

# Research On The Brand Development Of Changbai Mountain Ginseng Based On The Perspective Of Industry Chain

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**Abstract:** Changbai Mountain Ginseng began to be used as a regional brand in 2009, and its development has received great attention from the Jilin Provincial Government. However, there are also problems in development such as irregular production and insufficient precision. Moreover, the brand has low added value, unsound sales channels, and the concept of "same source of medicine and food" in consumption has not been widely recognized. In response to these problems, it is recommended that the Jilin Provincial Government reasonably plan and issue corresponding laws and regulations, support large-scale leading enterprises, expand sales channels, and increase efforts to promote the application of Changbai Mountain ginseng in the food field.

## 1. Introduction

Regarding the thought of industrial chain, the earliest recognized argument is the Western classical economist Adam Smith in "The Wealth of Nations" in 1776. At that time, it mainly referred to the effective use of internal resources of enterprises. On this basis, Alfred Marshall extended it to the division of labor and collaboration between enterprises. In 1958, American development economist Hirschman divided the links of the industrial chain into forward links and backward links from the perspective of industrial links. Since then, relevant theoretical research on the development of the industrial chain has gradually matured and been widely used. Although the concepts and ideas of industrial chain originated in foreign countries, they are now more replaced by related concepts and theories such as value chain and supply chain. At present, the domestic research and application of industrial chain mainly define the industrial chain as a network structure formed based on the correlation between front and rear in an industry, which is based on various inter-industry or intra-industry inter-related relations. This kind of chain-like network structure is an organizational system based on division of labor, with industrial connections as the link, and enterprises as the main body.

On this basis, the author believes that the industrial chain is based on the interconnection and economic relationship between the industrial sectors, and the form of a chain-like relationship formed by the industry based on specific logical relationships and temporal and spatial layout relationships. Generally speaking, a complete industrial chain interacts and connects to each other to form the internal mode of industrial chain formation. As an objective law, it controls the industry like an "invisible hand" in economics. The formation and development of the chain. In essence, the relationship between different companies in this industry is the relationship between supply and demand between companies in each industry.

## 2. Characteristics of the Industrial Chain

(1) The industrial chain is an objective and real relationship. From the above analysis, it can be seen that from the nature of the industrial chain, the industrial chain is the industrial linkage. Affected by the supply and demand between industries, the objective relationship between the industrial chains is mainly manifested in two forms: one is the industry. There is an obvious time

sequence and logical causality between the upper and lower links of the chain; the second is that the main enterprises of each industrial chain always exist in a certain area of a certain space.

(2) The industry chain is the transfer of supply and demand with value. During the development of the industrial chain, there is always a certain supply-demand relationship between the upper and lower industries. It is this relationship between supply and demand that produces use value and value transfer, which promotes the upper and lower enterprises in the industrial chain. Continuous development between.

(3) The scope of the industrial chain is flexible. For different research content and scope, the starting and ending points of the industrial chain path are also different. The relationships between industries include logistics, organization, products, technology, information, capital, and prices, and they are diverse. The chains formed between different contents are not the same. The form of the industrial chain with products as the main content is usually called the product chain; the form of the industrial chain with capital or price as the main content is mainly the expression of value, so it is called For the industrial value chain.

The role of the industrial chain

### **3. Role of Industrial Chain**

The industrial chain is based on the interconnection and economic ties between industrial sectors, which can accelerate the continuous optimization of the flow of products and funds to adapt to the ever-changing market, which has an important role. First, the formation of the industrial chain is conducive to the reduction of enterprise costs and the emergence of new enterprises. As the industrial division of labor becomes more and more detailed, and the degree of specialization becomes stronger and stronger, in the process of industrial development, connecting enterprises with different advantages in the process can realize the optimization of all links in the industrial value chain and the creation of new enterprises. And then realize the overall optimization of the enterprise industrial value chain. Secondly, it is conducive to the formation of a corporate innovation atmosphere, and is conducive to building a "location brand" and regional economic development. The cluster-type industrial development helps to form the exchange and collection of information resources, promote the linkage innovation of technology and products, and form a brand effect, as studied in this article. The formation of industrial clusters enhances the overall competitiveness of the industry and can bring new vitality and economic growth points to the regional economy.

### **4. Industry Chain Theory**

The industrial chain theory is the basic theory of industrial development. Different types of enterprises will participate in different stages of the industrial development process, forming economic exchanges and benefit transmission between upstream and downstream. At present, the industrial chain theory is divided into the following two types: Supply chain theory. Supply chain theory mainly refers to the supply and demand of raw materials or finished products formed by upstream and downstream enterprises formed around core industrial enterprises in the process of industrial development, forming a whole functional network chain. The supply chain theory was originally mainly used in the military, referring to the supply of military equipment and military materials. Later, it was gradually applied to the management and development of enterprises, extending the links of enterprise production forward and backward.

Industrial economics is a discipline that studies the development laws and interaction laws of economic organization groups with certain characteristics. Industrial economics has made great progress since its inception and the related content is relatively complete. From the current point of view, it mainly includes the following aspects:

Industrial organization theory. The main research object of industrial organization theory is industrial organization, and the main research content is enterprise behavior and market structure under imperfect competition, which is the main content of microeconomics. From the perspective of

the role of industrial organization theory, it is mainly to solve the conflict between the scale economy effect of enterprises in the industry and the competitive vitality between enterprises. On this basis, various industrial organization theories continue to inherit and develop.

**Industrial structure theory.** The theory of industrial structure is mainly the research on the factors that influence and determine the industrial structure, the law of the evolution of the industrial structure, the planning of the industrial structure and the adjustment of the industrial structure, in order to explore the evolution of the industrial structure and its influence on economic development. It mainly studies the relationship of resource possession between industries and the level evolution of industrial structure from the perspective of economic development, so as to provide a theoretical basis for formulating industrial structure planning and optimization policies.

**Industrial layout theory.** The industrial layout theory mainly focuses on the factors that affect the industrial layout, the relationship between the industrial layout and economic development, the basic principles of industrial layout, the basic principles of industrial layout, and the general laws of industrial layout. It is the foundation of a country or region's economic development plan, and its core is to determine the optimal location of the industry based on the lowest production cost. It specifically includes the content of industrial layout level, industrial layout mechanism, regional industrial structure, etc., and presents different characteristics according to the different technical points of each industry.

**Industrial development theory.** The theory of industrial development mainly focuses on the research of development laws, development cycles, influencing factors, industrial transfer, resource allocation, development policies and other issues in the process of industrial development. Research on the laws of industrial development can help companies adopt corresponding industrial policies in accordance with the laws of development at different stages in the process of industrial development to promote industrial development.

## **5. Industrial Competitiveness Theory**

The theory of industrial competitiveness is also called the theory of national competitive advantage. According to the process of its generation and evolution, the theory of industrial competitiveness mainly includes cost advantage theory, competitive advantage theory, dual theory of comparative advantage and competitive advantage, international competitiveness theory, competition theory and Six aspects of the theory of institutional innovation advantage.

**The connotation and determinants of industrial competitiveness.** There are five theories about the connotation of industrial competitiveness. One is the theory of national environment, which believes that national competitiveness determines the competitive environment of industries and enterprises, that is, the "national environment". The second is the theory of productivity and market power, which believes that both productivity and market power have a greater impact. The third is the theory of comparative advantage and competitive advantage. It is believed that enterprises should combine comparative advantage and competitive advantage, and industrial competitiveness is the sum of the two. The fourth is the theory of comprehensive production capacity, and the fifth is the theory of efficiency capability innovation. The determinants of industrial competitiveness mainly include Porter's "diamond system", nine-factor model, industrial competitive advantage factors, knowledge absorption and innovation capabilities. It specifically includes the content of industrial layout level, industrial layout mechanism, regional industrial structure, etc., and presents different characteristics according to the different technical points of each industry.

Industrial competitiveness determines evaluation indicators, systems and methods. Judging from the information available, there is little research on the evaluation index of industrial competitiveness by foreign schools. Domestic scholars pay more attention to the construction of the evaluation index system of industrial competitiveness. The specific evaluation indexes are divided into two categories. One is the revealing index. ; The other is analytical indicators. The specific evaluation index system is divided into factors such as competitive strength, competitive potential, competitive environment, and competitive situation. Specific evaluation methods include five types: index comprehensive evaluation method, competition result evaluation method, influencing factor

analysis method, total factor productivity method and bench-marking method.

## **6. Problems Existing in the Development of Changbai Mountain Ginseng Brand**

Ginseng is a business card of Jilin Province's diplomacy. Although it has a long history, its development has been quite ups and downs. It was not until 2010 that Jilin Province issued Circular 19 "Opinions on Revitalizing the Ginseng Industry". Pay attention to development. Until August 2012, the state approved Changbai Mountain ginseng planting to enter the new resource food field, injecting vitality into the development of the Changbai Mountain ginseng brand, and bringing new opportunities. The Changbai Mountain ginseng brand began to be used in 2010, until 2015. There are 29 companies with 95 kinds of products with the brand of "Changbai Mountain Ginseng".

In the cultivation of ginseng, farmers are mainly operated separately, the scale is small, and the standards are not fixed, which makes management difficult. Although the country and Jilin Province have issued relevant standards and operating procedures for the selection of seed sources, they have not been enforced. In order to pursue short-term benefits, farmers often abuse pesticides and fertilizers, resulting in uneven production and quality of ginseng.

Many indicators are not up to standard and cannot be sold at high prices, which also affects the subsequent processing and sales links, and affects the development of the Changbai Mountain ginseng brand from the source.

The technical level of Changbai Mountain ginseng is uneven. Except for a few companies that pass GMP, most of the ginseng products processed by ginseng farmers cannot meet international standards and cannot achieve economies of scale. In addition, Changbai Mountain ginseng has fewer deep-processed varieties and low technological content. It mainly produces raw materials for medicinal materials, accounting for about 80% of the total. Since the "medicine and food homology" was approved only in 2012, the development of ginseng foods and health foods is relatively small. Other ginseng deep plus products are also relatively small, and the added value of the products is low.

The largest trading center of Changbai Mountain ginseng is the Fusong Wanliang ginseng trading market. In addition, Ji'an and Qinghe are also the largest professional ginseng trading markets in China. However, such a market is mainly engaged in the wholesale of fresh ginseng. The purchase volume of ordinary consumers is very small, and the purchase channels for mass consumption are very limited. Tourists who want to travel to Changbai Mountain want to buy Changbai Mountain ginseng as a tourist souvenir. However, the channel coverage and popularity are still far small to meet market demand.

Since Changbai Mountain ginseng was only approved to enter the new resource food field in 2012, the Chinese people have not yet formed a correct understanding of consumption. Most of the uses of ginseng are still in the fire, and it is suitable for daily consumption and consumption. The concept of "same source of medicine and food" is weak. Our country consumes 5g of ginseng every afternoon per person. As a country with 1.3 billion people, ginseng consumption is less than 2 billion yuan.

## **7. Countermeasures to Improve the Brand Competitiveness of Changbai Mountain Ginseng**

The planting of Changbai Mountain ginseng is concentrated in several counties and towns in Jilin Province. The government should strictly control the planting and accumulation and the planting time to avoid the problem of excessive output that affects the price, and avoid the situation of deforestation and conversion to ginseng land. Appeared to ensure the sustainable development of Changbai Mountain ginseng planting.

Since Changbai Mountain ginseng is an agricultural product, the planted varieties are very important. The relevant government departments should supervise and promote the use of ginseng breeding bases. In view of the existing problems of pesticides and heavy metals exceeding the standards, this article believes that the production, sales and use of fertilizers and pesticides should be unified, and growers should be trained in the rational application of fertilizers and pesticides. In

addition, good seeds, fertilizers, and pesticides should be established in the towns and towns where Changbai Mountain ginseng is mainly produced. Chain agencies for agricultural materials such as pesticides to ensure the quality of important production materials.

For the management of Changbai Mountain ginseng quality, in the long run, a product quality traceability system should be established. Information technology is used to record quality and safety data and the behavior of the responsible party in the cultivation, addition, and circulation of ginseng, so that the product can find problems in one day. The specific quality and safety responsible subjects and related information can be traced immediately, effectively urging enterprises and

Farmers are the starting point for brand operations, and their product level has a crucial impact on the brand value of the final product. The government and enterprises must pay sufficient attention to this. In addition, enterprises and sales enterprises should strive to strengthen long-term cooperation with farmers through signing Long-term purchase agreements, stipulate planting specifications, actively participate in farmers' selection of seeds, fertilizers, and pesticides, purchase production materials at designated chain institutions, and provide technical support to improve the quality of Changbai Mountain ginseng raw materials, and create high-quality Changbai Mountain ginseng based on this brand.

Governments at all levels should honor the incentive and subsidy policies for registering various trademarks and striving for well-known and geographical indication trademarks, so as to realize the transformation of enterprises from passively treating trademarks to actively requesting trademark registrations, and supporting leading companies with potential and only large-scale leading companies. Only enterprises have the funds, strength and motivation to develop new products and technologies, extend and broaden the industrial chain, and increase the added value of products.

Enterprises have more understanding of market demand than universities and scientific research institutions, but their technological innovation capabilities are as small as universities and scientific research institutions. In this way, industry-university-research cooperation can make up for each other's shortcomings. The needs of enterprises lead universities and scientific research institutions. The innovative power of scientific research institutions, and universities and scientific research institutions can provide strong technical support for enterprise innovation, form a win-win situation, provide technical support for enterprises to create their own brands, and promote the development of Changbai Mountain ginseng brand.

Since 2010, the development of the Changbai Mountain ginseng industry has been supported by special funds from the Jilin Provincial Government, but the support is still small and large. The Jilin Provincial Government can request special funds from the state to support the development of the Changbai Mountain ginseng brand, such as products Research and development, price protection of Changbai Mountain ginseng, and promotion of Changbai Mountain ginseng, etc.

As of 2015, there have been 8 Changbai Mountain ginseng franchise stores built, but the coverage is far too small. We should broaden our thinking in purchasing channels. We should only open Changbai Mountain ginseng direct stores nationwide and we should also develop franchise stores. , Quickly roll out the national sales network, expand the influence, and facilitate the purchase of consumers. In addition, in the era of rapid network development, we should also vigorously develop e-commerce, including sales on WeChat public platforms.

The prerequisite for the integrated communication of Changbai Mountain ginseng brand is that the government establishes a special department, and a team is specifically responsible for coordinating the formulation of the brand integrated marketing communication plan. First, the brand communication plan for the long-term development of the Changbai Mountain ginseng brand must be formulated from a strategic perspective to unify regional brand communication. Brand values, brand image and overall brand positioning. Then, determine the overall

Integrate marketing communication process planning, media selection and combination and other tactical management to accurately convey the brand culture and brand concept of Changbai Mountain ginseng to the Japanese standard consumer groups, thereby promoting the development of Changbai Mountain ginseng brand

China's consumption of ginseng and ginseng products has always been relatively conservative, and there have been misunderstandings about the efficacy of ginseng, such as excessive eating and getting angry. On this issue, efforts should be made to promote the concept of ginseng' medicine and food horology, and increase the use of ginseng food and health food. Develop and guide the public to correctly consume ginseng products. Authoritative academic magazines and newspapers should add articles on the health care effects of Changbai Mountain ginseng written by experts, and relevant departments can organize and sponsor popular TV series to promote Changbai Mountain ginseng.

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