

The Research of Marketing Strategies of Yunnan Baiyao Company

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Abstract: With the continuous boost of some relevant policies of the modern pharmaceutical industry, pharmaceutical retail industry, drug production and marketing are gradually becoming the hot spots of the pharmaceutical industry. Although the development of traditional Chinese medicine industry has achieved significant results, there are still some radical problems, such as: insufficient development momentum, weak industry foundation and etc; and the main form is that traditional Chinese medicine production law restrictions, weak foundation of modern industries, weak foundation in the scientific industry, the increasing price of traditional Chinese medicine preparations is squeezed by the market. At present, most pharmaceutical companies already have their own company rules and regulations, but because of chaotic promotion methods, unreasonable marketing strategies and other factors, those still limit the development of companies to a certain degree, so that they can't achieve established marketing goals and revenue. This paper takes Yunnan Baiyao Company as the research object, based on 4P theory, analyzes its existing marketing strategies in terms of four aspects: product, price, place and promotion; and also studies its existing problems in product marketing and retail. It finds that Yunnan Baiyao Company has flaws in terms of e-commerce marketing, and some of its products are facing high priced situations. Therefore, this paper aims to solve the existing problems in the market competition for Yunnan Baiyao Company, in order to increase its product share in the market and find the proper marketing strategies suited to the company's development.

Keywords: Yunnan Baiyao Company, marketing, 4P theory

1. Introduction

Influenced by the COVID-19 pandemic, the pharmaceutical industry has encountered a huge impact, production and sales of many pharmaceutical companies are severely affected. Meanwhile, people are paying more attention to their own health and have higher standards for medical services. China launched a new medical reform policy in 2024, which aims to strengthen primary medical and public health services, promote medical informatization construction and etc.

This paper takes the products of Yunnan Baiyao as the research object, based on the industry status and future prediction of the pharmaceutical market, with the theoretical basis of 4P theory and STP strategic marketing theory, and uses SWOT model to analyze and explore the marketing strategies of Yunnan Baiyao products. The 4P theory is classic in marketing theories, in aspects of product, price, place, promotion. The STP strategy is the marketing strategy implemented by the enterprise for the

target market, composed of segmentation, targeting, and positioning. Under the new policy background of traditional Chinese medicine, in face of the rising demand for traditional Chinese medicine and fierce competition in the same industry, what marketing strategies and marketing means have Yunnan Baiyao adopted to deal with, and what marketing problems need to be solved?

2. Analysis of marketing situations and market environment of Yunnan Baiyao

2.1. Company profile and operating status

Yunnan Baiyao Group Co., Ltd. was established in 1993, and is one of the most well-known Chinese patent medicine manufacturers. Yunnan Baiyao as a famous Chinese patent medicine in the department of trauma, has been wisely used after many years of clinical verification, and has significant effects in hemostasis, analgesia, anti-inflammatory and swelling. Yunnan Baiyao has been committed to inheriting the traditional Baiyao technology, developing new products, and becoming a leading provider of comprehensive medical and health solutions.

Yunnan Baiyao, as one of the earliest Chinese patent medicine enterprises, has high brand awareness and strong brand influence. Since its inception, Yunnan Baiyao has been supported by national policies, and has constantly launched new products to the market in different stages, involving 36 categories and 390 varieties. In the financial statements of the first three quarters of 2023, its gross revenue was 29.689 billion yuan, year-on-year growth was 10.30%; net profit attributable to shareholders was 4.123 billion yuan, up 78.90 percent year-on-year; and 3.853 billion yuan of non-attributable net profit, up 42.46% year-on-year. It seems that products of Yunnan Baiyao still maintain a relatively considerable income[1]. In terms of marketing mode, Yunnan Baiyao adopts cross-border marketing of products, channels and contents; it has also achieved matrix user coverage of old, middle and young generations and enhanced its control over target groups by riching brand stories continuously and attracting targeting groups precisely.

2.2. Market environment analysis

2.2.1.Environment analysis of pharmaceutical industry

With the deepen reform of pharmaceutical circulation, foreign industries have started to enter the drug distribution market. In 2021, the pharmaceutical industry developed rapidly under the impetus of a variety of factors: first, the process of transformation and upgrading of the pharmaceutical industry has been accelerated at the policy level, and corresponding policies and measures have been introduced several times; second, due to the new medical reform entering the deep-water area, the proportion of people participating in medical insurance continues to increase [2]. According to the results of the seventh population census, the total population of China is 1.44 billion, the average population growth rate is 0.53%, and the proportion of the elderly population is climbing. The population size of China determines the capacity of the entire pharmaceutical market. With the full liberalization of the two-child policy, China's population growth will undergo a significant change. At the same time, the age structure of the population in China is unbalanced, the population of the elderly is large, the aging is more serious, and this has a positive significance for the development of the drug industry [3].

2.2.2.SWOT analysis

It can be seen from Table 1 that disadvantages and challenges have a great impact on Yunnan Baiyao Company. It can make use of its own advantages and opportunities to mitigate the risk brought by the disadvantages and challenges. Trade-off between risks and opportunities to restrain its own

unfavorable factors, like insufficient e-commerce channels, excessive product types, etc., as to enhance the company's comprehensive competitiveness.

Table 1: The SWOT analysis of Yunnan Baiyao

Strength	Weakness
1) The brand has a long history and high popularity; 2) High customer loyalty; 3) It have unique selling points, traditional proprietary Chinese medicine secret formula.	1) Foreign enterprises enter the drug market, Yunnan Baiyao are suppressed by foreign brands; 2) There are to many product categories to pay attention to every single product.
Opportunities	Threats
1) The country implements new medical policies; 2) The proportion of the elderly population is rising, and the demand for medicine is increasing.	1) Fierce competition in the same industry; 2) Parts of products have higher price, such as: Yunnan Baiyao toothpaste, which is unsuitable for the middle and low-end market.

3. The problems and causes of the company's marketing strategy

3.1. The company marketing strategy

3.1.1.Product strategy

Product strategy is related to the production and sales of an enterprise, and the products produced by the enterprise should meet the needs of consumers and their expected application value. Yunnan Baiyao includes five product categories, which are drugs, health products, Chinese medicine resources, medical equipment and tea products. Among them, the core products of Yunnan Baiyao are Yunnan Baiyao aerosol, Yunnan Baiyao toothpaste and Yunnan Baiyao capsule.

Considering that the target market mainly includes sub-healthy population and mid-to-high end markets, Yunnan Baiyao also launched some targeted innovative products. For example, Yunnan Baiyao Band-Aid combines traditional Chinese medicine with 3M materials from the United States and Bayer technology from Germany, which not only makes band aid easy to use, but also reflects the value of the brand and promotes brand extension. With the increasing market share of products, in terms of drugs, Yunnan Baiyao toothpaste, Yunnan Baiyao aerosol, Yunnan Baiyao Band-Aid and other products occupy the lead place of similar products in the domestic market. Yunnan Baiyao toothpaste is on behalf of health products in the company, occupies the second place in the domestic market share of similar products[4].

3.1.2.Price strategy

Price is the variable most related to the vital interests of consumers, and is affected by market competition, product cost and pricing methods. Yunnan Baiyao has always adopted demand-oriented pricing, which is a way to meet the needs of consumers, develop new products, and continuously expand the scale of operations, so as to occupy a significant market share.

3.1.3.Place strategy

Place construction is an important part of the product sales process, which is of great significance to the long-term development and operating profit of the enterprise. Yunnan Baiyao is mainly separated into offline marketing channels and online marketing channels. To promote the brand, enhance the

comprehensive competitiveness of the enterprise and occupy a large market share, Yunnan Baiyao also added a new model, which is called medical e-commerce B2C.

Traditional offline channels can directly reach consumers, primarily in pharmacies, hospital pharmacies and supermarket retail. This is also the main marketing channel for Yunnan Baiyao. Online channels have some platforms or applications, such as Taobao, TikTok and so on. At present, Yunnan Baiyao has set up self-owned and no self-owned stores on the tired platforms (Alibaba and Jingdong) to sell various series of products to make the whole sales continue to grow. The overall sales of medical e-commerce were increasing steadily from 2018 to 2019, and the net sales volume in 2019 increased by 126% compared with last year. The main sales products focus on drugs and eye masks, with an increase of 62% for drugs and 775% for eye masks [5].

3.1.4. Promotion strategy

If a company wants to increase promotional efforts, the key is to strengthen the connection between the target market group and the enterprise. According to the market competition and the advantages of brand extension, it can formulate promotion strategies in line with this period. Yunnan Baiyao company makes full use of TV advertisements, social media platforms for publicity in order to enhance potential customers' awareness and recognition of the brand until purchase. Through innovative advertisements to let customers better understand and accept it. Meanwhile, experiential marketing activities such as "Double Eleven" and "Small medicine box" were also used to attract customers' attention. According to the record of investor relations activities disclosed by Yunnan Baiyao on November 25, 2022, during the Double Eleven, Yunnan Baiyao sold more than 400,000 sets of explosive products, and many new mouthwash products were sold out immediately on the line: Yunnan Baiyao oral products ranked first in the sales list of oral products on Tmall, Jingdong and Douyin [6]. It is also necessary to strengthen the professional training of sales staff and their familiarity with the products, so as to give customers a better experience.

3.2. Cause analysis of existing problems

In recent years, some traditional brands (like Yunnan Baiyao) have carried out cross-border marketing, on the one hand by improving brand penetration and exposure scope to cover a wider audience, on the other hand is to hope that brand effect can bring more ideal income.

But the fact is that the benefits are not satisfactory, taking Yunnan Baiyao cross-border product Caizhiji masks as an example, although its content has nearly 5 million reads and nearly 100 million exposures, it belongs to the phenomenon of screen brushing, but behind the "circle" communication has exposed the bleak product benefits [7]. At the same time, the brand will do creative advertising promotion for cross-border communication, so as to hope that customers can understand the positioning of the brand and the needs and values provided, but according to the psychological pursuit of freshness of consumers, most consumers will not pay attention to the product itself, but only pay attention to the novelty of advertising, the understanding of the brand or product is only floating on the surface.

4. Marketing strategy optimization

4.1. Production

In terms of diversified products, Yunnan Baiyao Company can further subdivide the customer group of the market, fully bring out the market potential, and always keep an eye on the market, like: some patients or sub-health people; while some industrial structure is also needed for urgent optimization,

some products only have simple classification or fuzzy classification, resulting in sales that are not easy to statistics.

4.2. Price

Some products of Yunnan Baiyao are priced too high, such as Yunnan Baiyao toothpaste. If the company wants to open up the middle and lower end of the market, it needs to carry out cost control, from the production organization, process equipment design and manufacturing, standardization and other aspects, to build a set of production and manufacturing management oriented information mechanisms. Effective allocation of resources can enable enterprises to solve many problems caused by the selectivity and scarcity of resources: In resource allocation, enterprises should focus on realizing effective resource allocation and saving resource consumption [8].

4.3. Place

The enterprise can invest some material and financial resources, such as: training a group of new sales consultants or a retail department, opening up new marketing channels, and increasing the market share of the company. Offline pharmaceutical companies have achieved full coverage of their own sales and service management systems in major medical institutions across the country: online implementation of "Internet+", product channels and the internet are grafted, and independent construction and platform integration are adopted to achieve full coverage of major e-commerce platforms[9].

4.4. Promotion

Single planning advantages and network technology advantages have been unable to meet the ever-changing needs of consumers, and three-dimensional network marketing can help enterprises get out of trouble; Three-dimensional network marketing takes the network as the main body, through the network layout, planning and execution, data evaluation and analysis, and from the perspective of the combination of network and brand positioning, uses a full range of communication means to create news points, and triggers the combination of traditional media and mobile media to spread a new marketing model [10].

5. Conclusion

This paper takes Yunnan Baiyao Company as the research model, studies and analyzes its marketing strategy, and draws some conclusions:

The core competitiveness of Yunnan Baiyao is inseparable from the choice of brand image and marketing strategy, which need to connect product strategy, price strategy, channel strategy and promotion strategy. At the same time, it is also necessary to innovate the products, marketing advertising and some sales channels, such as cross-border marketing. However, it will also produce some anticipated problems, such as digital marketing transformation and e-commerce marketing difficulties, which require enterprises to adjust their strategies in time to cope with them. On the one hand, the company should continue to maintain the offline channels, including traditional channels and modern channels, and on the other hand, it should do a good job in the construction of Internet shopping platform and we-media shopping. The market competition in the traditional Chinese medicine industry tends to be white-hot, and when some brands occupy a high market share, how to quickly recover the funds has become a more urgent problem to be solved. The cost of making Yunnan Baiyao toothpaste itself is relatively high, so only a higher price can achieve product revenue.

However, at this stage, it is necessary to expand the consumer group. The price needs to be a little more common [11].

At present, the understanding of Yunnan Baiyao Company's marketing strategy solutions in this paper is not comprehensive enough, and there is still a lack of theoretical application. Although this paper has analyzed some existing problems based on the 4P and STP theories, the connotation of these theories is very rich, so in the process of research, due to the limitation of personal knowledge reserves, there will be insufficient understanding. This also provides the direction for improvement and perfection in the future, in order to understand and solve the problems of marketing analysis in a more comprehensive way.

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