



## **REPORT**

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*Prepared by: Mr. Stefano Mangini  
MUTRAP International expert*

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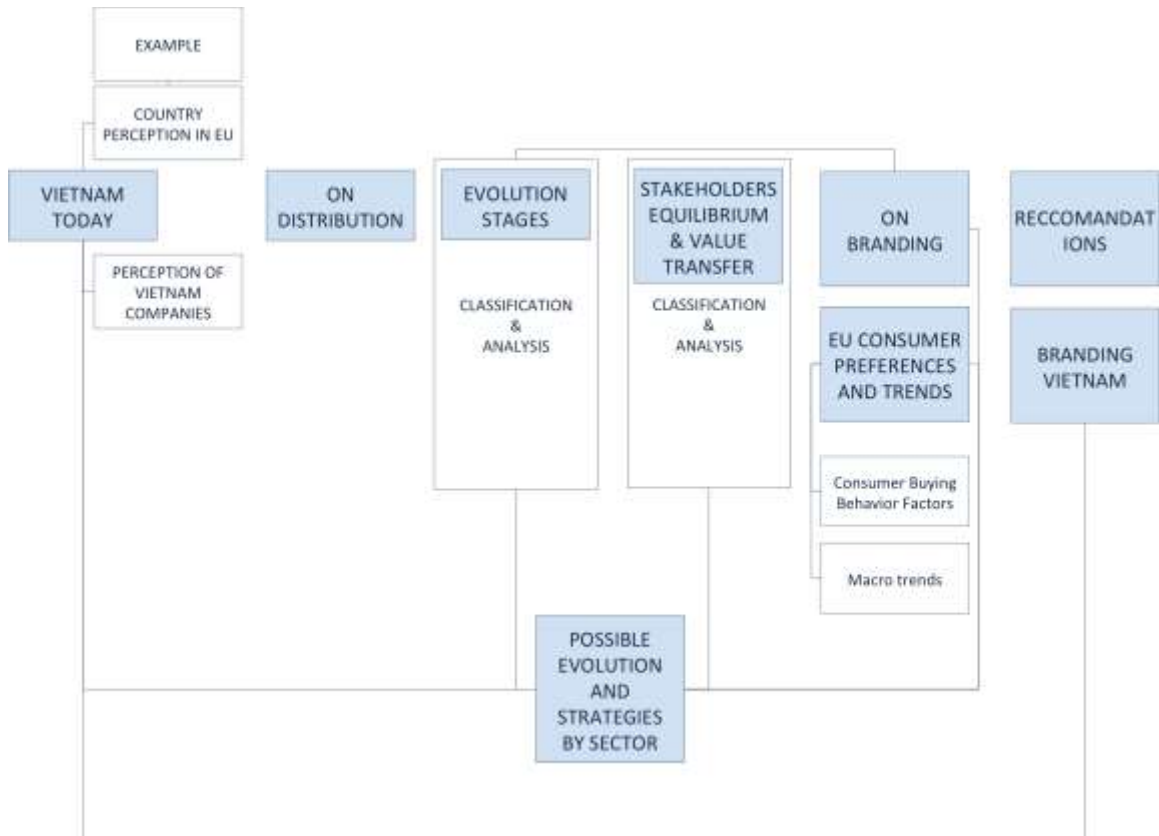
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# INTRODUCTION

In order to understand what Vietnamese companies need to do to increase export through branding, it is necessary to first understand at what stage of their evolution Vietnamese companies (and Vietnam as country) are, where are they heading, and how the paths they can chose will truly represent a path of long term value creation within the enterprise.

To create this guidebook I will apply the following structure to guide the readers through several logical steps:



A first overview of the country perception overseas, and of the perception of Vietnam products by the consumers, will highlight the perception gap that needs to be taken into consideration in the creation of branding strategies for Vietnamese companies.

Examples of how other Asian countries have developed and implemented a clear country brand strategy will be used to identify a suitable approach to connect the Branding Strategy of the Vietnam as a country to the development of Vietnamese brands.

A brief explanation on the meaning of “distribution” and “distribution channels: in Europe (with references to the previous MUTRAP project on this topic), will shed light on what it will mean for Vietnam Companies to distribute in Europe and how these channels are suitable for Branded products.

A deep analysis of the different stages of enterprise evolution and on the shift of stakeholder values along the chain at each stage will be the foundation to analyse each sector of this guideline and to define possible branding strategies.

Consequently, we will analyse the 3 sectors related to this project:

- a. the fruit and vegetable sector
- b. the art and crafts sector
- c. the wood sector

and for each one we will identify companies that have the potentials to develop their own brand and to increase export through the sales of their brand's products.

The approach on this session will be practical and based on real companies identified in each sector and to have the foundations to undertake such evolution.

A visual dashboard will help measuring the readiness of each company or sector to undertake such endeavour.

In our final recommendations we will reconnect to the importance of Vietnam as a brand in connection to the evolution, support and sustainability of original Vietnamese brands. Examples on how Italian brands have teamed-up in powerful organizations to develop the international market under the "Italian Brand" will be analysed as an example for Vietnamese associations to follow.

## EXECUTIVE SUMMARY

To the outside world Vietnam is still a bit of a mystery. As a country it is known for important historical events such as the war and for the stereotypical images of rice and overall poverty. To the foreign consumers Vietnam is more of a remote, cheap holiday destination rather than the origin of Brands and Iconic products.

In this general framework, Vietnam has the opportunity to guide the investments deriving from the export of products to foreign customers, to the development of local brands than in turn, thanks to their international and regional development will raise the image and perception of Vietnam as a country.

Most Vietnamese companies are in their stage1 of their evolution exporting to international customers the product they manufacture. At present they are mostly focusing in reaching compliance and safety regulations to be able to increase their export volumes. However, although the imminent FTA agreement with the EU will understandably increase export volumes, the long term game for the sustainable growth of Vietnamese companies will not be played on this arena.

As many Chinese manufacturers have learned at their own peril, the problem with focusing in export of unbranded products is the unavoidable pressure on performance and cost reduction. As much as a substantial increase in export volume is an appealing proposition, failing to look beyond this point will expose Vietnamese companies to the cost reduction race driven by the emergence of other options of cheap labour in neighbouring countries and in Bangladesh.

Serving foreign customers based only on exporting unbranded products it only represents an illusion of wealth creation. In fact, the more Vietnamese manufactures will be able to save cost and increase efficiency, the more the international customers will request a lower export price against larger volumes. In this spiral, the real value in the value chain will always end up in the hands of foreign brands.

Instead, in creating their own brands to increase export internationally, locally and regionally, Vietnamese brand will start to retain value within their enterprises for a long term sustainable growth.

The business model of Vietnamese companies, therefore, should not only be concerned in increasing the export of unbranded product.

The rapid evolution of the local and regional markets (through ASEAN), represents both an opportunity and a threats that can be analysed and addressed at its infant stage.

Developing Vietnamese companies from their stage1 and 2 to their stage3 is a mean to prepare the Vietnamese companies to the incoming of foreign and regional brands taking over Vietnam's local market and for them to go out into the regional and international markets to establish their brands and market position.

While enjoying an increase in export of unbranded products thanks to international FTA agreements and cheap labour, it is therefore advisable to start to invest in:

- Develop R&D, design, branding and marketing skills inside Vietnamese companies
- create or upgrade the Vietnamese brands
- create niche concepts that can be sold in European retailers under Vietnamese brand names.
- Create store corners and display concepts for the retailers to display the Vietnamese brands (example of French corner in HK supermarkets)

- Create stories behind the Vietnamese brands that appeal to the final consumers creating a pull effect (example of MAROU CHOCOLATE)
- Embark in co-branding activities to spread the brand recognition leveraging on other brands or retailers market's trust.



## I. VIETNAM TODAY

In defining a path to increase export through branding for Vietnamese brands in the 3 sectors related to this project, one of the first steps is to make some considerations on what is the perception in Europe of Vietnam as a country, of Made-in-Vietnam products and of future Vietnam Brands.

The answer to this question is certainly a complex one, and only a survey could determine the real perception or the different ones that might arise from different countries in Europe.

Nevertheless before we embark in our strategic journey, it is important to make a few general considerations as a basis of our discussion.

Vietnam has a beautiful history that since the times of the Silk Roads and throughout the years of the trade of the spices with the Indies, has always had a special connection with Europe and a special place in the collective imagination. Vietnam is full of history and of unique characteristics and it represent a destination for many European travellers and tourists.

The modern perception of Vietnam seems to be however, some how far from Vietnam real inner soul, leaving place to the impression still deriving from a post war developing country: a some how still mysterious place in the beautiful SIAM peninsula, without a particularly bad or good association in the mind of the average European.

As it is often the case of China, for those that have not been in Vietnam, the image of Vietnam is a mirror of what the media decided to show and the consequence of often generalize misconceptions deriving from it.

Vietnam could also be perceived as not safe, and, like India, of generally poor hygienic conditions. Two aspects that in turn affect greatly not only the general image of the country, but also the chances of success of Vietnamese products in the European market.

Vietnam products are just about appearing in the houses of the Europeans, not as Vietnamese brands bearing the beauty, heritage and craftsmanship of its origin, but as anonymous Made-in-Vietnam labels applied inside products of famous European brands. The way Vietnam is entering, once again, in the mind of the Europeans is different from the way it did some 500 years ago. Today, in the whirlpool of globalization, Vietnam risks to be the victim of its own economic development and be labelled as yet another cheap manufacturing country in Asia where European brands go to save costs, and that tomorrow the same will leave in favour of a cheaper source.

As of today the real Vietnam is some how obscured by the “factory Vietnam” as one of the alternatives to the now-too-expensive Chinese suppliers.

So the question is: how can Vietnam, taking advantage of this period of growth and increased trade, put the seeds of a new era where its true self is perceived through its brands, real ambassadors to today’s consumerism?

The time is now for Vietnam to think the answer to this question and to invest in the seeds of branding before it is too late. Compared to countries like China, Vietnam probably has an advantage and a certain degree of freedom in defining his positioning and outwards communication strategy. Vietnam has the unique opportunity to define its destiny and how it decides he wants to be perceived by the outside world.

Usually countries have a specific and often stereotyped image imprinted in the collective imagination. Meanwhile European and north American countries have acquired their image in the world through time, Asian countries have recently, consciously undertook strategic branding projects to position themselves and to communicate to the world how they want to be seen by the world.

Korea has taken the path of design. Taiwan has chosen to be recognized as a producer of technology. India first embarked in a major worldwide advertising campaign (Incredible India) to show the world its beauties as opposed to the general perception of a poor and rather unpleasant country. It then stepped into the second stage of its branding strategy and it is currently advertising its high quality standards in production through its Make-in-India campaign covering several sectors. Malaysia has bet so far on becoming a major tourist destination. Hong Kong is Asia's world city.

In their "modern infancy" every Asian country seems to have the need to have its own brand communicated and its positioning well clear in the mind of the world.

These two aspects, the one of what Vietnam will decide to be to the eyes of the world and the one of how Vietnamese companies will be able to support that image through the excellence of their product and the originality of their brands, are at the foundation of the journey of this beautiful country outside its borders and within itself.

This journey through a conscious path into branding has the goal of closing the gap between who Vietnam is, and what European consumers think it is, addressing their concerns as potential consumers of Vietnamese products. And in the process to facilitate the economic growth through the development of sustainable and long term value within Vietnamese enterprises.



## II. ABOUT DISTRIBUTION

Before we embark in our branding journey analysing the 3 sectors related to this project, I would like to define the meaning, as they will be used in this project) of some terms that have been used with a certain degree of confusion, throughout meetings we had during this project.

### A. Understanding the meaning of a Distributor in Europe

In this paper, a distributor in Europe shall be referred to as a company in Europe whose purpose is to import branded goods from a company outside the country it resides in, to re-sell it to retailers in the same country.

In this process, a distributor in Europe typically imports the goods, pays the related import duties on the products and the VAT, applies its margin on the resulting imported cost, before re-selling it to the retailers who will apply a further mark up before putting it for sale in their stores with the final retail price.

Distributors in Europe can be country specific, or cover a specific region of a country, the entire Europe, or just a part of it.

What is important to specify for the purpose of our analysis is that a **distributor buys and re-sells a BRAND product**, and it invests in marketing activities such as local brand trade shows to promote the brand to the retailers around its area, or in advertising. A good retailer will plan a yearly budget for the promotion of each brand that it distributes. This budget is typically included in the distributor's margining. However, there can be cases where joint marketing and advertising budgets are shared between the distributor and the Brand.

A distributor can also own a network of stores and carry on a mixed activity as distributor and retailer.

### B. Understanding the meaning of an Exporter in Vietnam

In this paper an exporter in Vietnam is typically a manufacturer that produces a certain product for export. Its customers are brands or retailers (which sell only or also their own brands – for example IKEA or CAREFFOUR), who come to Vietnam to source suitable products for their markets. Vietnamese exporters produce products based on the request of their customers (either based on the customers' design or based on the design offer from the manufacturer itself), and they export these product with the brand mane of their customers.

### C. Understanding the meaning of a Retailer in Europe

Retailers in Europe are either brands that own their own chain of stores –IKEA for example -, or large supermarkets (and the like), - Carrefour for example – that resell a wide variety of products. In the first case, Retailer brands such as IKEA usually only sell products under their brand name (even if exceptions are present). Meanwhile Retailers such as Carrefour can sell a variety of branded product from different sources as well having their own branded line.

(To be noticed is that usually the latter were born with the purpose to consolidate and re-sell branded products from other companies, and that only in recent times they have starter to create their own branded lines to maximize margins in their value chain).

(To learn more about distributors and about the role of Importers and wholesalers in Europe, refer to MUTRAP “Guidebook on the organization and Operation of the Distribution Sector in the European Union)

### **III. EVOLUTION STAGES OF COMPANIES**

Providing a overall strategy for the evolution of Vietnamese Companies towards sustainable growth and internal value creation requires to break down the spectrum of the Vietnamese companies into clusters. Different companies in Vietnam are at a different evolution stage and have different goals and priorities.

#### **STAGE1**

Stage1 in the evolution spectrum groups all manufacturers focused on exporting goods to international customers with the customers' brands on it, and based on those customers designs and specifications.

Emerging countries like Vietnam, Bangladesh and the like, (and before Vietnam, China, Korea and even before that Japan) based the new phase of their economic growth on the development of manufacturing for export leveraging on cheap labour. In this initial stage, Vietnamese entrepreneurs on the one hand developed their business on local product know how or resources. On the other they heavily relied on instructions, design input, compliance guidelines and other kind of support and teachings from their customers or from various government bodies.

KSF: The Key Success Factors of companies at Stage1 are:

- product quality
- compliance
- price
- performance
- execution

The sustainability and growth factors are a mix of governments bilateral agreements, government investments in communicating an image of its country of stability, safety and positive image, and of the ability of the manufacturers to continuously improve efficiency, to keep price stability, quality levels and execution over time.

At this stage, it is the EU Brands that have the trust of European Consumers and that guarantee to them the "quality" of a product Made-in-Vietnam. EU brands act as "guarantor" that the products they resell (be it Made-in-Vietnam or elsewhere) meet all the requirements of quality, safety and design expected. As guarantors these brands reinforce the emotional connection with their final customers and their loyalty, meanwhile the countries where these products are produced remain a background noise in the concerns of the customers.

At the same time the same Brands are always in search of new alternatives, new products to source, and cheaper prices, retaining every flexibility to terminate the supplying relationship with Vietnamese manufacturers in favour of replacement from other countries.

At Stage1 manufacturers can only gain in cash growth (if the companies are well managed) and in know-how of different kind. However, they do not create a sustainable internal value.

The "Made-in-Vietnam" labels that are appearing in Europe on a variety of products are starting a process of emotional association by the final consumer with the appeal of the

Country of origin well beyond the experience derived from the use or consumption of its products.

Made in Vietnam starts to enter in the people imagination through a series of emotional associations that the Vietnam Government can influence with a suitable communication strategy.

## **STAGE2**

Stage2 groups all manufacturers still focused on exporting goods but that have developed internal design and R&D capabilities. Typically these manufacturers can design a collection of products to propose to their international customers, still to export them with their customer's brand name on it.

The development of design by the manufacturers can take place as an evolution of products and shapes deriving from something they have an expertise on. Or, in the most advanced cases, from a study of the customer brands, market trends and consumer. In this second case the designs are focused to a specific customer and tend to be more effective.

The Evolution of R&D and design services for their customers by manufacturers is a path long present in the western companies. Such path of evolution has also evolved amongst Chinese manufacturers in the past years to respond to a strategic shift in the priorities of Brands in the west.

The more the market becomes saturated and consolidates, the more brands in the west tends to internalize only strategic functions while outsourcing all others.

The strategic functions are:

- Branding (investment in the development of the brand and in its emotional connection with its customers and tribes)
- Retail development (therefore cutting the step of distributors and multi-brand stores to maximize the brand margin in the value chain)
- Finance
- R&D towards break through innovation (particularly relevant in specific sectors), or the design and development of Iconic Products.

In addition to the above strategic evolution of Western brands, the European trend of Retail-Brand integration outlined in MUTRAP "Guidebook on the Organization and Operation of the Distribution Sector in the European Union", represent an important opportunity for Companies in Stage2 of their evolution.

" In the EU, as in developed countries in general, due to various factors, the traditional structure of the distribution segmented into wholesalers buying from producers and selling goods to either other producers or to retailers, who in turn sell products to the final consumer, no longer characterizes the value chain. The EU distribution systems, although not in all product markets or not to the same extent, recently underwent profound structural changes characterized by increasing concentration and vertical integration. The borders between the traditional segments became blurred, and many of the traditional functions of one segment is now performed by the other.

Due to a greater demand for service and quality, the distribution chain from producer to consumer has become more integrated, with the roles of the different parts (manufacturer, wholesaler, retailer) becoming more difficult to separate".

“ [In Italy], the discount store format remains quite marginal in Italy, as in general, Italian consumers remain hesitant to shop at discount stores and purchase private label products. Coop Italia, Italy's largest retailer, however, has decided to invest in private label products. Coop has used private label products to drive down the price of staple foods and develop its group identity. Coop Italia now accounts for around 30% of all the private label products sold in Italy. However, the private label market is still very immature “.

“Casino exports directly products in her subsidiaries mainly for private labels, by ensuring quality control process from origin to the consumer and by negotiating the best price and solutions with suppliers. “

“Some UK retailers such as Marks & Spencer, Sainsbury's and Waitrose often lead where supplier brands ultimately follow. Own label products also provide UK retailers the flexibility to compete with supplier brands product prices and to develop product tiers of differing product quality which range from a “value” to a “premium” range and can include Organic, Kids, Fairtrade, Healthy and designer product tiers too. Own label products offers food and drink manufacturers the opportunity to develop close, long-term working partnerships with UK retailers and help suppliers gain a closer insight and understanding of the buying behaviors and priorities of UK consumers, which could ultimately benefit their business in the future development of the suppliers own brands.”

The need to outsource non strategic functions (and often also design) and the general trend of Retail-Brand integration, created the opportunity for manufacturers to fill this gap in exchange for production volumes.

To be noticed is that often (if not in the majority of cases), manufacturers offering design services, do not make money on the service itself. Therefore internal design and R&D services are accounted as costs and only slightly contribute to the sustainability of a higher manufacturing price (premium) that the Brand customers are willing to pay.

*Note: Some International Brands also own manufacturing facilities and can be completely vertical. However, this characteristics is particular to large brands and conglomerates. Complete vertical integration from manufacturing to brand represents nevertheless a desired position of strength for companies in stage 3 and 4.*

KSF: The Key Success Factors of companies at Stage2 are all the ones in Stage1

- product quality
- compliance
- price
- performance
- execution

plus:

- understanding of your customer's brand DNA, positioning and target market
- access and understanding of Market and Social Trends
- acquire and develop internal design skills
- ability to continuously offer up-to-date product lines

In this Stage2, the role and advantages of the Brand customers in respect to Vietnamese manufacturers does not change. In fact, they almost get additional value and services for free.

The function of the government towards companies in this Stage2 evolves with a push to certify the credibility of specific sectors, its quality and safety and continuous support on all Stage1 requirements that export companies needs to achieve. As the overall landscape of Vietnamese companies at this stage evolves, more and more a new generation of talents and skills in Design, and R&D is needed.

### **STAGE3**

Stage3 groups manufacturers that start to create their own Brands based on internal skills and the gaps they spot in the market they plan to target. Companies at this stage can start developing their own brands while keeping the export business active. However, for Companies that seriously and strategically chose to undertake the evolutionary road into Branding, the ultimate goal has to be 100% dedicated to the development and growth of their own brand, possible keeping vertical manufacturing capabilities where sustainable.

As companies successfully grow and accumulate cash and internal skills during Stage2, it is advisable that they start to plan their Stage3 of evolution and that they invest in defining and Starting their own brand.

To create a Successful brand though, A company must connects two important building blocks of the Brand: internal skills and passion for the products that they will offer and for the purpose that the brand will fulfil in its life, and understanding of a market gap or of a change in society.



Two are the possible Path at this stage:

Business to Business Brands (B to B brands)

Perhaps the most famous example of a success of a BtoB branding strategy is “Intel Inside”. Although Intel makes chips, which are part of a finished products, Intel has understood the importance of branding the performance of their part to the final consumers creating a pull effect of people preference in buying computers that would have Intel chips inside. In return this created a dominant position of Intel as supplier of chips to computer brands.

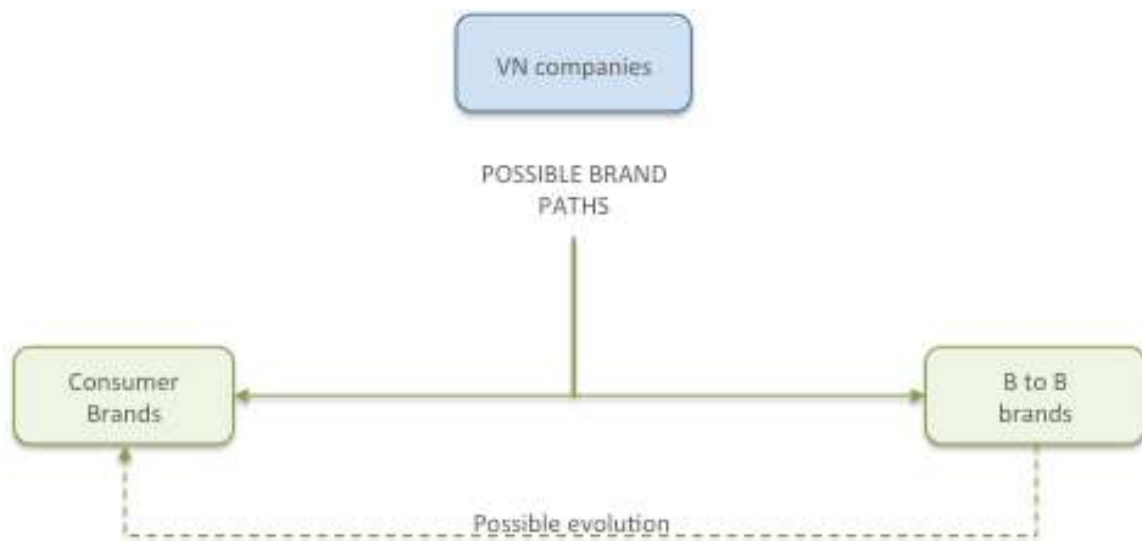


The communication strategy of the Intel chips was finally completed with co-branding strategy implemented through a visual identity sticker applied to all computers.

Other types of BtoB brands only aim to determine their dominant position in a specific BtoB segment, often ignored by the final consumers. Nevertheless, even in a BtoB business model, developing a brand and not just selling a product, determines the positioning and recognisability of a company products and promise to its Business Customers.

Business to Consumer Brands (B to C brands)

These represents all the brands we know and we love. The brands that create a dream and provide through their product the mean for their followers to reach it.



#### Brand market evolution: Choices

Within the scope of this guide book we have to focus on how Vietnamese brands can increase export through branding activities. Nevertheless, it would be limiting and incomplete not to mention the different paths that companies in Stage3, and eventually in Stage4 can follow:

- Become a renown Local Brand
- Develop into a strong Regional Brand
- Focus on International markets that most likely have different taste and requirements, and require different strategies and skills than a local and regional Brand would.

For young emerging brands, tackling market entry activities and investments as their first endeavour is not an easy task. Some brands, in certain segment, - as we will see in this book - have this opportunity. However, given the relatively young and emerging Vietnamese Middle class buying power as well and the integration of ASEANA into a free trade market, Vietnamese companies in Stage3 and 4 have a choice, and can look at opportunity of growth and market dominance in these regions.

KSF: The Key Success Factors of companies at Stage3 are all the ones in Stage1 and Stage2

- product quality
- compliance
- price
- performance
- execution
- understanding of your customer brand DNA, positioning and customers
- access and understanding of Market and Social Trends
- acquire and develop internal design skills
- ability to continuously offer up-to-date product lines

plus:

- Brand
- Marketing
- Distribution
- R&D towards break through innovation
- Focus
- Iconic products

In Stage3 Vietnamese brands can develop access to targeted markets by:

- alliances
- co-branding
- distributors
- direct retail
- e-commerce

Customer Brands that used to purchase the manufacturers' products could become competitors at this Stage.

However, In some cases Retailer (Such as Carrefour, Tesco, Metro, Schwarz, Aldi, Rewe, Edeka, Auchan, ITM, E.Leclerc), could become partners in operations of Co-Branding, or by carrying Vietnamese Brands in their stores.

## **STAGE4**

An additional Stage4 groups companies that are fully dedicated to the development and marketing of their Consumer Brands, and that have reached a certain turnover. These Companies have already developed the necessary internal skills and are facing competition in their local and regional markets from Regional and International brands aiming to take the hearts and buying power of the emerging middle class in the Region. This particular cluster can be relevant for specific group activities suggested in the recommendation “**ON VIETNAM VALUE PROGRAM**”.

	Vietnamese Government	Vietnamese Companies	EU Brands
Stage 1	Bilateral Agreements Knowledge sharing (compliance, safety etc) Country branding (focus to be	Manufacturer Supplier – Customer relationship Serve and Perform KSF:	Guarantor of the Made-in-Vietnam products that they market under their brand name.

	defined based on overall economic development strategy)	<ul style="list-style-type: none"> <li>- Price</li> <li>- Quality</li> <li>- Compliance / Safety</li> <li>- Execution</li> </ul>	<p>Control the market and the distribution</p> <p>Control the brand emotional connection and loyalty of the consumers to their brand.</p>
<b>Stage 2</b>	<p>Stage 1 + Country system implementation as guarantor of quality and credibility. Local certification Local control and implementation VIETBRAND VIETNAM VALUE</p> <p>Brand country message reinforcement on targeted channels and topics LIFE STYLE VIETNAM VIETCRAFT VIETNAM PANGASIUS VIETNAMESE RICE</p> <p>Creation od/or evolution of the necessary education and training bodies to develop the Human Resources to sustain the Companies evolution.</p>	<p>Manufacturer (OEM) Supplier – Customer relationship With additional design and R&amp;D capabilities. Propose – Serve – perform</p> <p>KSF: Stage 1 +</p> <ul style="list-style-type: none"> <li>- understanding of your customer brand DNA, positioning and customers</li> <li>- access and understanding of Market and Social Trends</li> <li>- acquire and develop internal design skills</li> <li>- ability to continuously offer up-to-date product lines</li> </ul>	<p>Same as Stage1</p>
<b>Stage 3</b>	<p>Stage 1 + 2 + Emotional Appeal Country driven focus activities on International market entry strategies Regional market entry strategies Local Market development for local brands Intelligence on International and regional competitors to Vietnamese brands in Vietnam</p> <p>Creation od/or evolution of the necessary education and training bodies to develop the Human Resources to sustain the Companies evolution. Programs to support education of Vietnamese Executives overseas in specialized fields.</p>	<p>Manufacturers evolves into a consumer brand Possible Path: B to B brands B to C brands</p> <p>Vietnamese brands can develop access to targeted markets by:</p> <ul style="list-style-type: none"> <li>- alliances</li> <li>- co-branding</li> <li>- distribution channels</li> <li>- direct retail</li> <li>- e-commerce</li> </ul> <p>KSF: Stage 1 + 2</p> <ul style="list-style-type: none"> <li>- Brand</li> <li>- Marketing</li> <li>- Distribution</li> <li>- R&amp;D towards break through innovation</li> <li>- Focus</li> <li>- Iconic products</li> </ul>	<p>Brands that used to be customers of the manufacturer’s products could become competitors.</p> <p>In some cases Retailer (Such as Carrefour, Tesco, Metro, Schwarz, Aldi, Rewe, Edeka, Auchan, ITM, E.Leclerc), could become partners in operations of Co-Branding, or as distribution Channels.</p>

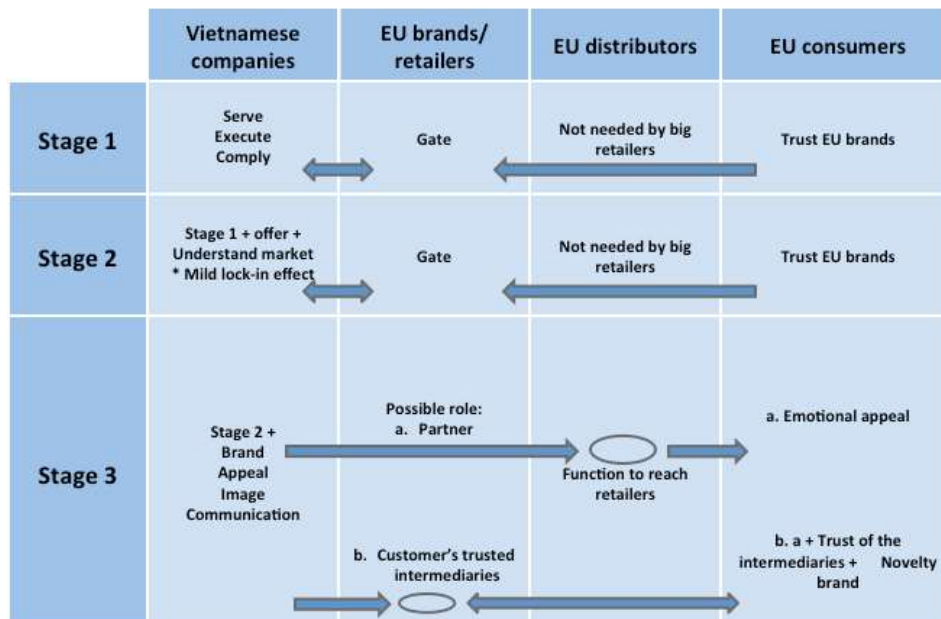
## IV. STAKEHOLDER EQUILIBRIUM AND VALUE TRANSFER

When analysing the interactions and the resulting equilibrium of the Vietnamese companies in their different stages of evolution, we can see how during the stage1 and stage2 of their evolution, the role of Vietnamese companies in relation to their European customers does not change drastically. The difference between Stage1 and Stage2 only remains in the ability of Vietnamese companies to develop internal design, trend analysis, market understanding and R&D skills to become proactive and evolve from a ODM to a OEM enterprise. However, in both these stages, even though the Stage2 creates a mild lock in effect between a Vietnamese supplier and their European customers, the determining success factors remain price, quality, and execution: factors relatively easy to replicate competitors in other countries, leaving Vietnamese companies vulnerable of loosing their export business.

At this stages EU distributors may or may not work with EU Brands or retailers to distribute or further expand their market penetration in the EU. Vietnamese manufacturers have no business relationships with European Distributors. Therefore the exposure and learning about the final markets of Vietnamese manufacturers remains limited to the input from their customers (agent, or brands) buying from them.

At Stage3 the relationship between the stakeholders starts to shift. Strong of their own brands and with a new set of internal skills Vietnamese companies can start to develop distribution relationships for their brands with a variety of players in the target market. Vietnamese brands could chose to find and work with distributors. They could develop distribution agreements for their branded products with large retailers and supermarkets (some of which could already be their Stage1 and Stage2 customers). Or they could even decide to go directly into the market with their own distribution and logistic platforms as well a with their direct networks of stores.

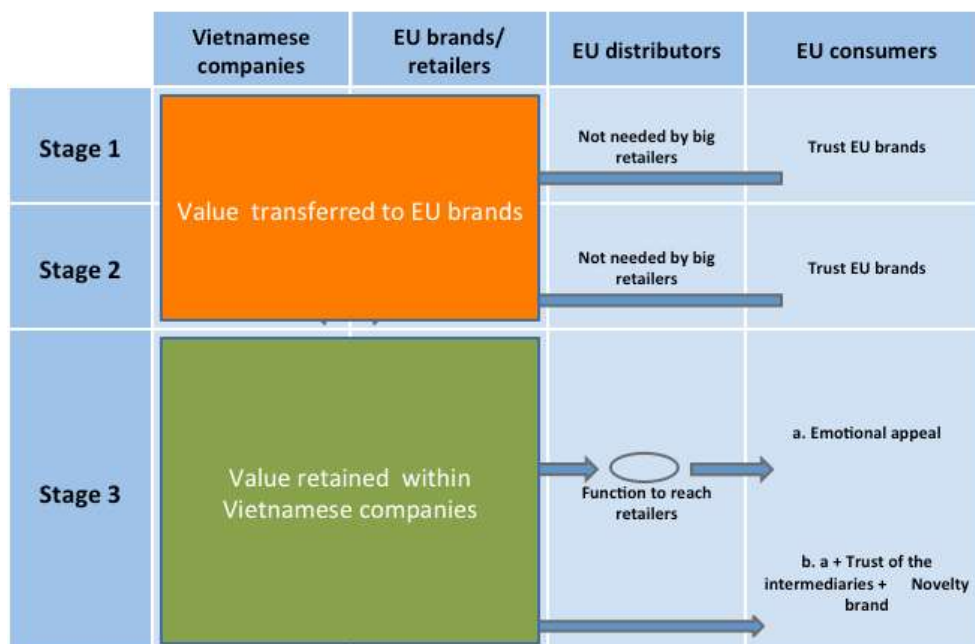
### Stakeholder Equilibrium



It has to be noticed that during Stage1 and Stage2 Vietnamese manufacturers serve their customers. At Stage1 they serve it as a pure manufacturer. At Stage2 they serve it with a higher level of service and input. Nevertheless, at both stages Vietnamese manufacturer's key success factors are still strongly linked with price, quality and performance factors. These factors are easily replaceable by local, regional, or other emerging areas such as Africa and Bangladesh) competitors. At Stage2 additional design services might create a mild lock in effect and might justify a small premium in export price that the European customers are willing to pay for the design. At both stages bilateral agreements especially in duty reduction can represent a competitive advantage and help increasing volume of export in quantities but not necessarily increasing the earnings per piece exported. In both these stages, **The value is constantly transferred to the European brand** that sells under their brand name to the final consumers. Because price will always be a determining factor and it will always be under significant pressure of reduction by forces outside the control of each individual manufacturer, this business model is not sustainable in the long term.

A Vietnamese company at Stage3 that invests in creating its consumer brand based on original concepts, innovation and its internal strong points, will gradually develop a business relationship with its foreign partners, not to serve, but to jointly approach the market for a mutual benefit. In this stage of evolution the equilibrium between the stakeholders is more balance. And most important, the value that Vietnamese companies create internally is not completely passed onto their market partners, but it becomes an asset, and brand equity in the Vietnamese company itself.

## Stakeholder Equilibrium



## V. ABOUT BRANDING

Brand is power.

But creating a brand doesn't mean putting a name on the product ones is skillful in producing.

Branding is the sensibility, art and knowledge needed to create a dream and an emotion that, through the brand's products and "experience," help the customer fulfill his own desire, whether material or emotional.

To create a Brand is to create a world of belonging that is open and willing, inviting inhabitation by what is recognized as representative of what a certain group of people believe themselves to be.

To develop a Brand is to give a form to the tribe it represents in order to make its own members strong in feeling of their belonging to it.

Nurturing and investing in a Brand means creating value within a company a value that can be sustainable because it lies within the heart, emotion and loyalty of the people that the Brands helps to dream.

A brand also give purpose and defines a company direction internally. It helps to align the strategies, actions and investments to be undertaken. It makes people proud to be part of it. And it contributes to the global perception of the country it belongs to.

### ***BUT, HOW IS A BRAND BORN?<sup>1</sup>***

This is one of the first questions that anyone preparing to create a Brand must ask himself, and that, in retrospect, anyone who has a Brand must ask himself in order to understand the Brand's validity throughout its own life cycles.

The Brand must first be born of an intuition.

The intuition can be that of a need, a change in the market, a trend, an evolution in morals, an unexpressed desire, or a movement that is changing society.

The more clear, unique and focused the intuition, the greater its potential to be the springboard for the creation of a new market segment upon which to build a new Brand.

To be the basis of life for a Brand, the intuition must in the end give form to a place, a place where the intuition itself can take shape, and initial actions can be taken, gradually giving life to the future development of the Brand.

The intuition can be born from two extreme opposites.

On the one hand, there are intuitions related to the real. They are intuitions related to the reality of a particular moment in history, or a segment or market that leads to the intuition of a need. The need that comes from intuitions related to the real can be a need which is already present but not yet met, a newly emerging need, or a need which the customer does not yet know he has but which reflects the evolution and change in the habits and customs of a society.

On the other hand, there are intuitions that are born of the opportunity to create a fictitious, unnecessary need. This process leads to the creation of the necessity to have a product that is imposed upon the market. The technique of fictitious intuition is used not only in the field of consumer goods, but in other sectors such as politics and medicine as well.

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<sup>1</sup> This section has been extrapolated from: Stefano Mangini , Bruno Bardini, BRAND INCEPTION, RTPublishing, 2014.

From the initial intuition a brand grown on its foundation made of:

- The Brand Raison d'être (Reason for being)
- The Brand Vision and Dream it represents
- Innovation | Creativity | Iconic Products
- Authenticity
- Storytelling

A Brand is composed of a series of parts that make up, like a puzzle, the complete identity that is experienced by the market. Inside, the elements develop across the different departments of its structure. The Brand elements are:

**THE SOUL:** the inception of the Brand's DNA, its coordination and management throughout all its functions. Branding.

**THE PRODUCT:** the development of the idea born of intuition. The R&D, style and design. The functional Experience. The execution of the intrinsic values of the Brand in its product.

**THE WORLD INSIDE THE BRAND:** the fit between the Brand and the internal teams. The polarization of the internal teams toward its DNA. The capacity to synthesize all levels of the Brand's structure up to the retail store and the different channels which bring the Brand to the members of its own tribe. The spaces, the offices, the house of the Brand.

**THE COMMUNICATION:** how the Brand expresses its message and style and how the Brand communicates using the various channels available: from those most classic in advertising to more modern social networks and blogs.

**THE RETAIL STORE:** it is the first and most direct point of contact between the Brand and its own tribe. It's not only the place where its products are available, but something more. The retail store must be a mirror of the Brand, and it must give (as we shall see in the chapter on retail) a multi-sensory experience to those who enter it.

Each of these pillars is fundamental in giving a perception of the Brand as one entity.

Consequently the success of a Brand is linked to the perfect balance of all its elements and how each element is aligned with all the others. It is important to be certain that all its elements, actions and points of contact with the customer, which range from the Brand's identity to its retail stores, work in harmony.



Vietnam has a beautiful history and several advantages in regard to an overall neutral or positive perception that holds Internationally. Vietnam Brands ought to link their brands to aspects of their originality and heritage and thereafter to learn how to structure the building blocks

In the following chapters we will analyse the 3 segments of the Vietnamese Economy and we will bring to light companies or brands with the potential to grow in to a Brand or to improve the weak aspects of the Brand they already have to find their competitive place in to the market of their choice.

## **ON BRAND PATHS AND BRAND TYPES**

An additional useful input about brand building relates to the classification of the different paths that a Brand can follow during its evolution. This is just a short introduction of this complex concept. Nevertheless, I believe it will help Vietnamese companies to better understand who their brand is and what path they could follow to develop it. Understanding who you are and the path you should follow will shed light on the priorities and on the investments to do in one's Brand.

"A Brand can be conceived of and developed according to four evolutionary paths from the intuition which is at its origins<sup>2</sup>.

At the base of each path, there is the foundation of the Brand represented by its DNA, its soul, philosophy and symbolism.

From there, the paths of Brands are structured in three levels:

- a) the origin = the beginning of the path and the life of the Brand itself; and therefore the intuition at its base.
- b) The way in which the Brand connects to its target audience, and consequently that which the Brand will come to represent in the mind of its tribe, and
- c) the vehicle the Brand chooses to reach its followers.

The combination of these three levels determines the type of Brand

The first path is represented by the path of the utility/functional brands.

These are Brands that are born from the intuition of a solution to a problem or need. They are Brands whose product has a functional component of usefulness to those who make use of it. In this path, the beneficial function is transformed into "customer experience" through the product. The product becomes, therefore, one of the pillars of both the Brand and its relationship with its own customers. The more the Brand is able to build an emotional element and a world of reference around the tangible characteristics of the product, the more it will be able to transform its products into icons and consequently be in the position to evolve to the level of life style Brand.

The second path is represented by the path of life style brands.

These Brands connect to their tribe on an emotional rather than product level.

In many cases, the product even moves to second place in the purchasing decision with respect to the Brand itself. Although these Brands have their scale of values of the tangible benefits to

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<sup>2</sup> This section has been extrapolated from: Stefano Mangini , Bruno Bardini, BRAND INCEPTION, RTPublishing, 2014.

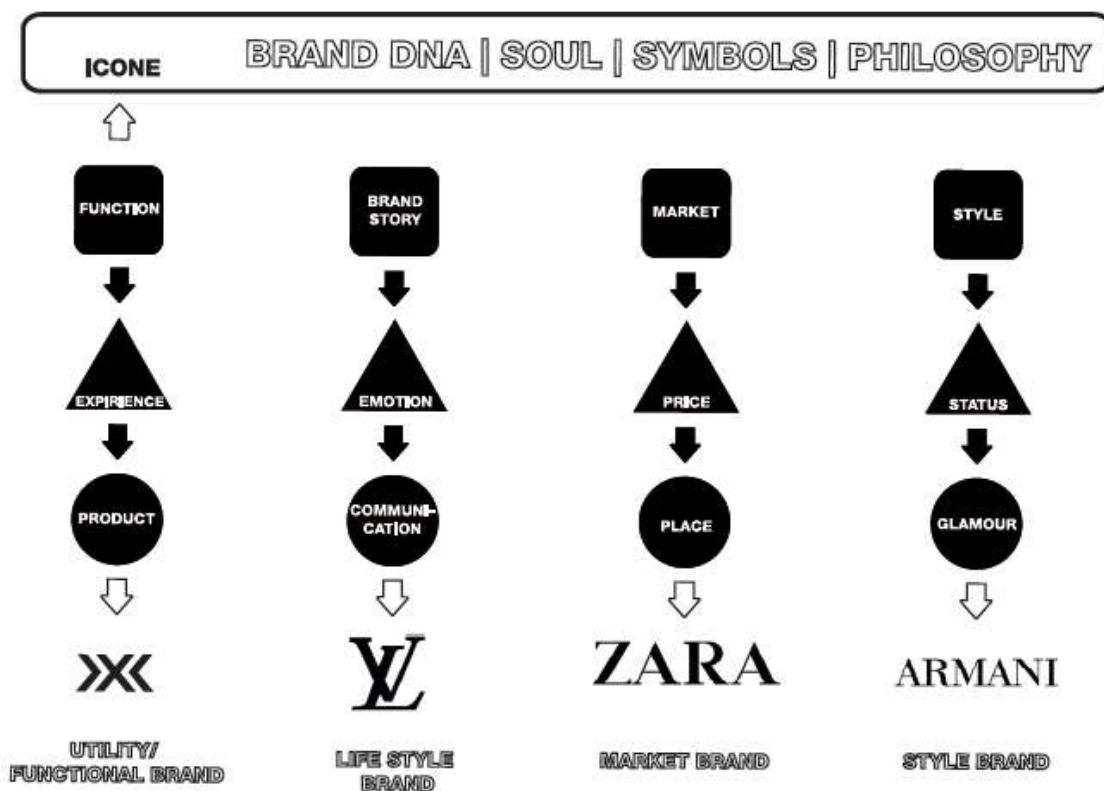


the customer (such as for example a high level of quality or design content), it is the connection at the emotional level that links them to their followers. Often these Brands are the result of their evolution through time: from their own origins (for example, functional) to a superior status which allows them to come up to the emotional level thanks to their history.

The third path is represented by the style brands.

These Brands are born from the intuition of their creator of an evolution in society and customs, and from their capacity to give form to that evolution through the creation of a new style. At the base of these Brands is the capacity and the sensibility of their creator/personality, the designer in the case of fashion, who becomes the Brand, the emblem of his creations and, eventually, the myth.

The fourth path is represented by the path of the market brands. These are the Brands that follow the market and trends. They respond to market demand, price, and availability. These Brands are followers, and owe their success to their ability to capture the most important trends of the moment, follow the trendsetter Brands, and re-offer the right products of the moment to a larger audience. These Brands need market leaders to survive”.



## VI. STRATEGIES | GENERAL FRAMEWORK FOR A BRAND DEVELOPMENT STRATEGY

Today Vietnam faces opportunities for both a Business to Business export trade increase for Stage1 and Stage2 companies, and to develop Consumer brands for their Stage3 Companies.

Meanwhile a short term increase in export of goods bearing International customers brands is foreseeable thanks to the upcoming FTA agreements with the EU, and thanks to an increasing capability of the Vietnamese manufacturers to meet EU quality and compliance standards, a bigger challenge lies in the ability of the Vietnamese companies to create sustainable and appealing brands for the International as well as for the local market, hence creating a long term value in their enterprises.

As we have seen in the previous chapters, Vietnamese companies at different stages are presented with different opportunities of creating either BtoB brands or BtoC brands.

In this session and in the strategic focus for each sector related to this project, we will mainly focus our analysis on the potentials (general and specific) of the creation, or development of BtoC brands.

### Vietnamese Consumer Brands Targeting the European market

Europe is a highly saturated market. However, the desires of novelty combined with an attraction for worlds far from Europe, can lead Vietnamese brands to carve their niche into the market.

Only companies well into Stage3 of their evolution and the ones in Stage4 are suitable to undertake a European Market entry strategy as a brand. Compared to similar Chinese brands that apply European market entry strategy by means on large investments in mono-brand stores (as they are used in the mainland Chinese market), Vietnamese brands with less experience and less resources need to approach this path gradually and preferably by mean of partnerships.

As we will see, the “food and vegetable”, the “art and craft” and the “wood” sectors have very different dynamics, different distribution channels (as outlined in MUTRAP “Guidebook on the Organization and Operation of the Distribution Sector in the European Union”), and require different brand and market entry strategies. Within the same sectors, different product types also require a focused and niche approach to succeed.

A general framework can be applied to each sector before venturing in the selection of potential Vietnamese companies for the development of brands targeted to the EU market.

At EU Government level, relevant conditions for import are those represented by the regulations in the various aspects of safety, labelling and compliance. Those Vietnamese companies that thank to their experience in export have already develop extensive know how and have met the requirements dictated by their EU brands customers, already meet the basic requirements on which to build a brand whose products can be exported.

At the EU market level, reading and understanding customer preferences and macro trends is a crucial point in building in a brand the elements that will make it appealing, desirable and acceptable to the final consumers.

In a mature market as the EU, consumer are demanding. Attention to what matters to them has a great impact in their purchasing behaviours.

Vietnamese companies and brands planning the growth by selling their branded products in the EU must take into consideration the important dichotomy in the mind of the European consumers: the environmental and social concerns, product safety (at every level, from chemical to functional safety); and the Appeal and emotional aspects.



Furthermore Vietnamese companies and Vietnamese Brands must always keep in mind that although the EU is a large open market, each European country embodies a specific culture and as such, has specific and at time fundamentally different values and preferences.

A EU market entry strategy focused on a small number of countries with similar characteristics first and possibly with local partners or in co-branding, could be a suitable starting point for Vietnamese brands.

Reading and understanding macro trends is an important factor in positioning a brand, in offering the right product and developing the correct communication.

Macro trends needs to be studied and understood on:

- Social changes
- Taste | Preferences | Design and Fashion
- Sustainability | Conservation | Social concerns
- Safety concerns

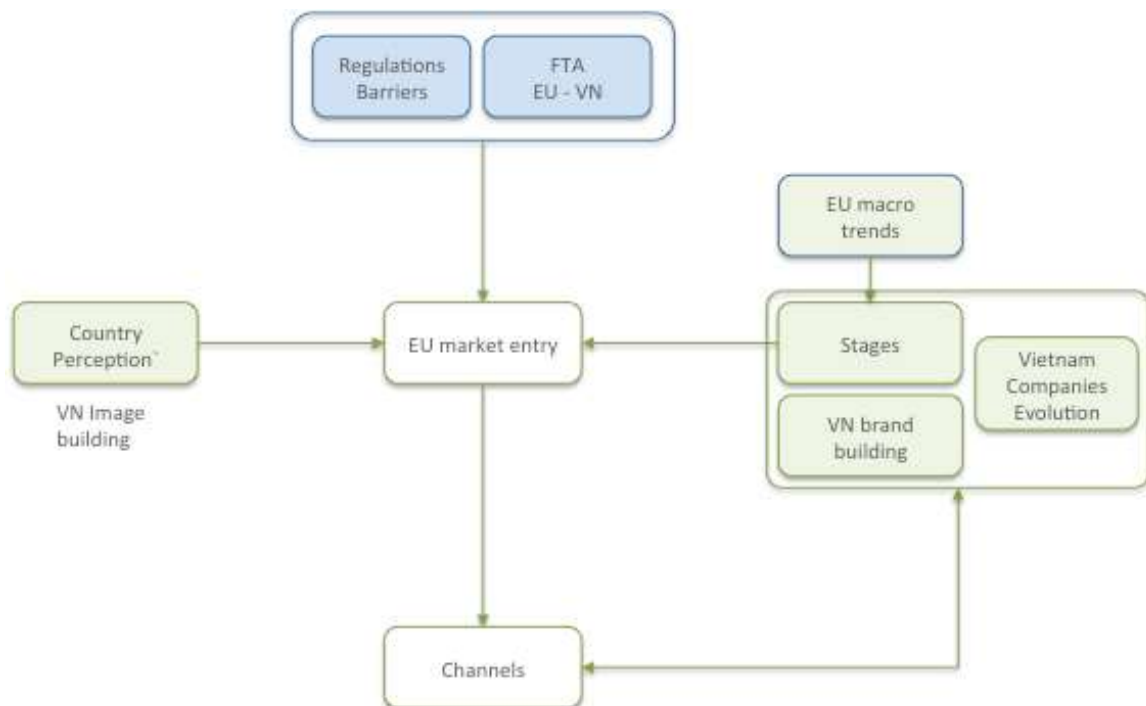
At the Vietnamese country level, certain sectors can already benefit from a positive perception of Vietnam as a country deriving from the years of export of their products (Rice, Shrimps, Tea). However, as we have seen in chapter one and as we will see in the recommendations, a coherent strategy will be necessary to sustain Vietnamese brands internationally.

At the Vietnamese companies level, It must be understood that no companies are created equal. As such, not all companies have the DNA and the right foundation to evolve from Stage2 to Stage3, (or sometimes even from Stage1 to Stage2).

Carefully clustering the member companies of each sector, or across sectors, is an essential requisite to be able to select those with the potentials, skills, understanding, and resources to undergo successful investment in brand development and export.

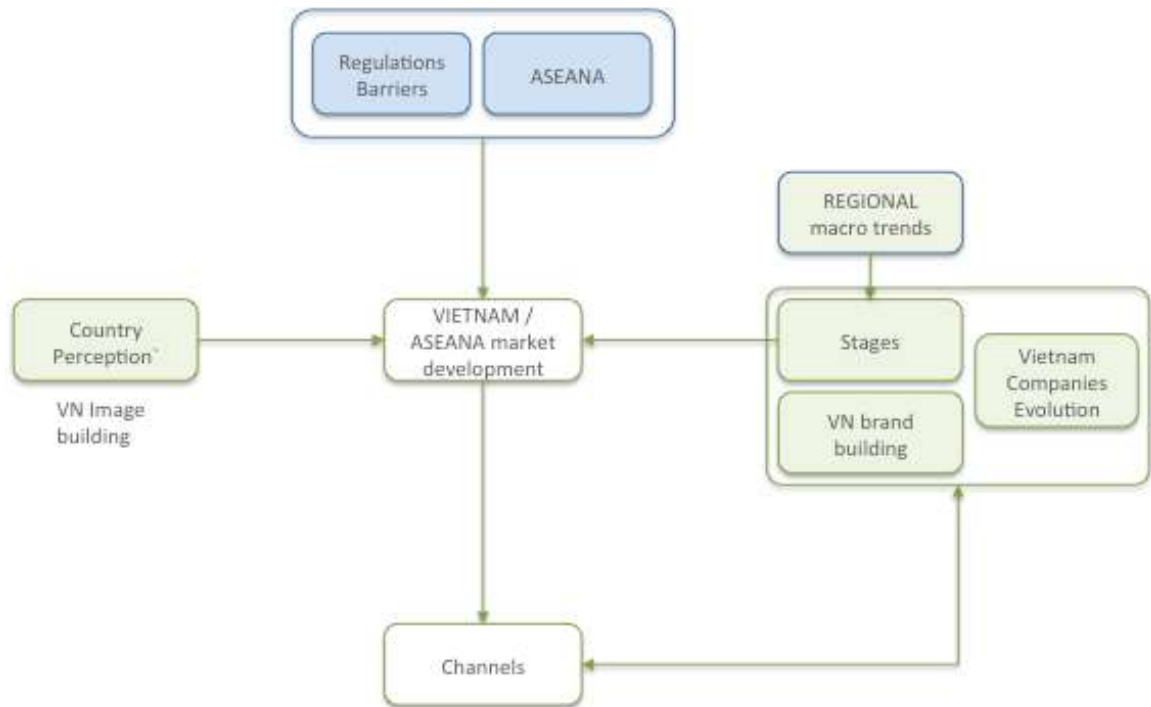
Those companies with the correct characteristics and working in a favourable sector and product category can thereafter be supported with specific project and knowledge building activities and, as we will see in more details in the recommendation chapter, be grouped in focused strategic government or private initiatives to sustain and promote a Vietnamese country system and its image around the world.

These Vietnamese companies and brands that score positive in the above aspects can think of increasing their export volume by mean of selling their branded products in the EU.



#### Vietnamese Consumer Brands Targeting the Vietnamese of ASEAN market

A similar framework is also useful in identifying and in structuring brand and market development strategies for Vietnamese companies more suitable for a Local or Regional market development.



## ***SPOTTING POTENTIAL VINNERS IN THE BRAND RACE***

At a specific level, in analysing the potential of individual Vietnamese brands or companies towards the development of a consumer brand, a more detailed evaluation dashboard can be applied.

The 10 Factors comprising the Evaluation Dashboard are

1. Heritage & Originality
2. Possibility Of differentiation
3. Product skills
4. Branding skills
5. Design and R&D skills
6. Government support programs
7. National branding
8. Compliance
9. Advantage on tariff (or trade agreements)
10. Dominance factor vs Competition

**Turn Over** and **Ranking among Vietnamese exported products** are two additional quantitative factors to punt into the evaluation process.

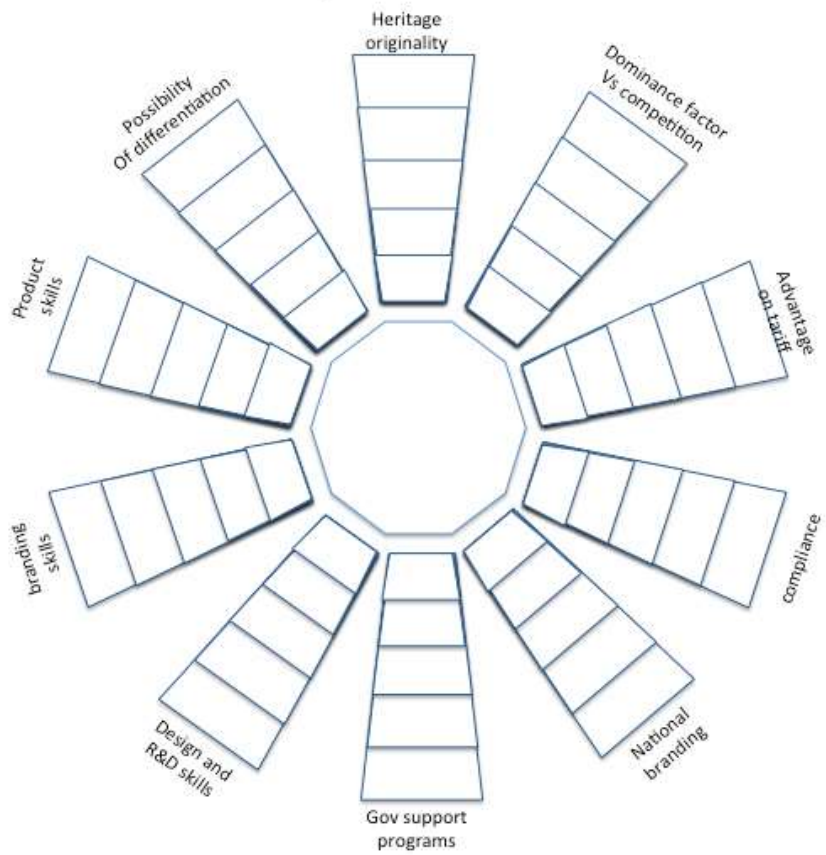
### Sector/Product Dashboard



Good Characteristics



It has the right characteristics but work to be done on improving some fundamentals



The higher the Score in each Factor, the higher the total score, the more suitable a given company is to invest to evolve from Stage2 to Stage3, or to further invest in developing and improving its brand if already in Stage3 or Stage4.

## VII. Strategies FRUITS AND VEGETABLES

The arena of the Food and Vegetables Companies in Vietnam is characterized by companies, sometimes owners of plantations or farms, and often, collectors, processors and exporters.

Most of the larger companies offer a wide range of products that differ in their segment, positioning and possible market distribution channels in target markets.

All of these companies can be categorized as being at Stage1 in their evolution. Although a few of them have tried to present themselves and their products as a consumer brand, the reality is one of companies still heavily concentrated on export of products to international brands, with lack of branding concepts or innovation in marketing and product, that are not creating brand equity value inside their enterprise.

The Vietnamese companies in the fruit and vegetable sector that have tried to develop a consumer brand have done so by applying their enterprise name on their product without a Brand or marketing concept to support it, and in general have copied the image of foreign food brands in their use of iconography, colours and label design.

Some, with a more appealing Brand Image are too similar to international renown brands and they run the risk to be perceived as copies.

Enterprise names used as consumer brands (such as “G.O.C.”, or “Vegetexco” - to give two examples), in addition of lacking a brand meaning, are also un-suitable to become strong consumer brands that can appeal to the heart and loyalty of people. This aspect is particularly strong when referring to brand names targeting the European market.

In General, as clearly outlined in the “MUTRAP’s Guidebook on the Organization and Operation of the Distribution Sector in the European Union”, due to strict EU regulation on food safety and certification, and due to a lack of a country Image of Vietnam as a “safe” supplier of food in the EU consumers’ perception, Vietnamese Fruit and Vegetables companies, at present, can only rely on European brands to buy products from them, and guarantee them under their brand name.

At this stage, most Vietnamese enterprises in this sector are still struggling to reach the requirements for export, and the Vietnam government is still in the process of implementing the necessary infrastructure, internal certification guarantees and control bodies to enable Vietnamese Companies to have generic fruits and vegetables Brands being exported and distributed directly into Europe. In this scenario, the role of fresh product importers in Europe (such as the one in the Netherlands), of importers, and of retailers buying offices with additional functions of processing, certifying and re-packing bulk load of products imported from Vietnam into the EU, is still a necessary one.

In addition to the summary we have reported in the chapter on the **Evolution stages of companies**, the following aspects further reported in the “MUTRAP’s Guidebook on the Organization and Operation of the Distribution Sector in the European Union”, further confirm the above outlook:

“Germany, the United Kingdom, France and The Netherlands are the biggest importers of fresh fruit and vegetables from developing countries (DCs), while Greece, Bulgaria, Slovenia and Italy have the highest import share of FFV from DC. The Netherlands is a major trade hub for fresh produce from DCs destined for other European markets. European countries import a wide range of fresh products from DCs: besides, for example, bananas, they also import out-of-season vegetables such as green beans and tropical fruits like mango and avocado.

The Dutch distribution has one distinguishing specificity in the EU market for fresh fruits and vegetables: it is a very important gateway to the European market. A great deal of produce is imported through the Rotterdam port only to be re-exported to other European markets such as Germany and the United Kingdom. Therefore, the importance of supply chain logistics in terms of the quality of the final product must not be underestimated.

Processed fruit and vegetables undergo initial processing in the exporting country and generally will be exported to the EU through a more powerful European importer. Once within the EU, the exported ingredients are subjected to a second round of processing by the EU food manufacturing industry. [ This represents a strong barrier to entry for Vietnamese Companies planning to distribute in Europe under their own brand ]

In the case of canned product, processing occurs only in the exporting country and thus the supply chain is less complex throughout the value chain: the importer buys the products in the exporting country (either from the producer or an intermediate exporter) and sells the processed products directly to the different segments, i.e. to wholesalers, retailers, and food services. In any case, the role of the importer remains prominent.

Within the processed fruit and vegetables supply chain as a whole, European importers and food manufacturers play the most important role. Furthermore, because of the imperative of maintaining constant product quality and regular supplies, reliable partner relationships is required in order to ensure a year-round supply around the world.”

Despite the difficult outlook so far presented, good potentials are present in this sector to develop real Vietnamese brands to increase export (international and regional) and in the process to retain value within the enterprise.

Following we will analyse suitable brand development strategies that can be adopted by Vietnamese enterprises in the Fruit and Vegetable sector, looking at specific cases and suggestions.

## ***BRAND ARCHITECTURE***

**Evolve the multiple product conglomerate from a mono-brand approach into a brand architecture strategy based on focused segmentation.**

Branding is made of choices. In the process of creating a brand architecture within their enterprise, Vietnamese fruit and vegetables companies will have to make choices of naming, priorities, segmentation and clear market strategies.

The first general problem to address is the common use of the enterprises name as a consumer brand name. Too often the name of the original enterprise is not suitable for a consumer brand name. Furthermore, all of the fruit and vegetables Vietnamese companies that we have analysed have a poor image on all aspects: design of the logo and visual identity, poor website and poor quality of photography and imaging to present their products.

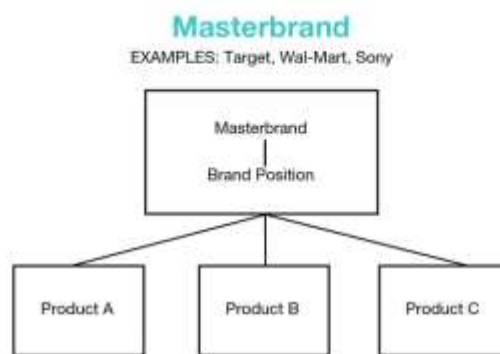
In all instances (also in the case of large companies like Hapro and Doveco), the approach in the web site and in the company's/brand's communication is always the one of either exporters, or of enterprises trying to sell products. In no instances, behind any of the fruit and vegetable enterprises, we have found a mature and professional brand DNA or brand concept, Brand storytelling, or a social segmentation based on target users.



The second is the choice of brand architecture more suitable for each individual enterprise in this sector. Different companies have a different internal culture and different maturity. In some instances the best strategic choice could be the one to omit completely the name of the mother company and to develop single, independent brands, specialized for a specific product, use, segment, customer target or even country, and market it independently as such.

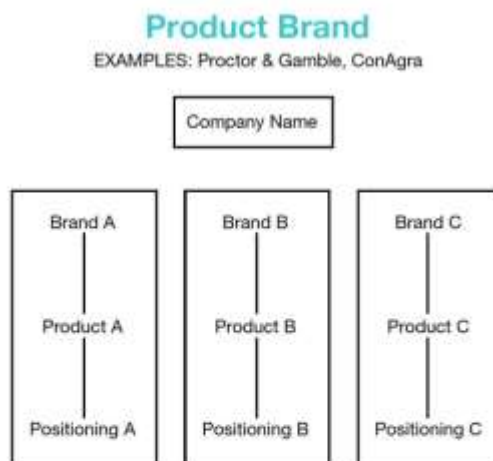
In other cases keeping the mother name as an endorser of each independent brand could be the best choice.

Or finally, although this might be less likely suitable for Vietnamese Companies, the strategic choice could be to keep marketing and distributing under one brand name a wide variety of products with specific identities for each category.



You know you have a masterbrand if:

- There is one unified brand name known to consumers
- The brand name covers more than one category
- Products align with the brand position of the corporate name and typically don't have their own brand names

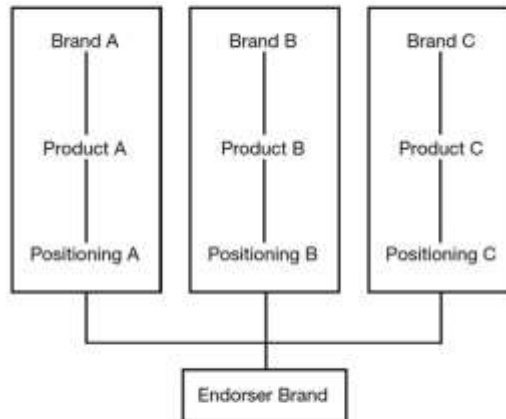


You know you have a product brand if:

1. The corporate brand is hidden
2. One name is assigned to one product along with a single positioning
3. Each new product is a new brand

## Endorser Brand

EXAMPLES: 3M, Johnson & Johnson



You know you have an endorser brand if:

- The company name is well-known and guarantees quality
- One name is assigned to one product along with a single positioning
- Each new product is a new brand

Once the decision on brand architecture has been made, decision on what type of brand and what type of brand path to apply can be made.

Some Vietnamese products in the fruits and vegetables sector have the potentials, the unique heritage to be developed in LIFE STYLE BRANDS (see following case study on Marou Chocolate). Other product categories in this sector will be more suitable for the development of CONSUMER MARKET BRAND. For some other product, for the time being, the best strategy is to keep improving, price, compliance and quality to boost confidence and export manufacturers.

### **CASE STUDY: Ferrero**

Ferrero is an interesting example of a local company born from one product, that developed into an international empire developing a smart brand architecture with a family of brands, and sub brands and sub products under each of their Brands.

In the case of Ferrero, each of his brand was born from a combination of innovation in product and precise segmentation around habits and social behaviour. Once the first product and brand deriving from that innovation was established, sub products bearing the original brand/product name and a specific sub brand connotation, were launched.

As a result, each specific innovation developed in a family of product linked to it.

Ferrero has developed his Brand architecture on Innovation, whereby his original company name Ferrero, stands as a Endorser Brand representing all the values behind their incredible brand journey.

# FERRERO



## DEVELOP NICHE PRODUCT BRANDS

Specific. Protected. GI. Original, Exotic.  
 Examples of what Vietnam can do.

### JUICES:

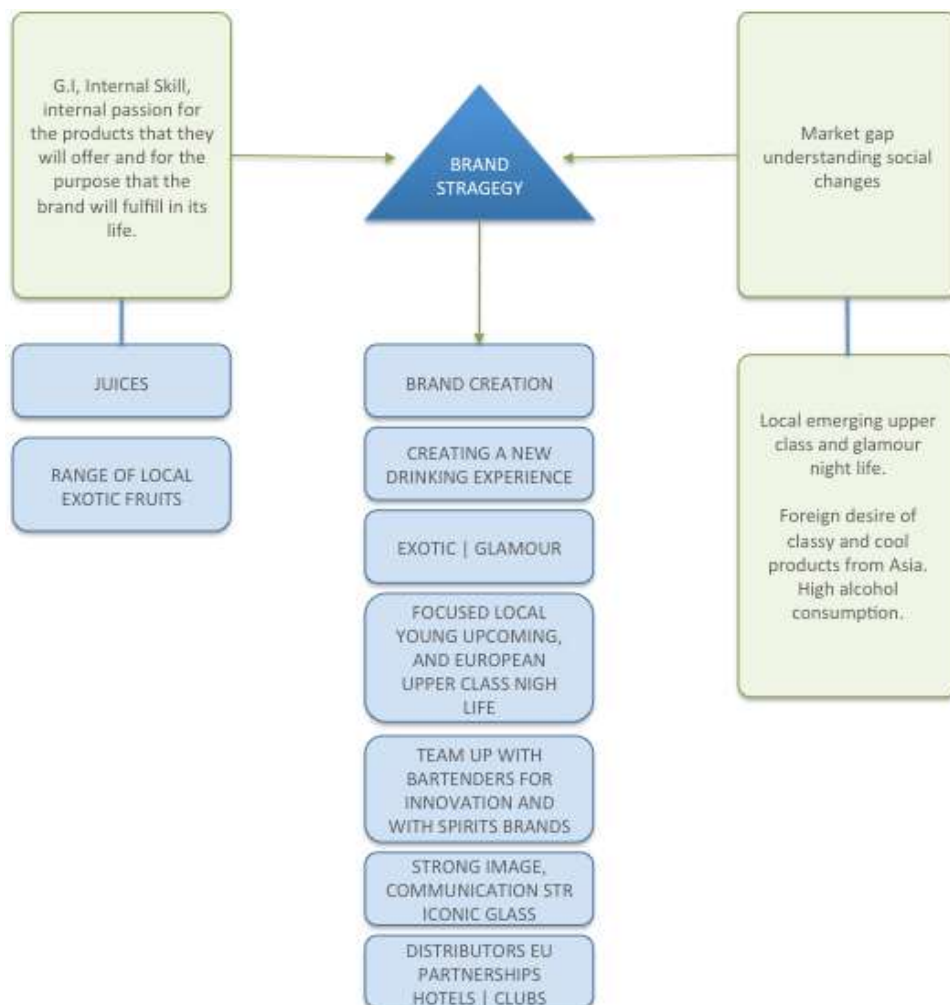
#### Marketing innovation and product innovation.

Several producers in Vietnam export either condense juices or canned juices. Following their standard export model, these juices are either sold under anonymous packaging to be repacked by the importers or by the European brands, or they are exported already canned but with the final customer's brand name and label.

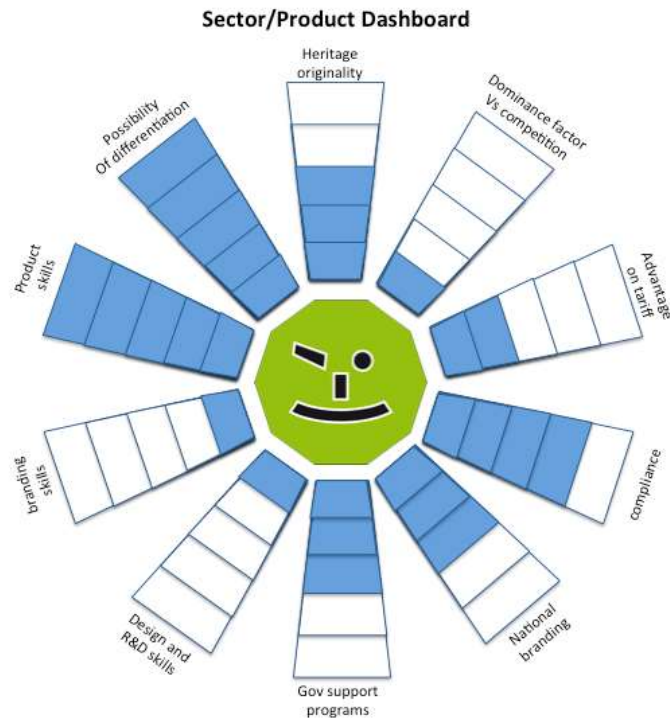


VEGETEXCO is one of the companies in Vietnam that has a very interesting selection of Juices, ranging from fruits to Coffee. Instead of selling these juices as “products” only, Vegetexco could instead create a **Life Style Brand** only for juices. The brand could target a young audience in Europe and carve its niche in the areas of specialty drinks for cocktails.

Innovation could be developed by engaging famous bartenders in Europe to create a unique drink with some of these juices (especially with the more exotic ones characteristic of Vietnam such as Dragon fruit, Pomelo and Passion fruit. These drinks could become the iconic drink linked to Vietnam fruits as well as the new “exotic glamour” drink among European youth as well as their Asian counterparts.



## JUICES



### **CASE STUDY: Cubalibre | Martini**

One example of how the invention of a drink, that with its glamour among the night life and its links to a strong and evocative heritage has changed the faith of a spirit and its worldwide export success, is for example the CUBALIBRE. A mix of Cuban Rum and Coca Cola.



The ability to create an evocative “way of drinking” around its product, by creating cocktails appealing to the night life, has also been MARTINI. This successful marketing strategy made it a world-renowned brand, not only for its main product “Martini”, but also of the names of each cocktail that were invented with it. Martini even created an iconic glass, specially designed to drink the martini cocktails!

In Vietnam, let's not forget that “SAIGON” has a very evocative name and history, one that can be used. And in recent times HCMC is also developing a hip, upcoming and glamorous night life. A brand like this could generate from this environment and energy in the changes in society and spread to other parts of the world.



**SPICES:**

**Creating an heritage brand grouping spices from Vietnam**

Spices from Asia have a long and incredible story and have a special place in the hearts of all people in Europe. Hanoi in particular has been in history a trading point on the maritime trading routes of the Indies in the 15<sup>th</sup> hundreds.

This unique history can be used by Vietnamese Companies to create a unique brand that encompassing all spices.

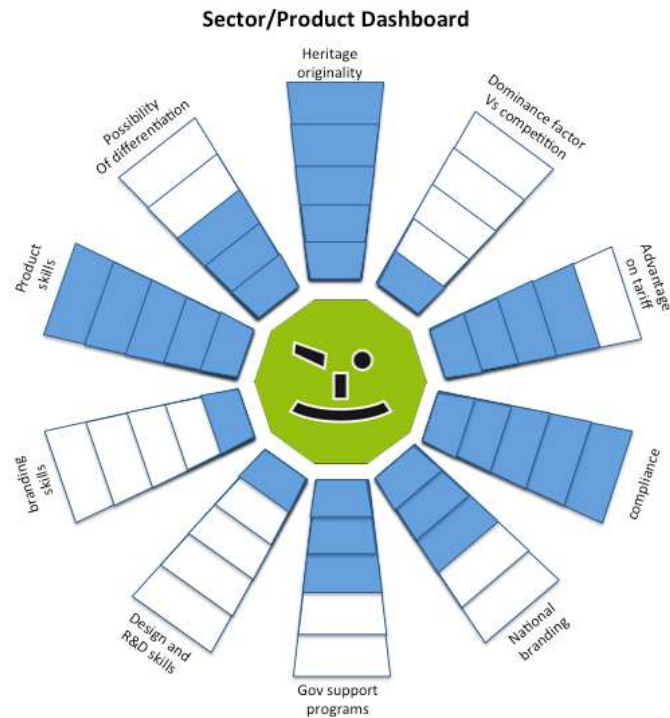
Again , the opportunity is to change the mind set from product selling to brand value selling, and to create a real and unique brand building internal value within the enterprise while evolving rom a Stage1 to a Stage3 company.



Such brand could also be connected to the GI certified areas for some of the products in their product mix to create a endorsement – contribution effect between the brand and the region (see more in the case study of Champagne).



## SPICES



### EXAMPLE:

An example of the heritage on which Vietnamese companies could build this brand is told in the THE UNIQUE HISTORY CONNECTED THE THE TRADE OF THE SPICES and of the Dutch East India Company ([http://en.wikipedia.org/wiki/Dutch\\_East\\_India\\_Company](http://en.wikipedia.org/wiki/Dutch_East_India_Company))

The Dutch East India Company (Dutch: Vereenigde Oostindische Compagnie, VOC, "United East India Company") was a chartered company established in 1602, when the States General of the Netherlands granted it a 21-year monopoly to carry out trade activities in Asia.

Compagnia olandese delle Indie orientali

([http://it.wikipedia.org/wiki/Compagnia\\_olandese\\_delle\\_Indie\\_orientali](http://it.wikipedia.org/wiki/Compagnia_olandese_delle_Indie_orientali))

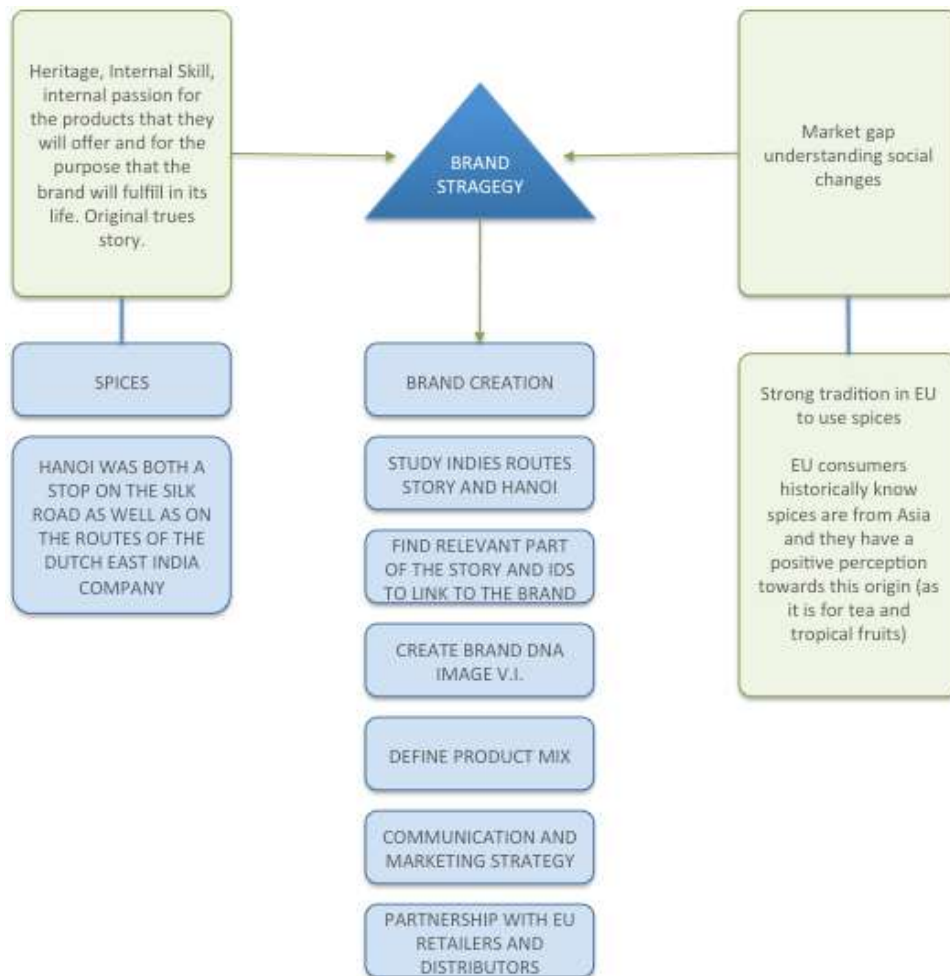


The headquarter of the Dutch East India Company was at Batavia on Java Island ( now Jakarta , Indonesia ) . The colonial territories gradually conquered were directly annexed by the company or they created a kind of protectorate on the indigenous allies states .

Hanoi (at the time Tonkin) was among the territories in which they were trading.

- [Ambon](#) e [Molucche](#)
- [Isole Banda](#)
- [Ternate](#)
- [Celebes](#), [Sumatra](#)
- [Malacca](#)
- [Tonkin](#) (today HANOI)

- [Formosa- Fort Zeelandia](#)
- [Dejima](#)
- [Ceylon \(Jaffnapatam\)](#)
- [Coromandel](#) (Negapatnam)
- [Malabar](#)
- [Mauritius](#)
- [Città del Capo](#) (ufficio generale della Compagnia)



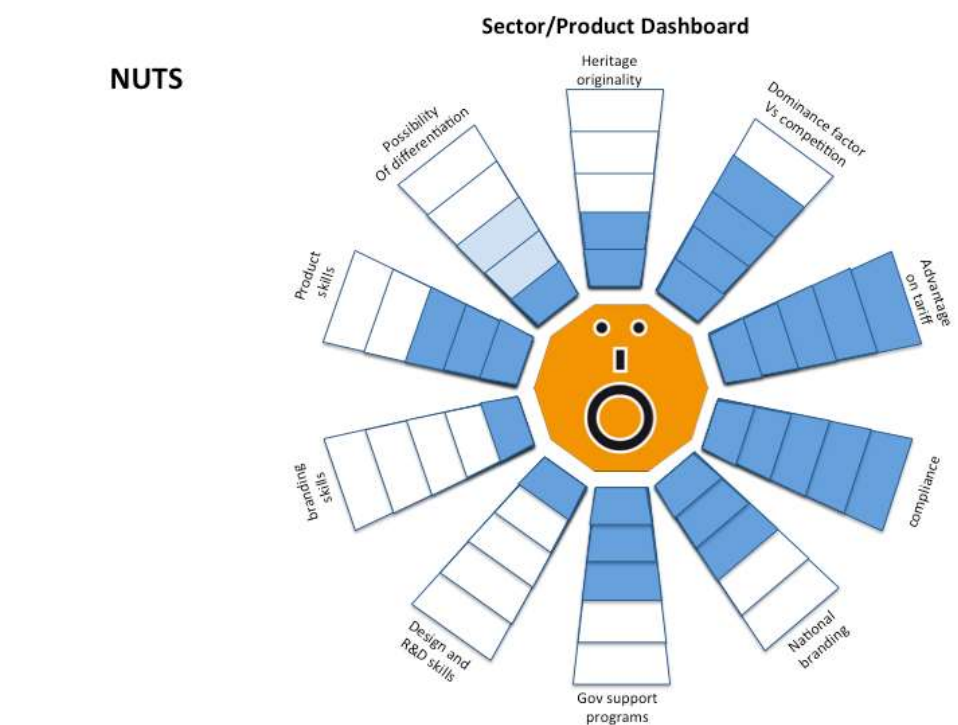
### **CASHEWNUTS: Branding a strong export product**

Cashew nuts are also a strong export product predominantly sold in bulk as a commodity. This is another valuable example of a product that can be turned into a brand. The process would be similar to the one described for the Spices.

An appealing brand of cashew nuts could also work very well with co-branding activities and commercial and marketing synergies with the life style brand of Juices we have described above.



NUTS



### **CASE STUDY: Marou**

***By a French creator, we introduce to you an original Vietnamese chocolate brand!***

Marou Chocolate is a French company that saw something unique in Vietnam and in its Chocolate. They studied its past. They studies its present. They studied how the values of sustainability and fair trade were embedded in this sector of the Vietnamese Economy. They felt in love with all of it. And they created a modern, appealing and glamour VIETNAMESE CHOCOLATE BRAND.

Here is an extract from their web site to better understand who they did it and why they did it. A true Vietnamese company can learn from this and create a true Vietnamese Brand as well!

#### **CACAO AND CHOCOLATE IN VIETNAM, A BRIEF HISTORY<sup>3</sup>**

**Cacao was first introduced in Vietnam by the French in the late 19th century.**

It is said that the famous Doctor Alexandre Yersin, a disciple of Pasteur, discoverer of the bubonic plague bacillus and formidable presence in Indochina from the 1890s to his death in Nha Trang in 1943 tried among many other projects to introduce cacao to Vietnam. Let's just say this might not have been his most successful enterprise.

Indeed, a look at the French administration records in the early 20th century reveals that the French were early quitters in the cacao game: by order of the Lieutenant General of the colony the subsidy paid to the local farmers for growing cacao in 1890 was rescinded on January 24, 1907: "It seems, effectively, useless to encourage this culture which has, until now, not yielded any satisfying result".

That's from the same colonial power that imported most of its cocoa from the tiny island of Sao Tome (then a Portuguese colony) or from the British Gold Coast (now Ghana), but didn't

<sup>3</sup> <http://marouchocolate.com/post/55951688118/history>

develop cocoa plantations in Ivory Coast, which became the world's biggest producer after gaining independence...

A few trees nevertheless remained in some Mekong Delta provinces, where the fruits were enjoyed fresh or sometimes turned into cocoa but without any significant investment or know how, cocoa remained a marginal product in Indochina.

Act 2 : Cocoa for the USSR

The second act of the Vietnamese cacao story takes place in the bleak hours of the 1980s, when a reunified but defiant Vietnam depended chiefly on the USSR and other Eastern Block countries for its meagre trade. Soviet experts encouraged the plantation of cacao but by the time the trees were planted and growing pods in the early 90s the Berlin Wall had fallen, the Russian buyers had vanished and the farmers had no-one to sell their cocoa to. All but a handful of these trees were felled.

Taking part in cacao's Renaissance in Vietnam.

In the past 10 years, cacao has benefited from favorable factors:

International trading companies (Cargill, EDF Man, Armajaro, Touton...), NGOs and public development aid (in particular US Aid's Success Alliance program) have all invested in the development of cacao in Vietnam, supporting the efforts of remarkable academics like Dr Phuoc of the Nong Lam agricultural university.

Many programs are now supporting the effort of small farmers in a number of provinces, and we have met with many people who are passionate about cacao, whose hard work is making Vietnam one of the most exciting new producers of cacao in the world. Chocolate makers have also shown an interest in Vietnamese cacao beans with renowned makers like Scharffen Berger in the US or Demarquette in the UK making limited edition Vietnam origin chocolates.

Being the first artisan chocolate maker based in Vietnam, and working in close collaboration with farmers, cooperatives and cacao experts, Marou is aiming to make Vietnamese chocolate a widely recognized origin for gourmet chocolate.

**Is our chocolate good for the environment? Does chocolate have to be Organic? When is Trade really Fair?**

They're everywhere on chocolate bars, the little logos that say the product is Fair Trade, Organic, Max Havelaar Fair Trade, USDA Organic... And with good reason, let's not forget that for decades the big chocolate companies closed their eyes on the appalling working conditions in Ivory Coast, the world's largest cocoa producer.

One of the reasons that pushed us at Marou to develop chocolate making in Vietnam is the realization that while things may not be perfect here, at least Vietnam is a country that has an outstanding track record in terms of sharing the wealth among its still largely rural population. Up to a point, the success story of the Vietnamese economy in the past 20 years is based on a dynamic agricultural base with small farmers being helped and encouraged to successfully develop new crops (coffee, cashew, and of course cocoa in more recent years).

This development has not been without its problems: loss of wildlife habitat, deforestation, soil erosion, depletion of underground water resources... But the small family farm model is on the whole less detrimental to the environment than the industrial plantation model and because people are exposed to the consequences of their actions one acre at a time they also make farmers more aware of their environmental responsibilities.

Because cacao trees like to grow in the shade of larger trees forming a canopy overhead, cacao is ideally suited to growing in areas of reforestation, where biodiversity can be restored, this makes planting cacao more environmentally friendly than similar cash crops that require the clearing of forest.

Unfortunately the small size of farms here makes the case for going organic quite difficult. Given the cost of organic certification it is a huge leap into the unknown for farmers in Vietnam who have to undergo a 3 year transition period and the sickening idea that should aphids invade their trees they would not be able to spray them to protect their harvest. Local farms average less than 1 hectare of cocoa per farm. The only Organic transition project in progress has its

(very large) bill paid by a foreign aid agency. We are obviously grateful for what this agency is doing, but once they're done with the project, will the farmers have the capacity to perpetuate the scheme?

At the end of the day certification is by definition a bureaucratic exercise: a/ set norms, b/ put in place standards to verify the norms are being upheld, c/ be able to bury any query under a ton of paper... When you're dealing with a family on a farm that is just a couple acres, has a few hundred cocoa trees, some other marketable crops, a pond for raising fish, a pig or two and some chickens running around the vegetable patch, the whole thing seems a bit absurd.

So here we are, in Vietnam our chocolate has no fancy Fair Trade or Organic logos to show. But on the other hand it is made by people with a real interest in protecting biodiversity and ensuring that farming families can make a decent living out of their work. On this point I must point out that we buy cacao beans that are fermented and dried by the farmers themselves. This delicate post-harvest work is an important part of the added value from simply growing cocoa trees to being able to sell a high quality bean that is worth more than the bulk market price.

At the end of the day, we know the farmers who sell us cocoa by their first name, we pay them a premium reflecting the extra care given to the post-harvest processing and when we finish weighing the bags, the money goes directly in their pocket with no intermediaries to pay; we are happy to call such trade fair.



## **OPPORTUNITIES ON BRANDING PROTECTED GI PRODUCTS OF VIETNAM.**

“The European Union regulates Geographical Indications and Designations of Origin<sup>53</sup> through Council Regulation (EC) No 510/2006.<sup>54</sup> This Regulation sets out provisions on agricultural products and foodstuffs (excluding all wine-sector products, except wine vinegar) from a defined geographical area. If there is a link between the characteristics of certain products and their geographical origin, they may qualify for either a protected geographical indication (PGI) or a protected designation of origin (PDO). The use of corresponding EU symbols on the labels of such products provides consumers with clear and concise information on their origin. The introduction of these two terms also benefits the rural economy, since it boosts farmers' income and maintains the population in less favored or remote areas. The two types of geographical description are different. A PDO (Protected Designation of Origin) covers the term used to describe foodstuffs which are produced, processed and prepared in a given geographical area using recognized know-how (such as Mozzarella di Bufala Campana). A PGI indicates a link with the area in at least one of the stages of production, processing or preparation (such as Turrón de Alicante). The link with the area is therefore stronger for PDOs. In order to obtain a PDO or PGI, agricultural products or foodstuffs must comply with the product specification, which must include the following aspects:

the name of the PDO or PGI;

- the description of the product, with an indication of its main physical, chemical, microbiological and organoleptic properties;
- definition of the geographical area;
- information proving that the product originates from that area;
- information justifying the link between the product and the geographical area;
- description of the production method and, if appropriate, the authentic and unvarying local methods as well as information concerning packaging that takes place in the defined geographical area in order to safeguard quality, ensure the origin or ensure control;
- the name and address of authorities or bodies that verify compliance with the provisions contained in the product specification;
- any specific labelling rule for the product in question;
- any requirements laid down by Community or national provisions<sup>54</sup>.

The Vietnam government has long implemented a program of GI certification across Vietnam identifying and certifying already 38, between protected regions and products around Vietnam.

Dragon Fruits, Pomelo, Lychees are some of these unique fruits of Vietnam Origin. Most of these fruit are however presently sold as unbranded commodities fruits, in such a way than price results one of the determining factors on the success of the export of these items. The opportunity is to brand some of these categories and investing in marketing and communication, raise their profile, recognition and ability to justify a premium price and higher margins.

One possible way to implement this strategy is to Brand an area of Origin and help individual companies to develop brands under this umbrella. In the Art&craft chapter we will see the case Study of the Island of Murano in Italy. A good example is how France branded the Champagne region that in turn became synonymous of the famous sparkling wine of which many individual brand from this region were developed and still today strive.

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<sup>4</sup> “MUTRAP’s Guidebook on the Organization and Operation of the Distribution Sector in the European Union”



**MORE INFO ON CHAMPAGNE REGION:**

[http://en.wikipedia.org/wiki/Champagne\\_%28wine\\_region%29](http://en.wikipedia.org/wiki/Champagne_%28wine_region%29)

“ The **Champagne wine region** (archaic English: Champany) is a historic province within the administrative province of Champagne in the northeast of France. The area is best known for the production of the sparkling white wine that bears the region's name. EU law and the laws of most countries reserve the term "Champagne" exclusively for wines that come from this region located about 100 miles (160 km) east of Paris. The viticultural boundaries of Champagne are legally defined and split into five wine producing districts within the administrative province: Aube, Côte des Blancs, Côte de Sézanne, Montagne de Reims, and Vallée de la Marne. The towns of Reims and Épernay are the commercial centers of the area.

Located at the northern edges of France, the history of the Champagne wine region has had a significant role in the development of this unique terroir. The area's proximity to Paris promoted the region's economic success in its wine trade but also put the villages and vineyards in the path of marching armies on their way to the French capital”<sup>5</sup>.

<sup>5</sup> [http://en.wikipedia.org/wiki/Champagne\\_%28wine\\_region%29](http://en.wikipedia.org/wiki/Champagne_%28wine_region%29)

## SPECIALTY FRUITS

A second possible strategy is instead for a company leader in the sector to create a Brand solely for one specific product. Among the typical and GI protected fruits of Vietnam, the **DRAGON FRUIT** is a product that suits very well this branding approach. This strategy implemented and sustained with the proper marketing campaign, can delivery very powerful results, both financially and in terms of brand sustainability and brand recognition. The following case study is a perfect example of a established and world renown brand and how it has started, just branding a banana!

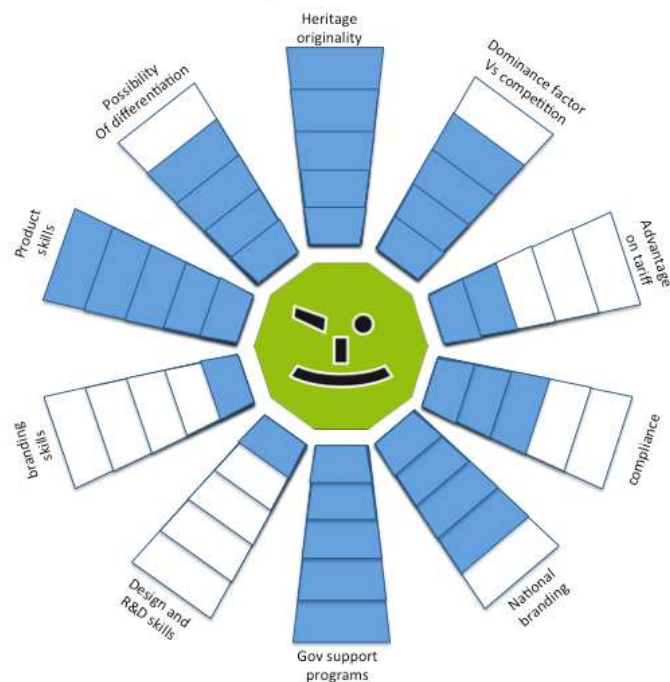
Building a brand around specificity of products can also be developed in combination with the GI certificated areas and products in Vietnam.

A dragon Fruit Brand could therefore be connected to Binh Thuan creating the necessary synergy of the individual brand contributing to the fame of the region and the certification of the region endorsing the individual brand.



## SPECIALTY FRUITS

### Sector/Product Dashboard



Other examples of this brand strategies could be:

## BANANA

In Vietnam, there was the Banana for the king.

DaiHoàng  
Dai Hoang  
(Ha Nam  
province)

ChuiNg  
Ngubanane



## LITCHI

Once upon in time, in the Tang dynasty in China there was a beautiful concubine. Her name was Yang Gui Fai. She loved litchi so much that every season a special convoy would travel miles and miles across the land by express ponies to deliver to her fresh Litchi.

ThanhHà  
(Hai Duong  
province)

Quả Litchi  
Litchi



NOTE: the look and design of the logo of the different products and GI regions might need a contemporary re-styling.

## CASE STUDY: Banana Chiquita



### The Chiquita Story<sup>6</sup>

Stickers, Songs and a story of transformation

Chiquita's history is a story of unique and positive transformation. From our founding by Captain Lorenzo Dow Baker in 1870 to the addition of the Fresh Express brand in 2005, Chiquita's dedicated employees have transformed the company into one of the leading socially and environmentally responsible produce companies in the industry. Although Chiquita's history includes storied moments in its past, the company now proudly focuses on extending labor rights, protecting our environment and investing in the communities in which we live and work. Our Core Values of Integrity, Respect, Opportunity and Responsibility serve as the basis of our business performance and guide our everyday activities.



**100 YEARS AND COUNTING...**

### Miss Chiquita

It all started in 1944 when Miss Chiquita was created to put a face on one of the world's first brands of bananas. She was drawn by artist Dik Browne, who also drew her cousins, the Campbell Soup "kids" and "Hagar the Horrible."

In her early years, Miss Chiquita appeared as an animated banana, helping to teach consumers about the great nutritional value of bananas and how to ripen them. She was a big celebrity, making guest appearances in top radio shows including those of Fred Allen and Alec Templeton. Other broadcast personalities inviting Miss Chiquita to be on the air were Charlie McCarthy and Bert Lahr.



Live models and personalities were hired to bring the "First Lady of Fruit" to life, beginning with Patty Clayton in 1944. Puerto Rico-born Elsa Miranda (no relation to movie star Carmen) was the most famous Miss Chiquita. In 1945 and 1946, she was active in numerous personal appearances. Miss Chiquita made many guest appearances in the movies, in commercials and even with Arthur Fiedler and the Boston Pops Symphony Orchestra. A likeness of Miss Chiquita has appeared on the labels that identify Chiquita bananas and other products since 1963. She was depicted as a banana until 1987, when artist Oscar Grillo, creator of the Pink Panther, transformed her into a woman. The change reflected the image the public had of Miss Chiquita as a real person.

<sup>6</sup> <http://www.chiquita.com/>





## Blue Sticker

In 1944, we introduced Miss Chiquita and became the first company to brand a banana. In the early years, we experimented with putting our name and Miss Chiquita on a paper band and wrapping it around hands of bananas. The idea of sticking labels on bananas started in 1963. Machines are just too rough and can bruise the delicate fruit so that's why we still place our Blue Label on them by hand.

Our Chiquita stickers have become an iconic symbol for high-quality fruit and produce. We've used the stickers to promote bananas for school lunches, celebrate major anniversaries, advertise our sponsorship of the Olympics in 1980, celebrate Miss Chiquita's 50th birthday, and feature our slogan "Quite Possibly, The World's Perfect Food®,"



Current Sticker



50th Anniversary Commemorative 1944-1994



50th Anniversary Commemorative 1961



50th Anniversary Commemorative 1974



Origin Sticker Ecuador



Promotional 1991



Promotional 1994



Current junior size banana sticker



Promotional 1993



Promotional 1990



Chiquita Precious



Promotional 1991



Promotional/Flags of the World 1992



Promotional/Olympics 1980



Introduced in 1991



Origin Sticker Philippines



Promotional RIO 2011



Promotional Donkey Kong 2011



Promotional Sega Super Monkey Ball 2010



50th Anniversary Commemorative 1972

## Advertisements

There's no doubt that part of the reason Chiquita is one of the world's most popular brands is because of our TV commercials and print ads. We've compiled a whole bunch of favorites for you to enjoy.

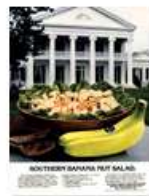
## 1960s Ads



## 1970s Ads



## 1980s Ads



## 1990s Ads



## 2000s Ads



## Innovation

**GRILLED TROPICAL GOODNESS. ISLAND-STYLE.**

Grilled Chiquita Bananas and Sausage Kebabs  
 Classic kebabs with a Chiquita banana and pineapple twist.

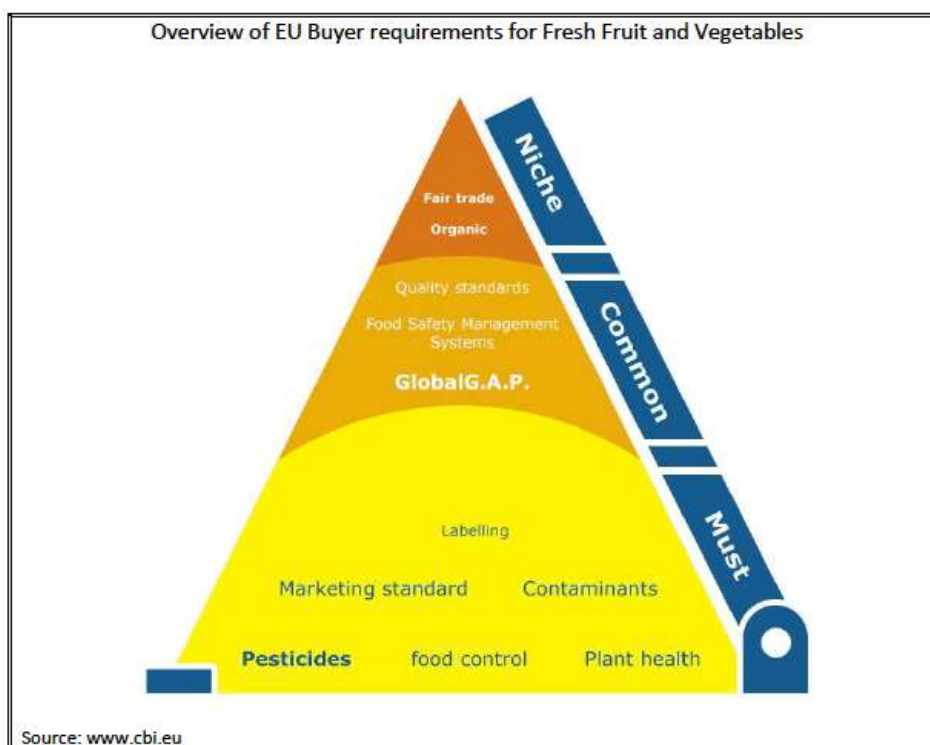
[VIEW THE RECIPE](#)

## ON DISTRIBUTION

Niche strategies on selected products can be also particularly appealing when built around products benefitting from lower trade duties, lower barriers and an overall easier foreseeable acceptance by final consumers and commercial counterparts in Europe.

As reported in the “MUTRAP’s Guidebook on the Organization and Operation of the Distribution Sector in the European Union”, “The distribution channels linking Vietnamese exporters to the EU cashew nut markets contain various trade actors. Most of EU imports of cashew nuts are sourced through specialized importers, but agents also play an important role in linking exporters to the EU markets. Some larger developing country exporters trade directly with EU food manufacturers, however this is not very common, yet increasing. Cashew nuts are mainly imported by specialized importers who deal with a wide range of tree nuts, groundnuts, dried fruit, seeds, but often specialize in one product out of the range. Perhaps one fifth of Vietnam’s exports of fresh fruit and vegetables (FFV) go to the EU, but these exports account for only a very small fraction of total FFV imports by the EU (the world’s largest importer). In 2005 the 15 countries of the EU imported about \$120m. of FFV from Viet Nam. Exports of fresh dragon fruit are a key area of growth in Vietnam’s FFV exports; baby corn, chilies and mushrooms may become growth sectors too in the future. Current exports of products that are canned, dried, juiced, frozen, pickled or otherwise processed are inherently less likely to encounter SPS barriers to market access than fresh product.

The European market presents significant challenges to any exporter of food and other agricultural commodities. With few exceptions European food safety requirements are as high as or higher than any in the world. Fortunately, for some important Vietnamese exports, like coffee, tea, nuts and pepper, SPS requirements do not pose major impediments to trade. For other products, like fish, export to Europe is only possible if a comprehensive sanitary system is maintained over every aspect of production, processing and distribution.”



Vietnamese companies can invest in focused brand building projects to take advantage of such opportunities and on such competitive advantages.

Because of the favourable position of Vietnam on specific products, Vietnamese Brands can leverage on the creation of their own brands and raise the interest of European retailers to be marketed as such. The fact that these products do not present heavy impediments, will allow Vietnamese brands to bypass food importers, and to deal directly with the retailer on commercial, branding, marketing, pricing and distribution strategies.

Initially the European retailers will argue and counter negotiate on commercial terms and pricing, on the fact that Vietnamese Brands come into the EU market are unknown and marketing budgets are necessary in order to get them known. Such commercial situations are normal for new Brands entering the EU. Vietnamese Brands have to take this aspect into account and, as suggested, establish strategic partnerships to facilitate the market entry.

Vietnamese brand can already develop new brand and distribution strategies on product that represent the above mentioned advantageous competitive position, and that are already heavily imported by European retailers. Vietnamese brands developed on these products could play piggy-back on their good record on import volumes, compliance and sales in the EU market, to be accepted in the brand mix carried by EU retailers and supermarket that already have been buying them as unbranded products.

On this aspect, government activities to promote Vietnam, Vietnam excellences, Vietnam culture and Vietnam image as a country come into play. These activities now carried on a sector by sector base, and in the majority of the cases on trade/export platforms, can be developed to promote Vietnam as a whole. Vietnam advanced marketing activities linking different sectors under a common branding concept can be developed and implemented in cooperation with Commercial partners alongside government and trading associations (more about this aspect will be discussed in the recommendation session).

## ***DEVELOPING AND STRENGTHEN GENERIC CONSUMER BRANDS FOR REGIONAL MARKET***

Several large and small Vietnamese companies in the Fruit and Vegetables sector are skilful producers or processors of canned and dried fruits vegetables. Currently these companies are at their Stage1 of evolution in this particular category of products. Their present priority remains increase their export as manufacturers. To achieve this goal they are focused on improving and stabilizing their quality and compliance towards the European Union. At the same time, some of them are already commercializing the same products under a consumer brand in the local or regional market.

Strategically for Vietnamese companies creating a generic consumer brand for the above mentioned type of products to market and distribute it in the EU, would be a very challenging undertaking because of the still indirect barriers to entry (compliance, safety, role of importers and processors, consolidation and repacking, local distribution), and because of the European confidence level on products from Vietnam.

In addition, the brand appeal of these companies and is very low and the Brand DNA is undifferentiated, with no brand story, and a generally poor image.

To contrast the competition of large, trusted, established brands in Europe, with generic fruits and vegetables consumer brands, Vietnamese companies would have to face a long

and difficult challenge, heavy investment in communication without the certainty of a distribution success.

Potentials of expansion for such generic consumer brands, though, could find a prolific ground for growth in the local or regional market with the proper adaptation to local customs and needs.

## THE BIG PLAYERS

### HAPRO

In the fruits and vegetables sector, HAPRO, like Doveco, and Vegetexco, could develop a company's brand architecture strategy targeting specific segment or uses of some of its products, or product families.

In the case of Hapro, in which the enterprise name and consumer brand are the same, the name Hapro is more appealing and consumer friendly.

Hapro presents a wide variety of Fruit and vegetable products. In the fruits and vegetables sector Hapro could adopt successfully any of the 3 brand architecture strategies below.



However, each path represents different choices and specific investments. Prioritizing the improvement and launch of each specific brand/product/category based on the suggestions above will be a key decision that needs to be planned and on which support and consulting will be needed.

### DOVECO

Perhaps the best example of how a Vietnamese enterprise in the fruit and vegetable sector has divided their enterprise identity from their consumer Brand is Dong Giap Food Stuff Joint Stock Company. They created the consumer Brand DOVECO.

DOVECO has the opportunity to improve and further develop their sales through their branded products, and it can apply several of the strategic ideas presented in this chapter.

To reach such goals branding DOVECO the company also needs to separate its export business and its branded one in its communication and online presence.

A strong Brand DNA needs to be studied, nurtured and communicated separately from the manufacturing export business. It needs to have a brand appeal and a story to tell to connect to the emotion of the consumers they want to reach and to gain their trust. The paths DOVECO could chose are many. It could chose a path of a trusted brand focusing its Brand DNA and communication on the safety, quality and nutrition of their products - values dear to families. On this DOVECO could learn from brands like Valfrutta and COOP in Italy, or DeMonte for example. Or they could create sub brands with specific focus and appeal (Like for example Barilla in Italy did when it created Mulino Bianco)

One additional recommendation for this brand, would be to better differentiate its image.



## ***ON INNOVATION***

Adding real innovation, (and why not, adding a compelling product and packaging design as well!) to a specific skill and strong product of Vietnam origin, would be the next frontier for Vietnamese enterprises. Perhaps it is now too early in their evolution and capabilities to push real innovation and the true understanding of market and society changes to identify opportunities in the market.

Nevertheless, it is always a good time to introduce the possibilities that real innovation (in product, in marketing, or in branding) can create to build extremely profitable and successful brands.

### **TO STUDY:**

Two inspiring examples of true of innovation that gave birth to internationally renown brand are:



## VIII. Strategies ART & CRAFTS

The art and craft sector presents two main clusters of enterprises. One cluster groups companies with similar characteristics of the large multiproduct-export-companies in the Fruit&Vegetables Sector. The other cluster groups a variety of SME or fragmented production units in the rural areas of Vietnam.

“Research shows that Vietnamese handicraft companies do not sufficiently realize the importance of design as well as sustainable design and the need for continuous product innovation. An estimated 90% of Vietnamese handicrafts are either produced according to customer specifications, with little design or product development efforts on the part of the producers, or collected from craft villages; as a result, their profits are rather low.”<sup>7</sup>

However, especially when compared to the other two sectors related to this study, one of the characteristics of the second cluster of companies in the Art&Crafts, is that it already counts companies with design capabilities, in their Stage2 of evolution, and companies with upcoming original concept brands entering their Stage3 of evolution. These companies have the opportunity to start the process of evolution into Stage3 and to build long term value inside their enterprises.

In this sector, an important institutional and supporting role is played by VIETCRAFTS that with his vision and multiple initiatives is helping the promotion and the growth of many of its Vietnamese member companies.

Among other activities of trade and export promotion of Vietnamese art and crafts, VIETCRAFT is also undergoing an import project of “Sustainable Handicraft Design and Branding” **to promote and brand specific sustainable products of Vietnam Origin**<sup>8</sup>.

The Aim of this Project is:

- Identify a set of art&craft products with unique Vietnamese origin, with the pre-requisites of sustainability in the production process and in the product design.
- Create A Product’s sustainable brand/label based on strict standards of cultural, social, economic and ecological sustainability<sup>9</sup>.
- Select an initial group of 20 Vietnam Companies in the Art&craft that meet the requirements and issue to them the new prestigious label.
- Promote sustainable design to International customers, and to “set-up strategic partnerships with 20 sustainable buyers in the EU in order to promote the sales of sustainable design products”<sup>10</sup>, with the aim to increase export through Private label order in a business model of companies in the Stage2 and Stage3. “Branding will greatly facilitate marketing efforts on EU markets, setting companies with branded products apart from less sustainable producers. The project will help to build trust and brand recognition among Vietnamese handicraft exporters and buyers in Europe alike. The branding initiative will positively influence the reputation of the Vietnamese export-oriented craft sector. It will bring added economic benefits in the way of better prices, greater sales, new or strengthened business relations with international buyers and provide an incentive for SMEs to continue on the path to sustainability. The goal of this branding initiative is thus to evaluate current performance as well as to improve sustainability performance.”<sup>11</sup>

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<sup>7</sup> Source VIETCRACF

<sup>8</sup> Source VIETCRACF

<sup>9</sup> Source VIETCRACF

<sup>10</sup> Source VIETCRACF

<sup>11</sup> Source VIETCRACF

[ ] “Promoting and developing sustainable design and branding for the handicraft sector in Vietnam will provide European importing companies more sourcing options that meet consumption trends in Europe, it will also help those companies to uphold their sustainable business philosophy. By assessing the level of company sustainability and certifying a group of companies that meet all sustainable criteria (awarded with Vietcraft Value label), Vietnam will support European importing companies and European consumers in identifying the best sustainable handicraft suppliers in Vietnam. Such a labeling scheme will help set European importing companies and consumers' minds at ease, confirming that who they are going to work with, is reliable in sustainable business and what they will buy, is what they think it is”.



Such undertaking by Vietcraft, can be further sustained by individual brands creation and development process with targeted Vietnamese companies that present the right foundation to evolve from Stage2 to Stage3 in their evolution process.

Before we go into the analysis of specific Vietnamese companies let's review a similar case from Italy, and how the Branding of an Art Skill from a small Island in Venice became a worldwide brand, craved by the kings and the famous.

### **CASE STUDY:**

Murano is a small island in the VENICE Laguna. It is believed that glassmaking in Murano originated in 8th-century Rome, with significant Asian and Muslim influences. Through the centuries since then, its artisans developed a unique technique to create glassware. The items created thanks to such a unique technique and skills were of such a beauty that they soon became gifts for kings and nobleman, bringing richness and fame to the people of the island and to the name of the Island of Murano itself<sup>12</sup>.

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<sup>12</sup> Source wikipedia



Soon Murano because the name used to define the special MURANO GLASS. It became what in modern time we would call a Generic Brand Name, treasured by the people of the island and publicised around the world by the government of Italy as an emblem of Italian excellency, art and design.

Associations and Museums were born to manage, communicate and protect this Heritage.

<http://www.muranoglass.com>

<http://museoetro.visitmuve.it/>

Strong of this fame and recognisability of the MURANO GLASS generic brand, the local shops because to think how they could differentiate from one another and how each of could find his own unique identity among the generic brand name of MURANO GLASS.

Gradually individual brands took shape defining their specific identity, image and character. Some chose to stick to the “classic” look of their ancestors. Some chose to use the ancient techniques to serve a contemporary clientele with modern and stylish designs.

While some shops today choose to keep producing generic Murano glass ware targeting tourists travelling through Venice, MURANO started to give birth to individual brands like VENINI, CARLO MORETTI, FORMIA, LA FORNASOTT ,to mention a few, that today strive on the heritage of MURANO, each with a unique set of followers and personal identity.



Similarly to the path that the companies belonging to MURANO followed, Vietnamese companies under Generic Brands that VIETCFRAFT is planning to establish and promote, have the opportunity, to evolve into individual brands creating sustainable internal value and individual brand equity.

The Category | Sector brand plan of VIETCRAFT underlines the general approach to promote export of products of companies in their Stage1 and Stage2 more than starting a process of original “brand cultivation”, leading to Stage3.

Given number of companies with a good level of maturity in this sector at Stage2, the opportunity is there to guide them to build their own brands and to secure a long term internal value creation in the process.

## **FOCUS:**

Following are some examples of Vietnamese Brands or companies that we have identified with the foundation, hence the opportunity, to evolve from Stage2 to Stage3, or to develop in their Stage3 domestically, regionally, or internationally.

### ***BObi Craft | original brand concept***

BObi Craft is a young brand from HCMC. Unlike most of Vietnam companies, it was born from a combination of a Brand Idea and a hand made product by people in.

What distinguish BObi Craft, is its original brand concept, its clear positioning, and a core product category architecture that allows it to define the Brand and to be recognize in its niche.

BObi Craft is based on the brand concept of the DREAM GUARDIANS. Each of its “product” has a unique identity. It is a character with values, scope and that can interact and been identified by its children customers.

Around its characters the brand has developed a series of bed time stories, that it conveys with small printed booklets.

Although it is very young, the brand has been already notices in the Regional market and it is about to open a two stories store in Indonesia through a local investor.

BObi Craft is a company that started its business at Stage3 building internal value since its inception. It has now the foundation to improve various aspect of its brand, refine its brand image and apply development strategies locally, regionally and internationally.

Here are just a few examples on how this small brand could be supported to grow as a brand and in the process how it could become a good example for many other Vietnamese original brands to come.

- Brand Name: the brand name can be shortened and made it even stronger detaching it from a handicraft identity. This will bringing to Bobi Craft a more compelling brand recognition.
- Link the brand logotype to a design ID present in each product
- Take its stories and develop them as a strong marketing tool. Single stories could become real adventures of its characters. Small cartoon could also be produced and deals with TV channels could be made to broadcast them because of their educational values and messages.
- Video content can also be used throughout social network creating a further brand presence and loyalty.
- The brand could easily develop a licencing strategy thanks to its characters and concept. Vietcraft could support this activity by presenting the project to targeted companies in its association. Creating a system of licencing among partners companies in Vietcraft will greatly benefits the association as well as the network of Vietnamese companies, not only in terms of increase business, but also in the opportunity for suppliers of other products to learn from this branding process and start understanding the evolution from Stage2 to Stage3.
- The concept store about to open has a product base approach and it does not strongly represent the DNA of the Brand. This aspect could be greatly improved and the retail experience enhanced with interaction, engagement through the stories and plays for kids. As the mono-brand retail expansions takes place in the ASEAN region, the product mix can be expanded.

- In terms of distribution and marketability, the brand has already a universal symbolism and appeal. Hence, it could target different markets applying a certain degree of adaptation based on cultures and traditions.

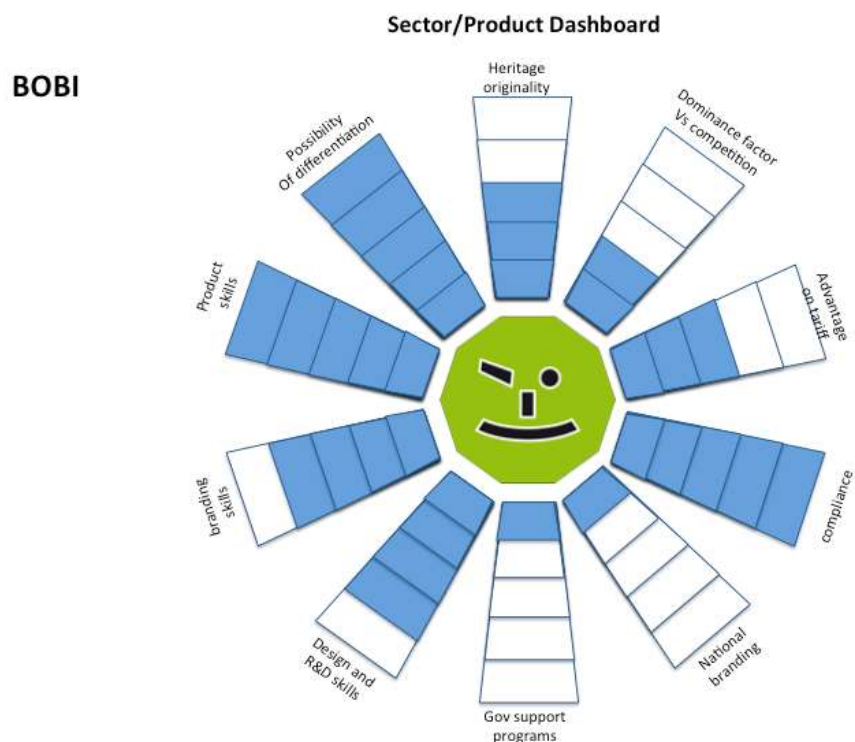
Different regions of the world have different Distribution dynamics that BOBi Craft will have to take into an account.

In Asia the predominant approach is the one of opening mono-brand stores. BOBi Craft first experiment in Indonesia could be its first test to fine-tune the correct retail model and shopping experience before going to present it to other partners in other countries.

For Europe, BOBi Craft could invest in the development of a modular retail corner, or a retail display wall complete with a definite mix of products in the offer and the supporting POP materials for a corner. This approach will move BOBi Craft from selling nice products to small shops, into negotiating corners with large retailers. The development of the cartoons, and the digital platform will be pivotal to the success of this strategy.

A few comments on IP (intellectual Property)

On the IP aspect, we have noticed the need for BOBi Craft to be guided on how to register and protect its brand and its characters. This could represent an important – but essential – investment for which support from the associations in the forms of grants or legal support will help.



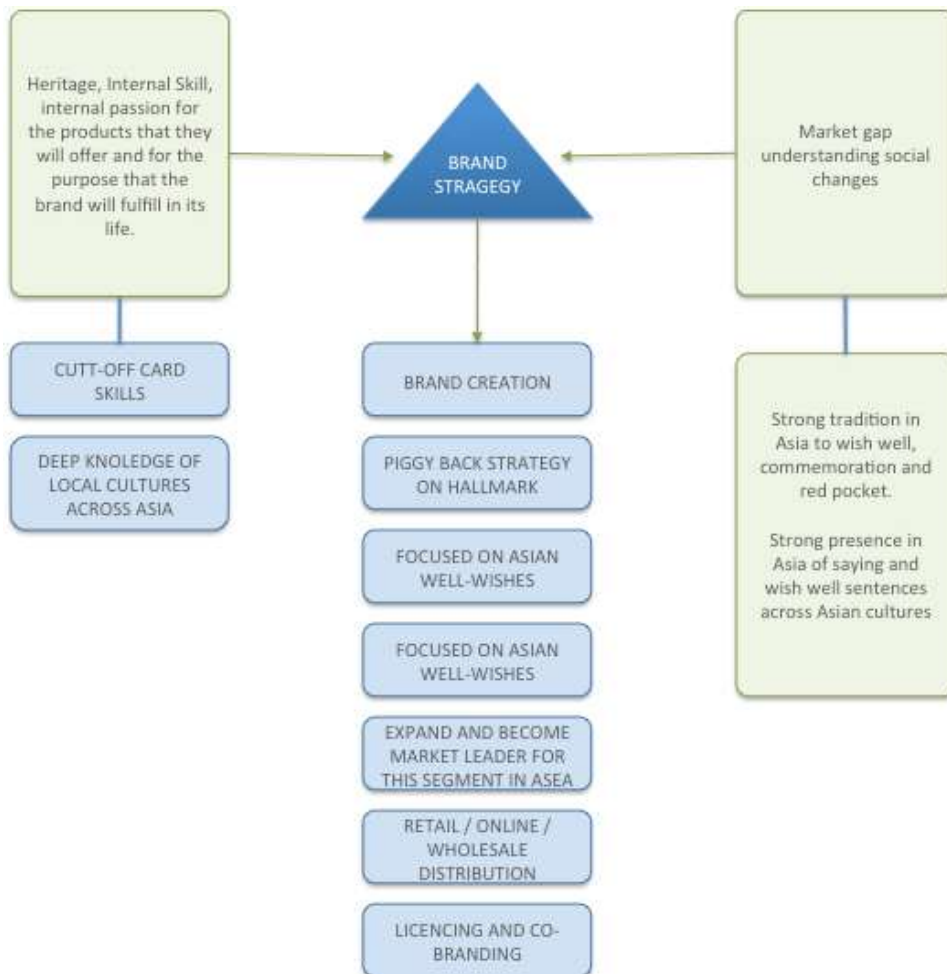
**VIET-CRAFT JSC (or similar company) - Cut off Cards | possible piggy back strategy to develop a brand for the regional market**

Viet-Craft JSC specialises in cut-off cards. These cards are now quite common around Asia and somehow express a unique handicraft skill of the region. Although they are quite unique and beautiful, they are currently been presented and sold as unbranded products (almost as a community) to foreign import customers that sell them under their brand, or they have been sold to tourists around Asia.

This particular skill of cut-off cards is a good example of how a local company specialised in this skill can build a brand around it, following a piggy-back strategy on an international brand customizing it for it regional market.

Viet-Craft JSC could apply a Hallmark approach and create a “Hallmark” Brand of Asia following the steps outlined in the chart below. Hallmark is already moving strongly into Asia, also with mono-brand stores across China. Soon it will learn the “wish well tradition” of the region and it will adopt its greetings to gain the heart and money of the customers in Asia.

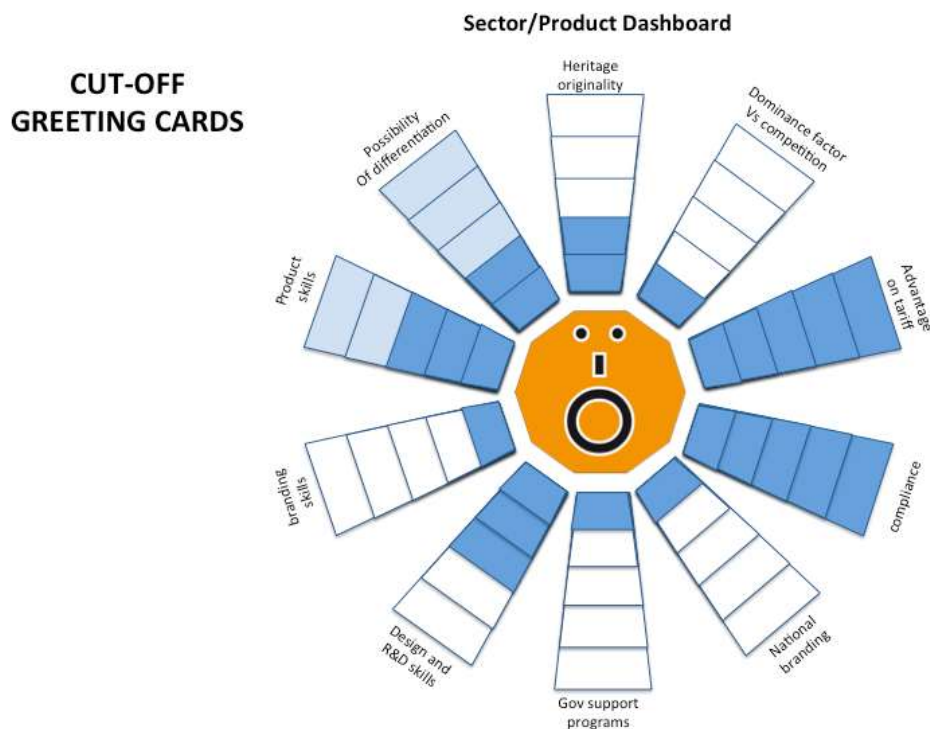
A Vietnam company with the cut-off skills, with the correct steps, and a deep study of the traditions of the region, could have a competitive advantage over Hallmark thanks to its better understanding of the local culture. As a result, it could establish itself in the unexploited wish-well cards market in Asia.



To be underlined, (and I will never stress this point enough), it is that the new brand to be created should NOT be a copy of Hallmark. On the contrary, it should have a very distinctive and original name, image, brand colours and brand appeal.

Key to the success a brand like this, it will also be the understanding and the skills of the owner and of the team in developing this brand as an original brand and not as a copy, and to undertake the necessary study and marketing activities to make it successful.

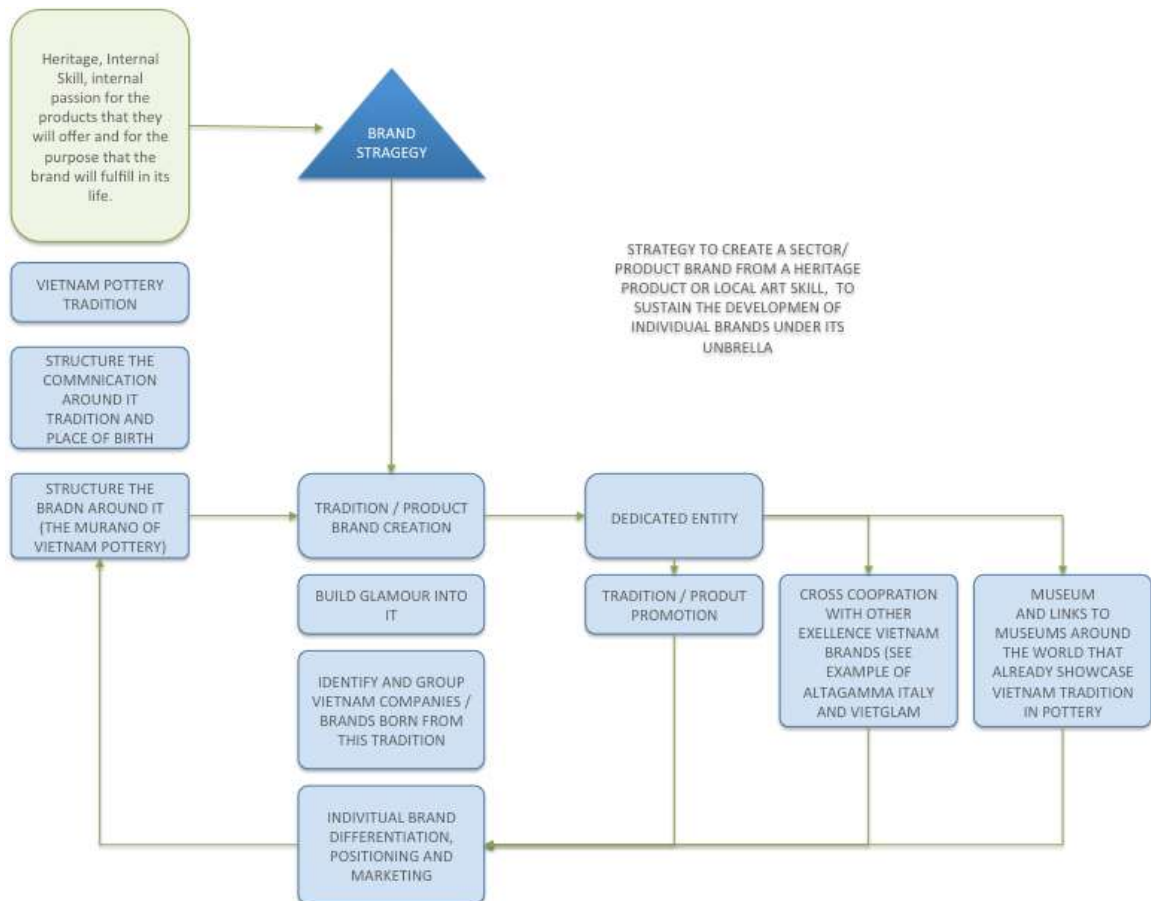
This brand could also take the licence of BObi Craft, and develop for example a specific cards collection with the wish well greetings of the BObi Craft characters.



## ***VIETNAM HERITAGE IN CERAMICS***

The segment of Vietnamese ceramics represents a great treasure and a priceless heritage. One thought that is more of a well kept secret lacking of a structured branding and communication. It is a national treasure that could benefit the country's image as well as each individual brand deriving from its unique tradition.

For this category we can refer to the above-presented MURANO GLASS case study. Vietnamese Ceramics present all the building blocks that MURANO GLASS as a brand has been exploiting and developing for decades. It represents an opportunity for Vietnam to follow a similar path to build a national brand for this particular category of products, and to bring together all the individual companies and brands with the same skills to create an internationally renowned brand system around it.



The advantage of the VIETNAM CERAMICS are multiple:

- It has an undisputed tradition and heritage to leverage on.  
[http://en.wikipedia.org/wiki/Vietnamese\\_ceramics](http://en.wikipedia.org/wiki/Vietnamese_ceramics)  
<http://vietnamnews.vn/travel/258570/ceramics-museum-offers-trip-through-local-pottery-history.html>
- It is recognized internationally in the art world, and perhaps it is more represented in art museums overseas than in Vietnam.  
<http://museum.cornell.edu/exhibitions/vietnamese-ceramics-from-the-menke-collection.html>

Kim Lan Ceramic History Museum (no official web site was found)

[http://www.tripadvisor.com/Attraction\\_Review-g298082-d451149-Reviews-Museum\\_of\\_Trade\\_Ceramics-Hoi\\_An\\_Quang\\_Nam\\_Province.html](http://www.tripadvisor.com/Attraction_Review-g298082-d451149-Reviews-Museum_of_Trade_Ceramics-Hoi_An_Quang_Nam_Province.html)

- Stories of Famous people appreciating this tradition are already reported by Minh Long. Nevertheless, more could be found, connected to old stories from the past, of travellers, noble people, emperors, king and art collectors.

In this case, a careful brand building project around the Vietnamese Ceramics could be created:

1. First to put together all the historical elements of this tradition.
2. Second, to design a branding strategy on how this tradition can, or it already has, evolved into contemporary times.

3. Third, to design and prepare the communication and make it glamour and appealing.
4. Fourth, to identify and engage the Vietnamese companies and brands around the project
5. Fifth, to link each individual brand to the National Vietnamese Ceramics brand.
6. Sixth, to connect to museums and collectors around the world that are linked somehow to this tradition
7. Seventh, to defined the marketing activities and elements that can support each individual brand to establish itself internationally, to increase sales and to sustain a price premium.

Such a strategy can be deeply instrumental in facing the competition of cheap ceramics from China flooding the mass market. Unless Vietnamese brands in this sector create and communicate their link to their heritage, they will only end up competing and losing on price. People with real spending power in the long term seek originality and an emotional connection with a real heritage.

Such a strategy will enable and support Vietnam and Vietnamese brands to build and sustain internal value creation.

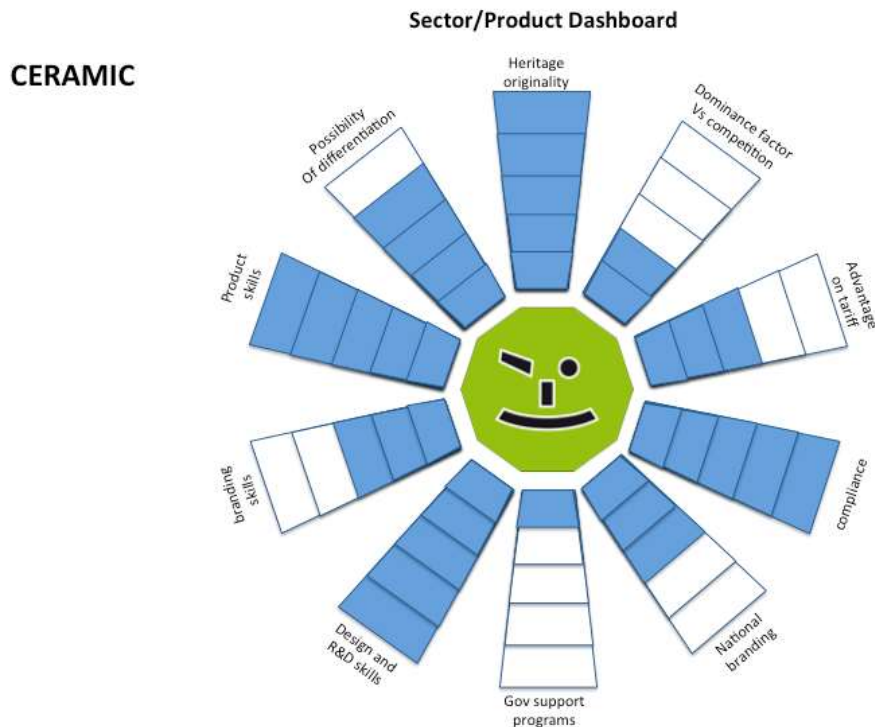
The Vietnam's leader brand in this category is undisputedly Minh Long.

Other brands that could be linked to this tradition could be:

Dong Gia

Chu DauHong Minh (which has a similar image as Mihn Long)

In addition, (as it happened in the evolution of the tradition of the Murano glass) companies with a more contemporary design could also be linked to this branding project.



NOTE ON BRADING: Overall, Vietnamese Brands in this sector needs a more contemporary and improved image (Brand image, company Image, catalogue, websites)

## **VIETNAMESE OUTDOOR POTTERY**

A similar opportunity is there, and a similar strategy can developed and implemented for the category of the Vietnamese outdoor pottery. According to Vietcraft, this segment represents a unique skill found in Vietnam and one in which Vietnams is already the recognised leader in export in the BtoB network of international buyers.

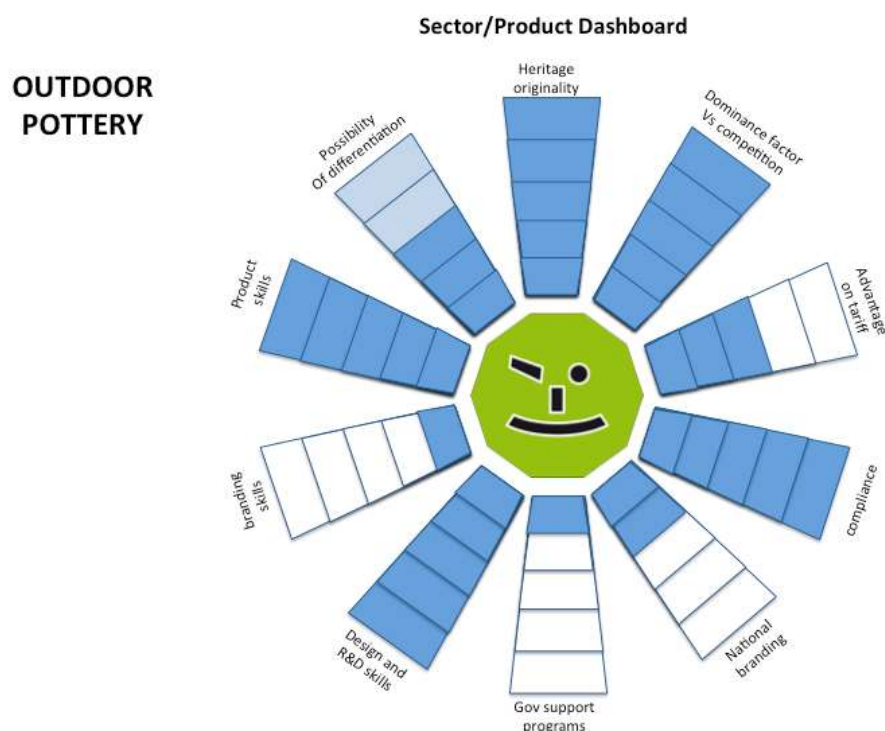
Most of the companies we have seen in this sector though are at Stage1 or Stage2 of their evolution and they are focusing their efforts and investments in further increasing the export of products to their international customers.

The opportunity is to link to the branding of this sector the creation of individual brands leading the evolution of these companies to Stage3. The position of predominance in the production and in the export of this items places Vietnamese companies in an advantageous position and give them a platform on which they can leverage and build upon.

Companies like Phuoc Du Long, Minh Phat, Phuong Hanh, Tan Toan Phat, Thang Loi could develop in life style brands.

Some could specialized in life style brands of outdoor pottery serving BtoB project in construction, in Hotels, in resorts, in SPA, with activities of co-branding whereby their brand and their customer brands give each other credibility and exposure.

Others, could develop in life style consumer brands targeting end users. These brands have the opportunity to develop their current relationship of “supplier of product” into brand-to-distributor relationships or distribute in Europe their branded products through the large retailers they already serve.





## ***BAMBOO TABLEWARE | technical innovation can lead to patents and to an explosion in export***

There are a number of manufacturers in Vietnam offering a large range of products made of bamboo and lacquered bamboo. This indicates a strong skill in the manufacturing of this type of products. Most of these manufacturers, although they seem to have good internal design capabilities and be at Stage2 of their evolution, offer similar types of undifferentiated products.

To further analyse the possible strategies for this category, I will take as an example the CATDANG Company. The company presents a large, well designed range of product and a series of concepts that could sustain their own brand in the international market.



During LifeStyleVietnam2015 in HCMC, I stopped by their booth and I interviewed some international buyers from Europe. The international Buyers were there sourcing products for large retailers such as Auchan and Carrefour. I asked them what they thought about these products, what was the opportunity of their success in the European market, and if large retailers would buy a complete range of kitchen ware (such as the one presented by CatDang) and place it in their shops if branded. The reply had a double fold. On the one hand the reply was that YES, European retailers could be open to carry a Brand that offers full range of products, well designed, well branded, with an appealing packaging, and with the right elements of sustainability. On the other hand, specifically in regard to the kitchen ware bamboo range, he pointed out that they are not buying it because these products are not dish-washable.

Later on I asked the same question to several other Vietnamese manufacturers of bamboo products. All of them confirmed the problem in washing bamboo items in the dishwasher, disclosing an overall problem of this industry that prevents it from drastically increase the export volumes for these items.

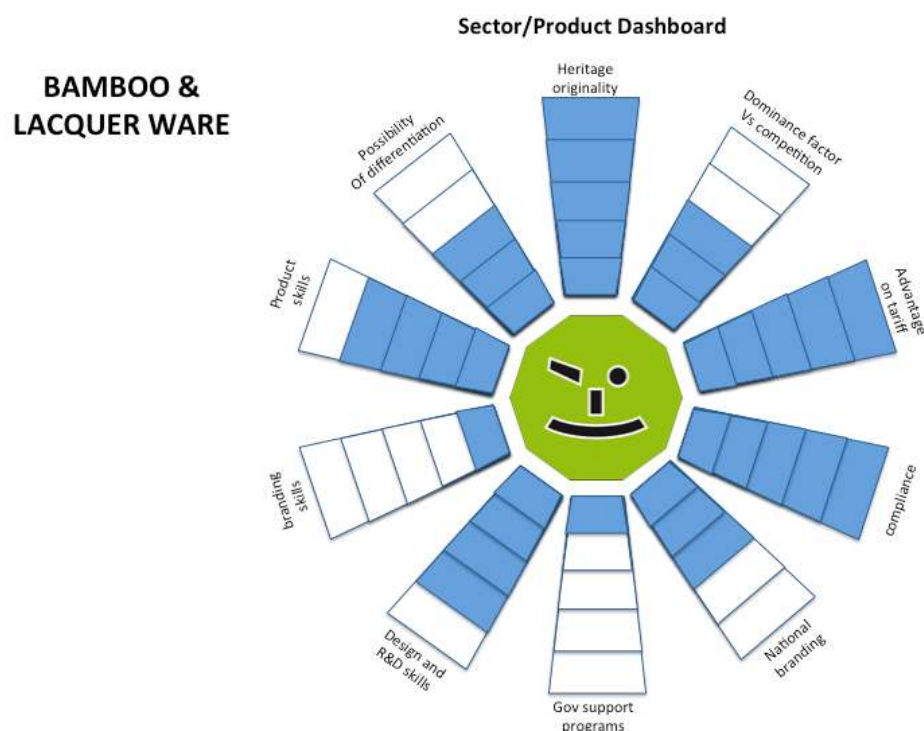
This finding, combined with the potentials of these Vietnamese companies in Stage2, presents an opportunity. A project could be set up to solve this problem.

In this segment, **technical innovation can lead to patents and to an explosion in export**. The research in the achievement of the right finishing of the bamboo products to be dish-washable (hopefully also eco-sustainable) could be an individual effort of one

company, or a joint effort lead by an association, the government, or a university. A breakthrough on this problem could immediately boost export and if used smartly, be one of the unique foundation of an individual Vietnamese consumer brands to enter the EU market under their brand name.

However, although the product design and product assortment are strong, after the technical problems of dish-washing is solved, CatDang will also have to drastically improve the image of its brand to appeal to a foreign consumer and to convince large retailers to market its products under its Vietnamese brand name directly to the European end consumers. One key step towards this improvement would be not to use CatDang as a consumer brand name, but to create a more suitable and appealing one.

CatDang has nevertheless the foundations to become a household life style brand with a unique concept. This could be a valuable project for them to invest on.



**NOTE ON BRADING:** Also in this sector, the overall company image of the Vietnamese exporters needs serious improvement. (Company Image, catalogue, websites)

## IX. Strategies WOOD

Generally speaking, one of the first aspects that comes to light in analysing Vietnam Companies in the wood sector, is the lack of a unique Vietnamese design concept in furniture. Clearly all the products currently offered by Vietnamese furniture companies are similar because they are produced according to the design of their foreign customers. Differentiation, and a unique furniture style from Vietnam is needed.

This is a similar problem faced by China, one that I in association with the Tsing Hua University, have addressed in with Chinese furniture companies' CEOs.

In the furniture sector, before venturing into a brand, Vietnam has to group its designers and together define a contemporary Vietnam style in furniture. Many examples of this process can be found especially in Italy. Such Italian companies can be studied to understand how they have evolved through time and how they have in the past 50 years created a remarkable and identifiably Italian style in furniture design and lifestyle living.

Although Vietnamese companies in this sector face considerable challenges ahead before they can establish themselves as Brands, Vietnam's unique style and heritage can be their guide in defining a much needed direction.

At present, increasing export through their own brand in the sector of outdoor and indoor furniture could be a considerable challenge for Vietnamese Companies. Hence, while they increase their export thanks to better compliance, pricing and sustainability, Vietnamese companies in this sector can start to evolve from Stage1 to Stage2 of their evolution and in the process begin to study gaps in the market in which they could find their niche.

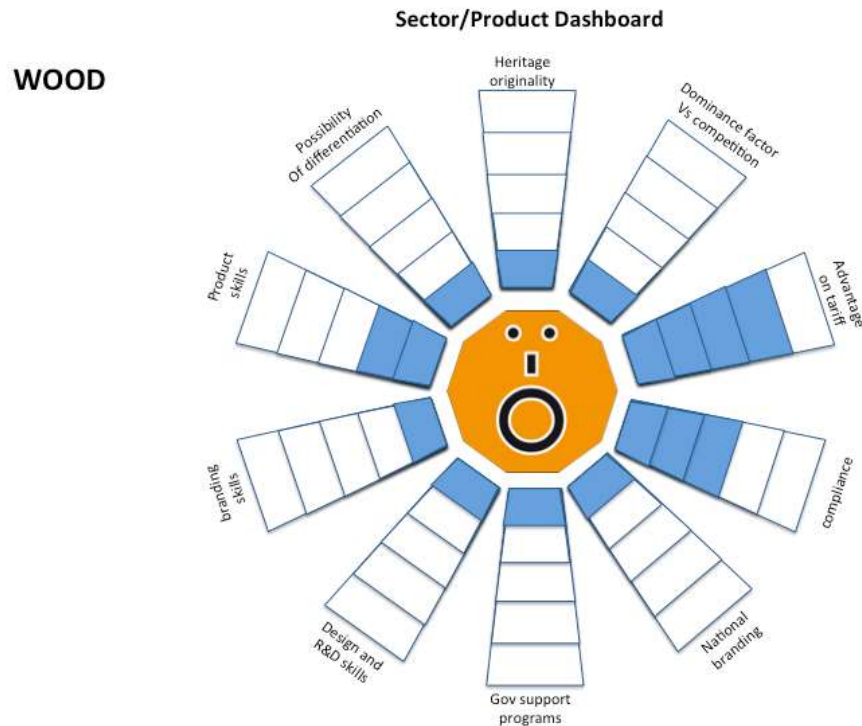
To facilitate this progress, Vietnamese companies in the wood industry can learn a lot from how for example Chinese Manufacturers in the fashion business have evolved from Stage1 to Stage2. Remarkably, the furniture industry has a lot in common with the fashion industry and one can always learn and interact with the other because of their intimate connection with people lives, life styles, and changes in society. I have helped several manufacturers in China to go through this evolution through these steps:

- Among the factory's technical department executing customer design, create an R&D area where to experiment with finishing, construction and new ideas.
- Hire a head designer and team him with junior designers (art students can be a good resource of talent as well)
- Analyse the factory export customer base
- Short list 3 companies in Europe that could be open to select designs from manufacturer (nowadays most of the EU brands and retailers are open to this)
- Study the selected brands: who they are, their DNA, why their customers are loyal to them and why they buy their products.
- Buy trend reports, or hire a consultant to come and do a trend workshop
- Sep up a SPECIFIC PROJECT targeting one export customer to begin with, and design one innovative product or a line of products for this customer based on trends
- Support such design project with research in material finishing or new material research
- Ideas and innovation on material finishing or new material research should also be presented as a general input to customers.

- Set up a design and contemporary looking showroom to present the new “collections” to the customers.

The implementation of this process is usually tailored on each manufacturer based on its skills and characteristics and after carefully studying the company. (see also case study on Chinese door manufacturer later in this chapter).

A Vietnamese company that thanks to their wide international customer base for export could successfully undertake this process is TIENDAT.



To facilitate the evolution of the companies across the different stages, a solid educational infrastructure to grow the necessary design skills and grow local talents is necessary. The art and craft sector, although much more advanced, shares the same problem and VIETCRAFT is actively working on improving this aspect. Synergies and/or project of greater scale on education in design innovation and branding can be studied.

### **KEY CONCERNS OF VIETNAMESE COMPANIES EXPORT TO EU**

Many are the concerns that Vietnamese companies in the wood sector have. And although some of them are shared concerns with Vietnamese companies across sectors, the Vietnamese wood sector seems to have to catch up on several areas more than the others. Among their top concerns we can list:

- Legal evidence of timber source: Weak or no mechanism for controlling legality of source of timber especially with small and medium enterprises with low capital and capacity
- Price reduction pressure from European buyers while production cost and labor cost increase: Buyers require for road map for price reduction
- Highly depend on imported material

- Slow to respond to increasing market requirements from EU for proof of legal sourcing i.e. Forest Stewardship Council (FSC), Chain of Custody (CoC), EU Timber Regulation (EUTR)
- Lack of professional designing capacity: most companies process furniture following buyers' design
- Fierce competition in EU market from competitors Indonesia, Laos, Cambodia, South Africa, Myanmar... who have abundant source of forest while Vietnam depend much on imported wood.
- Small production scale: higher production cost per unit
- Limitations of technology, most equipment are imported
- Lack of information of EU market: customs procedure, taste

## **SUSTAINABILITY AND AFFORESTATION**

Increasing European regulation on the Origin of the Timber and related certifications is an additional element of worry and sustainability that Vietnamese companies have to take in consideration, but also, - as we will see later on this this chapter – could be used as the centre for the development of a Vietnamese Brand in this field.

### 6.3.3 Timber regulations<sup>13</sup>

“ Regulation (EU) No 995/2010 of the European Parliament and of the Council of 20 October 2010 laying down the obligations of operators who place timber and timber products on the market – also known as the (Illegal) Timber Regulation counters the trade in illegally harvested timber and timber products through three key obligations:

1. It prohibits the placing on the EU market for the first time of illegally harvested timber and products derived from such timber;
2. 2. It requires EU traders who place timber products on the EU market for the first time to exercise 'due diligence';

Once on the market, the timber and timber products may be sold on and/or transformed before they reach the final consumer. To facilitate the traceability of timber products economic operators in this part of the supply chain (referred to as traders in the regulation) have an obligation to Keep records of their suppliers and customers.

More detailed information can found at:

[http://ec.europa.eu/environment/forests/timber\\_regulation.htm](http://ec.europa.eu/environment/forests/timber_regulation.htm)”

### *FLEGT licensing* <sup>14</sup>

“ In order to export timber products to the EU, one should make sure that the timber is logged legally. The Action Plan on Forest Law Enforcement, Government and Trade (FLEGT) is designed to control the entry of timber into the EU from those countries that have entered into Voluntary Partnership Agreements (VPA) with the EU. It makes it illegal to import certain types of timber from these countries unless that timber has a FLEGT licence, which evidences that the timber has been legally harvested. The rules on FLEGT licensing is contained in Regulation (EC) 2173/200582 . The Annex of the Regulation contains to list of products subject to FLEGT licensing. Under the EU Timber Regulation (EUTR), placing illegally harvested timber and products on the EU market is prohibited. Only when your timber is proven legal, it is allowed to be imported into the

<sup>13</sup> “MUTRAP’s Guidebook on the Organization and Operation of the Distribution Sector in the European Union”,

<sup>14</sup> “MUTRAP’s Guidebook on the Organization and Operation of the Distribution Sector in the European Union”,

EU. Wood carrying a FLEGT licence, or a CITES permit, is considered to comply with the EUTR”.

## **PISICO**

Of the Vietnamese brands in this sector, PISICO is one of the companies that put Sustainability and Afforestation and the heart of it communication and company values.



Among other businesses, PISICO presents a strength in the area of indoor and outdoor furniture. As most of the other Vietnamese companies in this field, PISICO tends to present itself as a manufacturer emphasizing its production base and export volumes. However, differently from many other of its local competitors, PISICO’s emphasis on Sustainability and Afforestation and its vertical structure to support such a promise represent a significant advantage and potential foundation on which to build a brand. Their Skills on manufacturing could then be channelled to the creation of their brands to be marketed under their label. As in the case of TIENDAT, PISICO could apply the same strategy described at the beginning of this chapter.

## **DOORS:**

Doors can be a specialized niche for a strong business to business and business to consumer Brand. Vietnamese companies specialized in this product could undertake an evolutionary process from Stage1 to Stage2 following the steps indicated at the beginning on this chapter. As they develop into Stage2 they could also start offering to their trading partners designer doors under they brand name. Step by step this process could lead them to be recognized as a reputable brand in its sector that they could start to expand the brand reach to the final consumers. Following is an interesting case on how a Chinese manufacture specialized in doors, has done it and it is well on its way to establish his name as a reputable and up-to-date brand for doors.

The Vietnamese company DAITHANH could be suitable company for this project.

## ***CASE STUDY: a Chinese story, investing in design and trends for the EU market***

Some time ago we were contacted by a Chinese manufacturer in the North of China. He wanted to increase export but could not offer the right products to its foreign customers. At the same time he was concerned that the future of its business just executing his customer’s design would have forced him to reduce prices to fight cheaper competitors. He knew that that path would lead to a certain death. He contacted us in search of answers and we guided him on path of evolution.

The Chinese door company first bought trends reports and paid consultants to do trend workshops to his team.

The internal team started to be educated on what the markets wants and on why their doors were not liked by the European customers.

Then the Chinese company commissioned design collections of doors targeted to two of its export customers.

It presented a designer line of doors (both for export and for china domestics)

It Boosted his export and domestic sales thanks to the above investments.

Consequently invested on a small team of dedicated people in Milan for trend research and design.

After having successfully evolved from Stage1 to Stage2, This Chinese company still has to improve its brand image and brand DNA, but it is well on the way to evolve from Stage2 to Stage3.

### **PELLET:**

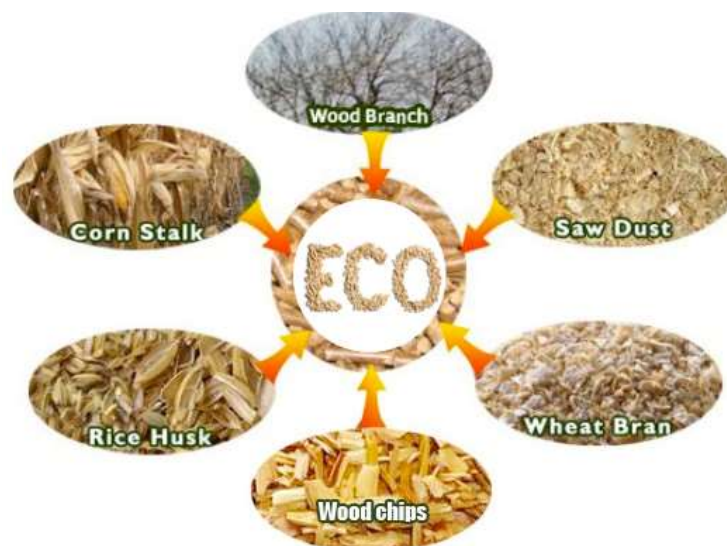
A few companies in Vietnam, export pellet wood chips. From the information gathered, the pellet wood chips are produced in large quantities and sold to international customers un-branded, almost as commodity.

Individual pellet-based heating systems in Europe, are becoming more and more popular as an alternative to fossil fuel or gas based centralized heating systems. Around this trend a number of companies offering pellet based stoves, pellet chips, or a One stop shop for The pellet lovers have grown. With them, dedicated shop corners and dedicated ecommerce Web sites have opened and have become the reference point. Some we sites just resell brands of pellet chips by the bag. Some are wholesalers, and some others integrate their product offer with useful information, guidelines, and explanation on the advantage of using pellets.

A community of users sharing similar needs and values has developed around this new business.

Pellet heating systems have also shifted the equilibrium of offer and demand. Before gasoline and methane were provided by large and often government owned conglomerate, and the heating systems were often centralized in houses and buildings. With The pellet system ,the heating has become individual and users have a large choice of pellet chip brands to chose from and competition is striving.

Because of its nature, the country of origin of the pellet chips is not a determining factor in the purchasing decision process of a final consumer. More is its content and how it is made.



Instead, the Brand, the trust on the brand to supply the right quality product, an appealing image and availability are.



This scenario outlines an opportunity for Vietnamese producers of pellet chips to create their pellet chips brands.

For large wood companies where pellet chips is only one of the products that they manufacture, the branding process of their pellet chips division could be as follows:

- allocate a dedicated team for the pellet division
- analyze the EU market on pellet chips, list all present brands in the market and study them
- find out how current EU buyers of pellet market The product in Europe. Are they wholesalers, do they have their brands.
- define the differentiation points of the Vietnamese pellet
- create the brand identity and the brand DNA of The new Vietnamese pellet chip brand. (Do not use the mother company or the factory name for this brand )
- once the above steps Are completed, create a sale strategy.
- Valuable options to consider are:
- create cooperation with the company's current customers in Europe to sell the new branded pellet through them.
- explore and contact directly e commerce platforms specialized in reselling pellets, Like for example:

...  
....



## X. RECCOMENDATIONS

### **ON BRANDING VIETNAM**

As we have seen in the first, and in the strategy chapters of this guidebook, Vietnam is a beautiful country, full of history, full of resources and of unique people. But little is known in Europe about this hidden gem, and the little that is known is usually the result of some cliché' (rice, war, poor country).

So the question is: how can Vietnam take the opportunity of being relatively little known to the public, to shape its own image and brand to the eyes of European people (and of the world), while creating growth and long lasting internal value within its enterprises?

In this guide book we have seen how there are many opportunities that Vietnamese individual enterprises can evaluate to evolve from their Stage1 and Stage2 of evolution into Stage3 through the development of their own Brands.

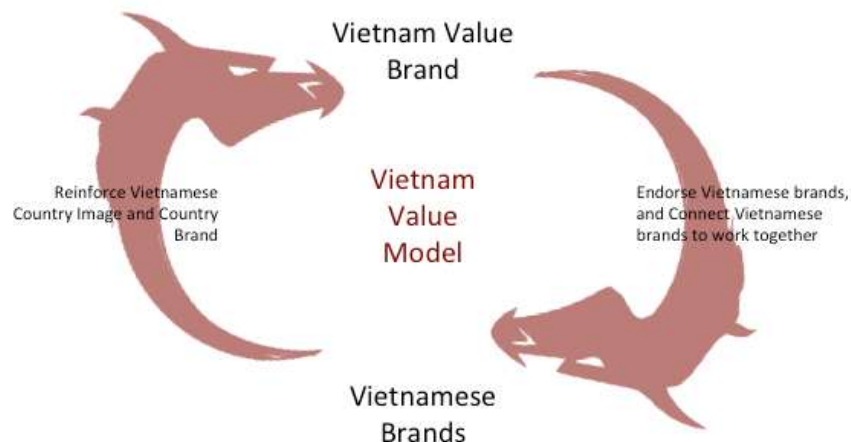
But to make this process succeed the different forces and entities currently working in the country need to be coordinated under one strategy.

**Vietnam has somehow to surprise the world to present and establish a contemporary new image of Vietnam born from its tradition, heritage and excellences.**

### **ON “VIETNAM VALUE” PROGRAM**

The Vietnam Value Brand program has proven able to bring together top Vietnamese companies around the general concepts of branding and of systematic cooperation, with the goal to connect them, and through them to reinforce the Country's Brand.

One of the fundamental questions, since the beginning of this guidebook, it has been around the 2011-2020 Vietnam Value program road map, and its goal of Vietnam, as a country, to develop its unique image in the international arena to support and endorse Vietnamese brands, while, in turn, they can represent and reinforce Vietnam's Image around the world.



Top Vietnamese companies have started to recognize each others' value and to cooperate among themselves. However, as we have seen during the Vietnam Branding Forum 2015, the 63 Brands present spoke out different understanding of branding related to their specific companies (be it a BtoB model or a BtoC model), of different expectations from

the Vietnam Value brand program, of different needs in the growth and development of their brand as well as different concerns towards incoming foreign brands (including brands from ASEAN countries).

At present a lot of Activities in the country have undertaken and various sector associations are working on different aspects at the regional, country and international level to promote Vietnam and most of all to promote trade with Vietnam.



Starting from the valuable work that has been done before, a strong coordinated activity can be developed from the initial vision of VIETNAM VALUE, to create focus activities and coordinate synergies towards common goals on specific clusters of companies.

Some of these activities can be aimed to support the evolution and export of Vietnamese Brands and of Vietnamese style under a new way to communicate that Vietnam is not just another cheap factory of the world to exploit.

The Vietnam Value program has now the opportunity to evolve into a more sophisticated stage of guidance of its members applying a focused cluster strategy and thereof create sub groups among its members with similar characteristics, needs, strategies and goals.



**An example of such approach could be:**

- Analyze each of the Vietnam Value members first and cluster them by the following criteria.

	Export to business customers	Focus on local consumer market	focus on ASEANA consumer market	Focus on international consumer market
B to B business unbranded/commodity	A			
B to B brand	B			
B to C consumer brand		C	C	D

- Each cluster will start to group similar companies with similar stage of evolution and with similar needs and goals.
- Evaluate if other companies could fit the profile and could be interested in be part of a given cluster (present to them and engage them)
- Each cluster could represent a sub group under the Vietnam Value brand model.
- For each cluster a specific strategy can be outlined, comprehensive of:
  - A set of specific goals that the cluster members want to achieve
  - A set of threats to face
  - A set of specific actions with defined time tables
  - An investment plan
  - A specific set of supportive actions from Vietnam Value

For example:

Cluster A would be more interested in developing real R&D internally, bilateral trade agreements, labor cost stabilization, trade development activities at specific trade shows.

Cluster B would have more interest in developing a sustainable BtoB brand strategy like “Intel Inside”, and to create co-branding agreements with international renowned brands or with local emerging brands to create more sustainable value for their brand.

Cluster C would be more interested in addressing the threats of the incoming brands taking over the heart and the buying power of the Vietnamese as well as understanding the gaps in neighboring countries they can tap into.

They would be more interested in activities of specific brand building for the Vietnamese and ASEAN market (which alone can already represent a big possibility of growth for these brands)

Cluster D would be more interested in European or USA strategies, in developing strong brand structure and niche strategies to define a presence in those saturated countries. This cluster would be also interested in joined investments such as a common “Vietnam brands” distribution center in Europe for example, and in joint partnerships as in the following example about Italy.

The would be interested in activities aimed to build distribution channels and in a country branding program that feeds the imaginary and positive perception of Vietnam internationally.

- Each cluster will define one project at the time (or more than one) within a given time frame, at the end of which results could be measured.

An example of such approach can be seen in Italy carried out by a group of private companies. During the 80’s Italy has been characterized by the birth of top Italian fashion and life style brands. Faced by the common needs to establish a strong market entry strategy in countries like Japan and the USA, lead by Versace, competitors brands joined together in an association to jointly invest in the operation aspects on such strategies. Common investments were made to set up distribution platforms and operations in the target countries. At the same time, while each brand was competing individually on the marketing and branding level, the Made-in-Italy lifestyle brand was being communicated through government activities.

Since then this organization has evolved in a powerful foundation to promote Italian excellences around the world.

<http://www.altagamma.it/>

To be noted is also that the name of the Altgamma Foundation means “top of the line, referring to the high end characteristic that the brand members have in common.



**Altgamma Foundation**

SINCE 1992 THE ALTGAMMA FOUNDATION HAS BEEN BRINGING TOGETHER ITALY'S PREMIERE CULTURAL AND CREATIVE INDUSTRIES, BUSINESSES THAT PROMOTE ITALIAN EXCELLENCE, UNIQUENESS AND LIFESTYLE IN THE WORLD.

Altgamma's **COMMITTEE** are global professionals of the Italian lifestyle that operate in the fields of fashion, design, jewelry, food, hospitality, automobiles, yachts and wellness. The Altgamma **MISSION** is to make Italy's high-end cultural and creative industries more competitive, contributing to the country's economic and social growth. From the time it was founded, the Foundation has been promoting Italian Contemporary Lifestyle. The "beautiful, high quality and well-crafted" products that enhance this experience are trademarked by the Altgamma logo, the Rossiniro vespa, which Leonardo da Vinci designed for the Duchessa Margherita or created by Luca Tadolini, in which the artist and the mathematicians defined the rules for creating things of beauty. The **HEADQUARTERS** of the Altgamma Foundation are located in the historic Cova Castle in Milan, a city that has been a catalyst for the development of innovative enterprises throughout Italy for decades.

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<sup>15</sup> <http://www.altagamma.it/>



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Another relevant example always in Italy is also Camera Nazionale della Moda, a non profit , private organization that groups all major fashion brands in Italy.

“The Camera Nazionale della Moda Italiana (The National Chamber for Italian Fashion) is the non profit making Association which disciplines, co-ordinates and promotes the development of Italian Fashion.

The Association represents all the highest cultural values of Italian Fashion. It aims to protect, co-ordinate and strengthen its image, both in Italy and abroad.

In accordance with the statutory provisions, the Association is the point of reference, as well as the preferential mouthpiece, for all the national and international initiatives aimed at valuing and promoting Italian style, customs and Fashion.

Right from the year of its foundation, in 1958, the Association has pursued a policy of organisational support aimed at the knowledge, promotion and development of Fashion through events with a highly intellectual image in Italy and abroad.

The "Camera Sindacale della Moda Italiana", was set up on 11th June, 1958, in the Grand Hotel, Via Vittorio Emanuele Orlando 3, Rome. This was the forerunner of the body which subsequently became the "Camera Nazionale della Moda Italiana".

Proprietors of the most important Haute Couture Establishments in Italy, including some private Establishments, which, in those days, played a crucial role in the promotion of this sector, were present at the Memorandum of Association: Maria Antonelli in Borrello, Roberto Cappucci, Princess Caracciolo Ginnetti, Alberto Fagiani, Giovanni Cesare Guidi, Germana Marucelli in Calza, Emilio Federico Schuberth, Simonetta Colonna Di Cesarò in Fagiani, Jole Veneziani, Francesco Borrello, Giovanni Battista Giorgini and the Lawyer, Pietro Parisio.

<sup>16</sup> <http://www.altagamma.it/>

The Camera Sindacale della Moda Italiana was established as an apolitical, non profit making Association, for a length of 10 years, subject to extension. Its aims were protection, and the increase in value and discipline of the moral, artistic and economic interests of the professional activities carried out by the different categories of the numerous sectors involved with fashion, towards both the Public Institutions and the other national and foreign Associations. Besides this, the Camera Sindacale della Moda Italiana promoted the co-ordination, study and running of anything that could be useful to these associated categories, concerning individual and collective fashion shows, which were held either in Italy or abroad. Another undertaking was the gradual setting up of the following sectors of expertise: Establishments for the creation of Haute Couture for Women, Establishments for the creation of Haute Couture for Men, Establishments for the creation of Women's Sports' Clothing, Haute Couture (female and male), Furriers, Milliners, and Craftsmen making Fashion Accessories".<sup>17</sup>  
<http://www.cameramoda.it/en/>

## **ON VIETNAM AS A COUNTRY BRAND**

To ensure that all the efforts and investments in branding and the coordinated activities will have a strong impact in the international arena, for Vietnam as a country as well as for all Vietnamese Companies, Vietnam needs also to find its differentiation strategy on which to develop it's image, communication and actions.

In the past decade, all Asian countries have looked within themselves to find who they are and how they wanted to commutate it. As we have seen in the first chapter, Korea has taken the path of design. Taiwan has chose to be recognized as a producer of technology. India first embarked in a major worldwide advertising campaign (incredible India) and it then stepped into a second stage of its branding strategy currently advertising its Make-in-India campaign covering several sectors. Malaysia has bet so far on becoming a major tourist destination, Hong Kong on being Asia world's city.

Who Vietnam wants to be?

The recommendation on this aspect would be to:

- Carry on a survey
  - External to understand the perception of Vietnam from the outside (EU survey on perception of Vietnam as a country and on the potential of Vietnamese brands as consumer brands). To contain the costs, this survey could be conducted only on few major European countries and on countries with which Vietnam is already a large trading partner.
  - Internal to define, appeal, strengths and potentials of the country
- Define Vietnam unique positioning and strategic road map
- Communicate it to the world. (This activity can be also linked to the Vietnam Value activities to operate as one system)

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<sup>17</sup> <http://www.cameramoda.it/en/associazione/cosa-e-la-cnmi/>

## **ON CREATING GROWTH AND INCREASING EXPORT THROUGH BRANDING**

As we have highlighted in this guidebook, supporting Vietnamese companies to grow through their evolutionary stages is key. Some of the foundations to do it - The heritage, the stories and the products - are present. A strong recommendation is to Invest in brand building projects creating in Vietnamese brands glamour, design, image, and compelling brand storytelling to support strong Brands and Commercial strategies.

Because the process of evolution and reaching the position of selling overseas through Vietnamese own brands is not easy, and it will be difficult to teach to a wide public how to do it, we recommend to choose one or two companies/brands first to act on some of the strategies that I have presented in this guidebook.

One or two test pilots could be the perfect test that later could be used as example and as first ambassadors to trigger a bigger number of Vietnamese companies to follow suit.

## **ON HOW TO PROMOTE VIETNAM BRANDS ONCE READY**

EVENT | GLAMOUR | LIFE STYLE  
to present and promote the new strategy in Europe

As we have seen in our first recommendation, **Vietnam has somehow to surprise the world to present and establish the contemporary new face of Vietnam born from its tradition, heritage and excellences.**

At the same time, it has to implement activities and strategies that bring together also across different sectors, companies and brands that present similarities, common needs and possible synergies on specific **market concepts.**

Vision:

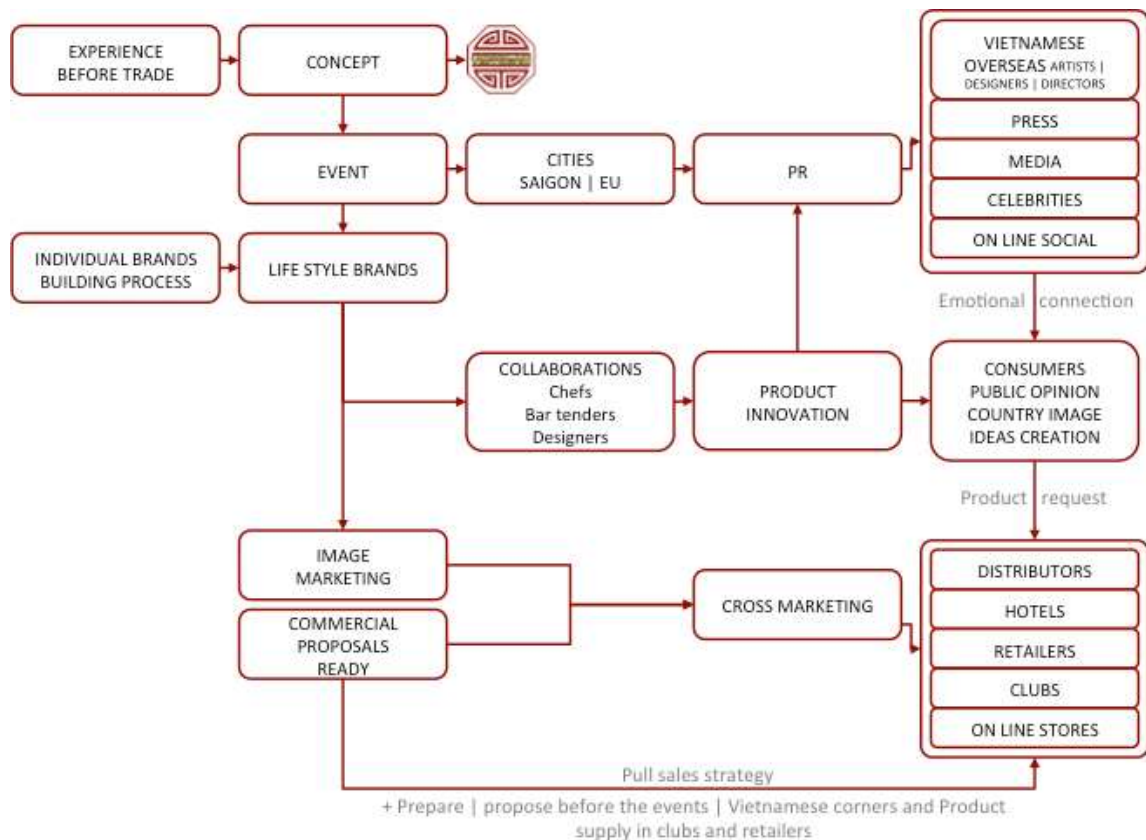
A comprehensive event aimed to change the perception of the country across Europe and also within Vietnam itself, can be the right vehicle.

The initiative of Life Style Vietnam is a good example of a novelty and contemporary approach in Vietnam for trade promotion. It has a great scope, but it is still a trade show with the aim to increase export of products to foreign brands. An Evolution of this initial seed can be developed.

This event will not be a trade fair, but an engulfing experiential event of Vietnam, of its brands and of its excellences.

An event of this kind will be a stage to present a different aspect of Vietnam and a way to give the Vietnamese companies embarking on brand projects a vision and a goal to aspire to, and to reach.

Road map of the idea:



Purpose:

Live, touch, taste the Vietnamese contemporary experience, through an experiential approach of products and brands of Vietnam, to create a pull demand from retailer, business partners, and consumers.

Possible Structure:

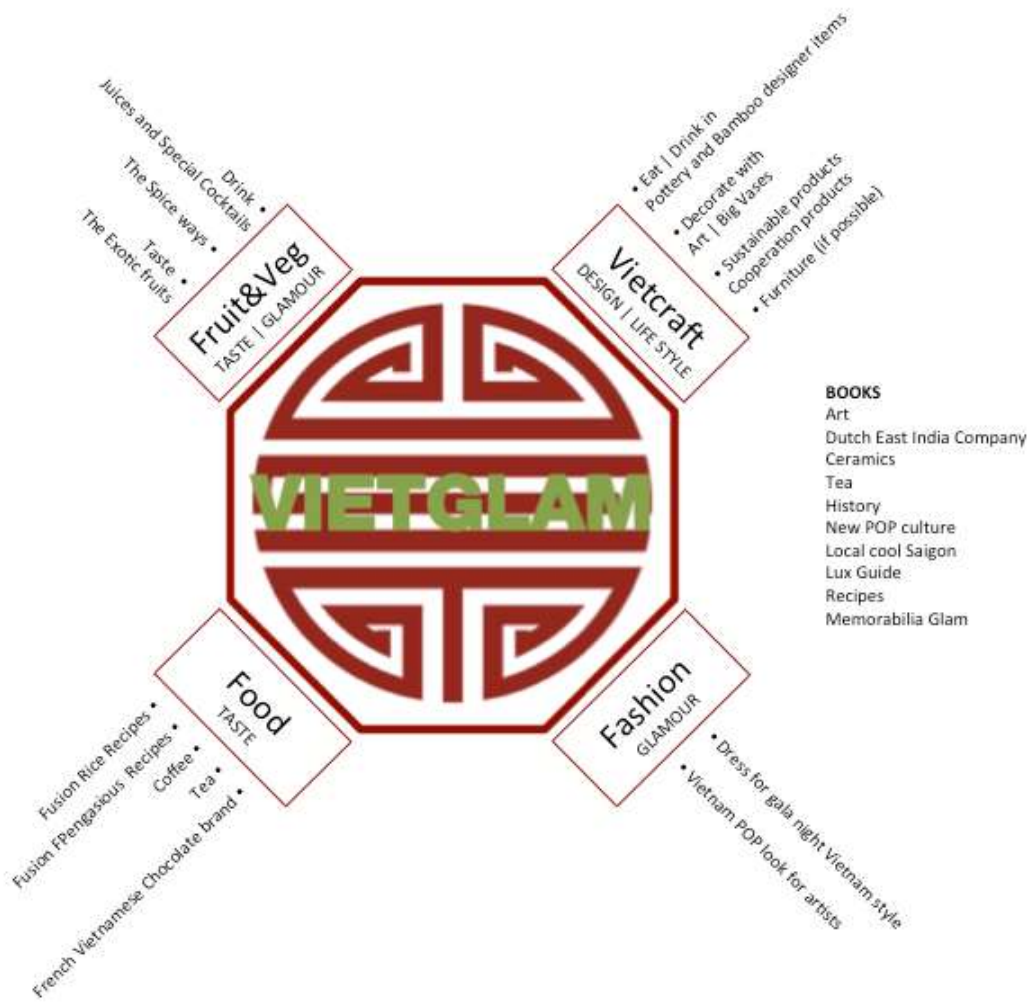
For the purpose of this recommendation, I use VIETGLAM as the name for this event. Please bear in mind that the name of this event, eventually, will have to be decided at a later stage.

The event aims to bring together Vietnamese products and brands, from different sectors, expressing the contemporary image of Vietnam that together could give a new image of the country and of its brands. It also aims to create the interest of media and opinion leader to transfer this new image to the final consumers, and to create interest in trade partners to commercialize or distribute these brands in their respective countries.

Together, the mix of the Vietnamese brands that will be chose and their products, will imprint a new perception on Vietnam and create export opportunities.

The following chart provides an example of the products and brands from Vietnam that could well fit together.





Where the event should take place:

The idea is to create an itinerary where the event will take place.

The first event could be in HCMC (Saigon), to fire up the public perception from within.

From there it will stop in several European Cities to be defined.



Who should be there and why

In Vietnam

- Vietnam media | magazines
- Vietnam stars
- Chambers of the cities in which the event will take place in Europe
- Other chambers
- International opinion leaders (use the glamour of Saigon to attract them), link them to their cities of origin where the next event will be.
- GM of retailers

In the EU capitals

- Retailers
- Counterparts of the institutions
- Media
- Chefs | Artists | Hospitality managers
- Celebrities
- Press | Vogue | ID | wallpaper | etc etc (PR AGENCY)

Possible implementation road map

- Get Prepared : Implement strategic directions of this guidebook for brand creation
- Chose Vietglam LIFE STYLE BRANDS  
present to individual companies, gather interests on individual branding programs, and gather interest in the VIETGLAM marketing plan
- Set up a road map for the project:
  - Timing
  - Milestones for the implementation of each activity
  - Budgeting and financingAn example on how contributions on budgets could be structure are:  
For individual brand building: Government Grants %... – individual companies %....  
For Vietglam event: Government %... – individual companies %....
- Start brand-building process on companies that adhered to the project
- See realization of brands, products around the brands
- See realization of brands image and marketing materials
- As each brand Vietnamese company starts to commercialize their new or improved Brand, the event will kick off, first in Saigon, then in the European capitals.

Careful preparatory work will have to be done to prepare in advance Sales and marketing materials for each brand, Product preparation for importation in Europe and ideally struck commercial agreements with retailer or distribution agreement with distributors to place the Vietnamese products already on sale just before the Event dates.

## ***ON INTELLECTUAL PROPERTY PROTECTION***

In several occasions during our meetings with Managers, CEO and brand owners, we learned that a number of them are actively distributing and selling their products in foreign countries under their own brand (as consumer brands), and/or have already signed distribution partnerships for their consumer brands in foreign countries without having registered their brand in those territories.

There seems to be a lack of understanding on the international IP system in trade mark registration, especially in smaller enterprises and of international IP bodies such as OAMI in Europe or WIPO.

A recommendation on this regard would be to have seminars, not on counterfeit, but on how to register trademarks and patents for Vietnamese Companies in Europe and internationally, and how to manage and protect their IP.

## ***ON INNOVATION PROJECTS***

The bamboo dishwasher challenge

Following the analysis on the chapter of Art&Crafts, a project on solving the problem of dishwashing bamboo tableware could lead to two positive outcomes:

1. when solved it will help to boost export on these items
2. the process of setting up an R&D team to solve this problem, finding the solution, checking if the solution is patentable, patenting it, and consequently apply it to a commercial purpose, will be a valuable learning experience and a possible role model for many Vietnamese companies.

## ***ON TRAINING VIETNAMESE COMPANIES TO ACQUIRE AND UNDERSTAND MARKET TRENDS***

In evolving from Stage1 to Stage2 and eventually to Stage3, understanding trends becomes key in the ability of Vietnamese companies to create the right products for the markets they decide to target. A workshop could be set up to explain first how trends work, how and where to get them, and how to use them.

## ***ON DEVELOPING A DESIGN APPROACH INSIDE VIETNAMESE COMPANIES***

Vietcraft project is developing exactly this skill and carrying the Art&Craft companies from Stage1 to Stage2.

How can we take this as a model and best practice and develop it into other sectors (ex wood, doors, food) needs to be at the center of a study by each sector association. The Government could act as coordinator and facilitators of such process. Few enterprises could then be selected to implement the strategic suggestions given, for example, in the wood sector chapter.

## ***ON THE PRESENCE OF COMPETENT AND TALENTED HUMAN RESOURCES IN VIETNAM***

In order to facilitate the evolution of Vietnamese companies the government needs to create the necessary educational infrastructure to grow the necessary design skills and

grow local talents. Although the art and craft sector is the more advanced on this regard, all 3 sectors we analysed shares the same. Synergies and o project of greater scale in education in design innovation and branding can be studied.

For the Wood sector: Design, and R&D

For the Art and crafts: Brand managers, Marketing, Design, and R&D

For the Food: food scientists, innovators, brand managers

## ***ON THE UTILITY OF SETTING UP A DISTRIBUTION CENTER IN EUROPE***

A distribution centre would have by definition the purpose to reach and serve European retailers interested in re-selling your branded products. Therefore, unless there is a critical mass of Vietnamese brands ready to directly develop, implement and manage a market penetration strategy, investments in such a collective distribution centre might be ahead of time.

A distribution centre in Europe would be **relevant and valuable for Vietnam consumer brands** seeking to replace the function of distributors by local companies (hence retaining the value of the distributor's margin). It has also to be understood that just a logistic platform would not be enough to ensure a success market entry of Vietnamese brands in Europe. Proper brands must be created, proper marketing strategies have to be defined and a country system has to be in place to sustain each individual brand marketing effort.

In the food and veggie segment for example the role of the distributors and importers in Europe still holds a strong value because they also act as guarantor in checking, sometimes prepare and repack , and guarantee the quality and the compliance of products entering their territory.

In this sector Vietnamese companies are probably not ready to replace this crucial function of the distributors and importers in Europe, until they will be able to create a country system of guarantee and certification recognized by the EU.

Therefore, instead of setting up a distribution centre, it is more advisable to invest in:

- Develop R&D, design, branding and marketing skills inside Vietnamese companies
- create or upgrade the Vietnamese brands
- create niche concepts that can be sold in European retailers under Vietnamese brand names.
- Create store corners and display concepts for the retailers to display the Vietnamese brands (example of French corner in HK supermarkets)
- Create stories behind the Vietnamese brands that appeal to the final consumers creating a pull effect (example of MAROU CHOCOLATE)
- Embark in co-branding activities to spread the brand recognition leveraging on other brands or retailers market's trust.

Once Vietnamese companies will be in a position to market under their own original brand concepts, the following recommendations from the "MUTRAP's Guidebook on the Organization and Operation of the Distribution Sector in the European Union", could be implemented:

“7<sup>th</sup> recommendation: Consider participating in food trade shows, many of which are in fact global marketing opportunities. In many instances finding the right distribution for Vietnamese products is not through approaching international retailers present in the region, but through specialized trade fairs. For example a successful way is to participate in the various food trade fairs (and other trade fairs) taking place in Europe. By participating in product specific trade fairs, the conditions of partnerships with the different retailers/wholesalers is easier to compare, and the time of interacting with partners is dramatically reduced.”<sup>18</sup>

“4<sup>th</sup> recommendation: when design marketing strategies, build strategic alliances with similar entrepreneurs;”<sup>19</sup>

“5<sup>th</sup> recommendation: Consider building direct partnerships with retailers other than large retailers / wholesalers, to better foster the exports of products with higher added value. Smaller specialized retailers bring more value to your quality product than general retailers. For example, there are increasing opportunities to sell own tea brands in the upper-end market directly to small specialized retailers in Europe, while middle range teas could be sold to large international retailers (if they are also packers), and in the lower-end segment regular black teas would be sold through auctions.”<sup>20</sup>

Although not within the scope of this guidebook, I would like to make a last note connected to the 5<sup>th</sup> recommendation reported above from the “MUTRAP’s Guidebook on the Organization and Operation of the Distribution Sector in the European Union”.

As we described for the niche of the spices, also Tea and Coffee have a great heritage in Vietnam, they have advantageous import duty rates in Europe, and they have a positive image in the image of European consumers. Several Consumer brands of Vietnamese Tea and Coffee already exist, but none of them has yet broke the glass ceiling that prevents them to be recognized as world players in this sectors.

One of the reason for this drawback can be identified in the lack of differentiation, and of a unique and original brand Appeal.

As in the example we have made for the Spices, compelling stories, a clear segment, and a compelling brand image, a brand strategy and investments in communication, will push the tea and coffee brands of Vietnam to be noticed and to start carving their place in the European and international market as consumer brands.

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<sup>18</sup> “MUTRAP’s Guidebook on the Organization and Operation of the Distribution Sector in the European Union”

<sup>19</sup> “MUTRAP’s Guidebook on the Organization and Operation of the Distribution Sector in the European Union”

<sup>20</sup> “MUTRAP’s Guidebook on the Organization and Operation of the Distribution Sector in the European Union”