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# How to Enhance the Brand Competitiveness of Ginseng Enterprises?

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**Abstract** At present, brand competitiveness has become an important symbol of the competitiveness of enterprises. It has important significance for ginseng enterprises to enhance the brand competitiveness as well as the market competitiveness. So first of all, the study makes the actual investigation of ginseng and ginseng market consumers. On the basis of the survey, this paper makes the correct evaluation using analytic hierarchy process (AHP) on the main factors influencing ginseng enterprise brand competitiveness. Based on the analysis results, the paper puts forward recommendations to improve the brand competitiveness of ginseng enterprises.

**Key words** Ginseng enterprises, Brand competitiveness, AHP

## 1 Introduction

In the era of economic globalization, the market competition between enterprises is actually the competition between brands. The brand competitiveness is an important factor affecting the market competitiveness. Because of the different influencing factors of the brand competitiveness of different industry, if the ginseng enterprises want to enhance the brand competitiveness, first of all the ginseng enterprises should analyze the influencing factors of brand competitiveness correctly according to the characteristics of their own industry. Ginseng enterprises should first analyze the factors that have an impact on the brand competitiveness of the industry, and then according to the evaluation results, put forward various suggestions for improvement of the brand competitiveness of ginseng enterprises.

## 2 Ginseng enterprise brand competitiveness evaluation system

In order to make correct evaluation and analysis of the brand competitiveness of ginseng enterprises, the evaluation system of brand competitiveness of ginseng enterprises is established (Table 1). Ginseng enterprise brand competitiveness evaluation system is determined by the research of the main reference to the previous scholars<sup>[1–3]</sup>. This paper uses AHP (analytic hierarchy process) for ginseng enterprise brand competitiveness index quantification, and gets the best solution for each weighting factor to provide a reasonable basis for the calculation by fuzzy evaluation algorithm<sup>[4]</sup>.

## 3 Brand competitiveness evaluation and analysis

After establishing Ginseng enterprise brand competitiveness evaluation system, the relevant data are collected. Because Jilin is the most important Chinese ginseng producing area<sup>[5]</sup>, the production reaches 70% of world production and accounts for 80% of national output. Seven representative enterprises in Jilin province are se-

lected as the application objects of the evaluation system of brand competitiveness of ginseng enterprises. They are Huarui, Wen Xiaotang, Zhonghua Shen and Dan Hua and three listed enterprises such as Tongrentang, Kang Mei, Jilin Aodong. Data of seven companies mainly include quantitative and qualitative data. Quantitative data come from the comprehensive calculation with average data of disclosed annual financial report of Huarui, Wen Xiaotang, Zhonghua Shen and Yanbian Danhua from 2010 to 2012. The qualitative analysis is mainly based on the survey and calculation. We collate and process the three-year data about the seven ginseng companies to get the indicators of each enterprise brand. Specific values are shown in Table 2. As can be seen from Table 2, Tongrentang's brand competitiveness score of 77.72 is the highest among listed companies, and the most competitive brand of Yanbian Dan Huawei has score of 10.81. The reason is that there are relatively large differences between listed companies and unlisted companies in brand foundation, brand market power and brand management capability. This may explain that the ginseng business can improve the competitiveness of the brand through efforts in three aspects as brand foundation, brand market power and brand management capabilities. According to the result of the analysis of the brand foundation, Kang Mei has the lowest brand foundation among the listed companies. The score of total employees, entrepreneurial talents, workers' educational level, entrepreneurial talent and total technical staff for Kang Mei is 41.80, 14.29, 31.58, 26.35, 27.45 and 7.14, respectively, showing large differences compared with Tongren Tang which has the highest brand foundation. Among the unlisted enterprises, Huarui has the highest brand foundation, and the score of the total employees, entrepreneurial talents, workers' educational level is 3.41, 14.29, 0.62 and 0.34 and 1.96, respectively. Compared with the lowest brand foundation company WenXiaoTang, it also shows relatively large differences in these five indicators. In short, these indicators show that listed enterprises' brand foundation is significantly higher than that of unlisted companies, and the brand foundation difference between the listed and unlisted companies is mainly manifested in human capital and entrepreneurial ability,

**Table 1 Ginseng brand competitiveness evaluation index system**

Goal layer	Criterion layer indicators	Weight	Sub-criterion layer indicators	Weight	Object layer indicators	Weight	Synthetic weight
Ginseng brand competitiveness (X)	Brand foundation (Y <sub>1</sub> )	0.3333	Enterprise scale and group level (Z <sub>1</sub> )	0.3270	Total employees number (A <sub>1</sub> )	0.7500	0.0272
					Total assets (A <sub>2</sub> )	0.2500	0.0817
			Human capital and entrepreneurial ability (Z <sub>2</sub> )	0.3618	Workers' educational level (A <sub>3</sub> )	0.2500	0.0302
					Entrepreneurial talent (A <sub>4</sub> )	0.7500	0.0905
			Technology innovation ability (Z <sub>3</sub> )	0.1635	Total technical staff number (A <sub>5</sub> )	0.2000	0.0109
					Total patent number (A <sub>6</sub> )	0.8000	0.0436
					Total asset turnover (A <sub>7</sub> )	0.1703	0.0084
					assets net rate (A <sub>8</sub> )	0.2865	0.0141
			Enterprise management ability (Z <sub>4</sub> )	0.1477	Current assets turnover (A <sub>9</sub> )	0.3407	0.0168
					cost profit margins (A <sub>10</sub> )	0.2026	0.0100
					Brand awareness (A <sub>11</sub> )	0.2071	0.0215
					Brand reputation (A <sub>12</sub> )	0.2929	0.0303
	Brand Marketing power (Y <sub>2</sub> )	0.3333	Sustainable development ability (Z <sub>5</sub> )	0.3108	Brand loyalty (A <sub>13</sub> )	0.2929	0.0303
					Brand association (A <sub>14</sub> )	0.2071	0.0215
					Market share (A <sub>15</sub> )	0.4934	0.0811
					Market coverage (A <sub>16</sub> )	0.3108	0.0511
			Market power (Z <sub>6</sub> )	0.4934	Sales (A <sub>17</sub> )	0.1958	0.0322
					Profit margin (A <sub>18</sub> )	0.5000	0.0326
					Sales profit (A <sub>19</sub> )	0.5000	0.0326
					Brand positioning ability (A <sub>20</sub> )	0.1429	0.0381
			Value profitability (Z <sub>7</sub> )	0.1958	Brand communication ability (A <sub>21</sub> )	0.2857	0.0762
					Brand operation ability (A <sub>22</sub> )	0.5717	0.1524
	Brand management capability (Y <sub>3</sub> )	0.3333	Brand power (Z <sub>8</sub> )	0.8000	Profit growth rate (A <sub>23</sub> )	0.0972	0.0065
					Main business revenue growth rate (A <sub>24</sub> )	0.4124	0.0275
			Brand development (Z <sub>9</sub> )	0.2000	Owner's equity growth rate (A <sub>25</sub> )	0.2452	0.0163
					Total assets growth rate (A <sub>26</sub> )	0.2452	0.0163

**Table 2 Comprehensive data for ginseng enterprise brand competitiveness**

Enterprise	Unlisted companies				Listed companies		
	Huarui	Yanbian Danhua	Wen Xiaotang	Zhonghua Shen	Tongrentang	Jilin Aodong	Kang Mei
Brand foundation	4.69	2.25	1.47	2.38	25.56	15.59	14.60
Brand Marketing power	3.07	5.38	0.70	2.72	23.59	19.91	21.56
Brand management capability	2.66	3.17	3.40	0.97	28.57	15.05	10.32
Competitiveness score	10.42	10.81	5.57	6.07	77.72	50.55	46.49

Data source: Government data collection and market survey.

entrepreneurial talent, technology innovation ability and so on. According to the result of the analysis of the brand marketing power, Jilin Aodong has the lowest score among the listed companies. The score of brand reputation, brand loyalty, market share and sales of Jilin Aodong is 90.00, 84.16, 15.54 and 15.01, respectively, showing large differences compared with Tongren Tang which has the highest brand marketing power. Among the unlisted enterprises, Yanbian Danhua has the highest brand foundation, and the score of brand reputation, brand loyalty, market share and sales is 70.00, 19.22, 0.48 and 0.44, respectively. Compared with the lowest brand marketing power company WenXiaoTang, it also shows relatively large differences in these four indicators. In short, these indicators show that listed enterprises' brand marketing power is significantly higher than that of unlisted companies, and the brand marketing power difference between the listed and unlisted companies is mainly manifested in brand reputation, brand loyalty, market share, sales and so on. According to the re-

sult of the analysis of the brand management capability, Kang Mei has the lowest score among the listed companies. The score of brand positioning ability, brand communication ability and brand operation ability of Kang Mei is 50.00, 24.15 and 24.15, respectively, showing large differences compared with Tongren Tang which has the highest brand management capability. Among the unlisted enterprises, Yanbian Danhua has the highest brand management capability, and the score of the brand positioning ability, brand communication ability and brand operation ability is 50.00, 0.27 and 0.27, respectively. Compared with the lowest brand management capability company Zhonghua Shen, it also shows relatively large differences in these three indicators. In short, these indicators show that the brand management capability of listed companies is significantly higher than that of unlisted companies, and the brand management capability difference between the listed and unlisted companies is mainly manifested in brand positioning ability, brand communication ability, brand operation ability and

so on.

#### 4 Conclusions and recommendations

In this paper, we make the actual investigation of ginseng and ginseng market consumers. On the basis of the survey, we make the correct evaluation using analytic hierarchy process (AHP) on the main factors influencing ginseng enterprise brand competitiveness. The above ginseng enterprise brand competitiveness evaluation analysis shows that ginseng enterprises can enhance the overall brand competitiveness by upgrading the brand foundation, brand marketing power and brand management ability. (i) According to the result of the analysis of the brand foundation, the difference between ginseng enterprises is mainly manifested in human capital and entrepreneurial ability, entrepreneurial talent and technology innovation ability. So ginseng enterprises can enhance brand foundation by improving human capital, entrepreneurial ability and entrepreneurial talent. Firstly, enterprise can enhance the brand foundation by cultivating innovative talent and management talent. The number of technical and management personnel in small ginseng enterprises such as Yanbian Dan Hua and Huarui account for only 3.3% of that in the famous brand company Kang Mei. It is necessary to establish a scientific and rational innovation system, and pay attention to management training, technical and human resources, in order to cultivate innovative talents and management personnel. The ginseng business should establish a scientific and rational innovation system and then focus on talent positioning<sup>[6]</sup>; tap the creative potential of employees, improve different ways of thinking of professionals, and establish scientific and technical personnel competition and perfect incentive mechanism; establish long-term cooperative relations with scientific research institutions and universities to strengthen personnel training; offer compensation and return on equity to the inventor of the intellectual property rights and designers<sup>[7]</sup>. Secondly, ginseng enterprises can enhance the brand foundation by improving the technological innovation ability. At present, technology innovation ability of most ginseng enterprises is poor, especially for the small enterprises. Many small ginseng enterprises and farmers can only rely on their own experience to maintain business and planting, and it lacks cooperation with high-tech groups<sup>[8]</sup>, which makes small enterprises difficult to improve the competitiveness. Therefore, small enterprises need to spend a lot of money to promote technology innovation ability. Small enterprises should seize the opportunity to obtain more sufficient funds and provide better scientific research conditions and research funding to enhance the conversion rate of scientific achievements. Currently, the market has a high demand for food, beverage, daily necessities containing ginseng, and quick pushing of the latest scientific research achievements to the market can not do without the close cooperation between the two sides<sup>[9]</sup>. At present, the main market for ginseng products has been dominated by big brands<sup>[10]</sup>. Small enterprises in technical innovation must understand the research and development demand, market demand and then carry out technological innovation and product development from the edge of the market. There have been some enterprises using the effective substance of ginseng as skin care

products such as Jingyu Meikang, and Fusong Shenmei. This combination is also innovation. (ii) According to the result of the analysis of the brand marketing power, the difference between ginseng enterprises is mainly manifested in brand reputation, brand loyalty, market share. So ginseng enterprises can enhance brand marketing power by improving brand reputation, brand loyalty and market share. Firstly, ginseng enterprises can enhance brand marketing power by improving brand reputation, brand loyalty. In order to improve brand reputation and brand loyalty, ginseng enterprises should improve consumers' brand trust and satisfaction, and quality of the product is the largest influencing factor to the brand trust and satisfaction. Quality is the cornerstone of the brand, and brand without quality is just like a tree without roots<sup>[11]</sup>. In order to improve the quality of the products, the government needs to supervise the production of ginseng enterprises, and develop relevant technical specifications. The popular American ginseng brand is called American ginseng, also known as *Panax quinquefolius*. The US Fish and Wildlife Service (USFWS) and the US Department of Agriculture (USDA) made related legal regulations about artificial cultivation of wild ginseng and American ginseng to control pesticide residues and heavy metals in American ginseng<sup>[12]</sup>. When it comes to government supervision, various policies, regulations, and standards can be issued and implemented, and the enterprises that violate the discipline will be punished. Only by the corresponding legal documents will make ginseng enterprises compete positively. Secondly, ginseng enterprises can enhance brand marketing power by improving market share. At present, many small enterprises are facing the problem of low market share. If ginseng enterprises want to increase the market share, they should actively increase sales channels. The supermarkets in large and medium-sized cities are developing rapidly, providing a good platform for ginseng. So small enterprises should pay attention to the supermarket sales network, actively increase the sale channels of ginseng, and make full use of e-commerce information technology platform and business process method combined with traditional agricultural marketing mode, which can not only make up for the shortcomings of small enterprises, but also achieve low cost, convenient and quick network marketing<sup>[13-14]</sup>. (iii) According to the result of the analysis of the brand management capability, the difference between ginseng enterprises is mainly manifested in brand power such as brand positioning ability and brand communication ability. So ginseng enterprises can enhance brand management capability by improving brand positioning ability and brand communication ability. Firstly, ginseng enterprises can enhance brand management capability by improving brand positioning ability. The positioning of some ginseng brands is not very clear, and consumers are difficult to judge the characteristics of enterprise brands, so they can not be used in the market to attract consumers. In order to determine the correct positioning of the brand, ginseng enterprises should make full use of their own advantages to enable them to have brand competitiveness. Ginseng enterprises should constantly find the changing needs of consumers through in-depth investigation, find new and smaller segments of the market according to these needs, and make appropriate market positioning, so that appropriate product design, choice of distribution

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