

What is the impact of culture factor on TONGRENTANG's  
international marketing strategy in Thailand?



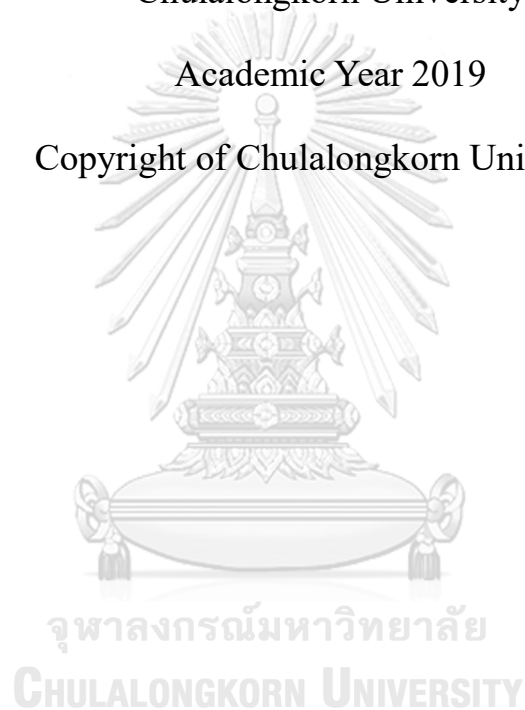
An Independent Study Submitted in Partial Fulfillment of the  
Requirements  
for the Degree of Master of Arts in Business and Managerial Economics  
Field of Study of Business and Managerial Economics

FACULTY OF ECONOMICS

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ผลกระทบปัจจัยทางวัฒนธรรมที่มีต่อกลยุทธ์การตลาดระหว่างประเทศ ของบริษัท เป่ย์จิน

ถงเย็นถั่ง ในประเทศไทยคืออะไร?



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By	Miss Yijun Yue
Field of Study	Business and Managerial Economics
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Accepted by the FACULTY OF ECONOMICS, Chulalongkorn University in  
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อีจัน เยว่ : ผลกระทบปัจจัยทางวัฒนธรรมที่มีต่อกลยุทธ์การตลาดระหว่างประเทศ ของบริษัท เป่ย์จิ้น ถงเยิ่น

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## Abstract

Traditional Chinese medicine (TCM) enterprises is one of the most popular national industry in China. TONG REN TANG should overcome the cultural barriers and be accepted by the people of the world, including the Thailand. It not only be good at the revitalization of China's national economy, but also helpful to spread Chinese excellent national culture, In reality, our Chinese enterprises for a long time face huge challenges due to the influences of cultural differences, in order to realize the cross-cultural international marketing, must consider all aspects, then Tong Ren Tang can get the correct strategies.

In this paper, internationalization of Tong Ren Tang would be analyzed, we can see that pharmaceutical industry have great market potential. And compare the culture difference in China and Thailand, and then find their different characteristics, according to these we can make different marketing strategies according to the different demands of the target market of consumers. Meanwhile, it can improve the deficiencies and adjust their own strategy by analyzing advantages and disadvantages, especially the latter one, so as to accelerate its development. Then As an example, analyze the company Tong Ren Tang and its success of cross-cultural marketing strategies, learn its lessons. Based on the above analysis, we can get the important cross culture marketing strategy that Tong Ren Tang can adapt; therefore, the Tong Ren Tang can meet the needs of economic globalization, enhance competitiveness, create their own brands and have a place in the world.

## **1 Introduction**

### **1.1 Company Background and Significance of the Problem**

#### **Company profile**

Beijing Tong Ren Tang is one of famous Chinese Pharmaceutical company founded in 1669. Nowadays, Tong Ren Tang become the largest producer of traditional Chinese medicine in China. Their headquarter was in Beijing. Tong Ren Tang has been officially recognized as “China time honored brands” by the ministry of Commerce of the People’s Republic of China.

Beijing Tong Ren Tang is an “Chinese time-honored brand”. Gone through 350 years of ups and down, it is still full of vitality, and has achieved remarkable achievement in domestic and international. Nowadays, Tong Ren Tang has established 36 subsidiaries in 25 countries and regions. There are 115 outlets including retail terminals, Chinese medicine clinics and health center distributed in Southeast Asia, North America, Oceania, and Europe. According to the incomplete statistics, more than 30 million patients have been diagnosed and treated overseas. Tracing the historical trajectory of the development of Beijing Tong Ren Tang and studying the medical culture of Beijing Tong Ren Tang can not only provide many successful experiences for the development of the entire Chinese medicine industry in China, but also have important significance for further promoting the spread and exchange of Chinese medicine culture abroad.

#### **Overview the situation in Thailand**

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The establishment background:

Beijing Tong Ren Tang (Thailand) Co., Ltd. officially opened in Bangkok, Thailand on September 20, 2001. The total investment of Beijing Tong Ren Tang (Thailand) Co., Ltd. is US \$ 1 million, of which Thai Fuantang Infinite Company invested US \$ 510,000, invested 51%, and Beijing Tong Ren Tang Co., Ltd. invested US \$ 490,000, accounting for the rest. The pharmacy is located in Chinatown, Bangkok, Thailand. It is located in the prosperous area of the city center. The decoration is elegant and generous. The business area is 1200 square meters. pharmacy.

The establishment would expand the sales volume of high-quality products in Thailand, enhance the Thai people's understanding of TCM, and enable TCM to be helpful for the health of the Thai.

### **Significance 1**

TCM enterprises such as Tong Ren Tang challenges due to the influences of cultural differences for a long time.

### **1.2 Research Question**

This essay would investigate what is the impact of culture factor on Tong Ren Tang's international marketing strategy?

### **1.3 Research Objectives**

The thesis aim to analyze the Thailand TCM markets. Identify the differences between the traditional Chinese medicine (TCM) and traditional Thailand medicine

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(TTM) and western medicine. Then make a SWOT analysis to get a conclusion. In the end, provide the recommendation related to this.

#### **1.4 Possible Benefits**

Benefit 1:

It has important practical significance for the modernization and internationalization of Chinese TCM.

Benefit 2:

Improve the international competitiveness of Tong Ren Tang, enlarge market share in Thailand subsidiary, make it become new economic growth point.

## **2 Literature Review**

### **2.1 Theoretical Foundation-cross-culture international marketing**

#### **2.1.1 Cross-national culture**

Culture is the aggregation of lifestyles. It contains elements such as people's behaviors, beliefs, and values, language and the lifestyle of members of society etc. Culture is mainly making up by the thousands of years of experience and knowledge. It should update, then to meet the people's needs continuously. The market is the output of three-dimensional interaction things, contains the efforts of market participates, economic situation and culture factors. Cross-culture marketing is aim to the international markets. The marketing department should adjust their strategy to encounter the culture needs of the market.

The cross-culture marketing principle includes some principles: Firstly, people should always prepare to communicate and learn in two different culture methods. It exists differences includes customer perception towards specified commodity, behavior motivation and their beliefs and future expectation. Meanwhile, people should keep the neutral attitude, acknowledge culture difference between the two nations, do not make judgment on other's country. Next, you can present your interests, recognition and appreciation. This is a good way to build communication channel between two different nations. If want build advantage for both parties and long-term agreement, you should embrace counterparty at tolerance attitude. In addition, people should be sensitive to the standards, inherent customs and always respects others.

When department managers wants to enter into one new market, they should take the Gross national income per capita, most popular social media, basic infrastructure into the considerations. National level is most useful for market researchers to understand the in-consumer's difference characteristics.



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### **Global brand strategy**

Firms who has high brand value would consider a strategy of a global brand. It can bring some benefits. For example, it can be easily defending product quality, has a high level of perceived quality. Besides, it can enhance financial performance abroad and provide standardization of marketing activities (Matanda & Ewing, 2012).

## **2.2 literature Review**

According to the Kehe(2015),the author made a comprehensive comparison between the traditional Chinese medicine(TCM) and traditional Thailand



medicine(TTM). The author compared them from the multiple, different perspective. In addition, author think it is important to build great cooperation between China and Thailand if traditional medicine enterprise want broad their market channel. In addition, the author think it is a good opportunity promote the traditional medicine and medical tourism.

Torrel,et,al (2012), the author make one statement that enterprise's corporate social responsibility (CSR) to different kinds of stakeholders including the internal stakeholder and external stakeholder. Internal stakeholders such as employees. External stakeholder includes customers, suppliers and public organization. If enterprise pay attention on the corporate social responsibility, it would generate a positive impact effect on the global brand equity and improve the corporate's brand. Therefore, Tong Ren Tang can adjust their promotion strategy in order to improve their enterprise's corporate social responsibility, then increase their brand equity.

Cunningham & Long (2019) indicates that the price herbal would cause certain influence on the harvest behaviors of harvesters and purchase action of the traders and manufactures. If the herbal prices are high, it would become incentive and motivation to use inferior to replace superior raw material. Meanwhile, in this paper, the authors also show the market price change during the 15-year period (during 2002-2017) about 4 traditional Chinese medicine species. Therefore, the research outcome can help us gaining better understanding the threats that the Tong Ren Tang would encounter.

Peltzer & Pengpid. (2019) in their paper try to determine the different kinds of TCM courses, research, training provided by in Thailand including the undergraduate

degrees. It provide the talent management solution, and can help Tong Ren Tang to build good of relationship with customer.

Li, et,al(2018) collect the information of market entry strategy, legal and regulation from the official websites from different countries. The market entry requirements include the medicine quality, safety and efficacy of products. Then in the essay, they analyzed and make one comparison. However, this essay not mention the Thailand information. But we can see the difficult in standardization of TCM in international market.

### 3 Methodology and Data Gathering Process

#### 3.1 Corporate culture

Tong Ren Tang culture should be considered from the four perspectives. It would be discussed from Tong Ren Tang values, quality culture, operating principle and staff spirit. It can be summarized into the following diagrams:

Tong Ren Tang culture	
Values	The pursuit of “patient first, the customer first”
Quality culture	The efficacy of drugs as the core of a comprehensive quality assurance system and modern pharmaceutical norms
Operation principle	Honesty, virtue for the soul
Staff spirit	Loyalty, selflessness, passion

**Values:****Quality values:**

The people who worked in Tong Ren Tang is always strictly abide by the integrity and medical ethics. It always inherits the Tong Ren Tang's corporate motto of "No compromise on cost and labor despite the complexity of processing herbal medicines. no compromise on quality and standard despite the scarcity of medicine ingredients." During the pharmaceutical process, it carries on strictly according to Tong Ren Tang's formulae. Meanwhile, they select authentic herbs and raw material. Tong Ren Tang never use inferior as superior.

**Goodwill values:**

Tong Ren Tang regard doctor and sell medicine as a sublime occupation to bring benefits for social. They always treat people equally, regardless of property.

**Image value:**

The previous successors always understand how to promote Tong Ren Tang's brand, build their corporate brand. For example, they give away medicine to common people, using the opportunity of exam in the ancient. It inherits and carry forward previous excellent traditions, and also meets the characteristics of new age. Firstly, Tong Ren Tang always motivates staffs and employees in order to increase their productivity and creativity. In addition, the Tong Ren Tang always participate in the social welfare events.

### 3.2 Compare the difference between the TCM and TTM

The history of Traditional Chinese medicine (TCM) dates back to antiquity, then it has been disseminating to many places around the world. Beyond that, there is evidence indicates that Thai began using herbs to cure different symptoms and diseases and promote health before the time of Sukhothai. Then it gradually became the national health care in Thailand until the early 20th century.

There are lots of countries included Korean and Japanese, their traditional medicines cultures came from ancient China. Since traditional Thailand medicine cannot be regarded as a major traditional medicine all the world. Because we all know, China and Thailand all belong to developing countries. They also have so many similarities, such as climatic, geographical environment and long history. Besides, both of them has advantage of herbal natural resources. Nowadays, there is many overseas Chinese people lived and worked in Thailand. As times go on, the traditional Chinese medicine has been slowly accepted by the Thai.

The characteristic of traditional medicine in China and Thailand are not exactly same, they are distinct in origin of country, academic thinking, theoretical system and diagnostic method. In the following tables, it make a summary about the specific characteristic of TCM and TTM from the three perspectives.

Characteristics of TCM and TTM

	TCM	TTM
<b>Theoretical basis</b>	<i>Yin and yang, wuxing, jingluo</i>	<i>Tards and tard-chao-ruan</i> from Buddhism and Ayurvedic teaching
<b>Diagnostic methods</b>	<i>Sizhen, bagang</i>	Symptoms and with an astrological examination
<b>Classic writings</b>	<i>Huangdi Neijing, Shennong's Herbal Classic</i>	<i>Tamra Phra Osod Phra Narai, Tumra Paetsart Sonkrau</i>

### 3.3 Overall major development events of traditional Chinese medicine

The culture revolution (1966-1976)	The traditional Chinese medicine is prohibited. And due to the political and social factors, most doctors who worked related traditional Chinese medicine were purged. This period caused lots of expertise was lost.
1979	It established the National Association for Chinese Medicine. Then most documents related to the traditional Chinese medicine were editing and were republished during that period.
1988	It set up the State Administration of Traditional Chinese Medicine of the People's Republic of China. And it under the control of the Ministry of Health.
2003	After the outbreak of "SARS" (Severe Acute Respiratory Syndrome), TCM started recovery. And it attracts the attention around the world.
2008	It releases one official State Council's Several Opinions that they prepare to support and promote the development

	of traditional Chinese medicine.
2010	Chinese acupuncture was selected as “Representative List of the Intangible Cultural Heritage of mankind”  In addition, it over one hundred TCM hospitals, research institutions in China.
2019-2020	Traditional Chinese medicine played a important role in the prevention and cure the COVID-19. Chinese doctors and scientists have suggested using Traditional Chinese Medicine (TCM) as a source of medicines that can be used directly against the Coronavirus.

### 3.4 SWOT analysis

The SWOT analysis, which is a situation analysis based on internal and external Competitive environment and condition. This is one technique and method to help Tong Ren Tang to define their obvious strengths, weakness, opportunities and threats. We should arrange the related factor into the matrix form, after marking a large quantity research and investigations. After finishing this, it can draw a series of corresponding conclusion. And these conclusions usually have a certain degree of decision making. The specific results have already presented in the following tables.

The following sections will explain it in more details.

Strength	Weakness
● Corporate culture	● Production and service

<ul style="list-style-type: none"> <li>● Broad and profound brand</li> <li>● Value chain integration</li> </ul>	modernization
Opportunity	Threats
<ul style="list-style-type: none"> <li>● The increasing trend in training of traditional Chinese medicine in university</li> <li>● Change in the human disease spectrum</li> <li>● Continuous recognition through the COVID-19</li> <li>● Prevalence of e-commerce</li> </ul>	<ul style="list-style-type: none"> <li>● Increasing competition</li> <li>● Weak legal consciousness-intellectual property</li> <li>● The volatility fluctuation of raw material</li> </ul>

### 3.4.1 Strengths

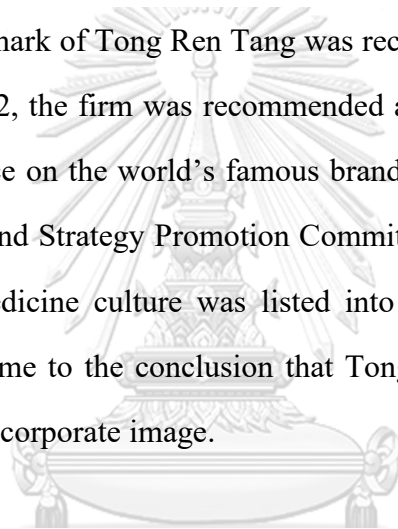
#### Corporate culture of Tong Ren Tang

The corporate culture of TRT is built on «thinking of what patients want, doing what patients need» and «patients will always be the first» and this can be identified as further strength in enhancing the company reputation. Tong Ren Tang should put lot of investment on the marketing expenditure to improve own image. It also can enhance the company reputation and promote own value such as honesty, trustworthiness and credibility as the most fundamental criteria for business operations especially overseas. In this sense, Tong Ren Tang and the Confucius Institute have conducted strategic cooperation to establish platforms for overseas cultural transmission. Tong Ren Tang recommends the Chinese medicine culture experts to hold speaking-tour and holds the Chinese medicine universal knowledge

lectures in the Confucius Institute regional joint meeting (Zhang, 2012). Tong Ren Tang can benefit from TCM culture diffusion. Besides, Tong Ren Tang store in Bangkok, Thailand offered free clinic service, traditional Chinese medicine knowledge lectures and other activities to promote the communication of Chinese medicine culture. In addition, Tong Ren Tang's encourages employees to participate in public service activities which help improve the firm's corporate social responsibility.

### **Broad and profound brand**

In 1989, the trademark of Tong Ren Tang was recognized as national well-known trademark. And in 2002, the firm was recommended as one of the 16 companies that has significant influence on the world's famous brands by the National Federation of Industrial Economics and Strategy Promotion Committee. In addition, In 2006, Tong Ren Tang Chinese medicine culture was listed into the national intangible culture heritage. Therefore, come to the conclusion that Tong Ren Tang already recognized by the public and great corporate image.



### **Value chain integration**

Tong Ren Tang already start integrating the upward and downward stream. The main operating of Tong Ren Tang is production and manufacture of traditional Chinese medicine. But it is difficult to control the raw material quality. However, the procurement price of raw material always fluctuates. It would generate negative impact on the production cost and restrict the development of company. Therefore, Tong Ren Tang has established seven Chinese herbal medicine planting bases throughout the country (Ying, 2002). Besides, Tong Ren Tang starts downstream expands the market share, such as entering into the international marketing.

### **The internationalization process starts at a earlier stages**



The golden signboard of TRT Pharmaceutical's century-old brand has promoted TRT to the international market earlier. In 1992, Beijing TRT Group Corporation was established and established in China. In 1997, Beijing TRT Co., Ltd. was successfully listed on the Shanghai Stock Exchange. In 1998, TRT began to invest overseas. In October 2000, TRT successfully listed its subsidiary Beijing TRT Technology Development Co., Ltd. on the Hong Kong GEM under the stock code 01666. This was the first domestic company that successfully split and listed A shares at the time. At that time, Hong Kong 's international economic status provided a good platform for Tong Ren Tang 's overseas business development.

### **3.4.2 Weakness**

#### **Production and service modernization**

Tong Ren Tang has still not formed a modernization and standardization advantage, compared with other Chinese medicine enterprises in Japan and South Korean. The typical business model of Tong Ren Tang is that «traditional Chinese physician works in each store» brings further problems since different countries have also different occupational requirements for physician (Jiang, 2011). It makes experienced traditional Chinese physician's with good knowledge of Tong Ren Tang culture get poorer.

### **3.4.3 Opportunity**

#### **The increasing trend in training of TCM in university**

Nowadays, under the National Health Security system in Thailand, the types of TCAM services covered include Traditional Chinese medicine (acupuncture). According to the survey that carried by Peltzer & Pengpid(2019),among the TCAM departments or schools or faculties, 7.1% of postgraduate degree and 14.3% of

undergraduate degree provides the lecture related to the Chinese traditional medicine. You can show the details of undergraduate and/or postgraduate degrees provided by TCAM departments or schools.

**Table 2** TCAM departments or schools or faculties offering undergraduate and/or postgraduate degrees (N=14)

Department, school, or faculty of Thai or oriental medicine	N	%
Undergraduate degree		
Applied Thai traditional medicine	12	85.6
Thai traditional medicine	7	50.0
Chinese traditional medicine	2	14.3
Oriental medicine	1	7.1
Postgraduate degree		
Applied Thai traditional medicine	2	14.3
Thai traditional medicine	2	14.3
Chinese traditional medicine	1	7.1
Oriental medicine	1	7.1
Number of students		
<50	3	21.4
50–100	4	28.6
>100	7	50.0
Number of lecturers		
<10	3	21.4
10–20	4	28.6
21–50	7	50.0

**Abbreviation:** TCAM, traditional, complementary, and alternative medicine.

The China and Thailand have a very similar climate and weather. They also have a similar geographical characteristic. Both of them have diversify medical resource. In addition, the similar historical and cultural backgrounds cause a rapprochement situation. Besides, as we all know there are so many overseas Chinese lived in Thailand for a long time. As times goes by, the traditional Chinese medicine has been accepted and developed slowly by Thai. Obviously, the traditional medicine of China and Thailand differ in the country of origins, academic thinking, theoretical system and diagnostic method.

### **Change in the human disease spectrum**

With the development of society and change in the human disease spectrum. Great change has taken place in the medical model. Nowadays, more and more people start pursuing the prevention of disease and health rather than previous, single treatment. People decrease the frequency to using Western medicine, because of the obvious toxic and side effects of Western medicine,

### **Chinese government policy support**

In April 2019, the second "One Belt and One Road" International Cooperation the Summit Forum was successfully held in Beijing. The implementation of the "One Belt and One Road" has provided many convenient conditions for the overseas development of the Chinese medicine industry and the overseas spread of Chinese medicine culture. In addition, the countries along the "One Belt and One Road" cover more than 64% of the world's population, most of which are medical and health undertakings developing countries with relatively lagging development. Affected by the ancient Silk Road, many countries use traditional Chinese medicine. It makes high acceptance and recognition of TCM Thai people. Therefore, TRT must grasp the opportunity of the "One Belt and One Road" cooperation to further promote the spread and application of TCM in countries along the "One Belt and One Road", and on this basis, promote TCM to the world.

During this period, Thailand has implemented legislative management of TCM and allowed TCM to practice.

### **Continuous recognition through the COVID-19**

Current Covid-19 outbreak is still spreading. In this anti-virus campaign, a lot of clinical practice results show that the TCM plays an important role in the prevent, cure and control Covid-19. It can bring new hope, then attract the attention of the world. In fact, Chinese medicine plays an indispensable role in the prevention and treatment in past several epidemic. Except the current Covid-19, during the previous SARS events in 2003, the TCM has also made significance effect.

For Thailand:

Despite the lack of a certain evidences, the significance rises in covid-19 infections prompt Thai to queue up, in order to purchase the traditional herb. Some Thai think would protect them health(Bangkokpost,2019).



**The popularity of e-commerce**

With the rapid development of online purchasing medicine in Thailand, the e-commerce becomes prevalence. It provides another market sales channel for TRT in Thailand. Such as some e-commerce platform and own website. In one word, it could be benefit for the spreading TCM medicine

#### **3.4.4 Threats**

##### **Increasing competition**

Yunnan Baiyao, Pianzihuang, Dong Ejiao and other traditional Chinese medicine brands have a long history, of which Pianzihuang is growing at a relatively high growth rate; the expansion risk of opponents undoubtedly strengthens competition in the industry.

##### **Weak legal consciousness-intellectual property**

The Chinese government not always pay attention on the protection of related intellectual property. The foreign company has applied for more than 1000 Chinese herbal medicine patents to share the Chinese market (Zhang, 2005). Most enterprise lack of legal awareness, including Tong Ren Tang. For example, Germany and France have no traditional Chinese theory and experience.

##### **The volatility fluctuation of raw material**

The Tong Ren Tang face the treats of price fluctuation of raw material. There are different factors influenced change in the market price of herbal. There are many reasons to drive the change of raw material procurement price. In addition, other factors such as macroeconomic regulation and outbreaks of epidemic diseases will cause fluctuations in TCM raw materials prices. At the same time, due to global

warming, the government has issued a series of traditional Chinese medicine environmental protection and production control policies, which are the main factors that cause raw material prices to fluctuate. It would generate great impact on the Tong Ren Tang price strategy in 4P. In addition, when prices are high, then there is a greater incentive to use cheaper substitute species or adulterants. It should require set standard for Tong Ren Tang's raw material.

#### **4 Qualitative research -interview research method**



Interview research method indicates researchers make an interview, organize data and then analysis the final results. This method is relatively flexible. The accuracy depends on the researcher's attitudes, working methods, and interviewee's support and corporation attitude and educational level etc.

Interview date: 10/05/2020

Interviewee: pharmacy assistant

Interview method: Face to Face

##### **4.1 Contents:**

**Question 1. What are your responsibilities in TONGRENTANG Group?**

**Question 2. How do you think present operating situation of Tong Ren Tang in Thailand?**

The operating situation of Tong Ren Tang depend on the political and social stable. In the past two years, the Tong Ren Tang operates well, because of the

political situation is well, most Chinese would want to invest in Bangkok, and they believe the Chinese herbal culture. Therefore, the sales volume in Thailand is last two years is better than this year.

**Question 3: Which country are the customers who usually come to the store?**

It is mainly are Thailand and Chinese. And have little people in Euromerican.

**Question 4. What do you think of the Thai people's acceptance of Tong Ren Tang's Chinese herbal medicine culture?**

The acceptance level of Chinese herbal medicine culture is high, because the Thai people always influenced by the Chinese people, especially in China Town. In addition, such as the Chinse spring festival and the popularity of Chinese tourists.

**Question 5. At present, which are the best seller product?**

Angong Niuhuang Wan, Liu Wei Di Huang Wan, Pien Tze Huang. For example, Angong Niuhuang Wan (AGNHW) is a classic prescription in traditional Chinese medicine (TCM) used for stroke treatment. Most of these medicines have one same characteristic: curing frequently occurring disease.

**Question 6: Where are the physician of Tong Ren Tang trained?**

Most of Physicians in Bangkok, Thailand are dispatch from the headquarter of China. Including the Chinese and Thai physicians. Now, one of these physicians are trained in Thailand university.

**Question 7: How to promote our Tong Ren Tang brand? (Hint: Do we have own Facebook website or Do we hold some lectures? )**

The normal promotion of Tong Ren Tang including : Own Facebook page, website, and advertisement on newspaper.

**Question 8. What are the present customer repurchase situation? Do somebody recommended by the acquaintance?**

Most people have the repurchase habit, and they reflect and respond well. They always recommended acquaintance.

**Question 9: What do you think the impact of COVID-19 for the Tong Ren Tang brand and traditional Chinese medicine?**

Due to the COVID-19 event, it makes the traditional Chinese medicine become recognized. In addition, the Tong Ren Tang donates some medical material and staff, it help Tong Ren Tang increased public relation, then make part of our product sell better in short time.

**Question 10. According to operating status and development of the enterprise, what are suggestions can you provide for Tong Ren Tang Group?**

Tong Ren Tang should accelerate the register speed, because the restriction of Chinese medicine herbal is strict. It exists some goods cannot legally selling in Thailand.

#### **4.2 Quantitative research-questionnaires**

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 main advantage is



the interviewee's can complete at their convenience and often can be answered quickly.

But it has main disadvantage is do not have an opportunity to reword or explains misunderstood questions.

The results of questionnaires help to understand the customer psychology and behaviors. Meanwhile, it can know the people's perception towards the Tong Ren Tang's products and service. Meanwhile, it can get some customers' suggestions for improving the products, services and other shortages.

The target population of the research are people who enter the Tong Ren Tang stores in Chinatown, Bangkok. 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 are 61 sample, they were recorded during 10/05/2020-11/05/2020. The results were interpreting as figures or tables by excel analysis. The question and answers are analyzed in the following paragraphs.

#### **4.3 Background information about the respondents**

##### **Question 1: What is your age group?**

A. under 25 B. 25-35 years old C.35-55 years old D. Over 55

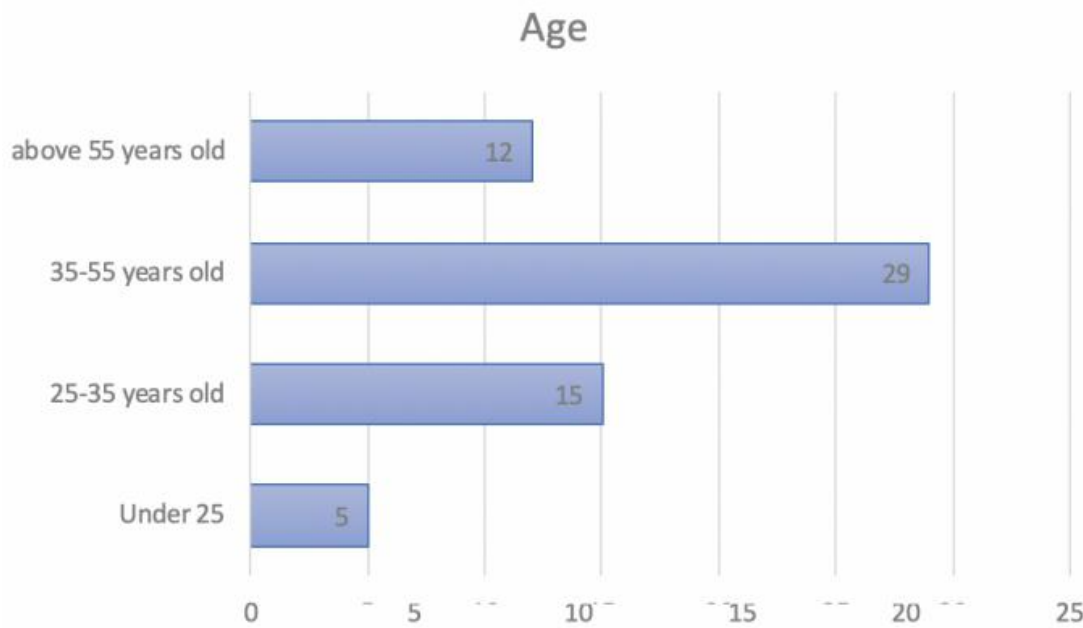


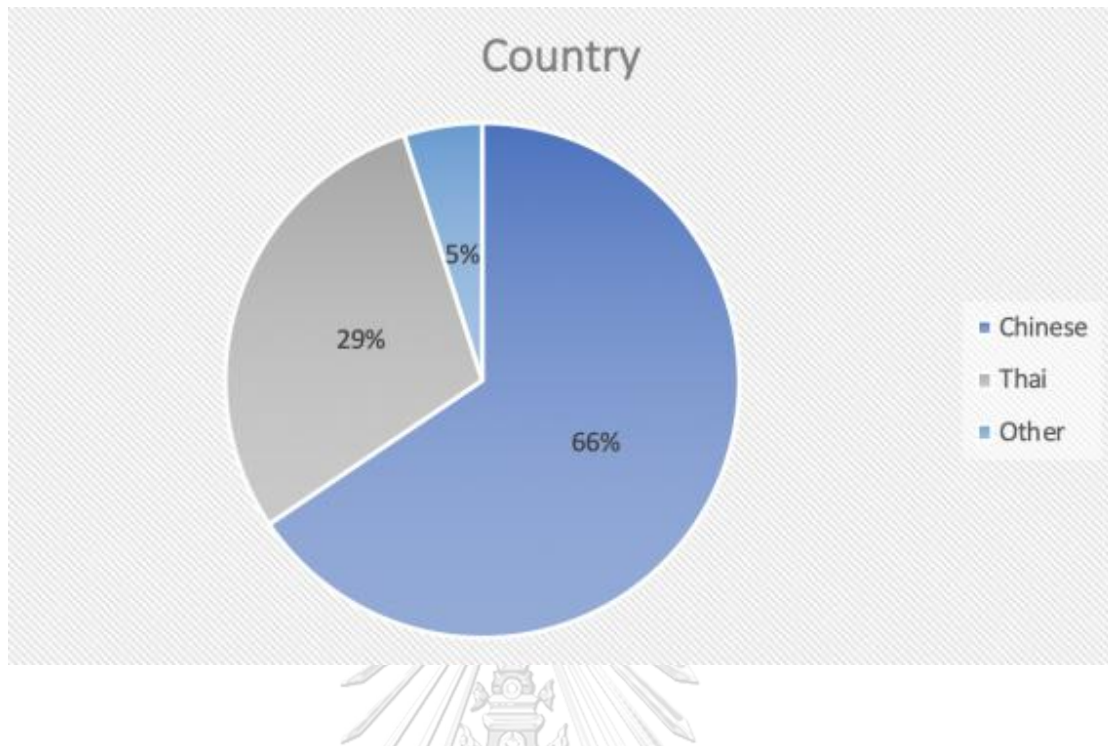
Figure 1. Age groups of the respondents (n=61)

Most respondents are distributed around the 35-55 years old; it covers a large proportion. 15 of the respondents are between 25 and 35, and 12 of the respondents are above 55 years old.

This questionnaire covers large proportion potential target customer. It can make the questionnaire results become more effective.

**Question 2. What is your nationality?**

- A. Chinese
- B. Thai
- C. Other



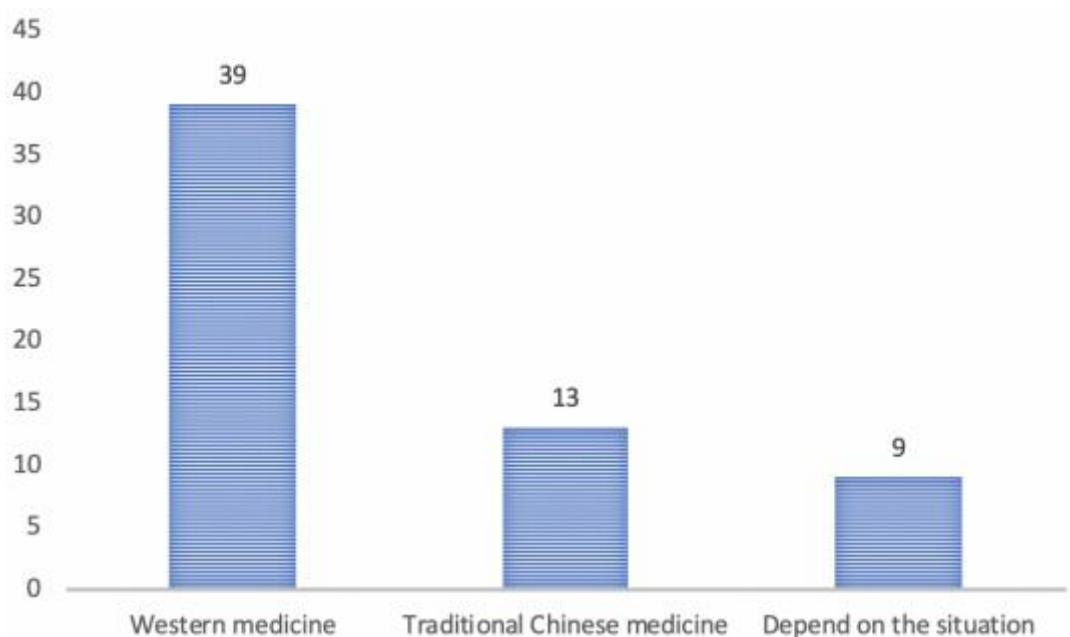
**Figure 2: Country distribution of the respondents (n=61)**

66 % of respondents are Chinese, and only 29% of respondents are Thai people. And due to the limitation of present COVID-19, only 3% respondents from the other country

### **Medicine buying behavior**

**Question 3. Compared with western medicines, would you prefer to choose traditional Chinese medicines (TCM)?**

A. Yes.      B. No.      C. Depend on the situation, whether it is frequently occurring disease



**Figure 3. Respondents' preference between western medicines and TCM (n=61)**

64% respondents would like to choose to purchase western medicine. And only small proportion prefer to buy the traditional Chinese medicine. The rest of respondents would depend on the situation.

The preference towards western medicine and TCM maybe would depend on the following factors : Firstly, whether this disease belongs to the frequently occurring disease. If it belongs to the frequently occurring disease, people would select the TCM to adjust their body. Secondly, depend on their repetitive purchase habits about a certain

Products.

**Question 4. Which places do you choose to purchase medicines? (Multiple choice)**

A. Hospital      Pharmacy nearby

Hospital	16
Pharmacy nearby	43

**TABLE 1. The place where customers often buy medicines (N=59)**

The results of this question demonstrate 43 respondents choose convenient pharmacy nearby themselves, rather than hospital.

The main driver to choose purchase pharmacy maybe because of convenient and cheaper. However, the hospital still occupies a certain proportion market. Therefore, Tong Ren Tang should attempt make a cooperation with hospital. If they can do corporate with hospital, it would gain benefits from enlarger Tong Ren Tang's markets share.

**5. Which is the main drivers to buy a specific medicine brand? (Multiple choice)**

- A. Reasonable and affordable price
- B. High quality
- C. Staff's service and attitudes
- D. Advertisement and promotion attract
- E. Brand reputation and corporate image
- H. Doctor's, friend's and family's suggestion
- I. Other reasons, what? \_\_\_\_\_

Reasonable and affordable price	38
High quality	45
Staff's service and attitudes	12
Advertisement and promotion attract	16
Brand reputation and corporate image	20
Doctor's, friend's and family's suggestion	9

**Table 2. Main reason of making a purchase decision (N=61)**

The question's outcome indicates most respondents take the medicine's price and quality into the consideration. Next, many customers are also influenced and attracted by advertisement and promotion. A small proportion people would consider Staff's

service and attitudes and doctor's, friend's and family's suggestion during their purchase decision making.

Therefore, the Tong Ren Tang company in Thailand needs improve maintain their product quality according to the customers' needs and maintain their price at reasonable level. And

### 6. How well you know the brand Tong Ren Tang?

- A. Be familiar with it
- B. Understand a little
- C. Listen brand name before
- D. Know nothing

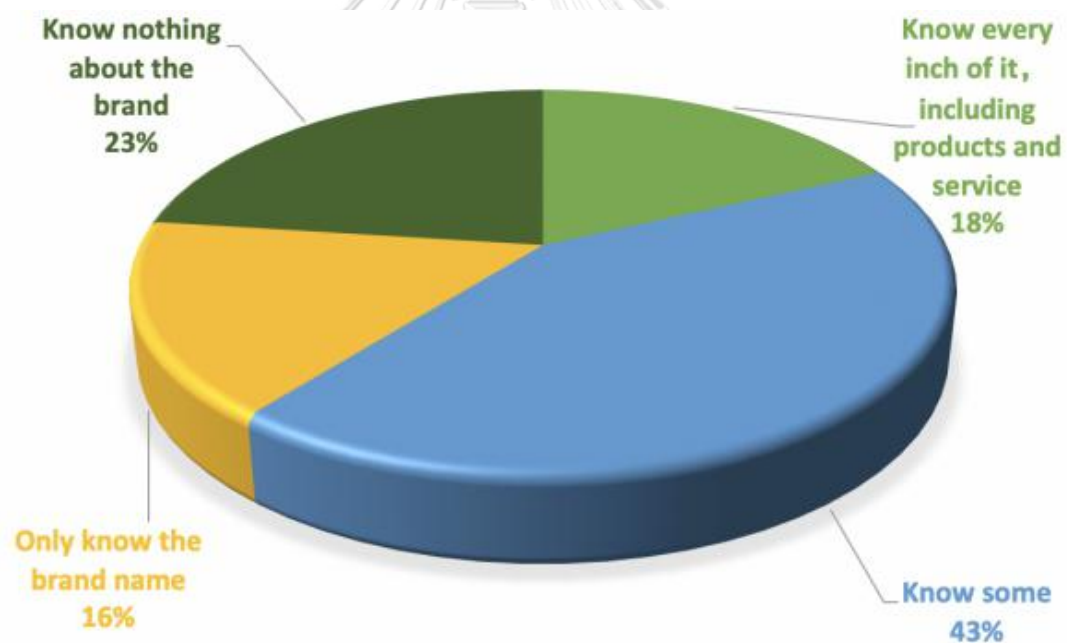


Figure 4. Respondents' knowledge degree about TONGRENTANG (n=61)

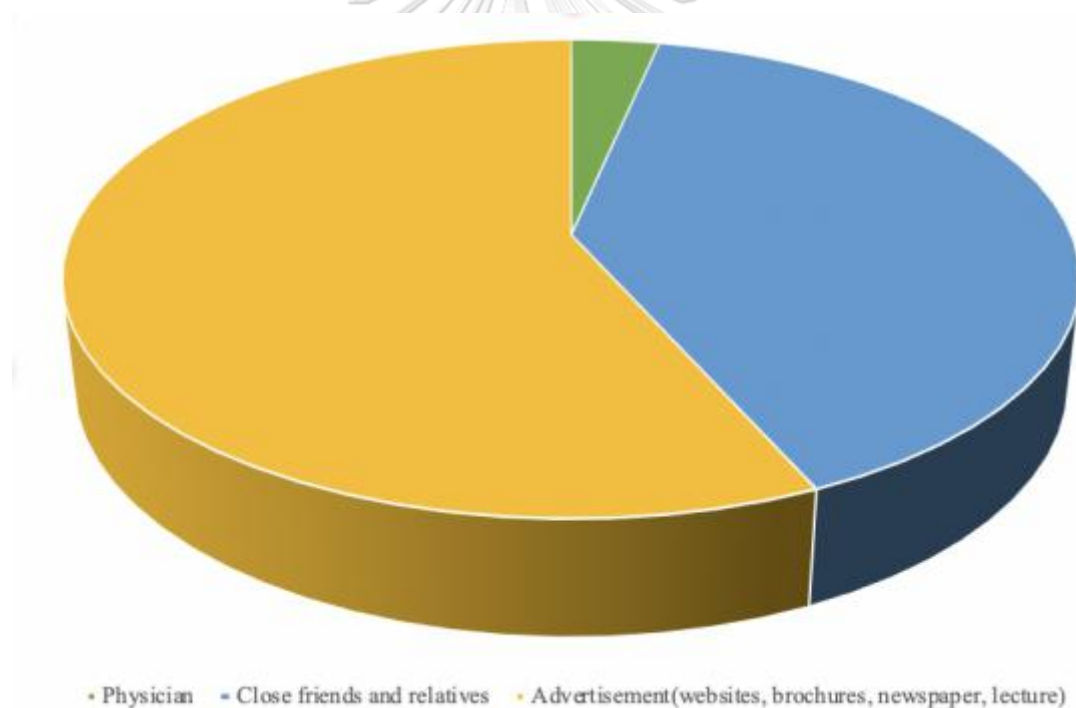
Most respondents gave a positive feedback. 43 % of respondents understand a little. Just 18% of respondents are familiar with this brand, including products and

their services. And only 16 % of respondents just listen before. The rest of 23% know nothing about the brand.

Due to the questionnaires are collected in China town, it can cause bias, because the most Chinese gathered here, cannot present the whole Thailand.

**Question 7. How do you understand the brand of Tong Ren Tang? (Multiple choice)**

- A. Physician
- B. Close friends and relatives
- C. Advertisement (websites, brochures, newspaper, lecture)



According to this pie chart, we can know a large proportion know the Tong Ren Tang through the advertisement, such as Facebook main page, website, brochure etc. People who recommended by close friends and relatives still cover large proportion. Few of them know Tong Ren Tang through physician.

It can be seen that Tong Ren Tang company already adopted different method to promote their brand. The Tong Ren Tang should still work hard on it.

## **5 The recommended international marketing strategy should be adopted by TRT Thailand**

Combine the previous qualitative and quantitative research and follow the framework of the marketing theory of 4Ps model, to make a reasonable suggestion

### **5.1 Product**

**Research and development the medicine who meet the needs of Thai**

**Start from the local frequently occurring disease and common disease**

Thailand belongs to tropical countries. It always at high temperature and rainy. In the downtown, most people get accustomed to turn on the air condition and adjust it to a relative low temperature. Therefore, the common disease includes rheumatism, asthma, and dermatitis. In addition, Thai people likes to eat the sweets. Therefore, it has so many diabetes. Meanwhile, Thailand has so many frequently occurring disease including heart disease, AIDS and sexually transmitted disease. Therefore, the traditional Chinese medicine who enter into the Thailand market should starts from the local frequently occurring disease and common disease. For example, skin curing, anti-inflammatory and AIDS and chronic curing would make Chinese herbal have a broad market.

**Conform to the consumption habits of the local people**



The product of Tong Ren Tang should cater the preference of Thai people. The Thai people don't like oral liquid and granular, because of they feel uncomfortable on the favor. Therefore, the Tong Ren Tang should choose more pill, capsule. Because it is easy to be taking and not have feeling of nausea.

### **Improve the package**

The package must use waterproof, moisture-proof and high-temperature-proof inner and outer packaging to ensure that the quality of Chinese patent medicine is not deteriorated by the external environment. It is best not to enter the Thai market for Chinese patent medicines that cannot be stored under high temperature and humidity conditions, because if patients are allowed to use Chinese patent medicines that have been affected by moisture, they will affect the quality and reputation of Tong Ren Tang.

### **Cooperative research and development of traditional Chinese medicine to prevent and treat major and difficult diseases**

The successful development of new anti-AIDS drugs by China and Thailand has set a successful example for the two countries to carry out scientific research cooperation in the field of Chinese medicine and played a very positive role in promoting the development of Chinese medicine in Thailand. Therefore, the two countries should continue to expand exchanges and cooperation in Chinese medicine. Relevant experts of the two countries should take advantage of the unique characteristics of traditional Chinese medicine to cooperate in the development of treatment methods and new drugs in response to Thailand's frequent and major diseases. In this regard, China may consider sending an expert team or medical team

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to Thailand and the local medical staff to dig deep into Thai patients, get first-hand information through close contact, and conduct targeted research.

### **Set a TCM factory using local resources**

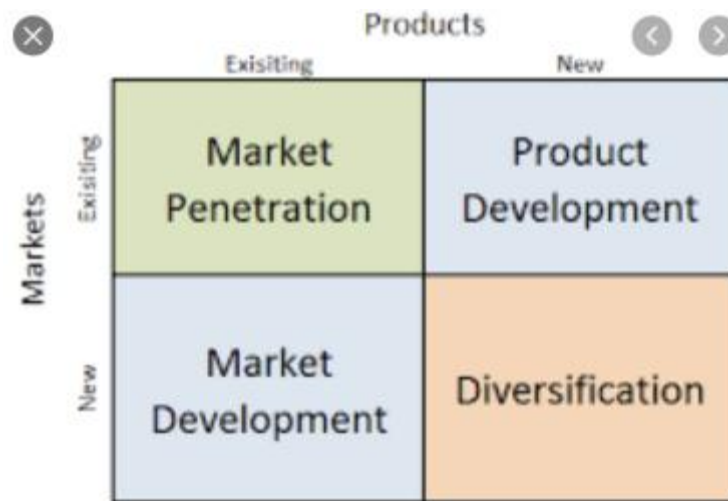
Thailand is located in Southeast Asia, the climate is suitable, and possess rich natural resources. Tong Ren Tang should consider set a TCM factory at Thailand, then can use the local resources. Then can reduce the transportation cost, overhead cost. In addition, it also can export to other Southeast country.

### **5.2 Promotion strategy**

Not only have the proper products, but also should have correct promotion channel. It means it would be necessary to let local Thai people can receive the Tong Ren Tang's related information through the diversify promotion methods. Even it can generate direct sales, stimulate the consumption and increase the sales performance.

In terms of the specific strategy selection for promotion, Tong Ren Tang in Thailand needs to actively analyze the specific characteristics of the Thai market and summarize the commonly used promotion methods as follows:

It could be useful to expand the new consumer group. According to the following Ansoff matrix, Tong Ren Tang should keep the existing market (Thai-Chinese, the old), and expand new market (The young, who pay attention on the healthy). In the past, the Chinese medicine consumer group limited to the Thai Chinese who take medications regularly. Then due to the good reputation of Chinese medicine and convenient taking method, more and more consumer adopts the Chinese medicine to cure the disease.



### Charity marketing

Be similar with COVID-19 events, many enterprises including the other traditional Chinese medicine enterprise improve their brand image through the charity marketing.

Tong Ren Tang can cooperate with local charitable organizations to donate products or related services free of charge, become a socially responsible enterprise, and increase brand awareness.

### Newspapers & social media

According to interview results, the Tong Ren Tang in Thailand already adopt the newspaper method to demonstrate their brand. Therefore, the Tong Ren Tang in Thailand should maintain current method. Collaborates with major Thai media newspapers to advertise Tong Ren Tang brand regularly. Large quantity practices demonstrates, a period of 2-3 months of advertising information will have a very obvious effect on brand promotion and rising popularity.

### Organize related lectures and exhibition in Thailand

Besides to traditional cultural lectures and exhibitions, Tong Ren Tang can spread traditional Chinese medicine culture and products through new channels such as the Internet, social media. At the same time, Chinese medicine enterprises should organize Chinese medicine culture communication activities suitable for local consumers according to the different characteristics of Thailand and distribute free and exquisite brochures or products free of charge to deepen consumers' understanding of Chinese medicine culture.

### **5.3 Strength the protection of intellectual property**

Tong Ren Tang should pay attention on the intellectual property strategies from the research and development to the marketing sales stages. It can provide more practical guarantees for Chinese medicine proceed the world , prevent the theft of Chinese medicine prescription and craft and protect the interest of Tong Ren Tang.

#### **Protect the core technology through patent protection**

For the Tong Ren Tang , patents are the most effective means of protecting traditional Chinese medicine for inventions and creations. The most important thing for Chinese medicine products to enter the international market is to file a patent protection application with the entering country in time, or obtain the protection of the country through PCT, in order to truly protect the international market interests of Chinese medicine products. For example, a compound SH, a natural anti-AIDS natural drug formulation successfully developed by China and Thailand, has adopted patent protection, which can play a very protective role in the process of drug research and also play a positive role in the development of the drug market, which can promote And protection of new drugs.

#### **Build an international brand of Chinese medicine through trademark protection**

As traditional Chinese medicines, consumers cannot rely on their own ability to distinguish the quality. The most effective way to distinguish the same product is to use different trademarks. In addition, the traditional Chinese medicine brand has a long history, enjoys a certain reputation at home and abroad, and is also a valuable intangible asset of Chinese medicine enterprises. Therefore, traditional Chinese medicine products should shape well-known traditional Chinese medicine brands, challenge the international famous brands, and promote the innovation and market competitiveness of enterprises.

**Take special measures to protect the traditional Chinese medicine with commercial shift protection**

Part of the medical trade secret information can be protected by patent rights and trademark rights, and the rest can be protected by companies as trade secrets. Due to the limited level of pharmaceutical inventions, which are often not sufficient for applying for patents, it is often possible to achieve the purpose of effective protection by adopting confidential measures to protect the company's new drug formulations and product Ding Yi.

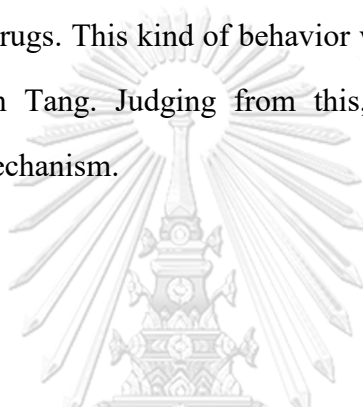
**5.4 Carry out the cooperation in the TCM filed between China and Thailand**

**Promote the interaction between the high-level in pharmaceutical sector**

For the promote the development of TCM and related enterprise such as Tong Ren Tang , the Ministry of Health and the Food and Drug Administration should maintain close high-level exchanges. Consulting on the issue arising in the field of Chinese medicine cooperation between the Thailand and Chinese regularly. In addition, the high-level should discuss the legal and technical barriers about the Chinese medicine enter into the Thailand.

### **Strengthen coordination and standardize the TCM market**

Tong Ren Tang should take the counterfeit and inferior into the consideration. In order to solve this kind of problems, should strength the coordination between the relevant department. In addition, the related market should energetically strengthen the work of rectifying and standardizing the TCM market. Meanwhile, it is necessary to stop illegal trader who comes to Thailand to deceive the public and who sell counterfeit and inferior drugs. This kind of behavior would be affecting the reputation of TCM and Tong Ren Tang. Judging from this, it is necessary to establish a long-term notification mechanism.



### **5.5 Brand building**

Brand building means one activity process that gives one brand a certain position and take action for it. It is a systematic, and long term project. The core competence of brand building contains brand awareness, reputation and customer loyalty. Large Scale companies can invest financial resources and gradually build brands through hype, advertising bombing, public welfare and sponsorship etc. These methods can stimulate effectively and attract potential customer to purchase their product.

#### **Brand character:**

Beijing Tong Ren Tang, a century-old traditional Chinese medicine always hold one principle “ however the drug manufacture steps is complex, TRT would not save the manpower” “ Since the herbal raw material is expensive, but the TRT still insist

using high standards”. Tong Ren Tang’s product rely on the “unique formulae, superior material selection, exquisite craftsmanship and remarkable curative effect”. From these perspectives, we can know Tong Ren Tang always based on “benevolence” , and their price is always reasonable.

### **Brand communication:**

When Beijing Tong Ren Tang open their first store, they erected one bronze medal-Tong Ren Tang pharmacy in the alley. Then more and more people start knowing the authenticity of raw material. It makes their brand becomes popular. Tong Ren Tang makes full use of the three-in-one communication strategy of "famous stores, famous medicines, and famous doctors", actively explores overseas markets, actively uses overseas media, serializes the novel "Daqing Yaowang" on the "New Express" in Australia, and establishes a media company for continuous broadcasting. "Dazhaimen", "Daqing Yaowang" and other dramas and other medical TV programs not only promote the culture of traditional Chinese medicine, but also further expand the overseas market and deepen the brand breadth.

### **Brand sales:**

During the COVID-19 period, Tong Ren Tang actively raise their corporate social responsibility. They donated certain relief materials, and sales some medicine recommended by the Chinese expertise. These events make Tong Ren Tang recognized and accepted by the Thai.

## 5.6 Customer loyalty construction

Customer loyalty indicates the customer's trust, commitment, emotional maintenance and emotional dependence formed by the enterprise. On the basis of long Term reciprocity between the enterprise and customers. Loyal customers would purchase the products and service repeatedly and frequently. Besides, loyalty customer would like to recommend new customers such as their family member and friends. These customers could spread their products and service benefits and brand information, and they can decrease the price sensitivity. Later, other customers would accept high price, and high-quality products. Due to the regularization of transactions, it can decrease the enterprise's transaction cost. There are some strategies to improve Tong Ren Tang's in Thailand.

### **Build the customer data:**

The purpose of Tong Ren Tang's customer data should transform the customer information into effective marketing decision supporting information, then it can turn into the competitive advantage. Most practices demonstrate 80% profit come from the 20% customers. Therefore, the Tong Ren Tang in Thailand should collect and register the customer information and make a feedback call to them. It would be helpful to build a relationship with core customers.

### **Treat the customer's complaints properly:**

The staff in Thailand Tong Ren Tang should be good at deal with the customer's complaints. The staff should behave patient.





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