, Genki Forest shipped 2.26 million cans, winning the championship in the water beverage category, and also ahead of Coke and Pepsi on the whole network sales; in the 2020 Double Eleven, Genki Forest ranked first in the water beverage category with total sales of 20 million bottles on Tmall and Jingdong.

### 2.4 Analysis on Technical Aspects

In response to the trend of consumer upgrading, the current bubble manufacturing enterprises continue to increase the code, and the launch of aseptic carbonic acid products will be the main driving force. The construction of Genki Forest workshop adopts the new production process of “aseptic carbonic acid mixing and filling”, which has been fully completed. The new production process of “aseptic carbonic acid mixing and filling” was adopted in the construction of Genki Forest’s workshop. According to Genki Forest, the overall goal of the five self-built workshops will be completed in 2015 as the demonstration workshop for carbon drinks in China, making it a “0-carbon workshop” in the true sense.

## 3 “Sugar-Free Track” Competition is Fierce and the Product is Easy to Be Replaced

The degree of competition among competitors. Currently, The Coca-Cola Company and PepsiCo hold a monopoly in the entire beverage industry in China. However, according to Coca-Cola’s full-year earnings report for 2017, down 10% to \$35.41 billion compared to 2016. Not only is Coca-Cola’s profit situation not good, but PepsiCo also reported an operating profit of \$10.11 billion in 2018, down 2% year-on-year. Why are the two giants of the beverage industry in this situation? This has to mention the “healthy” life concept, and three quarters of Coca-Cola’s turnover are carbonated drinks, which is contrary to the concept of consumer health. At the same time, health products, as the majority of users and distributors of popular products, there are also a large number of innovative products. Dairy, fruit and tea drinks are becoming the focus of consumption, and consumers are gradually moving towards healthier, more functional and personalized aspects of life.

The threat of potential entrants. As the traditional carbonated beverage market is getting colder and colder, sugar-free beverages are logging into the beverage market in a big way. Some information shows that in the first half of 2021, there have been 36 sugar-free beverage investment activities in China, including 23 investments in the whole year of 2020, which is 283% more than the investment in the same period of 2019 [2]. The sugar-free beverage industry has seen a significant increase in financing cases, and the track has become increasingly crowded, with not only the volume of traditional leading beverage companies expanding, but also many new faces making their appearance. In addition to emerging consumer companies such as Genki Forest, Qingquan Out Mountain and Fruit Ripe, which started out on bubble tea, waist brand companies such as Jianlibao, Yiming and Zhenzhen have also made heavy bets on it.

Threat of substitutes. The types of substitutes for sugar-free beverages vary depending on consumer needs. If sugar-free beverages are chosen for weight loss purposes, they can be replaced with naturally flavored water; if sugar-free beverages are chosen for taste purposes, they can be replaced with Kambo tea (a fermented beverage with various teas as the base); if sugar-free beverages are chosen for health purposes, they can be replaced with fresh milk tea (choosing skim milk and getting protein from it).

Bargaining power of suppliers. Genki Forest's suppliers have relatively strong bargaining power. Genki Forest uses a large amount of erythritol in sugar-free beverages, which is supplied by Sanyuan Biologicals. It is reported that Sanyuan Bio's production capacity of erythritol accounts for 32.94% of the world's production, and the company's main customers cover Genki Forest, Nongfu Shanquan, Coca-Cola and many other fields. With the emergence of a large number of sugar-free beverages, due to the advantage of "natural" zero calories, erythritol has also become the main sweetener of choice for many sugar-free beverages.

Bargaining power of purchasers. The bargaining power of Genki Forest purchasers is not strong. Firstly, because Genki Forest is mainly a retailer, the number of customers is large and the purchase volume of individual customers is small. Secondly, it is because of the large scale of Genki Forest. The productivity is concentrated and the strength is strong. In addition, it is because Genki Forest has realized backward integration, and the company has changed its own production strategy by taking advantage of its own products, without any OEMs, which has significantly increased its own production capacity.

#### **4 Genki Forest'S Marketing Strategy Analysis (STP)**

Market segmentation. The market segmentation of Genki Forest is to divide customers into different customer groups according to the needs of consumers. At the same time, in order to meet the differences in customers' taste needs, Genki Forest also refined the three types of products separately and launched various different flavors to occupy the market comprehensively.

Target market. Genki Forest has designed two types of products, sugar-free and low-fat, taking advantage of consumers' consumer psychology of health and body management. Capitalize on the need of exercisers to replenish their abilities after heavy exercise. Genki Forest has electrolyte water to help consumers replenish their energy

quickly. Genki Forest's main customers are not only white-collar workers in first and second-tier cities, but also college students. They are more after the taste of the drink itself, and sparkling water can stimulate the taste buds more, especially in summer it can play a role in cooling and quenching thirst.

Market positioning. With the launch of various sugar-free and 0-cal beverages from Coca-Cola, Genki Forest's market share has declined. In order to solidify its competitive positioning, Genki Forest is continuously launching various novel flavors of beverages to determine its competitive position.

## **5 Analysis of the Marketing Strategy of Genki Forest (4P)**

### **5.1 Product Strategy Analysis of Genki Forest**

Internet thinking attaches great importance to consumer experience, good products are designed from the perspective of consumers, and the pursuit of pixel-level experience improvement, so that consumers like your products, this is the pursuit of Internet thinking. Therefore, based on consumer demand, Genki Forest has gradually formed a product matrix covering bubble water, tea, milk tea, energy drinks, micro bubble juice and other sugar-free drinks. We also added Japanese cultural elements to the product packaging design, using "pseudo-Japanese" product names and packaging design, making full use of the young people's preference for Japanese packaging food characteristics, to improve the market recognition [4].

In order to maintain high sales volume, Genki Forest is constantly introducing new drink flavors. The company goes through rigorous product development testing before launching new flavors. Genki Forest plans to use a rapid trial-and-error development route, completing a flavor trial in one to two days and scheduling the entire development cycle between March and June.

### **5.2 Genki Forest'S Channel Strategy**

The first channels Genki Forest chose to enter were internet-based convenience store chains like Family, Rosen, Convenience Bee, and Boxmaster. Then in order to expand the target audience and enter the field of e-commerce. Not only in Tmall, Jingdong and other e-commerce platform shelves sales, but also in the small red book, shake voice and other social media to promote and sales. Of course, in the traditional supermarkets and the emerging field of unmanned vending machines also have a lot of investment [5].

### **5.3 Genki Forest'S Pricing Strategy**

Vitality Forest tries to constantly use more expensive prices to test users like a product. All retail terminals are required not to do discounts, full reduction, buy gifts and other forms of promotional activities. And based on the highland products, the price is set at more than six pieces, take the middle route, to establish their own brand tone, to meet the young people's personalized sense of superiority.

## 5.4 Promotion Strategy of Genki Forest

Genki Forest vigorously uses the Internet for advertising and publicity, paying particular attention to the creation of private domain traffic. On the one hand, it cooperates with bloggers on Xiaohongshu, ShakeYin and Weibo, who seed users through graphics or videos and market with live streaming. Hiring hot celebrity idols to endorse on Weibo makes full use of the fan economy. Genki Forest followed the hot trends in real time, and the three “new youths of Genki” signed before the Winter Olympics Xu Mengyao The three “new youths” signed before the Winter Olympics are Gu Ailing and Su Yiming. All of them won gold in the Olympic Games, which attracted the close attention of netizens. On the other hand, Genki Forest also carried out live promotion on ShakeYin and Taobao. In terms of entertainment marketing, Genki Forest also rushed to catch up with the others, and has named six variety shows and sponsored several popular dramas.

## 6 Conclusion and Summary

Backed by the promotion of national policy, the development of enterprises, the awakening of people’s health consciousness, and the improvement of government management, coupled with Genki Forest’s keen market insight and precise capture of user needs, it stood out among many beverage products in a short period of time and quickly captured the sugar-free beverage market, seizing consumer preferences and making its place in the red sea of the beverage industry. In addition to the merits of the product itself, the success of a brand is also dependent on the marketing strategy. In order to innovate the marketing model of the original company, it is necessary to deeply study the characteristics of the new media technology and the far-reaching impact of the new media technology on the marketing market, and it is urgent to change the marketing model of the original company in the context of the new media.

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