Tran Bao T. Nguyen

RESEARCH ON THE RECENT MOVEMENT OF VIETNAMESE CONFECTIONERY MARKET AND POTENTIAL STRATEGIES FOR HAI HA CONFECTIONERY JOINT-STOCK COMPANY (HAIHACO)

Degree Programme in Innovative Business Services
2016
The purpose of this thesis is to give the audiences a solid report about the current status of the Vietnam Confectionery Industry in general. Currently, Vietnamese consumers tend to choose those imported products from foreign countries instead of buying Vietnamese products. The reason for this new trend is because those Vietnamese companies lack an understanding consumer wants and needs: low capital, out-of-date technology and old manufacturing chains, low productivity, unattractive packaging, poor quality products and conservatism in doing business. Furthermore, Vietnam is now trading openly with the world so those international brands and companies are entering Vietnam rapidly. This also means the competition between domestic and international companies will also increase dramatically. In conclusion, these Vietnamese companies in general and Haihaco, in particular, need to change themselves to catch up with the market trend: investing in manufacturing chains, Research & Development department, and in packaging and marketing campaigns. Never stop learning and absorbing from the world to prepare the best strategies in leading the market.
TABLE OF CONTENTS

1. INTRODUCTION .................................................................................................................4
   1.1 General introduction .................................................................................................4
   1.2 Current status of Confectionery industry in Vietnam ..............................................4
   1.3 Hai Ha Confectionery Joint-Stock Company introduction: ....................................7
       1.3.1 General information: .......................................................................................7
       1.3.2 Forming and developing process: ....................................................................7
       1.3.3 Business lines and areas: ..............................................................................8

2. THESIS TOPIC ..................................................................................................................10
   2.1 Thesis title ................................................................................................................10
   2.2 Thesis purpose ..........................................................................................................10

3. RESEARCH METHODOLOGY .........................................................................................11
   3.1 Research hypothesis ...............................................................................................11
   3.2 Research methods ..................................................................................................11

4. DATA STUDY AND ANALYSIS .....................................................................................14
   4.1 Secondary data analysis ..........................................................................................14
       4.1.1 Operating Activities in 2015 .........................................................................14
       4.1.2 Reviews from Board of Director on operating activities ................................16
   4.2 Primary data analysis (Survey) .............................................................................18
       4.2.1 Question 1: .....................................................................................................18
       4.2.2 Question 2: .....................................................................................................19
       4.2.3 Question 3: .....................................................................................................21
       4.2.4 Question 4: .....................................................................................................21
       4.2.5 Question 5: .....................................................................................................22
       4.2.6 Question 6: .....................................................................................................23
       4.2.7 Question 7: .....................................................................................................24
       4.2.8 Question 8: .....................................................................................................25
       4.2.9 Question 9: .....................................................................................................26
       4.2.10 Question 10: .................................................................................................26
       4.2.11 Question 11: .................................................................................................27
       4.2.12 Question 12: .................................................................................................28
   4.3 Conclusion ................................................................................................................29

5. POTENTIAL STRATEGIES FOR HAIHACO .................................................................30
   5.1 Haihaco’s strategies for 2016 ................................................................................30
       5.1.1 General development orientation ....................................................................30
       5.1.2 Risks ...............................................................................................................31
   5.2 Author’s points of view and suggestions ...............................................................32
       5.2.1 Haihaco SWOT Analysis ..............................................................................32
       5.2.2 Potential suggestions ....................................................................................33

6. RELIABILITY AND VALIDITY OF THE RESEARCH .................................................40

REFERENCES ....................................................................................................................41
1. INTRODUCTION

1.1 General introduction
The confectionery industry appeared on this planet many decades ago, from the moment of the Middle Ages as human created such incredible things from sugar and carbohydrates and offered those products to their guests at home or prizes for the well-behaved children. Up until this modern era, humans are still in love with the confectionery, which helps this industry survive through the hardest times of the world’s economy. In every kid’s childhood all around the world, it is surely remembered about how happy when they were given such thing as candy.

All kinds of candy, from bubble gum, many flavored gummy bear, marshmallow or soft candy, you name it. It is not all about the candy; you could imagine many types of snacks, for example, potato chips, cookies or even bread. All of those magical little things could bring great joy for children, especially in some occasions such as Halloween or Christmas holiday. Well, it is not every day that children could eat as much candy as they wanted.

However, not only children are pleased with those sweet things, but also adults get excited and happy when they are offered a piece of cake or a chocolate bar. As things get more complicated when you grow older, through sadness or happiness, the confectionery always plays an important role in sharing those moments with you.

I have witnessed with my own eyes during the time I have been living in Finland: no matter how old people are, they all come to the confectionery aisle to buy more or fewer sweets every time they go to supermarkets for shopping. This also proves that even adults and elders do love sweets in general. Despite those risks, you may get from eating too much candy or chocolate, who else does not love those sweet lovely things?

1.2 Current status of Confectionery industry in Vietnam
Based on the report of Vietnam confectionery industry (Vu 2015, 4), comparing with other segments in the area of processing food and beverage industry, manufacturing the confectionery is a quite potential and active industry. Unfortunately, from the last 10 years, those domestic companies have been losing their markets to those international
rivals, due to the globalization after Vietnam had joined the World Trading Organization (WTO).

Collected information from the Online Trading and Investment Information Portal (Thi truong banh keo…2015), it was claimed that instead of the growing strongly of those Vietnamese confectionery companies and manufacturers, at the moment this field has been attracting many considerations and investments from those international companies. Comparing with those international companies, an ugly truth is that Vietnamese companies have been lacking strong capital and new manufacturing technologies.

This could be a bad news for those Vietnamese companies, since they have to compete with those big rivals from other countries, such as Thailand, who is famous for their qualified and low-cost confectionery products. On the other hand, this could be a lever lifting up the competition between them, from this point to enhance the general development of the confectionery industry. According to the review of BMI, Vietnam has been one of the most attractive retail markets in Asia (ranked right after India) in the Food field.

For many years, the confectionery industry has always been one of the fastest and stable growing industries in Vietnam. The main role of the confectionery industry increasingly determined itself since holding a big proportion in Food industry (40.43% in 2015) and it has been growing from 20% up to 40% within the last 10 years. At the moment, Vietnam is having approximately 30 manufacturing enterprises with large scale, approximately 1,000 manufacturing factories with medium – small scales and a certain amount of companies importing confectionery products from foreign countries (Thailand, Korea, Japan…). Based on the annual financial report, the experts estimated that revenue of the confectionery industry in 2018 would be 40 thousands billion Vietnam-dong with approximately 200 thousand tons of quantity (Thi truong banh keo…2015).

Based on the report of Business Monitor International (BMI), revenue of Vietnam Confectionery Industry in 2014 increased impressively up to 10,65% (about 27 thousand billion Vietnam dong), compared to its revenue in 2013 (Thi truong banh keo…2015). In the long run, the confectionery industry has been continuously considered as a strong
developing industry, since it contains such great elements such as young population structure, health care issues and the investment resources from those international companies. Those elements enhanced Vietnam to truly become an attractive and potential market for Food and Beverage industries in general and the confectionery industry in specific (Thi truong banh keo…2015).

Not being too optimistic, one of the biggest Vietnamese confectionery brands, such as Kinh Do or Bibica, has continuously been acquired by the international ones such as Mondelez International, Lotte…. Those facts had given us an alarm that our domestic market has slowly being taken by those strong foreign rivals. Being well paid and living in a more modern country, the Vietnamese nowadays can search on the Internet for more information about those imported confectionery products and find out where to buy them in the most convenient way.

Vietnam has joined the World Trading Organization (WTO) since 2007 and this action brought both pros and cons for the Vietnam’s economy generally. Since being a member of WTO, even though receiving a lot of beneficial policies for Vietnam's exporting fields and became quite competitive rivals of those neighbor countries, but the domestic market of all fields now have to face a more sophisticated issue: a fight between domestic and international products. More specifically, imported confectionery products from Japan, Korea, Thailand, USA, and Europe appear every corner in all supermarket chains nationally. They came with high-quality products, famous brands, low-cost products, and the decrease in Vietnam’s Import tax for this field, those international confectionery companies are slowing killing our Vietnamese ones (Thi truong banh keo…2015).

According to those experts in this field, the main reason for the downhill of Vietnam confectionery industry was a thin investment in manufacturing technology, old fashion packaging designs and not concentrating on the creation of new trends with high-quality products. Half of Vietnam’s confectionery products were run behind the market demand. For example, nowadays people tend to care about their health and require a less sugar and more hygiene products, but those domestic companies still using the old recipe from decades ago.
1.3 Hai Ha Confectionery Joint-Stock Company introduction:

1.3.1 General information:

| - Original trading name | Công ty Cổ phần Bánh Kẹo Hải Hà |
| - English trading name | HAIHA CONFECTIONERY JOINT-STOCK COMPANY |
| - Acronym name | HAIHACO |
| - Company logo | ![HAIHACO Logo](image) |
| - Taxpayer Identification number | 0101444379 |
| - Charter capital | 82,125,000,000 VND (App. 3,672,853 USD) |
| - Owner’s investment | 82,125,000,000 VND (App. 3,672,853 USD) |
| - Address | 25 – 27 Truong Dinh St., Truong Dinh Ward, Hai Ba Trung Ward, Hanoi, Vietnam |
| - Telephone | (+84) 4 3863 2956 |
| - Fax | (+84) 4 3863 1683 |
| - Stock symbol (in Vietnam) | HHC |

Table 1. Haiha Confectionery Joint-Stock Company Introduction (Cong ty Cổ phần…2015, 2)

1.3.2 Forming and developing process:

Công ty Cổ phần Bánh Kẹo Hải Hà, its international trading name is Haiha Confectionery Joint-Stock Company (HAIHACO). Haihaco was first established on 25th of December 1960, going through 55 years of growing and developing, first being a fish and soya sauces manufacturer then turned into one of the biggest confectionery factory of Vietnam (Cong ty co phan…2015, 2). There are 1,300 laborers who are working in Haihaco at the moment, including 07 departments, 04 membered-manufacturers located in Ha Noi, Viet Tri, Nam Dinh and other branches in Ho Chi Minh city and Da Nang.

In January 2004, Haihaco became Joint-Stock Company with the first charter capital was 36.5 billion VND (app. 1.6 million USD); with 51% of the charter capital belonged to Government and the rest of it belonged to the laborers. On 09th of December 2004, the Ministry of Industry and Trade of The Socialist Republic of Vietnam claimed that the
Government’s capital in Haihaco would be put under the management of Vietnam National Tobacco Corporation. On 08th November 2007, Haihaco was given permission to list its stocks at Hanoi Stock Exchange (HNX), approved by the Director of HNX and officially trading on the stock market from 20th November 2007. In May 2011, Haihaco successfully increased its charter capital (up to 82 billion VND, app. 3.6 million USD) by selling out the stocks to those external investors (Cong ty Co phan…2015, 3).

Haihaco was also certified “Hazard Analysis and Critical Control Point” (HACCP), which is the first company who received this certificate in the field of manufacturing confectionery in Vietnam. This achievement showed one thing that Haihaco truly considers about the consumer health. With the history of 55 years growing and developing continuously, especially the nonstop efforts of Haihaco’s labor force, great strategies, high-skill workers, along with the changes and innovations in policies of Vietnam Government, Haihaco has been incredibly surpassed its obstacles and difficulties, kept moving forward and confirmed the reputation in Vietnam Confectionery Manufacturing Industry.

Achievements:

- 01 of “Second Labor” medal (1985)
- 01 of “First Labor” medal (1990)
- 01 of “Third Independence” medal (1996)
- Certificate of Merit from the Prime Minister (2010)

1.3.3 Business lines and areas:

Haihaco current business lines:

- Manufacturing and trading of confectionery products
- Export and import raw materials, machinery and equipment, consumer goods, other commodities
- Investments in other business sectors, which are not prohibited by Law of The Socialist Republic of Vietnam

Haihaco current business areas:

- Ha Noi
- Da Nang
- Ho Chi Minh City
Haihaco current products:

- Chew candy
- Soft Candy
- Hard Candy
- Cookies
- Soft pie
- Cracker
2. THESIS TOPIC

2.1 Thesis title
“Research on the recent movement of Vietnam Confectionery market and potential strategies for Hai Ha Confectionery Joint-Stock Company (HAIHACO)”

2.2 Thesis purpose
As the author of this report, I wanted to give my audiences a clear view and solid information about the current status of Vietnam Confectionery Industry generally. All the information I used to write this report was all publicized on Haihaco’s website and printed in Hai Ha Confectionery Joint-Stock Company Annual report 2015. After analyzing all the data and information from those sources, I would suggest some potential strategies for Haihaco in order to improve the current status, expand the business area and conquer Vietnam Confectionery Market.
3. RESEARCH METHODOLOGY

3.1 Research hypothesis

“If those Vietnam Confectionery Companies (for example: Hai Ha Confectionery Joint-Stock Company) produce new trend for high-quality products, which taste the same as those imported confectionery products, but lower prices. Will those Vietnamese consumers prefer the Vietnamese products or those imported ones?” This is the question that has always been stuck in my mind: Do Vietnamese consumers still have trust in those national confectionery companies or not? Food safety issues, environment issues and product diversity issues have always been huge obstacles for each and every confectionery manufacturers in keeping their customers and also attracting more new consumers.

Customers and consumers nowadays are becoming stricter with things they put in their mouth. The confectionery products have to be not only good in taste but also attractive in appearance (Thi truong banh keo…2015). Moreover, as serious diseases come along with consuming too much sugar from those products, people now tend to care about the quality of products’ raw materials and the process of producing the products. The confectionery field is a high comparative industry. Especially, from 2015, Vietnam Government officially decreased the Import Tax for Confectionery products down to 0%, which means those national companies have to compete for the new waves of international confectionery products with better in taste but lower in price. Vietnam Confectionery Industry is still young, compare with other countries such as Thailand, Korea, America, Germany… At the moment, it is much easier for Vietnamese consumers to purchase and enjoy those famous international confectionery brands from all over the world. And sometimes, the price is not an issue to stop them from enjoying those pleasures.

3.2 Research methods

The overall research approach is using the case methodology within the Vietnamese confectionery industry where the embedded focus is upon the company of Haihaco. The reason for this industry’s investigation was to seek for a possible answer of the research question: “What is the current situation of the Vietnamese confectionery industry?” In order to accomplish my work, I have sought for different types of data and information
then analyzed them, including those business articles written about the Vietnamese confectionery industry, Haihaco annual report and market research survey.

The quantitative method was used to carry out my investigation. Generally, the quantitative method is a process in which certain data and information are collected and presented in “number”. Based on the definition of “Quantitative method” (Saunders, Lewis & Thornhill 2009, 414), it is understandable that after collecting the important data and information, those “numbers” are nearly meaningless. Therefore, researchers need to process and analyze the data in our research results, so that they can turn the data into useful information and understandable for audiences. Things such as graphs, charts, and statistics are helpful techniques most of the researchers usually use to analyze quantitative data, support us in digging deeper into the issue, indicate, define and consider the relationships and tendencies within our data.

Since choosing the quantitative method for the thesis research, a short survey was created to collecting primary data. The survey questions were made based on the topic I had been working on. The main purpose of this survey is collecting data, including information about confectionery consumers, their opinions about national and international confectionery products, their requirements and desires for these ones.

From this survey’s answers, they would help me easily analyze customers’ purchasing behaviors towards confectionery industry in general and confectionery products in specific, customers’ needs and wants. Later on, from this valuable information, a table of comparison between those advantages and disadvantages of Haihaco would be listed and this table could help them understand more about the real consumers; find out the new trends of confectionery market and also acknowledging the real obstacles they are facing in the future.

On the other hand, in order to have more knowledge and concept about the company, I also searched for more information of Haihaco on the Internet then present them in my report as secondary data. On the company’s website, they officially posted plenty of useful business articles such as company’s history, formation, brands and products, which I can use as a reliable data source for my thesis. In essence, this research uses Haihaco as a lens to look at phenomena in the confectionery industry of Vietnam.
Furthermore, each quarter and each year, Haihaco also published on the Internet their financial reports and annual reports. In those reports, there was plenty of information about the company. For example, financial statement, reviews of B.O.D on manufacture and business activities; the company’s advantages and disadvantages in 2015, opportunities and also risks for the upcoming year 2016, etc. Those reports are great and trustworthy sources, in which I can use their information as secondary data for my thesis.
4. DATA STUDY AND ANALYSIS

4.1 Secondary data analysis

4.1.1 Operating Activities in 2015

a. Operation status of Manufacture and Business:

<table>
<thead>
<tr>
<th>No.</th>
<th>Targets</th>
<th>2014 Performances</th>
<th>2015 Plans</th>
<th>2015 Performances</th>
<th>Proportion (%) 2015/2014</th>
<th>Proportion (%) compared to plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sales revenue (VND)</td>
<td>780,460,000,000</td>
<td>820,000,000,000</td>
<td>790,700,000,000</td>
<td>101.4%</td>
<td>96.5%</td>
</tr>
<tr>
<td>2</td>
<td>PBT 10% (VND)</td>
<td>34,020,000,000</td>
<td>32,000,000,000</td>
<td>34,160,000,000</td>
<td>100.5%</td>
<td>107%</td>
</tr>
<tr>
<td>3</td>
<td>Owner’s Capital (VND)</td>
<td>209,380,000,000</td>
<td>212,000,000,000</td>
<td>221,900,000,000</td>
<td>106%</td>
<td>104.7%</td>
</tr>
<tr>
<td>4</td>
<td>Charter Capital (VND)</td>
<td>82,125,000,000</td>
<td>82,125,000,000</td>
<td>82,125,000,000</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>5</td>
<td>Budget contribution (VND)</td>
<td>40,500,000,000</td>
<td>40,500,000,000</td>
<td>39,900,000,000</td>
<td>98.5%</td>
<td>98.5%</td>
</tr>
<tr>
<td>6</td>
<td>Export Value (USD)</td>
<td>2,890,000</td>
<td>3,000,000</td>
<td>3,140,000</td>
<td>108.7%</td>
<td>104.7%</td>
</tr>
<tr>
<td>7</td>
<td>Average Income (VND/Per./Mo.)</td>
<td>6,700,000</td>
<td>7,400,000</td>
<td>6,920,000</td>
<td>104%</td>
<td>93.5%</td>
</tr>
<tr>
<td>8</td>
<td>Wage-Fund</td>
<td>104,500,000,000</td>
<td>115,000,000,000</td>
<td>115,000,000,000</td>
<td>109%</td>
<td>100%</td>
</tr>
<tr>
<td>9</td>
<td>Expected Dividend</td>
<td>12,318,000,000</td>
<td>12,318,000,000</td>
<td>12,318,000,000</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 2. Haihaco operation status of manufacturing and business (Cong ty Co phan…2015, 8)

From Table 2., you can see that the practical Sales Revenue of 2015 didn’t reach the targeted plan, since it was the first year of the new Confectionery Import Tax Policy. The new policy applied to decrease the imported tax for those international confectionery products down to 0%, therefore Haihaco decided to reduce the quantity of
those products that had low-profit proportion and mainly focused on manufacturing those which would have higher profits. This act caused the decrease in sales but the company still successfully reached the demanded Profit Target, thanks to the focus on those-high profit proportion products.

About the organization and labor force (Cong ty Co phan…2015, 8), there are 1.297 employees and workers who are signing contracts with Haihaco at the moment, excluded those 03 members of company operating department:

- Mr. THANH HONG TRAN – Managing Director
- Mrs. HOA KIM THI NGUYEN – Deputy Managing Director
- Mrs. XUAN KIM THI DO - Chief Accountant

b. Investments and Projects:
Within the year 2015, Haihaco has already launched many business projects, such as:

- Building several articles at the new manufacturer, which belongs to the “Transferring Project”; investing in building new Hai Ha Confectionery Plant in Bac Ninh’s Industry Zone.
- Investing in supplementing a brand new producing Miniwaf chain.
- Investing in increasing the capacity of the producing Jelly candy chain.
- Supplementing several machines and equipment, serving the producing process.

The total expenditure for the already-launched investment and building projects in 2015 was approximately 25.5 billion VND, achieved about 51% compared to the original project plans (Cong ty Co phan…2015, 11).
c. Financial status:

<table>
<thead>
<tr>
<th>TARGETS</th>
<th>2014 (VND)</th>
<th>2015 (VND)</th>
<th>INCREASE / DECREASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total property</td>
<td>337,343,986,895</td>
<td>384,295,050,126</td>
<td>46,951,063,231</td>
</tr>
<tr>
<td>Revenues</td>
<td>775,247,030,944</td>
<td>781,772,532,141</td>
<td>6,525,501,197</td>
</tr>
<tr>
<td>Profits from business activities</td>
<td>31,774,846,752</td>
<td>34,345,933,092</td>
<td>2,571,086,340</td>
</tr>
<tr>
<td>Profits from other activities</td>
<td>2,249,420,562</td>
<td>-183,426,170</td>
<td>-2,432,846,732</td>
</tr>
<tr>
<td>PBT</td>
<td>34,024,267,314</td>
<td>34,162,506,922</td>
<td>138,239,608</td>
</tr>
<tr>
<td>PAT (VAT 10%)</td>
<td>26,514,384,498</td>
<td>26,448,643,932</td>
<td>-65,740,566</td>
</tr>
<tr>
<td>Proportion of profit on returned interests</td>
<td>46.5%</td>
<td>46.6%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Table 3. Haihaco financial status (Cong ty Co phan…2015, 12)

According to the Table 3., you can see that in 2015, Haihaco earned approximately 8.09% more of profit from the business activities than the year 2014; in addition, the revenues in 2015 also increased about 0.84% compared to the year 2014. Unfortunately, Haihaco had the minus number in the “Profits from other activities”. In 2015, profit in this field was -183,426,170 VND, leading the year 2015 suffering heavy loss (about 108.2%) compared to the last year. The consequence of this loss led to the proportion of profit on returned interests did not increase, even though Haihaco had impressive revenues and profits from business activities.

4.1.2 Reviews from Board of Director on operating activities

a. Reviews on results of Manufacturing Activities

After a long year fighting with the economy crisis in Vietnam, Haihaco still managed to perform a great 2015-year with impressive revenues and profits (Cong ty Co phan…2015, 20).

- The total revenues of 2015 reached 790.7 billion VND, which means Haihaco had achieved revenues 1.4% more than the previous year.
- Haihaco achieved 41.6% of benefits before tax over the charter capital.
- The proportion of benefits before tax over the revenues is 4.32%.
- Company’s budget deductions are approximately 39.9 billion VND.
• Employee average income is around 7 million VND / person / month.

About the R&D department, Haihaco had achieved quite impressive improvements, since the company had launched several new confectionery product lines, for example:

- The Chewmilk candy
- The Goodmilk candy
- Soheart biscuit package
- Miniwaf waffle
- Sokiss chocolate

Haihaco did pay attention to the new confectionery trend of Vietnamese market. Nowadays, consumers tend to care more about their health issues and the products’ material. That is why the consumers would prefer less sugar confectionery products than the old Haihaco styles.

Understanding those needs and wants, Haihaco had been developing a modern manufacturing chain in order to produce new products with high quality and high efficiency, which helped them satisfy their customer’s requirements. Those changes and developments also enhanced the company’s exporting potentials to Cambodia, Laos, Myanmar, Korea and China (Cong ty Co phan…2015, 20).

In addition, Haihaco also decided to redesign all the packaging of their old confectionery product lines, such as Jelly Chip, Chewhaiha, Creamy porous cake or Longpie cake. The purpose of this decision is not only attracting more customers with the new packaging of the products but also maintaining the current market share in Vietnam. Renew the packaging not only brings a new look for Haihaco products but also increases the competitive level among other rivals.

b. Labor force and salary policy

Haihaco had maintained the employee average income around 7 million VND per month per person. This wage rate had been raised about 4%, compared to 2014’s wage rate (Cong ty Co phan…2015, 20). This positive result helped Haihaco achieve the target on raising their labor average income. In addition, Haihaco continued to effectuate the current wage pay regulation. Salary was counted based on two main factors: product quantity and job position. Last but not least, Haihaco also paid attentions to their high-
skilled technic-team, in order to maintain the suitable regulation, policy and remuneration according to the labor market.

4.2 Primary data analysis (Survey)

This survey was made based on the knowledge and information I had been collected for the thesis. I was able to collect all the answers from 150 people from different segmentations, such as age, gender, location, occupation and wages. In my opinion, the result of my survey could be more accurate if I was able to reach more people. But since I only collecting data online from a far distance with the small connections that I already had, this was the best I could do.

The survey contained 12 different questions, but it was built as multiple choices, which made audiences easier to pick out their answers. As the result, the survey pointed out the important answer that I was searching for:

- Confectionery market trend in Vietnam at current moment
- Customer attitudes toward Vietnamese products
- Customer attitudes toward imported products
- Did Haihaco accomplish their goal as being acknowledged by the customers?

Here I presented my survey with the questions and the answers from all the people who had answered them.

#### 4.2.1 Question 1:

After collecting all answers from the interviewees for this Question 1, I came to the result.

**Q1: Are you interested in confectionery products?**

The chart above described the percentage of how much 150 people were interested in the confectionery. As it had been mentioned in the Introduction section, most of the people
on Earth are in love with the confectionery. Even though the survey was able to reach only 150 people, but it was 83% of them all loved the confectionery and only 17% of them did not. This means if we have 10 people, about 8 of them would like to purchase those confectionery products and only 2 of them will not pay much attention to them.

This is a very good sign for this industry since it has a quite high consumption level even though its products are not really essential for human’s life. On the other hand, consuming a large amount of the confectionery may also cause you chronic caries or worsen the diabetes symptom. Despite those hidden problems, consumers still purchase the confectionery every single day and this surely encourages Vietnamese confectionery industry developing in the future.

4.2.2 Question 2:

<table>
<thead>
<tr>
<th>Q2: What age are you?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>4% 3%</td>
</tr>
<tr>
<td>26%</td>
</tr>
<tr>
<td>67%</td>
</tr>
</tbody>
</table>

The question 2 was about the age of the interviewees. As the graph described above, you can see that the main target for this question was the young adult group (about 66%) and the adults (approximately 26%). The reason for this action is because I believe that people in those groups are willing to pay for the confectionery the most. Moreover, these young adults and adults are also willing to try new products on the market, compare to other groups.

In order to make things clear, here comes the explanation. Those people who are under 18 do not have the control of money. As the result, they cannot easily spend their budget on the confectionery. They surely still have something else, which they are more interested in, other than the confectionery, such as cosmetic products (for girls) or games (for boys). As the result, they prefer to ask their parents, who are in the “25 to 50 years old” group, to buy it for them.
About the “Above 50 years old” group, people in this group usually tend to care about their health and diet, so they prefer to consume more vegetables, healthy foods, and less-sugar products. Especially when people grow older, they often have to deal with the diabetes problems, so they tend to stay away from the confectionery.

From the above analysis, a conclusion was formed. The “Young adult” group and “Adult” group are the potential customers for confectionery companies. The people in “Young adult” group are around 18 to 25 years old, the age of studying in colleges or universities. Some of them already start working. Based on my experience as a student, during the time working on the assignments or graduation thesis, I always needed the confectionery as one of my energy sources in order to keep me sober most of the time. I do believe that other students also do the same as me. While you are working late at night, candy or cookies can be your favorite saviors.

Not only those students but the employees (in the “Young adult” and “Adult” groups) also love to consume the confectionery. It does not matter what you do, studying or working, these products surely help you not getting bored or distracted. The confectionery, such as chocolate, cookies or chewing-gum, give you more sugar in order to boost up your energy so you can be able to put yourself together and concentrate on what you are doing.

In addition, at work, those adults use the confectionery as one of their tools for serving customers. For example, when I had a business at a bank in Vietnam, I noticed that there had been always a small bowl of different flavors of candy (both hard candy or soft candy) by the table. So while waiting for the bank’s service, I and also other customers could have a taste of these candies freely. Obviously, even though this candy did not really make the process go faster, but it surely made the customers feel more comfortable during their waiting.

Last but not least, at home, these young adults and adults also buy their favorite confectionery, not only for themselves but also for their children who belong to the “Under 18” group.
4.2.3 Question 3:

As it had been explained in section 4.2.2, most of the interviewees were around the age of 18 to 50 years old. Obviously, the people belonged to these groups are mainly working as employees (approximately 57%) or currently studying (approximately 36%). Only 7% of them are currently working as homemakers. In my opinion, these homemakers are one of the most potential customers, since they spend time taking care of their families, shopping at the markets or supermarkets so they understand the best what suits their needs: prices, tastes or product’s quality.

4.2.4 Question 4:

Since the purpose of this thesis was figuring out Haihaco standing-place at the southern markets, so 100% of the interviewees were from Saigon or the southern areas of Vietnam. Furthermore, Haihaco has already expanded their market to the centered areas of Vietnam, such as Hue, Da Nang… so people from the northern and centered of Vietnam are quite familiar with Haihaco products. In order to be able to expand their market further to the southern areas, Haihaco needs to know and understand clearly the
people who living in these areas: their ages, genders, consuming behaviors, product perceptions, concepts of quality or favorite packaging.

4.2.5 Question 5:

| Q5: What elements do you consider when purchasing confectionery products? |
|-----------------------------|----------------|----------------|----------------|-----------------|------------------|-----------------|
| Origins                     | 64%            | Professional and eye-catching packaging | 37%            | Have tried before and suits your taste | 68%          | Prices                      | 48%            |
| Quality and food safety     | 64%            | Brands                     | 60%            | New-coming products on the markets      | 14%            |

The next consideration was the one about those elements that affect customer’s purchasing decision. Despite my own predicted answer for this question was the “Quality and food safety”, the things that affected customers the most was their familiar products. 68% of the interviewees answered that they prefer to repurchase their favorite confectionery products, which they had tried before. There is 64% of the interviewees care about the “Origins” of these products and their “Quality and food safety”.

The “Brands” did play an important role in these elements list. 60% of the interviewees paid attention to the brands and only 48% of them paid attention to the prices. It seemed like the southern market is more open and easy-going than the northern since the customers in the southern areas do not consider much about the prices. They were willing to pay more, as long as the products suit their tastes. This customer purchasing behavior is totally opposite of the northern people. Customers in the northern areas carefully consider the prices, then the eye-catching packaging.

In a small conversation with the Deputy of Managing Director, Mrs. Hoa Nguyen, she said that the northern market is more difficult than the southern, since the people in Hanoi for example, were not willing to pay more for a 200gr package of soft candy, even though it tastes better with nicer packaging.
On the other hand, this purchasing behavior of the southern people also causes a problem for Haihaco. Since the customers in Saigon do not pay much attention to the prices but only the tastes, then they will not hesitate to spend more money on the products that taste better, included those imported products. In this case, Haihaco not only fights with those Vietnamese confectionery brands but those international brands also become their highly competitive rivals.

4.2.6 Question 6:

As you can see from the chart above, 47% of those interviewees agreed to spend about 50,000 – 100,000 VND each time they visited supermarkets or the retail confectionery shops. Normally, within this amount of money, you will be able to purchase around 7 - 8 different products of Haihaco (a package of cookies, a bag of chewy candy, a bag of hard candy, a package of salty rice cracker…). With this same amount of money, you will be able to purchase approximately 3 – 5 imported products from around the world, except for those especially luxury ones.

There are 37% of people agreed to spend less than 50,000 VND each time they visited the supermarkets. Those people might be those students randomly purchase 1 or 2 small packages of candy or cookies on their way to school or extra classes. 19% of people would like to spend from 100,000 to 300,000 VND each time on the confectionery, which proves that they were truly obsessed with them, or they were about to throw a small party with their friends.
Question 7:

Q7: According to you, how much money on confectionery products should you spend per month?

From this chart, you can easily notice that Vietnamese people tend to spend about 100,000 – 500,000VND per month on just the confectionery. Approximately, with this amount of money, a person can purchase foods for a week. This number proved that Vietnamese people do love consuming the confectionery and also consider those products as basic foods in their families.

About 32% of the interviewees claimed that they spent about less than 100,000VND per month on the confectionery. With only this small amount of money they want to spend per month on those products, these people will not pay much attention when there is a new-coming product on the market. In my opinion, Haihaco should consider carefully that 7% of people who spend about 500,000 to 1,000,000VND per month on the confectionery. Those people not only have the sweet tooth but they also tend to pay attention to those upper-middle class products, also those imported ones.

Haihaco has been working on producing low-middle class products for such a long time and it is a fact that Haihaco now is losing their market-share in this field to those international rivals. In my opinion, now they need to change their direction to producing high-class products in order to expand their market. This idea comes up at the right time since Haihaco has spent plenty of money on investing in new manufacturing chains and factory.
4.2.8  Question 8:

Q8: In some special occasions (such as Lunar New Year, Christmas, New Year, International Children day...), how much do you and your family spend on the confectionery products?

For the Vietnamese people, those special occasions such as Christmas, New Year and Lunar New Year all come closely together (from December to the January or February of next year). Within these three months, people need to prepare for the parties and family reunions so they will obviously spend more money on the confectionery. For each of these occasions, the interviewees agreed that they should spend approximately from 500,000 VND to 2,000,000 VND. There is only 8% of them assumed that they would spend more than 2,000,000 VND for each occasion and 4% of them would spend more than 4,000,000VND.

Respectively, people tend to look for those low-middle class products since they accept the price range from 500,000 VND to 2,000,000 VND. They buy these confectionery products not only for their self-consuming but also as the gifts for others. Furthermore, most of my interviewees also said that they would look for products with attractive packaging and cheap prices. Haihaco should consider this point as one important factor in their manufacturing process since this could help them improve the revenues by satisfying customers’ requirements.
In the introduction section, it was already mentioned that Haihaco was officially formed in Hanoi. As growing and developing, they expanded their market further than Hanoi, or rather be the Northern areas of Vietnam. On the other hand, I only interviewed people who are living in the Southern area (as you can see the result from question number 4). As the result of question 9, you can see that only 55% of the southern people have heard or tried the products of Haihaco before.

This is a quite sad result for Haihaco because clearly, they have not yet expanded their brand name and reputation as mush as they had expected. Their products have reached to the southern people for a couple of years but yet not much people know about them.

Even though there are around 82 people (55%) among the interviewees know about Haihaco and its products. On the other hand, there is about 88 of them (59%) have never
tasted any products. This means some of the consumers knew about Haihaco but somehow they still have not tried yet. This is definitely a red alert for Haihaco since their market share in the south is decreasing respectively and their products are not much welcome there.

4.2.11 Question 11:

<table>
<thead>
<tr>
<th>Q11: Which confectionery brands do you usually purchase from?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Haihaco products - 10%</td>
</tr>
<tr>
<td>Bibica products - 26%</td>
</tr>
<tr>
<td>Kinh Do Food products - 38%</td>
</tr>
<tr>
<td>Thailand imported products - 31%</td>
</tr>
<tr>
<td>Korean/Japanese imported products - 42%</td>
</tr>
<tr>
<td>American imported products - 50%</td>
</tr>
<tr>
<td>European imported products - 37%</td>
</tr>
<tr>
<td>No matters, as long as it suits the taste - 28%</td>
</tr>
</tbody>
</table>

Before collecting the answers for this question, I wondered myself which products the Vietnamese would prefer more: imported or Vietnamese confectionery. The result came out quite shocked me. Only 10% of the interviewees would buy Haihaco products. This confirms my worry: the market share of Haihaco in the south is really small.

As you can see from the chart, most of the Vietnamese people prefer buying imported products: 50% of them liked those from American, 42% liked those from Korean or Japanese, 37% liked the European and 31% liked those from Thailand. The fact is that even though the prices might be a little bit higher than those Vietnamese products, people are still willing to pay. However, there are some people who still support the Vietnamese brands. Kinh Do Food and Bibica already have quite an amount of loyal customers and they work pretty well to keep them from purchasing again the products. This means that those Vietnamese companies still have not lost all the support from customers yet, but surely they are now struggling in competing against those international giant brands from all over the world.
In chapter 3, the hypothesis was written down as a question and here came the answer. The result was quite sad for those Vietnamese companies because truly, they are losing their customers to the outsiders. So when there is a new confectionery product comes out on the market with the same quality and price, only 30% of the interviewees want to support the Vietnamese product and the rest of them put their trust on those international brands. This could be extremely difficult for all the Vietnamese confectionery companies (not only Haihaco) to equally compete with the international rivals, no matter how much effort they put on producing new products.
4.3 Conclusion
Combining all the answers of the interviewees from above, here comes the conclusion for the current confectionery trend in Vietnam and the situation Haihaco is in now. The Vietnamese confectionery industry is now extremely competitive since consumers have all the choices in their hand: imported products from all over the world and domestic ones. Those Vietnamese companies not only need to fight against each other, but they also have to face with the wave of international products that are rapidly spreading through Vietnam.

This is quite unfortunate that those domestic companies include Government and private ones, have been doing a pretty bad job in producing products for the Vietnamese people. Those companies have all the advantages in their hand: cheap materials, good labor force, being familiar with the Vietnamese’s tastes, but still not be able to create something good enough to convince customers to stay loyal. As a matter of fact that even the product price might be a little bit higher, it is clearly that consumers in the south tend to choose the imported products more than supporting the domestic ones. “You will get what you pay for”, this is what they believe in. In their perception, those imported products from famous international companies will taste better, safer for their health and trustworthy.

These will cause Haihaco quite lots trouble in their way of finding solutions to win back the customers they had lost and expanding their market share in the southern area at the same time. Not only they need to work on the packaging, but also they certainly need to create the right products that people want. Despite only a few of people will look for new products on the market each time they go shopping, but if Haihaco could catch these few customers’ attentions, this would have turned into a great opportunity for Haihaco. In doing business, no one should ever underestimate the power of a small group of potential customers, since their product can become a phenomenon all over the country just thanks to these people who love to try new things.
5. POTENTIAL STRATEGIES FOR HAIHACO

5.1 Haihaco’s strategies for 2016

5.1.1 General development orientation

Haihaco is continuously expanding and building developments to the multi-industry direction, fitting with the development of market mechanism, according to the orientation of Vietnamese Government. The biggest target of Haihaco is continues research in order to rationalize the producing process, cut down the expenditures for the consumable of raw materials, augment the manufacturing and selling efficiencies. Moreover, the company highly pays attention to the food hygiene and safety issues so they can limit minimum those incidents relate to the quality, which may affect its reputation.

Haihaco is planning on promoting market research in order to help them be able to make the right decision on investing new product and manufacturing chain developments. In 2016, the company will definitely implement a contract signed with the BR Pharma, which they agreed to produce the functional foods. These products such as the Jelly Melisa vitamin substances, the Honey Ginger candy or the Honey Lime candy… will be legally and widely sold in many drugstores throughout Vietnam.

It also promotes investing in building a modern management system to manage the producing process in a more efficient and economical way. On the other hand, Haihaco also implements those activities on branding and product naming, to hold the company’s position in the confectionery market. Each department in the company from Product Designing Department, Product R&D Department, Producing Department, Sales Department and Marketing Department need to closely coordinate and synchronize together in the Brand Building issue.

Especially the Sales Department, the company is trying to find a suitable solution for sales policy, concentrate their resources on expanding market shares in those areas that they have low consuming quantity. The mission of the Sale Department is that they can build an effective and professional Sales Teams who will be able to distribute Haihaco products to as much shops and supermarket chains as possible. If so, the Product Designing Department and Marketing Department also need to work together in order to
create more attractive packaging so the Sales Teams might be able to attract more curious customers.

About the environment issue, Haihaco is trying to relocate their factory to an industrial zone far away from the civil area to prevent manufacturing activities from polluting the groundwater resources. Thus, Haihaco continues maintaining and accomplishing the wastes treatment system in their manufacturing areas.

5.1.2 Risks

The Vietnamese confectionery is one of those fields that have the highest competition, compared to other fields. However, since confectionery products are not one of those daily necessities of people, so the consumption of these products mostly depends on the monthly income of customers. This puts Haihaco in a difficult situation since they have to assure their product quality, at the same time producing products with diversities, attractive flavors and suitable prices in order to satisfy customers’ expectations.

From 2015, Vietnamese Government started to effectuate the policy “0% Imported Tax” for those confectionery products importing from those ASEAN countries, according to the line ASEAN Free Trade Area as known as AFTA. This effect caused Haihaco a more complicated issue: their products would have to compete with those imported products from Thailand, Korea, Japan…especially those coming from Thailand with high-quality products and cheaper prices than ever before.

In the meantime, Haihaco is still manufacturing the confectionery with high costs since the Government has not had the proper solution for encouraging those Vietnamese enterprises manufacturing. The cost for raw materials took up about 65% - 70% of product’s price and some of those materials are imported from foreign countries. At that moment, the currency rate was not stable so the currency crisis had played an important role in making their final product price, determining to succeed or failure of a product.

In 2015, Haihaco had spent a large amount of money on investing new warehouse, factory and manufacturing chain in order to expand their market. Because most of their machines were imported from foreign countries, so the unstable currency rate also had a huge influence on Haihaco investing plans and manufacturing process.
5.2 Author’s points of view and suggestions

5.2.1 Haihaco SWOT Analysis

In order to make the report clearer, the SWOT analysis method was used in order to list out all the advantages and disadvantages of Haihaco at the moment. The acronym “SWOT” stands for Strength, Weakness, Opportunity, and Threat. This method is one of those strategy skills, which most of the researchers usually use in order to determine main cores of the thing they are working on.

Every problem has its two sides: internal and external factors, which directly affect it. The internal factors include strengths the company is having and weaknesses that it is facing. In my opinion, strengths and weaknesses are somewhat things that the company can have some control over them since they are problems come from inside it. On the other hand, the external factors include opportunities coming to the company and threats that the company needs to deal with. On the contrast of the internal factors, those opportunities and threats are things that the company cannot control, since they come from the outside of it.

From the SWOT analysis table, the researchers will easily summarize the situation of any company, their advantages and disadvantages then they will soon figure out the best solutions for the company’s problems. Based on my analysis, both from the company’s annual report and my own market survey, I have come to the conclusion as below:

<table>
<thead>
<tr>
<th>STRENGTH</th>
<th>WEAKNESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Great capital</td>
<td>Out-of-date manufacturing chains</td>
</tr>
<tr>
<td>Diverse products</td>
<td>Out-of-date products flavours</td>
</tr>
<tr>
<td>Certain market share (northern areas)</td>
<td>Late changes and improvements</td>
</tr>
<tr>
<td>Reputation</td>
<td>Weak marketing campaigns</td>
</tr>
<tr>
<td>Experience in confectionery field</td>
<td>Conservative business method</td>
</tr>
<tr>
<td></td>
<td>Slow catch-up new trends</td>
</tr>
<tr>
<td></td>
<td>Less attractive packaging</td>
</tr>
<tr>
<td></td>
<td>Weak CRM system</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPPORTUNITY</th>
<th>THREAT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Globalization</td>
<td>Economy recovery</td>
</tr>
<tr>
<td>ASEANS</td>
<td>International rivals</td>
</tr>
<tr>
<td>Building new factory with new manufacturing chains</td>
<td>ASEANS</td>
</tr>
<tr>
<td>Economy recovery</td>
<td>Globalization</td>
</tr>
</tbody>
</table>
5.2.2 Potential suggestions

As coming up with new products and brand in the future, Haihaco needs to pay high attention to naming their products and brand. In chapter 4, I had mentioned that Vietnamese consumers tended to have their eyes on those foreign brands and products. In their perception, Vietnamese products cannot be compared with those ones come from European countries, America and Asian countries such as Thailand, Japan or Korea.

There is an effective method that many companies are using recently: borrowing foreign elements. This method is a combination of finding a foreign name, which describes perfectly your products (benefits or usages). We can take “Tous Les Jours Bakery” as an example. At the first glance, many people would have an impression of a French Bakery, since its brand name appears as a French phrase. Furthermore, most people already know that France is the cradle of the pastries industry.

Automatically, people will assume that “Tous Les Jours” is a bakery company comes from France or producing French pastries in Vietnam. And of course, in their perception, products come from those “French bakery” will taste better or at least look more professional than those Vietnamese bakeries. In fact, this “Tous Les Jours” is a bakery franchise, founded by the CJ Group, which comes from South Korean. This also applied with the “Paris Baguette Café” – a South Korean franchise, which has about 3,000 shops all over South Korea and about 100 shops in other countries such as China, America, and Vietnam.

In the interview with journalists, director of THE PATHFINDER Co., Ltd. in Vietnam – a consulting company in brand naming, explained that this method will be applied based on different location and targeted subjects. For example, for those Vietnamese handmade products, a traditional Vietnamese will describe perfectly Vietnamese identity and origins within the products. On the other hand, fashion brands and companies will need those foreign names, Italian-ish will have a better effect on customers since Italia is famous for producing beautiful and fashionable clothes. For the confectionery, a little American – English will do the job well.

This method was created based on the requirement of customers since they lost their trust and loyalty in Vietnamese products and companies and they have moved to those
international brands. Moreover, this habit of customers occurred during the time Vietnam had been put under control of the Chinese, French, and American. During this dependency time, Vietnamese people were introduced to use products from France or America or Russia because producing and manufacturing had been stopped.

Later on, the war was over and Vietnam was on its way in integrating with the world. Producing and manufacturing activities started activate again. Unfortunately, while those Vietnamese companies were finding their ways in determining their place, those international rivals have already been spreading their high-quality products all over the country. Not only providing people with high-quality products, they also created impressive marketing campaigns, which convinced people that those imported products had greater values than the Vietnamese ones. Day by day, this idea absorbed deeply in Vietnamese people opinion: foreign products would be better!

In my opinion, this way of naming the company brand and products is not seriously wrong or illegal. On the other hand, this method is a very effective way to attract customers. In marketing, it is your job to selling to customers what they want, not what they actually need. If customers want foreign factors, we will give them American-English names. Crack-it (salty rice cake), Pop-a-pop (lollipop), Jelly-star (chewy candy), Aloha (chewy candy), you name it! Those names should be short, concise, related to those feeling when you are enjoying the confectionery so it will be a lot easy for people to remember. Borrowing English words for those packed sweets and French names for those pastries are brilliant ideas since it will leave a good impression on the consumers. Hence, it will also be easier for foreigners who are living and working in Vietnam. Later on when the company decides to enter the international market so English brands or English named products will be the first step for them to be accepted and remembered by people from different countries.

In fact, Haihaco had already applied this method in naming their branch brands and products. For example, when launching their new branch on producing fresh pastries, they named it “Haiha – Kotobuki” and explained that they bought the manufacturing technology from Japan in order to produce the best products for the Viet people. Those recent products from Haihaco are no longer named with Vietnamese words but always named with American-English names.
Then why have they still lost their market when entering the Southern areas? One of those reasons is obviously the product quality. The company is still producing many products contain more sugar than other brands, while the market trend nowadays is consuming less sugar product. In addition, with the old technology and manufacturing chains, it is difficult for Haihaco to effectively produce new products with low costs so these factors lowered the company competitiveness.

Fortunately, the company had found a solution for this matter, by investing in building a new factory with the latest technology in the field of manufacturing confectionery. However, the R&D department of Haihaco needs to pay more attention to the quality of the new products (flavors, colors, and the food safety). They should carry out a survey on the current popular confectionery, flavors or even the most famous brands nowadays in Vietnam. This will help them have an overall look on the recent trend of confectionery products in the market and from their own analysis, they will have better decisions on how to create new products.

In my opinion, a “Market research trip” for the Research Team will be another good idea, since they will achieve a more accurate result from the reality than just searching for information on the Internet. In this “Market research trip”, the perfect destinations should be those Asian countries that locate near Vietnam, such as Thailand (one of those biggest rivals of Haihaco in the low-middle class products) or Indonesia. It is true that the confectionery from those countries is being sold in Vietnam market at the moment, and the costs for purchasing them within Vietnam will be lower than the expense for a research trip to Thailand. However, those imported companies can hardly import all those kinds of confectionery products from Thailand or Indonesia and of course, they just import those that are the most famous on the market.

On the other hand, each day and each month, new products are being introduced to the Thailand and Indonesia markets include products from big companies and also small and new ones. In order to expand Haihaco’s research range, going directly to the markets and supermarkets in Thailand and Indonesia should be considered as a wise move. From my point of view, not all the products from those big companies taste good and not all the products from those small ones taste bad. It is obvious that those small and new companies will have more difficulties in gaining their market against those big ones. So
if Haihaco wants to create new products, learning from their rivals will help them go faster instead of only developing their products based on their old perceptions.

The reason for my “ASEAN countries” option because the expenditures for the research trip will be lower than going to Korea or Japan or America or European countries. On the market, the prices of those imported products from these two countries are similar to those Vietnamese products and much lower than those ones imported from the rest of the world. Since more than 50% of Haihaco products are in the low-middle class, so starting with Thailand and Indonesia will be the right decision. Even though Haihaco also needs to pay attention to the middle-high class products, but at the moment, they are still losing their low-middle class market to those ASEAN products so they need to focus on both low-middle class and middle-high class markets.

About the middle-high class market, my suggestion for Haihaco will be a little bit different. The “Market research trip” will be expensive since the destinations are Korea, Japan, America or European countries. My suggestion is that Haihaco cooperates with them and buy their product franchises. Because Haihaco is targeting those customers who do not hesitate to spend more money on the imported confectionery so the company needs to look for those most famous brands in those countries. Later, Haihaco can send emails to each of these famous companies to explain Haihaco intention to cooperate with them, also ask for samples of the new and upcoming products. After considering the best products, then Haihaco will try to negotiate to become the exclusive manufacturer and distributor of these products in Vietnam market. Profit from revenues of these products will be calculated based on the negotiation.

In my opinion, this is a win-win relationship for both sides. Even though those big companies already have their reputations on the market so launching new products will not be a big problem with them. On the other hand, if they cooperate with Haihaco, then they will expand their market area a little bit more without doing the whole package for work for promoting the new products. Haihaco, as purchasing the product franchise, will take care of the product manufacturing chain, maintain the product quality, launch the product and make the financial report. About Haihaco, even though they have to accomplish all of this work, but being an exclusive manufacturer and distributor can save them a lot of money and time on the new product research and development since the other company already work on this section. Furthermore, the costs for
manufacturing those foreign products in Vietnam will lower the product costs so the price will be definitely cheaper. As the result, Vietnamese consumers will be able to afford a foreign product with the same quality but cheaper price.

This franchise method is no longer new to the business world. In Vietnam, a lot of international brands have entered the market by choosing this form. For example, I have previously mentioned about the South Korea franchise “Tous Les Jours”; or the Australian franchise “Gloria Jeans” with cheaper prices but the same quality; or the coffee franchise “The Coffee Beans and Tea Leaves”. This franchising form is good in terms of strong images, global reputations, and successful products. By using this form of business, Haihaco will be positively affected by those good terms and be able to rapidly increase their sales and revenues.

Another problem is that Haihaco lacks professional and attractive packaging. In marketing, the packaging of a product is somehow even as important as its quality, because the first impression of customers on your new products all depends on the packaging. The packaging of a product will decide whether it become a phenomenon or one more time fall into silence. So Haihaco’s marketing team needs to work more on the packaging designs in order to meet customers’ expectations.

Nowadays, the packaging tends to be simple with fewer colors, concise name, high definition images, and meaningful messages. Colors should be light or neutral such as yellow, green or Bordeaux, instead of the tradition ways with strong and bright colors such as red or blue. The packaging with a lot of strong colors and blur images will create a feeling of cheap product with low quality since those famous brands nowadays tend to use as simple design as possible. Last but not least, quality of the packaging must be made from good materials so it will bring effective sensation when the customers first touch the product.

Furthermore, those details on the packaging should be written in both Vietnamese and English, so it still remains origin of the products and also easier for foreigners to understand. A table of product description, a list of ingredients and information about the manufacturer will give an impression on the customer that the company is being honest with the customers and cares about their health by providing them with clear information. By this action, Haihaco will have a chance to expand their market and
reach out to more customers from different segmentations. Professional design together with high-quality packaging, concise message, clear details and an ear-catching product name, all of them will help the company new products steal away customers’ hearts.

After complete all of this preparation, a full marketing campaign will be the last step Haihaco needs to do in order to promote the new products. In fact, Haihaco has not paid much attention to the marketing campaign, since the frequencies of appearing on media channels across Vietnam is quite low. They only focus on distributing their products to those small-retailed and convenient shops across the country. Normally, people will not go to a retail shop or a convenient store to look for new products, especially the confectionery. Consumers tend to go to the supermarkets and look for the new things. It is human psychology. So entering the supermarket chains will draw more attention to consumers.

Even though Haihaco products have already appeared on the aisles of many supermarkets in Vietnam, but they have not yet done the promoting product campaign. They have been just distributing their products, which are displayed on those less attractive aisles (on the bottom row of the aisles or at the end of the row). It is the human psychology to think that those products on the lower rows will be the low-quality products with cheaper prices. The perfect location for a new product is the eye-level row and in the middle of the confectionery aisles. This location will determine Haihaco products in middle-high class and it will be easily catching consumers’ attentions as they are wandering around this confectionery area.

Furthermore, Haihaco should spend some money on doing the product promoting the campaign in the supermarket, such as a small booth in the corner of those aisles will do. The mission for this booth is to introduce consumers the new products, which are being sold in the supermarket chains. This method of marketing is not new since many companies have applied it to their marketing plan. Unfortunately, Haihaco has not used this method yet. This may be because most of their products are in the low-middle class, which will costs more expense just to do so. However, when Haihaco decides to expand their market to the middle-high class, this product promoting campaign will definitely be on their marketing plan.
In addition, Haihaco can also use other advertising channels in their marketing plans, such as bus advertisement, TV commercials or printed ads. In Vietnam, the best way to promote a product is using the social media, such as Facebook, Instagram, TV commercials. At the moment, the blogger and YouTube entertainer trends are very popular in Vietnam social network. Many companies such as Grab, Uber, Oishi, Coca-Cola or Pepsi have been using this phenomenon as their advertising ambassadors. This social networking phenomenon not only represent for the young generation of Vietnam but also the costs for using the Internet sources will be much cheaper than using the other traditional advertising channels (TV commercials or printed ads).

Vietnam is step-by-step developing stronger and wealthier. In this era of opening freely to the world and integrating to the global trading market, Vietnamese companies will have more opportunities to introduce their good products to the world without difficult barriers. On the contrast, when Vietnam is allowed to go freely on the international markets, it also has to agree to let international companies enter Vietnam with a lot of goodwill, especially the tariff barriers. Exporting is being encouraged and also imported products will appear to every corner in supermarkets.

This could raise the competitiveness between Vietnamese and international companies to extreme levels and it could also cause plenty of difficulties for small and young Vietnamese companies while they are struggling to shape their brand names. However, in my opinion, this challenge will be a great chance for Vietnamese companies to change their path in order to not abandon behind the track. Keep refreshing and learning from the world will be the key to the future succeeds.
6. RELIABILITY AND VALIDITY OF THE RESEARCH

In research, reliability related the stability in term of the result. This means in any kind of research, the essential results must be collected more than once with the frequency of the same answers appearing repeatedly (Robson, 2010). On the other hand, the validity encompasses the whole the research experiment and determines whether the final results satisfy all the requests of the research method or not (Mehrens & Lehmann, 1987). An example will explain this definition more clearly (Do on dinh...2015). In order to measure the occupational satisfying level, a researcher created a survey contained three questions as below:

- Do you like going to a concert?
- Hamburger and sandwich, which one you prefer?
- Which actress in the movie “Titanic” do you like the most?

In the group of 10 people doing this survey, obviously, the result of each person would come out with the same answers each time. This factor satisfied the definition of the reliability that I mentioned above. On the other hand, these questions had absolutely nothing related to the main purpose of the survey: “The occupational satisfying level”. About my own research, there are some small pebbles while creating the market research survey. Even though I obtained a great result, which responded perfectly the requirements of the research validity. By the end of the day, I have a certain concept about the current situation of the Vietnamese confectionery industry and the survey also answered my research hypothesis.

If I were given one chance to adjust my survey, I would like to do two things. First of all, I would have added one more question in which people would tell me what they want to have when spending their money on the confectionery. I believe that from the answer to this additional question, I would be able to have a more realistic view on customers’ expectations. As the result, it will be more objective while giving Haihaco the suggestions. Last but not least, I would like to spend more time on spreading my survey to more people. My original sample size was only 150 people and this led to a less reliable result since I could only ask around the people whom I know. Those people mostly come from the middle – high class so their answers did not largely cover those opinions of the low and working class.
REFERENCES


