



INSTITUTO
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A BUSINESS PLAN: TRADITIONAL CHINESE MEDICINE HEALTH CLUB

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Master in Business Administration

Supervisor:

Prof. Ma Shaozhuang, Department of Marketing, Strategy and Operations,
ISCTE Business School

November, 2021



BUSINESS
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Abstract

The main goal of this article is to develop a business plan to establish a traditional Chinese medicine (TCM) health club in the airport community of Urumqi. Due to the unhealthy lifestyle and diet of modern people, people's health problems increase rapidly. Their physical fitness is getting worse and worse, and many people suffer from chronic diseases or become sub-healthy. TCM has obvious curative effects on patients and sub-healthy people without any side effects. Considering that the Urumqi Airport community is a mature community, and there is no institution in this area that can provide TCM services, we decided to establish a TCM health club in the area and become the first institution to provide professional TCM services to residents in the area. There are a large number of young women in this area. In the early stage of operation of the health care club, we will focus on women as the main target group to open up the market.

In this business plan, the corporation strategy, marketing strategy and financial evaluation were described in detail. Through the comprehensive analysis and description of the AIXIN Health House project, the feasibility is confirmed.

Keywords:

Business plan, Traditional Chinese Medicine, Health-preservation Club, female, marketing

JEL: M13, L26

Resumo

O presente trabalho tem como objetivo principal desenvolver um plano de negócios para estabelecer um clube de saúde de MTC na comunidade aeroportuária de Urumqi. Devido ao estilo de vida e dieta pouco saudáveis das pessoas modernas, os problemas de saúde aumentam rapidamente. A condição física das pessoas está a piorar cada vez mais, e muitas pessoas sofrem de doenças crónicas ou tornam-se subsaúdicas. . A MTC tem efeitos curativos óbvios nos doentes e pessoas subsaúdicos sem quaisquer efeitos secundários. Considerando que a comunidade do Aeroporto Urumqi é relativamente madura, e que não existe nenhuma instituição nesta área que possa prestar serviços de MTC, decidimos estabelecer um centro de saúde de MTC na área e tornarmo-nos a primeira instituição a prestar serviços profissionais de MTC aos residentes na área. Existe um grande número de mulheres jovens nesta área. Na fase inicial de funcionamento do centro de saúde, vamos concentrar-nos nas mulheres como o principal grupo-alvo para abrir o mercado.

Neste plano de negócios, a estratégia de *marketing* e a avaliação financeira foram descritas em pormenor. Através da análise e descrição abrangente do projecto da *AIXIN Health House*, a viabilidade é confirmada.

Palavras-chave:

Plano de negócios, Medicina Tradicional Chinesa, Clube de Preservação da Saúde, feminino, marketing

JEL: M13, L26

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1. Executive Summary

AIXIN Health House is a traditional Chinese medicine health club located in the Urumqi Airport community. Our plan is to become the first team in this community to provide TCM services, gain market in this community, and provide customers with customized TCM physiotherapy services that are most suitable for them. And we provide health management services to manage customer health in a long-term and secure customers.

Through field visits and visits to the community office, we know that the community has a resident population of 7,832 and a floating population of 1,2016, of which 10.23% are older than 70 years old, 74.15% are 18-69 years old, and women who are 18-69. account for 63.16% (source: community office). Therefore, in the early stage of the health care center operation, we will conduct business plans with women as the primary target.

Before formulating the marketing strategy plan, we conducted internal and external analyses on the Chinese traditional medicine market and our competitors. We can identify several indirect competitors. They are public Chinese medicine hospitals, private Chinese medicine clinics, and beauty salons and foot spas that provide similar TCM services. Some of these institutions only focus on treating diseases, ignoring the service and customer experience; others prioritize customer experience and relieve fatigue but are unable to treat illness. We want to create an enjoyable environment for our customers, and provide customers with professional TCM physiotherapy services, not only to solve health problems, but also to improve the quality of life of customers, so that customers feel comfortable during the treatment sessions.

We define our company as a micro-enterprise with fewer than 9 employees. The main target customers are 18-60 years old, especially 18-38 years old middle-class people. Our potential customers care about their health and accept TCM.

2. Literature review

When formulating a new business plan, it is necessary to do a literature review in order to have a comprehensive understanding of the entire industry. In this business plan, to develop a TCM health club in China, it is necessary to learn more about healthcare marketing, understand customer behaviors, needs and values, and collect information about the development trend of the TCM market. The following literature review of these parts has played an essential background role in this project.

2.1 Relationship Marketing in Healthcare

Gronroos (2004) created a new paradigm called relationship marketing, emphasizing the importance of establishing, developing, and maintaining relationships with customers and other stakeholder groups (Harker, 1999).

In the past few years, there have been many marketing-related trends in the healthcare field, as shown below (Thomas, 2007):

1. From mass marketing methods to more targeted methods.
2. From image marketing to service marketing.
3. From one-size-fits-all to personalism and customization.
4. From the emphasis on medical care to the emphasis on long-term relationships.
5. From market "ignorance" to market intelligence.
6. From low technology to high technology.

Social networks are changing consumer experience in the health industry (Fox, 2011). This reveals future trends and consumers' desire to participate in continuous and timely communication according to their requirements (Koumpouros, 2015). We know that social media is ubiquitous and available at any time, thus it should be the healthcare provider and current trend.

Community organizations in the healthcare field are different from ordinary sales companies that only aim to sell products. Healthcare organizations should pay more attention to long-term relationships with customers and maintain customer engagement. Therefore, understanding the needs and perspectives of target customers is crucial, and then using appropriate social media can help organize marketing and build a successful brand.

2.2 Traditional Chinese medicine market

Traditional Chinese medicine originates from a series of ancient medical practices, and it is different from modern medicine in content, methods, and philosophy. It helps people in Asia to stay healthy for a long time. It is one of the most important Chinese cultures, so Chinese people are familiar with Chinese medicine and know that traditional Chinese medicine includes Chinese herbal medicine and physiotherapy services, such as moxibustion, cupping, acupuncture and Tuina (Chinese massage).

Although the mechanism of traditional Chinese medicine is not as clear as that of western medicine, studies have shown that millions of patients in China receive traditional Chinese medicine or related practices due to its safe and effective use. More than 60% of the population in Hong Kong and Mainland China consult traditional medicine methods at least once a year (Cheung, 2011).

Due to an aging population and growing health problems, we have discovered opportunities in the Chinese traditional medicine market. External analyses show that political and environmental factors have significantly promoted the development of traditional Chinese medicine. Chinadaily (2017) reported that China's traditional Chinese medicine industry has grown by 20% in the past year.

Due to the effectiveness of Chinese medicine, many investors and venture capitalists of Western pharmaceutical companies begin to form a good understanding of the health

prevention and treatment industry. The World Health Organization (WHO) estimates that by 2050, the global herbal product market will be worth 5 trillion U.S. dollars (Xiao, 2004).

2.3 Female consumers

2.3.1 Personality and consumption habits

Gilligan found that it is easier to establish relationships with women than with men, and women prefer to show higher levels of trust and loyalty (Gilligan, 1982). Sun and Zhang (2016) also pointed out that when women face new activities, they are more likely to have greater anxiety and incline to the affiliation and harmonious relationship with companies and cooperation partners.

Women don't like risk and respond much better to long-term loyalty than men. Research by Archer and Eagly shows that women are less willing to take risks than men. Because changing suppliers and trying new things is riskier perceived by women, which means they prefer to look for strong relationships that they have established before. For women, following a satisfying shopping experience they had in the past is a good way to protect their own interests, avoid potential risks, and gain trust. Women have more membership cards than men, and at the same time, they use more membership card rewards than men (Radojka, 2017).

2.3.2 Decision making

Price is a key factor affecting women's decision-making. Valentine and Powers found that female college students pay more attention to price than male college students, and prefer to use price, shipping costs, and product categories to research and compare products. This means that price is a key factor affecting women's shopping behavior. If a company adds a third, more expensive alternative, the mid-price item will help the company make more profits (Kivetz, 2004).

Hellmut and Ciarlante (1998) pointed out that the role of the family may influence the decision-making of female clients. This means that if a member of the family express desire for a product, it will very likely influence the woman's decision-making and increase her willingness to buy it.

2.4 Environmental and Industrial Analysis

2.4.1 Political and Legal Factors

Traditional medicine originates from a series of ancient medical practices. It differs from modern medicine in terms of material, method and philosophy, and has helped Asian people stay healthy for a long time. It is one of the most important cultures in China, so Chinese people are familiar with TCM, knowing that it is not only medicine but also a wide range of goods and services, such as moxibustion, cupping, acupuncture, qigong and massage. On October 1, 2018, the World Health Organization included TCM in its global influential medical program for the first time (International-People's Daily Online, 2018-10-01).

Chinese consumers generally perceive TCM as more effective for disease and chronic illness prevention, and they view Western medicine as being more effective for acute and serious illnesses (Chinadaily, 2014-07-22) .

Since the 18th National Congress of the Communist Party of China, the Party Central Committee with Comrade Xi Jinping at the core has placed traditional Chinese medicine work in a prominent position, and the reform and development of traditional Chinese medicine have achieved remarkable results. During the COVID-19 pandemic, traditional Chinese medicine has made important contributions to the prevention, control and treatment of the COVID-19. However, it should also be noted that there are still some problems in traditional Chinese medicine, such as insufficient high-quality supply, insufficient talents, imperfect innovation

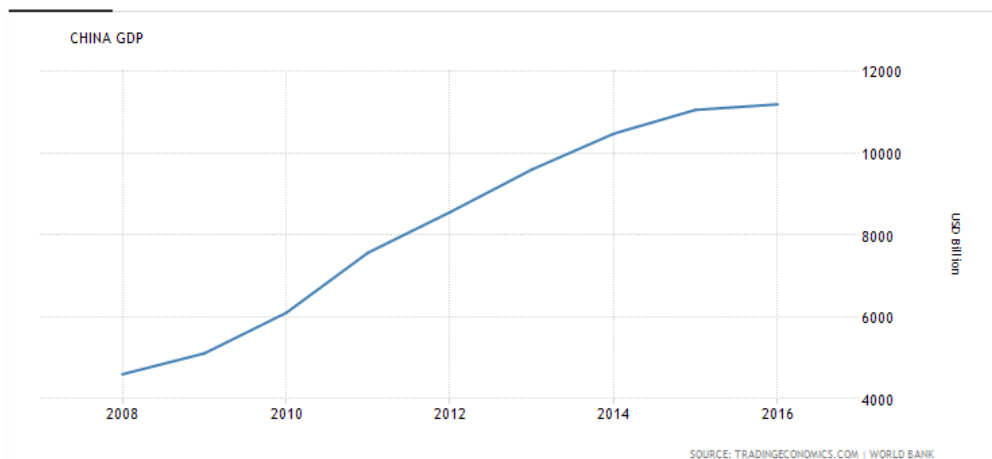
system, and inconspicuous development characteristics. We must adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, fully implement the spirit of the 19th National Congress of the Communist Party of China and the 2nd, 3rd, 4th and 5th Plenary Sessions of the 19th Opinions on Innovative Development and the deployment of the National Congress of Traditional Chinese Medicine, follow the law of development of traditional Chinese medicine, carefully summarize the experience and practices of traditional Chinese medicine in the prevention and treatment of COVID-19, solve existing problems, make better use of the characteristics and comparative advantages of traditional Chinese medicine, and promote exchanges between traditional Chinese medicine and Western medicine to achieve reciprocal and coordinated development (Document No. 3 [2021] issued by the State Council).

Xi Jinping said that in the past, the Chinese nation has relied on traditional Chinese medicine to treat illnesses and save people's lives for thousands of years. Especially after fighting against the COVID-19, SARS and other major infectious diseases, we have developed a deeper understanding of the role of traditional Chinese medicine. We must develop Traditional Chinese Medicine, focus on interpreting the principles of traditional Chinese medicine with modern science, and take the method of integrating Chinese and Western medicine (Xinhuanet, 2021).

2.4.2 Economic factors

The Chinese economy has been growing rapidly in the past ten years. Until 2015, China had become one of the fastest-growing major economies in the world, with an average growth rate of 10% over the past 30 years. In 2017, China's gross domestic product (GDP) was 12263.43 billion U.S. dollars, with an annual growth rate of 7.73%. China's GDP accounts for 18.06% of the world economy (World Bank, 2018). The overall economic environment is positive, because ordinary people can afford more products and add more services.

Chart 2.1 CHINA GDP



Source: Tradingeconomics.com | World Bank 2018

2.4.3 Social and Cultural Factors

Traditional Chinese medicine is a unique health resource in China and one of the most representative traditional medicines in the world. People prefer Chinese medicine because:

1. The effect of western medicine is temporary.
2. It is believed that although antibiotics can kill bacteria, they also have side effects. It is harmful to human body. The goal of traditional Chinese medicine is not to kill bacteria, but to strengthen the human immune system to overcome diseases.
3. It is believed that western medicine can relieve symptoms, but fundamentally it cannot solve the problem.

However, some people have an "old-fashioned" concept of traditional Chinese medicine. Many consumers think that Chinese medicine is a non-scientific practice. Because of their stronger trust in "scientific" methods, they often make western medicine their first choice. However, when western medicine fails to work, many of them also take traditional Chinese medicine treatment or incorporate TCM as a supplementary treatment method.

3. Company Information

It is noted that the airport community in Urumqi is a mature and populous community, but

there is no organization that provides TCM services in this area, and it is 20 kilometers away from the city's best TCM hospital. The idea of AIXIN Health house came into being. It is a small private enterprise that aims to become the most professional TCM health club in the area, providing residents with TCM services, solving health problems and improving the quality of life. AI (艾) means moxa or moxibustion, XIN (馨) means warm and sweet in Chinese, and the pronunciation of ANXIN means love, which also embodies the service attitude we seek. At the same time, we will register our trademark to prepare for future expansion and opening of chain stores.



Figure 3.1 AIXIN Health House trademark



Figure 3.2 Location of Urumqi

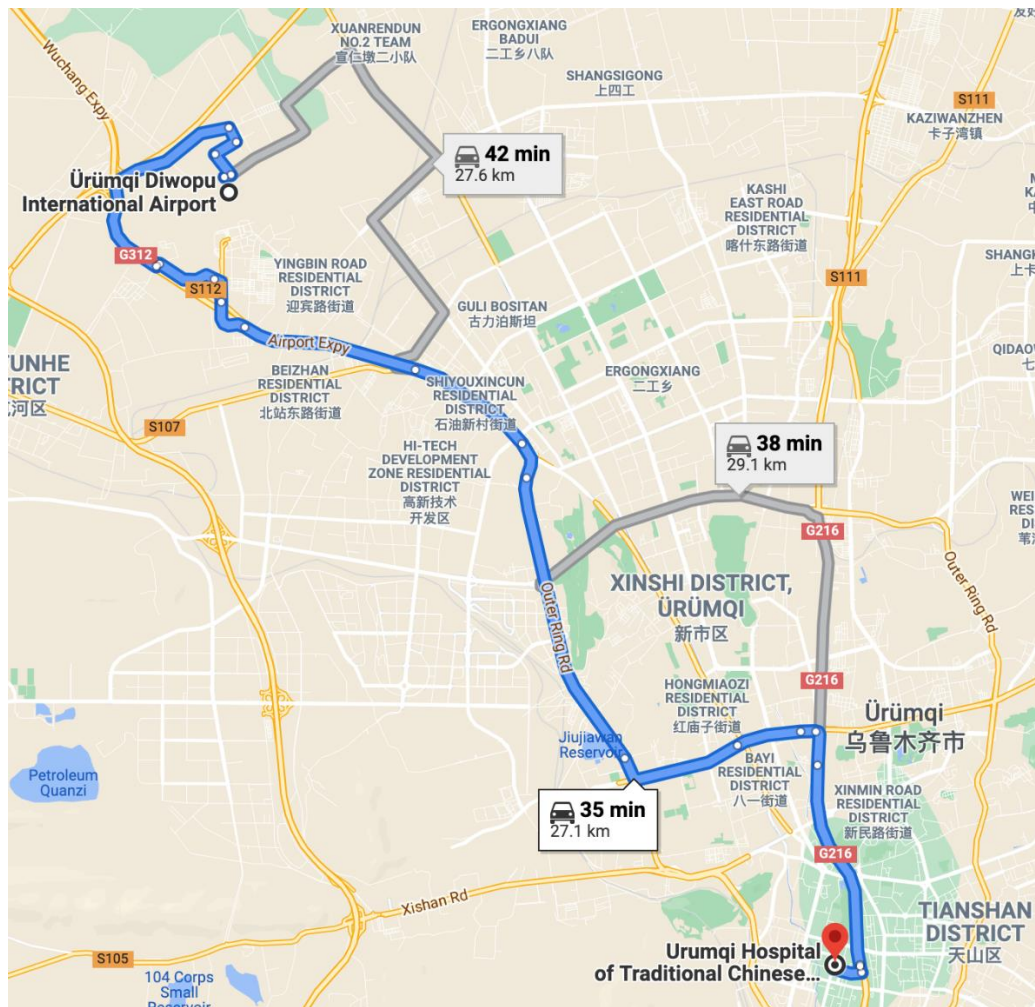


Figure 3.3 Distance from airport community to TCM hospital

source: Google Maps

3.1 Development strategy

We provide TCM physiotherapy programs in our health care club, including tuina (Chinese massage), moxibustion, and Gua Sha (a popular treatment by scraping the patient's skin). With the doctor's diagnosis, we provide personalized physiotherapy plans suitable for each patient's health condition. Our service is not a product, but a complete set of physiotherapy service procedures, with the primary service goal of giving customers the best experience. Our vision is to create a healthier lifestyle and a brighter future for our customers. After each physical therapy, we will generate a health profile for the customer and upload it to the cloud system

(WeChat mini program). Customers can make real-time online appointments, view health profiles, and access health information through our mini program. In addition, in the early stage of our start-up, we will also set the price of moxibustion below the market average to win customers and gain market share.

Because we have a professional team and a complete customer service system, we can also cooperate with companies to undertake health education duties for their employees, including healthy schedule, healthy diet, healthy exercise and other health information, and create health profiles to facilitate employees keep updated of their health status. At the same time, employees of our co-op companies can get a 20% discount for their physical therapies in AIXIN Health House, drawing more customers to the health house.

Corporate employee health management is an extension of the established services. Our team has a wealth of knowledge and experience in health and wellness. The purposes of developing this module are to create more profitable ways to give full play to the value of the team, and to align with the current policy in the post-epidemic era.

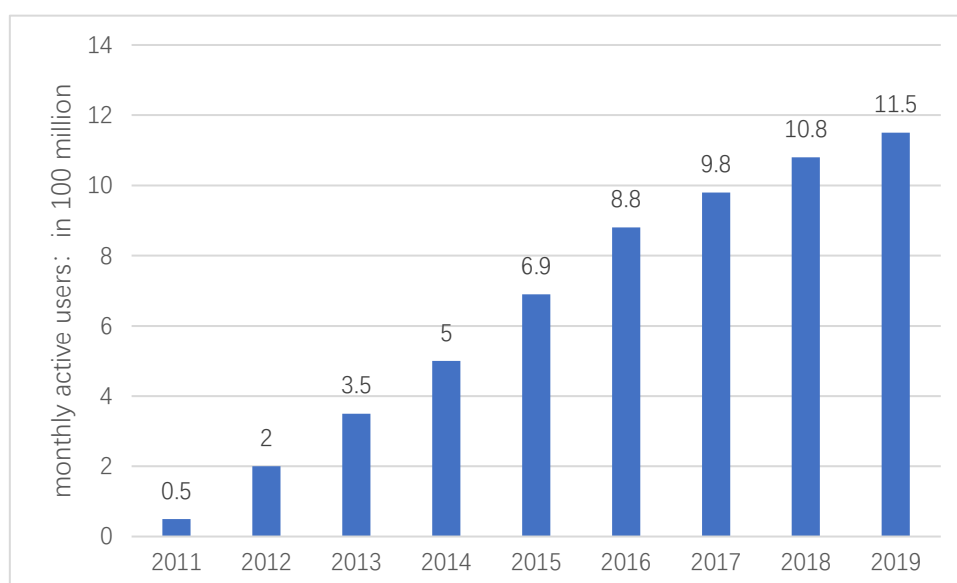
The “Notice on Promoting the Construction of Healthy Enterprises” issued in 2019 (Public Health Promotion Office, [2019] No. 3) and the “Regulations for the Construction of Healthy Enterprises (Trial)” specifically pointed out that enterprises are encouraged to provide health management and services, and to establish infirmaries, emergency rescue stations, first aid kits and other equipment, and to establish a health management service system for all employees of the enterprise. As one of the important components of the “healthy cells”, the enterprise has become an extremely critical part of the construction of “Healthy China”. At the same time, with the rapid development of Chinese industry and economy, new technologies, new materials, and new positions continue to emerge. Correspondingly, new environment, new pressures, and new challenges faced by corporate employees also have gradually emerged. Corporate welfare benefit policy has gradually become one of the most important criteria for employees to choose

their careers, and has become an important venue for companies to recruit talents in the future. As epidemic prevention and control have become normalized, along with the growing health awareness and health needs among common people, companies are prompted to pay more attention to the needs of employees in health management and health precautions and begins to actively seek interventions from professional institutions.

The establishment of a specialized health management department for an enterprise not only requires time, labor, financial resources, and space costs, but also requires rigorous exploration with health management methods. Our team not only has professional knowledge and operational spaces, but also has a complete health management system. For our team, cooperating with companies can bring additional benefits and, at the same time, bring potential customers for our in-store services. Therefore, expanding the modes of corporate cooperation and undertaking enterprise employees' health management are also our major development goals for the future.

We will ask a software design company to design a Customer Health Management System which operates on WeChat as a mini program. We name our management system Aixin Health. Compared to operating an application on Android or iOS systems, the cost of a WeChat mini program is lower, with the Aixin Health design fee estimated around 8,000 yuan. In addition, as a social media, WeChat enjoys the biggest popularity in China. By 2019, WeChat active users have exceeded 1.1 billion by month, with 1.4 billion users across the country. Wechat is an application that has the largest number of users in China (<https://www.chyxx.com/>, 2019). Operating a mini program on WeChat makes it more convenient for customers to use.

Chart 3.1 Analysis of monthly active users of WeChat from 2011 to 2019



Source:<https://www.chyxx.com/industry/202009/896022.html>

3.2 Value Proposition

AIXIN Health house mainly provides in-store customer physiotherapy services and corporate employee health management services.

For in-store visits, our advantages include reduced traveling distance, less travel time, less waiting time, a professional TCM physiotherapy team, a good physiotherapy environment, customized physiotherapy services, and all-rounded health management.

For companies, companies can save time, human resources, capital and space costs. Our management can ensure the health of employees. The health of enterprise employees plays a substantive role in saving the financial and management costs of both the enterprise and employees, while improving employee work efficiency and satisfaction.

4. Services

Our service is mainly divided into two parts. The first part is in-store service, where doctors examine the customer's physical condition and offer tailored treatments and services. Services

mainly include moxibustion, Tuina, Gua Sha, and traditional Chinese medicine (or Chinese herbal medicine). The second part is health management for corporate employees. We will cooperate with other companies to provide medical services for their employees, including various lectures on health and regular health management. Our Customer Health Management System will play a crucial role in both parts of our service.

4.1 In-store Service

Our methods utilize the most advanced techniques of traditional Chinese medicine practice, including moxibustion, massage, and Gua Sha. With the doctor's diagnosis, we will choose the best treatment method, depending on each case, even a combination of methods to serve the customers. In addition, we will guide our practice with a tailored treatment plan. We will supplement the treatment with Chinese traditional medicine according to each customer's unique needs and physical conditions, with the treatment starting with the skin to organs. The followings are the service introduction and pricing:

Moxibustion uses moxa sticks made from moxa leaves. The heat generated from the moxa sticks stimulates acupuncture points or specific parts of the human body, and mediates the physiological and biochemical functions of the body's disorders by stimulating the activity of meridians, thereby achieving the purposes of preventing and curing diseases. The mechanism of moxibustion is similar to that of acupuncture, and it has therapeutic effects that are complementary to acupuncture. It has many advantages, such as simple operation, low cost, and soon-visible improvement on patients.

Tuina is a non-medicinal physical therapy. It usually means that doctors use their hands to massage the patient's skin, specific acupoints, and areas that experience discomfort, pain and/or injuries, using different massage techniques and putting different levels of strengths to mediate meridians, promote Qi and blood, relieve pain, heal injuries, strengthen the body, balance Yin and Yang, and extend longevity. We mainly use Lei's Tuina and acupuncture technique.

Gua Sha is guided by the meridian and acupoint theory of traditional Chinese medicine. It requires a special scraping device and corresponding techniques. To perform Gua Sha, a practitioner uses the Gua Sha device and dips it in a particular medical lotion and repeatedly scrape and rub on the body surface until red or dark red bleeding spots appear on the skin to achieve the goal of promoting blood circulation and dispelling petechiae. We mainly use Lei's Gua Sha techniques. In the early stage, generally, we will use moxa essential oil as the lotion, whilst in the later stage, we will select essential oils containing different Chinese herbal ingredients to meet different needs of customers.

Traditional Chinese medicines are mainly derived from natural medicines and their processed products, including botanicals, animal medicines, mineral medicines and some chemical and biological medicines (Editor-in-Chief Gao Xuemin, "Chinese Materia Medica", China Traditional Chinese Medicine Press, 2007). Under the guidance of traditional Chinese medicine theory, these medicines are used to prevent, treat, and diagnose diseases, and have the functions of rehabilitation and health care. We provide Chinese herbal medicine prescriptions according to doctors' diagnoses. Customers with prescriptions can purchase Chinese herbal medicines in pharmacies.

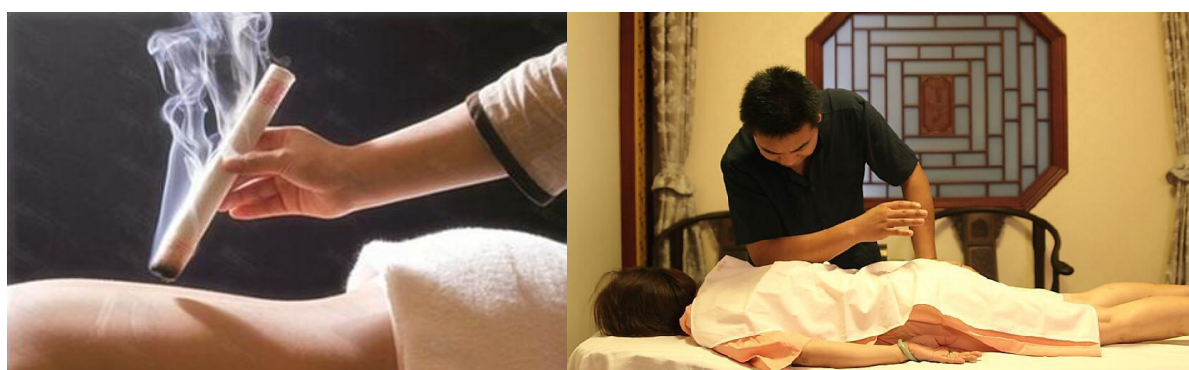


Figure 4.1 Moxibustion and Tuina



Figure 4.2 Gua Sha and Traditional Chinese medicines

The following is our price list. For Gua Sha and Chinese massage, we divide the operators into 3 levels, namely experts, senior therapists and therapists. Different levels charge different prices. Different levels and prices can meet the needs of different customer groups. People with higher purchasing power or those who need treatment for illness can choose the expert level service. People with moderate purchasing power and those who only seek basic health care can choose senior therapist or therapist level service. The categorization of practitioners into different levels affirms the practitioner's own knowledge repertoire and practicing experience, also reflects his/her value. Because moxibustion operation is simple to learn and operate, and it does not require practitioners to have rich experience, we only include one level for the moxibustion service.

After each service, we will upload the treatment plan and the customer's physical status to the Customer Health Management System to create a health file.

Table 4.1 Gua Sha

Unit:	Expert		Senior Therapist		Therapist	
	once	12-time session	once	12-time session	once	12-time session
Entire body	598/120min	5980	298/120min	2980	198/120min	1980

Body part(s)	238/40min	2380	118/40min	1180	78/40min	780
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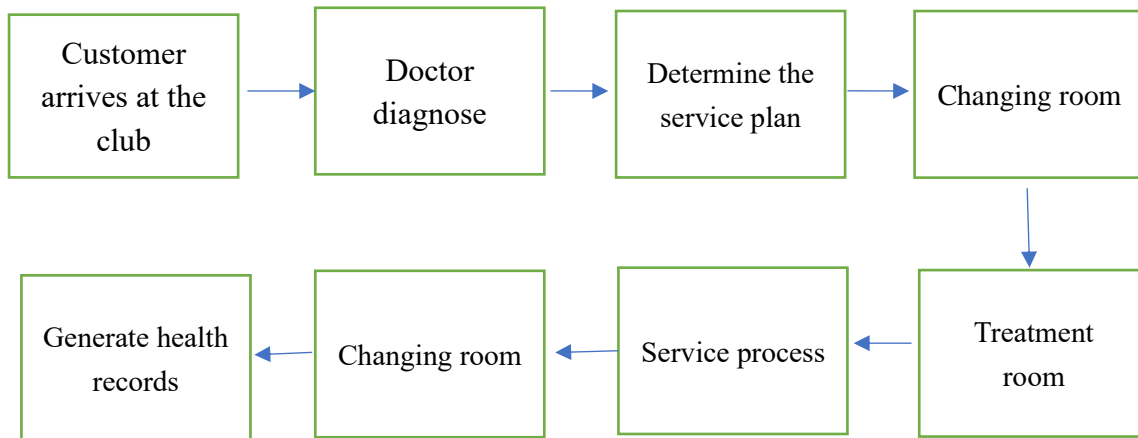
Table 4.2 Chinese Massage

Unit: Yuan	Expert		Senior Therapist		Therapist	
	once	12-time session	once	12-time session	once	12-time session
Entire body	558/120min	5580	248/120min	2480	168/120min	1680
Body part(s)	228/40min	2280	98/40min	980	68/40min	680

Table 4.3 Moxibustion

Unit: Yuan	once	12-time session
Spot treatment	98/40min	980
On belly button	168/50min	1680
On governor vessel	268/90min	2680

Figure 4.3 In-store Service Process



4.2 Corporate Employee Health Management

Regarding this part of the work, first of all, we will create a health profile for each employee of the company. In the early stage, we will hold lectures on health and wellness, and in the later stage, we will track each individual's health status and provide individual guidance. Based on the four cornerstones of human health proposed by the World Health Organization: “rational diet, moderate exercise, smoking cessation and alcohol restriction, and psychological balance” (the 1992 World Health Assembly “Victoria Declaration”), we launched a management model of “exercise, diet, lifestyle”.

We use the Customer Management System to generate personal health profiles based on physical exams and traditional Chinese medicine doctors' diagnoses. In the initial stage of health management, we will promote health and wellness knowledge through lectures with supplementary courses covering daily nutrition, scientific exercise and healthy lifestyle. We will conduct regular health checks on company employees on a monthly basis. For employees with health problems, evaluation will be formed through three aspects—exercise, diet, and lifestyle. Improvement plans will be given, including changes to abnormal exercise, diet or lifestyle, with TCM physical therapy intervention or medication intervention.

Through the combination of health education and individual guidance, the combination of behavioral modification and psychological counseling, and the combination of quantitative management and tracking services, we position our service as an alternative for the existing

medical care that focuses on medication over non-medication treatment, technology over service, symptoms over patients. We aim to enable customers to enjoy all-rounded health management services, so as to achieve the purposes of early detection, timely intervention, symptom control, and health improvement.

We plan to charge 399 yuan per person per year; the followings are our services:

Number	Service	Content
1	Health profile	with customer authorization, an electronic health profile is established, and the customer can view his/her profile at any time on a mobile device.
2	Health evaluation	Evaluate health risks based on customer health records, questionnaire surveys, and on-site TCM pulse diagnoses. We will update the health profiles every month.
3	Health information	Disseminate professional health information to customers through multiple media, multiple perspectives, providing lectures by experts, health videos, health information, and health encyclopedias.
4	Health counseling	Certified doctors answer health questions in a timely manner. Such consultations take forms of message, call, video and more. We also provide online consultations for minor illnesses and pains, with the goal of becoming the customer's "family doctor".
5	Health lecture	We care about the physical and mental health of our customers. To enhance health awareness and improve fitness among our customers, we hire well-known medical experts, public health experts, nutrition experts and other health experts to deliver lectures on a regular basis.

6	TCM treatment	Professional TCM physiotherapists use massage, scraping, moxibustion and other physiotherapy methods to achieve relaxation and healing effects.
7	In-store discount	Employees of corporations that work with us enjoy a 20% discount whenever they visit our store for TCM physiotherapy services.

4.3 Customer health management system

Aixin Health will include three separate login pathways—customer login, practitioner login and management staff login.

4.3.1 Customer Login

After the login, this page will show the customer health profile, health information, health consultation, and therapy appointment options.

The health profile will display the history of physical therapy services or health assessment records in chronological order. At the same time, it will record health updates, including the comparison of before and after physical therapy, and various health indicators such as height, weight, body fat, blood pressure, blood sugar, blood lipids, and blood oxygen.

The Health Information module contains carefully selected health consultation videos or articles by experts, which will recommend contents, such as diet, exercise, common diseases, and more, according to seasons and climate changes.

Health consultation includes three methods: online consultation, telephone consultation and video consultation. Customers can seek suggestions and help from our experts through any of these three methods.

The Therapy Appointment system allows customers to make an in-store TCM therapy appointment. This page will show the therapists' schedule, displaying both available and booked time slots. Customers can make an appointment online and choose their preferred physical therapist and time slot in advance, to reduce the waiting time.

4.3.2 Therapist Login

When the physiotherapist logs in, they will see two items: the customer health profiles and the physiotherapy appointment schedule.

Customer health profiles: Physiotherapists can view the health profiles of the customers they are responsible for, or create new profiles, which will facilitate the physiotherapists to view and record the customer's health information.

Physiotherapy appointment schedule: The physiotherapist can view the appointment status and personnel information through the schedule, meanwhile, the physiotherapist can also edit his own schedule to help customers make appointments.

4.3.3 Management Staff Login

The management staff login includes health profiles, health information, health consultation, physiotherapy appointment schedule, and performance statistics.

Health profiles: staffs can view, create or edit health profiles.

Health information: The content or links in the health information module is uploaded and updated by an administrator.

Health consultation: The administrator receives inquiries from customers and responds.

Physiotherapy appointment schedule: Check the appointment status of each physiotherapist and the information of the customer who made the appointment.

Performance statistics: monthly statistics of the physical therapist's work performance based on the Physiotherapy Appointment Schedule of each physical therapist, including the types of service and the number of services. The administrator will calculate the monthly salary of the physical therapist. This module can enable our staffs to manage customer data systematically,

reduce the time cost of management, and reduce the workload of data verification for administrators.

5. Market Analysis

5.1 Target Markets and Market Segmentation

In order to develop a unique strategy that can meet customer needs, it is necessary to have a clear understanding of the company's target customers. In our market analysis, we used geographic, demographic, and psychographic market segmentations.

Geography: We abandoned the urban center area with a larger population base and flow of people, and chose the remote airport community. Although the community is remote, it has a population of nearly 20,000, which is a huge market for us, and we are the first TCM health center in this area, which secures our status as the only TCM provider.

Demographic: Age, gender, financial capacity.

Psychographic: consumption pattern; attitude and values; health situation

Through field visits and visits to the community office, we learned that the registered population of the area is 7,832, and the floating population is 1,2016. Among them, 10.23% are older than 70 years old, 74.15% are 18-69 years old, and women who are 18-69 years old account for 63.16%. In fact, our service is for all people who believe in TCM and seek TCM treatment. Noting that there are more women in this area, and women care more about health and beauty, we made female customers as our primary target. Take flight attendants as an example: they are 18-35 years old women who have a monthly income of over 6000 yuan, and because of long-term flying and irregular work and rest schedule, most of them are in a sub-healthy state.

Finally, our target customers should meet the following characteristics:

18-60 years old, especially those aged 18-38;

Monthly income is 3000-6000 yuan;

Physically unwell or in sub-health;

Care about health and believe in TCM;

Table 5.1 Proportion of Wage Distribution in Urumqi City (in yuan)

2K-3K	17.7%
3K-4.5K	21.4%
4.5K-6K	19.6%
6K-8K	15.0%
8K-10K	10.1%
10K-15K	7.8%
15K-20K	2.0%
20K-30K	4.3%

source: <http://salarycalculator.sinaapp.com/report/>

5.2 Market trends

The growing demand for natural alternative medicines has promoted the development of the traditional Chinese medicine market. According to the market research (2014) of the National Bureau of Statistics of China, the total Chinese medicine market in 2012 exceeded 68 billion euros, accounting for 31.24% of the entire pharmaceutical industry. China Daily (2017) reported that, according to data from the State Administration of Traditional Chinese Medicine (SATCM), China's traditional Chinese medicine industry has grown by 20% in the past year. The "Healthy China 2030" plan of the Central Committee of the Communist Party of China and the State Council (2016) predicts that the market value of Chinese medicine may reach 5 trillion yuan by 2030.

In recent years, with the support of national and local policies, the number of TCM hospitals has increased. According to China Health Statistics Yearbook 2019, the number of TCM

hospitals in China overall has shown a growing trend from 2007 to 2018. In 2018, the number of TCM hospitals in China reached 3977, with an increase of 282 new hospitals compared to 2017(<https://www.chyxx.com/industry/201912/821392.html>).

6. Competition Analysis

The TCM Health Club will not have any direct competitors, because there is no institution in this community that provides TCM services, and we are the only service provider in this community. However, we can identify several indirect competitors throughout the city. They are public TCM hospitals, private TCM clinics and beauty salons, and the foot spa industry. Although they are different from TCM health clubs, they sell similar products or provide similar TCM services.

6.1 Public Traditional Chinese Medicine Hospital

Public Traditional Chinese Medicine Hospitals are key to the revitalization and development of traditional Chinese medicine. They are an important part of public hospitals. They undertake enormous TCM medical tasks. They are an important source for people to seek medical treatment and play an important role in safeguarding public health. The State Council clearly requires a rational allocation of TCM medical resources in regional health planning. In principle, one city-run TCM hospital should be set up in each prefecture-level region, and one county-run TCM hospital should be set up in each county-level region (National TCM management Bureau, 2017.7.12).

These hospitals have complete medical and functional departments and advanced equipment, enabling them to provide 24-hour inpatient treatment. Take the Xinjiang Uygur Autonomous Region Traditional Chinese Medicine Hospital as an example. The hospital was established on July 1, 1959. It has a complete set of departments, strong technical foundation, prominent TCM characteristics, and advanced equipment. It integrates medical treatment, teaching, scientific research, preventive health care and rehabilitation, as a first-class TCM hospital. The hospital

has 1,800 beds. There are 94 clinical/ medical/ technical departments, and the hospital has 3,686 employees, including 226 with senior titles, 263 with deputy senior titles, and 983 with intermediate titles.

As the largest and most professional TCM hospital in the city, Xinjiang Uygur Autonomous Region Traditional Chinese Medicine Hospital is the first choice for most people seeking TCM physiotherapy, and thus, our biggest competitor. However, the hospital is 20 kilometers away from the airport community, and because that there are usually a large number of people visit every day, the waiting period is often quite long. Targeting at people in the airport community, we have the geographical advantage, significantly reducing the traveling and waiting time for the customers. In addition, prioritizing customer experience is our primary goal. We thrive to create an excellent physiotherapy environment. Except for the patients who need to be hospitalized, we will be the best choice for TCM care for people in the airport community.

6.2 Private Traditional Chinese Medicine Clinic

Private Chinese medicine clinic is a small clinic that focuses on providing TCM treatment services, with low construction cost and low service cost. According to the basic standards for medical institutions, we know the detailed standards for opening a TCM clinic, which requires at least one doctor with over 5 years of experience, one nurse and 150,000 yuan. In addition, the usable area should be no less than 40 square meters, with an addition of 10 square meters for each person recruited after the minimum worker requirement. In recent years, because of political and legal factors, the government has encouraged TCM practitioners to open TCM clinics, resulting the number of clinics continue to increase. By 2017, there were 35,289 TCM clinics in China.

Private TCM clinics also conduct physical therapies based on the physical condition of the customer. Because the operation and management costs are low, the service pricing is low too, which makes them our competitors as well. However, most clinics have comparatively fewer

staffs, which thus causes long waiting period. The principal goal of such clinics is to relieve pain, and often customers have poor experience in the physical therapy processes. In addition, such clinics often have a very limited space, and the beds are densely put in only one room. The privacy of customers during physical therapy sessions cannot be fully guaranteed.

6.3 Beauty Salon or Foot Spa

Beauty salons or foot spas provide health care treatments like massage and Gua Sha. The purposes of their service are mainly to relax the muscles and relieve the fatigue. This type of institutions take customer experience as their primary service goal, creating an excellent service environment, and thus resulting in high service fees. Services provided by such institutions are fixed, with the same set of techniques and the same length of service for each customer. However, we perform physical therapies based on the unique physical condition of each customer. Therefore, we are better in terms of health care results.

7. Marketing Plan

In the first year of putting AIXIN Health House in operation, marketing will be the key to developing brand influence and expanding customer base.

In the early stage of opening, we will furnish the store to create an excellent environment, which would directly attract customers' attention. Our motto of "Enjoy health and enjoy a bright life" will also help to build an emotional connection between customers and our health house. Comfortable environment and customer experience-oriented service reassure customers that they will get a perfect TCM service experience in AIXIN Health House, which will in turn affirm our values and help us become a part of customers' health life.

At the same time, we will design and build the Customer Health Management System. This will be an important part of our service. It will be the crystallization of our response to the internet era. It will also use the internet to provide customers with faster and more convenient service

experience, so that we can establish long-term connections with our customers, building customer loyalty. On holidays and customer birthdays, customers will receive our greeting emails. When the weather changes, customers will also receive our tips and advice on coping with the weather change. Although it may seem irrelevant with physical therapy services, it's also our strategy to reach customers.

On the eve of opening, we will start our online marketing plan. Xinlang Weibo will be used to promote our service values, service environment, service introduction and TCM knowledge and other information. It will also be used to post positive reports and reviews. Every time we have a promotion, we'll also post it on the blog.

At the same time, we will use the Meituan platform, and the fee for registering on the platform is 4,000 yuan. Meituan is China's largest online shopping platform, which includes catering, entertainment, accommodation, tourism and other industries. People can search for any kinds of product or service in their nearby area, then get detailed information. Meituan also supports online booking and payment. So, we will use Meituan to make it easy for people to find us.

We will also invite Internet celebrities to our store for a free therapy session, and ask the session to be filmed and made into short videos for online promotion with respect to privacy laws.

After we officially start operation, we will also conduct offline marketing as well. First, we'll prepare for the opening ceremony, inviting community leaders, influencers and resident representatives to visit our store. We will show the store's environment and explain our store's motto and give out souvenirs. At the same time, journalists are also invited and are encouraged to write reports on our store. This activity is expected to cost 2,000 yuan.

Every month, we will hold health seminars and other public welfare activities to enhance our influence. We will also make brochures with promotions and healthcare information and

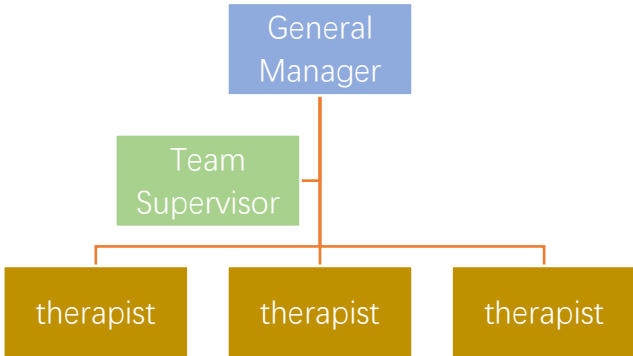
distribute them monthly. It is estimated to cost 500 yuan per month.

Our Corporate Employee Health Management Service is also a new sector we have developed to expand our customer base.

8. Management Team

Regarding the management team, we intend to adopt a top-down organizational structure. In the initial stage, our team needs 5 to 6 people. Among them, one is General Manager, one is Team Supervisor, and 3 to 4 therapists. The structural relationship is shown in the figure below.

Figure 8.1 organizational structure



I will assume the position of the general manager. From 2018 to 2021, I participated in internships and worked in two TCM health centers. During my internship, I learned the basic knowledge of TCM and the practical operation of various service projects, and participated in the marketing of the health centers. At the same time, I am working on my master's degree in management at the ISCTE Business School.



Figure 8.2 Author worked as a TCM therapist

The Team Supervisor is also our in-store expert, responsible for technical training and visiting customers. Dr. Lei Zhixiao will assume the position of Team Supervisor. Dr. Lei graduated from Shanxi College of Traditional Chinese Medicine and worked in the Medical Department of Cardiovascular Disease at the Second People's Hospital of Shaanxi Province, and then worked in the Department of Traditional Chinese Medicine for many years. Dr. Lei also studied TCM classics with Professor Hao Wanshan and Ni Haixia, well-renowned Taiwanese TCM doctors. At the same time, he opened Lei Shi massage training center to teach physiotherapists Lei's tuina, guasha and acupuncture techniques.

In addition, we will also recruit 3 to 4 experienced physical therapists who have a good grasp of the basics of traditional Chinese medicine, and provide 2 months of pre-job training for new employees.

Everyone has different responsibilities:

General Manager: Manage in-store operations; establish rules; make marketing plans; host

morning and evening meetings every day; reception; keep financial records; analyze employee performance.

Team leader: diagnose and give suitable treatment plans; supervise service quality; responsible for pre-job training; responsible for the Customer Health Management System information updates; answer health questions.

Physiotherapists: Responsible for appointments, customer reception; TCM services; keep a cleaning schedule.

9. Critical Risks and Assumptions

As a for-profit company, the biggest risks for us are the failure to win the market and the loss of potential customers and existing customers. For potential customers, I believe that our marketing plan can effectively expand our customer base.

If there is a loss of existing customers, the most direct reason will be that our services have not met customer expectations. In order to prevent this from happening, we start with ensuring the quality of our services. First of all, we will conduct training and assessment every month to ensure the quality of service. Second, we will stimulate the work enthusiasm among physical therapists. We have differentiated service fees, and senior physical therapists will receive higher salaries. If a physiotherapist wants to be promoted to the senior physical therapist post, he/she will need outstanding sales performance and positive service reviews.

As a health care center, the biggest risk is the loss of working staffs. The main reason for the loss of employees is dissatisfaction with wages or working environment. We are very confident that we can provide a pleasant working environment. In order to keep excellent physical therapists and prevent them from quitting, we will focus on the salary.

The average monthly salary in Urumqi is 5194 yuan

(<http://salarycalculator.sinaapp.com/report/>). In our club, the General Manager and Team Supervisor get a fixed salary of 6,500 yuan per month. The salary model for physical therapists is base salary plus commission, using the formula of salary = base salary 2,000 yuan + service fee (number of services * 20 yuan) + performance * 10%. The salary of staff who has worked for one year or more will be multiplied by 1.1, and for a staff who has worked for more than 2 years, it will be multiplied by 1.2. The base salary of a senior physiotherapist is 3,000 yuan. This means that more services and sales will lead to higher wages, and the income increases by 10% after working 1 year and 20% for over 2 years.

10. Requirements for implementation

Our health house needs to do some preparatory work before opening. The first and most important thing is to choose a suitable place. We chose a street-facing store on a commercial street, and it is located on the first floor, so that our store can be barrier-free and convenient for customers with disabilities to access. The lot size is 160 m², which meets our need for different functional spaces, including halls, tea drinking areas, treatment rooms, dressing rooms, toilets, offices, operating rooms, etc. Of course, because of the excellent location, our rent is relatively high, at 600 yuan/m²/year, and 96,000 yuan a year in total. After renting the site, we need to furnish the store. Good furnishing can bring a better experience to customers and make it easier to relax. Since we are a traditional Chinese medicine health center, the furnishing will use a combination of traditional and modern Chinese styles. The estimated cost is 150,000 yuan, and the furnishing will take 2 months. At the same time, we will outsource the Customer Health Management System to a software design company. The estimated cost is 8,000 yuan and it will take 2 months. 2000 yuan will be used for trademark registration. Once we register a trademark, it will become our intangible asset, and its value will increase with our development. After the furnishing is completed, we will purchase furniture, equipment, and other necessities. The following table shows the equipment quantity and price list.

Table 10.1 Price of Equipment List

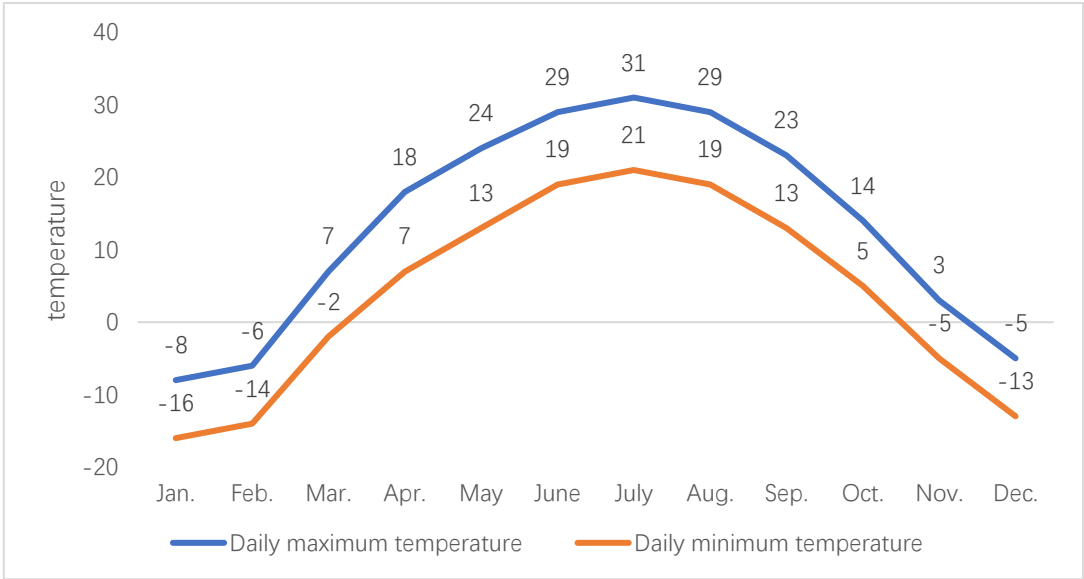
Lobby	Price(yuan)	Amount	Total(yuan)
Reception desk	450	1	450
Coffee table	299	1	299
Single Sofa	388	3	1164
computer	3998	1	3998
Tea drinking area			
Tea table combination	1880	1	1880
Tea set	499	1	499
Changing room			
Locker (for 4 person)	438	2	876
Bench	140	2	280
Dressing mirror	86	2	172
Clothes for changing	55	30	1650
Slipper	12	10	120
Disinfection cabinet	488	1	488
Treatment room			
Therapy bed with a chair	580	8	4640
Bed clothes combination	98	8	784
Shelf trolley	120	4	480
Coat hanger	39	4	156
Office			
Office table	409	1	409
Chair	299	2	598
Computer	3998	1	3998
Preparation room			
Therapy equipment	80	5	400
Cleaning items	200	1	200
Ornament for club			
Paintings	68	6	408
Potted plant	20	10	200
Total cost			24149



Figure 10.1 Design Sketch in Lobby, Treatment room and Corridor

Because Urumqi locates in the north-west of China, the temperature changes significantly with the seasons, as shown in the annual temperature change graph. Thus, we will open in June when the temperature is most enjoyable. During summer, the frequency of people going outdoors increases significantly compared to winter. The increase in mobility will help us build customer base and reputation during the early stage of operation. Therefore, we will start store furnishing, staff training and building the Customer Management System from April.

Chart 10.1 annual temperature change chart in Urumqi



Source: https://www.tianqi.com/qiwen/city_wulumuqi/

11. Financial evaluation

11.1 Opening balance sheet

We plan to invest 500,000 yuan at the beginning, so the contributed capital is 500,000 yuan. At the beginning of the operation, the highest cost will be the rent and furnishing costs, which are 96,000 yuan and 150,000 yuan, respectively. The rent is paid annually, and the furnishing is a permanent asset to our store. Secondly, the purchase of equipment and software and trademark registration are also necessary expenses. Finally, there will be 219,851 yuan balance in our bank account, which will be used for daily operations, including water bills, electricity bills, marketing, and salary payments.

Table 11.1 ANXIN Health House opening balance sheet

At June 1 st , year N (in yuan)	
Asset	
cash	¥219,851.00
equipment	24,149
decoration	150,000
prepaid rent fee	96,000
CHMS	8,000
Intangibles	2,000
Total asset	500,000
Liabilities	
Total liabilities	0
Equity	
Contributed capital	500,000
Total Equity	500,000

11.2 Projected balance sheets

This is the club's balance sheet forecast for the next three years, which is based on the forecast of our assets and equity in the next three years. It is very important for us to know in advance the financial situation of the club and the profitability in the next three years. It can be seen from this table that in the first year, we failed to earn our initial capital, but from the second year, we will make great profits. As long as the club works well, investors can get 236,949 yuan and 194,808 yuan in the second and third years.

Table 11.2 ANXIN Health House projected balance sheet (in yuan)

	Year 0	Year 1	Year 2
Asset			
cash	81,352	456,800	414,659
equipment	24,149	24,149	24,149
decoration	150,000	150,000	150,000
prepaid rent fee	96,000	96,000	96,000
CHMS	8,000	8,000	8,000
Intangibles	2,000	2,000	2,000
Total asset	361,501	736,949	694,808
Liabilities			
Total liabilities	0	0	0
Equity			
contributed capital	500,000	500,000	500,000

retained earning	(138,499)	236,949	194,808
Total Equity	361,501	736,949	694,808

11.3 Projected income statement

Table 11.3 AIXIN Health House Projected income statement

	Year 0	Year 1	Year 2
Income			
Services sales	382,500	828,900	828,900
Total income	382,500	828,900	828,900
Expenditure			
Investing cost			
equipment	24,149	0	0
decoration	150,000	0	0
rent fee	96,000	96,000	96,000
CHMS	8,000	0	0
Intangibles	2,000	0	0
Operating cost			
Miscellaneous expenses	2,100	3,600	3,600
Advertising cost	9,500	6,000	6,000
Wage expense	222,250	463,551	505,692
Purchased goods	7,000	12,000	12,000
Total Expenditure	520,999	581,151	623,292
Profit before tax	(138,499)	247,749	205,608
Income tax	0	10800	10800
Profit after tax	(138,499)	236,949	194,808

11.4 Cash Flows in First year (Year 0)

According to the length of work (from 11:00am to 7:00pm), we estimate that a physiotherapist will serve 6 to 8 times a day. In the first three months, we estimate that a physical therapist will serve 4 customers a day on average, a total of 3 therapists will serve 12 customers a day, and the average fee per session will be 150 yuan. Starting from the fourth month, because of continuous marketing and a growing customer base, it is estimated that the entire store will serve 15 customers every day. We have one day off every Monday.

According to our wage system, taking the first June as an example, Wage

$$=6500*2+2000*3+312*20+46800*10\%=29920\text{yuan}$$

Table 11.4 AIXIN Health House Cash flows Statement for the first Year

	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
Customers	312	324	324	390	405	390	405
Income							
Equity	500,000	0	0	0	0	0	0
Services sales	46,800	48,600	48,600	58,500	60,750	58,500	60,750
Total income	546,800	48,600	48,600	58,500	60,750	58,500	60,750
Investing Outcome							
equipment	24,149	0	0	0	0	0	0
decoration	150,000	0	0	0	0	0	0
rent fee	96,000	0	0	0	0	0	0
CHMS	8,000	0	0	0	0	0	0
Intangibles	2,000	0	0	0	0	0	0
Operating Outcome							
Miscellaneous expenses	300	300	300	300	300	300	300
Advertising cost	6,500	500	500	500	500	500	500
Wage expense	29,920	30,340	30,340	32,650	33,175	32,650	33,175
Purchased goods	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total outcome	317,869	32,140	32,140	34,450	34,975	34,450	34,975
Profit (Loss)	228,931	16,460	16,460	24,050	25,775	24,050	25,775

11.5 Projected Cash Flows

We estimate that starting from the second year, a physiotherapist can serve an average of 6 customers per day, and the salary will be multiplied by 1.1. Starting from the third year, the salary of a physiotherapist will be multiplied by 1.2.

Table 11.5 AIXIN Health House Projected cash flows

	Year 0	Year 1	Year 2
Customers	2,550	5,526	5,526
Income			
Equity	500,000	0	0
Services sales	382,500	828,900	828,900
Total income	882,500	828,900	828,900
Investing Outcome			
equipment	24,149	0	0
decoration	150,000	0	0

rent fee	96,000	96,000	96,000
CHMS	8,000	0	0
Intangibles	2,000	0	0
Operating Outcome			
Miscellaneous expenses	2,100	3,600	3,600
Advertising cost	9,500	6,000	6,000
Wage expense	222,250	463,551	505,692
Purchased goods	7,000	12,000	12,000
Total outcome	520,999	581,151	623,292
Profit (Loss)	361,501	247,749	205,608

12. Timeline

Table 12.1 AIXIN Health House Timeline

		AIXIN Health House Timeline									
		Year 0									
		Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	
decoration		■									
Staff training		■									
Production of CHMS		■									
Intangibles			■								
Online marketing			■								
Offline marketing			■								
Club operate			■								

13. Conclusion

We have found that in recent years, due to unhealthy lifestyles and environmental problems, the health problems of modern people are rising rapidly. Because TCM has obvious curative effects on patients and sub-healthy people without any side effects, the Chinese government is vigorously promoting the Chinese medicine industry. We found that the airport community in Urumqi, Xinjiang, China is a community of nearly 20,000 people, but no organization can provide TCM services. The project aims to become the most professional Chinese medicine health club in the area.

We conducted Environmental and Industrial Analysis from Political and Legal Factors, Economic factors, Social and Cultural Factors. And we analyzed the behavior pattern of the target customer group which is female group. After that, we determined our development strategy and marketing strategy.

We innovatively adopted the service model of in-store service + corporate employee health management service + health management system. Finally, through financial evaluation, we will start to make profit in the second year and generate enough cash flow every month to continue normal operations.

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