Marketing Evolution

For the series discussion: American Way of Doing Business

Topic shared by Dr. Dang Duc Dzung
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Agenda

• Marketing in the emerging market of Vietnam
• Product vs. Service marketing
• Marketing in the social networking era
• What can be learnt from American marketing
• Q&A
Last session: economic concerns

- Over-heated urbanization and industrialization has resulted in property bubble
- Financial sector distorted by ease of finance-banking regulation
- Human resources development always a matter of concern
- Long term competitiveness: lack of attention on science-technology development

Restoring economic dynamism!
Marketing in Vietnam then

- Before 1987 same as “Entrepreneur” “Marketing” was bad, associated with “Smuggler” or “Smuggling”
- “Cửa hàng”, “Bách hóa” were key words for “collective”, state enterprise” marketing
- “Thực phẩm” - Food, “Dầu lửa” – Kerosene, “Rau hoa quả” – Groceries were most wanted
Marketing in Vietnam now

- From single to an ocean of media: TV channels, news papers, magazines
- From street poster to road side billboard
- From human promoter to digital media
- From sport event to movie stars
American changed Vietnam’s marketing landscape

• Led by F&B: Pepsi, Coke, FMCG: P&G, Colgate; Techno: Microsoft, IBM; Health care: Johnson&Johnson, Education: Harvard...

• Stringent quality assurance: FDA, CHEA

• Created by world class agencies: Ogilvy, Saatchi...

• Engined by Hollywood: DieHard, Toy Story...

• Market researches by Nielsen, TNS

1994
Looking at marketing mix

- Modern Trade is taking over other Trade modes
- Well developed with most media available
- Lack of quality and core value which are key to consumer loyalty
- Driven by high inflation and insecure sense of consumers
Product: Made in Vietnam

- Top foreign and VN brands 2011

- HONDA
- SONY
- NOKIA
- SAMSUNG
- TOSHIBA
- VINAMILK
- VTEC
- viettien
- HONDA
- KINH DO
- OMO
Pricing: Discount is most preferred

- Economic slows and high inflation
Promotion: all media

• Sport, music, movie, beauty contest...
• Shops, showrooms, supermarkets
• Billboard, posters, shop panel,
• Sampling, promoter, catalog, PR
• Web site, social media
Distribution channel

- Co-op Mart: 16 in HCM City, 2 in Ha Noi
- Big C: 38 in HCM City, 65 in Ha Noi
- Metro: 20 in HCM City, 35 in Ha Noi
- Maximark: 2 in HCM City, 5 in Ha Noi, 0 in both
- Lotte Mart: 2 in HCM City, 7 in Ha Noi
- Citimart: 2 in HCM City, 3 in Ha Noi, 1 in both
- Parkson: 20 in both
- Wincom: 0 in both
- Fivimart: 10 in both

Distribution channel locations:
- HCM City: Metro, Co-op Mart, Big C, Maximark, Lotte Mart, Citimart, Parkson, Wincom
- Ha Noi: Metro, Co-op Mart, Big C, Maximark, Lotte Mart, Citimart, Parkson, Wincom
Modern trades go fast

MT  |  GT
---  | ---
16.6 | 16.5
18.3 | 17.9
25.5 | 17.3
17.9 | 15.1

2008-09  | 2009-10  | 2010-11  | 2011-12 1st half
Vietnam goes online

Internet Penetration

<table>
<thead>
<tr>
<th></th>
<th>Global</th>
<th>Vietnam</th>
<th>India</th>
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<tbody>
<tr>
<td>% of internet users that:</td>
<td>30%</td>
<td>32%</td>
<td>8%</td>
</tr>
<tr>
<td>Go online daily</td>
<td>68%</td>
<td>67%</td>
<td>8.8%</td>
</tr>
<tr>
<td>Are brand fans on SN</td>
<td>33%</td>
<td>12%</td>
<td>2.0%</td>
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<tr>
<td>Write about brands online</td>
<td>47%</td>
<td>13%</td>
<td>10.7%</td>
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<tr>
<td>Research brands online</td>
<td>81%</td>
<td>80%</td>
<td>12.3%</td>
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Vietnamese consumers often go online before buying
Traditional marketing

Before Digital

A > I > D > M > A

Attention > Interest > Desire > Memory > Action

Awareness stage ↔ Emotion stage ↔ Action stage
Digital era consumerism
US firms are leading online

- Amazon is a smartest online shopping system
Old day sharing cycle
The most powerful gesture of human kind
Product marketing

• Kangaroo: from water filtration to nearly 200 products
• Creative and crazy idea: A big bang-bang midnight made brand boom which in turn enabled high price strategy
• Well-functioned Creative Center: Branding Specialist, Designers, Copywriters, Billboard/Poster negotiator, Showroom Deco, Web/Social media master, in-house media
• Well-balanced of MT: champion of most supermarket chain vs GT: coverage from Hagiang to Camau, from Dienbien to Daklak, Phnompenh to Myanmar
Service marketing

- HCM University of Industry from 1,000 students in 1997 to 130,000 in 2011
- Upgrade from Secondary Technical School into College by 1999, into University by 2004
- Earliest and long serving International Program with Australian TAFE and Canadian SIAST systems
- Showcase for politicians, industries, foreign partners
- Friends of media, web site, Robocon, customer services...
- Pursuit of corporate governance, improved quality, geographical expansion, modernization and internationalization
Key challenges in Vietnamese enterprises

- Relationship management: Government, family, labor, customer
- Access to resources: land, capital, technologies
- Operational skills: accountability, neglecting R&D, IPR, Quality, ICT and marketing
America is marketing haven
Most of Marketing Genius are from America

- **Steve Jobs**: chairman, cofounder and CEO of Apple Inc., whose marketing style is considered by some to be aggressive and demanding
- **Malcom Gladwell**: his book “The Tipping Point” is excellent for PR, marketing or communication professionals
- **Philip Kotler**: his book “A Framework for Marketing Management” is most popular in the business schools around the globe
- **Michael Porter**: author of “Competitive Strategy”, one of his quotes is as follows “The essence of strategy is choosing what not to do.”
What can be learnt from American business

- Professionalism: management approach, HRD, lobby, customer care
- Operational excellence: logistics, accounting, ICT, marketing
- Innovation: product improvement, R&D, g-localization
Discounted, low price goods will be main driver for next few years
Consumer loyalty: quality and core value needs to be targeted
Education, health care, F&B, personal care products 4 key growths
QUESTIONS!