

## **Chinese Medicine Men:**

### **A Unique View on Globalization in China from the 19<sup>th</sup> to the Early 20<sup>th</sup> Century**

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In his most recent book, *Chinese Medicine Men*, Sherman Cochran explores the unique characteristics of Chinese businesses by analyzing five family-run pharmaceutical establishments from the late nineteenth century to the early-to-mid twentieth century. By closely examining one industry and observing its development through the historical lens of time, Cochran attempts to look beyond the direct influence of Western-led globalization on consumer culture in China and offers unique insights on the business tactics employed by “Chinese medicine men.” Instead of concurring with the widely accepted notion that Western businesses were the driving forces that shaped consumer preferences in Asia, the author builds a framework that effectively supports his unique perspective. Cochran thoroughly examines how Chinese entrepreneurs took advantage of the Western presence and captured market share within the pharmaceutical industry by fabricating an unconventional and “idealized” notion of Western products. Cochran’s main arguments involve the following four themes: frontiers of long-distance trade, evasion of political barriers, the process of localization, and the extent of

homogenization.<sup>1</sup> These themes are explored by the author in studies of five main companies/entrepreneurs: The Yue family (乐家族) of Tongren Tang (同仁堂), Huang Chujiu (黄楚九) of The Great Eastern Dispensary, Xiang Songmao of the Great Five Continents Drugstores, Xu Guanqun of New Asia Pharmaceuticals (新亚药厂), and Aw Boon Haw (胡文虎) with his brand, Tiger Balm (虎标万金油). Consequently, the goal of this paper is to review the supporting arguments presented by the author while contemplating the significance of his work on the current business environment in China.

Professor Cochran observes that, despite a strong presence of Western-run pharmaceutical companies in China since the 1920s, local businesses were able to outsell and outgrow their overseas competitors.<sup>2</sup> The writer believes that the ability of Chinese businessmen to use “highly personal processes of negotiating trade agreements across macroregional boundaries”<sup>3</sup> enabled them to effectively conquer the frontiers of long-distance trade. For example, in Chapter 2: Inventing Imperial Traditions and Building Olde Shoppes, the Yue family developed the model of the nationwide chain store for Tongren Tang. This fostered an efficient and safer distribution system as well as a method of spreading the store’s name and reputation. Chapter 4: Capturing a National Market delves into the “hierarchical marketing system”<sup>4</sup> and the expansionary tactics of The Great Five Continents Drugstores. With the aforementioned system and with the

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<sup>1</sup> Sherman Cochran, *Chinese Medicine Men: Consumer Culture in China and Southeast Asia* (Cambridge: Harvard University Press, 2006), 4-15.

<sup>2</sup> *Ibid.*, 3.

<sup>3</sup> *Ibid.*, 8.

<sup>4</sup> *Ibid.*, 64.

construction of branches, Five Continents was able to easily spread its influence throughout China in personal ways.

Through case studies of New Asia Pharmaceuticals and Tiger Balm, Cochran confirms his argument that, contrary to views expressed by many academics, Chinese capitalists were successful at bending political barriers and navigating through changes in the prevailing regime. Specifically, Xu Guanqun of New Asia Pharmaceuticals was known for his complicated involvement in politics. The acts of bribing officials to protect his company and increasing the firm's growth during wartime are nothing less than direct examples proving Cochran's argument valid. Aw Boon Haw of Tiger Balm also affiliated himself with popular political figures. Through donations of large sums of money to powerful individuals such as General Cai and through the use of connections to regulate newspapers, Aw was able to shield his company from competition. These are just a few examples used by the author to demonstrate that Chinese businessmen were better equipped to infiltrate the political system, thus limiting foreign companies' ability to "familiarize" themselves with Chinese politics.

Localization, as defined by GALA, is a "process of adapting a product or content to a specific locale or market" that aims to "give a product the look and feel of having been created for the target market and to eliminate, or at least minimize, local sensitivities."<sup>5</sup> According to Cochran, localization, referred to as Sinicization in a Chinese context, must not be viewed as a process "carried out exclusively by China's

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<sup>5</sup> "What Is Localization?" *Globalization and Localization Association*, accessed October 21, 2014, <http://www.gala-global.org/what-localization>.

intellectuals.”<sup>6</sup> Cochran argues that members of the intellectual elite were not the main forces of localization, but that they were utilized and hired by firms as a means of desensitizing customers to the entrepreneurs’ “versions of the West.”<sup>7</sup> Chapters 5 and 6 provide compelling support to Cochran’s thesis. For example, The Great Eastern Dispensary’s Huang Chujiu, a man who was never really exposed to Western influences and could not have been considered an elite, capitalized on selling Western-style medicine. He even went so far as to name his main product “Ailuo bu nao zhi,” a transliterated name meaning Ailuo Brain Tonic that implied it was of Western origin.<sup>8</sup> To gain popularity in smaller cities, Huang sponsored operas, built the Great World amusement hall, constantly ran advertisements on the radio, and commissioned ads featuring realistically painted women. Similarly, Xiang Songmao set out to make The Great Five Continents Drugstores a household name. Promotional calendars and branch stores organized based on local needs inevitably introduced consumers to Xiang’s store brand. Not only did Xiang incorporate Western designs in his business, he also reinvented Chinese aspects and combined them with prominent Western elements. Localization proved to be extremely important in the potential successes of not just the aforementioned companies, but of all pharmaceutical firms in China.

Expansionary strategies focused on homogenization through “reaching across space, infiltrating classes and controlling cultural media”<sup>9</sup> helped Chinese companies

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<sup>6</sup> *Ibid.*, 11.

<sup>7</sup> *Ibid.*, 12.

<sup>8</sup> *Ibid.*, 39.

<sup>9</sup> *Ibid.*, 14.

overshadow their Western competitors. As stated directly by Cochran, “this case of local businesses surpassing their Western rivals and dominating the market of a non-Western country presents an opportunity to take a different point of departure from...others in the debate over the spread of consumer culture.”<sup>10</sup> The ability to widely and successfully spread the company’s name across a nation as large and as responsive to the market as China was often the most vital development in the growth of a firm.

It is important to ask why Chinese-owned Western-style shops were so remarkably profitable and favored, and why they were the “initiators of the spread of consumer culture”<sup>11</sup> instead of their Western-owned counterparts. While the strategies of efficient distribution, branching out, and advertising on a large scale contributed massively to their growth, the distinct Chinese interpretation of the Western style was also a significant factor. The transformed view of Western style was especially visible in the competition between traditional pharmaceutical shops and Western-style stores. To promote new drugs, the Chinese had to shrewdly develop new “traditions” to combat the Western-style businesses’ portrayals of the modern world in the West.<sup>12</sup> Each company had to change the way their customers viewed their business, either through a recently developed variation in advertising or through other promotional changes. Either way, the companies were reinventing the main method of attracting customers and this method was highly sensitive to the local taste and culture.

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<sup>10</sup> *Ibid.*, 3.

<sup>11</sup> *Ibid.*, 4.

<sup>12</sup> *Ibid.*, 15.

Through his analysis of the Chinese pharmaceutical sector and its ability to thrive despite competition from Western counterparts, Cochran highlights the importance of applying a holistic approach to multi-national business strategies. This approach not only focuses on top-down business methods, but also takes into consideration local preferences and needs, cultural traditions, and politics. While the book opens up new ways of thinking about globalization, it pushes the reader to wonder what happened in China in the second half of the 20<sup>th</sup> century. Did Western businesses learn to successfully adapt their methods to appeal to the Eastern culture or has the simple passing of time gradually changed consumer preferences? Perhaps China's new generation openly embraced all things Western, temporarily shifting the balance away from the homegrown business innovators described in *Chinese Medicine Men*. By "uncovering previously overlooked agents of consumer culture,"<sup>13</sup> Cochran has explained and defended an original stance on the significance of various business structures and strategies, not only how they pertain to China, but how they also pertain to the world.

#### Work Cited

Cochran, Sherman. *Chinese Medicine Men: Consumer Culture in China and Southeast Asia*. Cambridge: Harvard University Press, 2006.

"What Is Localization?" *Globalization and Localization Association*. Accessed October 21, 2014. <http://www.gala-global.org/what-localization>.

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<sup>13</sup> *Ibid.*, 151.