

# External Risk Management of Brand Construction of Time-honored Enterprises

-- Take the Time-Honored T Traditional Chinese Medicine Enterprise as An Example

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**Abstract:** At present, with the development of China's market economy and the deepening of internationalization, the time-honored enterprises need to strengthen their own brand construction in order to maintain their competitiveness in the fierce market competition. Scientific brand building can inject new vitality into the time-honored enterprises. However, if the brand building of the enterprise lacks systematic risk management, it will be difficult for the enterprise to achieve the expected business goals and business effects, and even lead to the enterprise bankruptcy crisis. This paper takes the time-honored T traditional Chinese medicine enterprise as an example, and analyzes how to effectively manage the external risks of the time-honored enterprises in the process of brand construction.

**Keywords:** Brand building, Risk management, Traditional Chinese medicine enterprise.

## 1. Consumer's Risk

Consumers' evaluation of a brand often determines the market share of a brand. The target customers of T TCM enterprises can be roughly divided into young groups, middle-aged and elderly groups and ordinary groups. The three categories of risk management:

### 1.1. Young group

In this kind of customers, child customers will choose children's medicine and children's acupuncture and massage. When facing child customers, they should change the service mode, and be kind and patient when communicating with children. They can grasp the hearts of children, which is equivalent to grasping the choice of parents. Therefore, T traditional Chinese medicine enterprises should constantly improve the children's services, and give this kind of customers the best product and service experience.

Young customers of this category generally try to choose T TCM enterprise brand extension products, such as coffee, cosmeceuticals, etc. For this kind of consumers, whether the new product meets its expectations determines whether the customer will continue to support the product in the future. If the first expectation is not ideal, it will not only affect the sales volume of the new product, but also reduce the customers' impression of the whole brand of T traditional Chinese medicine enterprise. Therefore, T TCM enterprises should always pay attention to the post-evaluation of such consumers on products, improve the after-sales service mechanism, and give customers a better product experience.

### 1.2. Middle-aged and elderly groups

This kind of customer general demand for T traditional Chinese medicine enterprise products focus on health care products and traditional Chinese medicine, in order to reduce this kind of consumer risk to brand, enterprises in health care products and traditional Chinese medicine development, and in consumer products to buy according to the elderly health care products recommended, T traditional Chinese medicine enterprise can personalized service for different elderly

customers, to improve customer brand goodwill.

### 1.3. Ordinary groups

This kind of customers mainly buy ordinary drugs in T TCM enterprises. Whether they can retain this kind of customers depends on whether T TCM enterprises can compete with the same pharmaceutical enterprises. Therefore, T TCM enterprises need to make the characteristics of their own products, give appropriate preferential measures to ordinary users, and develop ordinary customers into long-term customers.

## 2. Competitor Risk

The risk of competitors is due to the process of market game, the competitiveness of the enterprise in the whole market changes, which poses a threat to the production and operation of enterprises, and then leads to the risk of enterprise brand construction.

Monopoly barrier risk. If T companies of traditional Chinese medicine competitors in a similar product price, service, comparative advantage, so consumers may be more inclined to choose competitors in product selection, over time, competitors will build similar products monopoly market, thus limit T companies of traditional Chinese medicine in the similar product market development or brand entry, make the enterprise's brand construction work in trouble. If a T TCM enterprise has a large share of its own brand in a certain product market and a large volume in the market, if it cooperates with other enterprises, it is easy to be defined as a monopoly agreement by relevant departments.

Second, the risk of goodwill damage. In the fierce market competition, the market subject is profit-seeking; therefore, the spontaneous market environment will breed many unfair competition behavior; T TCM enterprises have many competitors in the pharmaceutical industry, the enterprise brand image will be impacted and threatened by different competitors, if the goodwill is lost, the negative effect is immeasurable.

Third, the risk of counterfeit inferior products. In the

product market competition, if competitors take bad means, malicious imitation T related products of traditional Chinese medicine, OEM production inferior, negative efficacy fake products, shoddy, will disrupt the normal market competition order, and will seriously affect the T enterprise brand reputation of traditional Chinese medicine, adverse effects on T Chinese medicine enterprise itself.

### 3. Policy and Legal Risks

Policy and regulation change is one of the symbolic factors of enterprise brand building; how to effectively analyze and identify policy and regulation risk is the premise of enterprise brand building.

First, the change of policies and regulations will have an important impact on the production, operation, operation and management activities of T TCM enterprises. If the government's regulations on drug products change, T TCM enterprises should also immediately adjust their production and other aspects in accordance with the corresponding administrative regulations, which may bring some additional expenditure to the enterprises in this process.

Second, the lack of the existing laws and regulations also makes T TCM enterprises face many legal risks in the process of brand building. The existing law does not clearly define the intellectual property rights scope of time-honored brands, and the Supreme Court also lacks the judicial interpretation on the handling of brand infringement. In addition, enterprises also lack corresponding domestic and international judicial solutions in trademark infringement disputes in the overseas international market competition. Therefore, under the blind area of the current legal system, it also lays a huge safety danger for the brand construction of T time-honored enterprises like traditional Chinese medicine enterprises.

### 4. Enterprise Operation and Management Risks

The financial income and expenditure, operating efficiency, human resources transfer, quality standards and specifications, and the replacement of registration information will have an impact on the brand awareness and brand image communication of the enterprise, thus restricting the brand building activities of the enterprise.

Employee management risk. If in the process of human resources changes, the former employees have disputes in labor contract, salary compensation and other aspects, which may lead to irrational behavior of the employees, transfer the negative emotions to T Traditional Chinese medicine brand, and attack and denigrate the brand reputation.

Second, the financial crisis. If the turnover of financial cash flow, the distribution of operating income and economic benefits is difficult in the process of enterprise operation, it will lead to the bankruptcy or merger and reorganization of the enterprise, and eventually force the enterprise brand to be

completely disappeared in the market. Therefore, T traditional Chinese medicine enterprises should take preventive measures for financial crisis in advance, and come up with feasible solutions at the critical juncture of the financial crisis, so that the enterprises can safely overcome the crisis.

Third, the quality standard risk. For the time-honored traditional Chinese medicine enterprises, the production and manufacturing of products should not only meet the national industry standards, but also meet the enterprise's own production and processing standard system. T The internal production, processing and manufacturing standards of TCM enterprises should be based on national industry standards, and create stricter internal standard system to maximize the product quality risks; In the absence of strict internal control standard system, after the incomplete inferior products enter the market, it will have negative effects on the brand reputation of the enterprise, thus affecting the brand construction activities of the enterprise.

### 5. Sum Up

It is found that the success of T TCM enterprises in the past is largely due to the success of the promotion strategy based on brand building and brand strengthening. Because of its "adherence to quality" and century-old history "is the core basis of user trust, adhere to the entrepreneurial creed of" processing is numerous, dare not save labor, taste is expensive, dare not reduce material resources ", finally make T Chinese medicine enterprise become the most strategic advantage and can not be imitated value of the brand. However, the frequent quality problems have seriously damaged the brand image of T TCM enterprises, and also caused the decline of their sales revenue. Over the years, T traditional Chinese medicine enterprise has been committed to building a comprehensive industrial chain, so the enterprise pays too much attention to development and ignores the management of its subsidiaries. Therefore, enterprises should pay attention to the construction and maintenance of brand image, give full play to the brand effect of T Chinese medicine enterprises, strictly control product quality, implement quality requirements into all aspects, understand consumer needs, treat diseases and save lives, stay true to the original intention, and constantly improve customers' sense of identity to T Chinese medicine enterprises.

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