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DEVELOPING ORGANIC CHICKEN IN THE VIETNAMESE MARKET

Case Company: Poultry Processor Giang Son Joint Stock
Company

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ABSTRACT

Organic food is increasing worldwide and becoming the growing trend for the developed countries nowadays. Consumers' attitude towards organic food is changing gradually in a positive way. However, as for the targeted country, Vietnamese organic food consumption is in slow movement.

The thesis concentrates on overcoming the current situation by proposing a marketing action plan for the Case Company – the poultry industry Giang Son Joint Stock Company. Although the company is one of the dominant producers in the organic poultry market, the company faces various threats which deeply affect the proper operations. Analyzing the difficulties in the organic food market in general as well as the organic poultry industry, this thesis attempts to assist the Case Company in generating the suggested plan for developing further. However, the thesis takes only product, place and promotion activities into consideration.

The author decides to employ qualitative research method with the deductive approach into the thesis. The data is obtained from a variety of sources, which include interviews, survey and data from the reliable academic database.

The research is divided into two main parts: the theoretical framework and the empirical part. The theoretical framework contains knowledge about organic food and the marketing planning process. The empirical part begins with the current organic industry in Vietnam and the analysis of the Case Company. The suggested action plan for the company is based on the theory in the theoretical framework as well as the situational analysis in Vietnam. The action plan is convinced to support the development of the company in the near future.

Key words: Vietnamese organic food market, organic free-range chicken, Giang Son JSC

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GLOSSARY

ADDA	Agriculture Development Denmark Asia
ASEAN	Association of Southeast Asian Nations
GDP	Gross Domestic Production
GMOs	Genetically Modified Organisms
IFOAM	International Federation of Organic Agriculture Movements
JSC	Joint Stock Company
MARD	Ministry of Agriculture and Rural Development
MCI	Ministry of Culture and Information
MOF	Ministry of Finance
MOFI	Ministry of Fisheries
MOH	Ministry of Health
MOI	Ministry of Industry
MOST	Ministry of Science and Technology
MOT	Ministry of Trade
PGS	Participatory Guarantee System
SOEs	State Owned Enterprises
VietGAP	Vietnamese Good Animal Practices
VNFU	Vietnam Farmer's Union
WTO	World Trade Organization

1 INTRODUCTION

1.1 Background

Food awareness is becoming more popular in the world since food is vital for the human being. Food quality is considered to be one of the most important factors in life. There are many quality characteristics which need to be taken into consideration such as food appearance, food texture, flavor, etc. However, food safety is expected to be the most concern from the customers' point of view. According to the survey conducted by Context Marketing (2009,4.), 57 percent of the customers between the age of 20 and 64 living in the US was definitely concerned about the safety of the food supply, mainly regarding the existence of mercury, pesticides, hormones and antibiotics. As the matter of fact, organic products are developing accordingly. Based on the statistics provided by The World of Organic Agriculture, the number of countries involved in organic agriculture is increasing to 164 countries in 2014, up from 162 countries in 2011. The largest organic agricultural areas are Oceania and Europe, which account for 32 percent and 30 percent of the world's organic agricultural land respectively. The countries which acquire the largest organic markets in 2012 are the United States, Germany and France. The largest single market is the United States with 44 percent of the global market, the European Union is following with approximately 41 percent. (Willer et al. 2014, 25-26.)

Although Europe is accounted for one of the largest organic agricultural areas and one of the biggest organic markets, Asia is the world's biggest organic producers with 36 percent. However, there is a report of a drop in Asia's organic land in 2012 with 0.47 million hectares less (Willer et al. 2014, 25). Many organic farmers are reluctant to convert to organic farming method or they turn away when the organic sales drop down. In fact, earlier studies show that organic farmers reveal negative opinions concerning organic farming conversion. The perception of organic food that they produce a product which only wealthy people can afford seems to be the main influential view (Laepplé 2008, 4). On the other hand, in the developing countries, organic land reduces because industrial land is in preference to the agricultural area. However, many studies imply a well-

developing path in the organic food market globally, although there is a slight change in the organic food perception.

As for the target market of the research, Vietnam is an increasing market for organic farming. According to the Ministry of Agriculture and Rural Development (MARD) and the Vietnam National Farmers' Union (VNFU), the organic agricultural land reached 23,400 hectares in 2011, compared to 19,270 hectares in 2010. However, it comprised for only 0.2 percent of the total agricultural land. (Willer et al. 2013, 189.) Because of this situation, the supply of organically grown products is still in waiting for development. Furthermore, it can be seen that farmers are expected to be concerned about the effective result of organic food production. Although Mueller (2013.) states that health-conscious consumers are hesitated to buy products on the street and tend to look for the “organic” labeled on the products from supermarkets, organic food consumption is still fluctuating over a certain period of time. People have recently started to acknowledge the importance of food safety and slowly altered to organic food consumption. The movement to organic market in Vietnam is regarded to be slow and struggling (Whitney 2011).

The Case Company – poultry processor Giang Son Joint Stock Company (JSC) is active in the organic food market with free-range chicken in the northern part of Vietnam. Realizing the slow development issue in the organic market, the study aims to help Giang Son JSC understand the existing challenges and difficulties. Moreover, the author strongly believes with this proposed expedient strategic plan, the Case Company would develop further in the future.

1.2 Thesis objective and research questions

The fundamental objective of this thesis is to assist the Case Company to develop further by proposing strategic marketing plan for the existing obstacles and challenges in the market.

In other words, the research aims to answer the big question: What are the biggest challenges hindering the development of the Case Company in the Vietnamese organic food market and how could the Case Company develop further?

The main question is clarified by dividing into these following sub-questions:

- What is the current situation of organic food market in Vietnam?
- Which challenges affect the producers and distributor's operations concerning producing and supplying organic food?
- How does the consumer behavior involve in the organic food purchasing process?
- How could the Case Company improve its marketing strategy actions and develop the market furthermore?

1.3 Thesis structure

Chapter one contains general information regarding background, motivation and objectives of the thesis. The key question is also included and the sub-questions are assigned for further research. Besides, the author gives a brief idea about the thesis outline in the thesis structure part and indicates a theoretical framework for further examining writing process.

Chapter two involves a literature review of the organic farming and organic food production generally. It gives the basic knowledge of the organic food definition, concept and some major characteristics. Moreover, chapter two continues with the theoretical framework for the whole study. Marketing environment analysis is used to identify the key factors that influence the development of organic food market, which detects the key issue from the earlier studies. The marketing strategy is depicted in this chapter additionally to give a basement for the solutions in the next chapter.

Afterwards, Chapter three considers Vietnam as a target market and contributes to the study from the view of Vietnamese producers, distributors and consumers. The research explains the challenges and obstacles in developing organic food in Vietnam based on the findings from the interviews with two producers and one distributor. Additionally, one survey is conducted to examine the Vietnamese consumer's attitude towards organic food. The influences on the market will be revealed in the Chapter. The current situation of the poultry processor Giang Son Joint Stock Company is the case example of the existing challenges.

Chapter four continues by providing recommendations regarding some appropriate advices in order to help the Case Company improve the difficult situation. Finally, Chapter five and six conclude and summarize the whole research respectively.

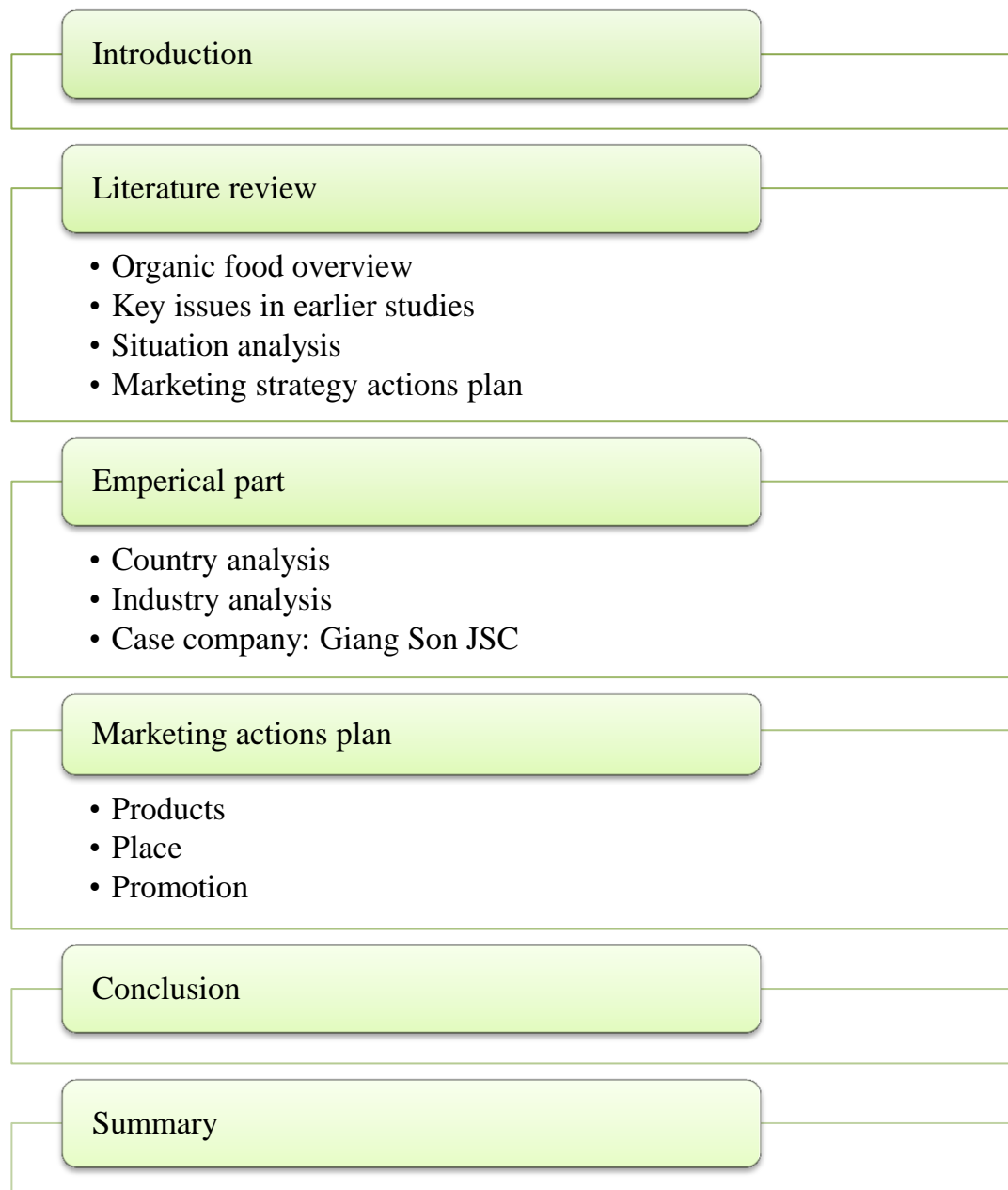


Figure 1. Thesis structure

1.4 Research methodology

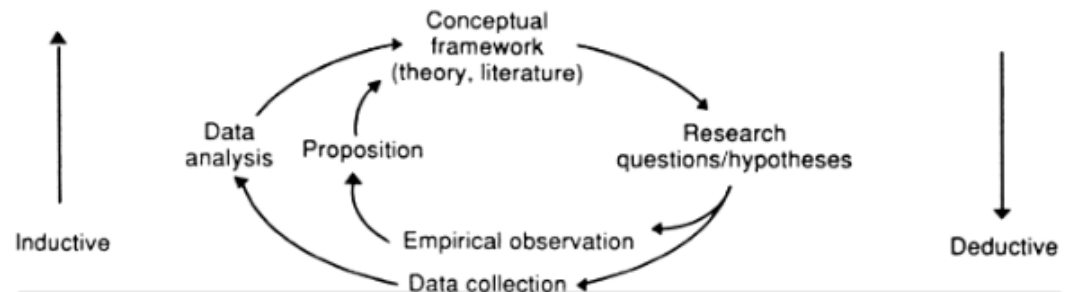


Figure 2. Research design process (adapted from Blaxter et al. 2001)

Research approach

There are usually two approaches to conduct a research: inductive approach and deductive approach. Inductive approach comes from empirical evidence, on the other hand, deductive approach is based on logic (Ghauri et al. 2002, 13).

Deduction is used when the researcher desires to seek the information from the general part to the more specific area. Deductive method requires theories at the beginning and hypotheses are then tested. Inductive approach, on the contrary, works the other way around. Induction starts with specific observations and then formulates general conclusions or theories at the end. Besides, there is a possibility of combining these two popular approaches in formulating the research design.

Based on the general characteristics of the two approaches mentioned above, the author decides to generate the research paper with deductive approach method. The theory appears in the beginning of the study and the results of conducted survey among 149 consumers play the supportive role to the main theory of the study.

Research method

Quantitative and qualitative methods are commonly two data collection techniques and analysis procedures. Quantitative method focuses on numbers

which demands data collection, for instance questionnaire, involving numerical data. Qualitative method, in contrast, uses data analysis procedure in order to generate non-numerical data. (Saunders et al. 2009, 151.) In this study, qualitative methods are adopted with data collected mainly from interviews and survey. Qualitative method obtains knowledge from the interviews and analyzes findings concerning the research problem. The empirical part of the study investigates on the results of the survey and then allows qualitative method to be implemented for researching.

Data collection

Primary data and secondary data are gathered together in the study. Primary data is obtained from semi-structured interviews and survey designed to collect information from the customers. The semi-structured interview contains a list of themes and questions, requires exploratory research and provides the opportunity to get the answers explained as much as possible. The semi-structured interview is appropriate where the nature of the questions is complex or open-ended (Saunders et al. 2009, 324). The theme or topic of the semi-structure interviews in the study is the development of the organic food market in Vietnam. The targeted issue is the exploring of the challenges and existing solutions from the perception of the Vietnamese producers. Therefore, the interviews happened between the researcher and two companies in Vietnam as the following dates:

- 17 February 2014: interview with Mrs. Tran Thi Diem Huong – General Director of Hapro Group, Hanoi Trade Corporation – one of the biggest food retailers in Vietnam.
- 20 February 2014: interview with Mr. Nguyen Nhu Giang – Vice President of the poultry processor Giang Son JSC – organic free-range chicken producer in Vietnam. The information discussed afterwards is obtained from the communication via emails.

The main questions in the interviews are:

- In your opinion, what are the difficulties and challenges hindering the development of organic food in Vietnam?

- Do you think consumer behaviors and attitudes play an important role in organic food consumption? Why and why not?
- What are the decisive factors for the customers to purchase organic food?
- Do you apply any strategy to reduce the impact of the difficulties on Vietnamese organic market?

Due to the ungiven permission for using audio-recorders, the author decides to make notes during the interviews. Since the Giang Son JSC is the Case Company to be studied, the result from this interview is the main data. The data from the other interview contributes as the complementary data.

Besides, a smaller-scale survey is chosen for the purpose of gathering facts to learn about behaviors and attitudes (Andres 2012, 1). The survey took place between 8 April 2014 and 21 April 2014 with around 150 respondents. Closed-ended questions type is obtained in the structured survey, in which the response alternatives are fixed. However, there is one open-ended question, which has no fixed alternatives, for the audience to generate more opinions. (Tharenou 2007, 113.) The survey is designed under online survey format because it is possible to gather data and responses quickly, especially when it involves distance in the process (Andres 2012, 50). The details of the survey are included in the appendices of the research. However, due to the small scale of the survey, the results are merely the supportive data in the study. The entire results are not necessary to be studied thoroughly. Secondary data is taken from books, journals, articles, newspapers, previous studies, reports and news from the relevant companies' website.

The findings of the interviews are analyzed in the empirical part of the thesis. The responses of the two companies mentioned above are used to determine the threats in the industry analysis part. Details of the data analysis are presented in the later part of the study. Additionally, results of the survey and secondary data are supporting the study.

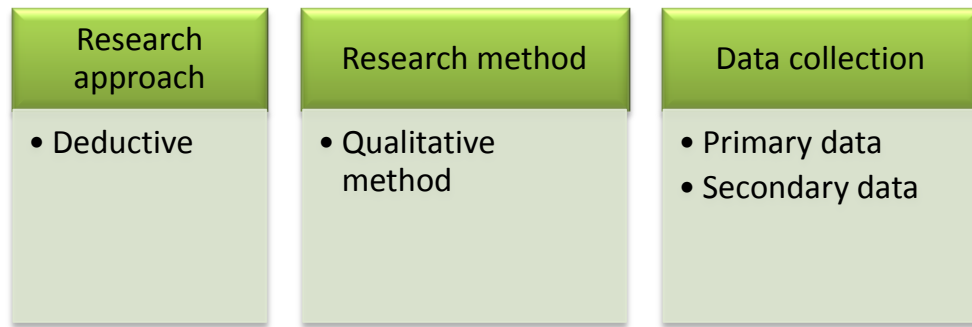


Figure 3. Research methodology

1.5 Theoretical framework

Initially, the research starts with the general understanding about organic farming and organic food. Then, the consumer behavior obtained from earlier studies follows to study its impact on the target market.

Situation analysis presents the relevant information on the market, competitors and the forces in the macroenvironment (Kotler et al. 2012, 76). In order to be able to provide the information and understand the current situation in the target market, analytical methods such as PESTEL and Porter five forces are carried out.

The author decides to study the forces affect macroenvironment by employing PESTEL for country analysis. The research then applies Porter five forces model developed by Michael Porter for the industry analysis. In fact, situation analysis is needed because it can reveal the influences of the market factors directly affect the industry. Porter five forces consist of bargaining power of buyers, bargaining power of suppliers, threat of new entrants, threat of substitute products or services and rivalry among existing firms (David 2013, 105). The findings and results of the interviews and survey reveal the challenges hindering the development of the organic market in Vietnam.

SWOT analysis is one of the analytical tools used to determine the influence of external and internal marketing environment towards the company. In other words, it is the evaluation of a company's strengths, weaknesses, opportunities and threats (Blythe et al. 2005, 35). Aiming to define the factors affect the

functions of the Case Company in the organic poultry sector in Vietnam, the author decides to apply SWOT analysis to the company.

Helping the Case Company for the current situation, the author proposes a marketing tactical action plan based on the marketing mix model. The original model of marketing mix consists of 4Ps: Product, Price, Place and Promotion. However, in order to achieve successful marketing strategy, 7Ps elements fill the modern marketing mix model. 7Ps include the original elements mentioned above plus People, Process and Physical evidence. (Kotler 2012, 47.) Nevertheless, due to the need of the market current development and the limitation of the research, the author decides to focus on planning for Product, Promotion and Place only.

1.6 Thesis scope and limitation

This research aims to investigate the reasons why the Vietnamese organic food market is in slow movement. Since the concept of organic food is quite new, there is barely a certain record for the statistics. Hence, the author might be able to face the lack of information about the market.

The survey in the empirical part of the research conducts among a small group of the Vietnamese organic food consumers. The small size of respondents does not cover for the whole population. Additionally, the objective of the survey is to emphasize on the challenging factors under the producers, distributors and customers' point of view. Other aspects such as motivation for purchasing, production or price decision making are not testified.

The interviews in the research are made by the author in interaction with different organic food suppliers. On the other hand, the term "organic food" is used generally in this study, it is not referring to one specific type of product. Furthermore, the target company runs the business in the poultry industry; therefore, the recommended advices are applied to one part of the organic food market. Any other application to other industrial product lines or aspects such as production operations needs to be examined for further study.

Due to the limitation of accessing data and information about the company as well as the legal framework of the country, the recommended marketing tactical plan

for the targeted poultry processor focuses on product development, distribution management and promotion only. Application of other marketing-related aspects requires further research.

Furthermore, the target market of the study is Vietnam. Consequently, the findings may vary depending on the different factors in any other market. The applications of the results in other markets should be altered due to the differences in cultures and lifestyles.

2 ORGANIC FOOD MARKETING PLANNING PROCESS

As mentioned earlier in the introductory part, Chapter two starts with the fundamental knowledge of organic market in general. Then the theoretical framework is applied to the consumer behavior, situation analysis and the recommended marketing tactics.

2.1 Organic food market overview

In this part, the study provides information about organic farming definition, characteristics and regulations. The general information about organic poultry product and the benefits of organic food are included.

2.1.1 Organic farming and organic food

Consumers' awareness of food quality is increasing worldwide nowadays. People start to concern between choosing conventional food or non-organic food and organic food.

Conventional food is the food product employing traditional chemical farming method, which is using synthetic chemical fertilizers, pesticides or drugs. Chemical farming method utilizes pesticides to kill insects, weeds and damageable fungal pests (Misner et al. 2013, 1). If chemical pesticide is used in a great amount, it will cause a huge impact on the environment and human health. There are particular concerns proving that pesticide residue leads to food poisoning, diarrhea and even some serious illness such as neurotoxic effects, mutagenicity, teratogenicity, carcinogenicity and allergic disorders (Heaton 2000, 16). Since the conventional farming is considered to be harmful, there is a necessary need for an alternative farming system. The organic farming is correspondingly developing.

Organic farming is undeniably regarded to be environmental-friendly in comparison with the conventional farming. Table 1 shows the differences between these two farming methods.

Table 1. The fundamental difference between conventional farming and organic farming (adapted from TNAU 2014)

Conventional Farming	Organic Farming
Centralization	Decentralization
Dependence	Independence
Competition	Community
Domination of nature	Harmony with nature
Specialisation	Diversity
Exploitation	Restraint

Organic agriculture initiated in the early part of the twentieth century, predominantly in Europe and the United States when people were more aware of environmental harmful effects and low quality food. (Kuepper 2010, 2.) Organic agriculture is a production system which utilizes techniques without damaging the environment and human beings' health. In other words, organic farming works along with the nature (HDRA 1998, 1). It involves all the operational activities in farm cycle, including production process, the elimination of artificial products such as genetically modified organisms (GMOs) and distribution of the end agricultural products. It is believed to retain a long-term health, enhance the food quality and protect the environment. (Morgera et al. 2012, 5.)

Organic poultry farming has developed recently according to the demand of the market. There are some characteristics required for successful organic systems, such as organic poultry are never kept in cages, slower growing breeds are applied and prevention for the disease is highly-concentrated, especially the bird flu virus. The successful organic farming method requires the great effort in utilizing advanced technology and labor forces concentration.

**Table 2. Difference between organic and non-organic meat and dairy
(adapted from Paul et al. 2013)**

Organic meat and dairy	Conventionally raised meat and dairy
<ul style="list-style-type: none"> - No antibiotics, hormones or pesticides are given to animals - Livestock are given all organic feed - Disease is prevented with natural methods such as clean housing and a healthy diet - Livestock must graze on pasture for at least four months a year, while chickens must have freedom of movement, fresh air, direct sunlight and access to the outside 	<ul style="list-style-type: none"> - Typically given antibiotics, hormones and feed grown with pesticides - Livestock are given growth hormones for faster growth - Antibiotics and medications are used to prevent disease - Livestock may or may not have access to the outdoors

Organic agriculture is regulated by a set of standards. At the international level, the fundamental standards are used and defined by International Federation of Organic Agriculture Movements (IFOAM). (Augstburger et al. 2000, 16.) In 2005, IFOAM released an article about the principles for organic agriculture. According to (IFOAM 2005.), organic agriculture is based on the principle of health, ecology, fairness and care. Obtaining the results from Table 1 mentioned above, organic agriculture works with the environmental protection objective. Firstly, it sustains and enhances the health of soil, plant, and animal as well as human health by avoiding the use of pesticides and other GMOs. Secondly, it should be based on living ecological systems and cycles. Thirdly, it should provide a fair relationship between other living beings, from farmers, processors, workers, traders, distributions to the end customers. Finally, it should care to protect the health of current and future generation. (IFOAM 2005.) Organic

agriculture apparently brings several benefits to the human beings and the nature. The number of countries joining organic agriculture land is increasing.

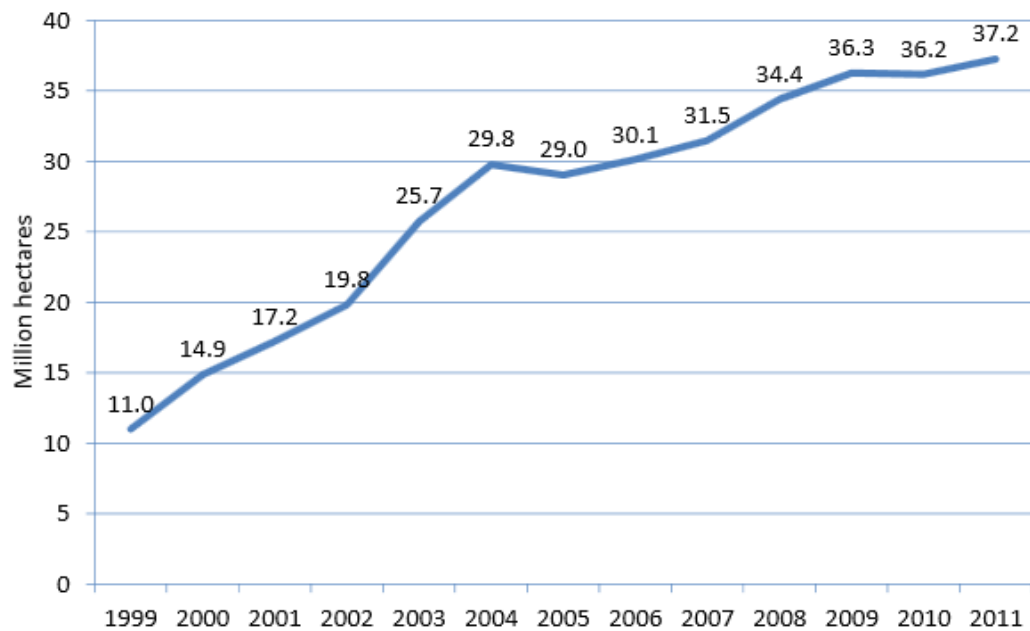


Figure 4. Growth of the organic agricultural area period 1999-2011 (adapted from Willer et al. 2013, 49)

The organic agricultural land in 2011 increased up to more than twice as much in 2002. The higher the demand for organic food globally, the higher the organic agricultural land is expanding.

Organic food is the end product produced by assigning organic agriculture as the foundation method. Organic food has grown fast recently. Figure 5 indicates the growth of organic food and drink in the time period from 2002 to 2011.

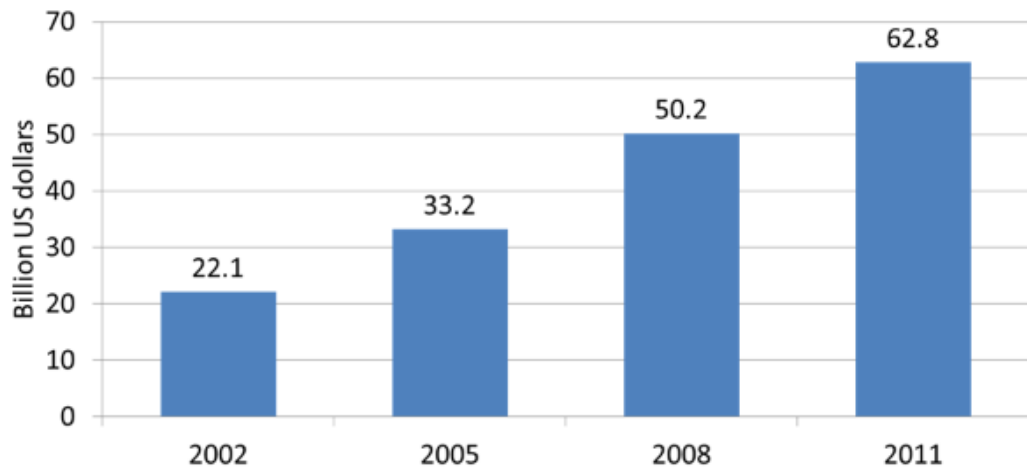


Figure 5. The Global Market Growth for Organic Food and Drink 2002 – 2011 (adapted from Willer et al. 2013, 132)

The reason for organic food growth is accepted by its benefits to the environment and the human. There are various studies demonstrating that organic food is better. In August 2002, there was a published article in Common Ground Magazine listing ten reasons why organic food is considered to be better.

Some of the reasons are shown below:

- Organic farming is better for wildlife: earlier studies show that organic farm has more wild plants, species and birds than the regular field.
- Organic farming is better for the soil: organic fields are said to contain more soil microbes, more good fungi to help the plant absorb nutrients better and more earthworms.
- Organic food helps fight against cancer, stroke and heart attack: Salicylic acid is the main ingredient in aspirin and it is produced naturally in plants to help reduce many health diseases.
- Organic food contains more nutrients: organic food is proved, in various studies, to contain more vitamin A, C, E, the B group, zinc, calcium and fiber.
- Organic farming protects the climate: organic soil contains carbon, which carries in living creatures inside the field. If the soil retains more carbon because it helps fight against the growing of the global climate change.

- Organic food is safer: many people are convinced that organic food is safer because it does not contain pesticide residue compared to food produced by regular farming method.
(Dauncey 2002.)

It is true that organic food generates many benefits for the environment and nature and eating organic food helps people get healthier as well. Hence, organic food is expected to develop remarkably in the near future.

2.1.2 Key issues in earlier studies

As stated earlier in the introductory part of the research, one of the influential factors is the power of buyers towards the research problem. In order to define evidently the impact of this power, it is necessary to consider the elements affecting consumers' attitudes and buying decision process.

Consumer behavior holds an impact on marketing strategies of a company.

Consumer behavior, in general, can be described as:

“It is the study of the processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires.”

(Solomon 2009, 33)

Consumer behavior controls over the decision making process of the marketers. Consumers purchase products or services from the producers to satisfy their needs. In order to reach successful marketing strategies, the company needs to thoroughly understand the people who will use the products or services to attain positive consumer responses. The impact of consumer behavior on the marketing strategies of the company is influenced by demographic dimensions, such as the difference of age groups, gender, family structure, social class and income, race and ethnicity, geography and lifestyles. (Solomon 2009, 35-38) Apparently, consumers belong to different groups representing different factors and possessing different satisfies, demands and needs. However, consumer behavior is influenced not only by the demographic elements, but also by the attitudes or evaluation of

certain objects. As being written by Chaudhuri (2006,39): *“Consumers develop attitudes about products, brands, and advertisements, and these attitudes influence their buying decisions.”*

Consumer buying behavior is also influenced by the marketing environment of the industry as well as the marketing mix operated by the company. These influential factors will be discussed in the later part of the research.

There is a growing trend in the consumer behavior nowadays. People recognize the increasing needs and tend to pursue sustainability and be motivated by purchasing sustainable products, especially in term of food consuming. Tresidder and Hirst (2012, 186) stated that:

“There is a great deal of evidence that if we have the choice of two similar products at a similar price but one is organic, sustainable or green we would be more likely to choose that product.”

In the earlier studies, motives and attitudes are expected to be the dominant factors determine the consumption of organic food. Health concern and environmental protection issue are the key elements controlling motives and attitudes, which then influence on the purchase intention. Because of the characteristics of organic food and the absence of pesticides and additives, people tend to switch from conventional foods to organic foods more often nowadays. (Kriwy et al. 2011, 31.)

However, if health is the main motive for purchasing organic food, the impact of other factors on the consumer attitudes decide the intention of consuming. In the study of Justin Paul and Jyoti Rana conducted in 2012 regarding the consumer's intention to purchase organic food, there were mainly three factors mentioned: demographics factors, health benefits and availability of organic food. Among various components in the demographics sector, younger household and women were more like to purchase organic food, particularly women who had children in their family. Education level and income distribution played the major roles in the purchasing intention as well. The ability to access information about environment and organic food in schools and the ability to afford organic product prices influenced the consumer behavior. Research shows that although the price of

organic food was rather costly, people were willing to include it in their shopping list because of the health benefits and nutrition belief. The last factor tested in the study was the availability to access to organic food. The more convenient people could reach for organic food, the easier the intention towards organic food purchasing was increasing. (Paul et al. 2012, 414.)

In the other study generated in 2011 to test the consumer behavior among US citizens, the key factors in the discussion was the impact of access to organic food, ethnicity, marital status and education and income. The impact of access to organic food, marital status, education and income level were similar to the previous study mentioned above; however, the impact of ethnicity was difficult to study. It was convinced that if the demographics composition changed, the consumption patterns among different ethnic population would change accordingly. (Dimitri et al. 2011, 1161.)

People are becoming more aware of consuming organic food for their health benefits and environmental-friendly activities worldwide. However, the organic food consumption has just started to increase recently. Customers claim that there are many elements which need to take into consideration before consuming. Hence, it is important to study the factors effect on the consumer behavior to help customers as well as producers make the right decisions.

2.2 Marketing environment analysis

It is essential to take into account all the possible aspects which can influence the marketing strategic decision of the company. Possible influential aspects can be forces outside the marketing which directly or indirectly affect the function of creating and maintaining customers' relationships. It can be divided into internal and external factors. Internal factors include the business actors which are close to and involved in the marketing management of the company, it can be known as microenvironment. External factor called macroenvironment and it combines the large social forces towards microenvironment.

2.2.1 Macroenvironment

Macroenvironment consists of the factors that shape the opportunities and pose threats to the company (Kotler et al. 2012, 94). Demographic, economic, natural, technological, political and cultural environment are the major powerful forces in the macroenvironment. PESTEL model can be a valuable tool for macroenvironment analysis with the similar task: Political, Economic, Social, Technological, Environmental and Legal factor.

Table 3. PESTEL framework for macroenvironment analysis (adapted from West et al. 2010, 74)

PESTEL analysis model	
Political	<ul style="list-style-type: none"> - The situation of political and Government stability - The influence of pressure groups on organization - The impact of trades union power at national or international levels
Economic	<ul style="list-style-type: none"> - The index of inflation rates and investment levels - Consumer spending level - Income distribution for the population
Social	<ul style="list-style-type: none"> - Demographics affective factors: density, location, age structure, occupation, educational levels - Attitudes and lifestyles - Consumerism
Technological	<ul style="list-style-type: none"> - Level and speed of technology transfer - Opportunity for technological development
Environmental	<ul style="list-style-type: none"> - The ability to operate along with environmental sustainability

	<ul style="list-style-type: none"> - Energy supply
Legal	<ul style="list-style-type: none"> - Employment and foreign trade legislation - Consumer, competition and fair trade law to protect the right of firms as well as customers

2.2.2 Microenvironment

The microenvironment consists of forces or groups that directly affect the company or industry's major operations (West et al. 2010, 78). In strategic planning, the awareness of the microenvironmental factors is necessary in order to shape the industry. Hence, countless of planning models are elaborated in order to be a part of a convincing industry analysis. The responsibility of a strategist is to find the most suitable model before entering into any new market. One good way suggested for analyzing microenvironment is Porter five forces.

Porter five forces is one of the marketing planning models which was developed by Michael Porter. According to Porter, there is a possible concern with the intensity of competition in the industry under five basic competitive forces. In order to evaluate the strength of each force, the strategist can analyze by rating each component as high, medium or low in strength. (Wheelen et al. 2008, 82-83.) The five forces are demonstrated in Figure 3 below.

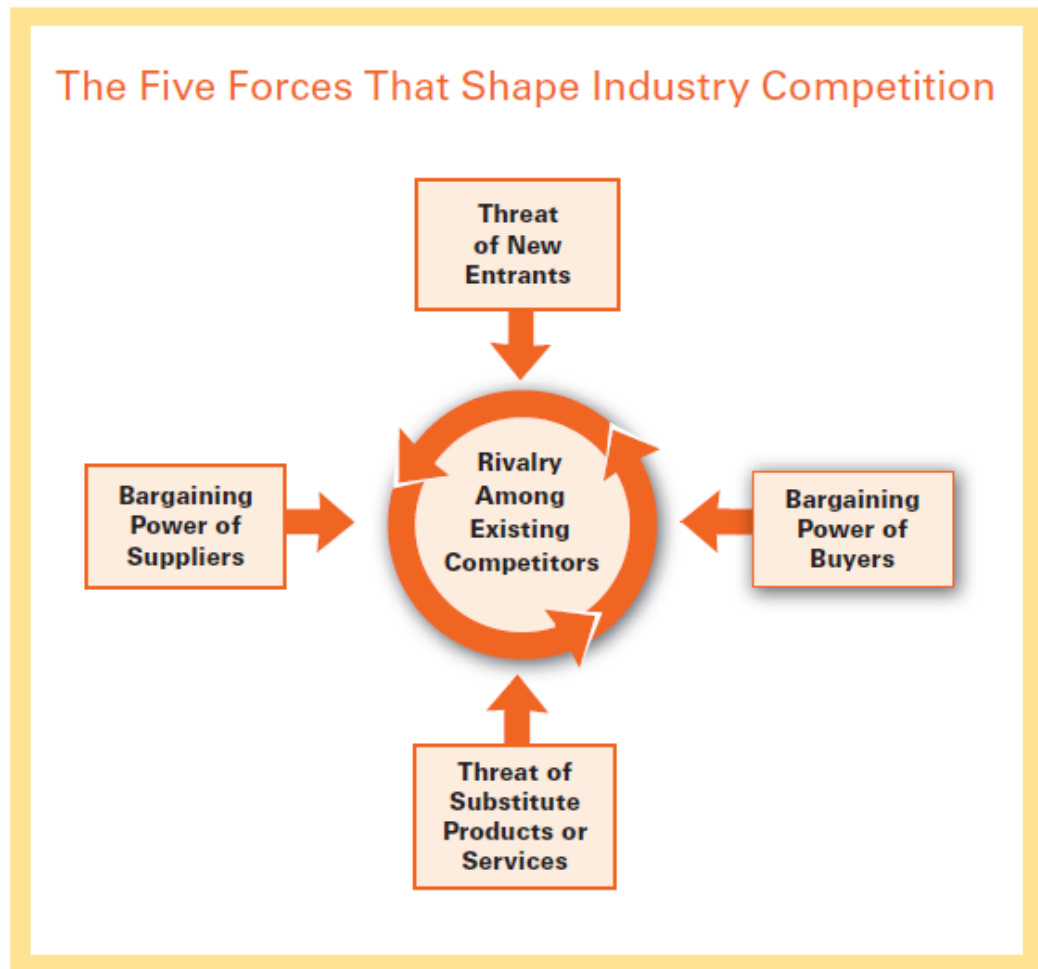


Figure 6. Porter five forces (adapted from Porter 2008, 80)

Rivalry among Existing Firms

Threat of rivalry is considered to be the most important component in Porter five forces model. A competitive move or strategy by one firm may cause remarkable effect on its competitors, which may lead to retaliation within the industry (Wheelen et al. 2008, 84). The threat of rivalry makes an impact on firms by reducing economic profits (Barney et al. 2008, 46). Some of the factors which generate the power of rivalry threat are discussed below:

- There are a large number of firms that are competing with approximately the same size.
- Firms tend to search for strategy to increase the sales by attaining market share from other competitors due to the slow industry growth.

- When product differentiation requirement is not fulfilled, intensive price competition takes place in the industry.
- Production capacity is added in large increments, that means when there is overcapacity, one firm is probably experience products oversupply to gain the market share among other competitors.

(Barney et al. 2008, 46-47.)

Bargaining Power of Buyers

The power of buyers is needed to take into account in term of industry analysis. In general, buyers hold the ability to force the suppliers to reduce price, require for higher quality products or services and play competitors against one another (Wheelen et al. 2008, 85). In fact, buyers are one of the most valuable components to take into consideration in the strategic planning of a company. Buyers look for a product or service not only in quality performance, but also in the price range within other companies in the industry. It is necessary to take bargaining power of buyers seriously because it can give a remarkable effect on the operations of the companies in general and the industry particularly.

Buyers are believed to be strong if they retain some of the following features:

- Price sensitivity: the power of buyers is deeply influenced if they are able to negotiate prices, especially when the prices show an impact on the quality performance of the products.
- Product differentiation: the strength of buyers power increases when there is no product differentiation or the products are standardized.
- Switching costs: the buyers power is stronger when there is hardly switching fees within suppliers or companies.
- Information: the greater the information the buyers are lacking of the products and suppliers, the bigger the buyers power is increasing.

(West et al. 2010, 80.)

Overall, the influences of buyers power can be one of the key factors affect the consumer behavior and attitude towards certain products or services. In fact, the more powerful the power of buyers gets, the more affective the consumer attitude towards the products or services will be.

Bargaining Power of Suppliers

The third threat mentioned in the model of Porter is the bargaining power of suppliers. Similar to the ability of bargaining power of buyers, suppliers power have the ability to control over price and quality of the product. Particularly, suppliers can affect the activities of the industry by increasing prices or reducing the quality of the purchased products or services (Wheelen et al. 2008, 85).

Suppliers provide a wide range of raw materials, labors and other assets related to the companies (Barney et al. 2008, 47).

Bargaining power of suppliers is strong if some of the factors below are implied:

- Number of suppliers: there are only a few large companies in the industry. The fewer the suppliers for buyers to choose from, the greater threat of the suppliers power becomes.
- Product differentiation: the advantage of taking over is increasing for some suppliers, especially since substitute products are not available for some industry firms.
- Switching costs: suppliers' products are effective and create high switching costs for the firms.
- The threat of substitute products is not available because there is no alternative product for the original one.

(Hitt et al. 2005, 56.)

Threat of New Entrants

The fourth threat forms the Porter five forces model is the threat of new entrants. New entrants are reliant on the cost of entry, which depends on the existence and the height of barriers to entry (Barney et al. 2008, 41). As a result, the height of barriers to entry determines the strength of the threat (Haberberg et al. 2001, 150).

Some of the possible threats of barriers to entry are listed as following:

- Economies of scale: in order to achieve low cost levels of production, the new entrants have to come to the market with large scale.

- Product differentiation: creating branding, gaining customer knowledge and providing special services can be regarded as barriers since it takes time and extra funds to become established for the new entrants.
- Capital requirements: the ability to afford technology investment, plan, distribution, service outlets and other areas are one of the threats to enter into new markets.
- Switching costs: it is difficult to persuade customers to switch to a new entrant if they are satisfied with the products or services of the existing firms, and the cost will depend on the new entrant and become an entry barrier.
- Access to distribution channel: new entrants need to build a good contact with existing distribution channels to deliver the products to the customers.
- Government policy: legislations can act as a barrier to entry since the Government wants to protect industries and companies.

(Lynch 2009, 99.)

Threat of Substitute Products or Services

Last but not least, the fifth components developed in the Porter five competitive forces is the threat of substitute products or services. A substitute product is the product from other companies or competitors, which technically appears to be different but can satisfy the same need for the customers (Wheelen et al. 2008, 85). In other words, it can be seen as the replacement for the mother products. If the customers have many opportunities to choose not only from the competitors but also between rival products, the power of the substitute threat is increasing.

There are three types of substitute products:

- Things that perform the same function as the mother product, for example tea is a substitute for coffee.
- Dissimilar things that fulfill the equal psychological need, for instance chocolate may be altered for roses.
- Products that compete for the same spending amount, which makes the spending power, for example mobile phones and CDs can operate the

same functions on certain term such as music playing, but the spending power is different.

(Haberberg et al. 2001, 149.)

Power of Other Stakeholders

There is one other force which affects the industry – the threat of other stakeholders. Other stakeholders consist of Governments, local communities, creditors, trade associations, unions, shareholders (Wheelen et al. 2008, 86).

However, the influences of these stakeholders are different in every other industry. Due to the information sources limitation, the power of other stakeholders is not studied in the research.

In summary, the key factors of Porter five forces can be summarized in Figure 7.

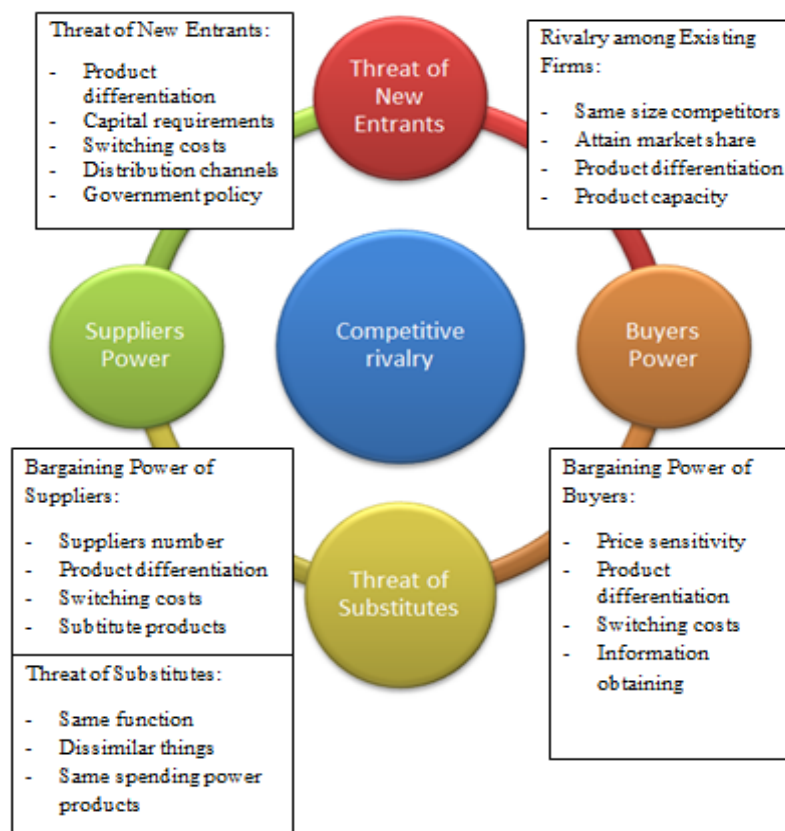


Figure 7. Porter five forces key factors

2.2.3 Internal analysis

SWOT analysis is, in which the abbreviation of Strengths, Weaknesses, Opportunities and Threats, used to determine the influence of external and internal marketing environment towards the company (Blythe et al. 2005, 35). The external environment analysis includes the analysis of opportunities and threats, which can affect the operations of the company. The internal marketing environment analysis is the evaluation of strengths and weaknesses of the company, which can become the competitive advantage of the company. Aiming to define the factors influence the function of the Case Company in the organic poultry sector in Vietnam, the author decides to apply SWOT analysis into the company.

2.3 Marketing planning process

The main objective of every firm or company is to build and maintain strong relationships with the customers. In order to achieve this purpose, the feasible marketing plan is required.

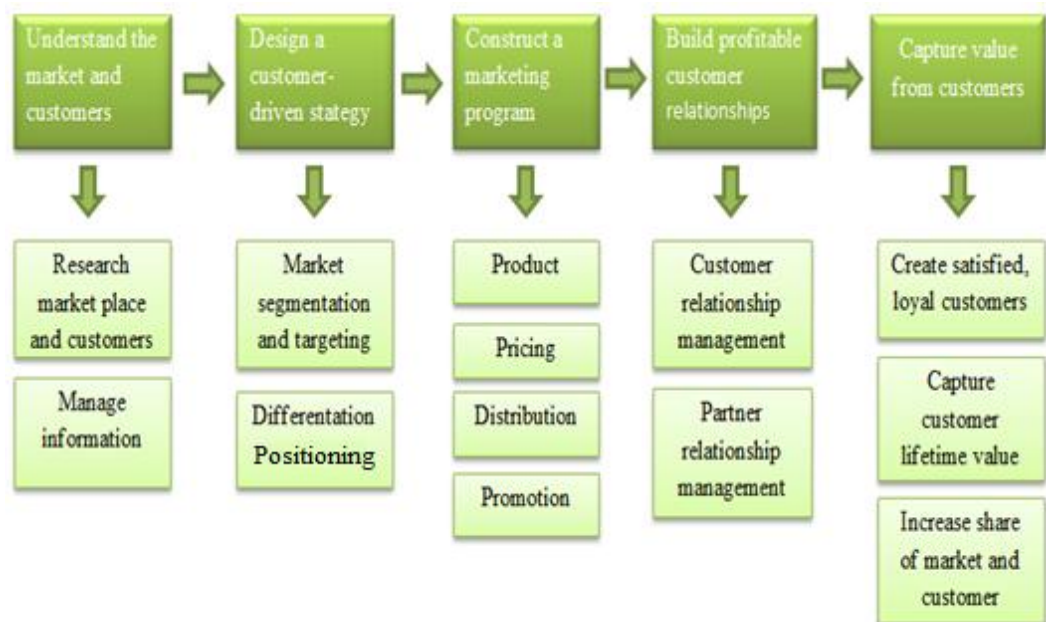


Figure 8. Marketing planning process (modified from Kotler et al. 2010, 53)

Figure 8 demonstrates the marketing planning process. The first four steps focus on creating value for customers and building customer relationships. Initially, the company gathers adequate knowledge of the marketplace by researching and managing the marketing information. Then, the company designs a customer-driven marketing strategy by choosing between market segmentation, targeting, differentiation and positioning. After deciding on the marketing strategy, the company constructs an integrated marketing program to deliver values to the customers. The fifth step in the process captures value back from the strong customer relationships. (Kotler et al. 2010, 53-54.)

The marketing program contains a list of actions planned based on the appearance of the conceptual framework called marketing mix. The marketing mix includes the model of 4Ps: Product, Price, Place and Promotion and the expansion of 7Ps subsequently with People, Process and Physical evidence additionally. Nevertheless, due to the characteristics of the current market and the increasing demand of the company, traditional marketing mix and the concentration of Product, Place and Promotion are executed.

2.3.1 Product

Product is defined as thing that company or firm offers to meet the requirement and the satisfaction of the customers. Product can include the tangible commodity or intangible services.

Product planners and marketers make product and service at three following levels: individual product, product line and product mix decisions (Armstrong et al. 2013, 229).

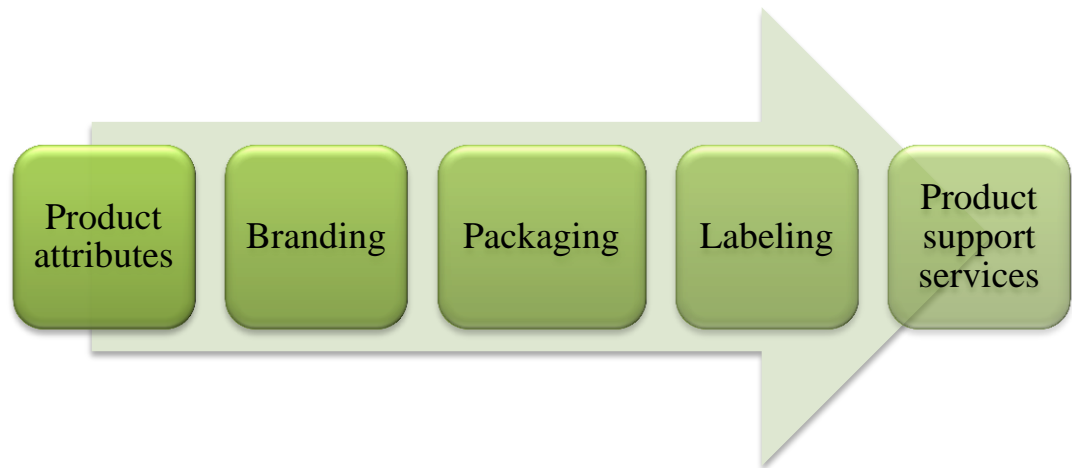


Figure 9. Individual Product Decisions (adapted from Kotler et al. 2012, 253)

Individual product and service decisions are demonstrated in Figure 8 and the characteristics are in the Table 2.

Table 4. Factors affect Individual Product and Service Decisions (modified from Kotler et al. 2012, 254-258.)

Decisions	Characteristics
Product and service attributes	Product quality, product features, product style and design have a direct impact on product or service performance. All these three characteristics are used to determine the customer value and satisfaction. Focusing on these three characteristics, marketers aim to create and strengthen the competitive advantage with other competitors.
Branding	Brand is a name, term, symbol, design or combination of these which identifies the company. It adds the value to the product regarding quality.

Packaging	Packaging involves designing and protecting the products. Innovative packaging can play an important role in marketing strategy since it creates competitive advantage and gains customer's attention.
Labeling	Labels can be tags or part of the packaging. Labels support the brand's position, guarantee brand's personality and raise concerns of customers.
Product support services	The company offers customer service to assess the value of current services and maintain solid relationships with the customers.

Product Line Decisions is the second level of the product planning process.

Product line is a group of individual products which are related because of the same functions, same customer targets and even same given prices. The number of items in the product line builds the product line length. If the length is too short, the company can fill it by adding more products to achieve more profits. On the contrary, if the product line is too long, the company can reduce some objects by line stretching. (Kotler et al. 2012, 258-259.)

Product Mix Decisions is the final level. All the individual products make the product line and all the product lines are then included in the product mix. Product mix is divided into four important components: width, length, depth and consistency. Because of this division, company therefore can increase the business as well as profits in four ways: add new product lines to widen the product mix, lengthen the existing lines, add products to deepen the mix and change in the line consistency. (Armstrong et al. 2013, 235)

2.3.2 Place

Place or distribution channel is the following element of the marketing mix framework. With the purpose of delivering the value to the customers and building a beneficial customer relationship, the company ordinarily works with a supply chain and distribution channel. Instead of paying much time to sell the products directly to the customers, firms utilize the availability of distribution and intermediaries to bring the goods to the market.

Before designing a marketing channel plan, the company needs to define which channel level the company should employ. The channel level includes direct marketing channel and indirect marketing channel. The direct marketing channels require the company to sell the goods directly to the final users. On the other hand, the indirect marketing channels market through the function of intermediaries such as wholesalers, agents, retailers or other middle men. (Blythe 2012, 173.)

After defining which channels to apply for the distribution function, the marketing channel design decisions are necessary to be conducted. Figure 9 indicates the steps in the designing process.

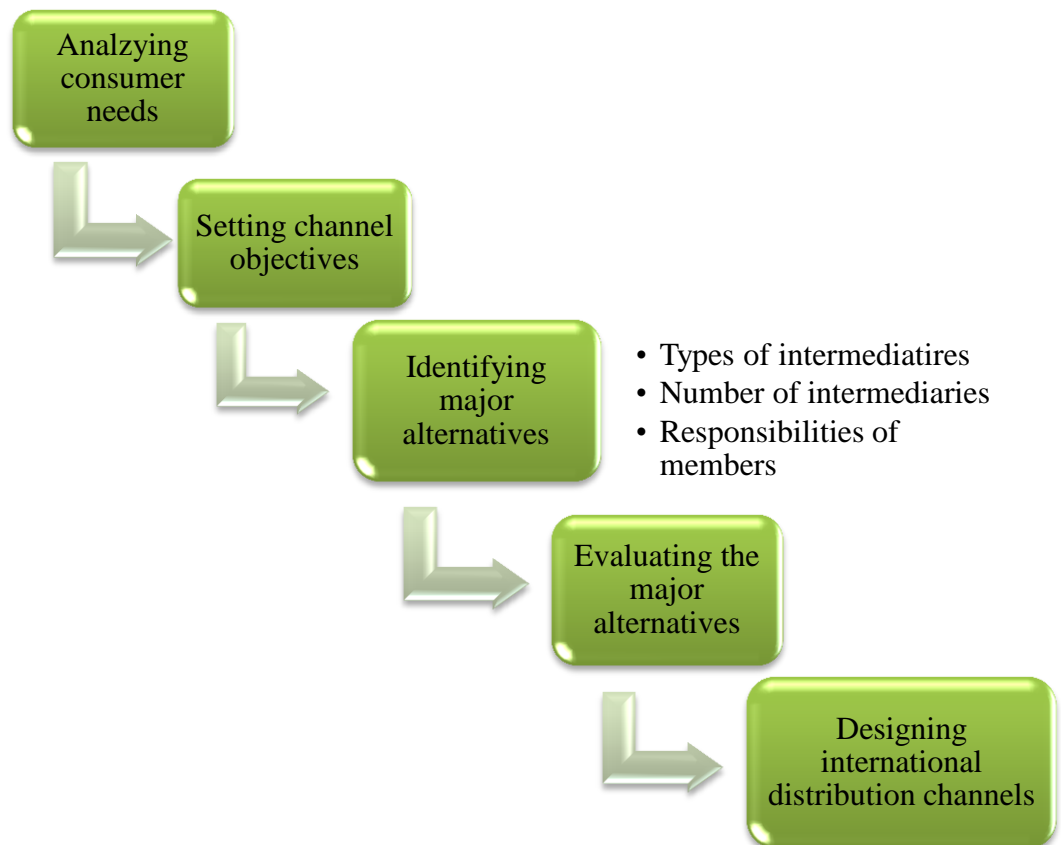


Figure 10. Marketing Channel Design Decisions (modified from Kotler et al. 2012, 375-378.)

As soon as the marketing channel design decisions process is completed, the company needs to implement and manage the chosen method for proper operating. Marketing channel management requires selecting, managing, motivating and evaluating channel members in a period of time. Selecting the channel members takes characteristics of intermediaries into consideration to settle with the better ones. After selecting, the firm should continuously manage and motivate the intermediaries to perform remarkably. Along with the managing actions, it is necessary to check and evaluate regularly the operation of the intermediaries. (Kotler et al. 2012, 378-380.)

2.3.3 Promotion

The promotion mix or marketing communication mix includes advertising, sales promotion, publicity, sponsorship, direct marketing, internet marketing and personal selling for the purpose of customer persuasion and customer relationship maintenance. (Jobber et al. 2009, 217.) Developing promotion mix is essential in the business plan of the company, since marketing communication works closely with the customers.

Marketers should follow the below steps for generating an effective marketing communication:

- Identifying the target audience.
- Determining the objectives: this step requires the study of buyer-readiness stages. Customers can be included in any of the phases: awareness, knowledge, liking, preference, conviction and purchase.
- Designing a message: message content, message structure and message format are the important factors influencing a successful promotion plan
- Choosing media: the difference and selection of personal communication channels and nonpersonal communication channels. Personal communication channels involve two or more people communicate directly face to face, on the phone, via mail or word-of-mouth method. Nonpersonal communication channels convey the communication message by media or events.
- Selecting the message source: choosing of message communicator.
- Collecting feedback: concentrating on the feeling of the target customers towards the message.

(Kotler et al. 2012, 439-444.)

Besides the marketing communication, the company should build promotion mix strategies. There are two promotion tools which are regularly used by the marketers: push promotion strategy and pull marketing strategy. In push strategy, producers give the products to the reseller and to the customers by means of marketing promotion. Conversely, pull strategy expects customers to receive the products from the company and then create a demand from customers for the

company through marketing activities. Most companies use both strategies as the combination.

2.3.4 Price

The final component of the traditional marketing mix is price. Price is generally the amount of money, which customers pay to obtain the products or services (Armstrong et al. 2013, 80). However, the price is seen differently under different perception. From the perspective of the customers, price is the real value of the product which they buy and customers are the ones to decide whether it is worth paying the price. Customers assess the price through functional, operational, quality, financial and personal factors. On the other hand, price is considered to be one of the marketing mix elements from the seller's point of view. (Brassington et al. 2013, 254-256.)

Aiming to execute a successful pricing strategy for the company, it is necessary to take into account the influence of external factors as well as internal factors towards the pricing decision process. External factors include the feelings and sensitivities of customers, demand and price elasticity, channels of distribution, competition level, legal and regulatory framework. Internal influential comprises of organizational objectives, marketing objectives and operational costs. (Brassington et al. 2013, 258-269.) However, due to the limitation of the information access from the company and the legal framework of the targeted market, the pricing strategy will not be included in the recommended marketing plan afterwards.

2.3.5 Extended marketing mix

As mentioned above, the role of additional 3Ps in the extended marketing mix is essential. The 3Ps stand for People, Process and Physical evidence. People refer to the staff or employees from the company. It involves the relationship from the management board of the company to the customer service orientation. It is essential to develop the habit of thinking of the people in charge of each task and responsibility (Tracy 2004). Process relates to the methods of providing services to the customers. It is important to keep track with whether the customers are

satisfied with the services or not for further development in the company. (Marketing mix 2013) Physical evidence can be called packaging because it implies the appearance of the products offering to the customers. Physical evidence is important in the marketing mix since it provides distinguishing competitive advantage in the market.

3 THE VIETNAMESE ORGANIC MARKET

Chapter three starts the empirical part of the study. This chapter aims to provide the background of the country, industry analysis and the current development situation of the Case Company.

3.1 Country analysis

In the country analysis part of the research, the author decides to employ PESTEL analysis framework to get the whole view of the current development situation in Vietnam. PESTEL is the abbreviation for Political, Economic, Social, Technological, Environmental and Legal, which forms the factors influencing the development of the country.

Political background

To begin with, Vietnam is led by the Communist Party and seen as a one-party Communist state. Vietnam became unified and gained freedom in 1975 when the Northern arm forces seized the south (BBC News 2013). Under the rule of Communist Party, Vietnam reaches the stability in the political environment. Communist Party plays a decisive role in the formulation and performs some political reforms such as strengthening the role of National Assembly. Vietnam reaches the 143rd out of 167 countries in the democracy index in 2011, although it is regarded to be authoritarian regime country. (Ministry for Foreign Affairs of Finland 2013, 7.)

Vietnam's international relations are increasing. In 1998, Vietnam established the international relations with the Agriculture Development Denmark Asia (ADDA). In 2006, ADDA officially established representative office in Vietnam, cooperated with the VNFU to carry out projects for the organic agriculture in Vietnam. (Nguyen 2013.)

However, there is pressure for organizations in Vietnam. It is recorded that the Government and policymakers want to restructure the debt-laden State Owned Enterprises (SOEs) and its banking system as well as to boost the economy and

control inflation. Details of these changes still remain uncertain, which causes concerns for investors. (Petty 2013.)

Economic situation

After being suffered three decades from war, Vietnam struggled with developing not only in political, but also in economic environment. Vietnam is regarded to be one of the poorest countries in the world at that time. In 1986, the Communist Party introduced the Doi Moi or the renovation policy. Since then, Vietnamese economic development changes dramatically. In the period of 1990-2010, Vietnamese economy increased at an annual average rate of 7.3 percent and achieved the low middle-income country status in 2010. (Ministry for Foreign Affairs of Finland 2013, 7.)

Vietnam became members of the World Trade Organization (WTO) in 2007. The rate of inflation in Vietnam was moderate in the past year and forecasts to reduce in the first month of the year 2014. The statistics can be obtained from Figure 10.



Figure 11. Inflation rate in Vietnam (July 2012 - January 2014) (adapted from the General Statistics Office of Vietnam 2014)

The Gross Domestic Production (GDP) in Vietnam increased to 141.67 billion US dollars in 2012, compared to 97.146 billion US dollars in 2010 (The World Bank 2012). The GDP growth rate in 2012 was 5.03 percent (Grant Thornton 2013, 3). The GDP rate for agricultural sector accounted for 21.6 percent in 2012. The main agricultural products are coffee, tea, soybeans, sugar cane, bananas, fish, paddy rice, rubber, pepper, cashews, peanuts, poultry and seafood. (Index Mundi 2013.)

Vietnam is actively integrated into the world's economy nowadays. Since entering into WTO, Vietnam has attempted to achieve substantial improvements in executing legal background to protect the international competition performance. However, although Vietnam has increased significantly recently, there are many challenges hindering the development of the economy. The existence of SOEs, the instabilities of macroeconomic and the inflation rate raise the concern for the Government and the organization managers. (State Secretariat for Economic Affairs SECO 2013, 7-8.)

Social environment

In 2013, the population of Vietnam was approximately 88.78 million people, of which the rural population accounted for 67.5 percent and the amount of citizens under 30 years old was 60 percent. (Grant Thornton 2013, 3.) In 1993, nearly 60 percent of the population was living below the poverty line and by the year 2006, it reduced to 16 percent according to Vietnam Household Living Standards Survey (VHLSS) data.

The population structure of Vietnam changes in a positive path. The population in the working age was 46.48 million people in 2011, increased 0.12 percent from the previous year. The official unemployment rate accounted for 2.27 percent also in 2011. (General Statistics Office 2011.) The labor force in 2012 estimated to be 49.18 million people, of which 48 percent working in the agricultural sector (Index Mundi 2013).

Vietnamese people are well-educated nowadays. Statistics show that over 90 percent of the population is literacy (Vision & Associates 2014, 8). The higher the education level is, the higher the ability for customers to access essential information, especially health and environmental-related issue.

There are many diseases happening in Vietnam currently, which affects the health and the development of the country seriously. The H5N1 bird flu virus strain has been ravaging Vietnam since 2003 and it leaves the bad effects on human health as well as on the agricultural sector. The strain has claimed 65 lives so far, which is one of the highest rates in the world according to the World Health Organization (WHO). Since early February 2014, more than 63,000 chickens have been killed. (Thanh Nien News 2014.)

Technological development

Vietnam shifts to a developing country rapidly at the moment. In order to achieve further progress after joining the WTO, Vietnam decides to gradually switch from the use of labor force and natural resources to utilize more advanced technology (VNS 2012.). As a result, science and technology industry becomes one of the key sectors for socioeconomic development. Infrastructure building is considered to be the target for developing for the purpose of industrialization.

On 14 June 2005, National Assembly launched the Civil Code as the principal legal basis for technology transfer movements in Vietnam. The Law on Transfer of Technology was then presented on 29 November 2006 to be the guide for the Civil Code. (Vision & Associates 2014, 16.) Aiming to achieve a successful outcome, the Government focuses on science and technology development and provide legal framework at the same time to protect the competitive forces of the business. Moreover, it helps assist the organization in technological developing areas.

In September 2008, the MARD implemented a project to enhance agricultural technology, support productive partnership and serious infrastructure necessities, project management and agricultural institutions strengthening. The aim of the project is to help develop the agricultural sector in Vietnam and to increase the awareness of applying technological method in organic farming. The project will end on 30 June 2014. (Colella 2014.)

Environmental resources

Environment suffers significant pressures from the development of economic growth and industrialization in Vietnam recently. The growing issue of climate change and natural pollution raise the concern for sustainable development. Vietnam is one of the countries heavily influenced by the change of the climate with approximately 11 percent of population affected (State Secretariat for Economic Affairs SECO 2013, 10). To deal with environmental pollution issue, The World Bank released a list of priorities focusing on environmental solutions, including climate change mitigation, pollution and waste management, hazardous chemical reduction, environmental policies, environmental impact assessment and safeguard policy implementation. (The World Bank 2011.)

Many reports show that environmental pollution has an enormous impact on the natural life, for example the phenomenon of lakes getting narrowed in the capital city Hanoi. People are said to throw construction waste and rubbish in the lakeside area. Factories release untreated liquid waste, contaminate the sub water life and reduce the area and capacity of the lakes. (Vietnam Environment Administration 2012.) Due to the serious effect, Vietnam Government is trying to strengthen the activities of environmental protection by policies and awareness increasing.

Moreover, the pollution is increasing due to the abuse of pesticides in agricultural farming. There were a report of 96.6 percent of farmers used pesticides excessively in 2008 and nearly 95 percent of farmers poured residual spray onto canals or reapply and over apply to other plant in the Mekong Delta (Meisner 2005). The residue pesticide harms the natural living and environment badly.

Legal system

In Vietnam, the legal system consists of constitutions, decrees, laws, decisions, codes, ordinances, circulars, directives, and official letters launched and admitted by the National Assembly. Ordinances are generally issued by the Standing Committee of the National Assembly, while others are issued by individual ministers and then passed by the National Assembly. (Vision & Associates 2014, 6.)

Apart from the general rules, the National Assembly also runs many laws and ordinances with the function of market economy. These laws include the Labor

Code, banking law, the Law on Enterprise, tax law, the Law on Investment, the Trade Law as well as others. (Vietnam Trade Office in the USA 2008.) With these laws, Government implies to maintain the fair trade and competitive environment of business players as well as to protect the right of enterprises and customers in general.

The food safety standard in Vietnam is controlled by the Ministry of Science and Technology (MOST) and coordinated by the Ministry of Health (MOH), Ministry of Trade (MOT), the MARD, Ministry of Fisheries (MOFI), Ministry of Industry (MOI), Ministry of Finance (MOF) and Ministry of Culture and Information (MCI) (Overseas Merchandise Inspection Co., Ltd. 2006, 19). However, in the organic food agriculture, there are hardly regulations issued by the Government.

Political

- One party Communist state
- Increasing international relations, cooperation ADDA-VNFI for organic agriculture
- SOEs are waiting to be restructured

Economic

- Achieve low middle income country in 2010
- GDP for agriculture: 21.6 %
- Actively integrate into the world's economy
- Challenges: the existence of SOEs, the instabilities of macroeconomics, inflation rate

Social

- Poverty rate is reduced
- Population structure changes positively
- Vietnamese people are well-educated, create the ability for changing in consumer behavior
- The H5N1 bird flu has affect on human health as well as poultry industry

Technological

- Switch from labor force use to advanced technology
- Civil Code as the principal legal basis for technological transfer movements
- Enhance agricultural technology

Environmental

- Climate change and natural pollution effects the activities
- The abuse of pesticides harms the environment

Legal

- Law issued by National Assembly
- Business and economic laws support the fair trade
- Food safety standards are controlled by the Ministry, however, there is no regulation for the organic food

Figure 12. PESTEL analysis of Vietnam

3.2 Industry analysis

For the purpose of approaching the organic food market in Vietnam, the author decides to apply Porter five forces to experience the power of threats towards the market. The current development situation of the Case Company helps reveal the influence of these powers. Besides, those powers pose threats to not only the organic food market in general in Vietnam, but also to the organic poultry industry. The data used for analyzing the threats is collecting mainly from the findings with the two companies mentioned in the introduction part. The results from the survey and secondary data can be seen as the supportive factors in the research. According to the interviews with Mrs. Huong from Hapro Group and Mr. Giang from Giang Son JSC, the threats of rivalry, buyers power and suppliers power are the dominant threats to the industry. Details will be discussed thoroughly below.

Rivalry among Existing Firms

The power of rivalry among existing firms is seen to be medium to high.

Currently, there are many sellers and producers claiming to be the organic food suppliers in the market. However, due to the weak management of the Government, there is no standard to inspect if it is genuine organic or not. Same-sized organizations are increasing due to the development of the market and high demand from the customers. Customers can switch brands and producers easily due to the growing number of companies nowadays.

The appearance of distribution channels is an important influence to the power of the rivalry. Hapro is one of the leading distribution retailers in agricultural products, processed food, beverages exporting (Hapro 2014). The range of products from other producers is various in Hapro; therefore, Hapro creates a competitive atmosphere among the products from many producers they distribute.

The exit barrier is strong in the Vietnamese organic market. The organic farming method requires the investment on advanced technology, distribution and inventories.

Bargaining Power of Buyers

The role of consumers in the organic market in Vietnam is important. The threat of bargaining power of buyers is considered to be high.

Customers are fairly sensitive to the price of the products or services they purchase. The power of buyers is expected to be strong if the customers are able to negotiate the prices, especially when it concerns the adequate quality performance of the products or services they require. However, in the situation of the organic market in Vietnam, the prices are complex. The organic food in Vietnam is not certified according to the international standards since the Government has no particular legal policy to support the organic market development. The organic vegetables are reported to be five or six times higher than the prices of the normal vegetables (Nguyen 2013). The exceptionally high price could be explained due to the advanced technology utilized in the organic farming, distribution and storing conditions. However, the explanation is not reliable because there is no standard or food safety assurance to certify. It causes confusion for the customers because the origin of the products is unclear, the safety certification is doubtful and yet customers have to spend a large amount of money. (Huong 2012.)

Switching cost is another element determining the power of buyers in the Porter five forces model. Since the price sensitivity is increasing among the consumer buying behavior, switching suppliers or producers is in preference since there is hardly switching fee. From the perspective of the customers, it is easy to change from one supplier to another if the quality performance of the product is not provided efficiently. As mentioned above, if the price which customers have to pay is higher than the product quality they expect to get, customers are reluctant to purchase organic food and move back to consuming non-organically grown products.

The insufficiency of related information is one of the strongest factors influencing the power of buyers (Giang 2014). There was a limited amount of information available on the organic agriculture in Vietnam (Simmons et al. 2008, 2). The amount of information concerning organic food is insufficient for the customers to gather and understand. Moreover, the Vietnamese shoppers do not completely understand the characteristics of organic food or what it means, but they want

healthy and clean food and they are aware of the danger of the industrial products (Thanh Nien News 2012). According to the survey conducted by the author in April 2014, there are nearly 82 percent of the people claim to not have enough information about organic food and around 12 percent say that they do not care about consuming organic food. Statistics can be obtained from Figure 13.

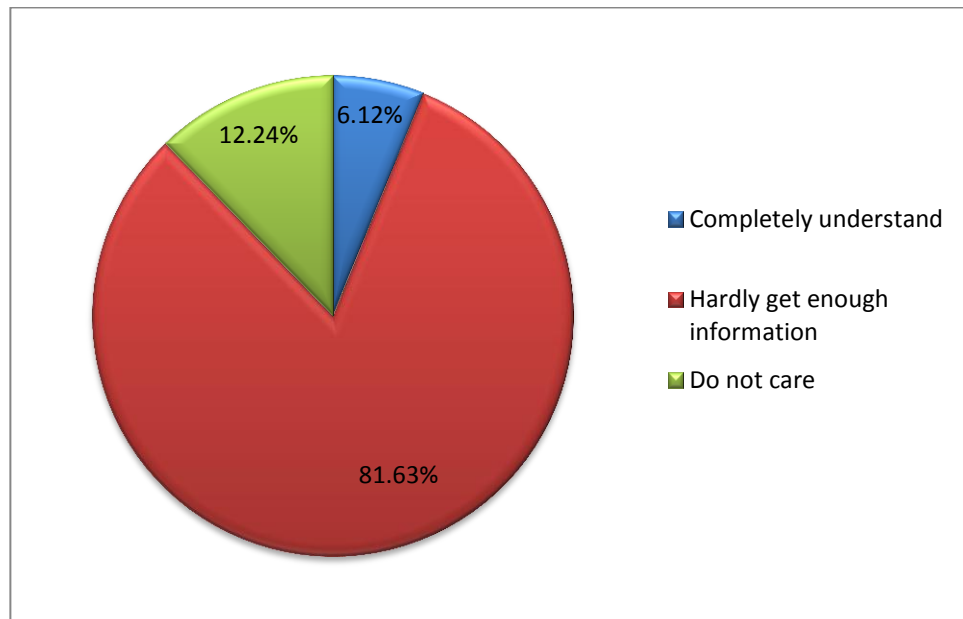


Figure 13. Do Vietnamese customers understand organic food?

The concept of organic food consumption is still fairly new in Vietnam since the source of reliable information is limited. Customers do not understand the characteristics of organic farming as well as the benefits of organic food, so that it is difficult for them to change their shopping habit immediately. The organic products are not various at the moment; however, the reason is believed to be thin supply instead of low market demand (Thanh Nien News 2012). The availability of organic products is unable to meet the demand of the customers and the problem with the freshness of the products due to false storage conditions lead to the buyers power remain high.

Bargaining Power of Suppliers

The power of suppliers can be seen as medium to high in the organic food market in Vietnam.

The agricultural sector is developing as the contributor to GDP of Vietnam with 22 percent. 48 percent of the population was employed in agriculture, forestry and fisheries in 2011. (ODI 2013.) Many people are involved in the agriculture as local growers, independent and family farmers, large corporate farms, etc.

The origin of products or sources imported by the local farmers is fairly suspicious. In the situation of the poultry industry, reports show that chicken imported from other foreign countries without quality approval is becoming problematic, especially from China and Korea. The price of chicken is three to four times lower than the price of the organic chicken. (Nguyen et al. 2013.) To gain more benefits, many farmers switch to raise the chicken breed imported from China or Korea.

The organic food supply chain is underdeveloped in Vietnam. The organic products need to be preserved in a good condition from the suppliers to the final customers. However, the wet market is popular for the Vietnamese customers and is not the suitable chain for supplying the organic products. (Huong 2012.)

Since the organic food is new to the Vietnamese market, the amount of suppliers is considered to be relatively modest. The more suppliers in the market, the weaker their powers are.

Threat of New Entrants

The power of new entrants to the organic food market is expected to be medium to high. Although there are a lot of elements deciding the power of the new entrants threat, access to distribution channels and Government policy seem to be the real challenges

Distribution channel is not a big problem with the existing firms and companies since the connecting relationships have already been set. However, it is the big problem for the new enterprises to achieve successful access to the market as well as to function properly with the customers. As for the organic food market, it is

important to look for distribution channels with good reputation as they are able to store the products in good conditions.

On the other hand, the Governmental policy can be one of the obstacles for the new entrants. Although the legal framework for organic food is not developed, the existing suppliers or producers have an advantage over the new entrants since they create firm relationships with the customers. In 2006, the MARD drafted the National Basic Standards for Organic Products in Vietnam but it hardly made any change until now (Thanh Nien News 2012). The Participatory Guarantee System (PGS) Vietnam then established its own standard and is issued by the MARD. The lack of appropriate regulations become one of the difficulties for consuming organic food as customers find it hard to access to the real organic food in the market.

Threat of Substitutes

The threat of substitute products is considered to be low. There are two general terms used to describe safe food in Vietnam nowadays, natural food and organic food. Organic food is processed from organic farming with the method of avoiding pesticides and fertilizers. Natural food uses pesticides and fertilizers under an approving certain amount. (Lan 2014.)

In the situation of Vietnam, it is clear to see the difference in the fresh products, particularly in natural vegetables and organic vegetables. Natural vegetables are cheaper than organic vegetables because there is no requirement for technological applying and storing condition techniques. Moreover, natural vegetables are claimed to be fresher and greener due to the appearance of chemical pesticides or plant stimulants.

In summary, the industry analysis can be seen from Figure 14.

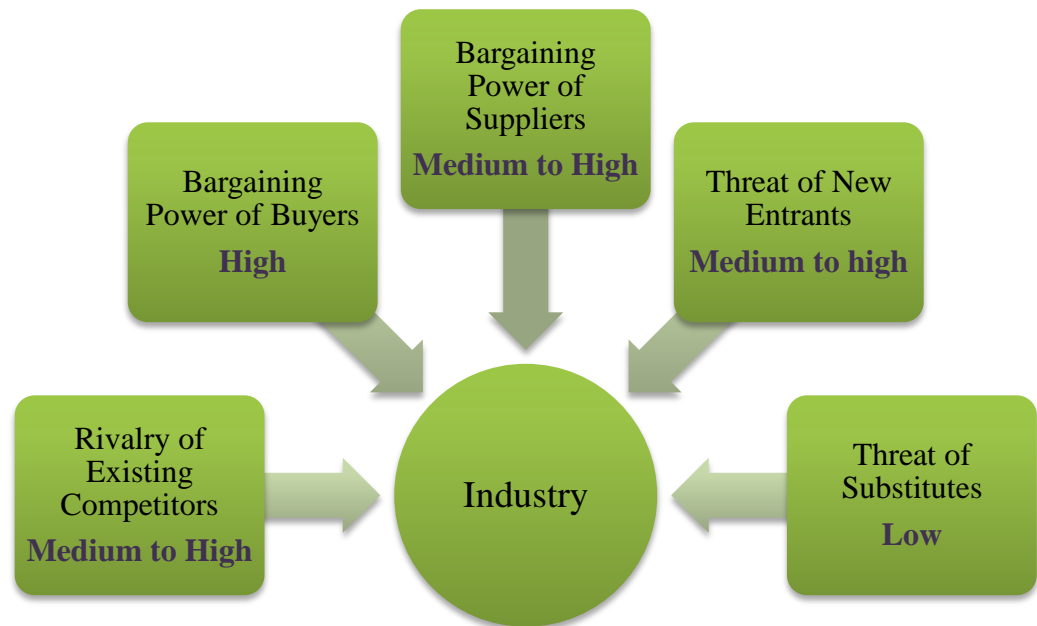


Figure 14. Summary of the industry analysis

3.3 The poultry processor Giang Son JSC

This part of the thesis aims to study about the Case Company – poultry processor Giang Son JSC. There are two parts included in this section. The first part concentrates on the overview and background of the company, while the second part focuses on the current situation of the company in the organic poultry market. A SWOT analysis is presented as the overall evaluation of the company's strengths, weaknesses, opportunities and threats. The company analysis is the well-constructed foundation for the marketing plan proposed by the author in the next Chapter.

3.3.1 Company overview

The Case Company – Giang Son JSC actively operates in the organic market in Vietnam, particularly in the poultry industry. The company established in 2006 and currently, there are approximately 100 employees in the company. The headquarter is in the northern Vietnam, based in Yen The District, Bac Giang Province. There is a representative office in Hanoi - the capital city.

Giang Son JSC mainly concentrates on manufacturing agricultural products, livestock breeding and poultry distribution. The total land for breeding in Yen The is 2 hectares at the moment and there is a huge potential to increase the land up to 3 hectares.

The main product of Giang Son JSC is the organic free-range Yen The chicken, which is the famous specialty of Yen The District that was granted trademark status by the National Office of Intellectual Property in 2011 (VNS 2014).

Additionally, Yen The chicken received Capital's Trusted Trademark by the Hanoi Association for Science and Technology and the Vietnam Association for Customer Protection in 2012. In the same year, Association of Southeast Asian Nations (ASEAN) recognized Yen The chicken as one of ASEAN's best foods announced in Singapore. (VNS 2013.) The strict guidelines are applied to ensure the organic farming method in breeding and feeding. When the products are distributed to retailers, the company attaches a plastic ring with the logo of Yen The chicken to the chicken's leg. (VNS 2014.)



Figure 15. Yen The chicken logo (adapted from Tau 2013)

Yen The free-range chicken is the unique breed of Bac Giang Province. It is not kept in the cages; in fact, it usually heads to the hill in the morning to eat insects inside the soil. Local farmers keep this breed outside to enjoy fresh air and sunlight.



Figure 16. Farmer feeds Yen The free-range chicken (adapted from Nhung 2014)

Giang Son JSC is one of the earliest companies producing organic free-range Yen The chicken in Bac Giang. Yen The chicken is the only breed in the province which raised with Vietnamese Good Animal Practices (VietGAP) standards (QDND 2013). VietGAP, which is implemented by the MARD and the Canadian International Development Agency, is the certificate including the standards on the quality of agriculture products (VNS 2013).

Currently, Giang Son JSC cooperates with many distribution channels to deliver the Yen The chicken to customers in Hanoi. The main line of distribution channel is the chain of big supermarkets such as Fivimart, Intimex, Coopmart, BigC and the retailer company Hapro (Giang 2014).

3.3.2 Company SWOT analysis

Prior to conducting the marketing actions plan, it is important to study the factors affect the proper functions of the company. Hence, SWOT analysis is applied. SWOT model is used to study the external factors influence the operations of the company and the internal factors within the company (Blythe et al. 2005, 35).

Strengths

As mentioned earlier in the company overview, Giang Son JSC is one of the earliest organizations producing free-range chicken in Bac Giang Province. The company gains the competitive advantage for operating as the dominant player in the market. In 2012, Yen The free-range chicken produced by Giang Son JSC was regarded to be one of the ASEAN's best foods.

Following the establishment in Bac Giang Province in 2006, Giang Son JSC sets up the representative office in Hanoi in 2008. Hanoi is the capital city of Vietnam with high population and high industry growth. By distributing the product to the capital city, the company is able to achieve the leading market position and make Yen The chicken more familiar to customers by establishing good connections with big supermarkets and retailers.

The farming system of Giang Son JSC is certified by the VietGAP standards. There are many products in Vietnam claim to be organic, but under some circumstances, the origin and farming method are mysterious. The chicken raised by the company in Bac Giang is believed to be genuinely organic and the farming method is environmental-friendly. The plastic rings attached to the chicken's legs with the logo of Yen The chicken are becoming the competitive advantage from other companies.

Weaknesses

Although the company possesses various strengths, there are weaknesses presenting in the organization at the moment. Firstly, because the company has only one headquarter in Bac Giang and one office in Hanoi, the scale of business remains small. There is limited access to distribute the product to other large

cities, especially to Ho Chi Minh City - the largest city in Vietnam with the population of nearly 6 million people (CIA World Factbook 2013).

The second weakness which the Case Company confronts is the lack of information about the market. The company should conduct better intelligence to understand the customers as well as the demand of the market; as a result, the manager of the company can execute a better strategic plan for the future development.

Furthermore, the product of the company is not diversity. Currently, the company produces only Yen The free-range chicken in the organic sector.

Opportunities

The growing demand for organic food in Vietnam nowadays provides Giang Son JSC with several potential opportunities. With the reputation for being one of the first players in the industry in Bac Giang, Giang Son JSC has the ability to expand to other big cities. Since the company has already built good connections and relationships with the distributors in Hanoi, therefore the company can experience and improve the process to the whole country afterwards.

As mentioned previously, the product of Giang Son JSC is getting popular as Singapore declares Yen The free-range chicken one of the best ASEAN's best foods, the chicken product is gradually available at the international level. This news has become the milestone for the development of Yen The chicken as well as Giang Son JSC because it creates a huge potential competitive advantage not only in the domestic market but also in the international trade market.

The price of organic chicken is considered to be three or four times higher than the non-organic chicken. However, thanks to the increasing in the consumer awareness of health and environment protection, customers are more willing to purchase organic products at present. According to the survey conducted by the author, 70 out of 149 people say that they are willing to consume organic products even if the price is higher, which accounts for 47 percent.

Vietnam is the potential market for food consumption. Meat consumption is expected to grow faster than the overall market. The sales of meat products are

forecasted to grow at an annual growth rate of 10 percent in the period of 2011 – 2015. (New Zealand Trade and Enterprise 2011, 4.)

Threats

Besides the opportunities the environment brings to the Case Company, there are several threats which the company has to face. In reference to the threats in the industry analysis, there are currently a large number of competitors operating in the same field. The companies which provide the identical or similar products with the same size are increasing. Giang Son JSC faces the threat of other companies with the main product is the organic free-range chicken. Besides, ORFARM with the organic chicken whose raising and feeding techniques obtained from Japan is one of the biggest players in the market (Hung 2014). Distribution channels, which contain a wide range of products from many different manufacturers, create a competitive atmosphere in branding or packaging.

There are many suppliers for the organic products in the market; however, the origin of the products raises a big question sometimes. Illegally-smuggled poultry from the foreign countries is one of the concerns nowadays. Due to the uncertain origin, consumer behavior is extremely affected. People are reluctant to purchase organic products because they are doubtful of the product quality. 18 percent of people in the author's survey reply that they do not believe in the quality of the organic product, even if it has the safety label on. The company should be aware that other competitors will take the idea of plastic rings trademark to gain the market share.

Lack of the organic background information in the customers' attitude is another threat to the Company. In the survey, 24 percent of the customers state that the lack of information affects the slow movement in organic food development in Vietnam. Moreover, organic meat consumption has just slowly changed in the attitude of the consumers. Nearly 19 percent have purchased organic meat in the survey at the moment.

The influence of the bird flu virus contributes to one of the threats to the company. The bird flu virus came to Vietnam in 2003 and keeps ravaging the

market every year. The discarded illegally-smuggled poultry from China is said to contain the H5N1 bird flu virus. 90 percent of the tested chickens contained residues of antibiotics and nearly half of them carried the flu virus. (VNS 2013.) The damage of the disease remains in the customer's health and affects the operations of poultry producers in Vietnam. It requires the contemporary means of technology and prevention method from disease spreading.

In summary, SWOT analysis is useful to determine which factors affect the development of the Case Company. The results of the SWOT analysis are presented in the table below.

Table 5. Case Company SWOT analysis

Strengths	<ul style="list-style-type: none"> - One of the earliest organizations producing Yen The free-range chicken in Bac Giang - Yen The chicken reaches one of the ASEAN's best foods - Good connections with distribution channels and gain market position in Hanoi - Achieve VietGAP standard in quality and farming method.
Weaknesses	<ul style="list-style-type: none"> - Limited access to other big cities because the operation has not expanded yet - Lack of information about the market.
Opportunities	<ul style="list-style-type: none"> - Potential opportunity to expand the business to other big cities since it establishes good connections and relationships with the distributions - Ability to develop in the international trade - Consumer are willing to purchase organic product - Vietnam is the potential market for organic food,

	meat product sales are expected to grow 10 percent per annual in the period of 2011-2015.
Threats	<ul style="list-style-type: none">- Increasing amount of competitors with the same or similar products in the field- Suppliers with uncertain quality of goods lead to the disbelief in the quality in consumer behavior- Customers are lacking of background information- Meat products change slowly in the consumer attitude- The influence of the bird flu virus.

4 MARKETING ACTION PLAN

In addition to the strategy and operation of the company, the author decides to recommend the tactical plan to help improve the current situation of Giang Son JSC. As mentioned at the beginning of the thesis, the plan focuses on product, place and promotion development only due to the lack of financial and pricing information. The author decides to apply the marketing mix model to the action plan because of the feasibility of the plan in a short period of time. Some activities are convinced to implement immediately. Since the organic food market is new in Vietnam, it is advisable to take actions as fast as possible to gain the market share and the customers' attention.

4.1.1 Product development

The recommended product development decisions are based on three levels: individual product, product line and product mix.

Table 6 below shows the suggested action for the individual product decision.

Table 6. Recommended individual product decisions

Product attributes	<ul style="list-style-type: none"> - Design an eye-catching style in packaging to gain more attention from the customers - Create new valued features for the chicken
Branding	<ul style="list-style-type: none"> - Improve the logo of the company by designing a unique sign or symbol
Packaging	<ul style="list-style-type: none"> - Differentiate the product by the green package - Labeling and standard logos should appear on the package - Favorable nutritional or health claims should

	be on the display
Labeling	<ul style="list-style-type: none"> - Maintain the safe trademark for the chicken packages - Design more safety method other than the plastic rings
Product support services	<ul style="list-style-type: none"> - Offer customer service by sales and after-sales services - Provide support which can be accessed via email, online chat and telephone

Product attributes

The poultry consumption is expected to grow at 54.9 percent in 2015 (Business Monitor International Ltd 2011, 14). The poultry consumption is increasing remarkably and becoming one of the dominant sectors in the Vietnamese agriculture. Therefore, there are many competitors in the chickens' production. Nowadays, the market is getting competitive. However, Giang Son JSC produces the organic Yen The free-range chicken as the only organic product. The company should focus on improving the product attributes to achieve the competitive advantage in the market. In terms of produce style and design, the company should design an eye-catching package for the chicken product. Figure 17 shows the current designed package of the product.



Figure 17. Yen The free-range chicken package of Giang Son JSC (adapted from Xuan 2013)

The package of the chicken is fairly simple and it easily blends into other competitors' brand. It is necessary to improve the appearance of the product to be distinguishable from other brands to retain high level in the product attributes.

Another way to create competitive advantage in the product attributes is to create new valued features for the chicken product. The characteristics of the organic farming method and free-range method are the existing features of the product, because it guarantees the organic and safe quality of the chicken. The company can improve the features by switching to other food to feed the chicken to see if there are changes in the quality of the chicken meat. In addition to insects which the chicken eats from the soil, the producer can try corn or grain feeding.

Branding

Brand is expected to be one of the most distinctive features of the product and the company as well. In fact, brand is an important part of the product and branding can add value to the product (Kotler et al. 2010, 255). As can be seen from the current package design of the company, the printed design of the brand is small and probably difficult to catch the customers' eyes at the first sight. To attain the

customers' attention towards the brand, Giang Son JSC should create a new and unique logo or symbol, particularly concerning with the organic factor.

Packaging

Packaging is an important element in the branding process of the company. Packaging contributes to the differentiation of product style and design. According to the growing trend of the customers in health and environmental safety, the company should create the package along with these two concepts. Packaging should use the environmental-friendly materials. The vacuum-sealed package and blast freezing method are suggested to use in food packaging. When the meat is vacuum-sealed, the oxygen cannot reach the meat and the lack of oxygen kills all the bacteria. By blast freezing the meat at 50 degrees below zero, the flavor of the meat is locked in and 99.47 percent of the bacteria are killed immediately. (Kantor et al. 2010.) Therefore, the product stays safer and healthier. The company should conduct research plan and apply the method to stay competitive in the market.

The information display on the package is essential as well. Customers are believed to attract to the nutrition claims, organic labeling and certification logos on the package. (Ram Bezawada 2013) Since the customers in the Vietnamese market do not have sufficient information about the organic food, it is vital to provide the organic information and certification on the package. The package is the place when it can easily get the attention from the customers. Moreover, customers tend to look for the nutrition and health claims of the product. The information displayed on the surface of the package will be the decisive distinctive advantage for the company.

Labeling

The situation of poultry industry is sophisticated in Vietnam. The invasion of discarded illegally-smuggled chickens from China raises a big problem in the agriculture sector of Vietnam. In the late half of 2013, Hanoi received nearly 100 tons of illegally-smuggled chickens from China every day. (VNS 2013.) As a result, it is important for the company to remain the clear labeling and safe packaging to be against the illegally-smuggled poultry. According to the author's

conducted survey, 27 percent of the customers say that the dominant factor for purchasing is the clear certification labeled on the product.

There is another issue which needs to take into consideration regarding the labeling. In 2013, the supermarket chain BigC used the branded product of the company without any signed contract or agreement. BigC sold the organic Yen The free-range chicken with the label of the company and at a cheaper price. The company decided to sue the supermarket for label violation. (VietnamNet Bridge 2013.) This incident requires the company to focus more on creating the label as well as to protect the label.

Giang Son JSC is popular with the plastic ring attached to the chicken's leg for organic certification. In order to maintain the position in the organic poultry market, the company should design more method in certifying the product, for instance, the organic stamp on the surface of the product. Because of the organic certification, the company will gain the trust of quality performance from the customers.

Product support services

The fundamental objectives of the companies in general are to gain market share and maintain good relationships with the customers. As the concept "organic chicken" has just started to be familiar with the customers recently, it is advisable for the Case Company to focus on building good connections with the customers. Sales and after-sales services should be taken into consideration in the operation. It is important to create a friendly atmosphere when the customers purchase the product. Besides, after-sales services help the company react with the customers' dissatisfaction or complaints in time. Therefore, the managers of the company can keep pace with the challenges.

On the other hand, other supportive services can be reached via email, instant online or telephone. These services will be discussed in more details in the suggested promotion actions of the company.

Product line decision occurs after the decision on individual product is implemented. The company should diversify the product to meet the demand of

the customers. Instead of producing only the whole organic chicken, Giang Son JSC can supply more range of products, for instance organic eggs, drumsticks, chicken wings, etc. Product line expansion can help the customer have more choices to choose from the company.

Product mix decision is the final level in the product decision making process.

Product mix is the combination of all the product lines; however, the Case Company has only one product at the moment so the product mix decision is not executed right away.

4.1.2 Distribution channel improvement

In the action plan for distribution channels, the author suggests that the company remain beneficial connections with the channel members, especially with the wide range of supermarkets and convenience stores in Vietnam. There is a change in the shopping trend of Vietnamese customers. In 2011, the number of customers who go to the wet markets dropped 6 percent from the previous year and the number of supermarkets visits increased up to 3.2 percent. (The Nielsen Company 2012, 24.) In 2012, many retailers planned to expand. The list of retailers is presented in Figure 18.

Retailers of all types are implementing their expansion plans.



Figure 18. Retailers in Vietnam (adapted from The Nielsen Company 2012, 25)

According to the survey conducted by the author, 39 percent of the respondents reply that they believe to buy genuine organic products in the supermarkets. The company should cooperate with the existing big retailers to easily reach the customers.

Hapro Group is one of the biggest food retailers in Vietnam. The discussion in the interview with Mrs. Diem Huong – General Director of Hapro Group – shows that the Case Company has already built a connection link with Hapro. However, due to the wide range of products which Hapro distributes to the customers, the organic Yen The free-range has just slowly gained the position in the shelves. (Huong 2014.)

Moreover, supermarkets and other modern convenience stores are preferable due to the preservation condition they provide. In the product plan, the vacuum-sealed package and blast freezing are suggested for the company. In order to keep the organic products fresh; the suitable facility, which is equipped in the delivery

truck from the producers to the distribution places as well as in the stock, needs to be well-assured.

The organic Yen The free-range chicken product of Giang Son JSC was named as one of the ASEAN's best foods in 2012. This event helps retain the competitive advantage for the company in the market. The product gradually achieves its position in the international market. Therefore, the company should design an international distribution channels for the organic chicken. This action not only broadcasts the image of Vietnamese economy, but also helps the company gain a positive share in the market and in the customers' view.

4.1.3 Promotional activities

The author suggests that the company combine both push and pull strategy in the recommended promotion action plan. The company markets the chicken product to the distribution channels to carry to the customers. At the same time, the company should directly bring the chicken product to the customers, encourage them to purchase and then demand from the channel members afterwards. This combination method is useful at the present because of the customer attitude.

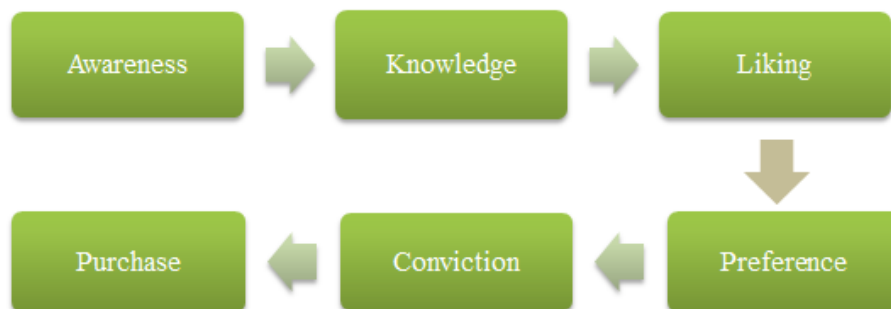


Figure 19. Buyer-readiness stages (adapted from Kotler et al. 2010, 434)

The consumers in Vietnam are considered to belong to the first two stages of the buyer-readiness stages, which are awareness and knowledge. In order to increase the awareness of the customers as well as to provide adequate information about

the market, the combination of the two strategies is vital. The suggested actions are presented below:

- Obtained from the interview with the Case Company, the company has not set up the office web page on the Internet yet. The Internet nowadays is becoming the fastest way to transfer information and services from the company to the customers. The customers can gather information about the company as well as the product from the web page of the company. Moreover, the customers can follow the operational activities of the company. Furthermore, if the customers can place the order for the product over the Internet, it can increase the customers' preference in the convenience.
- In order to increase the consumer behavior, the company should organize the public educational campaigns, which the customers can come to visit the farm and processing factory in Bac Giang Province. The customers can understand about organic farming and experience the operation of the company. It is useful for the company because it can gain the customers' trust from this activity.
- The company can hold a food conference or participate in the trade and food fairs. It is the good way to introduce the product to the customers and spread the information as well as the brand widely.
- Building the links with the mass media or journalists is another good way for promotional actions. Good relationships with reliable sources of information attract the attention of the customers. Good messages capture the customer's preference as well.
- As mentioned above in the product action plan, supportive services are necessary for the company. By collecting feedback from the customers via email, telephone or face-to-face interview, the company can keep pace with the change in the consumers' purchasing habit and their satisfaction. Sales services or instant online chat is useful to maintain good relationships with the customers since the company can help and support the customers all the time.

4.1.4 Summary

In summary, the suggested marketing actions for the Case Company are demonstrated in Table 7. The plan includes the marketing activities in product, place and promotion plan to help the company develop further in the short period of time.

Table 7. Marketing actions plan summary

Product	<ul style="list-style-type: none"> - Create an eye-catching, green and environmental-friendly package - Maintain the safe trademark - Labeling, nutrition, health claims and certification logos appear on the package - Design more method to protect brand and label - Offer sales services and supportive after-sales services - Diversify the product line
Place	<ul style="list-style-type: none"> - Maintain beneficial relationships with distribution channels: supermarkets and convenience stores - Maintain good preservation condition - Design international distribution channels
Promotion	<ul style="list-style-type: none"> - Build official web page for the company - Organize public educational campaign, allow the customers to visit the farms - Hold food conferences or participate in trade and food fairs to introduce the brand and product - Connect with mass media and journalists - Collect feedback from the customers and support the customers with sales and after-sales services via email, online chat or telephone

5 CONCLUSION

The objective of this Chapter is to provide the short findings to the sub-questions in the introduction part. Moreover, the validity and the author's recommendation for further research are included.

5.1 Findings

The main objective of this thesis is to propose an improved action plan for the Case Company to improve the difficult situation in the organic poultry market in Vietnam. The action plan is recommended to the Case Company based on the internal and external findings and analysis of the company, interviews with the manager of the company, supportive data from other market players and survey data collected from nearly 150 respondents.

The Case Company is one of the earliest organic chicken producers in the market. However, due to the challenges and threats existing in the Vietnamese market, the operation of the company is roughly affected. The author believes that there are potential opportunities for the company to develop further, create excellent relationships with the customers and achieve higher positions in the organic poultry market in Vietnam.

The major findings of the thesis are summarized in Table 8 by answering the research sub-questions.

Table 8. Major findings of the thesis

Research sub-questions	Findings
What is the current situation of organic food market in Vietnam?	The organic food market in Vietnam is in slow movement. The organic food development does not have enough support from the Government since there is no regulation for quality certification in Vietnam. Producers retain the quality performance only by the food safety standard issued by the Ministries. There was an international relationship with other foreign organization to support the organic market in Vietnam. However, the organic poultry industry is deeply affected by the ravage of the bird flu disease.
Which challenges affect the producers and distributor's operations concerning producing and supplying organic food?	The findings from the interview and the results of the survey reveal the challenges which affect the operation of the producers and distributors. The appearance of competitors, the origin of the supply products, consumer behavior and the existing diseases affect the proper function of the producers.
How does the consumer behavior involve in the organic food purchasing process?	Customers play the major role in the organic food purchasing process. Customers are price sensitive since the price of the organic food is higher than the conventional food. However, the quality performance of the products is not assured and the knowledge about organic food is not popular, customers are reluctant to change their shopping habit. There are many competitors in the organic market; however, the origin of the products sometimes remains suspicious. The diversification, availability and freshness of the organic food affect the consumer

	behavior as well.
How could the Case Company improve its marketing strategy actions and develop the market furthermore?	The Case Company should focus on implementing actions on product development, distribution channel and promotion decision tactics. Maintaining the safe label trademark, creating attractive package design and expanding product lines are the main activity in the product development. Cooperating with reliable distribution channel helps bring the product to the customers faster. Moreover, the company should increase the awareness from the customers and retain strong customer relationships in the promotion plan.

5.2 Reliability and validity

The theoretical framework is based on the knowledge from scientific research and reliable sources from the academic database. The information in the empirical part is obtained from the interview with the Case Company on 20 February 2014. The analysis is based on the findings from the interview and the results from the conducted survey among 150 people in Vietnam. Thus, this research is considered to be reliable.

The interview with the Vice President of the Case Company encompasses the information linked to the company's current situation and the difficulties which the company faces. The information collected is used to form the tactical plan for the company to develop in the near future. Therefore, the research is relatively valid.

5.3 Recommendation for further research

The research question in the thesis is to design the action plan for the development of the organic Yen The free-range chicken of the Case Company. Based on the findings and observation, the author recommends the tactical plan for the

company. In order to successfully execute the suggested plan, the Case Company should evaluate and adjust the plan to be better-fitted with its contemporary situation.

As mentioned in the thesis scope and limitation part, the financial budget and pricing strategy of the company are not accessed. Further research is recommended for budget controlling for the activity.

The recommended marketing actions are applied in the short period. The author suggests that the company collect feedback and remain controlling for the effectiveness of the plan. Afterwards, the company should conduct a different marketing plan after experiencing the change in the market as well as in the consumer behavior.

6 SUMMARY

The objective of this thesis is to propose the marketing tactical plan for the organic free-range chicken – the Case Company's product in the Vietnamese organic food market. In order to achieve this objective, the author conducts the theoretical framework and empirical part about the organic food marketing plan.

In the theoretical part, the author starts with the concept of organic farming and organic food. The definition and characteristics of the organic food is reviewed from various sources of literature. To identify the factors affect the development of the organic market, key issues from earlier studies as well as marketing environment analysis is applied. The study of the marketing environment includes the analysis of the macroenvironment, microenvironment and internal analysis. Then the author uses the model of the marketing mix to propose the tactical plan for the Case Company.

The situation of the industry and the Case Company are analyzed in the empirical part. The impact of the marketing environment on the industry is studied by applying PESTEL and Porter five forces model. The SWOT model is used for the internal analysis of the Case Company.

Finally, the author attempts to provide action plan to help the Case Company develop further. The short-term suggested plan focuses on product, place and promotion activities. The author believes that the recommended marketing action plan will help the Case Company gain more market shares and customers' attention in the Vietnamese market.

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Interviews

Giang, N. N. 2014. Vice President. Giang Son JSC. Interview February 20, 2014.

Huong, T. T. D. 2014. General Director. Hapro Group. Interview February 17, 2014.

APPENDICES

APPENDIX 1. Survey questionnaires

1. Which age group are you in?
 - 18 – 24 years old
 - 25 – 40 years old
 - Above 40 years old
2. What is your monthly salary or your family monthly salary (if you are married or you are living with your parents)
 - Below 2 million VND
 - 2 million VND – 5 million VND
 - 5 million VND – 10 million VND
 - Above 10 million VND
3. Do you understand about the Vietnamese organic market?
 - Completely understand
 - Hardly know
 - Do not care
4. Which sources do you get the information about organic food from? (You can choose more than one option. If you choose other, please specify the response)
 - Newspaper, Radio, TV
 - Internet
 - Family, friends, relatives
 - School
 - Self – awareness
 - Do not care
 - Other
5. Do you purchase organic food?
 - Yes, very often
 - Very little
 - Never

6. If you eat organic food, where do you buy it? (You can choose more than one option. If you choose other, please specify the response)
- Supermarket
 - Wet market
 - At the farm
 - Specialized organic store
 - Not important, as long as the place has the organic label
 - Other
7. Which kind of organic food would you likely want to purchase? (You can choose more than one option. If you choose other, please specify the response)
- Dairy product
 - Fruit and vegetable
 - Bread and rice
 - Meat and meat-processed products
 - Other
8. Which factors are important when you choose organic food?
- Labeling
 - Affordable price
 - Place of origin
 - Qualified product
 - Store is near your house or office
 - Online buying and home delivery
 - Store has various types of products
 - Other
9. In your opinion, which factors contributed to the underdevelopment of the Vietnamese organic market nowadays? (You can choose more than one option. If you choose other, please specify the response)
- Organic food is not as fresh as out-door market food
 - Organic food is easily perishable
 - Organic food is not good and does not contain useful nutrients
 - There are few types of organic food in Vietnam

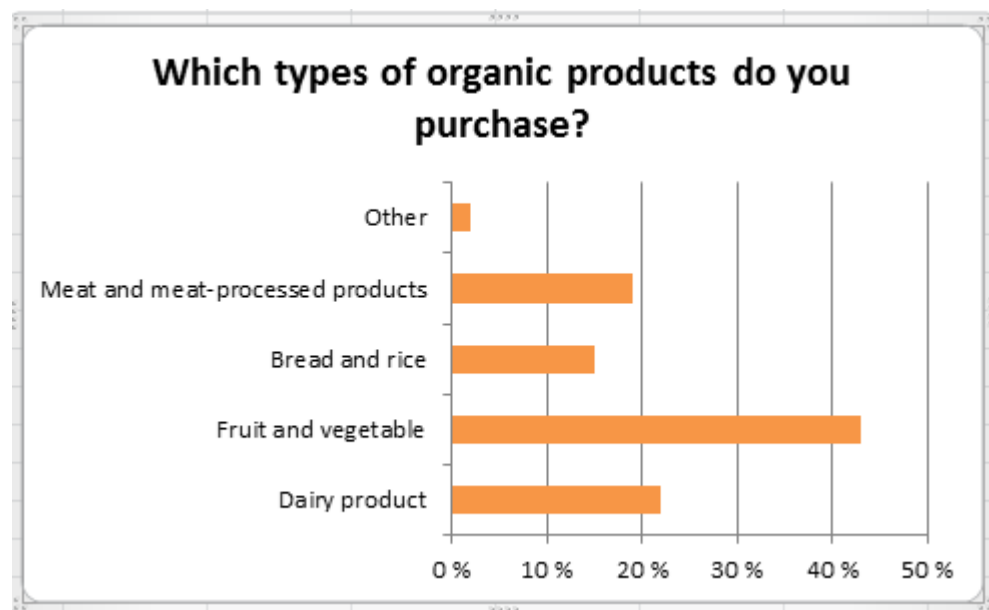
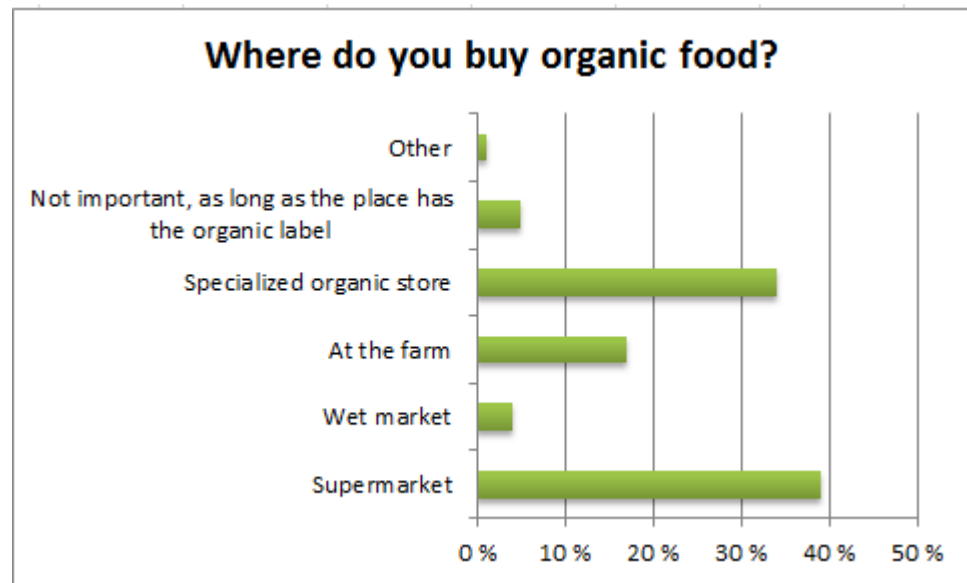
- Consumer lacks information about organic food
- Organic food is not safe even though it is labelled
- Organic food is expensive
- It is hard to reach organic food stores
- Do not care about consuming
- Other

10. Which of the following sentences you would agree the most?

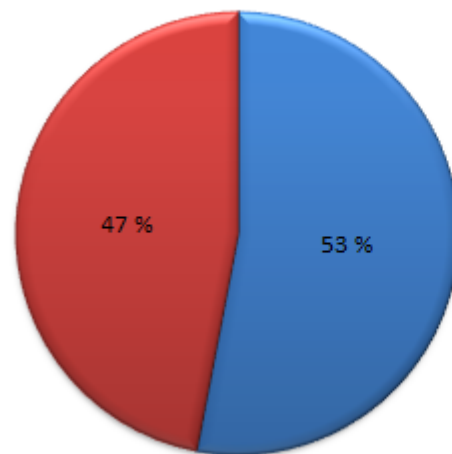
- I will purchase organic food if the price is cheaper or equal to the price of the conventional food.
- I will purchase organic food even though the price is higher than the price of the conventional food.

11. Further comment? Do you have any idea about the Vietnamese organic food market? (for example: price, quality, distribution or variety). In your opinion, is organic food necessary in our life?

APPENDIX 2. Summary of selected survey response.



To which sentences do you agree?



■ I will purchase organic food if the price is CHEAPER or EQUAL to the price of the conventional food.

■ I will purchase organic food even though the price is HIGHER than the price of the conventional food.