Strategy for market expansion: medical services of Traditional Chinese Medicine

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INTRODUCTION

Traditional Chinese Medicine (TCM) has a long history. As an important part of traditional Chinese culture, it has a well-developed theory system and rich practical experience and played a significant role in the well-being and prosperity of Chinese nation. As early as the fifth or sixth century, TCM had already been spread to Japan, North Korea, India, Vietnam, and some Arabic countries etc. Then, from the tenth century, it spread to western countries, which exerted great influence on the growth of medical treatment and medicine of the east and the west.¹ According to statistics, with over 100,000 acupuncturists and over 20,000 registered TCM practitioners working around the world, more than 50,000 institutions and clinics provide TCM services (including acupuncture) in 160 countries and regions. Actually, in many countries, they provide mainly acupuncture service in those entities although TCM medical services are what they usually claim to provide. In America, about 4% of the patients take TCM and over 1 million people receive acupuncture treatment each year.² There are over 20% of Canadians and more than 2.8 million Australians receive acupuncture treatment annually. In Britain, 2.5 million people tend to choose traditional medical services per year such as Chinese herbal medicine, massage, acupuncture, and so forth; 70% of Austrians accept TCM medical services; about 15% of Dutchmen take acupuncture therapy; there are about 2600 TCM clinics in France in which nearly ten thousand acupuncturists use Chinese herbal medicine, acupuncture and Tuina to treat patients, consuming about 35,000 tons of Chinese herbal medicine a year.³ All of these suggest that TCM may have prospect future in the world.

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With globalization proceeding in even more rapid rate, it has become an urgent issue for TCM practitioners how to adapt to the dynamically interchanging environment and survive the global market of medical services driven by increasing competition. The study, based on data collected with questionnaire and literature analysis, strived to bring strategic thinking to the medical services of TCM.

Primary nature of the market of TCM medical services

TCM, together with cultural interchange and international trade, spread first to some surrounding countries such as Vietnam, Korea, and Japan. Later, as Chinese people migrated to more other countries, it was bequeathed to southeast and west Asia like Malaysia, Singapore and Indonesia. As Chinese people emigrated further far away from their country, TCM practitioners bringing with them TCM including acupuncture also emerged in western world such as the United States, France, Germany, and Britain.  

Outside China, the early TCM medical services market was mainly formed within Chinese communities. The services were largely run by private TCM (acupuncture) clinics and the herbal medicines they consumed were largely imported from China. They often dealt with some commonly seen illnesses and some refractory diseases. As TCM is gradually accepted by people outside the Chinese communities, the market expands step by step to non-Chinese communities. Especially with local people's ever-increasing interest in TCM, some locals without Chinese heritage started providing medical services with TCM (acupuncture) in which they were merely trained for a short time. Acupuncture as part of TCM even spreads to a much wider region and territory than TCM itself.  

In order to gain primary insights into the global market of TCM medical services, this study analyzes its basic nature from the perspective of governmental administration to highlight the fundamental forms by which the medical services were provided. According to our study, four types thereof were identified.

Integrative services: they are combined TCM with conventional medicine to serve the local people. TCM has been legalized in countries or their provinces like Thailand, Vietnam, Quebec of Canada, and Victoria of Australia. In those countries, the governments review market entry qualification and maintain the registration for the business and trade in TCM.  

Supplementary services: that is to say TCM medical services are provided as supplement to conventional medicine in countries like America, Britain, Germany, France, Austria, Finland, Czech, Denmark, Peru, Sudan, and Congo. In this scenario, TCM is regarded as one kind of complementary and alternative medicine (CAM).  

Unregulated services: it means no laws or regulations to definitely stipulate if TCM (acupuncture) is allowed to be practiced. In India, Sri Lanka and some countries in Africa and South America, TCM medical services exist and thrive on anarchy.

Evolving services: this means that TCM has evolved and been reborn as a new local indigenous medicine. Take Korea and Japan as example, after TCM was brought to the two countries, its theory was adapted to Korean and Japanese culture over the years. This spawned Traditional Korean Medicine and Kampo medicine-indigenous medicine in Japan and they still exist today.

Survey of TCM medical services

To get more understanding how TCM was viewed in the world, a survey with a specifically-designed questionnaire was conducted among experts specializing in TCM medical services and management. Sixty four questionnaires were returned by them from 25 countries including America, Canada, Britain, France, Germany, Italy, Austria, Spain, Australia, New Zealand, Japan, Korea, Singapore, Malaysia, Indonesia, and Brazil. The summary of the survey showed that 87.50% of respondents held that TCM was treated as one kind of CAM or traditional medicine (see Table 1). According to the summary, TCM is largely treated as a kind of CAM.

Table 1 Summary of the survey (acupuncture included)

<table>
<thead>
<tr>
<th>Attitude to TCM</th>
<th>Count</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part of mainstream medicine</td>
<td>2</td>
<td>3.13</td>
</tr>
<tr>
<td>CAM or traditional medicine</td>
<td>56</td>
<td>87.50</td>
</tr>
<tr>
<td>Not approved to be used</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>No government attitude to it</td>
<td>4</td>
<td>6.25</td>
</tr>
<tr>
<td>Others</td>
<td>2</td>
<td>3.13</td>
</tr>
<tr>
<td>Total</td>
<td>64</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Notes: TCM: Traditional Chinese Medicine; CAM: complementary and alternative medicine.

Strategic thinking for TCM medical services

As TCM is being gradually accepted by international society, especially after it was legalized in Singapore, Vietnam, Thailand and South Africa, TCM should take the chance to increase its market share and promote its international services. The four kinds of competitors in the market: this research adopted the marketing theory proposed by Philip Kotler. According to the competitive status of hospitals in the market, four kinds of competitors can be identified: market leader, market challenger, market follower and market stopgap. Market leader refers to a regional medical entity that has the biggest share in the market. Market challenger refers to a medical entity that has the potential to increase its market share which is closed to that of market leader. Market follower refers to a medical institution that is managing to maintain its market share in status quo. Market stop-
gap refers to a small medical institution providing medical services in the area that market leader and challenger do not or less involved.

According to current market situation, a strategy focusing on market stopgap should be developed for TCM medical services, which should be welcomed by most TCM medical services providers and practitioners.

The advantages of market stopgap: according to current international situation of TCM medical services, although TCM medical services entities are largely defined as market stopgap, they still possess some advantages.

With medical model transformed and public health concept changed in various countries, more and more people are eager to use TCM medical services. The market potential is great. TCM medical entities should turn the potential into reality by providing high-quality, safe and effective services.

TCM medical services rely on the knowledge and techniques of TCM practitioners and the costs are relatively low recently. TCM medical services have the potential to generate profits.

The stopgap market is relatively small, so it needs fewer resources for management and development, which matches the resource condition of TCM entities.

The competition of market stopgap is relatively less intensive, and the requirements for its management and experience are not very high.

Market stopgap needs a strategy for its development. Moreover, according the survey, most of the respondents agreed that a strategy for global market expansion of TCM medical services should be built for market stopgap.

In sum, TCM medical services entities should act accordingly following the strategy built for market stopgap and make most of their advantages to improve its market share. Influenced by the health systems of different countries, TCM medical services entities are struck by unfair competition disadvantages compared with conventional medical services entities. At present, the services efficiency of national public medical system in many European countries like Britain is fairly low, with single way of treatment, which makes many patients turn to private medical institutions for more convenient medical services. Therefore, TCM medical services entities should seize the chance to expand their market share by providing suitable services with reasonable and competitive prices.

REFERENCE