Foreign market entry for a social enterprise

Case: Dialogue in the Dark Vietnam

Supervisor: Linn Hongell, Jan-Peter Rehn

Kim Dung, Tran Thi

Degree Thesis
International Business Program
02 December 2015
**Abstract:**
As an innovative trend of emerging commercial and social sector, social entrepreneurship is proven to be successful and continues seeking new opportunities to spread the social impact worldwide. So does the case company, a Germany-based social enterprise as it attempts to enter the Vietnamese market. The objectives of this thesis are to examine the prospect of Vietnam, from then build a successful market entry strategy for the case company into the target market. The theoretical framework is based on understanding the nature of social enterprise and elements of market entry strategy, the internal and external environment affecting the entrance of the case company. By analyzing secondary database and primary inputs from interviews with the case company representative and market experts, the author finds that Vietnam acquires a degree of attractiveness due to its favorable legal conditions and growing public awareness in the field of social enterprise. However, as there is also a certain level of difficulties and challenges, the author proposes strategic suggestions which she believes to be viable for the case company in the target market.

**Keywords:** Social enterprise, social entrepreneurship, social mission, market entry strategy, market research, Dialogue in the Dark

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<td>INTERNATIONAL BUSINESS BBA11</td>
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<td>Identification number:</td>
<td>14209</td>
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<tr>
<td>Author:</td>
<td>KIM DUNG, TRAN THI</td>
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<td>Title:</td>
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<td>Case:</td>
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<td>Supervisor (Arcada):</td>
<td>Linn Hongel</td>
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<td>Number of pages:</td>
<td>72</td>
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<tr>
<td>Language:</td>
<td>English</td>
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<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>CIA</td>
<td>Central Intelligence Agency</td>
</tr>
<tr>
<td>CIVETS</td>
<td>Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa</td>
</tr>
<tr>
<td>DiD</td>
<td>Dialogue in the Dark</td>
</tr>
<tr>
<td>DRD</td>
<td>Disability Research &amp; Capacity Development, HCMC</td>
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<tr>
<td>DSE</td>
<td>Dialogue Social Enterprise</td>
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<tr>
<td>EUR</td>
<td>European currency</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Products</td>
</tr>
<tr>
<td>GmbH</td>
<td>Gesellschaft mit beschränkter Haftung (Company with limited liability)</td>
</tr>
<tr>
<td>ICT</td>
<td>Information and communications technology</td>
</tr>
<tr>
<td>NGOs</td>
<td>Non-profit organizations</td>
</tr>
<tr>
<td>PEST</td>
<td>Political, Economic, Sociocultural and Technology</td>
</tr>
<tr>
<td>SE</td>
<td>Social enterprise</td>
</tr>
<tr>
<td>UK</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>UNFPA</td>
<td>United Nations Populations Fund</td>
</tr>
<tr>
<td>USD</td>
<td>United State Dollar</td>
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<tr>
<td>VN</td>
<td>Vietnam</td>
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<td>VND</td>
<td>Vietnam Dong</td>
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FOREWORD

It has been a great pleasure to write this thesis with the case company Dialogue Social Enterprise GmbH. For this thesis to be completed, I would like to thank all my dear family and friends for your love, support and encouragement throughout the entire process.

I would like to express my gratitudes to my supervisors Ms. Linn Hongell, Mr. Jan-Peter Rehn and also Mr. Nigel Kimberly who have been very helpful in giving me continual guidance and timely feedbacks.

I would also like to extend my appreciation to Dialogue Social Enterprise GmbH for giving me the greatest internship opportunity. Special thanks to Mr. Andreas Heinecke – CEO and Mr. Gideon Kletzka – Head of Exhibition and Workshop for your provision of explicit instructions and necessary materials and also for helping me to contact with Vietnamese professionals in Vietnam. My great gratitude are also given to Ms. Hanah Tran and Ms. Jenny Huong for being parts of the interviews and their insights have greatly contribibuted to the completion of this research.

I hope that my work would benefit Dialogue in the Dark in building a successful entry strategy for penetrating the Vietnamese market and furthermore I hope that the establishment of DiD Vietnam would be realized in the near future.

Helsinki, 2nd December, 2015

Kim Dung Tran
1 INTRODUCTION

The tidal wave of globalization has brought immense advantages to many nations by encouraging the development of technology, economy and social welfares; however, it also caused severe social problems as a consequence of an unequal development. The role of governments is crucial in improving the social situation but it was inadequate. A large number of non-profit organizations, volunteers and charities have actively contributed to the social development and especially, one of the most successful business models which has recently attracted a great attention from governments, academics and social actors is the so-called social enterprise. As the hybrid of commercial business and non-profit organizations, social enterprises create an innovative way of doing business while spreading social impact.

Social enterprises are not excluded from the globalization trend because many of them are growing on an international scale and continue to seek new opportunities beyond the domestic markets. It is essential for these companies to conduct market research, understand the compatibility level of their product or service in the new market and from that basis, build a strategic plan to penetrate the target market.

The author was on internship in a German social enterprise – Dialogue Social Enterprise GmbH (DSE) for three months when the company intended to bring one of its brands Dialogue in the Dark (DiD) into the Vietnamese market. Dialogue in the Dark operates exhibitions and workshops facilitated by blind guides in over 119 cities across the world. This research idea stems from the mutual interest of the author and the case company which she believes that her Vietnamese background could be advantageous in conducting market research for the case company in Vietnam.

1.1 Aim of study

In this research, two objectives are formulated. The author first examines internal and external environments and then evaluates how these factors possibly affect the entry of the case company into Vietnamese market. Consequently, the achievement of the first objective supports the researcher to design a feasible market entry strategy for the case company to get into Vietnam.
1.2 Research questions

The main research question in line with the research objectives is:

“How can Dialogue in the Dark successfully enter the Vietnamese markets?”

The actual establishment of a Dialogue in the Dark center in Vietnam is a time and effort-costing procedure, therefore the process of planning and collecting necessary data is predicted as big challenges for this study. To ease the research process, the author creates several sub-problems which are categorized into three classes: internal context, external context, how the company overcomes the challenges and makes use of the market opportunities.

- What are the internal factors affecting the entrance of DiD in Vietnam?
- How is the external environment on the target market?
- How can DiD overcome the entry challenges?

1.3 Theoretical framework

A market entry strategy is a complete practical plan for the case company in Vietnam with the author’s suggestions on various aspects. The author builds the theoretical framework upon market study and market entry strategy mainly from the Hollensen’s International Marketing (2011) and Root’s Market Entry Strategies (1994).

Furthermore, given the fact that a social enterprise has important distinguishing features compared to conventional enterprises, the author spends a major part of the theory framework to explore what a social enterprise is and the urgent social missions it is carrying. Figure 1 shows how the core problem is defined and from the framework, how the problem is solved and where it is presented throughout the thesis.
The author builds relevant theories (chapter 3), designs a suitable research methodology (chapter 2) to collect essential primary and secondary database, then uses appropriate analyzing tools to evaluate the findings (chapter 4 and 5) and finally, summarizes the entry strategies for the case company in Vietnam in chapter 6.

1.4 Limitations

The research is predicted to bring valuable insights in market entry strategy for the case company in Vietnam; nevertheless, the findings could only cover several aspects due to the lack of inputs.

Firstly, the research focuses on building a successful market entry for the case company in Vietnam, rather than finding out whether Vietnam is a potential market. The positive assumption grows from two facts: the country was selected by the case company purposely because it is part of the international expansion strategy in Asia, and the successful stories from countries that share an extent of similarities with Vietnamese market such as China, Rwanda. Nevertheless, the author believes that the target market should acquire at some extent, adequate resources and capability to establish a DiD hub.
The second limitation relates to the limited entry options of the case company. Since the company has been adopting mostly licensing and franchising with its previous and current partners, the relative theory is built around these entry options, other entry modes are only described briefly.

Finally, the compilation of market database is a great challenge to the author. Due to the government’s poor attention to research and development, it inhibits the full understanding of the Vietnamese market. The research is also lack of actual market surveys for instance, surveys for end-customer’s demand of the case company in Vietnam is not conducted.

2 RESEARCH METHODOLOGY

The chapter explains in vigor the methodologies used when conducting research. The author first describes research approaches and research designs with discussion on how the selected methods incorporate with the study purposes. After that, the specific secondary research and interviews are explained in the data collection techniques and analysis procedures, and then concludes by the creditability of the research.

2.1 Research methods

According to Saunders et al. (2009, p124-129), there are two main ways of approaching a research problem: deductive and inductive. In a former approach, researchers build initial hypothesis before going through a data collection process to test the theory. In contrast, with inductive approach, researchers build a theory from research findings.

In this study, deductive approach is argued appropriate for the study, as an initial hypothesis is drawn upon the starting point, where Vietnam is considered as a target market at the case company’s internationalization strategy. The author first builds theories for understanding social enterprises and market entry strategies, and then associates the theories with empirical findings from further secondary and primary research to conclude recommendations for the penetration strategy of the case company in Vietnam.
Quantitative and qualitative are commonly used to differentiate both data collective techniques and analysis procedures (Saunders et al. 2009, p.151). In quantitative method, researchers collect and analyze numeric database while qualitative is appropriate for non-numeric data. In this study, the author considers qualitative method with interview as the data collection technique as it is useful to obtain valid and reliable data relating to the research questions and objectives (Saunders et al., 2009, p. 318), thus interviews are selected method for getting insightful inputs from both the case company and Vietnamese professionals.

2.1.1 Interviews

Interviews into three typologies based on the formality and structure: structured, semi-structured and unstructured interviews. In this research, semi-structured typology of interviews is rationally selected based on purpose of the research, the significance of establishing personal contact, the nature of the data collection questions (Saunders et al 2009). The author finds structured interviews does not fit to the research purpose while other interview types strongly expose their advantages in this aspect when the research questions are more likely to explore the new insights on the related subject. In addition, while structured interviews favor quantitative, semi-structured and unstructured interviews are more appropriate for qualitative data analysis (Saunders et al 2009, p.321). Furthermore, acknowledging the importance of personal contacts to the company, the researcher should invest time and resources to conduct a vigilant discussion with them. In circumstances that data collection questions are either complex or open-ended and the order and logic of questioning varies, semi-structured and non-structured interviews are also most advantageous. In short, the author chose the second type of interviews because not only semi-structured interviews allow the preparation of the questions in accordance with research questions and objectives but it also permit the author to flexibly redirect the discussion either for gaining deeper inputs or finding new insight on the related subject.

A total of three interviews: one with the case company and the other two with Vietnamese experts. The internal interview is conducted in English, while to interview with Vietnamese experts, the author uses Vietnamese. Due to the length of interviews
often last from 45-55 minutes, the author could not transcript word by word, instead, she uses the summary technique to highlight the results of interviews.

**Internal interview**

Internal interview is conducted with a company representative in order to explore deeper into the core competences, international strategies and how the case company builds an international network of hubs around the world; in particular, the interview also focuses on finding out the case company’s reasons for selecting Vietnam and its objectives in the country.

**External interviews**

External interviews are aimed for Vietnamese experts who are the current key contacts of the case company in Vietnam. The two interviewees have a great interest and optimism for the case company’s potentials in Vietnam. With the experience background in both funding and social field, the interviewees’ inputs has considerably contributed to the entire strategic planning for DiD market entry into Vietnamese market.

2.1.2 Secondary data collection

Beside the primary data taken from interviews, the findings of the thesis are considerably based on the secondary database for both internal and external analyses. Secondary data refers as those “have already been collected for some other purpose” (Saunders et al 2009). In this research, secondary data are an essential base to build theoretical framework for the study as well as support partially to answer the main research questions. To explore further information of the case company, internal reports, websites and its relevant sources are investigated cautiously. It is also necessary to explore further into the Vietnamese market by collecting ready statistics and market information from credible online sources. These secondary databases are used for macro and micro analyses which are presented in chapter 4 and 5.
2.2 Creditability of research

Semi-structured and non-structured interviews raise concerns about reliability, forms of bias, validity and generalization (Saunders et al 2009, p.326). Trustworthy issues such as reproduction of information from other research papers cause little threat to this study because by using non-standardized research methods, the data is collected in such a particular and tailored manner that just fits to the complexity of the research topic. Since the research topic is coordinating well with research processes, the determined methods collect and analyze database in vigor and provides a deeper findings on the subject. Each product and service entry strategy must be researched differently, interview questions and data analysis also be used in a particular way that varies from market research to market research.

Concern on the usefulness of the research is also removed because the research findings will be utilized by the company for evaluating and planning an entry strategy to enter the Vietnamese market. Inputs from local experts and contacts with potential partners have been created and should be useful for the company to reconnect them for the future business proposals.

3 THEORETICAL FRAMEWORK

The different aspects of theoretical framework are captured in two main pillars: the nature of social enterprises and the elements of a market entry strategy. Social enterprise differentiates from conventional enterprises in terms of characteristics and social motives, therefore the motives, objectives and market entry strategies for social enterprise are also altered from commercial companies.

3.1 Social enterprise and its globalization

3.1.1 Definition of social enterprise

To avoid the misunderstanding of social enterprise (SE) with similar concepts namely social ventures, social business, social innovation, corporate social entrepreneurship, in
this research, the author attempts to preview the definition of social entrepreneurship in grouping with social entrepreneur and social enterprise.

Social entrepreneurs have a long history (Mair & Ganly, 2010). Despite the attempts of many researchers to define a general concept that covers the core characteristics of social entrepreneurship, the term is still ill-defined (Weerawardena & Sullivan Mort, 2006) and is surrounded by confusion and uncertainty (Abu-Saifan, 2012). Abu-Saifan, 2012 specified the strong correlation between social entrepreneurship with classic entrepreneurship, given the fact that social entrepreneurship should base on the foundation of entrepreneurship. How social enterprises are influenced by three dimensions of social, entrepreneurial and governance is displayed in figure 2.

OECD (2015) defines social entrepreneurship as “entrepreneurship that aims to provide innovative solutions to unsolved social problems, […] improving people’s lives by promoting social changes”. The main objective of social enterprises is to serve the community’s interest, contribute to social cohesion, employment and the reduction of inequalities (European Commission, 2015) while profits from selling goods and services are reinvested into the business or the local community.

![Figure 2. European Commission, A map of social enterprises and their eco-systems in Europe (2014)](image)

Social enterprises are run by social entrepreneurs who are framed as “a mission-driven individual who uses a set of entrepreneurial behaviors to deliver a social value to the less privileged, all through an entrepreneurially oriented entity that is financially
independent, self-sufficient, or sustainable” (Abu-Saifan, 2012). Table 1 gives an overview of the shared and distinctive characteristics of both social entrepreneurs and commercial entrepreneurs whose objectives and financial strategies considerably affect the business strategies and operation.

Table 1. Comparison of entrepreneurs and social entrepreneurs. Adopted from Abu-Saifan, 2012

<table>
<thead>
<tr>
<th></th>
<th>Entrepreneurs</th>
<th>Social entrepreneurs</th>
</tr>
</thead>
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<tr>
<td>Ultimate goal</td>
<td>Create economic wealth</td>
<td>Fulfill social mission</td>
</tr>
<tr>
<td>Unique characteristics of both types</td>
<td>High achiever; Risk bearer; Organizer; Strategic thinker; Value creator; Holistic; Arbitrageur</td>
<td>Mission leader; Emotionally charged; Change agent; Opinion leader; Social value creator; Socially alert; Manager; Visionary</td>
</tr>
<tr>
<td>Characteristics in common of both types</td>
<td>Innovator; Dedicated; Initiative taker; Leader; Opportunity alert; Persistent; Committed</td>
<td></td>
</tr>
<tr>
<td>Structure and culture</td>
<td>Entrepreneurially organized organizations that have strong culture and openness</td>
<td></td>
</tr>
<tr>
<td>Financials strategy</td>
<td>Financially independent organizations</td>
<td>Remaining financially self-sufficient; Reducing reliance on donations and government funding; and Increase the potential of expanding the delivery of proposed social value</td>
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In a nutshell, the author considers the following elements of “social” and “entrepreneurship” as the most relevant and fundamental factor to shape a social business. Social enterprises run by social entrepreneurs, aim at providing solutions to one or more social issues rather than profit maximization using its innovative manner and remaining financially sustainable.

3.1.2 Internationalization of social enterprises

Internationalization is a multidimensional phenomenon in which Ruzzier et al. (2006, p.447) relates the term as “the geographic expansion of economic activities over a
national country’s border”. Lu & Beamish (2001) considered internationalization as one of the most important paths for firm growth, with potential benefits in attracting more customers and leveraging new resources (Lu & Beamish, 2011). Internationalization is a changing state when firms take advantage of its growth as background and impetus for expansion. The following parts describe the key elements of an international market entry strategy and the entry options with more focus on licensing and franchising as they are most adopted by the case company.

3.2 Foreign market entry strategy

Root (1994) described an entry strategy for foreign markets as a comprehensive plan which comprises a set of decisions, goals, operating and monitoring activities. A market entry strategy should be planned for a sufficient time to the point when a company is able to achieve sustainable development in its target market. A random product can be successful in this market but also is possibly excluded in another market, thus, Root (1994) suggested the company to conduct specific entry plan in each foreign market.

Root (1994) clarified four processing phases through which decisions are made in each stage and then testified in the following stage. At first, it is necessary to know which particular product/service a company will carry abroad and essentially, the destination market for the selected product/service. Then, a firm must understand its mission and objectives in the foreign country and choose appropriate entry modes in the following step. Finally, a thorough marketing plan should be made with caution in order to successfully promote and compete in the new market. The connection of these constitutes are introduced in the following figure:

![Figure 3. Elements of an International Market Entry Strategy (Root 1994)](image)
A market entry strategy is in fact, a recurrently tailored and revised process (Root, 1994). A monitoring system should supervise every business activities while the managers should always be ready to decide on any modifications that may occur. Each decision on any element is affected by various forces which are illustrated in figure 4.

Figure 4. Factors affecting the foreign market entry mode decision (Hollensen 2011, p.322)

### 3.2.1 Internal factors

There is a variety of internal forces that could affect a company’s entry strategy, in which Hollensen (2011) and Root (1994) share opinions on the key internal forces, including business size, and nature of a product or service. The size of a business defines its capacity and resources. Factors such as human resource, capital, production capacity and marketing expertise proportionally increase its business involvement over time. Product or service factors includes qualifications, differentiating features, involvement of pre- and post-purchase services, technology intensity and level of adaption to the new market.

Among the various internal analyzing tools, the author selects SWOT because it is the most adopted model, but also of its full coverage of the company’s own strengths and weaknesses under the affection of the market opportunities and threats factors.
3.2.2 External factors

Beside internal forces that impacting a company’s internationalization strategy, a firm confronts numerous entry barriers both from its own market and the target country. Hollensen (2011, p.103-131) presents a national competition by a three-stage analyses. The influences of macro-environment are shown through political, economic and sociocultural elements; PEST analysis is considered appropriate tool for the impact evaluation of each of these macro element. In the second level of external analysis, Porter’s model is adopted for industrial competition which is formed by five major actors including buyers, sellers, competitors, new entrants and substitutes. At the micro level, a value chain is analyzed to evaluate the core competences of the product or service, in relation with buyers in the particular market.

3.2.3 Market entry modes

Market entry mode is one of the most important decisions of the whole strategy. Both Root, 1994; Hollensen, 2011 define an international market entry mode as “an institutional arrangement that brings a company’s products or other sources to enter a foreign country”. Based on the level of management/operations, Root (1994) classified three typologies of entry modes as Export, Contractual and Investment entry modes. Sharing the same view with Root, Hollensen (2011) named the categories quite differently as Export, Intermediate and Hierarchical modes.

**In export modes**, a company’s products are manufactured domestically or in the third country, and then delivered indirectly or directly to the foreign market. Indirect export is taken by a trading company and the producer is not involved in the foreign trading process. In contrast, direct export made a straight connection between the producer and the importer. Collaborative export is a form of partnering with other firm, (e.g. marketing exporting agent) who supports the exporting performance of the producer.

**Intermediate or contractual entry modes** are used when a producer find it impossible or undesirable to supply foreign markets from its home-based or third-country production. The modes are, in fact, the transfers of technology, skills and knowledge from a firm to a foreign partner. Contract manufacturing or outsourcing refers to the outsourcing of the production a part/parts of products to an external foreign partner. Licensing is an
agreement in which a licensor gives licensee the right to use its industrial property (e.g. technology, human skills, patent, know-how or trademarks) under agreement of loyalty or other compensation. Franchising is a form of licensing in which franchisee are paying franchisor a sum of management fee for a right to use a total business concept/system under a level of agreement for loyalty. Joint venture/Strategic alliance is another form of contractual entry modes, focusing on building partnership with the local partners. For instance, a joint venture is the result of common interests of the two parents company together giving birth to new-born company. While a strategic alliance is more or less, often refers to non-equity collaboration between two firms, a joint venture can be either equity or non-equity venture. Other contractual entry modes that involves directly in the transferring of services in return for monetary compensation such as management contracts, technical agreements, services contracts, constructions contracts.

**Hierarchical (Investment) modes** involve the complete ownership and management of a firm, in which the level of hierarchy is shaped by the investment level of sales activities in the host market; therefore, financial capability and sales scope are considered as vital factors in selecting the entry modes. Incremental investment level includes domestic-based sales representatives; resident sales representatives, sales subsidiary, sales branch; sales and production subsidiaries; region centers; transnational organization.

*Table 2. Summary of foreign entry modes. Adapted from Hollensen (2011)*

<table>
<thead>
<tr>
<th>Entry modes</th>
<th>Level of management, risk and flexibility</th>
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<tbody>
<tr>
<td>Export</td>
<td>Low control, low risk, high flexibility</td>
</tr>
<tr>
<td>Intermediate (Contractual)</td>
<td>Shared control and risk, split ownership</td>
</tr>
<tr>
<td>Hierarchical (Investment)</td>
<td>High control, high risk, low flexibility</td>
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</table>

A company’s choice of entry mode for a given product in a target country is a net result of assessing different, often conflicting sources (Root, 1994; Hollensen, 2011) which are known as external and internal factors. Root (1994) proposes three decision rules for a new penetration plan. Naive rule as the modest mode, allows a company to use the same entry mode for every foreign market; pragmatic rule designs a practical entry mode for each target market; strategic rule, as it is the most sophisticated method
requiring a detail comparison between different entry options, to select the most appropriate entry mode for each target market.

With contractual modes, a company holds a mediocre investment and risk in comparison with export and foreign investment. In the following sub sessions, the author discovers two forms of contractual modes including licensing and franchising.

3.2.3.1 Licensing

Root (1994) defined the international licensing includes a variety of contractual arrangements, in which a company (licensor) provides the rights to use their intangible assets often accompanied by technical services to a foreign company (licensee).

Licensing is in fact, the most easy and appropriate entry mode for firms that have tight financial budget. The entry option faces with less physical entry barriers compared to exporting method and less complexity in terms of legislation, logistics and foreign operation. Foreign firms have more advantages when licensing intellectual property and trademarks to licensees, because they will have less involvement in business activities occurring oversea thus inhibits circumvention of any high logistical, adapting costs or import barriers that may result in increasing their expenditures (Root, 1994).

Despite its easiness, Root (1994) indicates several drawbacks of licensing. The foremost problem is to find a trustful partner to a win-win situation. The attractiveness of a licensing business depends heavily on the reputation of a company’s intellectual property, technology and trademarks which must be compatible with the partners’ interest or demand of the local market. Moreover, licenses fee is a difficult decision for the foreign company because it is framed from previous licenses or market competition; there is possibility that it could be affected by the host government, currency exchange and local market price and thus affect considerably to the revenue stream. In addition, there is a risk of new entrants when the company’s partner after knowing how the business works, will join the market as its competitor.

3.2.3.2 Franchising

Franchising, as a form of licensing, is a business relationship in which a company (franchisor) authorizes a business system and industrial property rights to another
company (franchisee). Franchising differs from licensing in terms of duration, services and motivation (Root, 1994) which are shown in brief in the following table.


<table>
<thead>
<tr>
<th>Entry modes</th>
<th>Licensing</th>
<th>Franchising</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees</td>
<td>Loyalties, other form of compensation, free negotiation</td>
<td>Management fee; Standard fee structure</td>
</tr>
<tr>
<td>Assets</td>
<td>Industrial property, e.g. patents, know-how or trademarks (Root, 1994)</td>
<td>A total business system, including e.g. know-how, intellectual rights, goodwill, trademarks and business contacts (Hollensen, 2011)</td>
</tr>
<tr>
<td></td>
<td>Products/a single product (Hollensen, 2011)</td>
<td>Also including the supports from franchisor in organization, marketing, and general management (Root, 1994)</td>
</tr>
<tr>
<td>Potential partners</td>
<td>Well-established businesses</td>
<td>Start-ups</td>
</tr>
<tr>
<td>Selecting partners</td>
<td>Licensee are often self-selecting</td>
<td>Franchisees are selected by franchisor</td>
</tr>
<tr>
<td>Contract duration</td>
<td>Long-term</td>
<td>Short-term</td>
</tr>
<tr>
<td>Goodwill level</td>
<td>Completely retained by licensor</td>
<td>Completely retained by franchisor, however, the franchisee can select element of localized goodwill</td>
</tr>
</tbody>
</table>
4 PRESENTATION OF CASE COMPANY

This chapter introduces the case company Dialogue Social Enterprises alongside its most reputational brand Dialogue in the Dark. The presentation of the case companies divided into five sections in which a general introduction on the case company and its objectives in Vietnamese market are presented in the first two sections, followed by a comprehensive analyses of DiD core services, its partners and customers.

4.1 Dialogue Social Enterprise GmbH – Dialogue in the Dark

Dialogue in the Dark (DiD) is a rehabilitant program developed by Dr. Andreas Heinecke. In 1989, the first exhibition was introduced in Frankfurt and since then has been present over 119 cities across the world. Dr. Heinecke established Dialogue Social Enterprises GmbH in 1992, to which Dialogue in the Dark as a brand belongs. The company later developed other dialogue concepts, namely “Dialogue in Silence” and “Dialogue with Time”. An overview of Dialogue Social Enterprise GmbH (DSE) is presented in table 4.

Table 4. Company background

<table>
<thead>
<tr>
<th>Official name</th>
<th>Dialogue Social Enterprise GmbH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headquarter office</td>
<td>Hamburg, Germany</td>
</tr>
<tr>
<td>Founder and CEO</td>
<td>Dr. Andreas Heinecke</td>
</tr>
<tr>
<td>Company form</td>
<td>Small and medium size social enterprise</td>
</tr>
<tr>
<td>Industry</td>
<td>Education and entertainment</td>
</tr>
<tr>
<td>Number of employees</td>
<td>20 employees</td>
</tr>
<tr>
<td>Business brands</td>
<td>Dialogue in the Dark; Dialogue in Silence; Dialogue with Time</td>
</tr>
<tr>
<td>Website</td>
<td><a href="http://www.dialogue-se.com/">http://www.dialogue-se.com/</a></td>
</tr>
</tbody>
</table>

The company operates a range of exhibitions, workshops and events worldwide through a franchising/licensing system. Through direct partnerships with local organizations for short-term or long-term contracts, DSE serves the social mission of facilitating the inclusion of disable, handicapped and elderly people on a global basis. The company is persistent with the goals of raising public awareness about potential contribution of disadvantaged and elderly people which leads to the generation of social inclusive behaviors from the public. By employing people with disabilities, the company also contributes to improve financial income of the handicapped community.
Presenting in 39 countries through an international network of 25 hubs (Annual Result and Social Impact, 2015), Dialogue in the Dark operates exhibitions and workshops in total darkness where visitors are guided by the blind facilitators. Besides the main events, DiD also offers other in-the-darkness activities such as Concert in the Dark and Dinner in the Dark which are also warmly received by the public, showing great potentials of spreading capability throughout the world.

4.2 Social mission and objectives in Vietnam

As social mission is critically prioritized in a social enterprise, DiD mission is to facilitate social inclusion of blind and visually impaired people on a global basis (DSE, 2014). The mission is assisted by two crucial goals of raising public awareness about people with disabilities through which the inclusion of the marginalized group into the society is enhanced and improving their economic situation. The influence of DiD varies in different areas, in which the greatest impact targets awareness raising and rehabilitation; other impact areas such as education, culture, employment and family life are also affected by DiD. Figure 5 adopts the UN Standard Rules on the Equalization of Opportunities for Persons with Disabilities (1993) to illustrate the impact areas of DiD.

![Figure 5. DiD impact areas (Annual Results and Social Impact, 2014)](image-url)
Understanding goals and objectives is an important part of market entry strategy proposed by Root (1994). Objectives are even more crucial in the field of social business where social mission prioritizes and determinant falls on whether partnering organizations share the same mission. Correspondent to the question of DiD objectives in Vietnam, Kletzka (2015) stated the emphasis on sustaining at least an exhibition center in one big city in Vietnam, through that achieving the ultimate mission of the inclusion of people with disabilities while improving the mindset of public about disability. When selecting partners, DiD is interested in those that meet the criteria as mission-compatibility; other requirements such as business security, sales and driving engine of the business are taken into consideration when evaluating the potential of a partner (Kletzka, 2015).

4.3 DiD exhibition and workshop

A DiD exhibition is a 60-minute tour in complete darkness with instruction from a blind guide. A new tour starts in every 15 minutes. Inside the dark, visitors are encouraged to use other abilities but vision for sentiment and orientation. The maximum number of visitors per tour is kept at 8 persons in order to secure the best quality of the experience (DiD scenario, 2015).

A workshop session is also in the darkness but varies by programs and occasions. While a well set-up exhibition is ready for everybody, workshops are normally customized and scheduled in advance according to the customer needs. Workshop center provides training programs with various topics on education, leadership and communication. Workshop participants are encouraged to share work, communicate with others and reflect on what they have learned from the experiences.

A DiD exhibition and workshop center have distinguishing features in terms of purposes and activities as well as its scale of investment. An exhibition requires a trifold larger area than a workshop center with an enormous investment around €200 000 (Tran, 2014). A full exhibition normally includes five distinctive rooms which demand a number of additional facilities, technical equipment and certainly an extra space for a larger foyer and reception area to serve large groups of visitors. To solve the problem of waiting visitors, especially school groups who often come at once, it is necessary to
provide with self-taught areas of books or group games; in some cases, a separate person so-called educator is needed to deal with these big school groups.

4.4 Customer analysis

DiD welcomes all types of visitors from multi-diverse background and ages, attracting 523,137 visitors (Annual Results and Social Impact, 2014). Segmented by age, 60 per cent of the visitors are children, in which school children, private children and students account for 28 and 17 and 12 per cent of total visitors respectively, followed by the group of adults at 25 per cent of total visitors. When categorized by educational, corporate and private sector, the company has a great focus on the educational sector which accounts for 40 per cent of total visitors. Though the visitor number from corporate group is modest, the group of private adults holds 25 per cent of all the exhibition visitors. The share of each customer group is broken down through figure 6.

![Figure 6. Groups of DiD visitors (Annual Results and Social Impact 2014)](image)

The average utilization rate of DiD exhibition is at 51 per cent. DiD Hamburg is the most successful hub that reached 90.18 per cent of its capacity (2014). Based on DiD Hamburg performance, the maximum capacity for an exhibition center is estimated at approximately 90,000 participants per year while the capacity for workshop is significantly less than an exhibition, roughly at 5 per cent of the total exhibition visitors.
4.5 DiD Partners

DiD has a wide profile of partners, varying from private, public to corporate sector. The majority of DiD partners are private investors (Annual Results and Social Impact, 2014). DiD is also interested in nourishing cooperation with public agencies, in particular, establishing potential partnerships with government agencies such as GIZ – an initiative funded by German ministry operating on a global scale and non-profit organizations such as CBM – an international Christian development organization is one of the main focus in the internationalization strategy of DiD. Moreover, there are museums hosting DiD either as a temporary exhibition or permanent exhibition (Kletzka, 2015) in which the Museum for children in Israel, Museum for Communication in Germany, Heureka - the biggest science center in Finland are some of the examples. A successful case from educational sector is DiD Singapore which is built as a teaching and working unit run by students from Ngee Ann Polytechnic, Singapore. In addition, the business sector offers fruitful collaborating opportunities to have a DiD center as a CSR initiative, a human resource development trainings. Companies in telecommunication and optical industry might also be interested in the program (Kletzka, 2015). The company has provided workshop trainings for corporates such as ZEISS, Unilever and Teaching Leaders UK in the last years, in which Teaching Leaders UK has been collaborated with DiD for three consecutive years.

DiD has been presented in 119 cities with different economic and culture conditions. There are hubs that failed in sustaining financial income while there are successful cases that their capacities are not sufficient to serve the demand of customers. In this research, the author investigates several DiD hubs which are sorted into three groups. The selection of DiD cases are based on two decisive criteria: cases that share similarity in either economy or culture and exceptional cases to learn from their success or failure experience. The author takes revenues (see figure 7) and utilization rate (see figure 8) of DiD local branches into the assessment of success or failure of a DiD center.
Figure 7. Revenue of DiD by partners (Annual Results and Social Impact 2014)

Group 1: Hong Kong, Seoul, Japan, Singapore

All located in Asia, these hubs have huge advantages of populous and well-developed economies. Among the group members, the vibrant Hong Kong with population over 7 million (Hong Kong Government, 2014) contributes to almost a fifth of DiD yearly income, followed by Japan, Seoul and Singapore accounting for 11.5%, 8.6% and 1.9% respectively.

One of the successful factors of DiD Hong Kong is due to its great focus on marketing and promotion activities. The hub has invested in human resources to actively promote the idea to corporate and educational sector throughout the city.

Group 2: China, India, Rwanda

China shares most of similarity in cultures with Vietnam due to its geographical location and long history of domination of Vietnam. Despite the impressive economy development, China suffers from severe environment pollution and disparity between the rich and the poor, rural and urban areas. India is the second populous country after China being a victim of the great disparity in its society.

Located in the East-Africa, Rwanda’s GDP growth ranked 24th in the global ranking at 6.9 per cent (CIA, 2014). Rwanda is an agricultural country where 90 per cent of its population working in the fields of agricultural, mineral and agro-processing (CIA, 2014). Supporting attempts of the government to improve off-land jobs for their people, GIZ and German Cooperation initiates Eco-Emploi, a promotion of economy and employment program for the period from July 2013 to May 2016. Being a part of the
inclusion project for people with disabilities, Dialogue in the Dark Rwanda aims to promote equal employment opportunities and train skills for disadvantaged people. The project is also a formalized partnership between NUDOR - National Union of the Disability Organisations of Rwanda and CBM - an international Christian development organisation who take the implementation of the project.

DiD Rwanda is a special establishment involving different partners on a range of financial and operation activities. Mr Kletzka (2015) stated that it could be an option for the Vietnam case. A closer look at how partners play roles in the Rwanda case is illustrated in below figure.

![Figure 8. Partners involve in DiD Rwanda](image)

The case company does not only provide technical support but also a full sustenance by not taking the licensing fee for DiD Rwanda. Although other costs of human resource training and consulting services must be covered by the funding organization, the willingness of giving full support to the establishment of DiD Rwanda has explicitly shown that DSE utterly pursues its social mission instead of profitability purpose.

**Group 3: America, Hamburg**

DiD Hamburg is the greatest performance of Dialogue in the Dark in terms of the most customers, most revenues and most capacity utilization. The center provides both DiD exhibition and workshop in addition to Dialogue in Silence recently launched inside the center that give more diverse offers for the visitors. The reputation of DiD Hamburg is so great in the city that marketing has a minor role to play; instead, the strong cooperation with educational sector is the key contributing factor to its success.
America, on the other side, is a typical DiD case with a short lifespan. One important factor that led to the failure of the center lies on the high pricing strategy that making the ticket price, approximately at 40 US dollar overestimated for many New Yorkers.

4.6 SWOT analysis

SWOT is an assessment tool that is popularly used in marketing with different purposes. In general, a SWOT analysis is composed of two major forces. The internal forces making up strengths and weaknesses of a company derive from its core organization, products/services, personnel or financial status; whereas the external forces from the marketplace are considered as opportunities or threats. In this research, the model is adopted as the internal analysis of the case company; the key findings of the four elements are presented in table 7, followed by detail explanation in the next paragraphs.
Table 5. SWOT analysis of the case company

<table>
<thead>
<tr>
<th>Strengths (Internal)</th>
<th>Weaknesses (Internal)</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 year of experience in the field</td>
<td>Lack of market expertise in the local market</td>
</tr>
<tr>
<td>Unique experience</td>
<td>Poor network of local partner in Vietnam</td>
</tr>
<tr>
<td>Social mission</td>
<td>Lack of proactivity in looking for local partners</td>
</tr>
<tr>
<td>Reputation of the CEO and the company’s concepts</td>
<td>Lack of human resources when schedules overlapped</td>
</tr>
<tr>
<td>Genuine experience</td>
<td>Limited control of marketing and sales in the host country</td>
</tr>
<tr>
<td>International and diverse backgrounds of employees</td>
<td></td>
</tr>
<tr>
<td>International experience and global network of partners</td>
<td></td>
</tr>
<tr>
<td>Thorough recruitment process of tour guides</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Opportunities (External)</td>
<td>Threats (External)</td>
</tr>
<tr>
<td>Blue ocean market: dominant in the market</td>
<td>Partnership is decisive factor of realizing an exhibition/workshop center</td>
</tr>
<tr>
<td>Supportive NGOs and public agencies in the host countries: GBA, GIZ</td>
<td>Dependence of revenues on performance of partners</td>
</tr>
</tbody>
</table>

**Strengths**

Dialogue in the Dark is the most well-known brand of the case company with existence and development for more than 30 years. The unique business idea and sharp social mission are company’s asset and achievement. 58 per cent of visitor confirmed that their attitude and behavior towards visually impaired people has changed since the DiD experience (Annual Results and Social Impact, 2014). The importance of the company founder, Dr Andreas Heinecke is undeniable to the company’s development. He is an inspiring speaker and a world-famous social entrepreneur. Followed its global series of success, the reputation and impact of the company and its CEO is continuously spreading around the world.
Besides, DiD creates a genuine experience for visitors by providing high-quality technical and facility services. Complete darkness is ensured where it is necessary and facilities are designed for the best sensational effect. Visitors should go through a vivid experience, as what they actually feel in the lightenig world outside of the dark box.

Moreover, the role of tour guides is a crucial element to the formation of customer experience. Compared to tourism industry, it is quite similar in term of how customers enjoy the tour services with their guide would affect the whole quality of the tour. In a dark tour, most of the visitors would feel notoriously insecure for the first moment entering the blind world; the tour guide should be the one who is able to calm the group down, encourage them to explore the dark world inside and also give sufficient instruction to guide them through the complete exhibition. Acknowledging the important role of their tour guides, DiD pays much attention to the recruitment and training for tour guides. A normal process should be planned in advance at least three months, ideally a period of six month (DiD Human Resource Manual, 2011). Selected guides passing the three-stage recruitment process are trained essential skills and knowledge to guide a tour independently.

Companies have advantages when having international experience (Hollensen, 2011, p.322-3). DiD has a diverse network of partners across the globe and in most cases, the company is approached by those organizations interested in the business idea. The company executives often spread the word about the company via international conferences and events, through that directly expand the the company’s global network.

Employees with multi backgrounds are certain strength of the case company. The workforce helps company to build and control the network of international partners and customers worldwide. Though DSE has limited human resources, it operates on international level where English is an official language and almost every employee speaking at least two foreign languages. In addition to a number of employees in the headquarter office, there are also mobile employees working in other parts of the world. These employees directly communicate and support local partners as well as seek more opportunities to reach new partners in other parts of the world. Due to the nature of the DiD projects, commuting is a frequent activity that majority of DSE employees must commit to.
Weaknesses

As a small social enterprise, DSE has less than 30 part-time and full-time employees. The limited human resource often cause heavy workload to current employees and inhibit the company from proactively looking for new partners. Besides, the lack of market knowledge and language barriers in foreign markets, especially countries with different cultures, political and economic situation and infrequent market information are real challenges for the case company to comprehend the local marketplace and search for local partners.

Opportunities

DiD is exposed to great advantages from the external opportunities. The company is the market leader in Germany and there is also a similar possibility in Vietnam. In addition, there are many public agencies and non-governmental organizations ready to support German companies doing business in Vietnam. The case company could also take advantages from their good connections with local and German companies and possibly, financial support that may help DiD to realize its business in the new market.

Threats

Both Tran and Huong (2015) agree that financial and human resources are the two main barriers for Dialogue in Vietnam. They find the amount of initial investment is a real challenge for DiD Vietnam investors as it must be able to cover the costs and sustain the business for a couple of years after the launching. However, it is human resource that Huong (2015) found the most challenging. There is an urgent need for having a founder for DiD Vietnam who could commit fully to the project. As long as a manager for DiD project in Vietnam is found, all related issues will be gradually solved (Huong, 2015).

Given the fact that a DiD exhibition or workshop center is established by a local organizations, partnership is an overriding base for expanding DiD globally. It means that without any local partners, there could be no exhibition or workshop center. Not only the existence of a DiD hub depends on its partner, but also the revenue from licensing is a great cause of concern. Since licensing fee is primarily negotiable based on the partner’s business sales and the case company unfortunately has limited control
over sales and marketing activities abroad, the case company’s revenue therefore is uncertain and much dependent on the performance of the local partner.

CSIP (2012) analyzed difficulties of social enterprises on various aspects including the lack of capital, funds and social investment as well as weakness in management and lack of an ecosystem and support services to promote social enterprises. Modern social enterprise, as just in its infancy, is likely vulnerable and heavily based on its founder - social entrepreneur. That challenges the whole business to build the core drivers and assets in human resources in order to keep the enterprise moving forward without depending heavily on a single person. The issue is raised by Kletzka (2015) as part of the criteria for selecting potential partners for DiD.

Moreover, in less developed markets where disabled community suffers from bias and low access to skills and language training, it is a question mark whether DSE is able to ensure the quality of the guides up to its international standard.

5 ANALYSIS ON VIETNAM MARKET

This chapter presents detailed examination of Vietnamese market, through which the author aims to find out whether Vietnam is a potential marketplace for Dialogue in the Dark. The chapter includes analyses on macro-environment (PEST), market/product, customers, partners and human resources for both DiD exhibition and workshop center.

To not confuse readers, the author relates the term “partners” to franchisee or licensee while supportive partners are referred as helpers or supporters of the DiD project in Vietnam, for instance Chamber of commerce, German Business Association, and so forth.

5.1 PEST Analysis

When enter a new market, a firm is exposed to an “uncontrollable environment” (Hollensen 2011, p204) which is affected by different macro-environmental factors. Numerous external analysis models have been invented to examine the market, among which the PEST or PESTLE analysis is the most common assessment tool for the
external business environment (Gupta, 2013). Importantly, the underlying purpose of the PEST analysis is to enable a firm’s adaptability to changes in target market. The model consists of five microenvironment factors known as Political, Economic, Sociological, Technological, Legal, and Environmental factors respectively. In the research, the author dispels the factor of environment because of its least irrelevance to the market research of the case company in education and entertainment sector. While the key findings of each factor are summarized in table 8, the author selects only most important facts to further analyze in the following paragraphs.

*Table 6. PEST analysis of Vietnamese market*

<table>
<thead>
<tr>
<th>Political/Legal</th>
<th>Economic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communism</td>
<td>Home economy and trends</td>
</tr>
<tr>
<td>International relations</td>
<td>Taxation to products</td>
</tr>
<tr>
<td>Future legislation</td>
<td>Private donors, sponsors, NGOs</td>
</tr>
<tr>
<td>Funding, grants and initiatives</td>
<td>Umbrella organizations for social enterprises</td>
</tr>
<tr>
<td>Legislation of business; Social</td>
<td>Currency</td>
</tr>
<tr>
<td>entrepreneurship</td>
<td></td>
</tr>
<tr>
<td>Moderate political stability</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sociological</th>
<th>Technology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demographic</td>
<td>Technology development</td>
</tr>
<tr>
<td>Taste and habits</td>
<td>Advertising and publicity</td>
</tr>
<tr>
<td>Lifestyle trends</td>
<td>Manufacturing maturity and capacity</td>
</tr>
<tr>
<td>Media views</td>
<td>Information and communications</td>
</tr>
<tr>
<td>Major events and influences</td>
<td>Innovation potential</td>
</tr>
<tr>
<td>Ethic/Religious factors</td>
<td>Technology access, trademark, licensing, patents</td>
</tr>
<tr>
<td>Openness to new trends</td>
<td></td>
</tr>
<tr>
<td>Foreign products preferences</td>
<td>Intellectual property issues</td>
</tr>
<tr>
<td>Word of mouth and advertisement</td>
<td>Franchising and licensing issues</td>
</tr>
<tr>
<td>Education</td>
<td></td>
</tr>
</tbody>
</table>
Political/Legal environment

Socialist Republic of Vietnam is one of only five communist countries in the world. The whole country became independent and unified after winning the revolution against European and US military 30 years ago. The communist party since then has been the only party leading the country and this political monopoly will not change in a near future as it is unlikely to give up on the political power (BBC, 2015). As a consequence, Vietnam has a moderate political stability which is above the world average index (Global Economy, 2012).

Vietnam has been an active member of trade organizations such as AFTA, WTO, APEC, ASEAN, and FAO. In the particular relation with Europe, Vietnam has been one of EU’s main partners in South East Asia since 1990s. In 2012, EU-Vietnam Framework Agreement on Comprehensive Partnership and Cooperation (PCA) has excavated the collaboration and commitment of EU and its Member States in wider economic and social areas from trade, environment, science and technology to culture, migration, anti-corruption (EC, 2015). The relation of Vietnam and Europe has been recently advanced to a new level by the Free Trade Agreement (FTA) signed in August 2015. Technical terms and legal text are being finalized and expectedly to be valid by the end of 2015. The free trade deal will bring further additional benefits, particularly in terms of trade and investment to both sides (EC, 2015).

In addition, firms can also seek additional support from Non-governmental organizations (NGOs) and exporting/importing facilitators from their own country or from the host countries (Hollensen, 2011). Acted like a catalyst, those intermediate organizations are supportive channel that help foreign firms fasten the business formality process and win over local knowledge.

International franchising companies operating in Vietnam are beneficial in many terms. There are approximately 120 international franchises operating in Vietnam, mostly come from America and neighbor countries such as Korea, Singapore, Japan, and Hong Kong. With the fast growing rate at 30 per cent (Ministry of Industry and Trade, 2014), franchises are developing their dominant power over the local market players. Multinational companies find Vietnamese as a cost-efficient market because of lower cost in labors and operating utilities in Southeast Asia region. Smooth legislation
process and secured protection of trademarks, licensing and patents under Vietnam’s Franchisee Law have given bonuses for both international and local partners to realize their business partnership in Vietnam.

**Economic**

Vietnam economy has been transferred from a poor country to a developing country. The Gross Domestic Products index achieves an average growth rate at 6 per cent per year making the country more appealing to foreign investors. Despite the current situation that the country remains at lower income level (World Bank 2014), Vietnam is named among the next potential 11 Nations and CIVETS emerging economies. According the World Economic Forum 2014-2015, the country was ranked at 68\textsuperscript{th} of global competitiveness index, in which the market factors such as the market size, labor market efficiency and general macro-environment was highly rated; healthcare and primary education continues to be the main focus of Vietnam. Table 9 summarizes the elementary statistics of Vietnamese economy.


<table>
<thead>
<tr>
<th>Currency</th>
<th>Vietnam Dong (VND)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP official exchange rate</td>
<td>$186 billion (in US dollar)</td>
</tr>
<tr>
<td>GDP growth</td>
<td>6%</td>
</tr>
<tr>
<td>GDP per capital</td>
<td>$5,600</td>
</tr>
</tbody>
</table>
| GDP by sectors                  | Agriculture: 17.9%  
Industry: 38.1%  
Services: 44% |
| Inflation                       | 4.1%                                             |
| Export                          | $147 billion                                     |
| Import                          | $138.6 billion                                   |
| Budget                          | Revenues: $43.2 billion  
Expenditures: $51.91 billion |
| Taxes                           | 23\% of GDP                                      |
| Public debt                     | 45.5\% of GDP                                    |
| Labor forces                    | 54.07 million                                    |
| Labor forces by occupations     | Agriculture: 48\%  
Industry: 21\%  
Services: 31\% (2012) |
The tropical weather allows Vietnam to enjoy diversity and development of agricultural products that turns Vietnam into one of the leading agricultural exporters of Southeast Asia (Global Edge, 2015). Industry and services sectors, assisted by the fast development of internet and technology are blooming in the last decade and still have room for further financial expansion. Government’s adjusted taxation policy will bring more benefits for both local and foreign enterprises. Corporate tax rate was reduced from 25 percent to 22 percent in last year, and will be further cut down to 20 per cent in 2015 (KPMG, 2015).

**Sociocultural**

In addition to political and economic factors, global marketers should understand well the culture and societal dynamics of the new market, thus to evaluate its potential consumers and how to market products and services in an effective way.

Vietnam is a condense-populated country with more than 94 million people and is growing at the rate of 0.97% (CIA, 2015). There is 33% of the population living in urban areas, among them Ho Chi Minh City and the capital Hanoi are most populous locations in the Southern and Northern parts of Vietnam. Vietnam has a young population in which 70% of population is aged between 15 to 64 years (Economist Intelligent Unit, 2015). A major population percentage of working generation is in fact a robust driver for the improvement of education and economy of the whole country.

Consumer expenditure of Vietnam exhibited a sharp increase from roughly 86 billion USD in 2011 to nearly 125 billion USD, achieving an average growth rate at 9,1%. The top five of consumer trends of modern Vietnamese were sorted by Franchisemeets.com (2014), in which, the impact of rising middle-income class, higher trust in foreign brands, health and food safety, expenditure on children and internet role were emphasized. The middle-class consumers who they have more money to spend beyond primary physical needs demand for high standard, healthier and non-harmful products. They also tend to trust foreign brands because of higher credibility for quality. Vietnamese consumers are more family-oriented and likely to trust word-of-mouth recommendations from their close relatives and acquaintances. They are not only responsive to prices, fond for foreign brands, but also open to experience new products and services (Franchisesmeets.com, 2014).
Currently, EU is the largest grant donor of Vietnam that makes a promise of a 400 million Euro budget for development cooperation from 2014 to 2020 (EC, 2015).

**Technology**

Technology, science and innovation of Vietnam capabilities are weak and need much of improvement (OECD, 2014). Thanks to the sizable and cheap labor force of Vietnam, more international tech leaders have used Vietnam as a strategic point in the whole supply chain. A remarkable example is taken from the case of Samsung production in Vietnam. The giant technology corporation has contributed to 17.5 per cent of total export value of Vietnam (Vietnamnet, 2014). Though Vietnam confronts problems of weak innovation framework, labor deficiency and financial limited assess, opportunities for improving social and economic impact are open widely. The government should pay more attention to develop an advanced innovation system with active supports from local organizations such as research institutions and NGOs to implement the system. Whilst, internet which has developed as an inclusive part of people life, shows great power in connecting people and information, creating paths for e-commerce, innovation and technology to develop.

5.2  **Porter’s Five-Force Analysis**

The following session is constructed to understand the ongoing level of external analysis, in particular under the industry where a firm operates. The concrete foundation is firmed by adopting five-force model of Porter (1980) which is one of the most useful frameworks for competitive analysis of an industry (Hollensen, 2011, p110). The analysis is formulated by five major actors in any industry: buyer, seller, competitor, new entrant, substitutes. The power of each actor relies on the nature of the industry and how the firm positions itself in the market.

When adopting Michael’s model for the case of DiD Vietnam, the author only considers the forces which directly involve in the competitiveness formation of the case company in the Vietnamese market. The most powerful forces are found from the groups of buyers, substitutes and partners while new entrants has little effect on the competition. The element of supplier is dismissed from the analysis due to its irrelevance to the
specific DiD case. These factors are illustrated in the figure 9, followed by the detail analysis of each influence.

**Figure 10. Five-force model of DiD Vietnam. Adopted Porter’s model.**

**New entrants: LOW**

A new entrant causes threat to industry competitiveness by bringing new capacity and the desire to gain the market share (Porter, 2008). There are also entry barriers that prevent newcomers such as the scale of the industry in terms of high capital and operating costs. Tran (2015) estimated an initial investment to open a DiD exhibition at 200,000 Euro, equivalent to 5 billion VND. The amount is a huge investment to most of local on-small-scale NGOs or social enterprises which their finances are always troublous. However, a healthy capital does not necessarily ease the entrance of a new competitor because DiD has its trademarks and intellectual property under protection which makes it harder for any businessman to execute a similar idea. DiD is also advantageous due to its rare competition, it is likely to be the only dominant of the market.

**Partners: VERY HIGH**

To clarify the terms of partners from the end-customers, “partner” is referred as private investors or organizations commit in licensing contracts while “customers” are visitors and participants of all kind of DiD activities including exhibitions, workshops or other in-the-dark events. Partnership is a principal factor that defines the success or failure of
not only the local hubs but also the company itself, therefore, sustaining finest relationship with the partners is one of the main focuses of DiD.

Not only the role of main partnership is emphasized but establishing good relationship with local organizations in the field is also essential. By connecting with a local blind association, the company will get more knowledge about the disadvantaged community, how they live and work, their skills and qualifications so that a training program for future tour guides could be designed accordingly.

Customers: HIGH

Customers have negotiating power on the price of a product (Porter, 2008). Though a DiD program is such a unique offer in the market that customers could hardly find any precedent product or service to compare with, they still have a certain high level of power in bargaining for discount because both exhibition and workshop training are designed for groups. Particularly in educational sector, schools or universities are highly prevailing as they often send classes of students.

Substitutes: VERY HIGH

There is a diverse range of substituting activities for families in Vietnam. Urban children have more advantage than rural kids as they have more open access to cinema, dining and shopping, amusement park and recreation centers. In addition, cultural attractions that revolve religious or war such as Cu Chi Tunnels, National and War Museums are among popular options. Trips to natural landscapes such as National preserve parks, zoos and beaches are among interesting options for Vietnamese middle-class income families (Hotel Travel, 2015). For adults, entertainment activities are much wider. Dinners-out, karaoke, street drinks, café, etc. are some of the most evening and weekend hangouts.

DiD Vietnam would be market leader in its target market. The unique idea and its operation model are highly differentiated from what have been offered in the market. The fact that there is a rare competition in Vietnam, it is a blue ocean market for DiD to comfortably dominate.
Kim & Mauborgne (2004) defined a Blue Ocean by “untapped market, demand creation and the opportunity for highly profitable growth”. While Red Ocean is made of a hash competition amongst industry players inside an existing demand, Blue Ocean swimmers enjoys a non-competition environment where they dominate the market, set the rules and create demand for their product/service. Dialogue in the Dark satisfies at least two aspects. Since its first establishment, DiD has been a unique exhibition, not only in making darkness as a unique experience for visitors but also in the way of delivering social education while adding joys to the whole experience. Moreover, DiD has created demand for its own unique exhibition/workshop. Many school students participate in DiD as part of their social learning program; company employees come for DiD workshop as a training session or as a team bonding activity; families and adult groups join the tour because of their own interest and perhaps, curiosity for an original and unique experience. Though it cannot tell clearly whether a company with its blue ocean strategy could be always highly profitable, many of them succeed as market leaders and proves to be self-sustainable successfully, and the future growth appears promising.

5.3 Market analysis

In this particular case, the market analysis of DiD center in Vietnam focuses on showing the potential of the market size within the bottom line of customers, supporters and partners.

5.3.1 Market size

According to the report of Ministry of Education and Training in 2012, the whole country has nearly 29,000 basic educational schools for about 14 million students from 6 to 18 years old; more than 400 colleges/universities with 2 million colleges/university students. As DiD aims to the educational sector in big cities, table 10 compares the number of students in Ho Chi Minh City and Hanoi, in groups of primary, secondary and high school students.
Table 8. Students in Ho Chi Minh City and Hanoi (General Statistics Office of Vietnam, 2015)

<table>
<thead>
<tr>
<th>Students (2014)</th>
<th>HCM</th>
<th>Hanoi</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary schools</td>
<td>559 445</td>
<td>587 471</td>
</tr>
<tr>
<td>Secondary school</td>
<td>376 713</td>
<td>362 453</td>
</tr>
<tr>
<td>High school</td>
<td>186 289</td>
<td>188 402</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1 122 447</strong></td>
<td><strong>1 138 326</strong></td>
</tr>
</tbody>
</table>

Both cities have a quite comparable market for DiD which is growing every year. Demand for education increases due to the growing of the country’s population and the extensive rural-to-urban migration. For instance, students in Ho Chi Minh City has increased 85 000 students more compared to 2014, according to Vneconomictimes.com (2015).

To government, education is an important focus of the country development. Ministry of Education and Training reported an incessant expenditure for education every year. From 2008 to 2013, the total education cost for central and local areas increased 230 per cent reaching roughly $6.3 million. The amount accounted for 6.3% of total GDP (CIA, 2012).

According to Consumer Confidence Index 2013, customers are unlikely to reduce expenses for food and beverages, personal care products and communications while expenses for entertainment, dining-out and home appliances are likely to be cut the most (TNS Vietcycle report, 2014). Education, on the other hand, is full of potential as the majority of consumers would invest even more for education. By her experience, the author finds many Vietnamese families believe in education as it is the guarantee for future employment, a path to escape poverty. Education tops all Maslow’s five human demands and become a compulsory gate to future success. The core belief in education despite declining economic situation makes investing in education remain at the top of the priority list to most Vietnamese parents.

Though education in general is important, social study is still far below the same level of basic education. In fact, DiD activities are likely belong to social programs rather than a primary education. As Vietnamese schools often organize outdoor activities once or twice a year, the demand is yet unexploited and it necessitate great effort from DiD Vietnam to invest in marketing and promotion of social study and its great impact on children’s development.
5.3.2 Partners analysis

As mentioned earlier, the role of partners in establishing a DiD hub is substantial. In this section, the author selects groups of potential partners which she finds most relevant and potential for DiD in Vietnam.

Before going through the partner analysis, the author finds it essential to mention the role of the two Vietnamese interviewees in the project of DiD in Vietnam. These interviewees are not only experts in the social field, they are interested in supporting the DiD project in Vietnam. Tran (2015) indicated that she was busy with other projects but would be more involved with DiD Vietnam in the following year. Stated her role as “a connector”, Huong (2015) is willing to bridge DiD with right people in the field.

The author had researched potential partners located in Ho Chi Minh City and Hanoi. Partners are divided into groups of advisors/connectors, investor/philanthropies and other organizations. The author then gives introduction of partners which she believes they would be potential match for DiD Vietnam.

5.3.2.1 Advisor/Connector

Young social businesses often ask for supports relating to funds, consultancy or networks. Despite a few umbrella organizations in the country, the role of catalyst organizations for social enterprises is particularly important in the development of the country’s social entrepreneurship and some of potential ones are presented in the following part.

*Spark Center for Social Entrepreneurship Development, Hanoi*

Established in 2011, Spark Center is a Vietnamese non-profit organization working with rural businesses, local authorities and other NGOs to support their development. To create a healthy ecosystem for businesses with social values, Spark Center supports vary from mobilizing resources, bridging businesses and impact investors, assisting in technical and financial issues to training and promotion of local businesses.
British Council, Vietnam

British Council is a UK’s international cultural relations organization. British Council hub in Vietnam has a wide range of connections with government, NGOs, companies, institutions in many aspects, from teaching English, skills and higher educations to climate changes and social innovation. Particularly in the field of social enterprises, British Council is a helpful connector to bridge UK professions with Vietnamese community.

German Business Association (GBA)

Established in Vietnam since 1995, the GBA is one of the first and largest foreign business associations in the country with more than 180 members. GBA supports German companies developing their business and social exchange in Ho Chi Minh City and Hanoi.

5.3.2.2 Philanthropy

CSIP – Center for Social Innovative Promotion

CSIP is a non-governmental and not-for-profit organization with the mission of developing social entrepreneurship sector in Vietnam. CSIP is currently running three programs with different levels of involvement. Social Enterprises Support Program (SESP) is an intensive program that provides financial support, skills training and resources sharing. The second program works on developing capital market for social enterprises by giving connections to investors in the market. Last of not least, the organization works on a public level to raise awareness about social business, addresses social enterprise-related issues to government and creates the healthier environment for social enterprises in Vietnam.

LGT Venture Philanthropy

The organization has brought impact investment to both profit and non-profit enterprises in fields of healthcare, education, agriculture, renewable resources and ICT. Currently, LGT is in intensive involvement with two Vietnamese companies, Ecolink and Tohe. Besides having consultancy from LGT, Ecolink - the organic tea producer received 35 000 USD while Tohe, a social business that provides visual art classes for
disadvantaged children and uses their artwork for lifestyle products, also received a loan of 40,000 USD to expand the business.

5.3.2.3 Corporate Philanthropy

Corporate Philanthropy is one of four focus areas of Corporate Social Responsibility, including economic, ethical, legal and philanthropic (Canroll, 1999, p. 268-295, cited from Asia Foundation Report 2013). The Asia Foundation research on local philanthropic situation in Vietnam 2013 showed that 75 per cent of surveyed corporates donated a sum of 113 billion VND (equivalent to 4 million EUR). The amount of giving is dependent on several factors but companies with larger size, more profitable or having knowledge about CSR are likely to give more. Though the current giveaways are modest, there is a spacious room for development in the sector.

5.3.2.4 Government agency

GIZ - Deutsche Gesellschaft für Internationale Zusammenarbeit

On behalf of German government, the German Agency for International Cooperation works in various projects on sustainable infrastructure, social development, governance and democracy, environment and climate change, economic development and employment. GIZ has stayed in Vietnam for more than 20 years; the current volume of commissions for Vietnam is over 112 million EUR. GIZ has run the Social integration of people with disabilities project in cooperation with Vietnamese Ministry of Education and Training from 2008 to 2013, aiming to improve the living conditions for people with disabilities and create special educational facilities for school and preschool children.

BMZ - Federal Ministry for Economic Cooperation and Development of Germany

Germany has been a trustful social development partner to Vietnam. In 2014, Federal Ministry for Economic Cooperation and Development of Germany (BMZ) has poured 63.2 million EUR for financial and technical cooperation. The focus of the collaboration is on sectors of vocational and employment training, environmental protection and energy.
The German Consulate General has an annual budget for supporting small community projects. The fund is non-return and sustainable; NGOs or public organizations are eligible to apply. The fund could be used for constructing and implementing the project while fixed monthly expenditures are not reckoned.

**USAID**

USAID programs in Vietnam support in health, private sector competitiveness, environment, social services for vulnerable populations and higher education. USAID planned a budget of 239 million USD for improving health and well-being for Vietnamese for the period of 2014 to 2018. People with disability along with other vulnerable communities are the target groups for USAID support.

5.3.2.5 Nonprofit Organizations

**DRD - Disability Research & Capacity Development, HCMC**

Established in 2005, DRD pioneers in applying social model and social work for disability issues. DRD is a center for an inclusive society where people with disabilities have equal chance to integrate and participate in every activity. The center aims to improve the quality of life for disadvantaged people through training courses, workshops, capacity building for youth, and clubhouse for people with disadvantages. DRD has an operating budget from 2 to 4 billion VND, 18 employees and 80 volunteers working to replicate the programs across the country.

**VUFO – NGO Resource Centre, Hanoi**

With more than 20 years in non-profit sector, VUFO-NGO Resource Centre works with international non-governmental organizations (INGOs) in Vietnam. The center assists the operation of INGOs, enhancing networks of information, resources and experiences sharing between the INGOs, their partners and local organizations in cooperation with development actors in Vietnam, including government agencies and donor organizations.
5.3.2.6 Social enterprises

Running DiD Vietnam as a social enterprise or partnering with a social enterprise is advantageous in many aspects. Firstly, it is certainly easier for DiD Vietnam to receive consultancy from DSE as they share the same type of business. Secondly, social enterprises are enjoying more favorable conditions in terms of legal work and growing public attention in the field.

Tran (2015) was content and optimistic about social enterprise situation in Vietnam compared to the year of 2012. Back then, Dialogue in the Dark had tried its first luck to find an entrance to Vietnam; nevertheless, the business idea was unrealized in spite of many months of both sides’ efforts. The unsuccessful partnership was due to some factors as unofficial status of social enterprises, poor awareness from the public and lack of funding for DiD (Tran, 2015).

Previously, social enterprises were run under form of cooperatives. Until the Enterprise Law Revision was published in 2014 that social enterprise has officially recognized in Vietnam. According to the law amendment, a social enterprise carries a mission of providing solutions to social and environmental problems on the basis of community’s benefits; 51 per cent of yearly income must be reinvested for social missions that have registered originally. The government will “encourage, support and promote the development of social enterprises” in terms of legal paperwork, certificates and the authorization to receive funding, sponsorship and investment. An official and supportive legal framework gives more confidence and encouragement for social enterprises to develop and expand the impact across the country.

Will To Live Center – Nghi luc song, Hanoi

The Will to Live, founded since 2003 is a social enterprise supporting full inclusion for people with disabilities through trainings, consulting orientation to help them find suitable employment. It includes IT training courses, supplementary training courses such as English communication, independent living skills, soft skills and professional skills.
A directory of various types of civil society organizations is available on the company’s website which could be found at: nghilucsong.net/ho-tro-nkt/danh-muc/1/cac-to-chuc.html

5.3.2.7 Museums

Vietnam has around 150 museums across the country (Vietnamnet, 2015). The government has just announced a consensus to put a large amount of investment to renovate museums in size and numbers; however, the dilemmas are prompted by two issues: lack of interest from the community and lack of quality (Laodong.com.vn, 2015). The lack of innovation and quality cost museums the community interest and consequently, lead to the lower number of visitors and abundant capacity. Nevertheless, the War Remnant Museum in Ho Chi Minh City attracted up to 2000 visitors per day in peak season, while the National Museum of Vietnam and the Museum of Vietnamese history have an average of 300 to 500 thousand visitors annually (Laodong, 2015); in fact these numbers are far beyond a DiD local hubs’ performance.

Building partnership with museums at the moment is problematic due to two reasons. In the circumstances, the majority of museums in Vietnam exhibit under themes such as history, nation, war, fine arts; in fact these themes are rarely relevant to the topic of DiD which commits to disability, communication and social education. Secondly, the well-established museums with central locations are already filled up and waiting for new museums is indeed less convincing in the short term perspective.

5.4 Workforce

Vietnam has 6.1 million of people with disabilities (Report of United Nations Populations Fund – UNFPA, 2009), in which 90 000 people are completely blind, 104 000 people are deaf and nearly 400 000 people with other disabilities. The higher ratio of marginalized people falls more in women than men, rural than urban areas. Only one fourth of disadvantaged people participated in job markets (UNFPA, 2009). Companies that provide works for disabled people enjoy extra benefits of government’s regulatory favor such as tax free and low-interest loan.

Established in 1969 in Hanoi, the biggest public association for blind in Vietnam has expanded to 54 cities with more than 68 thousand members. Vietnam Blind Association
works on providing education and special trainings for blind people on various functions including information technology, handicrafts, and massages. Most of the members get employed; some of them even succeed in starting their own business and create job opportunities for the other blind. Nevertheless, most of Vietnamese blind people find it difficult to integrate into society and to live a happy life, as many of them are still struggling to earn for living (Vietnam Blind Association, 2015).

5.5 Marketing strategy

5.5.1 Pricing

International pricing is more complex than domestic pricing because of various issues that influence the setting of prices in the international environment (Fletcher & Heather, 2011).

5.5.1.1 Factors affecting the price of DiD

DiD provides high-quality services which has been proven by positive feedbacks from visitors across the globe. For instance on global travel experience network tripadvisor.com, DiD ranks first for Classes and Workshops in Hong Kong, #5 for Fun & Games in Bangkok, 5 stars for Tours and Activities in Singapore (2015). 98 per cent of the visitors are willing to warmly recommend friends to visit the exhibition and 96 per cent think that DiD is a great importance to the society (DiD Public Report, 2015).

The success of DiD experience was examined by the portfolio of high-profile customer and partners from private sectors to public sectors, such as ZEISS Group, Teaching Leader UK, Unilever Mexico, Heureka Science Center Finland, Ngee Ann Polytechnic Singapore and so on.

Secondly, DiD is enjoying its blue ocean with its unique services in darkness, especially in Vietnam where customers can hardly know similar services, DiD win a choice to set the market price but should not be overestimated. In order to successfully achieve its goals and sustainability, the service price should be kept in an affordable range for majority of the target customers.

There are also negative factors that possibly cause the reduction on the price of DiD VN. Because price is a decisive influencer to generate income and affect consumer
demand, in order to satisfy customers the perceived value must be similar or over what they pay (Fletcher & Heather, 2011). Offering extra features to the service or group discounts is feasible for increasing customer’s perceived value of the experience. Giving discounts is another option. DiD exhibition tour or workshop program is normally designed for groups of participants; in order to maximize the grouping effect and attracting customers, the author suggests that the company gives discount for private groups and design a full package program for educational institutions or corporates.

Besides, there are factors from external environment that affect DiD price such as lower construction cost, fluctuations in foreign exchange rate, lower labor cost, inflation. The lower price strategy might result in lower revenues of the local markets, eventually the case company might have to consider reducing the licensing fee for these partners in less developing areas such as Vietnam.

Competitors, in this particular case, do not affect DiD business in Vietnam as much as other actors in the market. Instead, substitutes have the great power on price decision. If the price is too high, consumers could easily switch to a diverse range of other entertainment activities which are analyzed in the upcoming parts.

5.5.1.2 Price estimation of DiD exhibition/workshop center

Since there is not a real competitor in the market of DiD, the author examines the pricing of its substitute activities in the entertainment sector. Visitor ticket for museums in Vietnam is very inexpensive. A visit in the War Remnants Museum in Ho Chi Minh City costs less than 1 EUR and it is half discounted for groups of pupils, students, armed forces, veterans, and veteran revolutionary cadres or totally free of charge for visitors who are war invalids, martyrs' families, who have contributed to the country, children under age 6 and children in remote areas. Vietnamese National Museum of History in Hanoi offers ticket price at 40 000 VND (€1.63 in 2015) and also more than half-discounted for the above groups. The price of cinema varies by days and quality fluctuates from 60 000 VND – 250 000 VND (€2.5 – €10). Entrance ticket for a visit in National Park costs around 20 000 VND – 40 000 VND; and just a little more expensive for amusement parks. Waterpark entrance tickets are available from 100 000 VND – 270 000 VND (€4 – €11). Luxuries parks such as Vinpearl target wealthier group of
customers where ticket prices are from 500 000 VND – 600 000 VND (€20 – €25). These prices are averaged in table 11.

Table 9. Prices of substitute activities in entertainment sectors (compiled, 2015)

<table>
<thead>
<tr>
<th>Ticket prices</th>
<th>Price (in Euro)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Museum</td>
<td>Less than €2</td>
</tr>
<tr>
<td>National park; amusement park</td>
<td>Less than €3</td>
</tr>
<tr>
<td>Cinema</td>
<td>Less than €10</td>
</tr>
<tr>
<td>Water park</td>
<td>Less than €25</td>
</tr>
</tbody>
</table>

Huong (2015) suggests that an exhibition charges lower than the Hamburg DiD price at around 10 Euro (200 000 – 300 000 VND). Tickets are also categorized with discounts for student and groups. Tran (2015) advices on a lower price of 120,000 to 150,000 VND per adult (7 US dollar), kids might be less than 100 000 VND.

5.5.2 Location

Location is a significant decision for opening a new branch. When evaluating cities for taking off DiD Vietnam, the author puts into consideration factors such as ecosystems, access to funds and supports, consumer behaviors and openness to new experience. Vietnam has five economic centers across the country, Ho Chi Minh and Hanoi are considered as first options because both cities are the most populous and socioeconomic developing in Vietnam. While Hanoi is the political center of Vietnam, Ho Chi Minh (or Saigon) is the country’s economic central. These cities are full of socioeconomic dynamics, wider connections to investment and supportive organizations, and foremost, great potentials in education and entertainment sector.

Ho Chi Minh and Hanoi often gather highest traffic of locals and tourists, and certainly is more expensive in comparison to other areas. A location is considered as ideal if it locates in a central district with recognizable and wide accessibility for the public. In addition, the major transportation vehicle for urban people are motorbikes, the author recommends partners to consider constructing sufficient space for parking, or at least locates nearby public parking within short walking distance.
After all, the decision is made by the operating partner. The partner needs to consider those factors mentioned earlier, for instance, central and accessible location is prioritized. In Vietnam, both Ho Chi Minh City and Hanoi are appropriate for the launching of DiD Vietnam.

5.5.3 Promotion of the concept

DiD business is a combination of education and entertainment aspects. Ms Tran (2015) suggested paying more attention to promoting the educational aspect, aiming for the majority of target customer as students. Since education is the foremost concern of Vietnamese, it is wise to promote the education aspect of DiD and entertainment is added as an unique and fun way to learn.

6 MARKET ENTRY STRATEGY FOR DID IN VIETNAM

Taken the insights from interviews with the case company and Vietnamese experts, along with the detailed market analyses in the target country, the author is able to conclude that Vietnam has a full potential for Dialogue in the Dark in Vietnam. The level of potential is great because of the various internal and external fosters which had been presented and analysed in chapter 5. To sum up, on macro-environment level, social enterprise is officially recognized by Enterprise Law since 2014, adoring favourable legal conditions and recent attention from the public. Though the ecosystem for social enterprise is new and immature, the current network of social organizations is growing fast and toward a common goal of improving society. Moreover, the economic and social conditions of the country in addition to the government open policy has attracted foreign companies and investors, foreign donor organization and public agencies who have been contributing greatly to the country’s development.

In a closer loop, DiD Vietnam has a loose competitive environment which enables the company enjoy its domination in the target market. Market analyses show a great extent of potentials of the educational sector in terms of market size and customer demand despite previous years of the country’s economic downturn. Firstly, the gate is wide open for DiD to an increasing number of partners and supporters in the field of social
business in Vietnam. Besides, despite a below middle income, Vietnam has shown to the world as a fast growing economy with a condensed population up to more than 90 million, making up a huge market size. Nevertheless, there is a certain level of challenges in Vietnam that need more strategic planning and assistance from the target country. To overcome market challenges, the author designs a market entry strategy for DiD on the base of Root’s international market entry strategy (1994). The author’s recommendations are subjective and mainly coined from the research findings and her personal experience. Throughout the entry plan, the author focuses on solving two foremost issues advocated by the interviewees: human resource and financial challenge.

One of the distinctive factors that differs a social enterprise from a traditional business is the social mission which is more vital than profitability. Taken this fundamental factor into account, the author suggests an entry strategy for DiD of delivering its social mission rather than the establishment of a profit local entity. In this section, the main research question is revised thoughtfully.

6.1 DiD services and the customer groups

Choosing market and target customers is the first decision, according to entry market strategy proposed by Root (1994). Though DiD works closely with its licensees, if the decision on location or partner is inappropriate, it could collapse the long-term objective of creating a self-sustainable entity in Vietnam and affect tremendously both to the social mission and revenue of DSE.

DiD must identify whether it is exhibition or workshop that will be established. Workshop requires a smaller space and investment but it also narrows the capacity of customers. An exhibition center though requires a much bigger space and investment, acquires higher capacity and if the space is big enough, short workshop sessions can also be scheduled inside the exhibition center. Individual visitors easily pop in an exhibition tour, while a training session is designed for a specific customer group and must be planned in advance. Taken these pros and cons between an exhibition and workshop center, the author recommends establishing an exhibition center in Vietnam due to its healthier advantages and long-term benefits than a workshop center. The suggestion in fact, is wedded to the case company’s objectives.
Out of three decision rules by Root (1994), the author identifies the groups of target customer simply based on using the pragmatic rule. The rule allows the application of a practical decision in other markets on the target market. In this particular case, from researching the customer portfolio in the similar markets to Vietnam, the author measures the market potential of these target groups and then concludes if the groups are appropriate. The most popular group of customer in other DiD local hubs are students, while the maximum capacity of an exhibition center is less than 60 000 students. Accounting for only 5 per cent of the growing market size, the goal is achievable. Education aspect of DiD is prioritized, therefore, students are the main focus group. It is recommended to first deal with private schools because they are likely to be more open and less sophisticated to make decision than public institutions. The second target group is adults and family. Private adults group includes professionals in the social fields, locals and tourists attracted to a social activity, or just simply interested in trying a new experience. DiD could also be an interesting option of the family hangouts in the weekend.

6.2 Entry mode

The market entry mode for the case company unfortunately are restricted from export and investment as the fact that the case company does not offer tangible products or wish to invest in cash. Licensing or franchising would be adopted for DiD Vietnam as it has been using in other countries. To enter the Vietnamese market in a long-term perspective, the foremost mission is to acquire business relationship with local partners.

The author encourages the partnered organization to run DiD VN as a social enterprise. The business form has been recognized legally in Vietnam and while running DiD as a social business in Vietnam, the licensed partner enjoys favourable conditions from the government and also advantages from the public attraction in the field. Besides, it is possibly easier for social enterprise to attract philanthropic fund and social investment from the public, social and business sectors than a non-profit organization.

Given the fact that social businesses in Vietnam are quite young and lack of financials, the author recommends to take the case of Rwanda as an ideal example, where there are a cooperation between three parties involved in the operation of a DiD local center. This practically means that DiD needs to engage at least two partners, one as provider of
human resource and the other as funder. This model helps resolve one mainstream problem of many NGOs or social enterprises that is caused by the shortage of finance.

6.3 Partnership with local organizations

To successfully enter Vietnam, the case company must solve the most difficult problem of finding partners. An appropriate partner must satisfy at least one of the criteria of acquiring the estimated investment or human resources to run DiD in Vietnam, additionally should be mission-fit with the case company. The author lists some of the potential partners in Vietnam based on the partners analyses of other DiD cases (see chapter 5). The selection of partners in Vietnam does not necessarily mean of stating who the best is but rather as suggestions for the company to establish the personal contacts with them later.

DiD should invest more time and resource to look for suitable partners, ideally a private investor or organization. DSE should be supportive in many dimensions for DiD Vietnam. It necessitates the company’s flexibility and openness to understand the partners’ needs, their situation and future goals. It means being as much as helpful by giving consultancy quickly and on demand. It also means considering a lower licensing fee for partners especially in developing countries who are not in a wealthy capital condition but have great interest for DiD.

6.4 Marketing

Marketing strategy is vital element of the entry strategy of the case company as it needs to deliver the concept first to the potential partners in Vietnam, then to the target customers.

The promotion should be wide open for public. The issue now falls back on how to deliver the idea effectively to the target groups, making them acknowledging the values of social benefits of DiD. One solution is to promote the educational aspect of the concept. Particular in educational sector, it is one of the main focuses of the government and the whole community. In addition to the government effort in improving literacy rate, parents do not hesitate to invest in their children future. Education has proved to be the on-going trend despite the country’s tough economic situation. There is usually a compulsory subject on ethics for primary and secondary schools. DiD could for
instance, promote its activities as a supplementary experience to the practical part of the course.

An appropriate pricing strategy defines how financially successful the local DiD center and how far its social impact is spreading to. The pricing decision should be aligned with company’s objectives while being affordable for the majority of the market. Because the exhibition is not a frequent activity, the company and its future partners in Vietnam must take both internal and external factors into account when setting the price for DiD exhibition ticket/workshop session or other in-the-darkness activities. The author suggests the price in the medium range of once-time entertainment activities, which is predicted around 100 000 – 200 000 VND (4 – 8 Euro) per exhibition visit. Discounts should be offered for students and people with disabilities; certainly, discount for groups and families is also recommended.

6.5 Trial workshop in Hanoi/Ho Chi Minh City

Standing on the position of partners, the author finds it difficult to make any partnership decision before getting a DiD real experience. Therefore the author recommends the case company to invite potential partners and investor for a visit in DiD exhibition or workshop, followed by the author’s two detailed suggestions.

The first option is to open a trial workshop in Hanoi or Ho Chi Minh City. The workshop could be self-financed by DiD, though it is not recommended due to the big sum of investment to cover the expenses of the whole trip. The author suggests that DiD could collaborate with a local organization or corporation to provide a training program and the workshop is part of it. The darken room and its facilities after serving the training purpose could be used as a trial workshop. By this way, DiD could reduce its expenses by having the customer organization/corporate cover the cost of the facilities and travel. There is another way of outsourcing the workshop for an event company. There are hundreds of event organizers in Vietnam and DiD could get benefits from its local network of private and business customers while cutting down the cost of construction.

The second option is more challenging, in fact, it requires great effort from both DiD and its potential partners. The workshop could be held at any DiD hub nearby, such as
Hong Kong, Singapore, or China. One of the important advantages of this choice is that DiD could use the available facilities and blind guides of the local hub. The greatest drawback raises question of how to encourage potential partners to travel abroad and participate in the workshop. Though the option appears to be less complex than the first option mainly due to the readiness of facilities, it possibly consumes more time and effort to invite partners and might leads to a limited number of participants.

SUMMARY

The research is conducted to find out whether Vietnam is a potential market for the case company and how it can successfully enter the market. To answer the research questions, the author conducts interviews and secondary research both on the company and Vietnamese environment which consequently points out the main difficulties and challenges for the DiD in Vietnam and the author’s suggestion accordingly.

The thesis consists of two main counterparts: theory and empirical findings. Theoretical framework is built upon the nature of social enterprises, the essential elements of a market entry and relevant tools for the company and market analyses. Empirical findings reveal insights of the company and the market from which argument on suggestions are given.

To conclude, the research findings show a great potential for the case company in Vietnam in terms of the market size and favorable conditions for social enterprises. Local partners play the most essential role in realizing DiD project in Vietnam, not only defines its own success but also affects the general outcomes of the DiD international. In order to step into the market, the company must find solutions for at least two foremost challenges, capital and human resources. The author provides a list of relevant organizations in the field which is believed as good match for the case company. The rest of the work is on the case company’s hand to contact these organizations and impetus the collaboration with them. The author also believes in the core mission of DiD and its energy to expand around the world.
REFERENCES


Dang, G. & Pham, M.T., 2013. *Corporate Philanthropy and Corporate Perceptions of Local NGOs in Vietnam*,


OECD, 2013. Job Creation Through the Social Economy and Social Entrepreneurship.


APPENDICES

Appendix 1. Interview questions for DiD representative

To have a deeper understanding of the internal analysis of Dialogue in the Dark potential in Vietnam, the author conducts an in-depth interview with the company’s CEO and head of … at the same time, (expected to last for 40m). The interview is composed of 3 groups of questions on different levels: corporate level, market-product level; and partners. A variety of questions are designed to obtain the knowledge, experiences and expectations of the company and DiD in particular, from the interviewees’ perspectives. The first questions focus on corporate level, in which information regarding the nature of the company, in alliance with the 7S components adding to fulfill the whole picture of the internal factors relating to the enterprise itself.

In the next session, questions aims to explore the market opportunity in Vietnam and the motivation of choosing the target market; while also focuses on understanding benchmarking strategy of DID in developed and emerging markets.

The following session is dedicated to micro level where two product lines of DiD (both exhibition and workshops) are examined in comparison of the target customers, prices and profit opportunities.

The last session focuses on the business networks of the company, to find out who has been interested in the concepts. The questions also aim to investigate what kind of partners DiD is looking for.

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Session 1: DiD international strategy, social mission

1. What is the mission and vision of Dialogue Social Enterprise in general? (in report)

2. What are the international strategy of the company and DiD? How social mission embedded to international strategy?

3. Which parts of the international strategy have been working well and which are not?
4. What market entry modes have been commonly used? Is there other market entry mode adopted in the past? Is there other option for the case in VN, for example, investment or joint venture? How well does your staff manage the network of international franchisees and licensees systems? When to use franchising and licensing system? Which is more preferred?

**Session 2: DiD Vietnam**

5. Why Vietnam is your target?

6. What are your main objectives and expectations of DiD Vietnam?

7. How does your price compared to other competitors? Is the licensing fee and franchising fee flexible in the developing markets?

8. How do you assess the market potential?

9. How do you conduct market research and business plan? How reliable the numbers? (already ask)

10. What is the benchmarking strategy of DID in developed markets and emerging markets? What is the key selling point?

**Session 3: DiD Partners**

11. Which kind of partners DiD have been dealing with?

12. In Vietnam, who has been interested in becoming partners? What were the barriers?

13. What are the criteria for evaluating potential partners?
Appendix 2: Interview questions for Vietnamese experts

Session 1: Introduction of the interviewee’s organization background

1. Could you give a short introduction of the organization and its function?
2. Is the organization privately or public owned?
3. What kind of projects/industries has your organization been working on?
4. Does your organization serve a social mission? Please explain.

Session 2: Non-profit sector, social entrepreneurship and blind community in Vietnam

5. To the extent of your knowledge, how is the situation of non-profit sector in Vietnam?
6. To the extent of your knowledge, how is the situation of social entrepreneurship in Vietnam?
7. To the extent of your knowledge, how is the situation of blind community in Vietnam? Have they received support from the government and public organizations in terms of employment and social welfare? Please explain.
8. What popular job occupies for blind people in Vietnam?
9. Do Vietnamese blind people speak English or other foreign language?

Interviewer then summarizes the job opportunities offered by DiD to blind people.

Session 3: DiD opportunity in VN

10. Have you heard about Dialogue Social Enterprise (DSE) or Dialogue in the Dark (DiD) before? If yes, please explain.
11. What is your imagination about DiD?

Interviewer provides further information about DSE and DID: location, operation, social mission, international network strategy, services (EXH and BW)
12. How do you assess the challenges of internal and external environment of DiD in Vietnam?

13. How do you assess the opportunities of DiD in Vietnam?

14. What DiD product is potential in the entry stage? (multiples)
   a. Exhibition
   b. Business workshop
   c. In-the-Dark other events such as Dinner in the Dark, Concert in the Dark

**Competitors**

15. Is there any competitor of DiD you have known in Vietnam? Please explain.

16. In your opinion, what differentiate DiD from other competitors?

**Customers**

17. What customer groups would be interested in the concept? Please explain.

**Prices**

18. How much are you willing to pay for an-hour exhibition tour: lower than 100 000 VND; 100 000 – 300 000 VND; more than 300 000 VND.

19. If you have children in school in the age group 6 – 18 and their school arrange an educational training in DiD, how much are you willing to pay for their 3-hour session?

20. If you are an HR manager and you would like to take your colleagues to a specified business training, (e.g. leadership training), do you think of DiD as an option? Please explain your answer.

**Session 4: Partnership with DiD**

21. Have you or your organizations cooperated with German companies or abroad?

22. What are the criteria for selecting projects/partners?
23. Are you interested in partnering with DiD? If yes, where would you take the financial funding; how you would allocate human resources for the project; How long is the partnership?

24. What are your expectations in the project?

25. What would be your way to run DiD?
   a. Non-profit operation
   b. For-profit operation
   c. Other: please explain
Appendix 3: Interview Summary

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<tr>
<th>Interview Summary 1</th>
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<tbody>
<tr>
<td><strong>Interviewee</strong></td>
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<tr>
<td><strong>Interviewee position</strong></td>
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<tr>
<td><strong>Setting</strong></td>
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<tr>
<td><strong>Duration</strong></td>
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Answering question 2, Mr. Kletzka showed three strategic dimension of Dialogue in the Dark internationalization strategy: Focus in Asian area; Return to North America; Develop partnerships with great institutions and organizations such as NGOs (e.g. CBM - Citizen Mission), GIZ.

Described in the classical business model of DiD, revenue of DiD is streamed centrally from the ticket sales of exhibitions, workshop trainings and other events such as Dinner in the Dark, Concert in the Dark. DSE get income directly from the consulting fee and licensing fee from the local partners. He also described the scaling model is licensing or in other word, social franchising.

In his opinion, workshop could be a tool to penetrate a new market. Workshops is easier to start, compared with exhibition it requires lower investment cost. Potential partners are invited to workshop. To illustrate the point, he took the case of Rwanda, a newly open workshop center in Africa. DSE, in cooperation with GIZ, ran a trial workshop by darkening a room in a hotel. The workshop was a part of GIZ soft skill training. GIZ supported the workshop by providing technical and financing for the DSE team. For the long-term run, an organizational partner who actually works on the operation of the workshop/exhibition is required.

Regarding the objectives and mission of DID in Vietnam, the ultimate goal is to sustain an exhibition center in one of the big cities in Vietnam, through that to achieve the mission of inclusion of society while change the mindset of public opinion about disability.

Regarding the price of DiD in developing countries, he said there was currently no permanent licensing fee with Rwanda. DSE believes in the local’s capacity and impact. However, the company still needs to charge for other costs such as consulting, quality
check, etc. Another option would be partnering with a public organization that is financially and technically supportive like GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit).

Regarding benchmarking and competition, he saw no competition because of the uniqueness of the social entrepreneurial concept of DiD. It provides an educational and entertainment environment for visitors while elegantly provides work for marginalized group of people. Through guest books and customer feedbacks, he could understand the reasons for visitors to coming back were that for instance, they merely would like to experience the exhibition again, or show it to their friends or family.

There are diverse groups of DiD partners, including museum (temporary or permanent exhibitions), social entrepreneurs (fundraised or private investment), educational sectors such as university (use the DiD as a teaching facility and self-run by students), corporate sectors (as a CSR project or an alliance in HR development program), companies working in telecommunication or optical sector (such as ZEISS), public organizations such as GIZ.

There are several selection criteria for partners. First of all, they have to be mission-fit to DSE. Second, they should have a certain business security, for instance, obtaining enough financial capital to run the business. The ability of doing sales and marketing is also an important criterion for the partnered organization’s financial sustainability and spreading the impact to large group of target customers. Last of not least, the driving engine of the partner should be as a holistic organization because it would be more difficult to rely the existence of a DiD center only on a single person.
**Interview Summary 2**

<table>
<thead>
<tr>
<th>Interviewee</th>
<th>Ms Hanah Tran (Hanh)</th>
</tr>
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<tbody>
<tr>
<td>Interviewee position</td>
<td>Financing investment, fundraising, charitable activities</td>
</tr>
<tr>
<td>Setting</td>
<td>Skype</td>
</tr>
<tr>
<td>Duration</td>
<td>55 minutes</td>
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</table>

**Introduction of interviewee:** Beside the primary job as a financial investor, Hanh is leading a charitable organization headquartered in Japan. Her group had operated in Vietnam before; however, due to the difficulty of economic situation, they left the market in 2013. Hanah has been back to Vietnam for couple of months, got to know the current market while enhancing her connection. Her charity organization worked on fundraising. The funding will be distributed unanimously to unfortunate people, for example, who suffer from natural disasters, or by giving new schoolbags for poor children.

In 2013, Hanah met Andreas, the CEO of Dialogue Social Enterprise GmbH in New York, the occurrence precipitate the opportunity for Dialogue in the Dark project in Vietnam. Hanah found the concept as a “great idea” that is important for educating the perception of disability.

Regarding to the promoting the concept of DiD, Hanah found in Vietnam it should focus on education rather than entertainment. Taking Noir, a recently opened restaurant in the dark, Hanah referred the challenges on the controversy topic of employment for disable community. In Vietnam, people criticize that blind-employed businesses are immoral as they force the blind to serve ordinary people. The ethical education that make DiD unique was the perception towards disability.

However, she found the work not simple. In comparison with DiD exhibition, the workshop is easier to establish but it is not suitable in the circumstance. In the other hand, DiD exhibition with its main focus on education, its potential customers belongs to the groups of students from primary to high schools. 70% of the revenues should come from this target group, the rest is from other residents, tourists, and extra activities such as coffee, book store.
**DiD opportunities:** Opportunities for DiD in VN, according to Hanah, was the fact that the youth’s majority in population. She hardly named any competitors in the same industry DiD Vietnam would operate. In fact, she said DiD Vietnam would be a huge success if it received support from the community. Governmental policy favors social enterprises in regards to tax, funding and supports. Ecosystem for social enterprises is attracting more supporters such as Vietnam social entrepreneurship organization.

**DiD challenges:** Difficulties, however, varies from human resources to financial investment. DiD Vietnam would need an estimated investment of at least 200,000 Euro with predictably unprofitable in a couple of years, and then be able to sustain itself as a social business.

**DiD price:** In terms of pricing, Hong Kong is a successful model where it charges for 20$ per turn, however the model in New York was a failure due to its high price. She suggested that the price could be from 120,000 to 150,000 VND per adult (equivalent to 7$), kids might be less than 100,000 VND.

Location is also a key challenge when real estate market is very pricing in central area of big cities. An exhibition requires a spacious area of at least 200m². Location inside an educational institution is an option, as the case with DiD Singapore. She suggested that the national university in Hanoi is a potential option.

Shortly, DiD Vietnam has to get the two important things done to be launched in Vietnam: Human resources and Funding. She suggested donors from foreign countries, investment organizations such as GIZ, Irish Foundation.

Role of interviewee in the DID Vietnam project: Hanah could not be active at present due to the heavy workload; next year will be chance for more commitment.
Interview Summary 3

<table>
<thead>
<tr>
<th>Interviewee</th>
<th>Ms Jenny Huong (Huyen)</th>
</tr>
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<tbody>
<tr>
<td>Interviewee position</td>
<td>Vice president – Business Center of National University</td>
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<tr>
<td>Setting</td>
<td>Skype</td>
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<tr>
<td>Duration</td>
<td>45 minutes</td>
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</table>

**Interviewee: Jenny** is working with Thrive.org, an American organization support SMEs. Their first project operated in Hanoi, funding up to 100,000$ for each business. By accepting Thrive’s motto “Paying back by giving”, the candidate businesses are not required to return the amount of investment, in fact, their business activities must be dedicated to benefit society, for instance, employment trainings, improving income of disable employees, etc. Different businesses are chosen based on 3 fundamental criteria: small and medium business from 2 to max 30 employees (family members are not counted); located within 50km inside Hanoi; potential economic development, poverty innovation and job creation.

**DiD Opportunities:** In general, it is a good opportunity for DiD in Vietnam. Environment for handicapped community is getting better. New rules and regulations for social business create more space and support for social businesses to develop. More importantly, community awareness for disability is improving, thanks to a group of intermediate social enterprise organizations and expanding of supportive social media channels. Previous vacancies for blind community in the market are limited and unattractive.

**DiD difficulties and challenges:** Regarding challenges of DiD in Vietnam, both Jenny and Hanah found challenges in implementation part of the project. In comparison of two concepts DiD and DiS, impact of social awareness is an opportunity for DiD but implementation is a challenge. She felt that DiS due to its enjoyable, less serious experience is less challenging to implement. She also had networks with deaf people and DiS would be new opportunity for them.

The most important thing is to find a founder of DiD Vietnam, who will be in charge of overcoming all other challenges. Factors such as human resource and location do count. It could be in a university as the case in Singapore or museum. She talked about the possibility of the location inside the campus of her organization the National University,
the problem lays on the limited space of the campus, she stated that it is not easy, but there is a chance for it. Technical transference relies on a person who fully understands of blind community (not her). Investment, organization that run DiD must be able to finance the business.

**DiD price:** Reasonable price for a DiD tour would be from 10 Euro, which is around 200 000 – 300 000 VND; pricing needs to consider classification of customers, possible discount for groups.

If DiD VN can apply for the funding: Not if it is private investor, they can only give investment to business which has at least one year of operating with clear customers and sales revenue. If DiD is run as a business, there is a possibility for DiD to receive the funding of 10 000 Dollars.

Role of DiD in Vietnam: interviewee could play role as a connector.