



MARKETING ANALYSIS FOR BEIJING TONGRENTANG GROUP CO. LTD.

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<p>Abstract</p> <p>BEIJING TONGRENTANG GROUP CO.LTD is a legally registered enterprise, with independent legal personality of a comprehensive Traditional Chinese Medicine(TCM) enterprise management. The main business is TCM production and sales, pharmaceutical research and development, import and export trade of Chinese medicinal materials and cooperating with hospitals of TCM to build special clinics.</p> <p>The objective of the study was exploring how to enlarge the market of BEIJING TONGRENTANG GROUP CO.LTD. to improve the development of the enterprise. The main things in research process were based on the case of the enterprise to analyze the market competitiveness and market environment of TCM to enlarge the market of the enterprise.</p> <p>The theoretical part of the thesis report refers to some contents, including external and internal marketing environment, the SWOT analysis of market situation, methods of enlarging the market of the company. All of the contents are premised on the case of the company.</p> <p>The empirical research of the thesis report is divided into two parts, which are qualitative research and quantitative research. The qualitative research was an interview of a sales manager of the company by Skype conversation and e-mail communication. The quantitative research was based on the questionnaire for customers who enter the store of TONGRENTANG to buy products or services in TONGRENTANG stores.</p> <p>From the conclusion of the thesis, the researcher presents that challenges and opportunities are coexisting on the future development of the company. In the end, three suggestions are given for development of the company in the future.</p>			
<p>Keywords</p> <p>Market share, market environment analysis, SWOT analysis, TONGRENTANG</p>			

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1 INTRODUCTION

This study is based on analysis of traditional Chinese medicine in Chinese markets. The research is done at the point of view of the enterprise, BEIJING TONGRENTANG GROUP CO. LTD. The thesis will explore how to enlarge the market of the company and improve development of BEIJING TONGRENTANG GROUP CO. LTD.

1.1 Study Background

With the change of the disease spectrum and the medical model, and the rising position of "return to nature and green" consumption, the status of natural medicines and traditional plant medicines have a rapid increase. And based on that, foreign scholars and pharmaceutical manufacturers turned to find new medicines from traditional plants medicines, attempting to open new road of drug development, particularly in Germany, Japan, Korea and other countries. Chinese medical market not only is occupied by foreign countries, but also the vast majority of traditional Chinese medicines are sold to abroad, after processed and new-packaged by foreign countries, finally, these so-called new medicines will back to China with high prices. (Askci 2013)

In addition, China has an unique advantage in the development of traditional Chinese medicines, but the development of traditional Chinese medicine (TCM) has not been valued. From the Tables 1 and 2, data can be calculated that the world's top ten pharmaceutical average profit margin accounts for 20 %, and the profitability of the pharmaceutical industry in China compared with world has level gap, profit margin is only 10.4 %. while western medicines have good reputations, Chinese medicines still have a long way to go for earning a place in the medical market. (Askci 2013)

TABLE 1. Net profit and net profit rate of Pharmaceutical top ten in the world
(Medicine economic news 2013)

Pharmaceutical top ten in the world	Net profit(millions of US dollars)	Net profit rate
Pfizer	8,298	14.18 %
Novartis	9,969	23.74 %
Sanofi-Aventis	9,215	22.87 %
Roche	8,891	22.74 %
Glaxo Smith Kline	1,853	5.12 %
Astra Zeneca	8,081	24.27 %
JNJ	13,334	59.53 %
Merck & Co	982	2.47 %
Eli Lilly	5,241	24.84 %
Abbott Laboratories	4,626	23.25 %

TABLE 2. The net profit rate of Chinese manufacturing enterprise (Medicine economic news 2013)

Manufacturing enterprise	Net profit rate
Harbin Pharmaceutical Group	4.29 %
North China Pharmaceutical	1.03 %
Tianjing Tianshili	9.3 %
Taiji Group	0.32 %
Joincare	5.47 %
Yunnan Baiyao	10.7 %
Northeast General Pharmaceutical	-10.09 %
Hengrui Medicine	19.26 %
Sanjiu	13.76 %

1.2 Objective of the thesis and research problem

The global economic integration has lead unprecedented opportunities to traditional Chinese medicine industry and great impact and challenge were inevitably brought upon by foreign enterprises. In addition, the scientific and effective of western

medicine become recognized, people generally pay attention to western medicine and despise traditional Chinese medicines. Many people choose western medicine because of taking the easy and fast, it's a threat to the development of TCM. (Bioonnews 2004)

The target of the thesis to study on analyze the Chinese markets of Traditional Chinese Medicines to enlarge the market of the company and to improve development of the company. The research problem is how to improve the competitiveness of TCM, and how to enlarge the market of TCM enterprises.

1.3 Presentation of BEIJING TONGRENTANG GROUP CO. LTD.

BEIJING TONGRENTANG GROUP CO. LTD. belongs to China's top ten pharmaceutical brands, chain pharmacies ten big brands and well-known trademarks in China. BEIJING TONGRENTANG GROUP CO. LTD. was founded in 1669 during Qing Dynasty. The company is one of famous old Chinese medicine industries, Beijing famous brands, national brands, independent innovation of state-owned enterprise top 500 in the global, Chinese pharmaceutical industry top, Beijing outstanding franchise brand and the national customer satisfaction enterprise. (Brand story 2013)

BEIJING TONGRENTANG GROUP CO. LTD. is legally registered, with independent legal personality of a comprehensive traditional Chinese medicine enterprise management. The main business is traditional Chinese medicine production and sales, pharmaceutical research and development, import and export trade of Chinese medicinal materials and cooperating with hospitals of traditional Chinese medicine to build special clinics, etc.

BEIJING TONGRENTANG is the most famous old Chinese medicine industry, has been 343 years of history. Its reputation as "the "China's most influential industry top ten brand", "top ten units of Chinese enterprise culture brand construction", and "the first batch of state-level non-material cultural heritage list". And three plates of the modern pharmaceutical industry, retail business and medical services have been forming in the group under the framework of the overall development. Meanwhile, BEIJING TONGRENTANG establish "1032" project, which has domestic and foreign companies, owning more than 800 retail stores and 28 overseas joint venture companies (stores) are distributed throughout 15 countries and regions. (Shuilnn 2012)

BEIJING TONGRENTANG has experienced several generations without failure, enjoying global reputation and establishing a gold standard, and described as a miracle in the history of medical industries. There have five important event during the historical development of BEIJING TONGRENTANG in the table 3 below. (Baiké website 2014)

TABLE 3. Key events of TONGRENTANG development (Baiké website 2014)

DATA	KEY EVENTS
1669	LE XIANYANG established TONGRENTANG herbal medicine shop, the birth of TONGRENTANG.
1991	TONGRENTANG Pharmaceutical companies promoted to the national level industry.
1997	BEIJING TONGRENTANG GROUP CO.LTD. was set up and became a public limited company on May. In December of the same year, owned enterprise eight major production line through the Australian GMP Certification.
2006	TONGRENTANG Chinese medical culture was added to the national intangible cultural heritage.
2012	Became listed companies of most investment value in China top 100.

2 MARKETING SITUATION ANALYSIS OF BEIJING TONGRENTANG GROUP CO. LTD. IN CHINA

BEIJING TONGRENTANG development of Chinese medicine should combine with the characteristics of the Chinese medicine market development, giving full play to the advantage of existing resources. In terms of medicine career, doing fine, stronger and bigger, the company becomes the leader of Chinese medicine industries.

2.1 External marketing environment analysis

2.1.1 Situation of TCM industry

In current economy in China, the Chinese pharmaceutical industries are undoubtedly recognized as "sunrise industries." According to the statistics data of National Bureau, Chinese medicine industry output value reached at 83.2 billion US dollars in 2012, accounting for 31.24 percent of the pharmaceutical industry. Particularly interesting is that tradition Chinese medicines remains a increase in foreign trade with the weak economic situation. In 2012, imports and exports of Chinese medicines amounted to 3.37 billion US dollars, increased by 11 %, which exports amounted to 2.5 billion US dollars, increased by 7.2 %. (Shuilnn 2012)

On the other hand, due to the late development of traditional Chinese medicine market and lack of emphasis on traditional Chinese medicine industry, medicine industry technical standard system is not perfect, resulting in Chinese medicine industry developed slowly.

2.1.2 Cultural habits

Consumers have their own subjective evaluation for a variety of medicines. Medicine culture rooted in the soil of national culture. It's combined with food culture, then developing Chinese soups and Chinese herbs.

With the improvement of Chinese people's living standards, the growing popularity and rich knowledge of medicines, medical system reform, and the gradually changing concept of medicine, meanwhile, good medicines are not expensive to win people's satisfaction, people buy medicines by themselves has an increasing trend, thus promote the expansion of medical product sales. In addition, with the increasing

demands of medical taste and dosage forms, pharmaceutical companies started to produce some medicines of convenient and easy to absorb, the different needs and different tastes of consumers can be satisfied. (Internal training materials in BEIJING TONGRENTANG company 2012)

2.1.3 Demand

Chinese economy has maintained a good momentum of development. In 2000, GDP was 8.9404 trillion China Yuan (CNY), increased by 8 % over the previous year, growth accelerated by 0.9 %, 2.4 % increase in the primary industry, secondary industry increased by 9.6 %, the tertiary industry increased by 7.8 %. In next few years, GDP will remain growth above 7 percent. With the improvement of people's income, expenditure of using on health care will also has a corresponding increase, at the same time, the consumption of Chinese medicines will continue to increase. (Research team of BEIJING TONGRENTANG company 2011)

Natural population growth and structural change is another essential element to increase the demand of traditional Chinese medicine. China has 1.3 billion people, of which there are over 200 million women of childbearing age, because the medicine than chemical drugs have relatively better security, thus constitute a potential market of obstetrics and gynecology appropriate medicines. In addition, China has 130 million elderly population, due to old age people are easy to suffer from chronic diseases, making traditional Chinese medicine has a unique advantage in the treatment of chronic diseases. (Research team of BEIJING TONGRENTANG company 2011)

2.1.4 Competition

In recent years, several domestic medicine production enterprises have quick development, such as HUIREN and JIUZHITANG, those enterprises form a market competition pattern with TONGRENTANG on some popular products. With production of exquisite packaging and cheap prices, such as the HUIREN Wuji Baifen Wan and JIUZHITANG liuwei Dihuang Wan. Using influences of advertisement to attract customers and fixing lower market price than similar products of TONGRENTANG. These enterprises rapidly increase the market share of TCM industries, there will be pressures for TONGRENTANG enterprise. Therefore, TONGRENTANG should strengthen research on the supply situation changes, adjusting its marketing strategy timely, and improving the competitiveness of the

production of the products. (Research team of BEIJING TONGRENTANG company 2012)

In addition, The invasion of foreign companies have a big impact for Chinese TCM industries. For example, Novozymes company uses advanced biotechnology to extract materials from TCM; Rottapharm-Madaus pharmaceutical factory produces vegetable drugs to treat constipation; Japanese new products of the DAIFUKU company seizes this market in in southern China. On the one hand, some developed countries utilize high-technology methods to break the difficulty of TCM, and to gain intellectual property rights of TCM through cooperation, merger and acquisition. On the other hand, those developed countries use intellectual property rights of TCM as weapons in an attempt to monopolize the TCM wealth which they acquired in the TCM market. The ginkgo preparations of Germany and Japan kyushin are derivatives of TCM. However, in export of European and American, Chinese traditional Chinese medicines just are health foods not medicines by the formal way of export, TCM industries are hard to form scale effect in domestic and International market. (Docin website 2011)

2.2 Internal marketing environment analysis

2.2.1 Corporate culture

Furthermore, TONGRENTANG culture has six aspects: Quality view, credibility view, talent view, image view, and innovation development view, which the the essence of the TONGRENTANG culture can be summarized four parts in the diagram below:

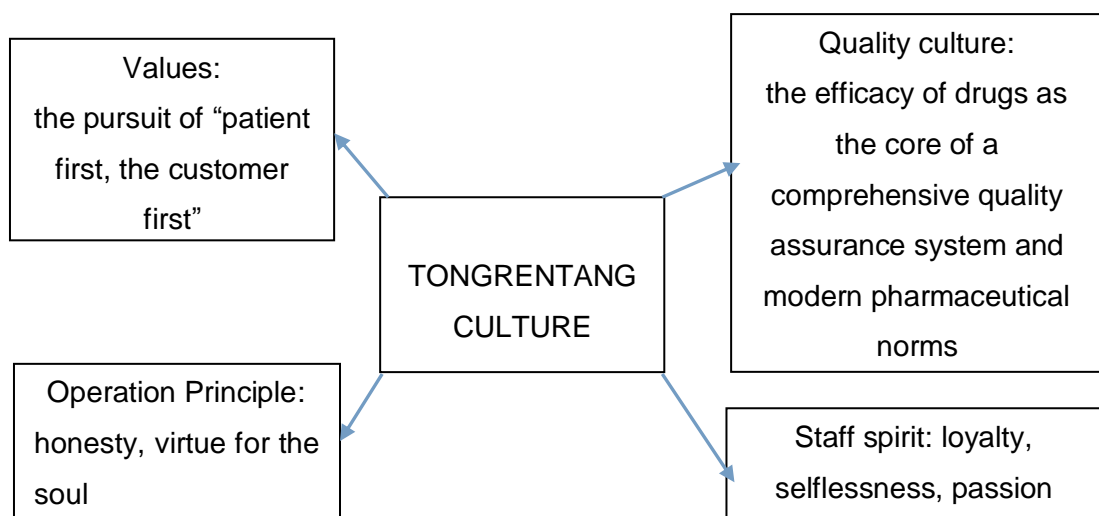


FIGURE 1. TONGRENTANG culture (Wenku website 2012.b)

Values: the pursuit of "patient first, the customer first"

TONGRENTANG builds the values of "patient first, customer first", and the essential regimen of TONGRENTANG is "Eat TONGRENTANG medicines at ease", which is the best assessment for TONGRENTANG company.

Quality culture: the efficacy of drugs as the core of a comprehensive quality assurance system and modern pharmaceutical norms

The quality culture of TONGRENTANG follows comprehensive quality assurance systems and modern pharmaceutical standards based on safe drug efficacy. It sums up as "safe and effective prescription; clean medicinal materials; science and technology in accordance with the law; rational use of medicines". It forms a highly responsible culture idea for TCM quality, and the working process of pharmacy and marketing management are based on this culture idea of TONGRENTANG. (Itkdj 2013)

Operation Principle: honesty, virtue for the soul

Business conception of TONGRENTANG is "credit as the basis, ethics of medicines as the soul". It means that patients are the center of behavior concept in the TONGRENTANG company. It forms the "virtue and honest" idea.

Staff spirit: loyalty, selflessness, passion

Staff team of TONGRENTANG is so important to inherit and develop culture and business of the company. "Loyalty, selflessness and passion" are shown that using corporate culture to attract customers, using efforts of TONGRENTANG to inspire staff members, using standardized standard on management, and using excellent operating results to donate people who need help. (Itkdj 2013)

2.2.2 corporate activities

TONGRENTANG attaches great importance to promote themselves, and to establish themselves image. Such as: giving away free "safe medicines", doing porridge factory and applying medicine department or others.

Today, TONGRENTANG not only inherit the tradition of the original, but also be given the characteristics with new contents, the main contents as follows.

1) Using a variety of media publicize overall image.

- 2) Bounding "TONGRENTANG" newspaper as a carrier to advertise internal enterprises.
- 3) Focusing on CIS image design of TONGRENTANG and establishing its new image on the 21st century. (CIS strategy is an effective national strategy for creating a good brand image.)
- 4) Actively participating in social welfare to dedication of selfless love for community. (Itkdj 2013)

2.2.3 Corporate planning

According to internal reports in 2009, sales incomes of TONGRENTANG Group reached to 10.2 billion CNY, profits reach to 819 million CNY. The company maintains double-digit growth for 13 consecutive years, the group's sales incomes and profits were at the forefront of other domestic pharmaceutical enterprises. (Wang Jin 2010)

In terms of corporate planning, the company of TONGRENTANG will adjust the industrial layout to achieve the transaction of the center of economy from North to South. The company plans to purchase 700 acres in Daxing city for forming TONGRENTANG Daxing Industrial Zone, including capabilities of logistics and distribution, medicinal treatments, extractions and medicine preparation functions, etc.

In addition, TONGRENTANG will accelerate the development of the international market of export varieties, following strategy of going out. Meanwhile, the company accelerate its construction of overseas network, implementing the sales strategies of the combination of medicines and health foods through these ways of independent research and development, cooperative development and technology transfer, etc. (Wang Jin 2010)

The contents of the corporate planning of BEIJING TONGRENTANG company are presented as follows.

1. Basing on the local city to strengthen construction of overseas marketing network and build chain of TONGRENTANG Chinese medical stores.
2. Using the advantages of international Internet to explore and build the e-commerce which accords with characteristics of TONGRENTANG Group.
3. Trying to establish industrial zoo throughout the country and explore overseas financing channels, doing the company bigger and stronger. (Wang Jin 2010)

2.2.4 Management and leadership

Little is known that the composition of BEIJING TONGRENTANG employee status are quite complex. Not only have state-owned employees, but also have the collective identity of employees, in addition to exist new recruits contract employees, due to form the pattern of the coexistence of old and new employment mechanism and poor reward. In recent years, the number of BEIJING TONGRENTANG company's young employees had a rapid growth, meanwhile, the company continued to enter new areas, aggravated the difficulty and complexity of management.

With these situation, TONGRENTANG firmly grasp the main line of "everybody was let to display his talents fully", emphasizing the difference in employment mechanism and the equal opportunity in development opportunities, management standards, and assessment mechanism. Appointment of employees implement the "sea election", in terms of personnel management to achieve a cadre management standards, gradually narrowing the gap between the two systems of employees in wage growth. (Baik website 2015.a)

Those personnel who entered the TONGRENTANG employees, regardless of education, job title, professional and technical level, must accept the company unified training based on corporate culture, the history and the development of BEIJING TONGRENTANG enterprise, employees can incorporate themselves into the group as soon as possible. For Grassroots jobs, new employees must work one year or more than a year on workshops, and then identify qualified personnel from those new employees to give them a chance to get a promotion and a pay raise.

Meanwhile, TONGRENTANG company actively establishes a clear rising channel for employees, the company provides high position for those staff members who work more than two years in the front line, have excellent performance and strong execution. This method has received good results. Today, the average age of the management is less than 35 years old, and 80 % of high position holders are from interior of the company, the average age of store manager is less than 30-year-old at present, the youngest store manager is only 23 years old, 100 % through internal selection for appointment. (Baik website 2015.a)

In the terms of customer relationship management, TONGRENTANG established "patient first, customer first" guiding principles, "Eat TONGRENTANG medicines at

ease" is the essence of TONGRENTANG regimen, which is also the highest evaluation of TONGRENTANG brand by the community.

The modern life is so busy, so TONGRENTANG Chinese medicine shops offer to prepare customers' medicines for them. Furthermore, TONGRENTANG hire some famous doctors of tradition Chinese medicine for satisfying needs of patients. Those service help TONGRENTANG win many returned customers. (Zhu Liping 2012)

2.3 SWOT analysis

SWOT analysis is a common strategic planning instrument to assess company's strengths, weaknesses, opportunities and threats, thus, combing the company's strategy, internal resources and external environment of company. For the analysis of the traditional Chinese medicines situation with TONGRENTANG case, the SWOT analysis will be used in the thesis. The following sections will explain it in more details.

2.3.1 Strengths

First advantage: Human Resource Management

TONGRENTANG enterprise starts from development of business to develop and improve the people-centered policies and treatment for achieving the rational use of human resources. In, addition, the company gives priority to solve the housing problem for all types of professionals and provide the training of outstanding personnel, and strive to build a learning organization. (Beike website 2015.a)

Second advantage: Brand Value

Brand concept is the core of the brand strategy, is also the highest principle of brand operation. Although we cannot explicitly inform the real idea of TONGRENTANG behind the brand communication, but from the content of the TONGRENTANG website to see that Chinese culture should be the core of the brand's TONGRENTANG. In the past few years, TONGRENTANG vigorously expanded overseas markets, especially in those countries and regions which have strong penetration and influence of Chinese culture, such as Thailand, Malaysia, Indonesia, Singapore, Macau and Hong Kong, etc. Thus it can be seen that Chinese culture play a very important role. (Beike website 2015.a)

Third advantage: Corporate Culture

The success of TONGRENTANG brand is investing TV series for advertising itself. From the TV series of "Da Zhai Men" to "Da Qing Yao Wang," TONGRENTANG advertise its brand through artistic image. (Beike website 2015.a)

Ultimately, the good traditional corporate culture of TONGRENTANG is the soul of its production and business, is also one of the secrets of long-term survival.

2.3.2 Weaknesses

The first weakness: The Lack of Brand Property

TONGRENTANG group did not give its products into the brand properties, all names of products are not exclusive names of TONGRENTANG brand, which means that everyone has the right to use these names. Therefore, TONGRENTANG lost so many opportunities. (Financial statement of TONGRENTANG 2011)

The second weakness: Regional Brands Have Limitations

In many people's minds, the brand of TONGRENTANG is just that of BEIJING TONGRENTANG rather than nationwide brand. TONGRENTANG is the number one brand, but the gap with the national brand is still very far away. The brand of Baiyun Mountain dominate the southern Chinese medical market, Nanjing TONGRENTANG dominate Eastern market. Lanzhou FOCl dominate the western market, and the brand of HAYAO has a great influence in northern market. The influence of the brand of TONGRENTANG surrounds in Beijing. (Wang zhiju 2011)

Third weakness: Obsolete Packaging

Products of TONGRENTANG are not good at using modern advertisements and public relations to integrate the marketing methods, in addition, Its innovative products are divorced with terminal market completely.

2.3.3 Opportunities

1) The international recognition of Chinese medicines has improved continuously, Europe and other major markets relax the limitation of Chinese medicines, the US Food and Drug Administration change the attitude towards Chinese medicines.

2) Chinese medicine professional organizations and practitioners have the rapid development of domestic and foreign.

3) Traditional Chinese medicine industry has abundant resources and theoretical advantages in China. (Wang zhiju 2011)

2.3.4 Threats

1) With increasingly competition in the pharmaceutical industry, some countries seize Chinese marketing share of traditional Chinese medicines in the international arena, especially, Korea, Japan and other countries with the same cultural background.

2) Cultural differences restrict the process of internationalization of pharmaceutical companies, and the legislation of Europe and other countries has the export prohibition towards Chinese medicines.

3) Weak legal consciousness, especially the weak brand awareness has a seriously effect on the trust, influence and profitability of pharmaceutical companies. For example, trademark of WANGZHIHE has been registered in Germany, and TONGRENTANG has been registered by Japanese companies, which will affect the company's international market.

4) Technical barriers to trade is a great challenge of pharmaceutical companies. (Wang zhiju 2011)

3 THE METHODS TO ENLARGE THE MARKET OF BEIJING TONGRENTANG GROUP CO.LTD

Market share is the share of enterprise's products in the market, is the ability of enterprise to control the market. With the constant expansion of the enterprise's market share, the enterprise can obtain some forms of monopoly. The monopoly not only brings monopoly profits but also maintains competitive advantage. (Baikeweb.com website 2015.b)

In general, the methods of improving market share of the enterprise have horizontal development strategy and vertical development strategy, in addition, increasing intangible assets of the company is also a way to improve the market share of products. The following will explain how to improve the marketing share of BEIJING TONGRENTANG GROUP CO.LTD. in more details.

3.1 Brand building

Mention of traditional Chinese medicine, the first thing is the unique name of TONGRENTANG in Chinese minds. The brand of TONGRENTANG as a leader has been 340 of years in Chinese TCM industries. TONGRENTANG stores sell its products, services and TCM culture, utilizing the advantage of brand to develop the TCM industries and business. (Doc88 website 2012)

The brand culture of TONGRENTANG is intangible assets of the enterprise, is also the carrier, platform and foundation of the development of TONGRENTANG, relying on its strong brand culture of TONGRENTANG, the enterprise has a unique competitiveness.

Meanwhile, the brand is a promise of the company to society and consumers, in other words, the connotation of the brand is cultural idea of the enterprise. TONGRENTANG company put the brand culture into its products, services and promises, using brand culture to strengthen its own brand connotation and increase intangibles assets of the enterprise. (Doc88 website 2012)

3.2 Innovations

Nowadays, western medicine plays a dominant role in medical market, if traditional Chinese medicine (TCM) wants to have a development in current market, TCM

should adapt to marketing demand, using modern scientific methods to analyze the pharmacology and improve efficacy of TCM. Traditional formula and the thousands of approval of products are still one of the major advantages of TONGRENTANG, but for a lone time, the TCM forms of TONGRENTANG are pills and powder dosage forms, which has the contradiction with modern clinics and quickly modern life rhythm. The leader of TONGRENTANG recognize that TONGRENTANG want to be in line with international standards, it should adopt advanced production technology and modern formulations to solve the shortage of TCM. TONGRENTANG just only adopt modern production technology constantly to the traditional processing methods by screening and optimizing, it can research and invent the new dosage forms to adapt international market. (Hong Xuan 2012)

In addition to the pharmacological research, TONGRENTANG effect to improving production technology and establishing a modernized production line for building the modern TCM enterprise. TONGRENTANG can reduce the manufacturing cost and artificial cost, meanwhile, improving the marketing competitiveness.

3.3 Product quality and service

The quality is the root of the survival and development of the enterprise. So, TONGRENTANG always put quality as the lifeline of its survival and development.

As the old Chinese medicine enterprise, TONGRENTANG has higher standards than national standards. For example, if the national requirements qualified rate of production is 98 percent, TONGRENTANG should require to reach to 100 percent. so strict production standards guarantee the medical quality and good products as the symbol of TONGRENTANG brand to show good brand image of the enterprise. (Manage website 2007)

In terms of service, TONGRENTANG provides a variety of services for customers as much as possible in order to satisfy the various needs of customers. Some customers don't know the features of medicines, therefore, TONGRENTANG company sets up "medicines advisory service" for customers, meanwhile, the company hires experienced and retired old experts to solve customers' problems for free. (Manage website 2007)

3.4 Customer loyalty construction

Customer loyalty is customers preference for a product or service, try to repeatedly buy the product or service. Loyalty includes two parts: emotion and behavior. Emotion is the attitude of customers towards enterprises and its employees, and behavior refers to the customers' purchasing behavior and the spread of positive word-of-mouth from customers. The behavior depends on emotion, so loyal customers are those like the products and services of the enterprise, and they often buy them.

Known as the 80/20 rule is pointed out that the 80 percent profits of the enterprise comes from the 20 percent consumption of loyal customers. (Coke 2009)

Long-term profit = customer value X number of customers X customer loyalty (X: multiply by) (Coke 2009) Therefore, the use of loyalty can significantly improve profit margins, making "the head-back guests" become "repeated-buy guests", finally, be "loyal guests". Using loyalty of customers can increase the related sales and can generate strong recommend force and public praise transmission rates. Once the customers have their own preference and loyalty, it's difficult to love another. Hence, increasing loyalty of customers can reduce the pressure of competition and greatly decrease the cost of enterprise's sales and advertisement.

4 IMPLEMENTATION OF THE RESEARCH AND ANALYSIS OF THE RESULTS

With the growing competition between industries of traditional Chinese medicine (TCM), many companies of TCM find their own way to increase their gross sales and enlarge market in China. In order to improve the development of TONGRENTANG enterprise and expand the market share of the company, the researcher presents the implementation of the research and analysis of the results.

The method of research is divided into two parts. One is qualitative research by making an interview to a sales manager in BEIJING TONGRENTANG GROUP CO.LTD, another is quantitative research by making an questionnaire survey to customers who enter the store of TONGRENTANG to buy products or services.

4.1 Qualitative research and the analysis of the results

Interview is a useful research tool to receive some information by interact communication with interviewees. Meanwhile, interviewers need more time and effort to structure conversation with interviewees and fit in their schedules. In addition, the results received from interview are difficult to analyze. In short, the qualitative research was finished by interview.

Interview started on: 06th April 2015

Interviewee: ZHANG JINDONG, Sales manager of BEIJING TONGRENTANG GROUP CO.LTD.

Interviewer: Author

Interviewing method: Skype during the interview and E-mail for following communications

Time: Skype about half an hour from 14:00 pm to 15:30 pm and E-mail communication about 1 day

Interview content: based on 15 questions as follows.

1. What are your responsibilities in TONGRENTANG Group?
2. How long have you been working here?
3. What are the main products of TONGRENTANG Group?
4. What are the main market areas of TONGRENTANG Group?
5. What is the market share of TONGRENTANG Group on Chinese markets?
6. What are the strengths of TONGRENTANG Group?
7. What are the weaknesses of TONGRENTANG Group?

8. What are the opportunities of TONGRENTANG Group?
9. What are the threats of TONGRENTANG Group?
10. How does TONGRENTANG Group use the product as marketing tool in enterprise?
11. How does TONGRENTANG Group use the price as marketing tool in enterprise?
12. How does TONGRENTANG Group use the place as marketing tool in enterprise?
13. How does TONGRENTANG Group use the promotion as marketing tool in of enterprise?
14. Nowadays, people will choose other brands of medicines to replace the old brands. But many customers are still willing to buy traditional Chinese medicines in TONGRENTANG stores. What is the essence of the brand in your opinion? And why?
15. According to operating status and development of the enterprise, what suggestions do you have for TONGRENTANG Group?

Author as the interviewer started to discuss the interview time with sales manager of TONGRENTANG enterprise by e-mail. When the interview time was done, the 15 questions were sent to the interviewee and author started to prepare for that interview. And some data and information could be gained from inside the company by e-mail communication with sales manager of BEIJING TONGRENTANG GROUP CO.LTD after interview.

Personal background of interviewee

The interview was concerned by the total of fifteen questions of discussing TONGRENTANG development with sales manager, Mr. Zhang.

Mr. Zhang has been working there for more than 15 years. In the begining of his work life, he as an interviewee enters the TONGRENTANG enterprise to win the job of salesman for the first time. As time goes on, Mr. Zhang became a sales manager through ongoing efforts and working struggles. And he also has been working as sales manager for 6 years and is familiar with the the field of sales and marketing in the company.

As the sales Manager, Mr. Zhang is responsible for the daily operations and management of TONGRENTANG stores in the area of Bozhou city, Anhui province. In the duty of his daily work, he manages daily sales and analyzes sales situation, if there are some problems in the supply and distribution chain, he and his team needs fast and accurate to solve the problem, then putting forward to suggestions for

improvements and measures. Meanwhile, he is responsible for the training of sales apartment to collect and analyze the training feedback, and updating the training courses and making a evaluation of training effectiveness. Summary report will be done to guarantee the quality of training and achieve training objectives for sales results. In addition, sales manager has responsibilities to maintain relations with major customers of TONGRENTANG company, supervising the accounts, goods and employees in the TONGRENTANG store.

From interviewing with Mr. Zhang, some information will be got that if someone wants to be a sales manager, someone should be familiar with the operation mode of retail terminals and has a wealth of practical experiences with strong theoretical knowledge, in addition, a sales manager must has superior market analysis ability and problem-solving skills under working pressure.

Background of the company

TONGRENTANG company manufactures and processes some products, such as traditional Chinese medicines, western medicines, bio-pharmaceuticals, health foods, health care wines, medical devices and health care supplies, etc. Meanwhile, the company operates many medical clinics, including internal medicine department, surgery department, obstetrics and gynecology department, the department of pediatrics, dermatology and department of Geriatrics.



IMAGE 1. A traditional Chinese medicine named Angong Niu Huang Wan in BEIJING TONGRENTANG GROUP CO.LTD.

TONGRENTANG enterprise has 28 dosage forms, such as, alcohols, powders and pills, etc. And the company registers more than 800 kinds of drug name, out of which some famous products of TONGRENTANG are widely known and recognized for customers, such as Angong Niu Huang Wan (Image 1), Tongren Niu Huang Qingxin Wan and Niu Huang Jie Du Pian, etc.

In addition, TONGRENTANG company has modern production line in area of health foods, soft capsules, and solid medicines. At the same time, the enterprise establishes large logistics distribution center and has mature management system. TONGRENTANG has the supply-produce-sell integration mode without middlemen and agents to guarantee the quality of products in TONGRENTANG and wins some good words of mouth from customers.

At present, traditional Chinese medicine of TONGRENTANG has been exported to the 171 countries and regions. Due to geographic position of proximity with China, the area of Asia has great influence on traditional Chinese culture, therefore, the market of Asia is the traditional major market of traditional Chinese medicines, of which China is the birthplace of TONGRENTANG in market. There are some countries and territories in Asia which recognize TONGRENTANG status of traditional Chinese medicines, such as Hong Kong, Singapore, and Vietnam and the UAE (United Arab Emirates), etc. The market of these countries and territories has growing demand of traditional Chinese medicines, It's worthwhile to deeply develop for TONGRENTANG company.

More encouragingly, with difficult situations of the global financial crisis, TONGRENTANG achieved a great start this year. From January to April in 2015, sales of TONGRENTANG company reach to 185 million CNY, and to achieve the annual target of 59.5 percent, increasing by 15.3 percent, the profits of TONGRENTANG reach to 4.1 million CNY, and to achieve the annual target of 70 percent, with year-on-year growth of 32 percent.

SWOT of the company

TABLE 4. SWOT analysis of BEIJING TONGRENTANG GROUP CO.LTD

Strengths	<p>Intellectual property: Chinese medicine of TONGRENTANG is the beat in Chinese medicine industry.</p> <p>Competitive advantage: the brand culture of TONGRENTANG has been around for 100 years.</p> <p>Product innovation: TONGRENTANG company pay more attention to the modern Chinese medicine research and development.</p>
Weaknesses	<p>Problems of marketing: The level of Marketing is not perfect.</p> <p>Sales area: The brand of TONGRENTANG has obvious regional limitations.</p> <p>Negative factors: Scandal-ridden the problems of quality.</p>
Opportunities	<p>Market expansion: The international market has huge potential.</p> <p>The emerging drug sales channels: online sales.</p> <p>Support: National policy.</p>
Threats	<p>The brand image: damage.</p> <p>Competition: Intense competition of pharmaceutical retail industry, regional obviously.</p>

Strengths:

Because of the influence of western modernity, TONGRENTANG is faced with crisis of survival and development in fields of processing technology and pharmaceutical characteristics of traditional Chinese medicine, the traditional method of pharmaceutical is constrained, and unique technology at risk of loss. TONGRENTANG makes unremitting efforts to protect the excellent traditional culture, and to get the respect and protection of the whole society in China. In addition, TONGRENTANG as a traditional Chinese old brand, which has a long history and profound culture, this is incomparable advantages of TONGRENTANG comparing with modern brands.

In recent years, according to the demand and change of market, BEIJING TONGRENTANG GROUP CO. LTD improves the technological content of products, focusing on secondary research. TONGRENTANG company will continue to be committed to traditional Chinese medicine (TCM) modernization in the future, and to improve existing products of traditional Chinese medicine and natural medicine development, gradually achieving TCM modernization and internationalization,

meanwhile, the company expands the marketing network to promote the modern traditional Chinese medicine into the international mainstream market of medicines.

Weaknesses:

In recent years, TONGRENTANG company increases the magnitude of the direct terminal retail and spends heavily to build the system of chain to reduce the sales of the intermediate links and the cost of sales, meanwhile, the company can facilitate management. However, expanding the number of stores lead to difficulty of controlling product quality, because there will be some fake products to endanger the reputation of TONGRENTANG products. In addition, the brand of TONGRENTANG has obvious regional limitations, mostly sales of TONGRENTANG in Beijing rather than that of in the whole nation.

In January 2013, the famous product of TONGRENTANG named Fenhuafen Pian was detected to add illegal medicine component of mannitol, so that the medicine achieves efficacy of drugs, but is not in conformity with the national safety standards. TONGRENTANG is a famous and old brand, each generation of TONGRENTANG personnel abide by the strict and careful spirit in quality of its medicines, therefore, the products of TONGRENTANG are deeply appreciated by customers and enjoy good reputation abroad. However, TONGRENTANG starts to have some opportunistic behaviors, which pursues its profits at the expense of consumers' health, these opportunistic and illegal behaviors betray tenet and noble pursuit of TONGRENTANG brand.

Opportunities:

With increasing international recognition of traditional Chinese medicine, the mainstream market of Europe and America has a loose standard or restrictive standard on import of traditional Chinese medicine, and the food and drug administration of the United States has a positive attitude toward traditional Chinese medicine.

At the same time, with the rapid development of online purchasing medicine, the market capacity of medical electric dealer will reach to 15 billion CNY in the next three years, providing a new platform of sales for TONGRENTANG company. In addition, China put forward "improve the career development policies and mechanisms of traditional Chinese medicine" and affirmed traditional Chinese medicine in the position of national development strategy and the value in the society.

And the government increased support on traditional Chinese medicine, the spread of traditional Chinese medicine culture will be more extensive.

Threats:

Since 2012, due to TONGRENTANG corporate scandals, which decreased the status and influence of TONGRENTANG in people's minds and relentlessly broke the bottom line of customers' trust towards the brand of TONGRENTANG.

Domestic circulation scale of medicines maintains a rapid growth, but the level of benefits is not optimistic. Currently, there has medicines stores more than four hundred thousand and more than two thousand pharmacy enterprises in China, and the competition of pharmacy chain enterprises has a intense situation. Hence, It's difficult that TONGRENTANG enterprise want to occupy beneficial position in the market of traditional Chinese medicine.

4P's strategy for the company

Product: With the high growth of TONGRENTANG premium brands, the enterprise of TONGRENTANG put the second-tier brands as key cultivate brands, in order to further expand the market.

Price: The price of TONGRENTANG is unified, the price on the lack of flexibility, but can make customers rest assured to buy medicines, meanwhile, unified price give a opportunity to hold upper sales activities. For example, the medicine named Ejiao has a unified price for 249 CNY/250g, the price of TONGRENTANG is the same no matter where you are.

Place: TONGRENTANG has established a complete set of stock system, each branch can get medicines what they need by using internet. In the terms of sales, TONGRENTANG has its own fixed customer base, and establish good relations of cooperation with some companies or countries.

Promotion: TONGRENTANG hire the medical experts to help customers solve their problems, and TONGRENTANG will hold promotion activities, which are personal selling, advertising promotion, sales discount promotion and promotion with utilizing public relation, to popularize the health knowledge in some special day. In addition, TONGRENTANG print the pharmacy brochure to help customers know the brand of TONGRENTANG better after the read.

The essence of the brand

At the beginning of the foundation of TONGRENTANG, the production and use of traditional Chinese medicine (TCM) based on the guidance of TCM theory. According to TCM theory, TONGRENTANG company collects and develops effective prescription, innovating and improving in practice constantly. At the same time, TONGRENTANG use pharmaceutical technology with the highest standards, annealing pharmaceutical ethics with honest. The adage of TONGRENTANG is "Although pharmaceutical step is multifarious, TONGRENTANG will not reduce labor. Although cost is expensive, TONGRENTANG will not reduce pharmaceutical materials." Therefore, TONGRENTANG forms the pharmaceutical characteristics of "unique formula, quality materials, exquisite workmanship and significant efficacy". The value orientation of TONGRENTANG comes from the business target, "The medicine is the best, which can preserve people's health and save the patients' life". It show that the core of Confucianism is "righteousness, moral and charity". Therefore, "patient first, customers first" is always the highest realm of TONGRENTANG brand.

4.2 Quantitative research and analysis of the result

Questionnaire survey is the most commonly-used research tool to easily gain some materials about customers' information, including age, gender, education background, incomes, interests, habits, attitudes, ideas and suggestions, etc.

The survey is to understand the consumer psychology whether the customers can get satisfaction when shopping in the TONGRENTANG store. Researcher can utilize this survey to get some customers' suggestions for improving the products, services and other shortages.

The target group of the research are people who enter the TONGRENTANG stores in Bozhou city, Anhui province. Bearer questionnaire is a real way to get information from the group of research for finding the final result. That was the reason why the research method to explore was chosen.

There were 14 questions in questionnaire and 100 questionnaires were sent during this survey on 04th April 2015, finally, all of the 100 questionnaires were responded on 05th April 2015, so the feedback rate of questionnaire was 100 %. The results gained from the questionnaires are presented in figures or tables by excel analysis. In

addition, the questionnaire content as appendices in English and Chinese on the back pages of the thesis. The question and answers are analyzed below.

4.2.1 Background information about the respondents

1. What is your age group?

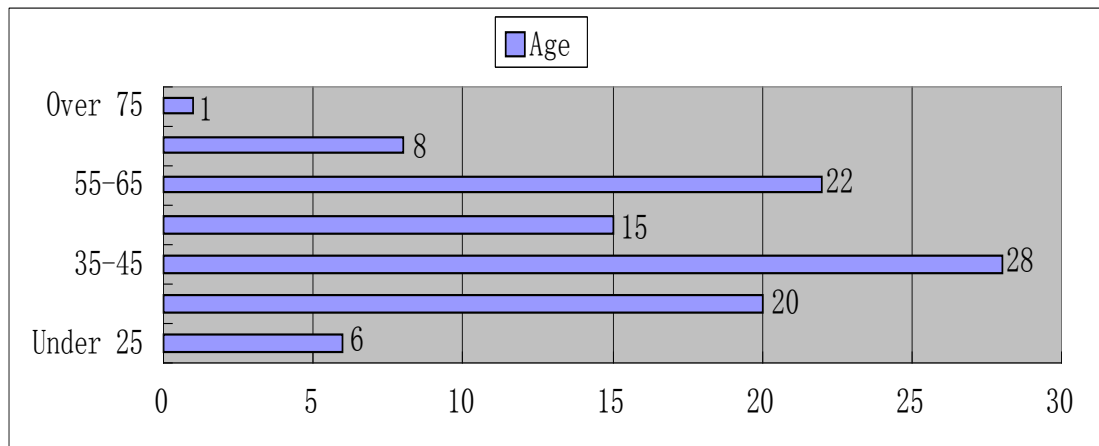


FIGURE 2. Age groups of the respondents (n=100)

6 of the respondents are under 25 years old, which is the smallest group of the respondents. 20 of the respondents are between 25 and 35, and those of ages between 35 and 45 form the largest group in all respondents, which contributes 28 people. There are 15 respondents in age group between 45 and 55, 8 of the respondents are between 65 and 75, only 1 respondent are over 75 years old. From the data, it can be found that the main customers of TONGRENTANG are from ages between 35 and 45 years old.

2. What is your gender?

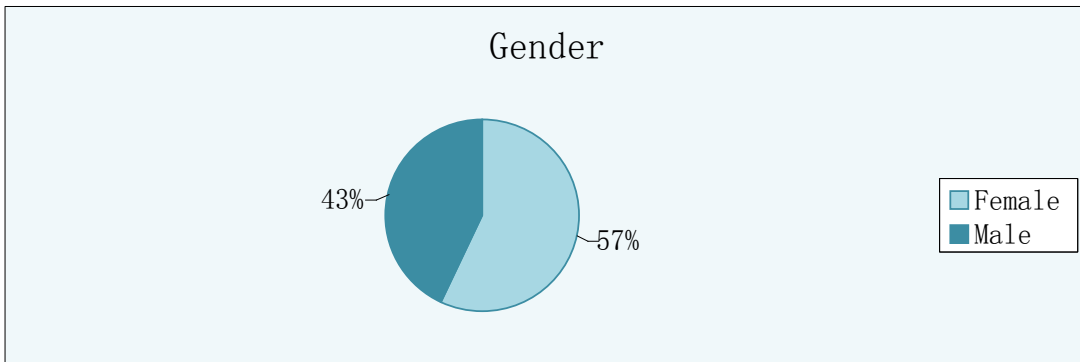


FIGURE 3. Gender of the respondents (n=100)

43 % of the respondents were male and 57 % of the respondents were female.

3. What is your education background?

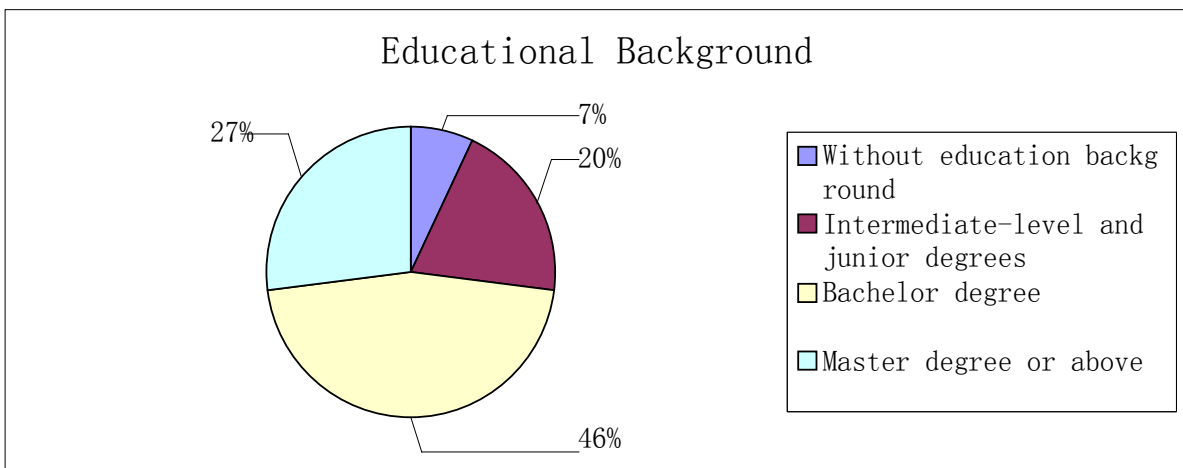


FIGURE 4. Educational background of the respondents (n=100)

73 % of respondents have higher education, and only 27 % of respondents have received lower education. From the result in Figure 4, people with higher education are the main customer group of TONGRENTANG stores.

4. What is your income per month?

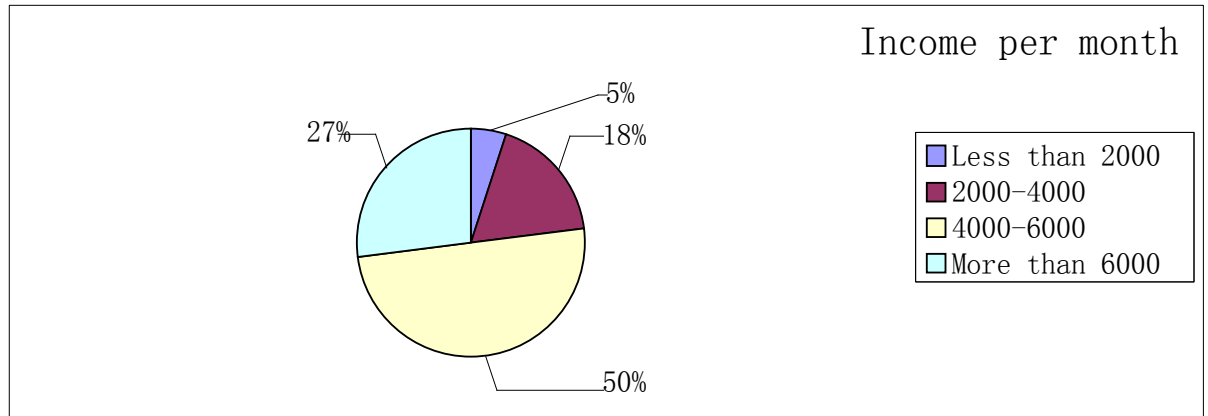


FIGURE 5. Monthly income of the respondents (n=100)

Altogether 50 % of the respondents have incomes between 4000 CNY and 6000 CNY, and 27 % of them can more than 6000 CNY. 18 % of the respondents have incomes between 2000 CNY and 4000 CNY. And only 5 % of respondents have incomes under 2000 CNY, the reason might be TONGRENTANG products are moderately expensive. Compared with western medicines, traditional Chinese medicines need more cost to be made. So the price of traditional Chinese medicines will be more expensive than western medicines with low cost.

4.2.2 Medicine buying behavior

5. Compared with western medicines, would you prefer to choose traditional Chinese medicines (TCM)?

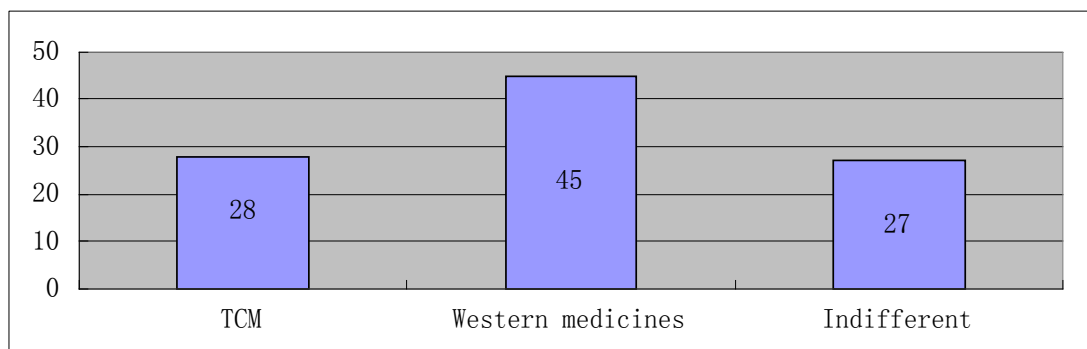


FIGURE 6. Respondents' preference between western medicines and TCM (n=100)

45 of the respondents prefer purchasing western medicines, and 28 of the them would like to buy TCM. 27 of the respondents are pretty random with buying habits of medicines. In researcher's mind, when consumers have preference towards an enterprise or a product, they will become loyal customers of a company or a product for a long time. So TONGRENTANG should note why customers prefer to purchase western medicines rather than purchasing TCM.

**6. Which old and famous brands of traditional Chinese medicines you know?
(Multiple choice)**

TABLE 5. The old and famous brands of traditional Chinese medicines (N=439)

TONGRENTANG	100
HAYAO	26
JIUZHITANG	89
SANJIU	63
HUQINGYUTANG	87
CHENLIJI	25
Other: BAIYUNSHAN	49

There were seven options in this multiple-choice question. Due to the questionnaire are done in TONGRENTANG store, so the result has shown that every respondent know the brand of TONGRENTANG. Also most of them have knowledge about the brand of JIUZHITANG and HUQINGYUTANG, which contribute 89 people and 87 people, respectively. 63 of respondents know the brand of SANJIU, and BAIYUNSHAN is known by respondents, which are 49 people. There are 26 respondents who know HAYAO, and 25 people know CHENJI. According to the result, It can be assumed that the brand of JIUZHITANG and HUQINGYUTANG have competitive threats to TONGRENTANG.

7. Compared with modern brands, would you prefer to choose the oldest and most famous brand?

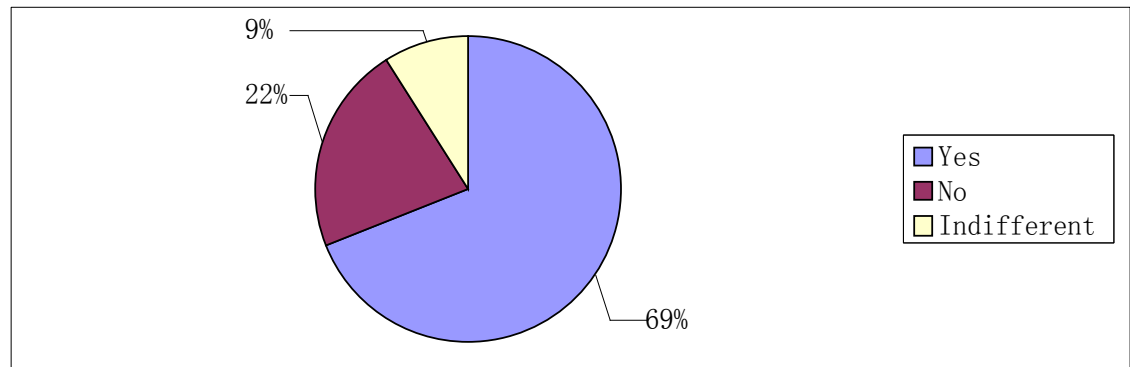


FIGURE 7. Respondents' preference between the old famous brands and the modern brands (n=100)

69 % of the respondents prefer purchasing the oldest and famous brands, the largest group of respondents. 22 % of the respondents prefer purchasing modern brands from the middle group of the respondents, only 9 % people are on the lower group. In Figure 7, customers would like to buy the oldest and famous brands, hence, It provide advantages to the brand of TONGRENTANG.

8. Where do you often buy your medicines? (Multiple choice)

TABLE 6. The place where customers often buy medicines (N=173)

Hospital	73
Drugstore	100

The purpose of this question is understanding where customers often purchase medicines to set the sales places for companies. The result show that every respondent are choosing to buy medicines in the drugstore, and 73 respondents will buy medicines in the hospital. TONGRENTANG not only need strengthen management of local stores, but also cooperating with the local hospitals for occupying the market of hospital.

9. What is the main reason to buy a certain brand of medicine? (Multiple choice)

TABLE 7. Main reason of making a purchase decision (N=638)

Advantage of price (Cheaper price than the medicines with same curative effect)	100
High quality (Effective and safe in treatment)	100
Good service	85
Advertisement influence	68
Reputation	82
Doctors' or friends' suggestion	78
Brand	66
Taste	59

From eight options in this multiple-choice question, the result has done that every respondents consider advantage of the price of the medicines and high quality of medicines are the most important reasons in purchasing. And most of them think good service and reputation of the brand are the main factors of making a purchase decision. 78 of the respondents will listen some suggestion to do the purchasing decision from doctors or friend. The reasons of advertisement influence and brand contribute also two significant factors. There is 59 respondents who choosing good taste for doing purchase decision and no one adds other reasons. Therefore, the TONGRENTANG company needs improve and maintain its product quality according to the customers' needs, and providing advantaged prices which satisfy the customers.

10. How well you know the brand TONGRENTANG?

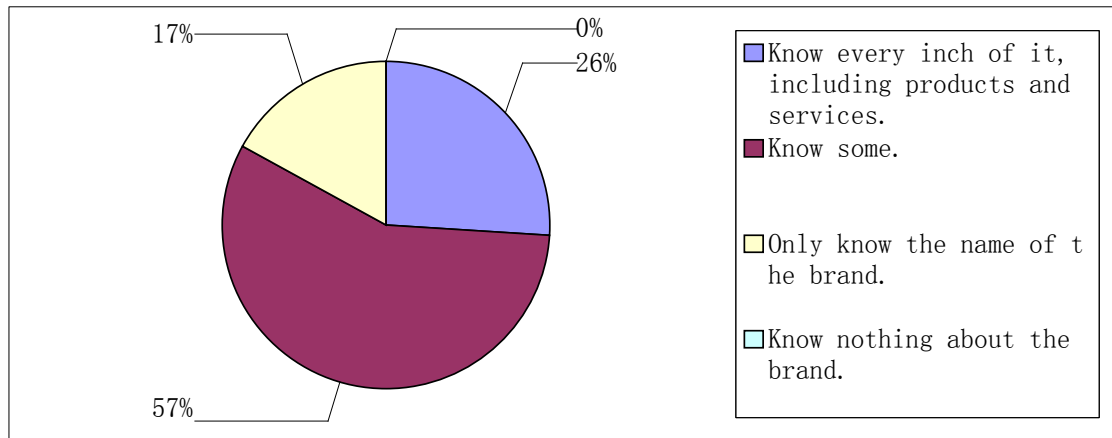


FIGURE 8. Respondents' knowledge degree about TONGRENTANG (n=100)

From the Figure 8, It can be seen that most of respondents have a positive answer, which 57 % of respondents know some about the brand TONGRENTANG. There are 26 % of respondents knowing the brand very much, including products and services. And only 17 % of respondents who is the first time to TONGRENTANG store and just know the name of the brand. Due to the questionnaires are written by respondents who enter into the TONGRENTANG stores, so, there is no one who knows nothing about the brand of TONGRENTANG.

11. Have you ever bought TONGRENTANG brand products?

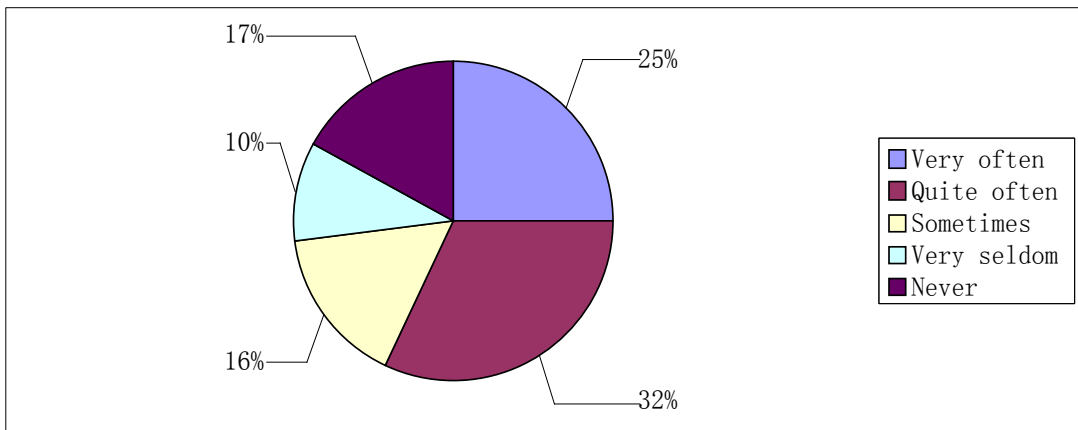


FIGURE 9. How often respondents buy TONGRENTANG brand products (n=100)

The majority of the respondents who know some about the brand TONGRENTANG often buy the products of TONGRENTANG, which reach to 57 % of all the respondents. There are 16 % of the respondents who purchase products of TONGRENTANG sometimes, and only 10 % of them very seldom buy TONGRENTANG products. According the data in Figure 8, 17 % of respondents who are for the first time to TONGRENTANG store just knowing the name of the brand, that is a reason why they never buy any products in TONGRENTANG store.

12. What is your impression about the brand of TONGRENTANG ?

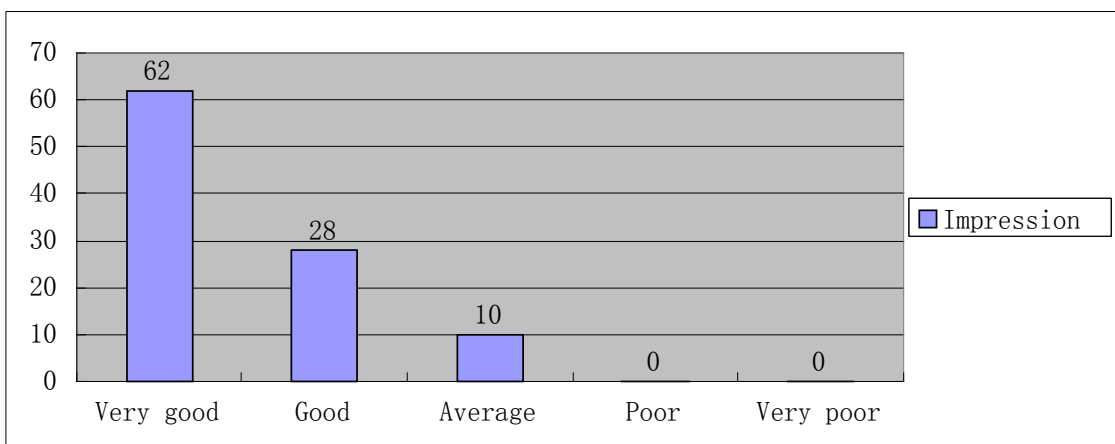


FIGURE 10. Respondents' impression about the brand of TONGRENTANG (n=100)

The most of the respondents have very good impressions about the brand of TONGRENTANG, which have 62 people. There are 28 respondents select “good” as the impression of TONGRENTANG by themselves. And only 10 people give the generally impression. No one gives the “poor” or “very poor” impression on the brand of TONGRENTANG. It’s obvious that TONGRENTANG is given a positive impression in respondents’ minds.

13. What are your reasons to choose the brand of TONGRENTANG? (Multiple choice)

TABLE 8. The reason of choosing the brand of TONGRENTANG (N=416)

The brand is worth to trust	75
Reliable quality	88
The most complete traditional Chinese medicine and herbs	68
Reasonable price	50
Good environment of buying medicines	70
The highest quality service	65

There are the multiple-choice question with six options, 88 respondents really care about the reliable quality in their consumption. And the brand of TONGRENTANG is worth to trust, good environment of buying medicines and the most complete traditional Chinese medicine and herbs are there main factors for choosing TONGRENTANG by customers. There are 65 respondents choose the highest quality service as the reason of expenses. The factor of reasonable price on the lowest level, which be selected by 50 respondents. In researcher’s mind, the reason why the factor of reasonable price has a unimportant thing is that all of the respondents are taken the survey who entering TONGRENTANG store. The price of TONGRENTANG products are more expensive than others. So customers have a considerable income to purchase the products of TONGRENTANG, which can ignore the factor of price.

14. How do you know the brand of TONGRENTANG? (Multiple choice)

TABLE 9. The ways to know TONGRENTANG (N=405)

Doctors	65
Family or friends	82
Advertisement	61
Websites	50
See the stores	68
See other people using products of the brand	79

The result show that most of respondents see other people using TONGRENTANG products to know the brand, or be recommended by family or friends to access the products of TONGRENTANG. There are 68 respondents to know the brand by seeing the stores, and 65 of them knowing it by doctors. The websites and advertisements have selected by over half of all the respondents but less than other options. It can be seen that TONGRENTANG company has some shortages in terms of advertising promotion and website promotion.

5 SUGGESTIONS AND CONCLUSIONS

With in-depth advance of health care reform and gradually implementation of industry planning, policy has enacted more high standards on equipment update, software supporting and personnel qualification, etc. Meanwhile, the cost-control ability of pharmaceutical companies are put forward more higher requirements. With the development of economy and social progress, People pay more attention to their own health and to improve the quality of life. Therefore, customers have higher requirement on quality of services.

In addition, the scale of medicine enterprises is small, some products have high similarity and It has the disadvantaged position in the fierce market competition between enterprises. Since China joined the WTO, tariffs of the drug import has a great decrease to reduce the price of western medicines, the domestic medical market has the impact from foreign brands, which affects the market share of TONGRENTANG company.

5.1 Suggestion for the future development

Strengthen the publicity of brand

The company should strengthen the publicity of TONGRENTANG brand by combining between mass media and business media to spread TONGRENTANG brand connotation. And the company can use famous products to promote sales of other products of TONGRENTANG.

Multiple distribution channel system

The company can use TCM influence of TONGRENTANG brand to make the medicines construction of distribution system. Note that avoiding too many stores and wasting resources, which will lead to the competition between stores. In addition, the company can establishes virtual stores to expand the distribution system using minimal resources on the internet.

Increase research and development of products and technological innovation

In the level of production technology, the company not only pay attention to technological inheritance of TCM, but also committed to the introduction of modern

medicines technology with its research and development, to focus on the development between traditional medicines and modern medicines.

In addition, the company should increase the intensity of the modern pharmacy to improve renovation ability of TCM technology. Cooperated with related medical research institutions to do the deeply research and development of TCM in order to achieve resource complementary and mutually beneficial long-term strategic cooperation relations.

5.2 Conclusions

The objective of thesis project was to analyze the Chinese markets of traditional Chinese medicine (TCM) for enlarging the market of BEIJING TONGRENTANG GROUP CO. LTD. and improving development of the company. Thesis report has five sections are represented below.

The first chapter of Introduction is divided into three subtopics, which are the study background of this project, objective of the thesis and research problems and presentation of BEIJING TONGRENTANG GROUP CO. LTD. In the first subtopic, It represents the general market environment of traditional Chinese medicine with two tables about the net profit rate of Chinese and overseas manufacturing enterprise. From the second subtopic, it shows the target of this study and some problems on the research. In the terms of the third subtopic, some information is received by BEIJING TONGRENTANG GROUP CO. LTD.

The chapter of marketing situation analysis is divided into three subtopics, which are external marketing environment analysis, internal marketing environment analysis and SWOT analysis. In the first part, the external marketing environment is analyzed from situation of TCM industry, cultural habits, demand and competition with the case of TONGRENTANG company. The second part is to analyze internal marketing environment, which included corporate culture, corporate activities, and management and leadership. From the final part, the SWOT analysis is based on the TONGRENTANG case.

In the chapter of the methods for enlarge the market of the case company, there are four parts to show how to enlarge the market of TONGRENTANG case, which are brand building, innovations, product quality and service, and customer loyalty construction.

The chapter of research implementation is divided into two research methods. One is qualitative research by interview with the sales manager of BEIJING TONGRENTANG company, another the quantitative research by sending 100 questionnaires in TONGRENTANG store. From the result of interview, SWOT analysis and 4P's strategy of the TONGRENTANG company are presented. And the result of the questionnaire is given in Figures and Tables by excel analysis.

In the end of the thesis report, the researcher gives three suggestions for the future development of the company, including brand publicity, sales channels, product research and innovation. In addition, the evaluation of the thesis process is presented below.

Evaluation of the thesis process

Due to the lack of the accurate information and professional knowledge, the author has met a very big challenge. It costs about half year to complete this report since during the Christmas holiday the project was put aside for a while.

However, with the help of the supervisor and the sales manager of BEIJING TONGRENTANG company, not only the thesis was wrote, but also its theory was put into practice. From this thesis, the author learned a lot from the process and knew that you will find your own path to success if you keep patient and analysis carefully no matter what kind of difficulty you met. What is more, the whole thesis writing process gives the research a deeper understanding of the marketing theory and let the author know the importance of persistence at the same time. It is the first time for the author to write such a long and successful thesis with the comments of the supervisor, suggestions of the classmates. Finally, the author completes this report and show to all of you.

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APPENDICES

Appendix 1

Qualitative research questions (interview) 06 April 2015 (14:00pm-15:30pm)

BEIJING TONGRENTANG GROUP CO.LTD. Bozhou City, Anhui China

Interviewer: JIANG YUTONG

Interviewee: Mr. ZHANG JINDONG (Sales Manager)

Interview questions:

1. What are your responsibilities in TONGRENTANG Group?
2. How long have you been working here?
3. What are the main products of TONGRENTANG Group?
4. What are the main market areas of TONGRENTANG Group?
5. What is the market share of TONGRENTANG Group on Chinese markets?
6. What are the strengths of TONGRENTANG Group?
7. What are the weaknesses of TONGRENTANG Group?
8. What are the opportunities of TONGRENTANG Group?
9. What are the threats of TONGRENTANG Group?
10. How does TONGRENTANG Group use the product as marketing tool in enterprise?
11. How does TONGRENTANG Group use the price as marketing tool in enterprise?
12. How does TONGRENTANG Group use the place as marketing tool in enterprise?
13. How does TONGRENTANG Group use the promotion as marketing tool in of enterprise?
14. Nowadays, people will choose other brands of medicines to replace the old brands. But many customers are still willing to buy traditional Chinese medicines in TONGRENTANG stores. What is the essence of the brand in your opinion? And why?
15. According to operating status and development of the enterprise, what suggestions do you have for TONGRENTANG Group?

Thank you for taking part in this interview.

Have a nice day!

采访（下午 14: 00 -下午 15: 30）2015 年 4 月 6 日

北京同仁堂有限责任公司（亳州店）

采访者： 蒋予同

被采访者： 张先生（销售经理）

采访内容：

张先生，您好

1. 请问您在公司主要负责的工作是什么？
2. 请问您在这工作多长时间了？
3. 请问咱们店主要经营产品是什么？
4. 请问同仁堂主要市场领域在哪？
5. 同仁堂集团在中国市场的市场份额有多少？
6. 什么是同仁堂集团的优势？
7. 同仁堂集团的弱点是什么？
8. 什么是同仁堂集团的发展机遇？
9. 同仁堂集团的威胁有哪些？
10. 同仁堂集团如何使用该产品作为企业的营销工具？
11. 同仁堂集团如何使用价格作为企业的营销工具？
12. 同仁堂集团如何选择店铺地址作为企业的营销工具？
13. 同仁堂集团如何促销产品作为企业的营销工具？
14. 如今，人们会选择其他新品牌的药品来取代以前老品牌的产品。但是，许多客户都仍然愿意购买同仁堂店的中药。所以你认为同仁堂品牌的本质是什么？为什么这样认为？
15. 根据同仁堂企业经营现状与发展，请问您有什么建议？

感谢您百忙之中抽出时间接受我的采访。非常感谢！

Quantitative research questions (questionnaire)

With the growing competition between industries of traditional Chinese medicine (TCM), many companies of TCM find their own way to increase their gross sales and enlarge market in China. The survey is to understand the consumer psychology whether the customers can get satisfaction when shopping in the TONGRENTANG store. We can utilize this survey to get some customers' suggestions for improving the products, services and other shortages.

Please select the most suitable answers, if necessary write your own answers. Thanks for taking part in the questionnaire.

All the questions are single choice questions except for special confined.

1. What is your age group?

A. Under 25 B. 25 - 35 C. 35 - 45 D. 45 - 55 E. 55 - 65 F. 65 - 75 D. Over 75

2. What is your gender?

A. Male B. Female

3. What is your education background?

- A. Without education background
- B. Intermediate-level and junior degrees
- C. Bachelor degree
- D. Master degree or above

4. What is your income per month?

- A. Less than 1500 yuan
- B. 1500 - 3500 yuan
- C. 3500 - 5500 yuan
- D. More than 5500 yuan

5. Compared with western medicines, would you prefer to choose traditional Chinese medicines?

A. Yes B. No C. Indifferent

6. Which old and famous brands of traditional Chinese medicines you know?
(Multiple choice)

- A. TONGRENTANG B. HAYAO C. JIUZHITANG D. SANJIU
E. HUQINGYUTANG F. CHENLIJI G. Others, what? _____

7. Compared with modern brands, would you prefer to choose the oldest and most famous brand?

- A. Yes B. No C. Indifferent

8. Where do you often buy your medicines? (Multiple choice)

- A. Hospital B. Drugstore C. Other, what? _____

9. What is the main reason to buy a certain brand of medicine? (Multiple choice)

- A. Advantage of price (Cheaper price than the medicines with same curative effect)
B. High quality (Effective and safe in treatment)
C. Good service
D. Advertisement influence
E. Reputation
F. Brand
G. Taste
H. Doctors' or friends' suggestion
I. Other reasons, what? _____

10. How well you know the brand TONGRENTANG?

- A. Know every inch of it, including products and services.
B. Know some.
C. Only know the name of the brand.
D. Know nothing about the brand.

11. Have you ever bought TONGRENTANG brand products?

- A. Very often B. Quite often C. Sometimes D. Very seldom
E. Never

12. What is your impression about the brand of TONGRENTANG ?

- A. Very good B. Good C. Average D. Poor E. Very poor

13. What are your reasons to choose the brand of TONGRENTANG? (Multiple choice)

- A. The brand is worth to trust B. Reliable quality C. The most complete traditional Chinese medicine and herbs D. Reasonable price
E. Good environment of buying medicines F. The highest quality service
G. Other, what? _____

14. How do you know the brand of TONGRENTANG? (Multiple choice)

- A. Doctors
B. Family or friends
C. Advertisement
D. Websites
E. See the stores
F. See other people using products of the brand
G. Other, what? _____

Thank you for your co-operation!

Have a nice day!

调查问卷

随着中国传统中药企业之间的竞争加剧，许多中药企业为了增加自身的总销售额扩大其市场中的份额开辟新道路。这项调查问卷是为了了解顾客的满意度，从而可以得到一些有效的建议来改善同仁堂药店的不足。

除了个别题目需要多选，大部分都是单选题，在符合项上打勾即可。
本问卷的调查数据将严格保密，仅作毕业论文设计之用。感谢您的参与。

1. 您的年龄？

- A. 25 岁以下
- B. 25 岁-35 岁
- C. 35 岁-45 岁
- D. 45 岁-55 岁
- E. 55 岁-65 岁
- F. 65 岁-75 岁
- D. 75 岁以上

2. 您的性别？

- A. 男
- B. 女

3. 您的教育背景？

- A. 无教育背景
- B. 中级和初级学历
- C. 学士学位
- D. 硕士学位或以上

4. 您每月的收入？

- A. 低于 1500 元
- B. 1500-3500 元
- C. 3500-5500 元
- D. 5500 元以上

5. 与西药相比，你宁愿选择中药吗？

- A. 愿意
- B. 不愿意
- C. 无所谓

6. 您知道哪些中药老品牌？(可多选)

- A. 同仁堂
- B. 哈药
- C. 九芝堂
- D. 三九
- E. 胡庆余堂
- F. 陈李济

G.其他的品牌? _____

7.与其他品牌相比,你宁愿选择的中药老字号品牌吗?

A.愿意 B.不愿意 C.无所谓

8.你常去哪里买药?(可多选)

A.医院 B.药店 C.其他地方? _____

9.什么是您购买某一品牌药品的原因?(可多选)

A.价格优势(比具有同等疗效的药品价格要便宜)

B.高质量(有效安全的治疗效果)

C.良好的服务

D.广告影响

E.声誉

F.品牌

G.药品的味道

H.医生或朋友的建议

I.其他的原因? _____

10.您对同仁堂有所了解吗?

A.非常了解,包括具体的产品和服务。

B.了解一些,包括部分产品和服务。

C.只听说过名字。

D.对品牌一无所知。

11.您曾经购买过同仁堂的产品吗?

A.购买次数频繁

B.经常购买,不到频繁程度

C.有时

D.很少

E.从来没有

12.您对同仁堂的印象?

A.非常好

B.良好

C.一般

D.不好

E.很差

13.什么是您选择的同仁堂品牌的理由?(可多选)

- A.老字号的品牌值得信赖
- B.质量可靠
- C.药品齐全
- D.价格合理
- E.良好的购药环境
- F.优质的服务
- G.其他? _____

14.您是怎么知道同仁堂的?(可多选)

- A.医生告诉的
- B.家人或朋友推荐
- C.看到同仁堂的广告
- D.网站了解的
- E.看到同仁堂店铺
- F.看到其他人使用同仁堂品牌的产品
- G.Other, 什么? _____

谢谢您的问卷调查参与!

希望您有美好的一天!