
**POSITIONING THE HÄAGEN-DAZS ICE CREAM FRANCHISE
IN HO CHI MINH CITY
FOR SELECTED TARGET MARKETS**



Bachelor's thesis

International Business

Valkeakoski

KIEU NGUYEN HONG NHUNG

Clarification of signature



Valkeakoski
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International Management

Author	Kieu Nguyen Hong Nhung
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ABSTRACT

Vietnam in recent years, with stable growth rates and a dynamic population, has shown great potential for foreign investments, encouraging entry of international brands, especially in the Food and Beverage sectors through franchising methods. International Lifestyle JSC, a Food and Beverage managing company, has realized the market's attractiveness and decided to bring Häagen-Dazs, a well-known ice cream brand from America into the market. In order to attain customers, compete with existing brands, and become successful in the market, Häagen-Dazs/ International Lifestyle JSC has to have a well-organized plan of who their targeted segments are and an image which customers will remember them by.

The aim of the thesis is to find the targeted customers for Häagen-Dazs in Vietnam and found a strategy to build a comprehensive, unique positioning for the brand that will serve as a solid background for further development of the company in the future.

Most theoretical literatures used in this thesis are written by Armstrong & Kotler in several of their Marketing-related books, Marian Burk Wood, Robert Yin and many different authors listed in the References part. In addition, the researcher also used information from and data published in form of researches, news, articles, or other relevant documents and papers.

The qualitative research method was applied in the thesis to collect various points of views, and fill in the lack in close contact with the real working sites. The thesis also included two methods of Benchmarking and Case Studies Analysis, which will be explained in detail below. All together it took more than two months to collect the all data required, mostly in June and July 2012. Moreover, the material was also collected from commissioner own researches and resources from the Internet. Many data were collected through interviews, especially in the Benchmarking part.



As a preview, Häagen-Dazs Vietnam is advised to build a premium ice cream image, and target abundant-resourced, brand-conscious consumers who can afford its high price and have knowledge to appreciate the values that the brand brings. However, in order to build such image, Häagen-Dazs has to also develop a synergetic marketing strategy evolving around this core image, including how it arranges its product portfolio, selects distribution channels, prices its products, promotes and communicates its values to Vietnamese consumers.

In conclusion, Häagen-Dazs owns a potential success in Vietnamese impulse ice cream sector as long as it keeps its commitment to quality and maintaining the consistence in value offering and communicating with customers. For further actions to success, it has to continuously analyzing customers' changes in behaviors, watching out for upcoming trends and keeping track of competition.

Keywords Segmentation, Positioning, Häagen-Dazs, Vietnam, Ice cream

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1 INTRODUCTION

1.1 Company background

1.1.1 Häagen-Dazs Ice Cream

Company Profile

Häagen-Dazs is an American Ice cream company owned by General Mills, one of the largest food companies in the world. The name of “Häagen-Dazs” first came from a Polish American man name Reuben Mattus in 1961, who had a particular vision for creating the finest ice cream. (Hsu, Lin, Wang & Kuo 2007, 1.)

Häagen-Dazs now is one of the most prestigious brands marketed in the U.S and in the world. The ice cream is available in more than 80 countries. Its operation includes direct selling through a worldwide system of franchise coffee shops and also through high premium restaurants and hyper channel and retailing. (Hsu, et al. 2007, 2.)

Company History

The idea of Häagen-Dazs Ice cream dated back to the 1920s, when Reuben Mattus, a young man with a passion and vision for luxurious ice cream quality by using only the finest and purest ingredients, worked in his family’s ice cream business in Bronx, New York. (Häagen-Dazs History, n.d.)

In the 50’s, he discovered a production method in Scandinavia, which allowed him to produce ice cream with the quality he ever desired. By 1960, Mattus and his wife Rose decided to open a new company dedicated to his ice cream passion and vision, named Häagen-Dazs. (Häagen-Dazs Case Study, 2002, 5.) Surprisingly enough, the brand, which has the ‘ä’ letter represented the Scandinavian language, is not 100% European. It is simply two meaningless words combined to look European. This action is not purely accidental, because it created a brand image illusion to consumers to perceive Häagen-Dazs products as premium, luxurious, and sensational, known in the marketing as “Foreign Branding Strategy”. (Leclerc, Schmitt & Dube 1994, 263 – 270.)

At first, Häagen-Dazs Ice cream started out with only three basic flavors: vanilla, chocolate and coffee. Mattus’s unique ice cream recipes included finest dark chocolate from Belgium and handpicked vanilla beans from Madagascar, creating distinctive and indulgent tastes that no one at that period had ever experienced. (Häagen-Dazs History, n.d.) The Häagen-Dazs brand, therefore, very well took off and quickly developed a loyal following crowd. At the beginning, it was only available through limited number of gourmet shops in New York City, but soon distribution expanded throughout the east coast of the U.S., and by 1973 Häagen-Dazs

Ice cream products were enjoyed by discerning customers from all over the U.S. (Häagen-Dazs Case Study, 2002, 6.)

In 1976, Mattus' daughter Doris decided to open the first Häagen-Dazs Ice Cream shop in the U.S., which offered frozen desserts such as ice creams, sundaes, and cones. It hit immediate success, and its popularity resulted in a rapid expansion of Häagen-Dazs franchising system of shops across the country.

In 1983, Mattus sold Häagen-Dazs to The Pillsbury Company, with the agreement to remain committed to the tradition of superior quality and innovation on which Häagen-Dazs was first founded. When Pillsbury Company was acquired by General Mills in 2001, Häagen-Dazs brand consequently belongs to General Mills. Also in 2001, Nestlé obtained the rights to sell Häagen-Dazs in the U.S. and Canada from General Mills who owns the brand and sells it in the rest of the world.

Since then, the Häagen-Dazs Ice cream phenomenon has swept through every corner of the world. Till this very day, it remains very committed to developing exceptional super premium frozen dessert experiences, while releasing new flavors every year. Ice Cream lovers the world over now recognize the unique Häagen-Dazs logo as synonymous with the ultimate super-premium ice cream. (Häagen-Dazs History, n.d.) Figure 1 below will give a detailed description of Häagen-Dazs's history.

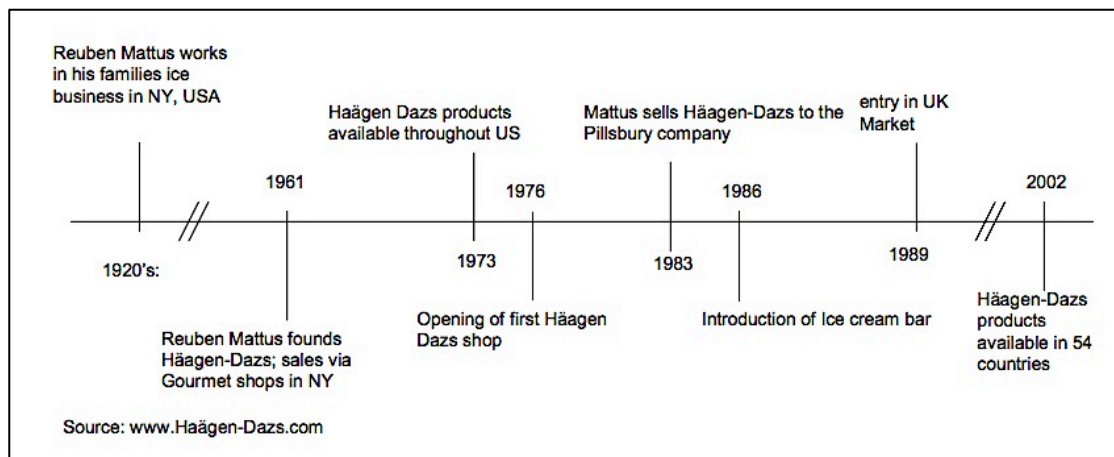


Figure 1: History of Häagen-Dazs (Häagen-Dazs Case study June 2002)

Products

Häagen-Dazs products are sweet frozen desserts such as ice cream, ice cream bars, ice cream cakes, cones, sorbet, and frozen yogurts. In Häagen-Dazs, shops customers can find some other specialties, such as milkshakes, frozen beverages, and sundaes, etc. In every product line, Häagen-Dazs offers a lot of different flavors to please all customers, for instance: Baileys Irish Cream, Cherry Vanilla, Chocolate, Chocolate Chip Cookie Dough, Chocolate Chip, Chocolate Peanut Butter, Coffee, Cookies & Cream, Crème Brulée, Dulce de Leche, Java Chip, Mango, Mint Chip, Pineapple Coconut, and many others. (Häagen-Dazs Flavors, n.d.)

Häagen-Dazs invented the category of luxury ice cream for adults. Before Häagen-Dazs, ice cream was largely targeted for family or kids' markets with cheap production and low prices. Häagen-Dazs creation opened new era in which ice cream could be exclusive, luxurious, sophisticated and even sexy. (Häagen-Dazs Brand Profile, n.d.)

Häagen-Dazs product package consists of a mosaic at the bottom of the ice cream bowl to give it a luxurious aspect. It has the presence colors of red wine, gold and/or white, which associate with premium quality in customers' minds. A photo of the ice cream flavor with the name written in very clear letters, and the logo of the company, which is simply a frame surrounding the brand name Häagen-Dazs.

Mission, Vision, Values

"The philosophy of Häagen-Dazs is simple: find the purest and finest ingredients in the world and craft them into the best ice cream, sorbet, and frozen yogurt available. It is a way of doing business that is so demanding, as it is uncommon. And it is the reason why the brand has epitomized fine ice cream for half a century." (Häagen-Dazs Company, n.d.)

The Häagen-Dazs Shop franchise System

Häagen-Dazs Ice cream shop is a retail ice cream store operated as part of the system, either directly by Shoppe Company, or under a written franchise agreement granted by Shoppe Company. (Häagen-Dazs Shop Franchise Agreement, 2006, 1.) The Häagen-Dazs Shoppe Company Inc. is a private company categorized under Franchising. It is the franchisor of Häagen-Dazs Ice Cream shops all over the world. The Häagen-Dazs Shoppe Company was founded in 1961, based in Minneapolis, Minnesota. It has locations in the United States, Belgium, Brazil, Canada, China, France, Germany, Hong Kong, Japan, Korea, the Netherlands, Spain, Sweden, Taiwan, the United Kingdom, and Venezuela. (Bloomberg BusinessWeek, n.d.)

The Shoppe Company has developed a unique and distinctive system of high quality ice cream shops operated to feature the sale of Häagen-Dazs products and menu items prepared with Häagen-Dazs products. The system includes proprietary and distinctive products, product specifications, ingredients, menu items, recipes, techniques, training methods, production methods, operating methods, designs and decor, uniform apparel, color schemes, furnishings, marketing materials, promotional strategies, and customer service requirements. (Häagen-Dazs Shop Franchise Agreement, 2006, 2.) Now the Shoppe system owns or directs more than 900 Häagen-Dazs shops in 50 countries all over the world.

1.1.2 International Lifestyle JSC

The initial idea of why the company decided to do an ice-cream franchise in Vietnam is fairly simple. At the beginning, Hao Le Anh, the thesis commissioner and founder of International Lifestyles JSC, together with

his two classmates in MBA class, have always thought of doing a business on some thing that is successful in Asian countries but not yet in Vietnam, and are especially interested in franchising some Food & Beverage (F&B) brands. They once took a trip to Singapore, spend hours in shopping malls, and realized how Häagen-Dazs coffee shops there were very crowded and thought it would fit the Vietnamese market very well. They then researched about the brand and came to a decision to be the first to franchise Häagen-Dazs into Vietnam.

International Lifestyle JSC with great passion on F&B and dedication to Vietnam were founded with purpose to provide the Vietnamese customers with international experience through premium global brands. The company commits to focus on only brand leaders with supreme products and services. The company is one of the newest members in Häagen-Dazs Franchising family. The company is the only franchisee of Häagen-Dazs Ice-cream now in Vietnam, located in Ho Chi Minh City.

1.2 Research Question and Thesis Topic

Research Question

Although the commissioner, International Lifestyle JSC, has figured out the idea of developing a Häagen-Dazs Ice cream franchise Shop Chain in Ho Chi Minh City, there is still one big unanswered question that each and every business upon entering a new market like Häagen-Dazs Ice cream Franchise, wants to solve. The question is:

How to position the Häagen-Dazs Ice cream Franchise in Ho Chi Minh City for selected target markets?

Thesis Topic

The thesis topic is: Positioning the Häagen-Dazs Ice cream Franchise in Ho Chi Minh City for selected target markets.

It is desired by both the thesis writer and the commissioner to find out what is the profitable market segments for Häagen-Dazs Ice cream shops in Vietnam and how to create a great image of Häagen-Dazs in the mind of its targeted customers, in order to help Häagen-Dazs become a tough player in the ice cream business, firstly in HCMC, and ultimately, in Vietnam.

This thesis will mainly focus on two issues that are essentially important for Häagen-Dazs Ice cream from marketing point of view: market segmentation and positioning, which will be researched and analyzed very deeply in this paper.

Sub-questions

The sub-questions that will also be covered, according to the research topic, are shortly defined as below:

- What is the current situation in HCMC, in term of PESTLE analysis? How is ice cream market in Vietnam? Competition analysis?
- Whether market accept Häagen-Dazs or not (with price fixed at \$4 per scoop)?
- Who should be its targeted customers?
- What should be its market position?
- How to build the reputation and increase customer awareness?
- What recommendations Häagen-Dazs should take, from this thesis, to apply into its marketing strategy?

1.3 Thesis Objectives

As agreed between the thesis writer, the university supervisor and the company commissioner, this thesis is to describe and analyze four objectives. They are:

- Marketing Planning, Market Selection, Benchmarking, and Case study methods Theories
- The current situation of the ice cream Business and Ice cream franchising trends, in the world and in Vietnam, together with Vietnamese and HCMC's current economic and social situation, and the competition situation in the industry.
- Case analysis of other franchising model in the ice cream industry (Baskin-Robbins, and BUD's) and benchmarking with others outside of the industry. (Restaurant Franchise – Pho 24)
- Recommendations for Häagen-Dazs Ice cream franchise in Vietnam to improve the current marketing strategy: market segmentation, targeting, positioning, and Marketing Mix.

The research topic is to position Häagen-Dazs Ice cream for appropriate markets; therefore, it is essential to give the commissioner a good theoretical framework about Marketing Planning and Market Selection in general together with the methodologies that will be used in this thesis such as Benchmarking and Case Study methods which are believed to be very valuable parts in this thesis. By going through some supporting theories, International Lifestyle JSC will be able to develop a solid foundation for future development.

The second objective is to provide International Lifestyle JSC with valuable information about the current environment and market trends in and with which Häagen-Dazs Ice cream Franchise shops will be operated. This will also give answers to the question what makes Häagen-Dazs special and interesting to its customers.

The third objective is divided into two parts. First is to analyze the cases of the two possibly fiercest rivals of Häagen-Dazs in Vietnam ice cream

shop market. The second part is to compare Häagen-Dazs with one of the most successful franchising brands in Vietnam, which are operating outside of the industry. The outcome of these two parts will give the commissioner deeper understanding and a good self-reflect of its current situation. This evaluation will be extremely useful for Häagen-Dazs Ice cream Franchise Vietnam to make changes adaptable with their strengths and weaknesses.

2 RESEARCH METHODOLOGY

2.1 Qualitative Research

According to John W. Creswell, qualitative research is multi-method in focus, concerning an interpretive, naturalistic approach to its subject matters (1997, 15). Qualitative research seeks out answers for the question ‘why’ of its topic through the analysis of inquired unstructured information, such as interview transcripts, open ended survey responses, emails, notes, feedback forms, photos and videos, case study analysis, personal experience, interview and general interaction, etc. It does not rely too much on statistics or numbers, which are the domain of quantitative researches. (QSR International, n.d.)

Qualitative research is often used when the goals are to gain insight into people's attitudes, behaviors, value systems, concerns, motivations, aspirations, culture or lifestyles, (QSR International, n.d.) which is one of the main issues in this thesis.

There is a strong reason for the thesis writer to choose this qualitative research method. It is because the writer has many supports from the commissioner company with research database and good will to be interviewed when needed. The result of this research is mainly based on these information and answers/suggestions from the interviewees.

2.2 Benchmarking

According to Watson (1993), Benchmarking is: "A systematic and continuous measurement process; a process of continuously comparing and measuring an organization's business processes against business leaders anywhere in the world, to gain information that will help the organization take action to improve its performance".

Benchmarking goes far beyond competitive analysis. While competitive analysis focuses on product comparisons, benchmarking looks at the operating and management skills that produce the products. Furthermore, while competitive analysis is limited to companies that produce similar products or services, benchmarking gives researchers freedom to identify the ‘best of breed’ or best in class’ of a given process or skill, wherever it may be found. (Walleck, O'Halloran & Leader 1991.)

According to Stapenhurst (2009, 6), benchmarking is a method of measuring and improving the organization performance by comparing ourselves with the best. By benchmarking, three major questions are addressed (Management Consulting Partners LLC 2008, 1):

- How good are we? – Too frequently organizations know how well they are doing but lack realistic assessment about their effectiveness and efficiency. Benchmarking provides an in-depth understanding of cost, quality or response time performance of organization.
- *How good can we be?* – Upon comparison with other entities, organization can find several partners that demonstrate significantly better performance levels than itself that then serve as a new effective standard for organization development.
- *How do we get better?* – When organization aware that others are much better, the next step in benchmarking is to determine how these performance levels are achieved and what practices to adopt in order to achieve that.

This technique works since it is systematic and objective because it requires accurate data and deep analysis. The extent to which benchmarking works highly depends on whether the organization is prepared to invest in making it work. However, the evidence of thoughtful benchmarking effectiveness is irrefutable. (Stapenhurst 2009, 14.)

2.2.1 Advantages and Disadvantages of Benchmarking

Advantages

Benchmarking is a powerful tool because it overcomes "paradigm blindness" – a mode of thinking "The way we do it is the best because this is the way we've always done it." Benchmarking opens organizations to new methods and ideas to improve their effectiveness. It helps crack through the resistance to change demonstrating other methods of solving problems than the one currently employed, and demonstrating that they work, because others are using them. (Hokkanen 2011, 1.)

There are many reasons and advantages to do benchmarking such as to solve problems, to be part of an improvement culture, or to build up a network of like-minded people. Some view benchmarking as a shortcut to improvement since it is less time consuming and mostly more economical to identify best practices, adapt and improve them with high degree of certainty that performance will be at least among the best known rather than inventing a whole new tactic. Furthermore, benchmarking can serve as a justification of a proposal and target competitor's weaknesses. (Stapenhurst 2009, 12 – 14.)

Disadvantages

According to Nayab (2010), there are three main disadvantages of benchmarking that researchers should be aware of when deciding to use this method:

Firstly, while benchmarking helps organizations in measuring the efficiency of their operational metrics, it remains unable to measure the overall effectiveness of such metrics. Benchmarking reveals the standards attained by competitors but does not consider the circumstances under which the competitors attained such standards. If the competitor's goals and visions were flawed or severely restricted due to some specific factor, an organization by benchmarking such standards runs the risk of trying to ape such flawed standards.

Secondly, an even bigger disadvantage of benchmarking is the danger of complacency and arrogance. Many organizations tend to relax after excelling beyond competitors' standards, allowing complacency to develop. The realization of having become the industry leader soon leads to arrogance, when considerable scope for further improvements remains.

Finally, many organizations make the mistake of undertaking benchmarking as a stand-alone activity. Benchmarking is only a means to an end, and it is worthless if not accompanied by a plan to change. Furthermore, benchmarking is time-consuming and requires an on-going attention.

Comparing the pros and cons of benchmarking, the advantages of benchmarking overshadow disadvantages. The thesis writer highly believes that doing a benchmarking research will be one of the highlights of this thesis. By comparing itself with the two most successful franchises in Vietnam, Häagen-Dazs Ice cream Franchise will realize a way to enter the market, while exploiting its strengths and improving its weaknesses.

2.2.2 Marketing Processes and Capabilities to Benchmark

Which marketing processes and/or capabilities should your company benchmark? Research by Doug Vorhies, Neil Morgan and Laura Patterson (2008) has revealed eight marketing capabilities that can be benchmarked:

- *Product development* – the processes by which a company develops and manages product and service offerings, benchmarking processes associated with testing and/or launching new products/services.
- *Pricing* – the ability to extract optimal revenue from your customers, benchmarking the ability to price in response to market needs, or their knowledge of competitors pricing tactics and the cost and time associated with these.
- *Channel management* – this is the organization's ability to establish and maintain channels of distribution that effectively and efficiently deliver value to the end-customer, benchmarking the strength of rela-

relationship with distributors or the benchmark company's ability to attract and retain the best distributor(s).

- *Marketing communications* – the organization's ability to manage customer value perceptions, benchmarking skills, reputation management, sales training, and/or program development and execution along with the cost and time associated with these.
- *Market information management* – the processes organizations use to learn about their markets and use market information, benchmarking gathering customer and competitive information, tracking customer needs and wants, using market research skills to develop effective marketing programs, and analyzing market information.
- *Marketing planning* – the organization's ability to create optimal marketing strategies, benchmarking the ability to effectively segment and target the market, processes and costs for developing marketing strategies make good benchmarking targets.
- *Marketing implementation* – the processes in which strategies are deployed, benchmarking at how marketing resources are allocated and comparing the results produced by various program.

Various studies have shown that companies who excel at these marketing capabilities significantly outperform those who are below the benchmark in terms of customer satisfaction, return on assets, profitability, and market effectiveness. Therefore any company wishing to improve in these areas should consider benchmarking their organization's marketing capabilities by searching among competitors and peers in other industries to identify the drivers of superior performance. (Patterson 2008.)

2.2.3 One-to-One Benchmarking Method

There is no single right method for benchmarking. In fact, Stapenhurst (2009, 19) suggests that there are seven methods of benchmarking: Public domain, One-to-one, Review, Database, Trial, Survey, and Business excellence models. A summary of some typical features of different benchmarking methods can be found in appendix 1, exhibit 2. Upon reviewing and evaluating the suitability of these seven methods, the researcher has chosen One-to-One as the benchmarking method for this thesis.

This was the original benchmarking method developed by Xerox, the pioneer in practicing benchmarking, in the 70s and is probably the most written about in books since. The concept behind One-to-One is simple: to find the best or among the best entities at the aspect of business you want to improve, visit to ascertain and learn how they achieve that, study their practices, adapt and improve them, and finally adopt the changes into the organization. (Stapenhurst 2009, 26.)

Features	Characteristics
Participants	Usually a paired research among the initiator and the target within or across industries that the initiator want to benchmark because of higher perfor-

	mance in the area which it want to improve.
Controls of the study	Participants agree all aspects of the study such as timescales, data/information exchanged and use of consultant.
Risks	<ul style="list-style-type: none"> • May not select the organization with the best performances or practices to benchmark against. • Practices may not be appropriated to adopt.
Learning Opportunities	Can be high especially if working practices are shared and appropriate target participants are visited. Greater learning opportunities if several paired studies are undertaken.
Duration	Usually quick, within weeks, once agreement has been reached with the target.
Benchmarking Team	Usually participants, perhaps with support from consultants.
Uses	When the initiator knows who the “best” targets are and wants to learn from them.
Advantages	<ul style="list-style-type: none"> • Cross industry or internal benchmarking: competitors not aware of the practices. • Best opportunities for learning.

Table 1: Summary of One-to-One benchmarking Features (Summarized by the researcher based on Stapenhurst 2009, 28–30)

2.2.4 Process of One-to-One Benchmarking

A benchmarking project usually consists of three phases: planning, benchmarking performance, and improvement (Stapenhurst 2009, xxxvii), which concepts will be combined with six typical steps in a One-to-One benchmarking are shown in Figure 2 and explained below to form a more thorough image about the process of Benchmarking.

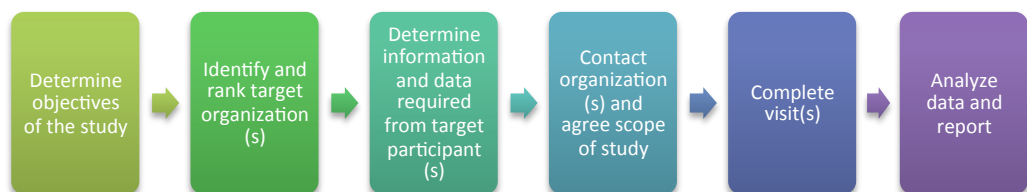


Figure 2: Process flow chart for One-to-One benchmarking (Stapenhurst 2009, 30–31)

PHASE 1 – Planning: Consists of all the internal preparation to develop a project proposal from project inception up to the point of inviting organization to join the study. This phase includes step 1, 2, and 3 of the process flow chart.

Step 1 – Determine objectives of the study: As in any other project, thorough preparation and planning are essential for benchmarking to succeed.

This step includes recognizing the need for benchmarking, deciding what is to be benchmarked, what to achieve from the study and also measure the cost, effort and time that will be invested in this project. (Bendell, Boulter & Kelly 1993, 65–69.)

Step 2 – Identify and rank target organization(s): identifying potential partners to do benchmarking with and rank them in order of reference including perceived performance level, similarity of benchmarking subject, commercial considerations, and location (Stapenhurst 2009, 30–31).

Step 3 – Determine information and data required from target participant(s): deciding what data to be collected from benchmarking partners and how to measure it based on understanding of own processes and weaknesses (Stapenhurst 2009, 30–31). At this point, the benchmarking team can establish the metrics to use, and the most appropriate vehicle for data collection (Wood 2009, 1).

PHASE 2 – Benchmarking performance: begins by recruiting participants onto the study and continues by data gathering and analysis, and ends with issuing a report, consists of step 4, 5, and 6 in the flow chart.

Step 4 – Contact organization(s) and agree scope of study: the next step is to contact the target organization asking for cooperation, exchange the idea of the study to ensure mutual understanding and prepare data, demonstrations, and documents for the upcoming visit(s) (Stapenhurst 2009, 31).

Step 5 – Complete visit(s): paying visits to the target organization location within appropriate codes of conduct to exchange and collect required information (Stapenhurst 2009, 31).

Step 6 – Analyze data and report: All data collected must be validated to establish its accuracy and completeness for further analysis. Data normalization is then performed to enable like comparisons to be made between what may be very different subjects. To be of value, the analysis must indicate the initiators' strengths and weaknesses; determine and quantify the gaps between its performance and the best practice's; and provide recommendations for future improvement. Then the analysis must then be reported in a clear, concise, and easily understood format via an appropriate medium and issued to the partners upon requested. (Wood 2009, 1.)

PHASE 3 – Improvement: The study will build an understanding of the practices that enable the best to attain their superior performance levels, and then each organization should develop and communicate an action plan for the changes to achieve improvements (Wood 2009, 1). However, the fact is that improvement is a never-ending journey, there is no standing still and new best practices will be created. Therefore, a commitment to “re-calibrating” benchmarking is a driver for continuous improvement. (Bendell et al. 1993, 72–74.)

2.3 Case Study Analysis

A case study analysis is a description of an actual administrative situation involving a decision to be made or a problem to be solved. Mostly, case analysis research method is used in such a way that the researcher takes the place of the manager whose responsibility is to make decisions to help solve the problem. (An Approach to Case Analysis, 2006.)

Researcher Robert K. Yin (1994, 13) defines the case study research method as an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used. Case study is a preferred approach when the “how” and “why” questions are asked and the researchers have little control over events (Yin, 1994). There are three situations in which case study is highly well suited (Yin, 1084) that has been summarized by Ghauri and Grønhaug (2002) as below:

- If researchers want to follow a theory that specifies a particular set of outcomes in some particular situation, and upon finding a firm in that particular situation, they can use this method to test the theory and its applicability to the organization.
- If researchers want to study some specific characteristics of a rare or extreme situation in which an organization find itself, then they can use this method to compare and contrast.
- If researchers want to study a situation or an organization that has been rarely studied and is unique in its nature, then they can use this method to learn something new and important.

Yin (1993) has identified some specific types of case studies: Exploratory – are sometimes considered as a prelude to social research. Explanatory – case studies may be used for doing causal investigations and Descriptive – require a descriptive theory to be developed before starting the project. Stake (1995) included three others: Intrinsic – when the researcher has an interest in the case; Instrumental – when the case is used to understand more than what is obvious to the observer; Collective - when a group of cases is studied.

Case study research is excellent at bringing the reader to an deep understanding of a complex issue or object and can extend experience or add strength to what is already known through previous research, revealing information that have not been researched before. (The Case Study as a Research Method, 1997.) By using this method, the thesis writer wants to deeply analyze the two fiercest rivals of Haagen-Dazs, revealing their strengths and weaknesses to find opportunities for the commissioner to enter the Vietnam markets.

2.3.1 Advantages and Disadvantages of Case Study

Advantages

First, the examination of the data is most often conducted within the context of its use (Yin, 1984); therefore, a case study will be interested in the process by which a subject comprehends an authentic text (Zaidah, 2007, 4).

Second, case studies allow both quantitative and qualitative analysis of the data in terms of intrinsic, instrumental, and collective approaches (Zaidah, 2007, 4).

Third, the detailed qualitative accounts often produced in case studies not only help to explore or describe the data in real-life environment, but also help to explain the complexities of real-life situations which may not be captured through experimental or survey research (Zaidah, 2003).

Disadvantages

Despite these advantages, case studies have received criticisms. First, case studies are often accused of lack of rigor. “Too many times, the case study investigator has been sloppy, and has allowed equivocal evidence or biased views to influence the direction of the findings and conclusions”- Yin (1984, 21) notes.

Another common criticism of case study method is its dependency on a single case exploration making it difficult to reach a generalizing conclusion (Tellis, 1997). Case studies provide very little basis for scientific generalization since they use a small number of subjects, some conducted with only one subject (Zaidah, 2007, 5). The question commonly raised is “How can you generalize from a single case?” (Yin, 1984, 21).

Third, case studies are often labeled as being too long, difficult to conduct and producing a massive amount of documentation (Yin, 1984).

2.3.2 Process of Conducting a Case Study

Many well-known case study researchers such as Robert E. Stake (1995), Helen Simons (1980), and Robert K. Yin (1994) have written about case study research and suggested techniques for organizing and conducting the research successfully. Researcher Susan Soy (1997) has summarized works of these researchers above and proposed a six-step process that should be taken when conducting a case study:

Step 1 – Determine and Define the Research Questions: The first step in case study research is to establish a focus of the study on a complex phenomenon or object such as a program, an entity, a person, or a group of people. Then, the researcher must define the purposes and objectives of the study as well as the potential audiences, known as research question(s). Careful definition of the questions at the start pinpoints where to

look for evidence and helps determine the methods of analysis to be used in the study.

Step 2 – Select the Cases and Determine Data Gathering and Analysis Techniques: Next, the researcher must select the cases for study; can be either those that are unique in some way or those that are considered typical or those that represent a variety of geographic regions, a variety of size parameters, or other parameters. Then, the researcher must decide what evidences to collect, the data collecting methods suitable to acquire those data, and also what analysis techniques to use with the data to answer the research questions. Anyhow, the researchers must ensure that the study is well constructed to validity and reliability.

Step 3 – Prepare to Collect the Data: Because case study research generates a large amount of data from multiple sources, advance preparation is highly recommended, for instance, good training programs for investigators, establish clear protocols and procedures in advance of investigator field work, and conduct a pilot study in advance in order to identify key problems and events, identify key people, prepare letters of introduction, establish rules for confidentiality, etc.

Step 4 – Collect Data in the Field: The researcher must collect and store multiple sources of evidence comprehensively and systematically, in formats that can be referenced and sorted so that converging lines of inquiry and patterns can be uncovered. Case study research is flexible, but when changes are made, they are documented systematically.

Step 5 – Evaluate and Analyze the Data: The researcher examines raw data using many interpretations in order to find linkages between the research object and the outcomes with reference to the original research questions. In all cases, the researcher treats the evidence fairly to produce analytic conclusions answering the original "how" and "why" research questions.

Step 6 – Prepare the report: The goal of the written report is to portray a complex problem in a way that conveys a vicarious experience to the reader, in which can use techniques such as handling each case as a separate chapter or treating the case as a chronological recounting or as a story.

2.4 Collection Data Process

2.4.1 Interview

As mentioned in previous topic, the main research methodology used in this thesis will be the qualitative method, which is obtained by following a number of interviews. In addition, market segmentation and positioning a new brand in a new market requires crucial information from personal opinions and environmental impacts. A number of questions were designed in order to find out an ideal positioning for Häagen-Dazs Franchise Vietnam. All the interviewees had excellent background, expertise, and in-

terests to add more value to this research. Therefore, the thesis writer strongly believes that the data collected will be precious to the final outcome.

2.4.2 Secondary Data (Desk Research)

As the research topic is about market segmentation and positioning, there are various references to look for. Therefore, secondary data will be mainly collected from related theory books and from the Internet resource.

The research was also based on previous researches that have the same purpose from others. Researches done by International Lifestyle JSC are another important data for this theme analysis. Those researches contain essential data on the analysis of the competition and its market. Furthermore, this collecting data method is used because the thesis writer is currently working in Finland and the commissioner company is based in Vietnam.

3 THEORETICAL FRAMEWORK

3.1 Review of Marketing Planning

Marketing Planning is the process of producing a marketing plan that incorporates overall marketing objectives of an organization, the strategies and programs of actions designed with an attempt to achieve those objectives. Marketing planning requires a careful examination of all strategic issues, including external and internal business environment, the markets themselves, the competitors, the corporate mission and values, and organizational capabilities. (Definition of Marketing Planning, 2009)

According to Mortimer, Brooks, Smiths and Hiam (2009), building a good marketing plan are to find out where you are and where you are going. A good marketing plan includes carefully researched, up-to-date information about the current market environments, the target segmentations, the competitors, and the organization itself, together with the customer satisfaction and expectation, to plan a list of actions that should be taken. With a detailed marketing plan, any business will be better prepared to launch a new product, or build sales for existing products (Armstrong & Kotler 2008, 575), the organization will run more smoothly, for the company to increase market share, gain competitive advantages among competitors, be profitable, and grow sustainably.

According to Kotler, Armstrong, Wong, and Saunders (2005, 68), a marketing plan has contents as in the table below.

Section	Purpose
Executive summary	Presents a quick overview of the plan for quick management review.
Current marketing situation	The marketing audit that presents back-

	ground data on the market, product, competition and distribution.
SWOT analysis	Identify the company's strengths and weaknesses, the opportunities and threats facing the product.
Objectives and issues	Defines the company's objectives in the areas of sales, market share and profits, and the issues that will affect these objectives.
Marketing strategy	Presents the broad marketing approach that will be used to achieve the plan's objectives.
Marketing Mix	Four Ps: Product, Price, Place, Promotion
Marketing implementation	Specifies what will be done, who will do it, when it will be done and what it will cost.
Budgets	A projected profit and loss statement that forecasts the expected financial outcomes from the plan
Controls	Indicates how the progress of the plan will be monitoring.

Table 2: Contents of marketing plan (Kotler, Armstrong, Wong, Saunders 2008, 68)

According to Marian Burk Wood (2007, 4), there is no marketing plan that lasts forever; therefore, some preparing alternative plans to implement if significant changes occur is highly needed. In Figure 3 below, Wood also gives an overview of all steps in Marketing Planning:

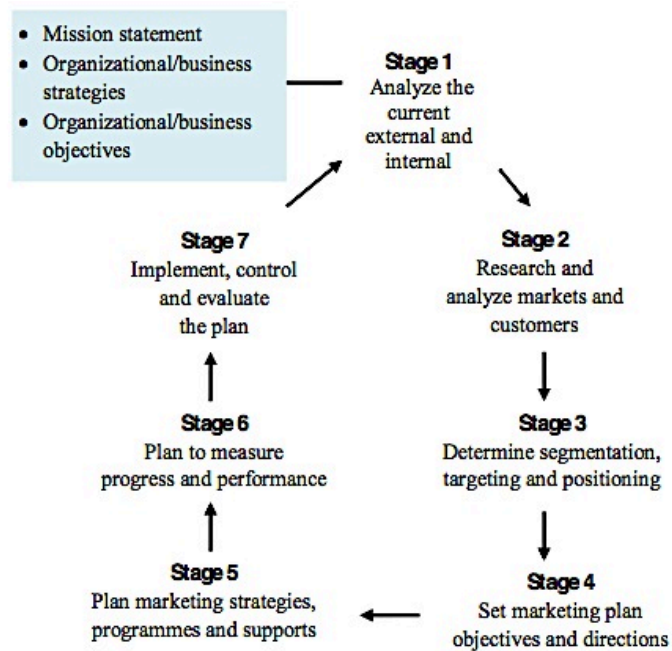


Figure 3: The marketing planning process (Wood 2007, 5)

In this thesis, however, the researcher only wants to focus on stage 1, 2 and 3 of the marketing planning process as stated in the Thesis Objectives section. Therefore, there are only three elements of a marketing plan that will be mentioned in this theoretical framework. Those are: PESTLE Analysis, SWOT Analysis, and Marketing Mix.

3.1.1 PESTLE Analysis of the Marco Environment

Elizabeth Hill and Terry O’Sullivan defined marketing environment as those environment outside the immediate control of the firm that influence its relationship with its target customers (Hill 1999, 53).

Macro-environment is defined as “a complex set of uncontrollable variables that collectively form a framework within which organizations conduct business” (Hill & Terry 1999, 54). It includes environment that affect organizations and companies, summarized as PESTLE: Political, Economic, Social, Technological, Legal, and Environmental. A PESTLE analysis is a useful and thorough tool to help organizations or firms understand the “big picture” of the environment in which they are operating.

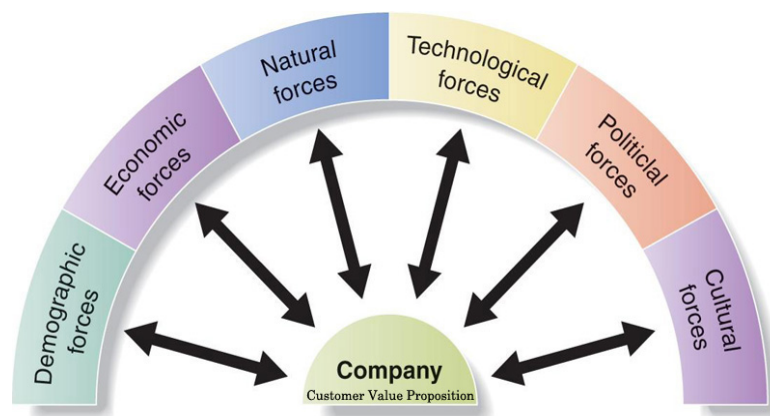


Figure 4: Major forces in the company’s macro environment (Armstrong, Kotler, Harker & Brennan 2009, 79)

These forces shape opportunities and pose threats to the company (Armstrong & Kotler 2009, 124). In order to take advantages of global markets or segments, marketers must attain a thorough knowledge and understanding of what can drive customers to behave differently from each other; and detect the similarities to minimize marketing effort. (Czinkota & Ronkainen 1998, 63.)

According to articles on Oxford University Press and Marketing Minefield about PESTLE Analysis, definition of each and every force is as below:

Political Environment – Are forces concerning to government practices such as the degree of intervention in the economy, tax, policy, tariffs, trade restrictions, laws, and pressure groups. These factors represent the way and the extent to which a government influences the economy and a certain vital areas of organizations and individual such as the education of the

workforce, the health of the nation and the quality of the infrastructure of the economy.

Economic Environment – This refers to areas unique to economy and directly influenced by economy or comprised by economy, areas such as inflation rate, interest rate, economic growth or exchange rates, or the level of income, level of debt, and the local; regional; national and even global economic trends (Wood 2007, 29). All these areas can greatly influence a business or company. They affect the demand curve, buying power, and spending pattern of consumers.

Socio-Cultural Environment – Divided into 2 categories demographical and cultural environments.

1) Demographical Environment: Mainly refers to the study of human population in term of size, density, location, age, sex and other statistical information such as population growth rate, age structure, changing family, mobility and diversity. (Armstrong, et al. 2009, 79.)

2) Cultural Environment: Are forces that affect society values, perceptions, preferences and behaviors of human beings. Oxford English Dictionary defines Culture as the “Improvement or refinement of mind, tastes and manners, the condition of being thus trained and refined: the intellectual side of civilization.” Cultural sensibility is vitally important in international business. It is essential to know both the differences and similarities between cultures. (Paliwoda & Thomas 1998, 45.)

Technological Environment – Refer to automation, incentives, and the rate of technological change, new inventions or discovery, and Research and Development activities. The technological environment changes very rapidly. New technologies enable new products and new processes; creating new markets and opportunities, yet destroying old technologies (Armstrong, Kotler, Harker & Brennan 2009, 91.)

Legal Environment – Refer to all the laws and legislations directly connected to a firm and its area of activity, including consumer law, antitrust law, discrimination law, and health and safety law in which firms operate. Increasingly, in interpretation of national law has shaped up the activities of international firms and organization. (Paliwoda & Thomas 1998, 55–56.)

Environmental/Natural Environment – Refers to all forces directly related, influenced or determined by the surrounding environment. It not only provides raw materials and resources that are needed as inputs to businesses, but also the entire operating environment. This includes, but is not limited to issues such as weather, climate, geographical position, climate change, natural catastrophes, worldwide epidemics, increasing need and cost of energy, or changing legislations and attitudes. (Armstrong, Kotler, et al. 2009, 90.)

3.1.2 SWOT Analysis

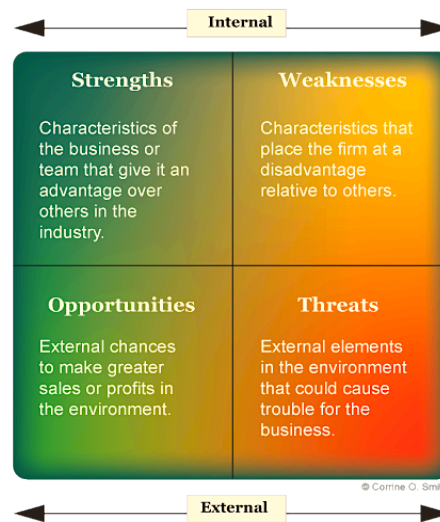


Figure 5: SWOT Analysis (COS, Analysis, n.d.)

SWOT analysis is a method used to analyze the business environment. SWOT abbreviates for strengths, weaknesses, opportunities and threats. It is a technique designed to assist company in creating a suitable marketing strategies and explore possibilities that they should pay more attention to (Hollensen 2003, 265). SWOT analysis encompasses both the internal (strengths and weaknesses) and external environments (opportunities and threats) of a firm and the surrounding they are operating in. (Hollensen 2003, 265.)

Strengths and weaknesses

In this part, the firm analyzes what are the most critical success factors in the internal environment of itself, including key dimensions such as financial performance and resources, human resources, production facilities and capacity, market share, customer perceptions of product quality, price, product availability, and organizational communication. (Hollensen 2003, 265.) Armstrong & Kotler in the principle of marketing book strongly emphasized that the strengths and weaknesses are just relatively true, not necessarily an absolute truth (2009, 138).

Opportunities and threats

The firms should always set up intelligence systems to keep track with market trends, important developments, and any related opportunities and threats (Kotler & Keller 2009, 90). Also according to these two authors in their book – Marketing Management (2009, 90–92), market opportunities is areas where buyers have high demand that firms can have high profitability; they can appear in various form such as converging industry trends, new products and technologies, the need for more information and advice, etc. Meanwhile, factors that challenge or create an unfavorable trend to firms that ultimately lead to lower sales and profit such as complicated political situations, is considered as threats to businesses.

A successful SWOT Analysis should have matching key strengths with promising opportunities to profitably exploit them and take full advantage of the situation, and to guard against weaknesses and threats in supporting firms' marketing strategies. (Wood 2004, 55.) In order to take full advantages of this analysis, marketers should stay focused; collaborate with other functional areas, research issues from the customer's perspective, and separate internal issues from external ones. (Hollensen 2003, 265–266.)

3.1.3 Marketing Mix – A brief Review of 4Ps

Once firm has researched of the environment it is operating in, and decided what its competitive advantages are against the competitors to win the targeted markets, it should begin to plan the details of the marketing mix, one of the major concepts in modern marketing. (Armstrong, G. & Kotler, P. Harker, M. & Brennan, R. 2009, 55.)

In the same book Marketing Management, Armstrong and his colleagues define Marketing mix as “set of controllable, tactical marketing tools that the firm blends to produce the response it wants in the target market” (2009, 55). The marketing mix is a “toolbox” that contain of everything the firm can do in order to best influence the customer demand for its product. The many pieces can be collected into four groups of variables known as the "four Ps": Product, Price, Place, and Promotion. Figure 4 below shows the particular marketing tools under each P. (Armstrong, G. et al. 2009, 56.)



Figure 6: The Marketing mix (Armstrong & Kotler 2009, 83)

Product/Service – Product is anything that offered to a market for use, consumption or attention, to satisfy a want or need. It can be a good, a service, an idea, a place, a person, a combination of those or whatever else that can be offered for sale in the exchange. This Product aspect also includes the design and packaging of the good, as well as its additional physical features of any associated service because nowadays consumers want so much more than just pure benefits. (Solomon, et al. 2009, 37.)

Price – Price is the amount of money or the like that the consumer must exchange for in order to receive organization’ offerings or to obtain the products. Price is also a very useful tool to increase consumers’ interest in company’s products. (Solomon, et al. 2009, 37.)

Placement – Place, placement, or distribution channel includes a series of decisions made and activities performed by manufacturers, intermediaries and retailers to make products available to targeted customers at the right time in right location. (Solomon, et al. 2009, 37.)

Promotion – Promotion or marketing communication includes various activities and methods that marketers use to inform consumers about the products (Solomon, et al. 2009, 37), communicate their values to targeted customers, persuade and encourage them to buy these products instead of competitors’ (Armstrong, et al. 2009, 56). According to Kotler and his colleagues in the book Principle of Marketing (2008, 697), there are five marketing communication tools to deliver a message of the products, they are Advertising, Sales promotion, Public relations, Personal selling, and Direct marketing.

Although these four Ps are often concerned as separate parts in a marketing strategy, they are actually interdependent to each other. Decisions on each of them are affected and affect every other marketing decision. (Solomon, Marshall, Stuart, Barnes & Mitchell 2009, 36.)

3.2 Review of Market Selection

Nowadays, in such large and diverse market thanks to rapid internationalization, there are numerous consumers with countless different needs and there is no single marketing strategy that can connect with and attract all of them (Kotler, Keller, Brady, Goodman & Hanson 2009, 333).

In order to maintain competitive and profitable, firms and organizations need to divide the total market into smaller segments; identify the best ones that they can effectively serve; understand the uniqueness and differences between them; and design strategies for the chosen segments (Kotler & Armstrong 2008, 156). This process includes three parts: market segmentation; market targeting, and market positioning, as shown in figure 5 below.

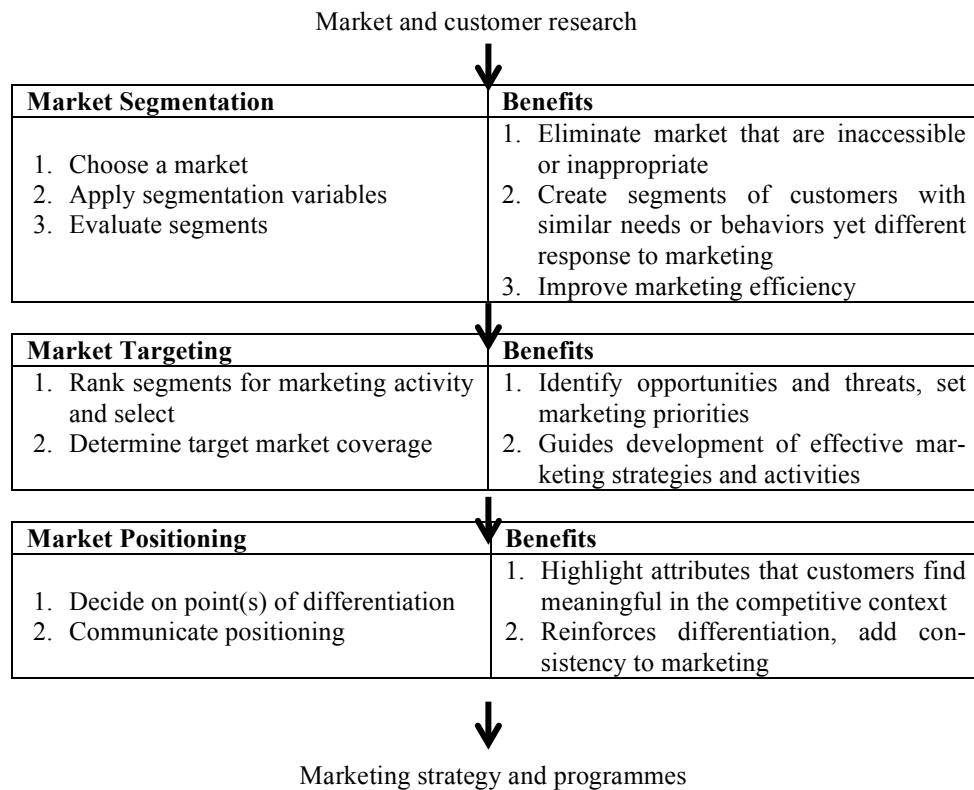


Figure 7: Applying segmentation, targeting, and positioning; and Benefits (Wood 2004, 96)

3.2.1 Market Segmentation

In 2012, Vietnam population reaches approximately more than 88 million people, while Ho Chi Minh City, the largest city of Vietnam, reaches 7.5 million people according to the latest data collected in 2010. With such huge market, it is very difficult for companies to identify all consumers' needs to satisfy them, and not all consumers are profitable and accessible to fit the companies' portfolio. Thus, companies have to identify specific smaller market segments that fit the best with their competences and resources, and then offer the best value to only these segments.

3.2.1.1. Level of Segmentation

According to Kotler and Keller (2009, 248–252), there are many level of market segmentation:

Mass marketing – is the starting point of market segmentation, in which engaging the mass production, mass distribution, and mass promotion of one product for all available consumers.

Segment marketing – a market segment is a group of customers who share the same specific needs. In this level of segmentation, marketers identify and target specific segments rather than creating them.

Niche marketing – a niche is a more narrowly defined customer group than a segment, usually identified by dividing segments into smaller sub-segments. Niches are fairly small but very profitable when it comes to growth potential, pricing advantages, and especially less competition.

Local marketing – is tailored marketing programs to the needs of local customer groups in trading areas, neighborhoods, even individual stores in order to get as close and personally relevant to individuals as possible.

Individual marketing – is the ultimate level of segmentation where customers are the ones who decide what and how to buy by researching on the Internet, evaluating product/service offers, contacting with suppliers to the extent of designing the product like they want.

3.2.1.2. Variables of Segmentation

Market segmentation is usually done based on geographic, demographic, psychographic and/or behavioral studies (Kotler 2008, 410 - 424):

a. Geographic Segmentation – It is the act of dividing market into various geographical units such as nations, states, regions, cities or neighborhoods.

b. Demographic Segmentation

It is the act of dividing market into groups of variable such as age, family size, family life cycle, gender, income, occupation, education, religion, race, generation, nationality, and/or social class.

Because the segmentation recommendation in this thesis is mostly done based on the demographic segmentation; the researcher wants to summarize how these demographical variables have been used to segment markets (Kotler & Keller 2009, 255–260) as below:

Age and Life cycle stage: Consumers' needs and abilities change as they age through years. Nevertheless, this is a tricky variable since it highly associates with human psychology.

Life stage: Consumers in the same age/life cycle stage does not necessarily means that they are in the same stage of life. Life stages define by human major events, such as marriage, divorce, self-financial support, new home, etc.

Gender: this variable is widely used in consumer marketing because men and women are designed to behave differently because of genetic makeup and socialization.

Income: Many companies attract high-income consumers with luxury goods and convenience service, while others focus on offering products that appeal to consumers with lower incomes.

Generation: Each generation of human race is distinct by the time period in which it grows up. Members in a generation share the same value and

outlook on culture, political, and economical experience. Therefore, they are often attracted to the same product offers and marketing strategies.

Social class: Companies highly believe that consumers on a specific social class have similar preferences in buying habits, cars, clothes, home furnishings, leisure activities and other products & services. There is also a clear link between social classes with income-based segmentation.

c. Psychographic Segmentation

It is the division of consumers into groups of personality traits, lifestyle, or values based on the science of combining both psychology and demographics.

One of the most popular classification systems on psychographic measurement is SRI Consulting Business Intelligence’s (SRIC-BI) VALS Framework. Based on this research of VALS, a lifestyle classification scheme of Chinese consumers based on the CMMS (China Marketing and Media Study) was conducted by Sinomonitor International in conjunction with BRMB International and Telmar International since 1997 (Ma 2004). Because the U.S. version of VALS is somewhat not applicable into a developing Vietnamese market, meanwhile, China and Vietnam share a lot of similarities in consumers’ nature and behaviors; therefore, the researcher would like to introduce this research into the theoretical framework of this thesis.

There are approximately 70,000 individual respondents aged 15–64 interviewed in CMMS each year by using PPS (Probability Proportionate to Size Sampling). The sample comprises of at least 5,000 in each of Beijing and Shanghai, 4,000 in each of Guangzhou and Chengdu; and 2,000 in each of other 26 smaller cities.

Four distinct life-orientations were identified in this research: tradition-orientated, fashion-orientated, achievement-oriented and moderate-oriented, which characteristic is summarized by the thesis writer in this table 3 below.

Life Orientation	Characteristics
Fashion-oriented	<ul style="list-style-type: none"> • Like to keep up with latest fashion; prefer fashionable to practical, like to try new brands and new products. • Impulsive, affective and sociable; enjoy expressing their feeling in activities. • Lack of independence and are prone to be affected by other people's opinions. • Generally price-conscious, like to bargain to get the cheapest product. • Pay attention to advertisements and are easily swayed.
	<ul style="list-style-type: none"> • Fogeyish and conservative. Dislike change and fashion. Practical and prefer job securi-

Tradition-oriented	<p>ty to high income.</p> <ul style="list-style-type: none"> • Family-oriented, believe that family is more important than career. • Price-conscious, prefer buying the cheapest domestic product. • Rational thinking and seldom buy without consideration and not easily swayed by advertisement.
Achievement-oriented	<ul style="list-style-type: none"> • Place value on personal achievement and career. Self-confident and pursue a life of challenge, novelty and change. • Generally rational, decisive, independent, and individualistic. Sociable but not easily affected by other people's opinions. Responsible and pay attention to social problems. • Like fashion and may buy impulsively. Wide variety of interests. • They prefer high quality products and famous brands and not very concerned about the price.
Moderate-orientated	<ul style="list-style-type: none"> • Moderate attitudes towards different affairs. They normally express neither very positive nor very negative attitudes. • They represent the largest of the life-orientation segments of Chinese consumers.

Table 3: Characteristics of four consumer orientations
(Summarized by the thesis writer based on the result of CMMS, 2004)

These life orientations are then put in to concern with Social Grades. SES (Socio-Economic Segmentations) is a 'social grading' system developed by BMRB to help better measure and target Chinese households in accordance with their social, educational and economic status to form a matrix shown in figure 7 below.

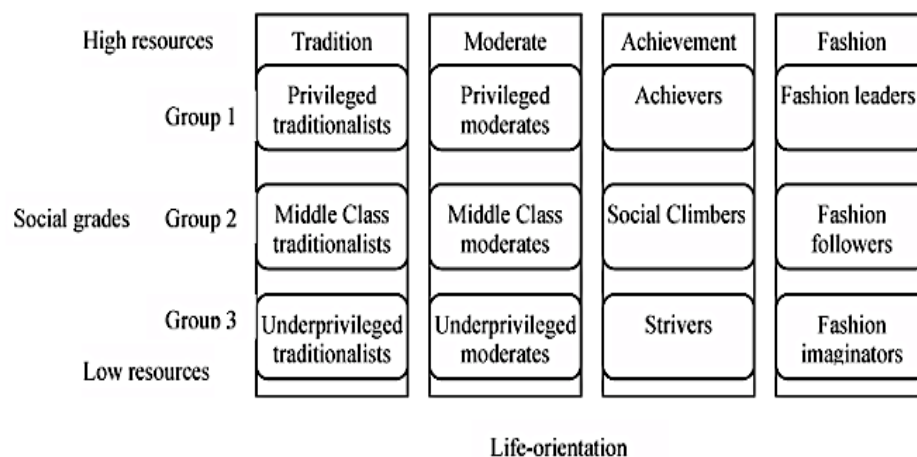


Figure 9: Lifestyle segments of Chinese consumers (Ma 2004)

Based on these two dimensions, the Sinomonitor International divides all CMMS respondents into 12 segments. Below is the result extracted from the original document of the research:

- *Fashion leaders*: (1.7% of all respondents) fashion-oriented, generally well-educated young adults with abundant resources, receptive to new ideas, technologies, products and brands, enthusiastic and impulsive, willing to spend high portion of income on fashion, entertainment and social activities, quality-concerned and favor established, prestige products and service that demonstrate high image and status.
- *Fashion followers*: (8.3% of all respondents) fashion-oriented with relatively modest resources, prefer fashionable to practical, like to keep up with latest fashion and trends, also favor established, prestige products but inclined to buy fake products due to their price cautiousness and modest budget.
- *Fashion imaginers*: (6.1% of all respondents) fashion-oriented with relatively low resources, wish to be seen as fashionable, pay much attention to fashion and trends. However, their consumer behavior is not consistent with their thinking because they value low-price rather than high quality, which can turn into buying fake products in order to “look” fashionable.
- *Achievers*: (3.5% of all respondents) achievement-oriented consumers with abundant resources, generally well educated, likely to be in supervisor or manager position, goal-oriented, committed to career and family; decisive, self-confident and rational, value responsibility and independence, active consumers, and favor established, prestige products and services that demonstrate success to their peers, ready to pay more for high quality products and accept new ideas and techniques.
- *Social climbers*: (12% of all respondents) achievement-oriented but at younger age with more modest resources, have great hope on personal achievements but not such a deep commitment to family and responsibility as achievers; active consumers who value established and stylish products, but more price-concerned, sociable and enjoy many kinds of activity.
- *Strivers*: (8.1% of all respondents) achievement-oriented consumers with low resources, unsatisfied people who wish to be successful in their career though only 30% of them possess a permanent job.
- *Privileged traditionalists*: (2.5% of all respondents) tradition-oriented consumers with abundant resources, generally well educated and more likely to work in government than any others, generally mature, satisfied people who value family, tradition and responsibility, don't care about fashion or trends but favor product with high quality.
- *Middle class traditionalists*: (13% of all respondents) tradition-oriented consumers with modest resources, the oldest consumers among groups, conservative, practical, and rational consumers, watch their budget carefully and seldom spend money impulsively.

- *Underprivileged traditionalists:* (14.1% of all respondents) tradition-oriented consumers with low resources, the most conservative consumers among groups, have little buying ability except for necessities.
- *Privileged moderates:* (3.4% of all respondents) are moderate-oriented consumers with abundant resources.
- *Middle class moderates:* (15.1% of all respondents) are moderate-oriented consumers with modest resources; represent the largest of the lifestyle segments of Chinese consumers.
- *Underprivileged moderates:* (12.2% of all respondents) are moderate-oriented consumers with low resources.

Because psychographic segmentation varies very much by cultural differences, VALS or this Chinese market segment research above will only act as a guideline for researcher to proceed with Häagen-Dazs case.

d. Behavioral Segmentation

In addition, in their book of Marketing Management (2009, 263–266), Kotler and Keller mention another market segmentation that based on consumers’ knowledge, attitudes, uses, or responses to a product. The two authors also suggest a set of behavioral variables, as starting points for market segmentation. The researcher summarizes them as in table 4 below.

Variables	Usages
Occasions	Group consumers according to occasions when they develop the needs and get the idea to buy, actually make their purchases, and use them.
Benefits Sought	Group consumers based to the different “benefits” that they seek from buying products.
User Status	Segment market into groups of nonusers, ex-users, potential users, first-time users, and regular users of a product.
Usage Rate	Markets can also be segmented into light, medium, and heavy product users.
Loyalty Status	Consumers can be loyal to brands, stores, and/or companies. Buyers can be divided into groups according to their degree of loyalty.
Buyer readiness stage	Characterize consumers by their knowledge, awareness of the products, and different stages of buying behavior to develop suitable marketing strategy.
Attitude	There are generally five attitudes about products: enthusiastic, positive, indifferent, negative and hostile; marketers can rely on this information to determine the marketing effort on different segments.

Table 4: Variables and their usages (Summarized by the researcher based on Kotler & Keller 2009, 263–266)

e. Using Multiple Segmentation Bases

Marketers rarely limit their segmentation analysis to only one or a few variables. In the contrary, they increasingly use multiple segmentation based on many variables in order to identify smaller, better-defined target groups.

3.2.1.3. Process of Market Segmentation

As figure 5 above indicates, there are three steps in market segmentation (Wood 2004, 98–105):

a. Choose the market

Marketers should begin their segmentation first by determining which markets they will pay more effort and resource researching and investigating further and which to eliminate. If markets have these characteristics, they should be eliminated:

- Formidable legal, political, social or competitive pressures
- Extreme logistical difficulties
- Lack of purchasing power or other economic challenges
- Troubling ethical controversies
- Persistent ecological concerns

b. Apply segmentation variables

After choosing appropriate markets to invest in, the next step of market segmentation is to distinguish smaller, better-defined segments within the chosen market. As discussed with great detail in the previous part of this thesis, there are many variables to segment consumers into meaningful groups for unique and tailored marketing efforts.

Before applying any variables into the segmentation process, companies must understand the different natures between operating in a consumer market and a business-to-business one. Each customer kind has a set of distinct characteristics that requires different variables to apply in market segmentation.

c. Evaluate segments for targeting

The last step in market segmentation is to assess the attractiveness of each and every segment in terms of realizability, opportunity, environment, accessibility and responsiveness that fit with company's mission, values, strengths, resources and competences, in order to screen out those with insufficient profit potential, intense competition or other complications. There are some requirements for effective segmentation that are briefly summarized in the table below (Nguyen Ke Tuong 2010, 21).

Requirement	Description
Measurable	Size, purchasing power and profits of a market segments should be measured.
Accessible	The market segments can be effectively reached and served.
Substantial	The market segment can be large and profitable enough to serve. It should be the largest possible group worth pursuing with a tailored marketing program.
Differentiable	The segments should be conceptually distinguishable and have different marketing mix elements and programs.
Actionable	To attract serve the segments, there should be effective program designed

Table 5: Requirements for effective segmentation (Summarized by Nguyen Ke Tuong, based on Kotler, Armstrong, Wong & Saunders 2008, 423)

3.2.2 Market Targeting

In reality, many marketers found that serving the right, well defined, and smaller target market with affordable resources may have higher possibility for more profit than trying to serve the largest segment in the market. In fact, the largest, fastest growing segments are not always the most attractive ones for every company (Kotler 2008, 423) as an old saying “One man's meat is another man's poison”.

3.2.2.1. Selecting the market segments

After segmenting the market into attractive and suitable consumer groups, companies then need to decide on which target groups they should pay most focus by ranking them in priority order for marketing attention (Wood 2004, 105). According to Kotler and Keller (2009, 268–272), there are five patterns of target market selection, as shown in Figure 8 below.

Single-segment concentration – is a marketing strategic decision to concentrate only on a specific small segment that firm has strong knowledge and resources to satisfy segment’s needs and achieve high turnover and a strong market presence if it is able to capture segment leadership.

Selective specialization – is the selection of a number of segments, each objectively attractive and appropriate. They may not share certain synergy with each other, but each has its own profit potential and advantage of sharing the risks.

Product Specialization – is the marketing strategy to focus on a certain product that can be sold in several different market segments to build a strong reputation in the specific product area. The company may design different products and strategies for different markets; but might suffer from being replaced by an entirely new technology.

Market Specialization – Concentrates on serving many needs of a particular customer group to gain a strong reputation in serving this group and become the channel for additional products to satisfy this group of customers’ needs. The downside of this pattern is the risk of major changes in the group such as reducing in size and budget.

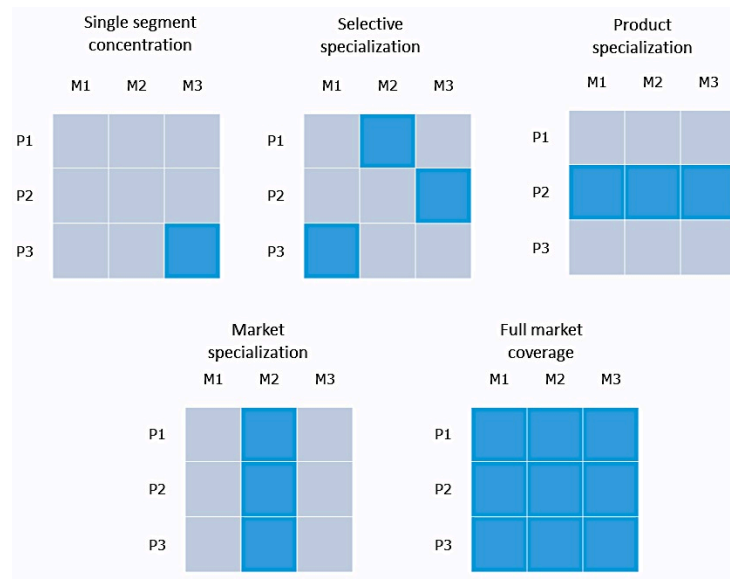


Figure 10: Five patterns of target market selection (P=Product, M=Market) (Kotler & Keller 2009, 2069)

Full market Coverage – the attempt to serve all customer groups with all the products they might need. However, only very large firms with abundant resources can undertake a full market coverage strategy.

3.2.2.2. Deciding targeting coverage strategy

When the company has chosen the most attractive segments to serve, they need to determine the marketing approach to attract the chosen markets. Increasing the marketing differentiation is the pilot strategy that Kotler (2008, 424) chose to do and insisted that targeting marketing strategies could be differed very much from targeting broadly to targeting narrowly, as shown in Figure 9.

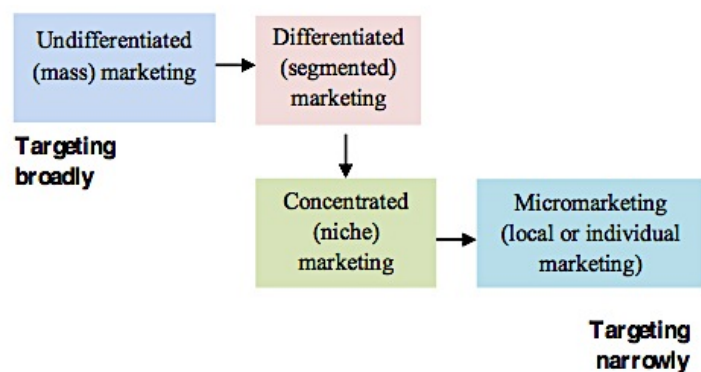


Figure 11: Targeting market strategies in different levels (Kotler, Armstrong, Wong & Saunders 2008, 424)

Marian B. Wong (2004, 107–109) also suggests that targeting coverage strategies of companies should include one of these four below:

Undifferentiated/mass marketing – is to target the whole market with only one single offer and marketing mix, assuming that all customers in a particular market will respond in the same way to the same marketing effort.

Differentiated/segmented marketing – is when a company targets several market segments and formulate several offers and distinct marketing mix that suit each segment's unique characteristics and behaviors.

Concentrated/niche marketing – involves targeting on only one segment, designing only one marketing mix and offerings to compete more effectively and efficiently in a particular market.

Micromarketing/ customized marketing – requires marketers to serve really close with specific individuals within certain segments at particular timing and locations.

3.2.3 Market Positioning

“Positioning is not what you do to a product; it is what you do to the mind of a prospect.” (Ries & Trout 1972)

After market segmentation has been done, the market selection process is not complete because products have not been set in a particular position in the market yet. What companies need to do first is to design and implant a specific image of their product offerings in a distinct place of their customers' mindset. This act is positioning. (Kotler & Keller 2009, 308.)

Many may wonder why positioning is so important in guiding which marketing strategy should companies use? The answer is because nowadays markets are growing fast and get diluted with various products of different brands from companies when they are competing against others to acquire a good place in the market. As the result, consumers may be confused in numberless of choices. The goal of positioning is to clarify the brand' essences to its target consumers' minds, describe how the products will provide unique solutions for their needs, and ultimately make they feel comfortable when choosing the products. (Kotler & Keller 2009, 308.)

The result of positioning is the successful creation of a customer focused value proposition, or in other words, a rational reason why the target markets/segments should buy the products from a particular company but not from others (Kotler & Keller 2009, 309). Kotler (2008, 435) suggested that each company should build unique offers to targeted segment by differentiate customer values and competitive advantages of its products.

3.2.3.1. Identifying Possible Competitive Advantages

Competitive advantage is a company's ability to perform in one or more ways better than its competitors. Depending on its own research competi-

tive advantages, a company or market offer can be make a differentiation with their competitors in term of product, services, channels, personnel, or image. (Kotler & Keller 2009, 326–318)

Dimensions	Characteristics
Product differentiation	Offering the best practice on a continuum in such product attributes as consistency, durability, reliability, or reparability.
Services differentiation	Providing speedy, convenient, or careful delivery, customer training service or consulting services that buyers need.
Channel differentiation	Design the best channel's coverage, expertise, and performance.
Personnel differentiation	Hiring and training better people than their competitors do.
Image differentiation	Developing a strong and compelling image calls to communicate the product's distinctive benefits to the consumers, by building a brand around a famous person, or associating with colors, chosen symbols, characters, and other image elements.

Table 6: Dimensions of Differentiation (Summarized by the researcher based on Kotler and Keller 2009, 318)

3.2.3.2. Choosing the Right Competitive Advantages

Even though a company might find several potential competitive advantages, there are few of them ones that will support its positioning strategy. According to Kotler and his colleagues (2008, 443–445) company must answer these two questions below when practicing differentiation.

How Many Differences to Promote?

Many marketers think that companies should develop a unique selling proposition (USP) for the brand or product, pick an attribute where it can be the best practice, and aggressively promote that only one benefit to the target market. It is especially true in an over-communicated society. Meanwhile, others suggest that companies should position themselves on more than one differentiating factors as there might be two or more firms claiming to be the best on the same attribute.

Which Differences to Promote?

However, differentiation does not always bring success to companies because whatever potential benefits it might bring, they also come with risks. Therefore, Kotler (2008, 441) insisted that the decision on promoting brand by creating differences is worthwhile only if it could satisfy the following criteria: important, distinctive, superior, communicable, preemptive, affordable and profitable. Or according to Marian B. Wood (2004, 109–110), effective positioning must satisfy both desirability crite-

ria for consumers and as well as deliverability criteria for company itself, as described in figure 10 below.

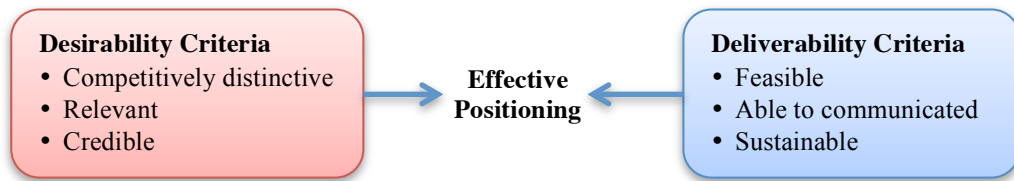


Figure 12: Effective Positioning (Wood 2004, 110)

3.2.3.3. Designing an Positioning Strategy

The full positioning of a brand is called the brand's value proposition—the full mix of benefits upon which the brand is positioned. It is the answer to the customer's question "Why should I buy your brand?" (Kotler, et al. 2008, 429.)

Figure 11 shows possible value propositions upon suggested by Kotler (2008, 430–432). In the figure, the five green cells represent winning value propositions—positioning that gives the company competitive advantage. The orange cells, however, represent losing value propositions, and the center cell represent at best a marginal proposition.

		Price		
		More	The same	Less
Benefits	More	More for more	More for the same	More for less
	The same			The same for less
	Less			Less for much less

Figure 13: Value propositions (Kotler, et al. 2008, 430)

The researcher wants to discuss only the five winning value propositions:

More for More – Involves providing the most upscale product or service and charging a higher price to cover the higher costs. Not only is the marketing offered high in quality, it also offers prestige, symbolizes status and a lofty lifestyle to buyers.

More for the Same – introducing a brand offering comparable quality but at a lower price to attack competitors.

The Same for Less – in which company don't claim to offer different or better products; instead, they offer many of the same brands but at deep discounts based on superior purchasing power and lower-cost operations.

Less for Much Less – A market almost always exists for products that offer less and therefore cost less because not everyone can afford "the very best" in things they buy.

More for Less – Many companies claim to offer more than it costs. Yet in the long run, companies will find it very difficult to sustain such best-of-both positioning.

Once it has chosen a desired position, the company must take firm steps to deliver and communicate the desired position to its target consumers. Positioning the company calls for concrete actions, not just bland talk. Establishing a position or changing one usually takes a long time. Once a company has built the desired position, it must also take care to maintain the position through consistent performance and communication. (Kotler, et al. 2008, 446.)

4 CURRENT SITUATION ANALYSIS

Notes by the researcher:

- 1) The data of the global and Vietnamese ice cream industry are updated by international market research units every five years. The latest update was in 2009 and the next one will be in 2014.
- 2) The latest official research done by the government to analyze Vietnamese and Ho Chi Minh City demographic was done in 2010.

Therefore, data used in this research may not be extremely up-to-date, but is the latest and the most accurate available officially.

4.1 The current situation of the Ice cream Industry and franchising trends in the world

“A bad economy is always good for ice cream stores; it’s comfort food.”
(Lynda Utterback, Executive Director of the U.S. Ice Cream Retailer Association)

In an economic recession and recovery like we are facing at the moment, many retail industries like clothing and common Food and Beverage have suffered loss due to customers’ reduced spending resources. Surprisingly enough, the ice cream industry and franchises’ fate is not the same as they are positioned in a more affordable treat niche market.

In the history of world economy, ice cream industry had survived and even grown during harsh economic conditions. They blossomed through the deep depression following the 1929 stock market crash, and after World War II. Up to recently, the U.S. Ice Cream Retailers Association said that numerous members have claimed their sales were up 25% from 2009 to 2010. The economic recession not only had a positive impact on

ice cream sales, it has also provided an ideal opportunity for franchisors to increase their presence in the market. (Franchise Direct 2009a.)

In the next part, this thesis will introduce about the global ice cream industry and the upcoming ice cream franchising trend, as well as attempt to answer one main question “What is the future of the ice cream franchise industry?”

4.1.1 Ice cream industry overview

4.1.1.1. Highlights

In research done by MarketLine (2011) market researcher unit, in 2011, the global ice cream industry achieved these highlights:

- Grew by 3.5% in 2009 to reach a value of \$48,668.4 million.
- Grew by 2.8% in 2009 to reach a volume of 11,511.5 million liters.
- Take-home ice cream is the largest segment of the global ice cream market, accounting for 39.7% of the market's total value.
- Europe accounts for 44% of the global ice cream market value, which gobbled up \$21.5 billion worth of frozen desserts in 2009, while North Americans devoured \$16.3 billion worth.
- Unilever is the leading player in the global ice cream market, generating a 16.6% share of the market's value.

4.1.1.2. Markets and Consumers

The ice cream market consists of the sale of impulse ice cream, artisanal ice cream, frozen yogurt and take-home ice cream. For detailed explanation about ice cream categories that will be mentioned later in the research, refer to appendix 2, Ice cream Category.

The main consumers of ice cream in general are children and families. 34% of such households consume four or more liters of ice cream per month, which is much higher than the 20% of the family units without children. Preferences in ice cream vary according to the gender of the ice cream consumer. Teenage girls prefer healthier products labeled as low fat, mainly among the frozen yogurt products, while teenage boys still prefer the premium ice cream range. Age also affects choices in consuming ice cream. Young children are more adventurous in their choices and eat a wider selection of ice cream flavors and frozen desserts while adults tend to be faithful to their favorites. (Rea 2004, 1.)

4.1.1.3. Forecast

While continued high unemployment is making economists nervous about the possibility of a double-dip recession, there appears to be no recession in the ice cream industry (Gandel, S. 2010). Researcher unit MarketLine (2010) forecast that the volume of ice cream sold in 2014 will be 13,261.9 million liters, an increase of 15.2% since 2009 and the value of the industry in 2014 will be \$58,887.4 million, an increase of 21% since 2009.

According to researcher Green (2009), the ice cream market in Europe is still the biggest and on the up, with volumes rising at a growing rate. North America bucks the trend somewhat with a recent overall decline in consumption of ice cream but Zenith International forecasts suggest that the ice cream market will show some recovery in the next few years, with volumes rising year on year by around 0.3%, reaching 5.6 billion liters at the end of 2012. The ice cream market in the Middle East is small but expanding in all countries of the Middle East, particularly in the UAE and Lebanon. The ice cream market is forecast to reach 328 million liters by the end of 2012. Per person consumption follows a similar trend to overall volumes rising from 2.3 liters in 2008 to 2.8 liters. The most promising markets for growth are in emerging economies such as China and Brazil, where annual sales are soaring 8.5% and 8%, respectively.

Current demographic data indicates a decline in the youth population over the next few years. The ice cream industry might need to attract a new older age group, while trying to retain their current younger clients. (Rea 2004, 1.)

4.1.2 Introduction to Ice cream Franchises and why people invest in these franchises

The concept of “franchising” or licensing operators originated decades ago and has become very popular ever since because it allows entrepreneur to own and operate their own business, profit from the use of an established brand name, and benefit from a proven system of operations. Franchise companies also provide guidance and consultation on personnel, training, audits and controls, and share in the success of an established marketing plan. (Ice cream profit n.d. a.)

An ice cream franchise or licensing an ice cream brand identity and support can give you access to a successful proven business system. (Ice cream profit n.d. a) Many new franchises have entered and are thriving in the ice cream industry in recent years where some major players like Häagen-Dazs, Dairy Queen, Ben & Jerry’s or Carvel have occupied the market by developing their products and adapting their concepts through the years. (Franchise Direct 2009a.) An ice cream franchise has a variety of options available to help meet franchisee’s location, budget and preferences such as Ice Cream Kiosk which is small, semi-portable, lower cost, Ice Cream Shop which has medium size, strip mall locations, medium cost, or Ice Cream Parlor which is large, stand alone, eat-in facilities, highest cost. (Ice cream profit n.d. c.)

There are many reasons why people choose to invest in an ice cream franchise business. Among the main advantages are the superior benefits from an established brand name and strong marketing support, making it easier to start the business up and make profits faster. Flexibility or freedom is a great enticement for many aspiring entrepreneurs who look to invest in an ice cream franchise (Franchise Direct 2009a). People have freedom from a boss, freedom to enjoy the profits from your labor, freedom to pursue your dreams, and freedom to manage your schedule as long as the business is

making satisfactory profits. A very popular answer why people liked the ice cream franchising business is the opportunity to work with people. Last but not least, most successful business owners enjoy a great sense of pride and accomplishment as they watch their customers walking out the door with smiles on their faces. (Ice cream profit n.d. b.)

4.1.3 Ice cream Franchises Success Rate

Based on a research by Franchise Direct (2009b) in the U.S., eight of the 18 franchises in their sample had started to offer franchises in the last four years, suggesting that there are more ice cream franchises to answer the increasing demand for variety.

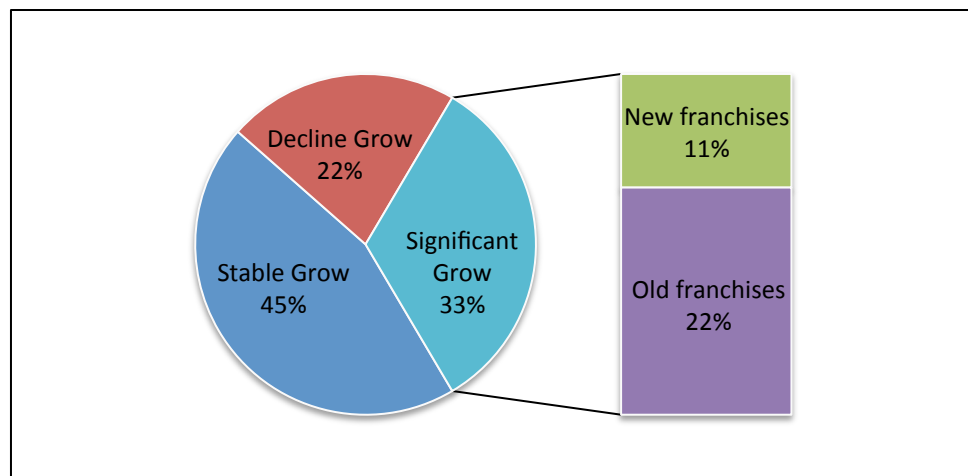


Chart 1: Success Rate of Ice cream Franchise in the U.S. 2005- 2009 (Franchised Direct 2009b)

The research of ice cream franchise success rate result is shown in Chart 1 above. In their sample (Franchise Direct 2009b), 33% (6) of the franchise systems had a significant growth rate; two of them were new to the franchising concept (franchising for less than four years) while four are in more mature concepts, established for over 15 years. There were only 22% (4) systems in decline, meaning failing in operation. The other franchise systems in our sample had a stable growth rate. The entire success examples share two similar features 1) unique offerings and 2) strong brand and longevity. (Ice cream profit n.d. d.)

4.1.4 Current Market trends

Ice cream is an ever-changing industry that closely responding to global trends and customer preferences. Researches done by Franchise Direct (2009b) and International Dairy Foods Association (Roeder n.d.) have forecasted these trends for ice cream industry in the next few years:

- *The frozen yogurt craze* – Over the past couple of years, frozen yogurts have made a huge comeback, with increasing numbers of franchises appearing, fuelling greater consumption that focuses now on the healthier aspects of the dessert such as lower levels of fat, probiotic,

healthy toppings like fresh fruits and cereals, and introduction of new, exotic flavor like green tea and tropical fruit.

- *Green practice* – It is not unusual in other industries that businesses strive for greener policies to boost their public image. This environmentally friendly trend could penetrate in the ice cream franchise industries in the near future especially since the popularity of frozen yogurt, the customers are now more sensitive to these issues.
- *Exciting flavors* – Ice cream flavors are only limited by the imagination. Manufacturers, scoop shops and chefs are constantly coming up with new, seasonal and exciting flavors for their customers to keep consumers looking to see what's next in the freezer case.
- *Quality segments* – Ice cream manufacturers continue to diversify their lines of frozen desserts in order to fit into various lifestyles and specific dietary needs – often called "better for you" products, such as fat-free, lactose-free, low-carb, added nutrients, etc. Nevertheless, most consumers are looking for an indulgence when eating ice cream; therefore, ice cream manufacturers also offer a full selection of premium to super premium products with only the best quality ingredients and low overrun.
- *Co-branding* – Co-branding is a strategy used to stimulate the growth of two franchise systems. The brands involved mutually benefit from the combination of their resources to increase sales and traffic in a franchise location.

4.2 The current situation of Ice cream industry in Vietnam

4.2.1 Overview

4.2.1.1. Ice cream industry in general

Despite the current economic recession, ice cream in Vietnam continued to show a good performance in 2009. A research done by Euromonitor (2009, 1) shows that total sales volume of ice cream in Vietnam year 2009 reached over 39 million liters, up 7% compared to 2008. Table 7 below shows data of the ice cream industry in Vietnam from 2004 to 2009.

Category	2004	2005	2006	2007	2008	2009	CAGR 2004-09
Impulse ice cream	27.4	31.5	36.7	42.9	50.1	58.3	16.3%
Growth		15.2%	16.4%	17.1%	16.8%	16.3%	
Artisanal ice cream	6.2	7.0	8.1	9.4	10.9	12.5	15.2%
Growth		14.0%	15.5%	16.0%	15.6%	15.1%	
Frozen yogurt	4.5	5.1	5.7	6.5	7.3	8.2	12.7%
Growth		11.9%	12.5%	13.2%	13.1%	12.8%	
Take-home ice cream	2.0	2.3	2.7	3.2	3.7	4.2	15.8%
Growth		15.2%	15.8%	16.3%	16.1%	15.6%	
Overall	40.1	46.0	53.2	62.0	72.0	83.3	15.8%
Growth		14.6%	15.8%	16.4%	16.2%	15.8%	

Table 7: Ice cream industry in Vietnam, value by category (million USD), 2004-2009 (DataMonitor 2011, 21)

The ice cream market in Vietnam was valued at \$83.3m in 2009, representing a CAGR of 15.8% over the 2004–09 period. This market increased by \$11.3m between 2008 and 2009, while the increase over the 2004–09 period was \$43.2m.

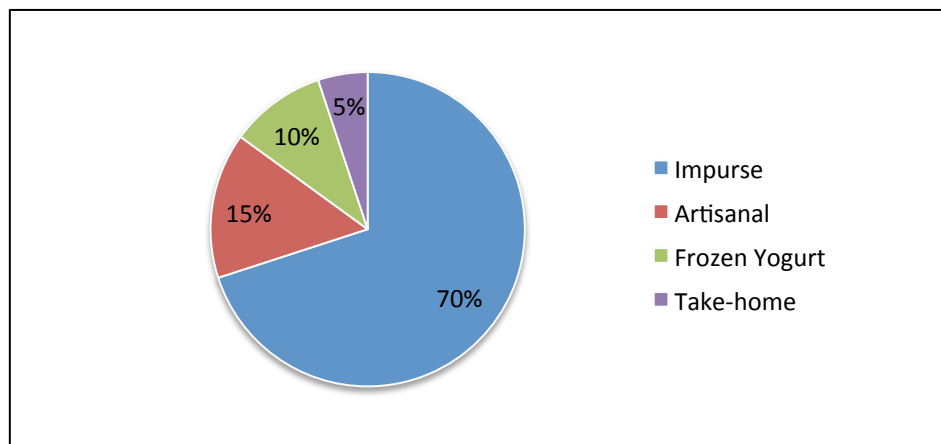


Chart 2: Vietnam Ice cream Market Segmentation in 2009 (DataMonitor 2011, 21)

As seen in chart 2 above, the Vietnamese ice cream market is segmented into four categories based on their distributions channels; impulse ice cream, artisanal ice cream, frozen yogurt and take-home ice cream. The impulse ice cream category accounted for a 70% share in 2009, followed by artisanal ice cream and frozen yogurt, with a share of 15% and 9.9%, respectively. (DataMonitor 2011, 21.) In this thesis, however, the researcher will only focus on the impulse segment, as it is where Häagen-Dazs Ice cream franchise will be operating in.

4.2.1.2. Impulse Ice cream segment

The impulse ice cream category accounted for a 70% share of the total Vietnamese ice cream market and is broken down into two main segments: dairy-based and water-based ice cream. The market for impulse ice cream in Vietnam was valued at \$58.3m in 2009 and grew at a CAGR of 16.3% between 2004 and 2009. This market increased by \$8.2m between 2008 and 2009, while the increase over the 2004–09 period was \$31m.

Category	2004	2005	2006	2007	2008	2009	CAGR 2004-09
Dairy-based	22.8	26.4	30.8	36.1	42.3	49.3	16.7%
Growth		15.5%	16.7%	17.4%	17.1%	16.6%	
Water-based	4.5	5.1	5.9	6.8	7.8	9.0	14.7%
Growth		13.7%	14.7%	15.3%	15.1%	14.9%	
Overall	27.4	31.5	36.7	42.9	50.1	58.3	16.3%
Growth		15.2%	16.4%	17.1%	16.8%	16.3%	

Table 8: Impulse Ice cream, Vietnam, value by segment (million USD), 2004-2009 (DataMonitor 2011, 21)

The dairy-based ice cream accounted for 84.6% of the total impulse ice cream market in 2009, followed by water-based ice cream, with a 15.4% share.

4.2.2 Competitive Landscape

The ice cream industry in Vietnam is quite distinctive in that competition is split into two levels, marked by clearly visible differences. The mainstream level is made up of branded products, where sales are highly concentrated, with two key players, Kinh Do Corp and Vietnam Dairy Products JSC (Vinamilk). The secondary level is highly fragmented, due to the participation of many small private manufacturers, scattered throughout Vietnam, each of whom holds a very minor value share. The products of these small manufacturers tend to be cheap and of low quality. See chart 3 below for detail company shares by value (%).

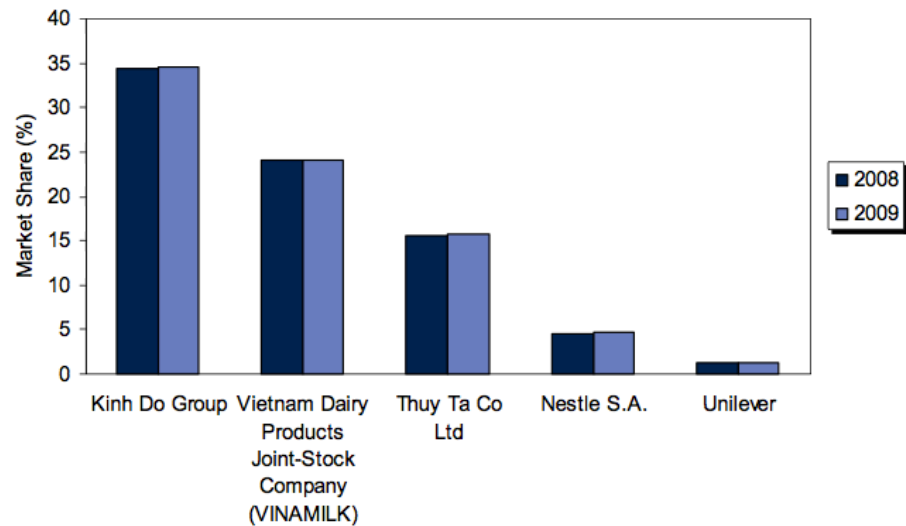


Chart 3: Ice cream Company Share by value (%), 2008-2009 (DataMonitor 2011, 31)

In 2009, Kinh Do and Vinamilk continued to be the leading branded players in Vietnam. Their dominance is reflected most clearly in dairy ice cream, where there is no participation of small manufacturers due to high production technology required. Since 2008, Unilever's Wall's brand has come back to Vietnam, after five year of the Kinh Do acquisition deal with Metro Cash & Carry Vietnam as the new authorized importer and distributor of Wall's. The return was not as successful as expected, but, nonetheless, Wall's became increasingly available, promises an active competitive environment in ice cream during the coming years.

According to researcher observation, there is very few visible marketing activities in the ice cream industry; meanwhile, activity largely remain sat level of point-of-sale, posters, leaflets and promotional articles. One reason for this might be the high percentage of sales remains in the hands of small manufacturers, who cannot afford the cost of a proper nationwide marketing campaign. In the same situation is the inactivity of previously state-owned companies like Trang Tien, Hapro or Thuy Ta, prevents them from developing a good marketing strategy. Furthermore, ice cream remains a minor component of both the leading player's; Kinh Do and Vinamilk, business and, therefore, they both pay a low attention to marketing and new product development.

4.2.3 Prospects

4.2.3.1. Ice cream industry in general

In "The scheme for development of Vietnam dairy industry until 2010 and vision to 2020" – approved by The Ministry of Industry and Commerce, the projected volume growth rate of the dairy industry is 5-6% per year, while that of ice cream is 8% CAGR.

Category	2009	2010	2011	2012	2013	2014	CAGR 2009-14
Impulse ice cream	58.3	67.7	78.2	89.6	100.9	112.9	14.1%
Growth		16.1%	15.5%	14.5%	12.7%	11.9%	
Artisanal ice cream	12.5	14.3	16.4	18.6	20.7	23.0	13.0%
Growth		14.6%	14.3%	13.3%	11.7%	11.1%	
Frozen yogurt	8.2	9.3	10.4	11.5	12.7	13.8	10.9%
Growth		12.6%	11.9%	11.0%	9.9%	9.1%	
Take-home ice cream	4.2	4.9	5.6	6.4	7.2	8.0	13.6%
Growth		15.2%	14.7%	14.1%	12.3%	11.8%	
Overall	83.3	96.2	110.6	126.1	141.5	157.8	13.6%
Growth		15.8%	15.5%	14.9%	14.0%	12.3%	11.5%

Table 9: Ice cream industry in Vietnam, forecasted value by category (million USD), 2009-2014 (DataMonitor 2011, 21)

As seen in table 9 above, DataMonitor forecasts the ice cream market in Vietnam to be worth \$157.8m in 2014, with an expected CAGR of 13.6% between 2009 and 2014. This market is forecast to increase by \$74.5m over the 2009–14 period.

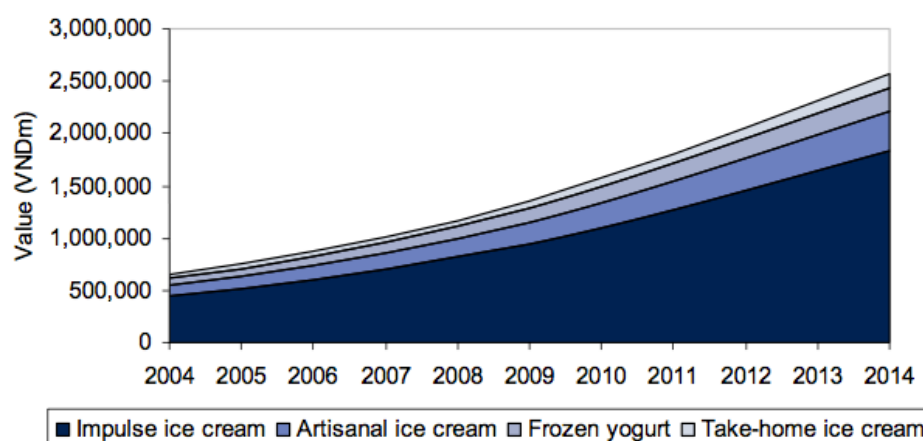


Chart 4: Ice cream Vietnam, value by category (million VND), 2004-2014 (DataMonitor 2011, 23)

The impulse ice cream category is expected to account for a 71.6% share of the ice cream market in 2014, followed by artisanal ice cream and frozen yogurt, with a share of 14.6% and 8.8%, respectively.

It is also expected that both Kinh Do and Vietnam Dairy Products will continue to be major powers in ice cream over the forecast period. Kinh Do has developed a stable position through strong brands, like Merino and Celano, and a wide distribution network of nearly 20,000 retail outlets throughout the country. Metro Cash and Carry Vietnam's commitment to the Wall's brand is still in doubt for many. Being a giant player in Vietnamese retailing is not a guarantee of success in ice cream, where the competition is expected to increase in the coming years.

4.2.3.2. Impulse Ice cream segment

DataMonitor forecasts the impulse ice cream market in Vietnam to grow at a CAGR of 14.1% between 2009 and 2014, to reach a value of \$112.9m in 2014. This market is estimated to increase by \$54.6m in sales over the 2009–14 period.

Category	2009	2010	2011	2012	2013	2014	CAGR 2009–14
Dairy-based	49.3	57.4	66.5	76.2	86.0	96.3	14.3%
Growth		16.4%	15.7%	14.7%	12.8%	12.0%	
Water-based	9.0	10.3	11.8	13.3	14.9	16.6	13.1%
Growth		14.6%	14.2%	13.5%	11.9%	11.4%	
Overall	58.3	67.7	78.2	89.6	100.9	112.9	14.1%
Growth	16.3%	16.1%	15.5%	14.5%	12.7%	11.9%	

Table 10: Impulse Ice cream, Vietnam, forecasted value by segment (million USD), 2009-2014 (DataMonitor 2011, 40)

It is very likely that dairy and water ice cream will still enjoy contrasting performances. By the end of 2014, the dairy-based ice cream is expected to account for 85.3% of the impulse ice cream category, followed by water-based ice cream, with a share of 14.7%. Dairy ice cream is expected to experience good growth, since there is still a wide preference for dairy products. Conversely, growth of water ice cream is predicted to be less impressive.

4.2.4 Trends

Ice cream still has great potential in Vietnam. The average consumption per capita remains quite low, especially in rural areas, however, the expected economic growth and urbanization over the forecast period will likely lead to increasing demand for high quality ice cream. In general, dairy ice cream is still preferred to water ice cream by the majority of local consumers, due to the common perception that dairy products are of a higher quality, especially among people living in cities. Water-based ice cream, however, remains more popular in rural areas, where its lower price is attractive to the low-income population.

In the past, ice cream was usually considered as a snack for children, while adults generally had little interest. That perception, however, has gradually changed over the years, due to new ice cream products being introduced to the country, as well as the fact that people in cities are enjoying a higher standard of living. Adults have increasingly begun to consume more ice cream, a trend most visible in urban areas. Along with product developments witnessed in recent years together with the integration of many foreign brands like Baskin-Robbins and Häagen-Dazs, many new flavors are expected in the future. As the increase in disposable income and improvement in living standards, there will also be demand for more sophisticated, more premium product categories.

4.3 Vietnamese and Ho Chi Minh city's PESTLE Analysis

4.3.1 Political Environment

Vietnam has had a colorful political history (Sterling 2006) and is currently renowned for its communist leadership. However, Vietnam has a very receptive attitude towards welcoming FDI and developing Trade relations because the government is committed to improving the country's business and investment climate.

Vietnam has not recently faced any serious threat to its powers and the situation is expected to remain the same in the coming years (DataMonitor 2009). Vietnam's head of state is the President, who, however, does not have any administrative powers but rather undertakes the roles of nominal commander of the armed forces and chairman of the Council on National Defense and Security. The Vietnamese Prime Minister holds the administrative powers and also heads a cabinet made up of three deputies and the heads of 26 ministries and commissions. (Costello, Nash, Kavanagh, Smyth & Boyce 2010, 3.)

Any organization wishing to enter Vietnam must be aware that there are considerable limits on political activities and free speech. A large police and military presence is common. While it is not seen as a major risk in the case of Vietnam, suggestions as to reducing political risk are using local partners, making operations invaluable, banking, and minimizing fixed investments (Jeannet & Hennessey 2004).

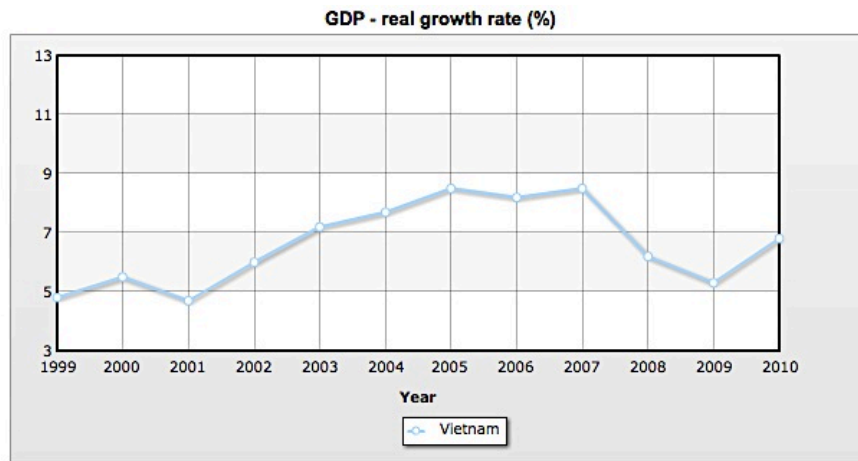
4.3.2 Economic Environment

4.3.2.1. Vietnam

Vietnam has embarked on the path of economic liberalization only recently, starting in 1986 by introducing Doi Moi - Economic Renovation campaign. In 2007 Vietnam became the 150th member of WTO. Vietnam now boasts one of Southeast Asia's fastest-growing economies, which is driven primarily by tourism and exports, but it also has a serious inflation problem and has struggled to attract more investment in the absence of a transparent rule of law.

Economic Growth

In economic terms Vietnam is a rapidly rising power (Vierra & Vierra, 2010). Since the beginning of this century, it has held third place in average annual GDP growth, just behind China and India (Lehmann, 2010).

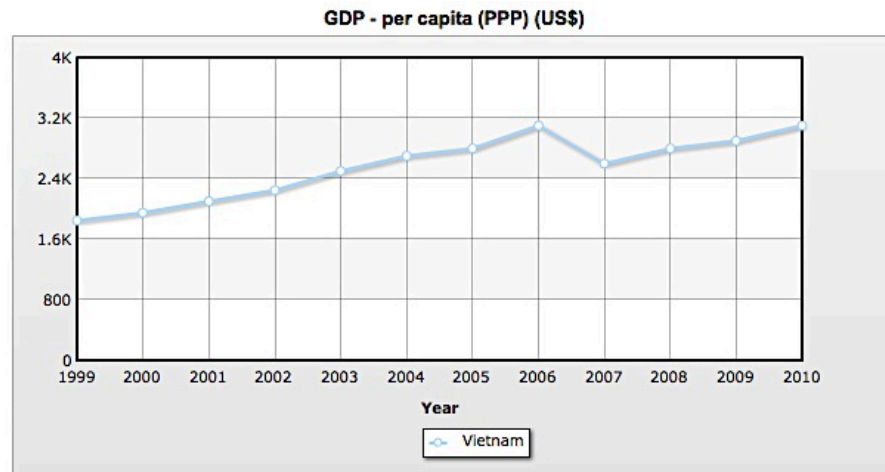


Waiting

Country	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Vietnam	4.8	5.5	4.7	6	7.2	7.7	8.5	8.2	8.5	6.2	5.3	6.8

Chart 5: GDP –Real Growth Rate (%) of Vietnam, 1999-2010

Between 1999 and 2010, the real GDP growth rate was between 4.7 per cent and 8.5 percent. Considering that there was a worldwide recession during that time, this is quite impressive. However, the high GDP growth rate is mainly due to the fact that Vietnam is a developing nation and still has a lot of potential to grow its economy. (Kat’s School Blog n.d.)



Waiting

Country	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Vietnam	1,850	1,950	2,100	2,250	2,500	2,700	2,800	3,100	2,600	2,800	2,900	3,100

Chart 6: GDP per capita (PPP) of Vietnam, value by US\$, 1999-2010

As in chart 6, Vietnam’s GDP per capita has nearly doubled in the past ten years from 1999 to 2010. However, Vietnam has huge gaps in income between different cities, regions and economic sectors. For instance, according to the Ministry of Labor, Invalids and Social Affairs (2012), Vietnam real GDP per capita is 1168 USD (2010); in Bà Rịa - Vũng Tàu province

where most of Vietnam's oil mines locate, income per capita in 2010 is 5800 USD, five times higher than national average income and almost double to Ho Chi Minh City, which is 3000 USD; meanwhile, in poor region like Hà Giang province, GDP per capita only about 300 USD, ten times lower than that of Ho Chi Minh City. Even in the same company, there is wide distance in income level between employees.

Inflation

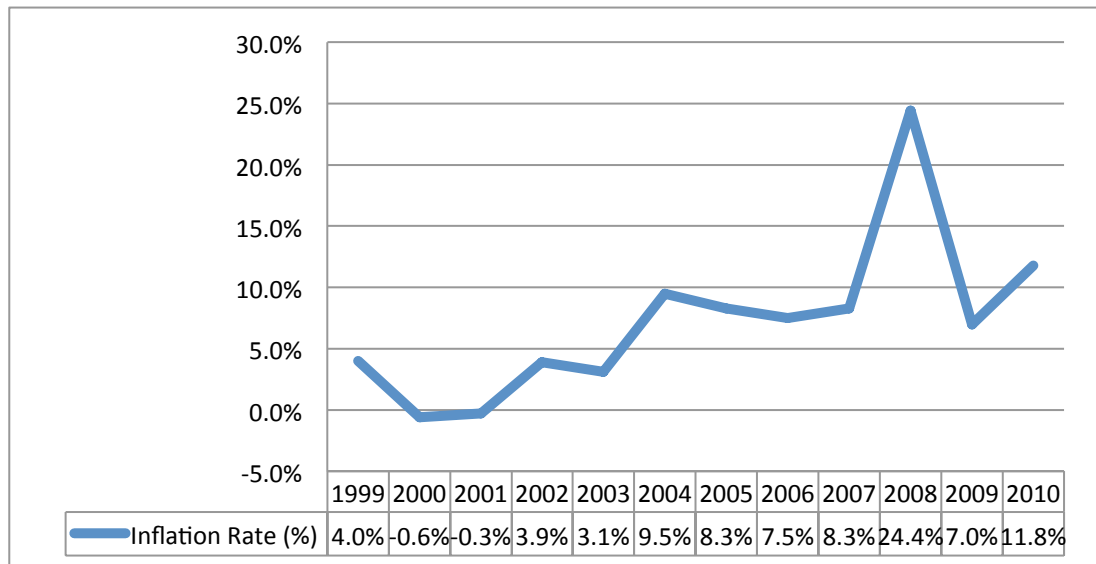


Chart 7: Inflation rate (Consumer prices) (%) of Vietnam, 1999-2010

According to chart 7 above, Vietnam's inflation rate has been very variable. From 2000 to 2010, its range was 25 percent. It even had slight deflation in 2000 and 2001. The graph does suggest an upward slope, suggesting that in the future inflation may continue to rise. According to Kenichi Ohno from Vietnam Development Forum, it is essential for Vietnam to reform their economic policy and control incoming capital to control inflation in the future because high inflation causes investors both foreign and domestic to be wary of the government's ability to regulate and manage the economy. (Kat's School Blog n.d.)

4.3.2.2. Ho Chi Minh City

As the leader of the country's economy, in recent years the economy of Ho Chi Minh City has made breakthrough progresses, constantly increasing year after year and contributing the highest to the GDP growth. Developed trade and services, prospered financial activities and efficient economic restructuring transition have confirmed HCMC's acceleration and excellent achievements. (VBN 2010.) However, great gaps between the rich and the poor together with increasingly high living cost still exist.

Growth rate

Although the population of Ho Chi Minh City accounts for the merely 0.6% and the area comprises of 8.34% the country area its GDP participant is 20.2%, its industrial product value accounts for 27.9% and it at-

tracts 34.9% foreign investment projects. In the period of 2006-2010, the average growth rate of GDP was 11% per year. (Invest in Vietnam n.d.)

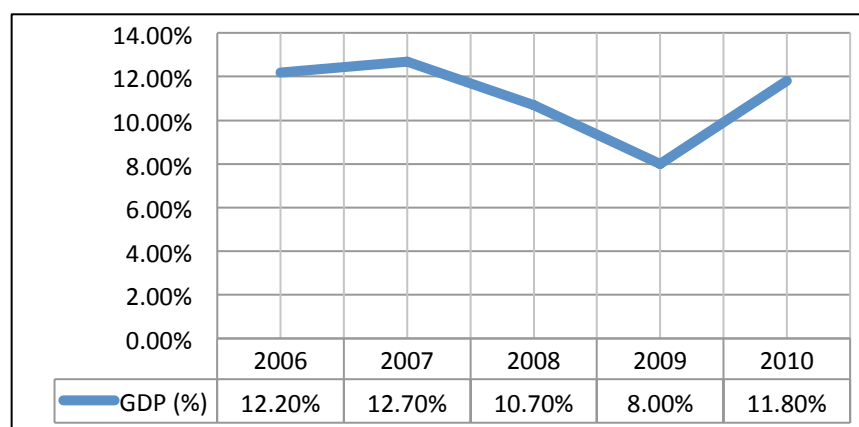


Chart 8: GDP –Real Growth Rate (%) of Ho Chi Minh City, 2006-2010 (Invest in Vietnam n.d.)

Income

In a survey done by the Vietnamese General Statistic Office (GSO) in 2010 on Vietnam household living standard (VHLSS), the researchers divide all the capita into five groups, called five “Income Quintiles”, each has the same number of individuals (20 percent of all surveyed individuals), in which Quintile (Q) 1 is the lowest income per capita group (poorest), Quintile 2: Near poorest, Quintile 3: Middle, Quintile 4: Near richest, and Quintile 5: Highest income per capita group (richest). The result for Ho Chi Minh City came out as summarized and converted into US dollar (with converting rate 1 USD=20,840.00 VND) by the thesis researcher in table 11 below.

Year	Average	Q1	Q2	Q3	Q4	Q5	Q5 compare to Q1 (times)
2002	43.4	15.2	25.2	34.6	48.4	93.7	6.2
2004	55.9	20.7	30.5	41.7	58.5	128.0	6.2
2006	71.0	26.6	39.5	51.6	71.7	165.7	6.2
2008	105.2	39.7	56.7	74.0	102.7	252.0	6.4
2010	131.3	46.3	74.0	96.8	130.8	308.5	6.7

Table 11: Monthly income per capita, Ho Chi Minh City, value by USD, 2002-2010 (VHLSS 2010)

As in table 11 above, it is easy to notice a steady growth in Ho Chi Minh citizens’ monthly income from year 2002 till the present. However, the rich and poor gap is as much visible especially in year 2010, which the richest group average is almost seven times more than the poorest group’s. However, the researcher believes that this indicator does not truly show the real differences in income of Ho Chi Minh City’s citizens as well as the true wealth of the richest “class”. In addition, an increase in income does not always mean improvement in living standard.

Consumption expenditure on Food and Beverage

The share of total daily life expenditures spent on food and drink is a useful indicator to assess living standards. The higher this share, the lower the living standard is and vice versa. Viet Nam in general is a poor country and this proportion is still high but a downward trend has appeared from 56.7% in 2002 to 52.9% in 2010. The same goes with that in urban areas where this proportion reduced from 47.8% in 2002 to 46.1% in 2010. (VHLSS 2010.) In 2010, 28.5% of expenditure on food was spent on outdoor meals (paying for prepared meals and beverage provided and serviced by other party outside own families, such as restaurants or diners, etc.) comparing to 22.2% in 2002, as shown in table 12 below.

Year	Vietnam	Urban areas	Rural areas
2002	13.5	22.2	8.6
2004	15.1	23.8	10.0
2006	14.2	20.7	9.9
2008	14.4	21.1	8.6
2010	21.6	28.5	16.5

Table 12: Food and drink consumption expenditure on Outdoor meal by urban/rural areas, value by %, 2002-2010 (VHLSS 2010)

As seen table 12, there is a upward trend of more and more share of Food expenditure spent on Outdoor meal, especially in urban areas like Ho Chi Minh City. This figure can be explained by a more and more busy lifestyle in urban areas as well as steady increase in income and quite abundant financial resource to afford such uneconomic treats comparing home-cooked meals. This figure is relevant for Häagen-Dazs because expenditure on impulse ice cream segment is also included in this “outdoor meals” proportion. The more people are willing to pay for outdoor meals, the more opportune for Häagen-Dazs because that indicates high living standard and high chance that they will accept the brand into the market.

Any company considering investment in the Vietnamese market or Ho Chi Minh City in particular will have to take into consideration economic factors such as low disposal income, weak currency, and high inflation rates. However there are many opportunities to be exploited in the Vietnamese economy and their priority focus on international trade is extremely encouraging. Vietnam is a true emerging market offering ground floor and growing opportunities for foreign exporters and investors. (Costello et al. 2010, 3.) Häagen-Dazs will have high chance to success in Vietnam and in Ho Chi Minh City if the economy and citizen living standard continue to grow as speed they are now.

4.3.3 Socio-cultural Environment

4.3.3.1. Demographical Environment

Vietnam

Vietnam has very rapid population growth rate of 1.077% in 2011. The population of Vietnam is estimated at 90,549,390 in 2011 (CIA World Factbook) comparing to 52,752 in 1979. It has a 29.6% urban population with 3.1% rate of change (2005-2010). People living in rural areas mark up 70% of the population but the number are dropping at high speed due to rapid urbanization and migration into big cities.

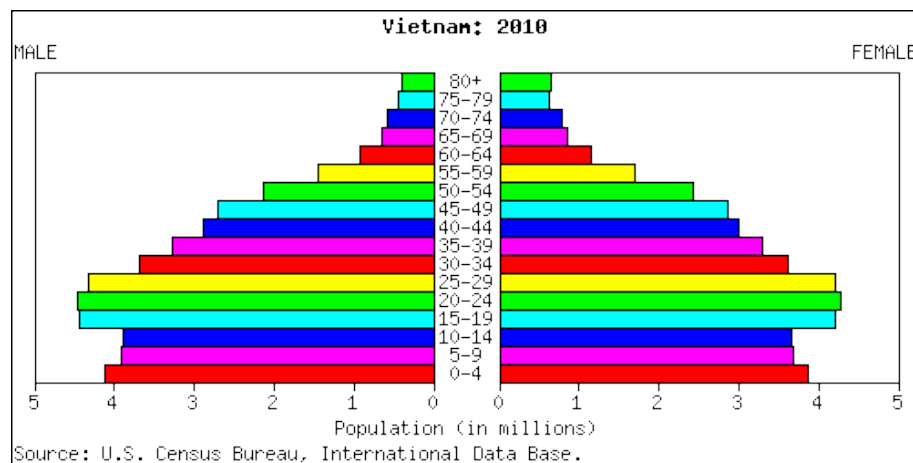


Figure 14: Vietnam Population Pyramid, 2010
(Vietnam age distribution n.d.)

Many might consider that Vietnam has “ever-young” population structure. Unfortunately, that is not true since recently researchers observe a visible change in age groups. Statistic from Vietnam General Statistic Office reveals that proportion of people whose age between 15-64 and over 65 has rapidly increased by 12.4 (56.1% to 68.5%) and 2.1 (4.7% to 6.8%) from 1989 to 2010. Shape of Vietnam population pyramids in recent year has marginally transformed to have narrow bottom and expand in the center. This demonstrates that Vietnam population is getting older in a speedy acceleration and is sign for increasing longevity and coming old population and high demand for adult product categories from businesses.

Ho Chi Minh City

As the center of commerce and business in Southern Vietnam, Ho Chi Minh City attracts a lot of migrators from all other region to come, work and live. According to 2009 Census, there were about 7,162,864 people residing in Ho Chi Minh City; however, due to rapid urbanization and growth in economy that requires large number of workers, many people are now immigrating and living illegally in the city. Therefore, the researcher highly believes that the real number should far exceed 7,162,864. (Ho Chi Minh Population 2011.)

Ho Chi Minh City population in 2009 accounts for 8.34% of the total Vietnam's population with 9450 people per square kilometer (old information in 2007, the number may be even higher at the moment), which makes it the most densely populated area in Vietnam. Ho Chi Minh city is divided into 19 inner districts and 5 suburban districts; in which population mostly resides in Go Vap, Binh Thanh (old residence areas) and Binh Tan (new residence area growth together with industrial parks and factory) district while most malls, administrative and business centers are located in District 1 and 3; till recently district 7 is an emerging and attractive location for both businesses and residents. For more detail about Ho Chi Minh City's administrative units, refer to appendix 4, part 1.

4.3.3.2. Cultural Environment

In this part, instead of focusing on the traditional cultural characteristics like clothing, food, art, or values; the researcher would like to deeply analyze the very recent cultural factors that might affect Vietnamese consumer behaviors, which will eventually reflect in Häagen-Dazs' operation here. These factors include: Globalization, Individualism, the Cult of Luxury brands, and Sustainability Awareness.

Globalization

Today, walking around big cities like Ho Chi Minh, you can easily see the image of a Vietnamese kid eating KFC chicken, drinking Coca Cola and watching Disney Channel. On Vietnamese channels premiere a lot of Korean, Chinese, American films. English songs appear in iPods or MP3 players of many teenagers. (Globalization and its effect on Vietnamese culture, n.d.) All these are signs of globalization. The first wave of globalization came to Vietnam came in 1986 with the "Doi Moi" economic reform and the "open door" policy to invite foreigners and their companies to work in Vietnam while seeking to increase its export. The second wave is in 2007 with the joining to WTO. The globalization not only brings wealth and improves the living standard of Vietnamese people; it also imports the foreign lifestyles and culture into Vietnam by foreigners or travelled Vietnamese; resulted in the thorough and rapid change in the life of Vietnamese people, especially those who live in the cities. However, at the same time, the concern about the "detachment" from the national traditions is increasing. (Tran 2007.)

As a result of globalization, the demand and the taste of consumers have changed significantly. Vietnamese people now tend to use foreign products, as they perceive them of higher quality and better customized to their needs, especially those who are from well off families. In the last five years, the franchising market has also been developing very rapidly. A lot of well-known brands in the world, mostly in the food sector, such as fast food, bread, pizza, coffee and ice cream, like Gloria Jean's Coffees, Lee's Sandwiches, Jollibee, BBQ, Pizza Hut, and BUD's Ice cream of San Francisco have penetrated and had some initial successes in the domestic market.

Individualism

The Vietnamese culture is based on four fundamental principles or values: allegiance to the family, development of a “good” name, love of learning, and respect for other people. Allegiance to the family is seen as the most important factor. The family is the basic unit and the center of the individuals’ existence and the foundation of Vietnamese society. One of the basic premises that exist within the family structure is the idea of collective identity. The individual’s interests and destiny was rarely put higher than the considerations of the family in the past. (Dean n.d.)

Today, in the storm of globalization together with increased living standard, individualism is being introduced to Vietnam, especially to those with knowledge of English and technological advantages. Finally, a “me, mine, myself” attitude is becoming popular. The Vietnamese consumers reach the stage of “Brand as a Personality” mentality (Goodyear 1996), in which buying a product is not only to satisfy needs but also to express self. The need of being different and better from other or belonging to a group of distinguish individuals is increasing among consumers. This trend is especially true among abundant-resourced consumers; customization is happening forcefully from gold-plated cellphones to luxurious cars like Bentley, Rolls-Royce that come at price with 110% import tax. This factor leads the researcher to the next point in the Vietnamese recent change in consumer attitudes and behaviors toward luxury.

The Cult of the Luxury Brands

There has been a small group of Vietnamese consumers with abundant financial resource spending large amount of money for luxury goods. Although spending for luxury goods accounts for only a small proportion of the country’s expenditure, it has increased significantly. (Costello 2010, 19.) Whereas Europe is in the midst of a crisis and recession grows; in other countries, business is booming, as is the demand for luxury goods. One such country is Vietnam, which imported \$10 billion US dollars’ worth of luxury products in 2010. (Spagna 2011.) Premium shopping malls such as Parkson, Diamond Plaza or Zen Plaza have become surprisingly popular in both Ho Chi Minh City and Hanoi. Moreover, many world-famous brand names have appeared in leading shopping malls to meet the demand of high- income consumers in Vietnam. Nowadays, it is not unusual for the rich and fashionable shopaholics to shop for shoes at Gucci, handbags at Louis Vuitton or watches at Cartier.

However, the meaning and relevance of luxury for Vietnamese consumers might be a lot different from of those in other countries. According to TNS VietCycle, a consumer lifestyle study carried out every 18 months among 20-65 year olds in Ho Chi Minh City, Hanoi, Danang and Can Tho, when luxury purchasers were asked to list as many luxury brands as they can think of, responses were clearly not what one might expect to hear in the Western or developed markets. The top four most mentioned brands were iPhone (Apple) – 16 per cent, Sony – 14 per cent, Toyota – 14 per cent and Honda – 11 per cent. Almost one in three Ho Chi Minh City luxury

buyers was unable to think of one luxury brand. When asked what brands luxury buyers aspire to own, iPhone was the number one brand consumers most aspire to own in Hanoi, while in Ho Chi Minh City 41 per cent of luxury buyers did not aspire to own any brand. When luxury buyers were asked to define what luxury means to them, two major themes emerged - luxury is premium price and premium quality, meaning that luxury in the eyes of Vietnamese is more about price point and quality and is required to meet functional needs. Other characteristics often attributed to luxury such as limited edition, exclusivity, hard to find, country of origin or celebrity endorsement were not at all strongly attributed to luxury, as shown in chart 9 below. (Erickson 2011.)



Chart 9: Definition of Luxury according to Vietnamese luxury buyers (TNS VietCycle 2011)

In addition, luxury purchasers were asked about their motivations for purchasing luxury goods, the results revealing some fascinating differences between southern and northern luxury buyers. Southerners who mostly live in Ho Chi Minh City tend to be motivated by necessity, expectations or the desire to “fit in”, while Northerners who mostly live in Hanoi expressed more of a desire to “stand out” from others. Southern responses were towards “Because of work necessities”, “For important/formal occasions” or “In order to fit in social circles”. Meanwhile, Northern responses were more skewed to “To bring myself confidence”, “To reflect special taste and discernment” or “To stand out from the mass”. This can be explained as a strong reflection of traditional desire for status and face in Vietnamese culture, and luxury helps satisfy this desire. Strong differences between North and South also emerged when luxury purchasers were asked to define the type of person that uses or owns luxury brands. While both regions strongly agreed that people who use luxury brands “have a successful life” and “abundant resources”, Northerners’ responses were skewed to “have good taste” and “enjoy high quality life” – much aligned with the idea of discernment and differentiation. Meanwhile, Southerners took a more practical view of luxury owners with “showing off”, and “wasting money” as some of their key descriptions. (Erickson, 2011.)

Through generations, attitude and behavior toward luxury also change. Members of the new generation want to enjoy life and pamper themselves with luxurious things. Nguyen Thi Cam Van, a 39-year-old woman working at Siemens and also consults for a Vietnamese import company, who has recently purchased five \$1,000 handbags at Louis Vuitton. "If I can afford to buy something nice, it makes me feel proud. It also lets you show people your taste and style." This statement represent for most of Vietnamese shopaholics who are young and work for multinational corporations or powerful state-owned companies and many have made fortunes in Vietnam's small but booming private sector. Surprisingly enough, some of them while indulge their urge to splurge at Dolce and Gabbana, Burberry stores, etc. still live rent-free with their parents. Vietnam's older generation, who lived through the hardships of war, oppose the younger Vietnamese over the new consumerism. "Now the younger generation in Vietnam is racing for materialistic enjoyment," said Huu Ngoc, a 90-year-old scholar and author. "Individualism is destroying our cultural identity. We may become richer but lose our soul." This war generation wasted nothing and always saved for the future, convinced that catastrophe lurked around every corner; but this survey also shows that the 60 percent of Vietnamese born after 1975, the Baby Boomers, are very optimistic about the future and determined to live for and enjoy the moment. (Stocking 2007.)

The cult of the luxury brand has also unwittingly given birth to an unsavory double: a multibillion-dollar global "fake" industry that, parasite-like, lives off the success of the real brands, bloom poison flowers for those who is also in thirst for luxury but cannot afford it. In Vietnamese market, there are many levels of "fake", from cheap rip-offs that fools almost no one, to near-perfect clones – known as "genuine fakes" that has the quality of which is so good that it is allure even the wealthy. There also are many types of customers for "fake" products. For starters, there are a huge number of brand-ignorant consumers who don't even know they are buying counterfeit products – they are simply buying an attractive bag with some kind of pattern on it. Then there are legions of fully aware young people, who aspire to own luxurious brands but lack the means; some is to keep up with fashion trends, some to "show-off" or to "fit-in" with richer groups. And finally, those who can afford those but refuse to do so, since the "fake" are so genuine; it provides inexpensive pastime, and the thrill of getting so much for so little money is compelling, furthermore, who suspects? Selling and buying "fake" is considered illegal in the West but not in Vietnam, where moral and ethical issues of little less importance.

Sustainability

Sustainability and environment issues currently have a low profile in Vietnam. However, there are signs that awareness of sustainability and environmental concerns are starting to grow. For example, consumers and retailers in Vietnam boycotted monosodium glutamate (MSG) made by the Taiwanese-owned MSG Vedan Vietnam when it discharged untreated wastewater into the Thi Vai River, one of the largest rivers in the South of Vietnam. (New Zealand Trade and Enterprise 2011.) Another example is that consumers prefer domestic fruits over Chinese no matter how cheap

and shiny they are since news revealed that fruit imported from China contain poisonous preservatives.

Consumers are increasingly aware of the quality, hygiene and safety issues surrounding what they eat or drink. While the knowledge of food risks is increasing, people are also becoming more aware of the relationship between foods and good being. Self-gratification, nutritional value and safety are all labels of quality that consumers focus on. (Det Norske Veritas 2009.) Together with the globalization waves, the “green” lifestyle is also imported to Vietnam, especially among the youth. However, common consumers will not currently accept significant price differences for sustainable products, only those with abundant resources can afford to live off totally on highly sustainable product. In general Vietnamese consumers’ biggest weakness is that they are quite submissive and do not realize their legal rights. Usually when consumers receive low quality, fake or insufficient products, they do not want any hassle and satisfy already with company’s acknowledgement, apology, negotiation and conciliation.

4.3.4 Environmental - Natural Environment

Vietnam

The climate in Vietnam varies very much from North to South. The North has a cool and dry season from November to April and a hot rainy season from May to October. The central coast has a similar climate with the winter monsoon bringing cool, wet weather between December and February. The south is hot and humid all year round, especially from February to May. The rainy season lasts from May to November. The central highlands have a similar climate to the south, but it is cooler and temperatures can be freezing in winter. The official peak season in Vietnam is from September to April. (Vietnam Climate and Weather n.d.)

Ho Chi Minh City

The city has a tropical climate, specifically a tropical wet and dry climate, with an average humidity of 75%. The year is divided into two distinct seasons. The rainy season, with an average rainfall of about 1,800 millimeters annually (about 150 rainy days per year), begins in May and ends in late November. The dry season is from December to April with the average temperature is 28°C, and the highest temperature sometimes reaches 39°C around noon in late April, while the lowest may fall below 16°C in the early mornings of late December. For more detail about Ho Chi Minh City’s climate, refer to appendix 4, part 2.

As Häagen-Dazs will operate in the ice cream impulse segment in Vietnam, the researcher believe that other indicator in the environmental-natural environment like geographical location and the like is not relevant for Häagen-Dazs, therefore, not presented in the thesis.

4.3.5 Legal Environment

Vietnam lacks an independent judiciary, in part because the CPV selects judges and vets them for political reliability. The country's judiciary is under the control of the CPV and the party exercises sufficient power to influence the outcome of cases involving perceived threats to the state or the party's dominant position. However, the Vietnam's legal system is evolving fast. The dynamism and transparency of the legal system, as a result, have been significantly improved. Despite these significant improvements, Vietnamese legislation is still weak resulting in the legal system being inadequate and unstable because the function of the National Assembly does not consist of professional and specialized legislators, rather working people gathering for two 30-day sessions per year. (Costello et al. 2010, 5.)

In the next part, information provided in this thesis about Vietnam regulation is for reference only. When negotiating supplies contracts and before beginning actual export, companies are advised to consult closely with their importer or distributor.

Tariffs and Taxes

World Trade Organization membership since 2007 and also actively participating in market access liberalization under its ASEAN Free Trade Area commitments, Vietnam is currently in the process of introducing WTO compliant import regulations and systems and is phasing in its WTO bound tariffs over the period from 2007 to 2012. This process has reduced the tariffs and restrictions on Vietnam's exports to other member states, which has benefited the country. It also provides new and increasing opportunities to shift Vietnam from a highly protected market to one that has better access than Thailand. (Stanton, Emms & Sia 2007, 1.)

Value-added tax (VAT), also called Good and Service Tax or Consumption tax is applied at three different rates: a standard rate of 10% and reduced rates of 0% and 5%. The rate 5% is for popular and convenient products, including Food and Beverage.

Labeling requirements

Food and beverage product labels must display the following information clearly (New Zealand Trade and Enterprise 2011, 9). For more information, please see Degree 89 (Circular 89/2006/ND-CP on August 2006) on the following website: www.dncustoms.gov.vn.

- Product name
- Name and address of organization responsible for the product
- Country of origin
- Quantity
- Manufactured date and expiry date
- Ingredients and ingredient quantities
- Hygiene/safety information and warnings

-
- Instructions for use and preservation

Vietnam is continually passing progressive laws that are making it more accessible for foreign investors to do business within their country. However there are still tough legal restrictions to be acknowledged prior to attempting market entry and companies should be aware of the potential influence of government interference to satisfy their own agendas. (Costello et al. 2010, 6.)

4.3.6 Technological Environment

In 2009, an estimated 2.0% of Vietnamese households have a broadband-enabled computer, representing a significant increase from the 0.1% of households in 2005. The rapid uptake is partly as a consequence of the ease and low price of connection. According to the Ministry of Information and Communication, there were 22.8 million Internet users in Vietnam in 2009, accounting for 26.6% of the total population, and an increase of 112.7% on 2005. For number of Internet users, Vietnam has been ranked seventh highest among the countries with high Internet use in Asia, by Internet World Stats. (Costello et al. 2010, 4.)

The technological environment in Vietnam is currently growing but still in the early stages of development. Easy Internet connection and broader coverage has made online services in some industries much easier and more convenient, especially in Digital Marketing and Online Retail.

4.4 Competitor Analysis

In this part of the thesis, the researcher would like to analyze the ice cream business competition only within 19 urban districts of Ho Chi Minh City, because the other five suburban districts are of lower level of economic status and not a suitable environment for Häagen-Dazs Ice cream. Also, other segment of Vietnam's ice cream industry such as take-home or artisan ice cream will not be mentioned as well although they are such big segments in Vietnamese market, because at the moment, Häagen-Dazs Ice cream in Vietnam only focuses on the impulse ice cream segment, especially as a professional ice cream franchising shop system.

4.4.1 Local Businesses

It has been a long time since the first local ice cream business was started up in Ho Chi Minh City. Firstly as small ice cream strollers wandering on the street of Saigon, then about fifteen years ago, private businesses started blooming and many café shops and some professional ice cream parlors/restaurants with decent venues, larger size, higher quality and of course, higher price, carefully invested, and located on the city avenues mostly in district 1, 3, 10. This is where residences are of higher income and living standard. In general, ice cream local businesses in Ho Chi Minh City can be divided into three categories: streets carts and small kiosks,

medium-sized Coffeehouses, and finally professional ice cream parlors/restaurants.

4.4.1.1. Street Ice cream Carts and small Kiosks

This is the early form of Vietnamese ice cream business. About 20 years ago when dairy-based ice cream was new and still such a fancy treat for common Vietnamese consumers, hundreds of carts roamed every streets and alleys of the City, with the familiar ringing tone from a bell, trying to lure children with sweet teeth to buy a scoop or two. Together with the increase in income level and living standard, people can afford to go to small kiosks to enjoy this treat. Less and less carts are seen on the streets these days, whereas ice cream kiosks are popular all over the city. Some characteristics of these businesses are:

Product variety – Not much, most of these spots offer low-priced soft-serve of varying flavors; a few of the street spots do offer a homemade hard serve ice cream in basic flavors like vanilla, coffee or chocolates; with roasted peanut, coconut flake topping and condensed milk sauce; usually combined with other products like smoothies, snacks, etc.

Quality – Low, most using preservative and artificial flavors, and low quality or unidentified ingredients to improve profit. Safety level is low.

Price – Low, about 5-10,000VND (25-50 US cent) (20-40 Eurocent) per scoop.

Venue – Small with mediocre interior, approximately 20 customers at the same time per kiosk. Some even cannot operate during rainy season.

Promotion – Only use banner as promotion for opening, since then, there is no visible marketing activities other than name signs. Word of mouth is also an effective tool for ice cream kiosks.

Segmentation – low-income or financially dependent customers from age 6-25 of both sexes like students, blue-collar workers, and the like. Some that survive for long time become "hot spots" or acquire loyal customers due to "superior taste", "familiar" and "low price" values perceived among its segmented markets. Most carts work at daytime every day; meanwhile, kiosks open daily from morning till night but peak time is from 4pm till 10pm, especially busy at weekends.

4.4.1.2. Medium-sized Coffeehouses

Drinking coffee is not just an act for Vietnamese; it is part of the culture. If a person is alone and does not know where to go or what to do in Ho Chi Minh City, properly going to a coffee shop will always be his first choice. No one knows exactly how many coffee shops there are in Ho Chi Minh. Aside from many fancy front coffeehouses on large streets, there are countless ones in very small, zigzagging alleys. The diversity and popularity of coffee shops here has resulted in a spiritual culture with its own specific characteristics in the daily life of the city. There are small street

cafes are designed to serve those who wish to enjoy a quick cup of coffee in the morning before starting working, and there are coffeehouses which are elaborately-decorated, large venues and well-equipped with Wi-Fi access and air conditioners for those who wish to have a comfortable place to gather with friends or do business. Surprisingly enough, many Saigonese that are regular customers to the coffee shops have never tasted a drop of coffee in their life. (Staff writers 2009.) It is because coffee is just one of many beverages served in Vietnamese coffeehouses; there are smoothies, ice cream, juices, cocktails, and other beverages. Some characteristics of these businesses are:

Product variety – Ice cream is not the main product of these coffeehouses, it rather be a sub-choice for those who are not interested in coffee or smoothies. In ice cream category, there are not many choices, mostly ice cream in basic flavors like vanilla, coffee, strawberry, coconut or chocolate, serve with fresh tropical fruit or waffle, topped with whipped cream and cherry, or chocolate sauce.

Quality – Medium, most using ice cream distributed national main ice cream manufacturers in Vietnam such as Vinamilk, Kinh Do, some claim to use foreign brands like New Zealand, Monte Rosa. Safety level is at medium because there is no homogeneous trained procedure for serving.

Price – Medium to medium-high, about 15-20,000VND (0.75-1USD) (0.6-0.8 euro) per scoop or 30-50,000VND (1.5-2.5USD) (1.2-2 euro) per serving class of 1 to 2 scoops with fresh fruit.

Venue – Vary very much from store to store but those who serve ice cream in their menu usually have decorated interior, decent venues that can serve approximately 100 customers at the same time.

Promotion – Does not have many marketing activities rather than using banner and flower for promoting for opening, season-changed name signs, coupons, word of mouth, and some have membership/regular customer discount.

Segmentation – Vary a lot from store to store, each try to segment markets from variables such as music tastes, lifestyle, income level, age, etc. The researcher notice that in general, customers who come to these coffeehouses have medium to high income (or financial resources) from both sexes, age from 16-45, from various jobs such as students, freelancers, journalists, artists, or businessman/woman. They mostly come to the coffeehouse for many reasons such as friend outing, dating, business meeting, family gathering, meditating, or just simply out of habit. Coffeehouses open daily from morning till night but peak time is from 7AM to 9AM, 11AM to 1PM and 4PM to 10PM (most ice cream orders were made at this time frame), especially busy at weekends (ice cream order time frame is also widen).

4.4.1.3. Professional Ice cream Parlors/Restaurants

Nowadays, there are many local professional ice cream parlors/restaurants in Ho Chi Minh City, located especially in district 1, 3 and 7. Many famous and huge ice cream parlors/restaurants with branches across the city are dated back to the 80s, such as Bo Gia, Thien Ly or Bach Dang Ice cream. They began as small ice cream kiosks with superior quality among others, through time, together with increase in living standard, market and demand from customers; they evolved themselves into professional ice cream parlors/restaurants with carefully invested venue and strategy to attract its targeted customers. There are also many parlors/restaurants opened in ten years times such as Goody or Fanny; however, this does not make them any less popular than their older competitors. Unlike coffee-houses, these parlors/restaurants are solely dedicated to ice cream and those customers whose goal of entering is to indulge themselves in ice cream sweetness.

Product variety – Ice cream is the main product of these parlors/restaurants. They can offer from 20 flavors to up to 30 flavors of ice cream depend on parlors/restaurants. There are both dairy-based ice cream and sorbet in many tropical flavors like purple yam, green tea, and durian, etc. served with fresh fruit or waffle. Some parlors/restaurants also sell ice cream cakes, ice cream bars and sundaes, chocolate fondue, ice cream float, milkshakes, and smoothies in various exotic names like Sunset, First Kiss, etc. In addition to frozen dessert products, many modern ice cream parlors/restaurants also sell a variety of fast foods and beverage.

Quality – Medium to medium high, most using ice cream distributed by brands New Zealand, Monte Rosa, or having own manufacturer and recipes with different proportion of ingredient to differ one from competitors. Safety level is at medium high because staff has been trained.

Price – Medium-high, about 20-30,000VND (1-1.5USD) (0.8-1.2 euro) per scoop or 40-75,000VND (2-3.75USD) (1.5-2.9 euro) per serving class of 1 to 2 scoops with fresh fruit, waffle, topping and sauce, 150-200,000VND (6.5-10USD) (6-8 euro) per cake or per chocolate fondue served with 8-14 scoop of ice cream and fresh fruit.

Venue – located in the city avenue, near shopping centers, or on pedestrian streets in district 1, 3, and 7 with decorated interior, decent venues that can serve approximately 100 customers at the same time. Some are separate buildings with 2 to 3 floor with different decorations and themes that can serve up to 300 customers at the same time.

Promotion – Similar to coffeehouses, local ice cream parlors/restaurants do not have many marketing activities rather than using banner and flower for promoting for opening, season-changed name signs, coupons, word of mouth, and some have membership/regular customer discount.

Segmentation – Vary a lot from store to store, each try to segment markets from variables such as ice cream origin (Swiss, Italian, French, etc.) music tastes, lifestyle, income level, age, etc. The researcher notice that ice

cream parlor in Vietnam share many similarities with coffeehouses in market segmentation, both of them target customers who have medium to high income (or financial resources) from both sexes, from various jobs such as students, freelancers, journalists, artists, or businessman/woman. The difference between the two kinds of businesses is in age group and purpose of buying the product. Ice cream parlors/restaurants have wider and younger range of customer, mostly from age 5-45. Purposes of entering parlors/restaurants vary as friend outing, dating, family gathering, and craving for ice cream. Very rarely customers enter ice cream parlors/restaurants out of habits or for business meeting, as eating ice cream in Vietnam is sometimes perceived as immaturity. Ice cream parlors/restaurants open daily from morning till night but peak time is from 4PM to 10PM especially busy at weekends.

The researcher also want to identify some famous and popular ice cream brands in Ho Chi Minh City for references with the believe that they will be tough competitors for Häagen-Dazs. They are Fanny, Bach Dang, Thien Ly, and Bo Gia Ice cream Parlors/restaurants.

Fanny Ice cream

The Fanny brand was set up in Vietnam in 1994, by Jean-Marc Bruno, a specialist graduated from Le Nôtre Paris cooking school. Fanny ice cream is produced by traditional French methods, with 100% natural ingredient sources chosen carefully. Fanny currently has four restaurants in Ho Chi Minh City:

- 29-31 Ton That Thiep St., Dist.1, HCMC
- 97B Thao Dien St., Dist.2, HCMC
- Vincom center (Floor B3), 72 Le Thanh Ton St., Dist. 1, HCMC
- 22 Pham Hong Thai St., Dist.1, HCMC

Indulgent, enthusiastic, and professional factors make Fanny become a high-grade ice cream brand in Vietnam. Although situated on busy streets in the heart of Ho Chi minh city, the Fanny restaurant still stands out from a crowd with the "light pink pearl" image: modern and luxurious. One more strength of Fanny is in high and diverse ingredients chosen from the best natural source, such as Japanese green tea, Madagascar vanilla, New Zealand milk, Belgian chocolate, and French rum, etc. Ingredients seemed familiar with most Vietnamese are also turned into very interesting flavors such as young glutinous rice, cinnamon, green peas, taro, pandan leaves, and chili, which fascinate not only domestic customers but also foreign tourists. One specialty of Fanny is the ice cream chocolate fondue for five to seven people with 14 multi-flavor ice cream scoop and seasonal fruit,

Fanny chocolate fondue is set at price from 170-190,000VND (8.5-10USD) (6.8-8 euro). Other products vary from 20-50.000 VND/serving (1-2.5USD) (0.8-2 euro) of 1-2 scoops. One very successful program of Fanny is the Ice cream Buffet on Friday afternoon of the first week in every month. With only 95,000VND (4.75USD) (3.8 euro), customers can enjoy all the ice cream flavors available with various toppings and sauces.

Targeted customers of Fanny are medium-high to high-income families with children, individuals, and couples from age 10-35, with preferred taste for French ice cream (custardy, high fat, natural) who looking for a place to indulge them into pure sweet satisfaction and foreign tourists.

Thien Ly Ice cream

Thien Ly was one of the oldest ice cream restaurants in Ho Chi Minh City. In early years of the 80s, it appeared at first a small ice cream kiosk with a Tonkin Jasmine (English name of Thien Ly plant) vine in the front. After times of renovation, now it is a seven -story building located in one the most crowded avenue lead to the city center. Address of Thien Ly restaurant is at 225 Bis Nam Kỳ Khởi Nghĩa St., Ward 7, Dist. 3, HCMC.

The special thing about Thien Ly is that, instead of spread out into different branches, it solidifies itself into a one-for-all complete unit. The ground floor is the eye-feasting exhibition of many ice cream flavors. The second floor is designed for office workers with bright green interior. Third floor is for equipped with hi-fi stereo system and modern interior, suitable for parties, conferences, and weekend Karaoke events. Fourth floor is the House for Teen with chic/hip interior design and many indoor activities like chess or board games for teenage customers. The seventh floor is devoted for couple customers with romantic atmosphere of large sofas, flowers and candles. Recently, they do a big innovation on the rooftop to change it into an open-space, garden-like ambience where people can observe the city nightlife while enjoying a glass of ice cream. Thien Ly also has elevator system to assist customers to their favorite floors. Another thing that is so special about Thien Ly restaurant is that its ice cream flavor is very localized and familiar with Vietnamese taste that follows the brand's family recipes and cannot be found in any other parlors in the city. Thien Ly's ice cream menu is very diverse with more than 30 ice cream flavors with many distinct themed names like The Queen, Cinderella, Mickey mouse, Smurf, etc. for teenagers, or Titanic, Love Potion, Forever, etc. for couples. It also has other frozen treats like ice cream bars/cakes, ice cream pasta/pizza.

Price range is 30,000VND (1.5USD) (1.2 euro) per scoop; 120,000VND (6USD) (4.8 euro) per ice cream fondue for four with eight flavors of ice cream and strawberry sauce dipping; or 40-80,000VND (2-4USD) (1.6-3 euro) per glass of ice cream with 1-2 scoops served with fresh fruit, nuts, topping and sauces.

The researcher notice that Thien Ly ice cream is either not doing their segmentation really well, or they have the ambition of cover a large part of ice cream lovers' market in Ho Chi Minh city. This idea shows quite vividly by the designed all-in-one building and diverse menu. Anyhow, through own observation of the researcher, the regular customers of Thien Ly restaurant are medium income customers from wide range of ages but mostly from 17-35, with purpose of family gathering, dating, and nightlife seeing with special reference for localized (Vietnamese style: sweet, not rich, fruity) ice cream flavors over foreigner's like Italian or French.

Bo Gia Ice cream

When Vietnamese are asked what is the first thing they think of about ice cream, Hanoian instantly think about Trang Tien Ice cream, and Saigonese, will mostly know Bo Gia ice cream. Bo Gia Ice cream was founded not long before 1975 by a Godfather-novel lover (Bo Gia is what Godfather means in Vietnamese) and since then, it has become the legendary brand of ice cream and a destination for many who come or live in Ho Chi Minh City. Bo Gia Ice cream has three restaurants in the city:

- 29 Ngô Đức Kế St., Bến Nghé ward, Dist. 1, HCMC
- 229 Nguyễn Văn Trỗi St., Tân Bình dist., HCMC
- 20 Hồ Huân Nghiệp St., Dist. 1, HCMC

The thing that makes Bo Gia restaurants famous may not be best flavor ice cream or the most luxurious interior design; it become special in Saigonese's eyes because it contain the heart and soul of the old Saigon, the city once was the Indochina Pearl, something for those who was born in the 70s and 80s to remember their youth, by and for those who are at younger age to come and discover a face of the city they never know existed. Bo Gia restaurants have the same open space, quiet atmosphere, and half vintage half modern interior shaded in yellow lighting that remind people of an old French building. One thing in Bo Gia that cannot find in any other restaurants in the city is bookshelves filled with old time novels like Gone with the Wind, Jene Eyre, Godfather, War and Peace, etc. Customers come to Bo Gia usually not just to enjoy good ice cream, but also to drown themselves in the classic ballads, reading good books, and being away for a while from the city crowded busy life. About ice cream, Bo Gia restaurants have a diverse menu; varying from specialties like pineapple, purple yam, grape to common flavors like chocolate, vanilla, etc.

Bo Gia ice cream is set with price from 30-70,000VND (1.5-3.5USD) (1.2-2.8 euro) per serving class with 1 or 2 scoops of ice cream, served with topping and sauces of choice.

Bo Gia attract a more narrow range of customers, most of them are from age 25-45 with mature tastes and reference for quietness, and vintage-yearning mind, medium income, come as individuals or small group from 2 to 4 persons.

Bach Dang Ice cream

Together with Bo Gia, Bach Dang is one of the oldest and most famous ice cream restaurants opened in Ho Chi Minh City. It was open around 1985 in one of the most busy and luxurious shopping avenue right in the city center: Le Loi Street. Now it has expand to two restaurants that stay next to each other on the same Le Loi street, one old building in the right corner and one modern in the left of the Le Loi-Pasteur crossroad. With such huge advantage in venue, Bach Dang is one of the most popular restaurants preferred by Saigonese. The addresses of two Bach Dang restaurants are:

- 26 Le Loi St., Ben Nghe Ward, Dist. 1, HCMC
- 28 Le Loi St., Ben Nghe Ward, Dist. 1, HCMC

Like Bo Gia restaurants, Bach Dang ice cream does not only satisfy Saigoneses craving for sweet frozen desserts, but it also has irreplaceable mental and time values, also for those who was born in the 70s and 80s and especially those who were Saigoneses before 1975 and now are living in foreign countries. However, they are not the same values offered by Bo Gia. Bach Dang restaurants remind people of their childhood sweet memories of family and friend gathering. Mankind brains are wonders of the Earth, as many customers now who are mature and successful, just coming back to HCMC from afar, gathering together or with families, still come back to the same restaurant, sit at the same table, order the same ice cream flavors and devour it with the ultimate satisfaction and joy as if those were the days when they were young and Bach Dang was something that they longed for with pure excitement. In recent years, however, Bach Dang also aim for a more modern and up-to-date image, therefore, they open a new restaurants next to the traditional one, that have hip design, air-conditioned, with class windows for customers to look at the busy city while enjoying a glass of ice cream. Another specialty of Bach Dang is that instead of cow milk, they use coconut milk as main ingredient for their ice cream. Bach Dang only have six basic ice cream flavors: coconut, strawberry, coffee, durian, purple yam, and pineapple, made and consumed fresh within a day then mix together and with fresh fruit and topping to create different dishes like Bach Dang, Eskimo, Sunshine, Coconut Cocktail, etc. in claimed-to-be bigger portion and slower melting time (indicating rich, high quality ice cream).

Bach Dang ice cream has price range from 30-80,000VND (1.5-4USD) (1.2-3.2 euro) per class with 1-2 scoops served with whipped cream, nuts or topping. One popular choice among customer is the Coconut Cocktail ice cream, which are two scoops of coconut ice cream serve right in a juice-free coconut fruit with seasonal fresh fruit, priced at 55,000VND (2.75USD) (2.2 euro) per serving.

With the duo of both traditional and modern, Bach Dang restaurants target wide range of customers are from medium income level, age varies between 10-45, as individuals, couple, or family with small children with preferences for Vietnamese localized ice cream flavor (sweet, medium richness), who are either locals or tourists from other countries, looking for a cultural point of Ho Chi Minh City.

4.4.2 Other Foreign/Domestic Franchising Brands

The franchising market has been developing very rapidly in the last five years. More and more international brands are seeking the way to penetrate the Vietnamese market through franchising contracts. The size of the Vietnamese market has been increasingly big with young population who like changes and renovation. Meanwhile the demand and the taste of consumers have changed significantly with special preferences for foreign

products and luxury brands. Understanding the situation, a lot of well-known international brands in the ice cream industry have penetrated the domestic market, such as BUD's Ice cream of San Francisco, Baskin-Robbins, Swensen's, and MOD Japanese Sweet and Coffee. Recently, a domestic ice cream brand called Snowée also chooses franchising as their business model. Each is launched with focused strategy carefully planned by both headquarters from abroad and the local franchisees in Vietnam to successfully penetrate the market, offer unique values and become in favor of Vietnamese customers. Comparing to local brands, foreign Ice cream franchising brands usually offer higher values of flavor variety, product quality, food safety, better services and conformity; therefore usually with higher price. Foreign franchising ice cream parlors/restaurants have these characteristics in general:

Product variety – Ice cream is the main product of these parlors/restaurants. They introduce from 20 flavors up to 30 flavors of ice cream depend on parlors/restaurants. They can be either dairy-based ice cream or sorbet in many different flavors that are not familiar to Vietnamese consumers nor appear in any local parlors/restaurants like chocolate chips, toffee, duche de leche, blue/rasp/blackberry, currant, cherry, etc. with addition of some localized flavors like tropical fruits and popular ones like vanilla, chocolate, to attract wide range of customers. In addition to traditional ice cream serving that comes with cones, waffles or in glasses, some parlors/restaurants also sell ice cream cakes, ice cream bars and sundaes, chocolate fondue, ice cream float, milkshakes, or smoothies and encourage them to try new products. Beside frozen dessert products, many like BUD's or MOF also sell a variety of fast foods and beverage that fit to the brand image and concept.

Quality – Medium to medium high, most using ice cream imported from and distributed by the mother company's factories based abroad with special recipes and ingredients. Safety level is at medium high to high because experts sent from the headquarters to make sure the quality have trained staff and the brand image is guaranteed within the chain.

Price – High, there is wide selection of ice cream flavors with price between 30-45,000VND (1.5-2.75USD) (1.2-1.8 euro) per scoop served in paper cup or in cones bought separately about 15,000VND (0.75USD) (0.6 euro); topped with nuts, flakes, chocolate, jelly, etc. of own choice with price about 5,000VND (0.25USD) (0.2 euro) per topping. Serving class has price varies between 40-190,000VND (2-9.5USD) (1.5-7.6 euro) per class of 1 to 3 scoops with whipped cream, fresh or flambé fruit, bakeries like mousse, cakes, brownies, etc. topping and sauce. Other frozen dessert varies between 90-300,000VND (4.5-15USD) (3.5-12 euro) per chocolate fondue for 2-4 people served with 2-10 scoops of ice cream and fresh fruit; and 60-650,000VND (3-32.5USD) (2.4-26 euro) per ice cream cake depending on size, flavors and topping selection. Some brands offer bakeries like cheesecake, muffins, tarts, mousse, etc. with price varies between 12-55,000VND (0.6-2.75USD) (0.5-2.2 euro) per piece/slice. Some like BUD's, MOF and Swensen's also offer a wide selection of beverage like coffee, tea, soft drink, juice, smoothies, or milkshakes beside ice

cream with price between 20-80,000VND (1-4 USD) (0.8-3.2 euro) per serving glass.

Venue – located in “gold” positions that are visible and accessible by the targeted customers, such as on the city avenue, near shopping centers, tourist points or on pedestrian streets in district 1, 3, and 7 with nicely decorated interior, decent venues that can serve approximately 100 customers at the same time. Some are separate buildings with 2 to 3 floor with different decorations and themes that can serve up to 300 customers at the same time. Special thing about franchising ice cream parlors/restaurants is that they have matching style and theme within a chain to create matching ambience and experience for customers. The construction and decoration of the shops or parlors/restaurants are strictly controlled by the headquarter policy and instruction.

Promotion – Franchising ice cream shops do marketing actively and professionally to penetrate into the foreign market. Most of marketing activities happen as advertisement on related newspaper or lifestyle magazines, Public relation (interview, conferences, etc.), and most of all, in-store promotion in areas such as matching design and decoration, themed special days promotions (Father’s/ Mother’s Day, Boxing Day, etc. based on both local and corporate calendar), new menu and product launches monthly, membership, coupons, or discount, or vouchers.

Segmentation – Vary a lot from store to store, each try to segment markets from variables such as ice cream origin (Swiss, Italian, French, etc.) or lifestyle, income level, age, etc. The researcher notice that franchising ice cream parlors/restaurants in Vietnam share some similarities with local ice cream parlors/restaurants in market segmentation, both of them target customers who have medium-high to high income (or financial resources) from both sexes, from various jobs such as students, freelancers, journalists, artists, or businessman/woman with age from age 10-45. Purposes of entering parlors/restaurants vary as friend outing, dating, family gathering, and impulse craving for ice cream, but very rarely out of habits or for business meeting. Franchising ice cream parlors/restaurants also open daily from morning till night but peak time is from 4PM to 10PM, and especially busy at weekends.

The researcher also want to identify some famous and popular franchising ice cream parlor in Ho Chi Minh City for references with the believe that they will be tough competitors for Häagen-Dazs. They are Baskin-Robbins, Swensen’s, MOF Japanese Sweet and Coffee, BUD’s Ice cream of San Francisco, and Snowée.

4.4.2.1. Baskin-Robbins

Baskin-Robbins is a subsidiary of Dunkin’ Brands, Inc., founded in 1945 in Glendale, CA by Burt Baskin and Irvine Robbins. At the end of 2009, the company consisted of 6,207 franchised locations worldwide, in 33 countries and 46 states in the U.S. In 2011, it signed a franchising agreement with Blue-Star Food Corp, with expectation to open about 50 loca-

tions in Vietnam over the next several years. At the moment, there are five Baskin-Robbins ice cream shops in HCMC:

- 424A Nguyễn Thị Minh Khai St., Ward 5, Dist. 3, HCMC
- 1 Trương Định St., Bến Thành Ward, Dist.1, HCMC
- B55 Nguyễn Trãi St., Nguyễn Cư Trinh Ward, Dist. 1, HCMC
- 308 Nguyễn Tri Phương St., Ward 4, Dist. 10, HCMC
- 38 Lê Lợi St., Bến Nghé Ward, Dist. 1, HCMC

With the slogan "We sell fun, not just ice cream." By Irv Robbins, co-founder, Baskin-Robbins has always positioned itself as the neighborhood store that is the heart of the community, a place for meeting friends, taking the family or just dropping by to see what's new. Basking-Robbins focus on the local community and they build a loyal customer base through their support of community events and marketing activities for local people. With the pink and blue urban decoration, Baskin-Robbins quickly catches the eyes of impulse consumers. Another specialty of Baskin-Robbins is the vast selection of ice cream flavors. The company's variety of flavors sets it apart from the competition, initially offering "31 flavors, one for every day of the month" (Baskin-Robbins b). The company continues to introduce new flavors every year, and their flavor library now consists of over 1,000 varieties that trigger the curiosity and keeps the consumer coming back. A pink spoon is the signature of Baskin-Robbins, meaning customers can try as many flavors as they want before making the purchasing decision. As Irv Robbins once said, "Not everyone likes all our flavors, but each flavor is someone's favorite."

Baskin-Robbins offers various ice cream scoops depending on size that can be found in table 13 below.

Scoop names	Price (VND)	Price (USD)	Price (Euro)	Weight (Oz.)	Weight (Gram)
Junior Scoop	45,000	2.25	1.8	2.0	70.875
Value Scoop	65,000	3.25	2.6	4.0	113.4
Regular Scoop	80,000	4	3.2	2 x 2.5	141.75
Large Scoop	120,000	6	4.8	2 x 4.0	226.8
King Scoop	110,000	5.5	4.4	3 x 2.5	212.625
Giant Scoop	170,000	8.5	6.8	3 x 4.0	340.2

Table 13: Baskin-Robbins Scoop size and price

Customers can enjoy ice cream in paper cup or cones bought separately at 15,000VND (0.75USD) (0.6 euro) each. Beside, Baskin-Robbins sell various kind of sundaes with price varies from 65-190,000VND (3.25-9.5USD) (2.6-7.6 euro) per serving. It also sells freshly pack take-home pins with price between 220-750,000VND (11-37.5USD) (8.8-30 euro) depending on size. Ice cream cake product line is also strength of Baskin-Robbins that is not yet available but will come soon to Vietnamese market. In addition to pure ice cream, Baskin-Robbins offers many kinds of milkshake, blast, and smoothie with price between 55-130,000VND (2.75-6.5USD) (2.2-5.2 euro) per glass. It also has take-home pint for customers

with price between 220-750,000VND (11-37.5USD) (8.8-30 euro) depending on size.

Main customer base of Baskin-Robbins in Vietnam consists of two demographics: younger generations in the age of 15-30 year, who particularly attracted to the super-premium shops and families with children that are attracted to traditional shops like Baskin-Robbins. A third demographic, though not as large as the other two, is older consumers who visit ice cream shops as a way of treating themselves due to highly diverse selection of flavors.

4.4.2.2. Swensen's

Swensen's is one of the most famous ice cream brands from the U.S., founded in San Francisco in 1948 by Earle Swensen; it is now available in 300 stores worldwide and enjoyed by millions of customers from the U.S., South America, Asia, Middle East and especially in Thailand with more than 200 shops. In 2011, An Minh Ice cream JSC has sign the franchising agreement with Swensen's to bring it into Vietnam. Up till now, it has opened three restaurants in Hanoi Capital, and one in HCMC at 73 Nguyễn Thái Học St., Cầu Ông Lãnh Ward, Dist. 1, HCMC.

Since the very beginning, Swensen's has committed to both quality and quantity to offer the best value to their customers. With Swensen's, customers can enjoy the ultimate sundae experience with more than 50 items, and 27 flavors plus 30 kinds of topping and sauce to mix their own sundaes. All ingredients used in Swensen's sundaes are natural, fresh, without preservatives, and good for customers' good being. Customers also remember Swensen's as a colorful and unique ambience from the combination of modern interior design and the traditional Tiffani ceiling lamps. Another plus side is the friendly and professional service provided by young and passionate employees.

Swensen's sells ice cream in scoops of 25,000VND (1.25USD) (1 euro) each with additional topping at 5,000VND (0.25USD) (0.2 euro), or various sundaes from 40-120,000VND (2-6USD) (1.6-4.8 euro) per class of 1-2 scoops of ice cream, fresh fruit, topping, whipped cream, and sauces.

Main customers of Swensen's are medium-high income or resourced customers with age from 15-35, whose purpose of eating ice cream are for family or friend gathering, party organizing (birthday, celebration, reunion) that prefer American medium sweet and rich ice cream.

4.4.2.3. MOF Japanese Sweet and Coffee

Ministry of Food Pte Ltd (MOF) is a Singapore brand restaurant chain specializing in Japanese food; incorporated on May 5, 2006 then franchised to the neighbors like China, Malaysia, and Thailand. In June 2008, MOF opened another model of MOF Japanese Sweets and Coffee. MOF was franchised into Vietnam in summer 2009; till now, MOF has had four shops in HCMC, which are at:

- 30 Le Loi St., Ben Nghe Ward, Dist.1, HCMC
- Vincom Center, 70-72 Le Thanh Ton St., Dist.1, HCMC
- Kumho plaza, 39 Le Duan St., Dist. 1, HCMC
- G Floor, Hùng Vương Plaza, 126 Hùng Vương St., Dist. 5, HCMC

The special thing about MOF is clearly stated in its name “Japanese”. It follows Japanese style from the ambience design to the choice of food and drink. MOF has simple and elegant interior design with paintings and objects specialized of Japanese culture, dim light, gentle background music, and far-from-each-other furniture to create private, relaxing atmosphere for customers. MOF also promote Japanese finest ingredients that are loved by the Vietnamese like Shizuoka green tea powder and Hokkaido milk, and emphasize the Japanese cuisine by many ice cream special flavors such as black sesame, green tea, watermelon, and tangerine. Especially, MOF gelato ice cream only consists of 6-9% fat, or 0% in fruit sorbet, comparing to 10-18% fat of other Western brands’ ice cream; which is more in favor of Vietnamese customers.

MOF sells ice cream in scoops of 28,000VND (1.4USD) (1.12 euro) per single scoops or in dish of 1-6 scoops served with Japanese style pastries like green tea mousse, Tiramisu, Hokkaido milk crepe, mochi, jelly, or red bean paste, price varies from 72-169,000VND (3.6-8.45USD) (2.9-6.8 euro) per glass. However, strength of MOF is not mainly in ice cream but in a wide selection of baked sweet pastries, price of which from 35-59,000VND (1.75-2.95USD) (1.4-2.36 euro) per piece, and beverage such as matcha tea, coffee, juice and smoothies, price of which from 45-78,000VND (2.25-3.9USD) (1.8-3.12 euro) per serving. In addition to sweet desserts, MOF also offers many Japanese savory dishes like lunch bentou, tempura, sayaki, etc. with price from 70,000VND (3.5USD) (2.8 euro) per serving.

Targeted market segments of MOF is consumers who has medium-high to high income, age from 18-35 with preference for Japanese culture and cuisine or quiet, elegant place for friend gathering and business meeting. MOF also attract foreign tourists who visit HCMC.

4.4.2.4. BUD’s Ice cream of San Francisco

BUD’S Ice Cream of San Francisco is a well-known American advanced ice-cream brand name. Its pride is to be voted as one of the best ice cream in the world by the Times. BUD’S was set up in San Francisco in 1932. These days, it is owned by Deans Food-Berkeley Farms, an American first-rate food corporation. In 2007, the North American Food Corporation (NAF CORP) successfully signed the agreement with Deans Food-Berkeley Farms to bring BUD’s ice cream to Vietnam. After five years of operation, BUD’s now has 12 shops/restaurants in HCMC:

- 171 Nam Ky Khoi Nghia St., Ward 7, Dist. 3, HCMC
- 206- 206bis Nguyen Trai St., Dist. 1, HCMC
- 445-447 Hai Ba Trung St., Dist. 3, HCMC

- 183 Nguyen Thi Minh Khai St., Dist. 1, HCMC
- Parkson, Basement, 60A Trường Sơn St., Tân Bình Dist., HCMC
- SD – 04 Panorama Area, Phú Mỹ Hưng St., Dist. 7, HCMC
- 176-178 Phan Xích Long St., Ward 2, Phú Nhuận Dist., HCMC
- Parkson Hùng Vương, Floor 3, 126 Hùng Vương St., Dist. 5, HCMC
- 547B 3/2 St., Ward 8, Dist. 10, HCMC
- Vincom Center, Basement, 70-72 Lê Thánh Tôn St., Dist. 1, HCMC
- 202B Hoàng Văn Thụ, Ward 9, Phú Nhuận Dist., HCMC
- Parkson Flemington, 182 Lê Đại Hành St., Dist. 11, HCMC

BUD's is the pioneer in doing ice cream franchise in Vietnam. Although Bud's hasn't existed in the Vietnamese market for long, it has become an ideal dating place for family, friend meetings. BUD's ice cream is less sweet but richer than other brands, distinguishes it among the market. Customers visit this place because of not only the taste of ice cream but also the shop's modern, smart but not any less cool, comfortable design. BUD's interior is of warm color set such as light yellow wall and orange, comfy furniture; harmonize with right amount of green plants and natural lights. BUD's Ice Cream offers not only Ice cream, but also Coffee, and especially Casual Dining concept. Bud's Ice Cream cleverly has done it that way; hence, it is reasonable and user-friendly, where delicious and comfortable meal is always guaranteed.

BUD's sells ice cream in scoops of 28,000VND (1.4USD) (1.12 euro) per single scoops. It offers a wide range of ice cream dish 35-69,000VND (1.75-3.45 USD) (1.4-2.76 euro) per serving class of 1-2 scoops of ice cream, plus fresh fruit, topping and sauce. Especially in BUD's, there are other packages available such as Family Bucket – 7 multi-flavor ice cream scoops at 155,000VND (7.75USD) (6.2 euro), or Birthday Celebration – 8 multi-flavor scoops at 175,000VND (8,75 USD) (7 euro), or chocolate fondue for 2-4 people – 2-10 scoops plus fresh fruit at 125-295,000VND (6.25-14.75USD) (5-11.8 euro), or ice cream cake at 60,000VND (3USD) (2.4 euro) per slice or 350-650,000VND (17.5-32.5USD) (14-26 euro) per whole cake. BUD's also has take-home pint for customers with price between 96-155,000VND (4.8-7.75USD) (3.8-6.2 euro) depending on size. It also offers a wide selection of beverage like coffee, juice, and smoothies with price between 31-79,000VND (1.55-3.95USD) (1.24-3.16 euro) per serving class. Casual Dining consists of dishes like pizza, pasta, and etc. with price from 50,000VND (2.5USD) (2 euro) per serving.

Main segments of BUD's are medium-high and high income/resourced customers, age from 15-35, who are mostly students, and white-collar workers, or freelancers, married status is either single or married with small/young children for purposes of dating, friend gathering, casual meeting and dining.

4.4.2.5. Snowée

Snowée Ice cream is new ice cream brands founded based on cooperation with many Italian experts in ice cream production. There is no clear information on where Snowée originate or what company in Vietnam is holding the master franchise of this brand; however, there is already four Snowée ice cream shops in HCMC, which are at:

- Vincom B2-03B, 70-72 LêThánh Tôn St., Dist. 1, HCMC
- 103 Võ Văn Tần St., Dist. 3, HCMC
- SB41 Phú Mỹ Hưng St., Dist. 7, HCMC
- Tân Sơn Nhất Airport, Domestic Airport, HCMC

Snowée has 20 ice cream flavors and many kinds of toppings and sauces with mild sweetness, medium richness, and fruity taste. The special thing about Snowée is that customers can make their own sundaes by choosing flavors, topping and sauce, then the shop bartender will mix them all together on an ice-cold marble table to create a brand-new dish that highly customized customer by customer. Snowée ice cream shops are located in the high food traffic zone of the city; they all have European modern and elegant interior design of high-ceiling room and comfy furniture and special place for children.

Snowée sells ice cream in scoops of 42,000VND (2,1USD) (1.68 euro) per single scoop. In addition to self-making sundae by the cold table, Snowée offer various dishes with fix price 50,000VND (2.5USD) (2 euro) per normal serving with 2 scoops of ice cream plus fresh fruit, topping, etc. or 80,000VND (4USD) (3.2 euro) per double-sized serving. It also offers Illy famous coffee, sweet pastries, and some savory snacks at price between 12-55,000VND (0.6-2.75USD) (0.5-2.2 euro) per serving.

Targeted segment of Snowée ice cream is medium-high to high-income customers, age from 20-35, both single and married with young children that prefer Italian ice cream taste, whose purposes of visiting ice cream shops are family and friend gathering.

5 CASE ANALYSIS AND BENCHMARKING WITH OTHER FRANCHISES INSIDE AND OUTSIDE OF THE ICE CREAM INDUSTRY

5.1 Case Analysis of Franchises inside the industry

In this part, the researcher would like to investigate the cases of Häagen-Dazs' two main competitors, BUD's Ice cream of San Francisco and Baskin-Robbins based on selective secondary data. The investigation is to answer three matters:

- 1) What is the nature and development of Vietnamese market?
- 2) How they successfully entered Vietnamese market, what values do they offer and what strategies they are applying to attract consumers?
- 3) What remained weaknesses/problems of these two competitors?

These case studies are to help the commissioner better understand the Vietnamese market through the eyes of the two prior successful brands. Also by going through these two cases, the researcher wishes to explore the strengths of these two rivals that Häagen-Dazs can learn from and pay close attention to, as well as weaknesses that Häagen-Dazs can avoid and exploit for its own benefits.

5.1.1 BUD's Ice cream of San Francisco

BUD'S Ice Cream of San Francisco is a well-known American advanced ice-cream brand name. In 2007, the North American Food Corporation (NAF CORP) in Vietnam successfully signed the agreement with Deans Food-Berkeley Farms to bring BUD's ice cream to Vietnam. BUD's is the pioneer in doing ice cream franchise in Vietnam. After only five years of operation, BUD's now has 12 parlors/restaurants in HCMC, a record that never before achieved by any ice cream shops in Vietnam. Although Bud's hasn't existed in the Vietnamese market for long, it has become an ideal dating place for family, and friend meetings of HCMC citizens.

- *Why Vietnam at that time while other ice cream brands considered the market as not potential and did not want to enter?*

In 2007 the franchising business in Vietnam was rather underdeveloped and the country just joined the WTO. There were only a few foreign brands in the fast food sector such as KFC, Lotteria, and beverages such as Alo Tra, Tapiocup that sell tapioca ice tea in small kiosks; and some domestic brands such as Pho 24 and Trung Nguyen Coffee that worked under unclear franchising definition and law supporting. Local businesses dominated the ice cream sector with unprofessional operating and servicing, plus poor product range with unstable quality.

If foreign businesses looked over the underestimated and unrealistic statistics provided by the market researches, they would have known that there were an increasing number of consumers, whose knowledge and needs of

higher quality products and services were developing rapidly, together with the new waves of globalization and technological advances, raising the thirst for something new. Consumers were in thirst for some air-conditioned, nicely decorated places where they can sit comfortably and enjoy times with friends and families over some desserts. Meanwhile, Vietnamese economy also promised to grow even better in the near future as it opens its market more widely and has more legal support for foreign investments when joining the WTO.

Being the pioneer in a developing market like Vietnam could be fairly challenging, yet very rewarding. BUD's realized the real need of Vietnamese consumers that fit with the business concept and the potential growth of their targeted segments in the long-term operation; therefore, they confidently introduced the brand into the market.

- *What value did it offer for Vietnamese consumers to make them accept the business concept as a "luxurious" ice cream at that time?*

The core value that BUD's has successfully offered Vietnamese customers is the brand-new, unique ice cream eating experience. In the past, Vietnamese consumers always enjoyed impulse ice cream in a hurry and do not have time, or comfy places to sit down and chat with their companies. BUD's entered Vietnam with modern, smart but not any less cool interior design of warm color set such as light yellow wall and orange, comfy furniture; harmonize with right amount of green plants and natural lights. They also provide free Wi-Fi and air conditioning services. All of those factors creating a comfortable ambience for customers to sit longer in the shops, increasing their time spending in the shops, hence breaking the old habit of quick eating and increase their attachment to the brand as well as sales. BUD's provides friendly, professional services with well-trained staff that homogeneous in every shop. Their menu also covers a wide range of products that can please all kinds of customers. With such advances, BUD's has successfully allure HCMC citizens, especially young adult segments to be loyal to the brand.

They also introduced the concept of "Casual Dining". At that moment, the concept was very new to Vietnamese. Casual Dining however, is not fast food, but a satisfying, healthy meal that is not expensive and people can enjoy it any time without any planning and other dining formality. By introducing such concept, BUD's increase its product diversity, giving customers more savory choices other than ice cream. Usually, customers only go to ice cream stores if they crave for sweet frozen dessert, now, there are more occasions for them to come to the shops. Even better, after enjoying or snacking on some savory dishes, they naturally call for ice cream as dessert to finish the meal, ultimately increasing the revenue of the shops.

Finally, what BUD's has to offer that attract a wide range of customers is the system of many shops located in golden position, which create conformity for more people to enjoy ice cream without having to travel too far in such hot weather in HCMC. With 12 branches, all located in golden position near the shopping malls, city/district centers, or within active resi-

dences, BUD's offer consistent ice cream eating experience for customers everywhere in the city. Each shop also carries a special themed for specific kinds of customers like BUD's at Nam Ki Khoi Nghia St. for family with small children as it have more lively design and playground for kids, or BUD's at Parkson CT Plaza for a urban, luxurious ambience.

The strategies that make up BUD's success in Vietnamese market are the professional strategic planning and the smart applying of marketing activities. Right from the beginning when entering the Vietnamese market, NAF CORP with one million USD invested, planned that within 5 years of operation, they will build a chain of 8 ice cream restaurants and more than 20 kiosks in HCMC, Hanoi, Da Nang, Nha Trang, and Can Tho, plus creating a effective product distribution channel and home delivery system. By clearly setting objectives and scope of operation, BUD's works more effectively and expand more widely comparing to the local businesses that still suffer from unprofessionalism and spontaneous development.

Another BUD's strategic strength is the ability to do marketing effectively. As shown earlier, local ice cream businesses rarely do marketing for their shops, hence, reducing the spread of customers' awareness. As a foreign brand with experience working in many countries, BUD's has many advantages and activities in doing marketing and public relation. Some creative activities that they have done are vouchers, coupons, membership programs, competitions, and digital marketing on many social networks and online forum. They also had many smart public relation strategies like answering interviews, open conferences, and using celebrities to promote the brands or newly opened shops.

- *What weaknesses and problems BUD's are now facing, which might benefit Häagen-Dazs?*

The biggest weakness of BUD's at the moment is the difference in quality of servicing and products offered among shops. Many customers have complained that they were treated badly by ill-trained staff and had to receive lower quality products than expected from a famous brand like BUD's in some branches. Furthermore, the hotline/feedback system of BUD's is not working effectively and staff does not take customers' complaints as constructive idea to improve the shop operation, leaving customer with their unsolved negative feeling towards the brands. Unprofessionalism and lack of experience to deal with in-store incidents from staff to manager level is still existed within some shops along the chain, creating a bad overall image.

The problem of BUD's now is the degrading perception of customers about the brand image. In the past, they used to think of BUD's as something new, exciting, and worth paying for. Now, with BUD's staff attitude toward customers claimed to be ungracious and haughty while both quantity and quality of BUD's products, especially in rush hours, reduced dramatically, customers have to have second thought about choosing BUD's and be treated less than they deserve. Together with the increasing tension caused by new competitors such as Baskin-Robbins, Swensen's, and

Häagen-Dazs, etc., BUD's has to seriously reinforce the brand image and improving its staff quality.

5.1.2 Baskin-Robbins

In 1994, Baskin-Robbins once set foot in Vietnam, which was then brought to Vietnam by a Viet Kieu (overseas Vietnamese). The brand later had to silently leave the market due to major profitability problem and ineffective operations. In 2011, the world's largest chain of ice cream specialty shops, Baskin-Robbins signed a master franchise agreement with Blue Star Food Corporation, a Vietnamese food manufacturing company, to develop the brand in Vietnam. The agreement calls for approximately 50 Baskin-Robbins restaurants to be opened in that country over the next several years. The US Baskin-Robbins ice cream producer has returned to Vietnam with a very impressive record: Just within the first 10 days since the opening in late 2011, the ice cream imports, which were scheduled to be sold within four months, were sold out.

- *Why did Baskin-Robbins fail in 1994? What made its confidence to come back now to Vietnam after 17 years? Was it the difference in the market nature or consumer behaviors, or combination of both?*

Baskin-Robbins entered Vietnamese market in 1994 with the brand message "thirty-one favors ice cream" and they had failed miserably after only short time of operating. There were two main factors that caused Baskin-Robbins failure to enter Vietnam in 1994.

Firstly, in financial aspect, there were very few people at that time able to afford a glass of ice cream sold at a high price like Baskin-Robbins at the time when it cost approximately 2USD (1.6 euro) per scoop while other ice cream were sold at only 0.25 USD (0.2 euro) per scoop and GDP per capita (PPP) was only 170USD (136 euro). Being able to enjoy such expensive treat was a luxury that very rarely available for the majority of Vietnamese. In addition to that, Baskin-Robbins had to suffer from an insanely high import tariff of up to 75%, making the cost unfavorably high, reducing the profit dramatically.

Secondly, the market was not mature enough for foreign brands. The market size was rather small and unprofitable. Consumers were of low income, poor living standard, and very limited awareness of foreign products, making the operation of Baskin-Robbins in 1994 impossible to succeed. The low market demand and the unfavorable conditions were also the reason that made KFC, which arrived in Vietnam at almost same time with Baskin-Robbins (1997), suffered loss for seven consecutive years.

After almost 20 years, in 2011, Baskin-Robbins once again attempted to enter Vietnamese market, and this time, it paid off. The reason for Baskin-Robbins' success this time is that the franchising market has been developing very rapidly in the last five years, while the size of the Vietnamese market has been increasingly big and the demand as well as the taste of consumers have changed significantly. Vietnamese people from well off

families now prefer foreign products, and indulge themselves in luxurious goods and service, called the “thirst for high-class brands” tendency. The living standard and capita wealth has increased visibly, especially in the middle class, making Baskin-Robbins a lot more affordable treat than before. Furthermore, Baskin-Robbins now has more experience working with Asian customers than before, and its brand awareness in these areas also expanded quite much while the import taxes reduce to only 25%.

One more advantage for Baskin-Robbins when they entered Vietnam then was the lapse of the existing competitors. BUD’s is losing its prime position, Swensen’s cannot expand further into any other areas, and other local brands like Fanny or Goody do not have any innovative changes. Thus, Baskin-Robbins entering was like a fresh air to the market, attracting saturated customers.

- *What is the difference in value that it offers this time that makes Baskin-Robbins successful?*

Though a short time like six months did not count as a stable success, Baskin-Robbins has achieved promising result in Vietnam. The initial fever of Baskin-Robbins was caused by four strategies and values, as discussed below.

Fun experience – Baskin-Robbins plays up the fun experience that can be had in its shops when describing its value proposition. As founder Irv Robbins is noted for saying, “we sell fun, not ice cream”. One way that Baskin-Robbins has more advantages against its competitors in Vietnamese market is that it has many innovative and exciting flavors that never before any other ice cream brands have offered. With the slogan of “31 exciting flavors for 31 days of the month”, Baskin-Robbins successfully triggers the Vietnamese customers’ thirst for new ideas and excitement. The company also offers both hand-scooped and soft-served ice cream, as well as many other choices such as milkshake and smoothies to improve its customers’ satisfaction when making purchasing decision.

Colorful design – Baskin-Robbins has always defined itself on its website as “Favorite Neighborhood Ice Cream Shop”. As an ice cream brand that targets the younger age groups or families with children who are less to make purchasing decision impulsively, Baskin-Robbins has used extremely colorful advertising campaigns and bright storefronts to visually attract customers, driving them to their stores more frequently. The new, three-story restaurant in Ho Chi Minh City features Baskin-Robbins’ new international store design, relaxing lounge-style seating, iconic pink spoon door handles, textured walls reminiscent of Baskin-Robbins waffle cones, an expanded topping station, interactive LCD menu displays, and improved dessert displays for modeling ice cream cakes and sundaes. In addition to the shop’s new look and feel, Baskin-Robbins will also adapt its menu to the Vietnamese palate. The brand will offer traditional American favorites like Mint Chocolate Chip and Jamoca Almond Fudge, while also offering traditional Southeast Asian flavors, including Green Tea and Mango Mania. (QSR Magazine, 2012.)

Smart marketing/PR – Baskin-Robbins has have used digital marketing and social media such as Facebook and online newspapers very effectively, in special target to the younger generations. If searching for term “Baskin-Robbins Vietnam” on the Internet, the searchers can find thousands results all emphasize their glorious comeback to Vietnam together with many positive reviews, and many article featuring their promotion events. They also plan their marketing calendar very tightly, one event after another, and launching new flavors every month, making the customers excited and keeping them coming back for more.

Strategic placement decision – With this return, Vietnamese franchisee Blue Star Food Corporation has made careful preparations, including two and a half years for negotiations, conducting market research and looking for business premises, as well as an investment of approximately 200,000-250,000USD (160,000-200,000 euro) for each parlor. Right from the very beginning, they opened three stores one three of the most crowded streets in HCMC all at the same time, forming a customer attracting triangles. Baskin-Robbins also uses the “tagging” strategy, just like Lotteria once followed inch by inch with KFC. Baskin-Robbins Nguyen Trai is only a small distance away from BUD’s; their shop on Nguyen Thi Minh Khai stands face to face with another BUD’s shop; and Baskin- Robbins on Truong Dinh is only a couple of houses from Fanny shop. This special placement strategy help Baskin-Robbins build up brand awareness very quickly and directly steal customers from their competitors.

- *What weaknesses and problem Baskin-Robbins are now facing, which might benefit Häagen-Dazs?*

The major weakness of Baskin-Robbins is their pricing strategy versus the brand image and the quality of product perceived. In other countries, Baskin-Robbins is typically defined as traditional ice cream, the “Favorite Neighborhood Ice Cream Shop”, position itself in the market as a better value than other premium ice cream brands, since its scoops offer more ice cream at a lower price, yet still provide a fun experience. At the moment when Häagen-Dazs has entered Vietnam, Baskin Robbins price of 45,000VND (2.25USD) (1.8 euro) is in the middle of nowhere; it is definitely not cheap, even expensive to some of their target young teenager and family with young children segments while the quality of product is not of premium and the positioning strategy is not luxurious. With a design like Baskin-Robbins at the moment of pink color and flashy interior, they hardly can attract the affluent segments of Vietnam to enter the shops, as those customers perceive them as too young, too normal.

The biggest threat of Baskin-Robbins in Vietnam will be from the fast expanding based on unrealistic initial successes of the new-factor “fever”. From three stores opened at the beginning of the comeback, Baskin-Robbins is now opening the seventh shop after only 8 months of operating. Maybe, Baskin-Robbins puts too much faith on their initial success of selling ice cream for 4 months within 10 days of opening; they forget the that new-factor fever that they are enjoying is only happening temporarily when customers was draw to the new, excited things for a short while be-

fore they get saturated and replaced by some other new things. Not only they will face the risk of not being profitable, Baskin-Robbins will also stand high chance of loose quality management among shops, recruiting ill-trained staff, then ultimately, damage the brand image.

5.2 Benchmarking with Franchise outside the industry – Pho 24

In this part of the thesis, the researcher would like to perform a benchmark on one of Vietnamese most successful franchising legend: Pho 24. By benchmarking with the best local practice outside of the ice cream industry, the researcher hope to gain a more objective point of view about Häagen-Dazs' fate in Vietnam, and as the result, will consult the commissioner with better and more realistic recommendations. The purpose of this project is to continue discovering special characteristics of Vietnamese market that have not been revealed by the current situation or competitor analysis in the previous parts with the ultimate purpose of improving the effectiveness of Häagen-Dazs' marketing planning, especially in market segmentation, brand positioning, and marketing mix.

This benchmarking project has been thought in May 2012 but really planned and executed in July 2012. During the last week of July on the 25th, the research very fortunately had a chance to interview Dr. Ly Quy Trung, founder of Pho 24 to gain the agreement of operating the benchmarking project with Häagen-Dazs and a lot of insightful knowledge about the Pho 24 brand and the Vietnamese market from this legendary entrepreneur. All the information used in the following part are either provided by interviewing Dr. Ly Quy Trung or from Pho 24 official website at Pho24.com.vn with sole purpose for education and internal use of this Häagen-Dazs marketing research, any act of using or spreading this information outside is strictly forbidden. Information of Häagen-Dazs marketing strategy is provided by the commissioner, Mr. Le Anh Hao and Mr. Nguyen Quang Hien, Director of International Lifestyle JSC, plus secondary data relevant to the topics.

The benchmarking project focuses on comparing Pho 24 and Häagen-Dazs to find the similarities and differences, and as the result, to improve Häagen-Dazs' operation in six aspects as below. The question list for Dr. Ly Quy Trung can be found in appendix 5.

- **Market segmentation and targeting** – Pho 24 targeted market, what variables company used in identifying potential market segments, how the segmentation work out so far.
- **Brand positioning** - how Pho 24 franchising shop position itself in Vietnamese market, what positioning strategy they use to differentiate themselves from the competitors.
- **Product** – the processes by which Pho 24 develops and manages its product and service offerings, also including processes associated with testing and/or launching new products/services.
- **Pricing** – the ability of Pho 24 to extract optimal revenue from their customers, the ability to price in respond to market needs, or

knowledge of competitors pricing tactics and the cost and time associated with these.

- **Placement** – Pho 24’s ability to establish and maintain channels of distribution that effectively and efficiently deliver value to the end-customer, benchmarking the strength of relationship with distributors.
- **Promotion** – Pho 24’s ability to manage customer value perceptions, reputation management, sales training, and/or program development and execution along with the cost and time associated with these.

However, here in this next part the researcher will only perform the comparison and provide some main problems that Häagen-Dazs should pay heavy attention to when penetrating Vietnamese market; suggested by Dr. Ly Quy Trung. The recommendation for Häagen-Dazs will be included in the final chapter of the thesis to prevent unnecessary repeating and to make the thesis more comprehensible and structural. In addition, in this part, the research will also introduce Pho 24 company overview, about the business idea, Pho 24 franchising system, values, missions and vision.

5.2.1 Introduction of Pho 24

In the past, about 8 years ago, before the foundation of Pho 24, Vietnamese customer usually perceived “Pho” as a street food and mainly enjoyed the dish in small-sized restaurants belong to private family businesses. There was no common standard for all those small shops, they all self-regulated; this led to the fact that there were no actual “experience” eating Pho, there was no presentation, proper services and ambience, nor food safety. Pho 24 was the pioneer of doing “street food” business professionally, and of expanding the business by the franchising model in Vietnam.

The first Pho 24 outlet was opened in June 2003 on Nguyen Thiep Street, opposite to the prime landmark Saigon Sheraton Hotel. By June 2012, Pho 24 has opened 70 outlets with 70% internal stores in Ho Chi Minh City, Ha Noi, Da Nang, Nha Trang, Binh Duong; and 30% international stores in Jakarta (Indonesia), Manila (Philippines), Phnom Penh (Cambodia), Macau - Hong Kong and Tokyo (Japan). Pho 24 plans to open more stores in all major cities of Vietnam as well as in overseas markets, where there are extensive Asian populations. In 2004, 2005, 2006 & 2007, 2008, 2009 Pho 24 has been consecutively the winner of The Guide Awards voted by readers of Vietnam Economics Times, Thoi Bao Kinh Te Viet Nam and Tu Van Tieu Dung magazine. In 2008 Pho 24 was voted as an International Franchiser of the Year, accepted by FLA Singapore. In 2010, Pho 24 is one of the Top 10 "Ho Chi Minh City – One Hundred Excitements" which voted by travellers. Pho 24 chain is now belonging to VTI, owner of Highlands Coffee, Hard Rock Cafe, Emporio Armani, Swarovski, etc. (Pho 24 introduction, n.d.)

Many may argue that Pho 24 is a local brand, founded within 10 years, what use can it be for international brand that have been around for more than 50 years like Häagen-Dazs? However, the researcher strongly believe that Pho 24 will be a very useful benchmarking partner for Häagen-Dazs because it is a successful example of introducing and educating the Viet-

name consumers a new business concept. By benchmarking with Pho 24, Häagen-Dazs hopefully will better understand the characteristics of domestic customers, as well as realize its strengths and opportunities to find a suitable marketing strategy to enter Vietnamese market.

5.2.2 Segmentation and Targeting benchmarking

Pho 24

Pho 24 has three stages of market segmentation and targeting, which is explained below:

Stage 1 – (2 years from opening) high income / abundant resourced customers, age 25-45, who are white-collar workers, expatriates, oversea Vietnamese, and foreign tourists who knew Pho and wanted a nice atmosphere and standardized shops with good services to experience it.

Stage 2 – (At the moment) Customers from stage 1 plus office worker of medium-high income who works in nearby building, looking for a good place to eat lunches, or families with young children, who are aware of food safety and want to enjoy Pho in a clean, well-serviced ambience.

Stage 3 – (In the future of 5 years) expanding the segment. Pho 24 wants to be available to wider range of customers such as students, medium income workers, and other above average level customers.

This segmentation strategy is not a downward trend of development. Pho 24 from the start has aimed at above average customers. As the market grows and the living standard increases, customers evolve as more and more customers can afford to enjoy Pho 24. This will not cause any confusion in the brand positioning. However, they do not wish to stretch down any further than “above average” market segment because Pho 24 wants to maintain all standardized high quality Pho stores along the chain.

Häagen-Dazs

Häagen-Dazs Vietnam planned to use three variables to segment the Vietnamese and Ho Chi Minh City’s market, including geographic, demographic, and psychographic.

Firstly, they aim for big and economic-developed cities like HCMC, and Hanoi. Further into detail, they decide to choose the city center areas of those big cities since those has the most crowded food traffic, and also are the most visible and accessible areas in the cities. Häagen-Dazs will first enter HCMC, the Southern city of Vietnam because of its customers’ openness to innovativeness and new things. After at least 1 year of operating, when the brand awareness in Vietnam has increased, they will enter the Northern market.

Going into detail about demographic and psychographic variables, Häagen-Dazs decide to target top high-income young adults that mostly

are female with age from 21-35, who are working in corporations and have chances to travel abroad, who wanting top-of-the-line products and services that are willing to spend more to get the best. They can come to Häagen-Dazs alone or as groups, to relax or to celebrate; but are all looking for the same thing “an indulgent Häagen-Dazs experience, a moment of pure indulgence”. Häagen-Dazs now also considers ice cream for the Healthy Lifestyle segment (ice cream with high protein and calcium), the diet segment (ice cream with low fat content). Häagen-Dazs Vietnam complements this trend by coming up with new types of ice cream and promoting premium quality products.

Differences

Pho 24 uses more traditional and measurable variables such as geographic and demographic; and Häagen-Dazs segments market by more uncertain variables like lifestyle or behavior. While this could help Häagen-Dazs target more suitable and profitable customer segment, these data are hard to be acquired or could not reveal anything valuable to the brand, especially in Vietnam where market research has not been done properly.

Secondly, while Pho 24 segmentation strategy helps the brand more available to wider customer range in the future operation, Häagen-Dazs decides to keen on serving their chosen segments and does not want to risk losing the brand images. Many can argue that this strategy has its own strengths that it does not dilute or confuse the brand image in customers’ minds and that the segments of affluent, indulgent young-adults segments will grow by itself; the researcher believe that this strategy will serve better in the later stage of the product life cycle but not in the introduction stage, since the Vietnamese market is young and immature at the moment, and customer awareness about Häagen-Dazs brand is still weak.

5.2.3 Positioning benchmarking

Pho 24

From the beginning, Pho 24 has aimed for two images, User-friendly and Pioneer. Pho 24 is user-friendly, not a premium brands. This is indicated by the simple and urban interior design of Pho 24 restaurants/shops, its employees are always warm and friendly yet professional to its customers. The second image of Pho 24 is pioneer. It was the pioneer in operating street food business professionally, and it is also the first in Vietnam to successfully apply the franchising business concept. Pho 24 wants to maintain the “pioneer” perception in its customers’ minds by continue to develop and use modern technology in operating business, or being the first Vietnamese street food business to have delivery service. This image triggers customer’s joy and curiosity to explore something new, and also to keep a prior position from its copycats like Pho 2000 or Pho 5 stars.

To position itself in the market, Pho 24 has chosen two characteristics for differentiation. Firstly, Pho 24 uses price differentiation to talk to its customers, to determine the great quality and high standard of Pho 24. Right

from the start, Pho 24 price was double the average price of a normal Pho sold in other family business shops. Secondly, Pho 24 emphasized the ambience differentiation. With highly standardized production, modern and elegant yet simple interior design, clean store and well-trained staff, Pho 24 has create a brand-new Pho-eating experience for its customer that cannot be observed in anywhere else.

Häagen-Dazs

Häagen-Dazs was the first ice cream maker that explicitly catered to adults rather than children. Since established, the brand has been standing for luxury, premium quality, indulgence, sensuality, and sleek polish that are regularly reinforced in customers' minds with innovative marketing campaigns and new extravagant flavors.

Häagen-Dazs major success factor has always been the way it positioned itself in the minds of the consumer. Since the beginning, Häagen-Dazs has kept a keen focus on developing an internal & external marketing orientation. They establish three kinds of differentiation. The first differentiation is product. Häagen-Dazs develops the brand with an attached history of perfection and luxury that uses only the finest ingredients and exciting, luxurious flavors. Secondly, they maintain first-class ambience very strictly in every shop in every country. Thirdly, their staff is well trained and passionate with their jobs, making sure that the customers only receive the best service. These three differences have built a unique Häagen-Dazs ice cream eating experience that satisfies customers all over the world.

Differences

Pho 24 positioning seems more understandable and approachable than Häagen-Dazs'. Pho anyhow is still a very popular Vietnamese dish, and the customers are well educated about it. What Pho 24 did is merely bring the eating Pho experience to a new level, and standardize it. In Häagen-Dazs case, the business concept is brand-new, one of a kind in Vietnam at the moment. Never before did any ice cream brand in Vietnamese market focused on affluent adult segment.

With this unusual concept, the problems for Häagen-Dazs are how to educate Vietnamese consumer with the concept and what marketing channel they should use to communicate the brand value to their targeted customers without confusing them or unintentionally narrow or expand the market segment.

5.2.4 Product benchmarking

Pho 24

When being asked about the reason for choosing Pho dish to do business but no other Vietnamese dishes, Dr. Ly Quy Trung confirmed that this business idea has a very bright future, not only in Vietnam, but also worldwide. He shared five facts to support his believe.

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1. From domestic aspect, Pho is a staple dish of Vietnam. Originated back in the early 20th century, believed to be the hybrid of Cantonese rice vermicelli and French pot-au-feu (beef stew), Pho first appear in Hanoi Capital, and then quickly spread nationwide. Vietnamese people love this dish so much that they can eat for breakfast, brunch, lunch, dinner or even late supper. The dish is so popular that it is available in every city and province of Vietnam.
 2. From an international aspect, Pho is a most well known dish of Vietnam by foreigners. With the Vietnam War and the victory of the North Vietnamese, Vietnamese refugees introduced Pho to many countries such as France, Canada, the U.S. and Australia. Then recently, with the globalization wave and tourism booming, Pho is proudly recognized worldwide as the national dish of the Vietnamese. It is listed at number 28 on "World's 50 most delicious foods" compiled by *CNN Go* in 2011. (CNN Go 2011.)
 3. Pho is an all-in-one unique product; it is a whole meal that includes everything a person needs in a daily meal: soup, appetizer, and main course. It is, therefore, highly competitive comparing to other fast food combos in, for instance, KFC or Mc. Donald.
 4. Pho is not only delicious but also very good for consumer's health. This is a mouth-watering meal that is chemical and gluten-free; consisting of fresh rice noodles served with beef, garnishes, spring onions, bean sprouts and steaming broth seasoned with minty herbs. It is low in calories and a good source of nutrition and fiber.
 5. Pho is a delicate dish but is simple to prepare. Even though it might consist of many special ingredients, it is an easy to prepare and easy to cook dish that require only simple, basic kitchen. Therefore, its simple know-how can easily be spread out everywhere in Vietnam and into the world by the franchising system.

Secondly, about the choice of Pho 24 name, the "24" in the uniquely named chain signifies the 24 ingredients, prepared 24 hours beforehand that a quintessential for the creation of this healthy, delicate national dish of Vietnam. It's also a symbol of Dr. Trung's vision of having a Pho 24 serving loyal customers anytime, anywhere in the world, 24/7. The number "24" is also easy to remember and can trigger customer's curiosity.

At the first two years of operation, Pho is the sole product of Pho 24. Then later, as the customer demand and perception change, Pho 24 increases its menu diversity in other street food such as rice, vermicelli, etc. in addition to main dish, Pho, to offer more choices to their customers. Beside hot Pho at store, in 2011, Pho 24 has introduced Pho 24's instant noodle, a great product for taking away as convenient food at home, travel tour or gift, which is sold in many supermarket such as Maximark, Ha Noi Supermarket, Shop and Go, Citimart, Family Mart, and Circle K.

Häagen-Dazs

Häagen-Dazs ice cream is for adult segment, produced using only the finest, most exotic ingredients to add to the luxury and fine taste such as nuts from Hawaii, vanilla from Madagascar, and chocolate from Belgium, etc. All the products are guaranteed to be fresh, as they are stored in carefully monitored temperature sensitive freezers. This has become the image of the brand. Häagen-Dazs Vietnam plans to introduce 20 ice cream flavors at the opening period, including 15 standard flavors, plus 5 new flavors changing ever month. Furthermore, they also introduce monthly specialties like ice cream moon cake, ice cream shake, etc. to attract customers to come back. Apart from ice cream, Häagen-Dazs Vietnam also includes other beverage such as coffee, smoothies and pastry into their menu.

Häagen-Dazs Ice cream flavors range from Bailey's Irish Cream and Blueberry Cheesecake to Cherry Vanilla and Chocolate Caramel, to Cappuccino and Raspberry, etc. in form of dairy-based ice cream, sorbet, frozen yogurt, etc. that is made for the adult palate. Häagen-Dazs product's fat content is derived directly from fresh cream and fresh egg-yolk. Sorbets are sweetened only with 'pectin' that is derived from fruit sugar thus ensuring no extra artificial sweeteners. All low-fat and healthy products are marked with accurate calorie counts and fat content on the packaging or answered when asked to ensure that the target segment of healthy lifestyle adult knows exactly what they are eating. For draft of Häagen-Dazs Vietnam's menu, please refer to Appendix 5.

Häagen-Dazs has just entered the Vietnamese market in August 2012. The product life cycle is in the introduction stage. This implies that there is a lot of room and challenge for Häagen-Dazs to build its position in targeted customers' minds and attract them to try the brands out. This is not the time to concern too much about profits as well as attract a huge number of consumers. In about 3-5 years of operating, when Häagen-Dazs brand has established its brand name in the market, they plan to attract new consumers and keep old customers coming back by introducing more variety of products. Häagen-Dazs Vietnam also wants to sell ice cream through first in shops, then distributor to gourmet shops or high-end restaurants.

Differences

While Pho 24 wants to expand its product range to other Vietnamese dishes than Pho, Häagen-Dazs plans to stick strongly with ice cream product. Of course this can serve well as brand image keeper and will prevent Häagen-Dazs from expanding too far away from its core concept of selling frozen dessert, preventing it from diluting the brand image, having the same problem with Pho 24. At the same time, with this focusing strategy, Häagen-Dazs has to consider the problem of not satisfying the customer needs, especially the male ones, because Vietnamese male customers have a preference for coffee over ice cream. Furthermore, having a diverse menu also helps Häagen-Dazs attract customers who comes in groups of different interests.

5.2.5 Pricing benchmarking

Pho 24

Pho 24 uses the “customer budget pricing” technique to price their products and services. At the beginning of the business, Pho 24 sold Pho at 24,000VND (1.2USD) (1 euro) per bowl; additional items like eggs, meat, or special requests would be charged further. At that moment, the price of Pho 24 is more than doubled the price of a normal Pho bowl sold in other restaurants. Recently, due to high inflation rates and increase in material and labor cost, Pho 24 is selling Pho at 40,000VND (2USD) (1.6 euro) per bowl, still twice as much as normal Pho bowl.

This is, indeed, very high price. However, Dr. Ly Quy Trung stated that this is not an insane price, affordable even, especially when Pho 24 stores are usually located in the city center, in the “golden points” that there are not many common Pho stores, therefore, if customer prefer Pho, they have to travel to other places, either suffering the high cost of transporting time and opportunity, or eating at nearby hotels which is almost the same price or even higher than Pho 24 but not as much as choices. Thus, eating at Pho 24 is more economic and more satisfactory. Furthermore, according to market research done by Pho 24, F&B customers in HCMC are now willing to pay for food below 40,000VND (2USD) (1.6 euro) without hesitation.

Häagen-Dazs

Häagen-Dazs ice cream was priced at 75,000VND (3.75USD) (3euro) a scoop while the competitors’ ice creams are only priced at a maximum of 45,000VND (2.25USD) (1.8 euro) per scoop (Baskin-Robbins case). Other products like various flavor sundaes and ice cream related products like milkshake priced between 150-510,000VND (7.5-25.5USD) (6-20.4 euro), coffee and other beverage like coffee at 55-75,000VND (2.75-3.5USD) (2.2-3 euro), extra topping at 10,000VND (0.5USD) (0.4 euro) each, added pastry like cones, cookies, or brownies at 20-50,000VND (1-2.5USD) (0.8-2 euro) per piece.

Häagen-Dazs has no plan to reduce price for Vietnamese market, nor use price discounts or special offers; first is to keep the product in line with the luxury and prestige associated with the brand, secondly because their targeted segment already exists and they are willing to pay the same amount and purchase the product.

Differences

There are not many differences in Häagen-Dazs and Pho 24 pricing strategy, of course Pho 24 is only twice as much as common Pho, while Häagen-Dazs is three times as much as common ice cream. This is also a suitable strategy for them, because both aim for a premium quality product and service in their customer’s minds. However, the only problem with this strategy, the one that is happening with Pho 24 at the moment, is that customer does not perceive the equality between price (what they paid for)

and value (what they received) anymore. Many customers reviewed that they did not think fondly of Pho 24 as they were before. This problem could happen to Häagen-Dazs.

5.2.6 Placement benchmarking

Pho 24

The Pho 24 store concept is elegant, simple, clean, and bright with a friendly design and green wall color that is suitable for every area or country in the world. The concept is also easy to expand, apply, and maintain. Pho 24 has special strategy for placement. Pho 24 stores are mainly located in two different areas.

Originally, one third of them are in the city center's districts like Dist. 1 or 3. These locations serve the purposes of building brand images of high quality, nice and standardized Pho eating experience, and serving the segments of office workers who work in nearby buildings and tourists. Located within the city centers, these stores do not face the risks of being competed by common Pho restaurants or lack of frequent customers, but the risk of being unprofitable due to high venue rental and maintenance cost of these premier locations in the long run.

Therefore, recently, Pho 24 has expanded operation to the surrounding, highly populated areas in Binh Thanh, Tan Binh, and Go Vap Dist. Since the evolvement of living standard and customers' income level at the moment in Vietnam, Pho 24 has widened their customer range to medium-high income families with young children, a segment that is very popular among these residences. Together with much less rental cost, these locations quickly become the "cash-cows" of Pho 24. However, these must face and resolve the problem of intense competition with common Pho restaurants.

Häagen-Dazs

Häagen-Dazs ice cream shops are with comfortable seating for couples, bar stools, dim lighting, rich colors all help to create an ambience of intimacy and love. All shops' locations are in "golden points", city avenues, pedestrian zones, shopping malls where young adults tend to hang out or socialize, therefore, produce maximum accessibility for those customers. Häagen-Dazs placement strategy focuses on two aspects, Ambience and Service.

Ambience – strictly controlled and tested by Häagen-Dazs head office, centimeter by centimeter. As a famous international brand, Häagen-Dazs pay attention to the smallest detail in the ice cream restaurant, such as no flower indoor, wood floor color, or water-running speed to clean the scoopers, etc. Everything is measured by modern machines and expert from the main office. The first shop of Häagen-Dazs is located in 11-13 Han Thuyen St., Ben Nghe Ward, Dist. 1; HCMC.

Service – Häagen-Dazs’ staff are well trained, informative, and passionate about their jobs. The shop manager spent 2 weeks abroad; other staff had 1-week theory, 1-week practice for training. After that, they are tested by expert of Häagen-Dazs coming from Singapore, China, France, and America from talking manner, knowledge of ice cream, to how to make up. Häagen-Dazs staff is friendly, yet professional and proud to work for and serve Häagen-Dazs ice cream.

Together with premium products quality, they create the fulfilling experience of Häagen-Dazs ice cream eating. After 1-2 years operating in HCMC, Häagen-Dazs will expand to Hanoi. The maximum shops planned is 10 nationally, five in HCMC, and five in Hanoi.

Differences

The difference between Häagen-Dazs and Pho 24 is that Häagen-Dazs does not intend to expand to large number of stores throughout the country. Of course this is caused by the different natures of the two business concepts, one is selling “fast food”, one is selling dessert; one aiming for “above average” segment, one for affluent segment. However, the researcher also believes that this is a good strategy for Häagen-Dazs because fast expanding will cause the problem in quality control. This had happened to Pho 24 and is one of the causes that diluted or confused the brand image in customers’ mind. However, the main weakness of focused placement strategy is the unprofitability. Due to high venue rental cost (especially true in Häagen-Dazs “golden location” case), however high the revenue it; it cannot make profit for the franchisee, which is the ultimate goal.

5.2.7 Promotion benchmarking

Pho 24

The marketing vision of Pho 24 from the very beginning is to be an international brand, which reflexes in every aspect of the business. Pho 24 uses mainly three channels of promotion:

Public Relation – Pho 24 is the pioneer among Vietnam businesses to use publicity for long-term brand building. Vietnamese consumers does not believe much on what businesses speak for their advantages themselves; they rather put faith in the papers that they read, and news that they watch every day. Recognizing this fact, Pho 24 decided not to follow the old ways of doing marketing, which is hiding their “secrets” from the publicity and competitors. In contrary, they openly share their business plan, and passions on food, on franchising, and their vision of being the Vietnamese international brand with the media through newspaper interviews, business conferences or meetings, etc. This is a free and very effective way of doing marketing in Vietnam since it is good for everyone: the journalists got something exciting to write about, consumers had an objective point of view to trust, and Pho 24 got to promote their brands widely in the market.

Advertisement – after a few years of operating, the brand has matured, there were no more exciting story for media to exploit; Pho 24 has to find other channel to promote their products, advertising on newspapers and magazines that are related to F&B or lifestyle, and online marketing. However, Pho 24 uses very selective advertisements, as they are very costly and does not have visible and significant effects on their customers. Recently, Pho 24 also does some online marketing to reach younger generation and maintain a young, innovative brand image.

Indoor Marketing – This is the main promotion channel of Pho 24. By using tools such as frequently updated combo sets or packages, introducing discount and membership programs, and many other themed events on special days in Vietnamese calendar plus own calendar of Pho 24, it gives customers an impression of “there is always something going on!” which keep them coming back for more.

Häagen-Dazs

Häagen-Dazs intend to do a three-stage promotion strategy:

Stage 1: Soft opening – This happens in beginning of August 2012, for one month. This stage, Häagen-Dazs will use no public marketing and very few promotions, mostly indoor like banner, posters. They give out survey to guests in the soft opening period to receive feedback and perfect the Häagen-Dazs “experience” from staff to interior, etc.

Stage 2: Grand opening – After 1 month of soft opening/ test run is the grand opening to the public, happen in beginning of September 2012, for two months. Now in this stage, Häagen-Dazs plan to do a marketing burst including PR, newspaper advertisement, and online marketing, to boost customers’ awareness about the brands.

Stage 2: Stabilization – After 2 month of grand opening, promotion strategy in this stage are mainly indoor promotions like changing themes monthly, both from cooperation calendar and localized. However they have no intention to use discount, sale-offs, or coupons, just membership and voucher bought by big companies to reward their employees. In this stage, advertising is mainly through word of mouth.

Differences

In general, there are few differences in the promotion strategy of the two brands. In this thesis, however, the researcher does not want to go deep into detail about comparing that which company is better practice than the other. The researcher wants to point out that as a local brand; Pho 24 has more experience with the domestic customers than Häagen-Dazs. Vietnamese customers have many distinct characteristics and they react to marketing efforts differently from international customers. Therefore, the strategy that has work perfectly fine in other countries may not be perceived fondly of Vietnamese customers. Häagen-Dazs is a very prestigious international brand of which quality and operation are strictly controlled

by the head office. While this helps create the united experience for customers and easier quality control for managers, smart localization is highly appreciated and expected in order to succeed in Vietnamese market.

5.2.8 Some problems that Häagen-Dazs might face in Vietnamese market given by Dr. Ly Quy Trung

Problem 1: Unreliable statistics – Dr. Trung emphasis that when doing market research in Vietnam, marketers and companies should pay attention to the reliability of the founded data, even when those data are published by authorized departments, especially in the economic concerns. This is not because the data is twisted for intentional purposes but it is because the big gaps between the social classes and the not-yet-professional manner of the local survey companies. Example for the first cause is the low average annual income of Vietnamese. As stated by the researcher, this information does not reflect the real wealth of Vietnamese consumers. If Häagen-Dazs keens on these data without real-time analysis of the market, they would never expect Vietnam to be a potential market for such a premium, luxurious, high-priced ice cream brands. Secondly, the reliability of Vietnamese customer surveys is somehow doubtful because the data does not reflect the voice of the targeted market. For instance, it is very hard for Vietnamese researching companies to interview elite classes – targeted customers of Häagen-Dazs. In addition to that, the customers do not know how to show their real opinion when being asked.

Problem 2: Vietnamese customers' perception of Luxury – is greatly different than of other countries, as discussed in the last chapter, Current market analysis – PESTLE Analysis - Cultural environment. Vietnam is a developing country with below average living standard of comparing to others. This lead to the problem that the customers are also not “well educated” about the market, products, and their perception of them is also twisted. For instance, in Western countries, KFC or other fast food chains are for low, to medium-low income customers who do not have enough time and money to eat elsewhere. Meanwhile, in Vietnam, eating at KFC became a “luxurious”, quality-time-spending lifestyle, enjoyed by the medium-high customers. Vietnamese consider having iPhone, traveling abroad, and the like as luxurious. This requires the international brands that wish to enter Vietnamese market to be flexible, and are willing to adjust, and to localize their marketing strategies.

Problem 3: Unprofessionalism of doing business in Vietnam – this is the common problem for both international and local companies. No matter how hard they try to control the quality of their products, there are always some minor incidents that drastically affect the overall brand image. For instance, in Pho 24 case, some restaurants in small districts tend to cut back the ingredients for the noodle broth from 20kg to 15-17kg of cow bones as they think those will not affect the final products and customers may not recognize the differences. Underestimating the customers' importance and sensibility is a major problem for Vietnamese ill-trained staff. Not passionate in the jobs or putting personal benefits in front of the

company's attitude of provided services is also cause many troubles for companies' image.

Problem 4: Uncontrollable expansion – Together with unprofessionalism of untrained staff, this makes the problem of quality control even more serious. As in Pho 24 case, too fast expansion has cost the head office a lot of time, money, and effort to clean up the unprofitable and unprofessional stores. Or in Baskin-Robbins case, with the fast expansion of currently five stores in HCMC in just 4 month of operation, they are now facing the risk of ill-trained staff providing unqualified service, which leads to direct damage to the brand overall image.

5.3 SWOT Analysis

After conducting the cases analysis and benchmarking project, the researcher has finalized all the findings, identifying Häagen-Dazs major strengths and weaknesses, as well a number of opportunities threats that it might face in the future operation in Vietnam. The analysis is summarized in table 14 below, and then explained in detail in the following sections.

<i>STRENGTHS</i>	<i>WEAKNESSES</i>
<ul style="list-style-type: none"> • Brand fame • Finest ingredients/ Premium products • Unique ice cream eating experience (Ambience/Location and Service) 	<ul style="list-style-type: none"> • High price • New market entry/business concept • Small, hard to communicate targeted segments
<i>OPPORTUNITIES</i>	<i>THREATS</i>
<ul style="list-style-type: none"> • No real competitors in the targeted segments • Future expansion in the targeted market, especially in the healthy lifestyle segment • Words of mouth promotion 	<ul style="list-style-type: none"> • Communicating the brand image wrongly • Not profitable due to high maintenance cost and importing equipment • Attract unwanted customers and competitors

Table 14: Häagen-Dazs SWOT Analysis (Summarized by the thesis writer based on own findings)

5.3.1 Strengths

Analyzing from the organization's perspective itself, here are the competitive advantages of Häagen-Dazs among Vietnamese market:

- *Brand fame* – Häagen-Dazs is a unique and distinctive brand has been brought to minds of the customers of its product attributes as "the words finest quality premium ice cream made of the highest quality ingredients" for over 50 years. It is an international brand, available in more than 50 countries and territories. When asked about the brands, most Vietnamese affluent youths that had chance to travel abroad can recognize it. One more advantages for Häagen-Dazs is that it is a foreign brand, especially when it sounds like a European one, because

foreign brands in Vietnam are perceived as higher quality, thus consumers are willing to pay more than they usually do for domestic brands.

- *Finest ingredients/ Premium products* – Häagen-Dazs emphasizes greatly on the premium quality of its product. Only the finest ingredients are used in Häagen-Dazs super-premium ice cream, frozen yogurt and sorbet products. The ingredients are sourced from all over the world, they are all natural with no preservatives, artificial flavor, stabilizers, additives/ colorings; Häagen-Dazs is dense with low overrun and slow melting time. It may not have many excited flavors like Baskin-Robbins, but every Häagen-Dazs's ice cream tastes very “real”, offering the ultimate indulgence in every scoop. Häagen-Dazs also applies stringent measure of product storage to maintain the freshness and premium quality of the products, for instance, -18 degree Celsius for immediate serving, -26 degrees Celsius for longer storage and transportation.
- *Unique ice cream eating experience (Ambience, Location and Service)* – Häagen-Dazs stores are always located in highly accessible areas, near shopping centers or pedestrian zones that attracted to its targeted market. With romantic and elegant, yet urban interior design, together with professional, passionate staff, Häagen-Dazs create a unique ice cream eating experience that never existed before in Vietnam. Furthermore, Häagen-Dazs stores maintain a clean and hygienic environment for consumers. Proper storage space for raw materials has been allocated and staffs are trained to practice the standards of hygiene set by the company. The service staff wears a cap, mouth cover and gloves, while serving ice cream for customers.

5.3.2 Weaknesses

Häagen-Dazs still have some weaknesses that need improving in order to achieve great success in Vietnamese market:

- *Super Premium Price* – The main factors for consumers in the F&B products are the balance of value between money, quality and taste. Even though Vietnamese consumers are attaining greater social status and increased purchasing power and living standard, they are very protective of their money, especially now after the economic slowdown. The price at which a single scoop of Häagen-Dazs ice cream is at 75,000VND (3.75USD) (3 euro) which is almost twice more expensive than other ice cream claimed to be in the same super premium category like Fanny or Swensen's. Consumers might hold back the idea of even trying the ice cream because of the super-premium price.
- *New market entry/business concept* – because it is a new player in Vietnamese market, Häagen-Dazs has many disadvantages such as existing competition, customer unawareness, customers' preference and loyalty for other brands. Also as the first ice cream brand to target adult but not children segments, Häagen-Dazs is facing a tremendous

stress to educate consumers with the new business concept. In order to succeed in Vietnamese market, it has to change customers' perception about ice cream, and also increase the ice-cream eating time that customers spend in the shops to encourage purchases.

- *Small, hard-to-communicate targeted segments* – The targeted segments of Häagen-Dazs are currently very small. The majority of Vietnamese population is below what they are aiming at. Even among the existing target market, how to reach them and educate the brand values with them are other problems that Häagen-Dazs will have to face. Finding a marketing channel that is suitable for communicating with those segments is also not an easy assignment. As mentioned many times in the previous parts of this thesis, because of the cultural differences, Häagen-Dazs may even have to compromise and localize their marketing strategy in order to speak in a voice that can be heard, understood, and appreciated by its targeted market in Vietnam.

5.3.3 Opportunities

- *No real competition in the targeted segments* – With such high quality, price and positioning, Häagen-Dazs offering unique experience and targeting the skimmed top segments in the market. After analyzing the competition situation in Vietnamese ice cream market, the research was highly surprised to observe an unusually free situation that might give Häagen-Dazs a major advantage. At the moment, there is no other ice cream brands that segments the same targeted customers as Häagen-Dazs as well as they do not have enough resources nor expertise, and experience to compete with Häagen-Dazs in this battlefield. The business concept is quite new to Vietnamese market, in the next 1-3 years, hopefully, there will be no copycats or other franchising brands such as Ben & Jerry will enter the market and compete with Häagen-Dazs.
- *Future expansion in the targeted market, especially in the healthy lifestyle segment* – Vietnamese customers have become increasingly aware of the food they consume as every calorie counts. They tend to prefer food that is low in fat, cholesterol, sugar or salt. This health trend is an opportunity for Häagen-Dazs to penetrate these potential segments if it widens the range of low fat, natural products. Furthermore, together with continuous increase in wealth, living standard and globalization, the targeted segments of Häagen-Dazs will grow bigger through time.
- *Words of mouth Promotion* – Häagen-Dazs has always maintained a high quality in the ice cream and service. Moreover, in Vietnam, there is a saying “fragrant flowers will be scented by themselves”. Vietnamese consumer would rather believe in words of mouth from relatives and friends than listen, watch, or read an advertisement. As long as Häagen-Dazs can keep up with its superior values, customers will talk and recommend the brands inside their connection circle. Nevertheless, in this century where the media is so rampant, Häagen-Dazs

should not solely depend on words of mouth and forget to promote consumer awareness through other means because sometimes the information through the vines may not be correct and damage the brand image.

5.3.4 Threats

- *Communicating the brand image wrongly* – with such new business concept together with the cultural differences, Häagen-Dazs may try to communicate with its targeted segments in the wrong way, which will immediately lead to failure in such a fierce market like Vietnam. To be even worse, Vietnamese consumers have fairly low tolerance for brands that fail to enter the market. For instance, as in the case, Baskin-Robbins had entered Vietnamese market in 1994 but failed; and it took them 8 years to reenter the market. In Vietnamese culture, first impressions are also really hard to be shaken; therefore, if Häagen-Dazs did something recklessly, it might badly affect the brand for a long time. Therefore, Häagen-Dazs has to be very careful to plan their marketing strategy in Vietnamese market.
- *Not profitable due to high maintenance cost and importing equipment* – The ultimate goal and the final success measurement of any business is monetary profit. Häagen-Dazs firstly has to suffer from high venue cost of renting such “golden” location in HCMC center. Then due to high standard and quality management matter, Häagen-Dazs Vietnam has to import expensive, standardized equipment and ice cream products from abroad. Furthermore, continuous renovation and technology updates are needed in the future in order to keep up with the innovative, luxurious brand image. The financial pressure on Häagen-Dazs franchisee is also not easy due to high franchise fee. There is high risk that however much revenue they make, it will not past the break-even point and bring profit.
- *Attract unwanted customers and competitors* – as Häagen-Dazs operating in Vietnam, there is high chance that it might have local copycats that steal its concept and values then offering it at slightly lower price. If the customers are not loyal to the brands at the time, they might switch to those brands. Furthermore, Häagen-Dazs has to strictly focus on its target customers and its planned marketing strategies, in order not to degrade its image and attracting the wrong kinds of customers. Expanding too fast or serving more customers than they should have will also damage the brand positioning. Häagen-Dazs should remember that except for the high-end segments, other market segments in Vietnamese market are crowded with unneeded competitors that have been battling in those segments long before it entered Vietnam.

6 RECOMMENDATIONS FOR HÄAGEN-DAZS ICE CREAM FRANCHISE TO START-UP AND LONG TERM RUNNING IN VIETNAM

6.1 Market Segmentation

Here in this part, the researcher would like to sum up all the existing segmentation plus her recommendation for a united presentation. Originally, Häagen-Dazs uses a few main segmentation bases for dividing their market, namely, named demographic and psychographic. Here in this thesis, the researcher would like to suggest three more new variables, geographic, social-cultural, and behavioral, plus a different view in psychographic segmentation in order to help Häagen-Dazs understand the market and define its potential customers even better and more localized than before.

Geographic Segmentation

Concerning Häagen-Dazs Vietnam and especially in HCMC, the market should be divided into cities and neighborhoods. Economic development level, population, and easy accessibility among neighborhoods and city areas are in Häagen-Dazs' concern for segmenting the market.

Demographic Segmentation

Originally, under demographic segmentation, Häagen-Dazs segments the market according to age and lifecycle stage, gender, and income of consumers. Firstly, customers can be divided into the young and trendy young adults and the more mature customers such as working professionals. Secondly, customers of Häagen-Dazs can be both male and female. Lastly, Häagen-Dazs divides the market into different income groups; customers are classified into the affluent and lower-income earners.

The researcher wants to clarify what demographical variables in Häagen-Dazs case should be used to segment markets as below:

Income: in Vietnamese market, Häagen-Dazs should focus its segmentation mainly on the income bracket of consumers. What Häagen-Dazs has to remember through the market research is that in Vietnam now, there is a huge difference between the highest income group and the lower one. The reality, as discussed, may be fairly far from what government has shown in their report VHLSS 2010. There is a lack of explicitness in reporting income by the citizens and of the government can only trace the official income from salary reported, which is only the very tip of the iceberg, but not the hidden sub-incomes of its citizens which is the main factor that leads to the true wealth of Vietnamese rich class. The proportion of rich-medium-poor of Vietnam is also different from what Häagen-Dazs has ever experienced in the past. The poor, according to the researcher's estimation and international standard, would take 40% of Vietnamese population (30% in HCMC), the medium 50% (60% in HCMC) and the rich who can truly afford luxurious good are only 10% or even less of the total popula-

tion in both Vietnam and HCMC. In the medium-income segments, 20% of those are nearly poor who can barely satisfy basic needs, 50% are enough for necessities goods and have fairly little saving, while the rest 30% are possessing decent amount of saving for additional needs.

Age: The Vietnamese market is different from other markets because of its youth and recently development. In the ice cream industry, the age groups that Häagen-Dazs should segment the market into are much younger (but not too young) than other developed countries that it worked with in the past. For instance, in Vietnam, the age of 50 and more barely know to enjoy ice cream as it never existed in their time of youth, or the youngest age group of 0-10 has barely develop their preference for ice cream and mainly rely on their parents' preference. Therefore, those age groups not even relevant for ice cream industry to start with. Therefore, in Vietnamese market, Häagen-Dazs can divide the market into age group of 11-14, 15-22, 23-30, 31-45, and 45-49.

Life stage: In this variable, Häagen-Dazs should define the market by human major events concerning two aspects. First is marital status such as single/divorce, in a relationship, married and family with small children. Second is the financial status, such as: financial dependent, independent, and supporting other individuals.

Gender: The Vietnamese market is traditionally divided into two segment, men and women. Häagen-Dazs should remember that in Vietnam, especially in the ice cream consuming aspect, these two genders behave very differently because of social stereotypes of Vietnamese about ice cream and sweet dessert in general, in which those are sign of femininity, and that men of high masculinity only prefer bitter, spicy, subtle and rich flavors.

Generation: concerning the ice cream consumption, the Vietnamese population can be divided into three generations. First generation is the ones who were born in year 1965-1975, who had grown during the toughness of the Vietnam War and the reorganization of the government, they have high saving and preparing for tough future tendency, plus they do not possess well-defined personal interests and individualism generally.

The second generation is the Vietnamese Baby Boomers, who were born in year 1976-1989. After the Vietnam War victory, the country was fully unified and at peace, Vietnam population expanded very quickly and was under the effects of first globalization wave "Doi Moi", starting the period of strong economic growth and widening regional and international interactions. Babies who were born in this period are now grown-ups with financial independence, living in fast pace, enjoying hi-tech gadgets like trendy cell phones and motorbikes/cars, worshiping individualism with motor of "Earning money, Enjoying, Self-affirming. They do not directly suffer from the war, but they are old and close enough to understand its fearsome aftermaths.

The last generation is called the Vietnamese X Generation, describing who was born from the 1990s, referring to those that grew up during the development of Vietnam's economy and booming technical development and other influential events that opened Vietnam to the world. They are described as a progressive and rebellious youth, often have characteristics of as being more confident and value different things comparing to the older generations. The X Generation dare to freely pursue personal interests, are more proficient in languages and technology; Internet and social network are an important parts of their lives; they are also willing to reject established traditions, listen to modern music, and follow foreign fashion trends and lifestyle.

Social class: The researcher notices that there is a clear link between social classes with income and education level in Vietnamese society. There is upper class that is rich, acquire high education (bachelor, master, and above), living an abundant life in owned big houses or modern apartments, working in high-salary/important positions such as top government, private corporation officer, expats/experts, transporting by well-branded cars or motorcycles, have traveled overseas many times, buying foreign, high quality/luxurious products. Middle class includes people, who are well-educated (high school graduation, bachelor), living in owned medium/small-sized houses and economic apartments, working in medium-paid jobs such as state-owned companies' officers, common white-collar workers, transporting by good motorbike brands, sometimes traveling abroad to nearby countries, using mostly domestic products and have some or little knowledge of foreign brands. Low class includes people, who are barely educated (high school, middle school, and below), live in owned/ rented small-sized houses/ apartments, working as blue-collar workers, farmers or unemployed, transporting by old or Chinese brand motorbikes, rarely afford to travel, using domestic and Chinese low- quality products.

Socio-cultural Segmentation

Häagen-Dazs should also look at various cultural characteristics of Vietnamese consumers and their preferences. Certain cultural groups tend to have similar needs especially when it comes to food, confectionery, and drinks. For instance, there are traditional Vietnamese who do not want to try new, strange products but prefer only familiar flavors like Vietnamese tropical fruits, chocolate, coffee, and vanilla with light and medium-sweet taste. There are modern Vietnamese who like to try new things, especially from foreign countries, prefer exotic, unfamiliar flavors like cheesecake, green tea, and berries in form of ice cream, frozen yogurts, or sorbets. Therefore, these segments can affect very much in Häagen-Dazs innovative product line of introducing new flavors.

Psychographic Segmentation

There are two ways to divide Vietnamese consumers by using psychographic segmentation: using the Chinese VALS model or based on health-consciousness lifestyle.

First is the application of Chinese VALS model in Vietnamese market. As discussed in the theoretical background, the thesis writer would like to use the lifestyle classification research of Chinese consumers by Sinomonitor International with believe that this Chinese version of will be more applicable to the developing Vietnamese market. China and Vietnam share many similarities in consumers' nature and behaviors, and many other researchers had done the same thing with the assumption that Vietnamese market is the 10-year-younger reflection of Chinese.

In the researcher' opinion, the Vietnamese consumer can also be divided in to four distinct life-orientations: tradition-orientated, fashion-orientated, achievement-oriented, and moderate-oriented, which characteristic is summarized in the previous parts in the theoretical framework, page 24–27. In addition to the original ones that have been explained there, here in the recommendation, the researcher will list out some special characteristics of Vietnamese consumers' orientations. Some notes to the Vietnamese consumer life orientations is that the fashion-oriented consumers have just becoming popular within 20-year time or less, especially within the X generation; meanwhile, most of War generation belong to Traditional orientation, and the achievement oriented is popular among mostly Baby Boomer and part of the X generation. The moderate orientation presents the largest segment of Vietnamese consumers.

At the moment, the consumer group that can be listed in the social grading as “High resources” in Vietnam is very scarce. Firstly, they have not developed a generation-to-generation wealth; most rich Vietnamese have recently developed their abundant property within 20-year time. Secondly, due to late internationalization, both the companies' and consumers' awareness and knowledge of brands, product quality, and marketing are rather limited. Therefore, the majority of Vietnamese consumers' social-grading tilt toward Group 2 and 3, while very small number are qualified to be in Group 1.

As the result of above two indicators, the Vietnamese consumers can also be divided into 12 segments. However, the proportion of each segment is not the same as Chinese market result. Because the researcher did not do any accurate qualitative research concerning this matter, the numbers stated here are just approximate and for references only. For instance, the high resourced consumers that can be defined as Fashion leaders are nearly 1% of all consumers, Achievers 2.5%, Privileged Traditionalists 3%, and Privileged moderates 3.5%. The medium-resourced consumers that are defined as Fashion followers take up to 7% of all consumers, Social climbers 13%, Middle-class traditionalists 15%, and Middle-class moderates 15%. The low-resourced consumers that are Fashion imaginers are among 6% of all consumers, Striver 9%, Underprivileged traditionalists 13%, and Underprivileged moderates 12%. For definition and distinct characteristics of each segment, please refer back to the theoretical framework.

Secondly, in the psychographic segmentation, the Vietnamese market can also be divided into three segments based on health-consciousness lifestyle. The first segment is those who are very health conscious and are

willing to pay more or take time to find the product that can support this lifestyle. This segment is now a very small part in the market (less than 15%), but is growing very quickly. The second segment has moderate knowledge of what is good for their good being, but do not put a great emphasis on it; therefore, not willing to pay too much or spend too much time and effort looking for healthy products. This segment is also growing fast and takes up about 45% of the market. The last segment either does not have sufficient knowledge and awareness of healthy lifestyle or cannot afford to chase it; therefore, they do not care about the health aspect in a product. This segment, however, holds a rather large portion in the market (about 40%) but is decreasing.

Behavioral Segmentation

Häagen-Dazs Vietnam can also segment the market based on different occasions that consumers may choose to use the products. These different occasions can be referred to the different festivals celebrated in Vietnam; for instance, the Moon cake Festival celebrated in the month of September. In order to increase consumption of Häagen-Dazs products, Häagen-Dazs Vietnam will sell ice cream moon cakes to cater to this occasion. Other festivals such as Christmas, Mother's Day, Father's Day, and Valentine's Day are some of the occasions, which will also work closely with the marketing strategy to boost consumption of Häagen-Dazs products.

Another way to segment the market based on a behavioral variable like occasion is if the customers are going alone, as a couple, or as a group. The purposes of entering Häagen-Dazs shops are self-indulgence, dating, group/ friend outing, or business meeting.

6.2 Market Targeting

6.2.1 Deciding targeting coverage strategy

In general respect to ice cream, although many people may enjoy eating them, the market can quite easily be segmented on bases of taste and price. Some individuals prefer high-quality ice cream made with real ingredients that produce supreme tastes while many others cannot tell the difference in the product quality, and therefore would make their purchasing decision purely based on ice cream's price and availability. Realizing this situation, the ice cream manufacturers and sellers also divide in two categories: lower-priced competitors are into mass marketing while premium priced ice creams makers have targeted more narrow segments consisting of affluent upper-middle to upper class consumers.

Now, in Vietnamese market, there have already been countless big and small-sized ice cream shops that are attacking the mass market, as well as some small distinct segments that fit with their image. However there have never been a so-called "luxury" ice cream brand that have the experiences and resources to satisfy the thirst and taste of the top-end consumers. Therefore, due to its premium brand positioning, the researcher suggest

that Häagen-Dazs Vietnam should follow the niche marketing strategy that targeting on fairly narrowly defined customer group. Although these niches are quite small now in the Vietnamese market, they can be very profitable. The reason is that there are much less competitors having the resources, experience and strategies to compete with Häagen-Dazs in this aspect. Furthermore, these segments have high growth potential in the future, as living standard and general wealth will be increased. This targeting strategy also involves designing only one marketing mix and offerings to compete more effectively and efficiently in a particular market, requiring less but focused marketing efforts; therefore, suitable for a business like Häagen-Dazs to enter a new market like Vietnam. In addition, Häagen-Dazs will also have a greater chance at being profitable in the long term if they manage to satisfy these unmet customers' preferences. These customers will be loyal to Häagen-Dazs brand for catering to their unique needs, and they will think of it first when other undiscovered customers that share the same interest ask them where they got such a specific product or service.

However, when employing a niche market strategy, Häagen-Dazs must remember to keep its consumer base down to the planned, well-defined, and specific segment of the market, avoiding the temptation of trying to appeal to broad interests. It has to continuously reshape its unique capabilities in serving these targeted segments and the ability to make quick and decisive strategy because this alluring market will soon attract many competitors and copy cats, plus the consumers' preferences tend to drift very quickly.

6.2.2 Selecting the market segments

Because Häagen-Dazs has various advantages such as brand fame, knowledge, expertise, and experience working with specific segments all over the year for more than 50 years. The researcher suggest that concentrate on the below segments (single-segment concentration) in order to quickly make a strong market presence, capture the leadership position and achieve high turnover.

Demographic Segmentation

Originally, under demographic segmentation, Häagen-Dazs segments the market according to age and lifecycle stage, gender, and income of consumers. Firstly, customers can be divided into the young and trendy young adults and the more mature customers such as working professionals. Secondly, customers of Häagen-Dazs can be both male and female. Lastly, Häagen-Dazs divides the market into different income groups; customers are classified into the affluent and lower-income earners.

The researcher wants to clarify what demographical variables in Häagen-Dazs case should be used to segment markets as below:

Income: Targets of Häagen-Dazs are customers of 20% highest-income level. This segment will have enough resources to enjoy Häagen-Dazs

products without serious price consciousness. By skimming the top 20% most affluent of the market, Häagen-Dazs will earn enough good profit in long term; this customer group will also be small enough for Häagen-Dazs shops to serve with the most premium quality products and services.

Age: In Vietnamese market, the targeted age group of Häagen-Dazs is 15-22, 23-30, and 31-45. In other countries, the company only targets customers in their 20-30s. However, in Vietnam, the researcher suggests that in addition to its traditional age group of 23-35, Häagen-Dazs should pay attention to age group 15-22. Those are the fastest to respond to fashion/technology trends with better knowledge of foreign brands; and, different from that of other Western countries, in Vietnam, if those consumers' families are affluent, they, as the offspring, are too can enjoy that wealth by their parents' permission (known as rich generation the second). They would also have more time to spend in cafes and would be more easily convinced to experiment with flavors. Age group 36-45 can also be very attractive to Häagen-Dazs because those are the most successful and wealthy group of all consumers; they have mature career and chances to travel abroad and more free time to enjoy their life.

Life stage: In this variable, Häagen-Dazs should focus consumers with marital status as single/divorce, in a relationship, married with no small children. Financial status of target customers can be independent, dependent, or supporting others, as long as they can afford to treat themselves such luxurious dessert.

Gender: Häagen-Dazs targeted segment is mainly female consumers and male consumers with a sweet tooth for ice cream.

Generation: The main consumers of Häagen-Dazs' products are now the Vietnamese Baby Boomers generation. Nevertheless, the company should not neglect the high potent of the Vietnamese generation X, as they will be the future of Häagen-Dazs in the next few years. By getting the generation X to become loyal to the brand, Häagen-Dazs will have higher chance to a sustainable development in Vietnam.

Social class: Targeted customers of Häagen-Dazs are those that belong to the upper class of Vietnamese society.

Socio-cultural Segmentation

Häagen-Dazs can target both traditional and modern Vietnamese by introducing a balanced mix of products that satisfies both of them. The company should also remember the influences of Japanese and Chinese culture on Vietnamese; therefore, the three might share many preferences such as fruity or green tea flavors.

Psychographic Segmentation

On the first category of life orientation, Target segments of Häagen-Dazs are high-resourced consumers that have fashion, achievement, and tradi-

tion orientations, known as fashion leaders, achievers, and privileged traditionalists to serve as addition to their high status and longing for a premium quality products. The brand can also enjoy a decent amount of medium-resourced consumers with fashion and achievement orientation, known as fashion followers and social climbers, as a “luxury that you don’t have to fake” and once-in-a-while achievements that resemble those of higher classes like fashion leaders and achievers.

Secondly, in health-consciousness lifestyle category, Häagen-Dazs should pay attention to the first segment is those who are very health conscious and are willing and have resources to pay more or take time to find the product that can support this lifestyle.

Geographic Segmentation

In Vietnam, Häagen-Dazs should only pay attention to two most highly develop cities that are HCMC, Hanoi, because most of its target customers gather in these cities. Going more specifically in these cities, Häagen-Dazs shops should locate only within the city centers and near big, high-end shopping malls to keep the prestige image of the brand.

Behavioral Segmentation

Häagen-Dazs should focus on customers who visit the shops either alone, as a couple or a group on occasions such as self-indulgence, dating, and group/ friend outing.

6.2.3 Finalizing the targeted market segments

As summary, targeted customers of Häagen-Dazs Vietnam will have eight characteristics below:

- 1) Adults and young adults of age from 15-35
- 2) From both genders, but mainly female
- 3) Possessing abundant resources or medium-high to high income
- 4) Confident and self-aware
- 5) Living, studying, or working in big cities
- 6) Plentiful knowledge of foreign products and brands as they have chances to travel abroad and have high technological support
- 7) In a relationship, single or married without small children
- 8) Coming to Häagen-Dazs shops alone, as a couple, or as groups for self-indulgence, dating, or friend gathering purposes

Within these targeted young adults, Häagen-Dazs can divide them into three main niches:

- *Pleasure seekers* – customers who are in need for high-quality products that can satisfy their refined, sophisticated taste and selective purchasing decisions to choose only the best to indulge themselves in.

-
- *Image seekers* – customer with thirst for luxury, special needs for prestige image, and means to demonstrate or high-class economic status and personal affluent implied-worth.
 - *Health seekers* – customer with high health conscious, who are interested in desserts but prefer natural ingredients and low fat substitutes.

By targeting solely on these three niches, Häagen-Dazs stand high chance of being well aware, successful and profitable in Vietnamese market.

Beside local customers, with such location on Han Thuyen St., Häagen-Dazs can enjoy a decent number of foreign customers who are already well aware of the brands and are loyal customers. The ideal proportion of tourists-domestic customers is 20%-80%.

6.3 Differentiation and Positioning

In the last section, the researcher has defined the promising segments that can be suitable and profitable for Häagen-Dazs in Vietnam. The next part of the thesis will be the recommendation on how they should position themselves in Vietnamese market, what image should they build for the brand to attract their targeted customers and prevent intense competition.

6.3.1 Differentiation

In Vietnam, the researcher suggests that Häagen-Dazs should market these four differentiations: product, services, image, and consistent quality.

Product Differentiation

Häagen-Dazs product differentiation is in its premium quality with luxurious, superior, rich yet delicate texture and taste by using only best selected, freshly harvested ingredients from around the world. As a matter of differentiation, Häagen-Dazs should also advertise pure authenticity of their ice cream products by emphasizing that the ice cream is contains very little air (low overrun). Furthermore, unlike other mass production brands, Häagen-Dazs use no artificial flavorings, colors, emulsifiers or stabilizers, instead, it seeks better natural alternatives that is can benefit customers' good being.

Food and beverage is a culturally sensitive industry as customs and taste preferences can differ widely between countries. The company that has the ability to manage this formidable challenge of adjusting its products to local tastes and customs while maintaining consistency with its global brand identity will be the leader in the market. In addition to offering its popular international ice cream flavors, Häagen-Dazs should introduce new products tailored to local demand in Vietnam, such as green tea ice cream, mango, berries, coconut, etc. In addition to exotic flavors, the brand's

shops also deliver exquisite "dessert creations" which reflect premium image of the brand.

However, it is not enough that it believe that it has done that; Häagen-Dazs must be able to communicate and deliver this differentiation with the customers because at the end of the day, the customers always base their decision on the tangible aspects of the brand such as the taste of the products, on how they are served in the shops, and on what they are told and educated about the brand.

Services Differentiation

The primary mode of service differentiation at Häagen-Dazs was through their high-street ice cream shops. All Häagen-Dazs shops in Vietnam should be staffed with well-trained staff whose most important concern is to keep the customers feel relaxed in the cozy ambience and indulging themselves in premium ice cream. The staff should always be impeccably dressed in fine uniforms, standing at customers' beck, attending to requests and needs, to make customers feel as if they are being served in a five-star restaurant. Customers will feel good about themselves even though they are only going in for a meal. Häagen-Dazs has the ability to create an efficient delivery of service to customers. The readiness and attentiveness of the staff to the requests of customers, even in rush hours can significantly enhance the image of Häagen-Dazs in providing high quality service.

However, Häagen-Dazs' service should not go to the point of too sophisticated that it loses its friendly side. "Service with a Smile" is always a great way to create and maintain a good impression on customers who visit Häagen-Dazs' shops. The moment customers step into the store, Häagen-Dazs staff should definitely greet them with a smile, as customers will feel being appreciated, and automatically smile back, creating a positive atmosphere and attitude between the customers and the brands.

Image Differentiation

As a famous international, premium brand, Häagen-Dazs can gain major advantages against local competitors and other lower-class international franchises just from its name. Häagen-Dazs, the brand name itself shows clear association of Western image, and the Nordic looking "ä" in particular, ensuring its claim of premium quality, and creating pride for customers when choosing the brand over its competitors as a means to present their knowledge, their exquisite taste, and abundant wealth.

When purchasing or using a luxury product, together with the perception of quality is the notion of a status symbol. In a country where people feel increasingly eager to display their wealth, being guests at Häagen-Dazs ice cream shops, enjoying exotic, expensive frozen desserts with friends or colleagues give customers instant bragging rights, and the prior feelings towards those who cannot reach the same level.

Lastly, Häagen-Dazs can take advantage of the Vietnamese culture of "saving face", of which giving only premium brands or inviting colleagues, acquaintances to experience a luxury treat as gifts allows the giver to appear generous and the recipient to feel important and appreciated. By offering a product and experience that link with Häagen-Dazs brand to others, customers can feel good about themselves as well as showing their gratitude and respect toward each other.

Consistency in Quality Differentiation

In an inconsistent quality environment like Vietnamese market, the company that can stand out is the one who can ensure its quality through times and along the chain of shop system. Häagen-Dazs has an advantage in this matter, since its long-built famous brand with commitment for perfection for over 50 years can symbolize its high standard and consistency in quality.

Häagen-Dazs realized very early that superior and consistent quality would ensure positive word-of-mouth publicity and help build the brand. Therefore, while most companies limit their product quality testing only within their manufacturing process, Häagen-Dazs takes a step further to ensure that quality tests take place at every stage of production by visiting and testing ingredients suppliers, checking manufacturing processes and equipment daily, tasting ice cream in-store on a regular basis for temperature and taste, as well as controlling strictly the opening and operating of franchisees around the world. Häagen-Dazs Vietnam should also follow the motto of "No Compromise on Quality" and maintain a high standard of premium products and services through long-term operation among every shop in Vietnam.

6.3.2 Positioning

In Vietnamese market, the researcher suggests that Häagen-Dazs should follow the "More for More" positioning strategy, of which definition is explained in the theoretical framework, meaning, they should position themselves as a ultra-premium ice cream brand that charge customers expensively for the super luxurious and premium quality benefits that they receive from the company.

The reason behind this suggestion is that Häagen-Dazs has the experience and ability to provide the most upscale products and services, and it follows the premium pricing strategy. By charging the customers premium price for the premium products and services they had experienced in the ice cream shop, Häagen-Dazs does not only promote its commitment for only best quality, but also offers prestige, symbolizes status and a lofty lifestyle to buyers.

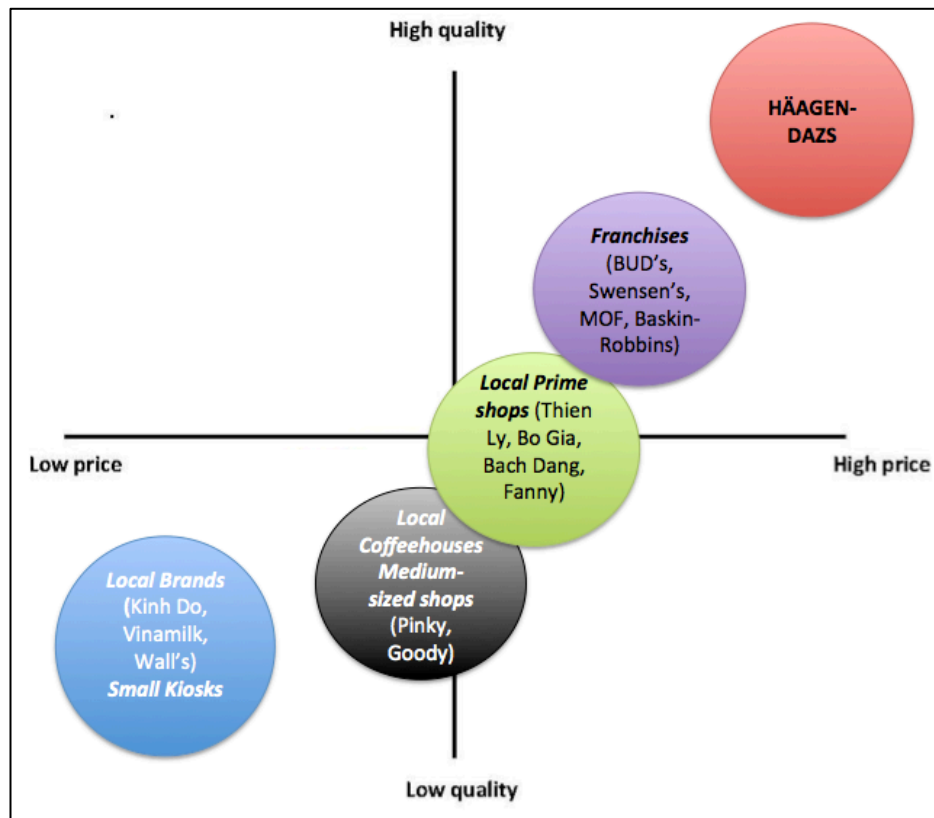


Figure 15: Häagen-Dazs Positioning in comparison with its competitors in Vietnamese market

Above in Figure 15 shows how Häagen-Dazs should position itself in comparison with the competitors in the market, such as local ice cream impulse selling points like Kinh Do, Walls and Vinamilk, as well as other local ice cream shops or franchising brands, which have been analyzed in the current situation analysis part.

In order to convey this position strategy to its customers, Häagen-Dazs should be able to maintain its premium quality products, hire and train staff to perform better service than other chains and develop superior marketing messages to communicate the image with its customers. The “ultra-premium ice cream brand” image that Häagen-Dazs should build in Vietnam concerning four aspects: luxury, adult intimacy, pure indulgence, and healthy lifestyle, explained in detail in the next section:

Häagen-Dazs – A taste of luxury, but more affordable

Häagen-Dazs customers in Vietnam, as described in the market segmentation part, are distinctly different from regular ice cream consumers. They are generally affluent and discerning individuals seeking exotic options that are exclusive and sophisticated. Therefore, the most appealing image that Häagen-Dazs can build in the Vietnamese market was the alignment of a super-premium ice cream brand to attract their target customers who are suffering from the thirst for luxury goods and means to demonstrate their high-class economic status and indicating self-implied worth. With significantly increased buying power and a lessened stigma against dis-

playing wealth, the upper class Vietnamese population appeared perfectly situated to appreciate the brand's themes of indulgence and self-gratification.

In carving out a new brand identity in Vietnam, Häagen-Dazs should not pay too much attention competing in sales volume and profit with the incumbent ice cream players such as BUD's or Baskin-Robbins at the beginning of the entering. They should rather pay attention in building a strong, stable image of a Western icon of luxury found only on the high streets. In researcher own comparison, resembling what Häagen-Dazs did in ice cream are what Heineken did in beer, Rembrandt in toothpaste, Evian in water, Orville Redenbacher in popcorn, Rolex in watches. Pedro Man, vice president of the Häagen-Dazs 'Asia-Pacific operations, also told reporters in 1998, "What Rolls-Royce is to cars, and Cartier is to jewelry, Häagen-Dazs is to ice cream."

However, the commissioner must understand the impulse nature of ice cream industry. Unlike coffee shops or other luxury brands like Louis Vuitton or Cartier, whose customers have to make plan when purchasing those products, ice cream shops mainly enjoy of a decent number of impulse purchasers who may or may not be regular users or plan their visits. Furthermore, at the end of the day, Häagen-Dazs is still ice cream, a frozen treat that people buy for a quick sugar "fix". No matter how luxurious Häagen-Dazs positions itself in the market, it should not come to such extreme where consumers perceive them as something snobby or inaccessible. For that reason, the brand should be seen as a more affordable luxury, one that its target niches can enjoy much more regularly than buying Louis Vuitton bags; and the "wannabe" middle-high class segments could enjoy it as an "authentic luxury that you do not have to fake" and as an imitation to their dream lifestyle. In recessionary times like this, consumers will still seek luxury items that fit in to their budget. Therefore, while fancy cars or exquisite leather bags may be out of their ability, customers will certainly still afford to indulge themselves in ice-cream that exudes real quality and gives them that moment of extravagance and escape.

Based on Vietnamese consumers' perception of luxury, Häagen-Dazs can emphasize many of its competitive advantages to communicate with the targeted segments, such as price, high quality product, uniqueness, and international brand fame. Firstly, Häagen-Dazs should deliver the luxury image in Vietnam is by premium pricing strategy because price is the most visible way defining what is luxury and is the easiest hole to fill. Now in Vietnam, expensive ice cream with a special targeting like Häagen-Dazs is quite unique, therefore, can distinct itself from other brands in the market and attract attention of consumers. Häagen-Dazs should also be able to deliver only the best, promised quality ice cream products and services that equal to expensive price to its customers. Finally, Häagen-Dazs should highlight its "Made in France" origin, its special European-like name, and its international brand fame, since Vietnamese customers highly appreciate these features as luxury.

Häagen-Dazs – A unique experience, a delicate indulgence

Premium ice-cream brand like Häagen-Dazs is all about experience and authenticity. Häagen-Dazs has upgraded eating ice cream into unique experience and a moment to indulge. This reverberates in all levels of the operation, from crafting the product, to distribution and consumption, and results in a high expectation of the product's quality. From the ingredients it chooses to the recipes it develops, from the packaging materials it selects to the attentive services and care which it delivers the ice creams, Häagen-Dazs creates the unique ice cream eating indulgence, signifying its commitment to perfection of premium quality ice cream.

To attract the pleasure seeker niche, Häagen-Dazs has to be able to present itself as the most sophisticated choice over thousands of other shops in the most crowded city in Vietnam. It has to communicate the same dedication to perfection and high standards that have been holding the Häagen-Dazs brand philosophy – use the finest, all-natural ingredients and craft them into the perfect balance of flavor and texture. Häagen-Dazs have to emphasize its uniqueness as the sole provider of the best quality ice cream product and the blissful ice cream eating experience – the pure indulgence that melts customers' heart that they cannot find it any elsewhere.

In order to communicate such message to the targeted audiences, Häagen-Dazs has to reinforce its product and service differentiation together with the commitment to consistency of quality. Only by successfully providing a balanced combination of these three factors: a nicely decorated yet relaxing ambience in golden locations within the city's most crowded and beautiful areas, carefully controlled premium products and an outstanding services from well-trained staff, Häagen-Dazs can create the pure indulgent ice cream eating experience for its customers.

Häagen-Dazs – Made for adult, the ultimate intimacy for you and me

International Häagen-Dazs image tend to highlight romance and sensuality of ice cream by featuring couples in all their international advertisement. They tend to link their image directly to sex in order to highlight that the indulgence and pleasure customers felt when experience its ice cream is similar to and just as fulfilling for inner desires and needs for intimacy as they are for the mouths. This advantage has given Häagen-Dazs extreme appeal among the adult consumers as only since that age, they can understand this feeling and thus, feel related to the brand and making purchasing design linked directly to this feeling.

However, the Vietnamese culture is a bit more controversial and conservative. The Vietnamese definition of intimacy, romance and beauty is subtler than in Western culture. Therefore, when operating in Vietnam, Häagen-Dazs should tone down the overtly sensual themes that might have attracted Western audiences in order to comply with a more reserved Vietnamese sensibility. Still focusing as a “made for adult” brand, they should limit their image from linking to sexuality and alcohol, etc. and instead, empha-

sizing humanity, purity, simplicity, the beauty of nature, or the blissful pleasure of enjoying the world finest ice cream.

Also taking advantages of the collectivistic culture of Vietnam, Häagen-Dazs should emphasize the “sharing” value, and build the message of “Share the happiness – Share Häagen-Dazs”, of which the pleasure are enjoyed together with that some ones special. With this refined image, customers will prefer Häagen-Dazs when they want are out to be social, as groups or as couples, when they want to impress someone with their highly delicate tastes and maturity on special occasions.

For this message to be understood by customers, Häagen-Dazs has tried to convey this through means such as the deep maroon & gold logo, the Scandinavian name and lettering, the seductive but still cozy ambience in deep shades of browns, burgundy, and red to add a feeling of cocooning and intimacy. They should also use the subtle advertisements expressing the natural beauty, innocent romance/affection, and pure pleasure of enjoying various exotic flavors that only adult with fine tastes can understand and appreciate its meaning.

Häagen-Dazs – A healthier choice

In order to be appealing to the health seeker segments and adding more value to the overall brand image, Häagen-Dazs should also link its position with healthy lifestyle. However, ice cream, as a sweet, high sugar and fat contained dessert, cannot be easily perceived as “healthy” to customers in the common thinking. Instead, Häagen-Dazs should focus on these three aspects of “healthy” definition.

The first aspect of “healthy” definition that brand should focus on is the “all-natural”, selective, premium-quality characteristics of Häagen-Dazs ice cream products. They should carve in customers’ minds that Häagen-Dazs products are made from only the finest, non-artificial ingredients with no additives and colorings, which is way better for their health than other brands’ products that using lower quality ingredients or adding additives to gain more profit and harming their good being.

In Vietnam at the moment, domestic dairy products are of low quality; customers find it hard to trust their local quality standards. For that reason, they usually prefer foreign brands that produced in foreign countries, especially Western developed countries like France, America, New Zealand, Germany, etc. but not from China or other Asian countries except Japan and Korea. Therefore, the second aspect of “healthy” definition that Häagen-Dazs can take advantages of is the “high quality” image, perceived by Vietnamese customers through “Imported” and “Made in France” products. Having such visible proof can improve Häagen-Dazs’ “better for your health” image in customers’ perception. It will also justify the high pricing strategy and make customer more at ease when choosing Häagen-Dazs products.

The last aspect in “healthy” definition that Häagen-Dazs can promote as its brand image is calorie display and the product line of low-fat ice cream and sorbet. The act of showing and explaining the actual number of calories in each scoop and pin of ice cream in each product is how Häagen-Dazs can show its deep concern and appreciation on customer’s activeness toward better fitness and good being. The product lines of low-fat ice cream, frozen yogurt and fruit sorbet in Häagen-Dazs product portfolio are the real “healthy” side of ice cream. By introducing these lines to customers, Häagen-Dazs directly attack the health seekers who are highly concerned about their health, but still want to enjoy rich, sweet treats.

Häagen-Dazs can communicate this image with customers by first visible prints and marketing campaigns on serving pins, posters, or advertisement on television or screen, and in-store decorations. They can also directly influence customers by assigning staff to promote this “healthy” aspect when helping customers choosing dishes.

By combining the four factors of an affordable luxury, an adult subtle intimacy, a unique indulgence, and a healthier choice, the researcher has established the ultimate “ultra-premium ice cream brands” that is suitable for Häagen-Dazs in Vietnamese market. In the next part of the thesis, the researcher will build a marketing mix that can convey these values of Häagen-Dazs to its targeted segments.

6.4 Marketing Mix

Identifying what segments are profitable to market to and understanding the need to build a strong brand image in customers’ mind are not enough for Häagen-Dazs to success in Vietnam. The company needs to design a specific, detailed marketing mix in order to cater to these special segments and carve the wanted brand image into their minds. This section of the thesis will discuss how to improve Häagen-Dazs Vietnam’s current marketing mix for the mentioned segments, as well as pointing out some problems and incidents that Häagen-Dazs are facing in the soft-opening period (noticed by the researcher) and giving constructive comments on how to solve them.

6.4.1 Products

It is necessary that Häagen-Dazs strictly keep up with its premium quality products. This is one of the company’s main competitive advantages against tough competition in Vietnamese market. If Häagen-Dazs fail to continue delivering and communicating superior quality products, the brand will be outdated very fast and diluted in thousands of other ice cream shops in Vietnam. Being innovative in production is also highly recommended because Vietnamese consumers, especially the targeted segments of Häagen-Dazs, adore continuously updated, new products and ice cream flavors. Being in a moving-forward wagon will also help Häagen-Dazs keep a safe distance with its competitors and copycats, maintaining its position to be the most favorite luxury ice cream shop in

town. In the future, Häagen-Dazs has two possibilities regarding their products in the Vietnamese market, this is either to develop new product adapted to this specific market or expand products from the existing product portfolio to the market. Vietnam is an exotic Asian country with many delicious, yet healthy tropical fruit like longan, durian, guava, papaya, and lychee, etc. that can inspire the product innovator to introduce new, localized ice cream flavors.

One problem about the product quality that Häagen-Dazs might put into concern is the risk of served ice cream melting too quickly when customers are enjoying it, especially in the creations with many components and arrangement in a dish. This might become a serious problem, as in a tropical country like Vietnam. For instance, in case of a creation dish with two layers of ice cream separated by crispy waffles, the second layer of ice cream might halfway melt into liquid before customers can finish the first layer, creating an unpleasant presentation and experience for enjoying Häagen-Dazs ice cream.

Before discussing any further into this matter, the commissioner must first understand what is customers' expectation and perception on what is a premium quality ice cream and how Häagen-Dazs ice cream should be like under the influence of Häagen-Dazs marketing campaigns and promotions. For instance, a television commercial of "Anticipated like No Other" campaign at <http://www.youtube.com/watch?v=wvJntJYIz4g>, which can narrated as: A twenty-something woman with long brunette hair waving over her dark awaiting eyes, dressed in red chiffon, she's alone with only a pint of vanilla. Her expectant polished lips purse, her hands caress the pint as condensation beads around the rim. With accompanying romantic strings, she speaks in alluring British: "781 heartbeats, 403 rapid breaths, 162 blinks of an eye, 80 taps of the spoon." then "The Häagen-Dazs ice cream is so rich **it takes longer to soften** into a blissful creaminess – but the waiting only makes it sweeter." Finally she squeezes the pint to push the ice cream out the top and runs her index finger through the lusciousness, as she gently puts a dollop on her tongue and encircles it with her mouth, and then comes the tag line: "Anticipated like no other – Häagen-Dazs."

One more example is the "Longer Lasting Pleasure" campaign at <http://www.youtube.com/watch?v=eznjM4sxtFo&feature=related> with lines such as " Häagen-Dazs ice cream is so thick and creamy, **that's why it melts so slowly**, giving you a deliciously rich experience that lasts, and lasts, and lasts." and finally " Häagen-Dazs, the longer lasting pleasure." As viewers/customers, these commercial tend to mislead customers' expectation that a rich, premium quality ice cream like Häagen-Dazs supposes to melt slowly, even though scientifically, the high-fat content, low overrun (less airy), no artificial stabilizer/emulsifier ice cream like Häagen-Dazs will also stand a high chance of melting more quickly than those of lower-fat content, more airy, and with artificial chemicals if both are left a homogeneous condition.

Unfortunately, customers can never overlook this problem with such misled expectation caused by the commercial by a simple answer of some ice cream science that they have never heard of. In order to deal with the quick melting risk, the researcher has read other researches on what external factors that makes ice cream melt too quickly and here are three that can be altered and might be good suggestions for Häagen-Dazs if they might encounter this problem:

Temperature - the higher the ambient temperature, the faster the ice cream melt. According to the researcher's own sensing, the room temperature in Han Thuyen shop might be higher than in Baskin-Robbins'. Furthermore, the storing temperature of ice cream in the counter as well as the initial temperature of ice cream served to customers has to be maintain as the standard set by the headquarter at all time.

Humidity - ice cream melts more quickly in a humid environment than a dry one; and Vietnamese weather is, unfortunately, very humid. The researcher notices that in the shop, the conditioned rooms are connected to the non-conditioned rooms openly through windows and doors, and this might cause the high humidity environment in the shop.

Airflows - a windy, active air movement environment can also make ice cream melt more quickly. The Han Thuyen shop's ceiling conditioner is very powerful; customers can feel the clear and strong blows when sitting on the first floor. In addition to that, the air curtain system that is used to block the cool air inside the shop also makes the shop ambience windier, and might make the ice cream melt quickly. The commissioner should also test one matter with the container material and shapes, plastic, paper cup versus ceramic plate to find out what is the best combination that can minimize air currents.

Häagen-Dazs should also notice the fact that the staff is not yet well experienced with the ice cream scooping and serving, which will take longer time for the ice cream dishes to be transported from the counter to the customers, making the melting risk more possible to happen. The researcher suggest that Häagen-Dazs should experiment with these factors to balance a point where ice cream melts less fast together with staff practicing and training to serve faster together with consulting this risk with the head office who has more expertise and experience to prevent it from happening.

Secondly, the researcher notices a potential demand for ice cream cakes among Vietnamese consumers, especially the high quality, beautifully and trendily decorated kinds. At the moment, in the ice cream cake market, there are only BUD's with limited number of products and Baskin-Robbins with wider product ranges but moderate quality. If Häagen-Dazs manages to introduce the premium quality ice cream cake product lines, it can dominate this niche market; make ice cream cake one of its best-selling products and something that Vietnamese consumers will remember the brand by. There are many occasions at which Häagen-Dazs can offer these products, such as birthday, anniversary, wedding, etc. However, Häagen-Dazs must introduce this product line as soon as possible because

Baskin-Robbins is also launching theirs. Being the first and best to practice one business can be a sure way to succeed in Vietnamese market.

Thirdly, upon observing the real-time Häagen-Dazs test run in August 2012, the researcher noticed two holes in the shop's services. Firstly, it is not that the staff is not professional, or they are not friendly; it is the lack of essential connection between the staff that deliver the service and the customers that receive it. Häagen-Dazs should remember that the business concept of "healthy and luxurious" ice cream for adult segments is new to Vietnamese consumers, they did not gain the necessary knowledge about the product and the brand; many are lack of the ability to choose and order what is good for them due to the lack of information. This degrades the unique ice cream eating experience of Häagen-Dazs into something that has already been there in Vietnam. The researcher suggests that Häagen-Dazs' staff should provide customers with more information about the brands promote the products verbally when the customer sit down to order to help they make good and satisfying decision and improve their knowledge about the brand values. The second hole in the services is the serving style/manner of the waiters/waitresses. Their strength right now is the friendliness and attentive to customers' requests, but they are lacking of the sophisticated sense representing a luxurious image, as if customers are being served in a five-star restaurant. If the staff can manage this aspect, it can improve not only the overall customer satisfaction, but also the ambience in the shops, as customers feel obliged to act more mature and refining. In order to achieve this, Häagen-Dazs should have a full-time managing host who is experienced in working in this particular atmosphere to train, observe and control staff manner when servicing customers. Furthermore, the researcher thinks that welcome customers with English even when they are Vietnamese can create a distant image for Häagen-Dazs in Vietnam.

Last but not least, as mentioned in the positioning section, maintaining the high quality products and services among all shops that will be opened in the future is one fatal task for Häagen-Dazs in Vietnam. In order to create this consistency, Häagen-Dazs can develop a Hotline service for customer feedback, as well as education staff on perceiving criticism as constructive comments to improve in the future. Furthermore, the staff has to be passionate about the brand, and feels proud working for Häagen-Dazs. By excite their employees that excitement could translate into higher morale, improved customer service and increased sales. They can also use the Mysterious shopper program and annual/quarterly customer satisfaction survey to manage high quality management.

In addition to the four important points above, in order to successfully enter the Vietnamese market, the researcher also suggests that Häagen-Dazs should expand its product portfolio with these special packages beside its original products:

Mondaes

Ice cream lovers everywhere know what a Sundae is, but what is a "Mondaes"? Häagen-Dazs Mondaes will be what customers need on Mondays, the beginning of the work and school week, something light and refreshing at a more affordable price to start a new exciting working week with. Therefore, the researcher suggests that Häagen-Dazs let customers to create their own Mondaes every Monday from product range of light and refreshing sorbet and low-fat dairy-based ice cream products, served with fresh fruit purees and toppings, at only 130,000VND for 2 scoops of ice cream/sorbet, plus sauce and topping without additional charge. As for Häagen-Dazs, this brings many benefits besides promoting the brand. First, the beginning of every week has always been the low time for consuming ice cream, by introducing this product; Häagen-Dazs sales during this low time will increase. Secondly, this Mondaes will be one of Häagen-Dazs Vietnam signature products, something for customers to remember the brand by. Thirdly, this is also a chance to introduce the low-fat, healthy product line and improves customer knowledge about Häagen-Dazs.

Old-Fashioned style Ice Cream

This is a way to serve ice cream using bread, pastry or two biscuits with ice cream stuffed in the middle. This is how ice cream has been served in Vietnam at the very beginning. This can create a kind of nostalgia feeling among the older segments. The targeted affluent customers of age 25-35, who have made their way up to the high position they are now, have spent their childhood with sweet memories of this kind of ice cream. Now if Häagen-Dazs can add this serving kind into their product portfolio, no longer will they have to hunt for the occasional appearance of the old ice cream man who rides on his wagon, selling ice cream, but they can enjoy the old-fashioned style ice cream served with premium quality Häagen-Dazs ice cream, reminiscing. This kind of attachment to what has been familiar to targeted customers will have positive effects on introducing the brand to the market.

Mini/ Petit Four Ice Creams

A petit four (plural: petits fours) (French pronunciation: [pə.ti.fur]) is a small confectionery generally eaten at the end of a meal (e.g., with coffee) or served as part of dessert. The name is from the French *petit four* meaning "small oven". (Kingslee, 2006, p. 244.) Mini/ petit four ice creams are bite-size frozen desserts that are available in Japan but have not yet been introduced to Vietnamese market. They have the same flavors as normal ice cream but are miniaturized into small multi-shaped, nicely decorated dessert pieces. This product line will serve as the "wow" factor to attract the affluent adult segments. Being difference from the traditional way of serving ice cream, Häagen-Dazs elegant petit four ice cream products will not only satisfy customer in the tongue, but also through the eyes. Furthermore, because of its small size, customers can try more flavors and products than traditional serving, hence improving sales with less worry-

ing about the calorie count. For the kid segment, mini ice cream is easier and more fun to eat compared to the traditional single scoop. This also ensures that the child does not have difficulty at completing his/her ice cream before it melts away. The products will be introduced at only 40,000VND (2USD) (1.6 euro) per piece compared to the regular 75,000VND (3.75USD) (3 euro) for the full, traditional size. This way, Häagen-Dazs can ensure affordability to everyone too.

Side-products like coffees, beverages, and pastries

The researchers suggest that Häagen-Dazs should consider having more sub-products like coffee, or tea and a reasonable range of sweet pastries like cakes, mousse, tarts, etc. to provide more choice to customers, especially the male customers who accompany their girlfriends, the real consumers of ice cream, to Häagen-Dazs shops for dating purpose but do not prefer ice cream.

6.4.2 Price

The researcher agree that Häagen-Dazs should keep its pricing strategy at high as they are now with no reduction even though they are working in a developing country like Vietnam. This is to keep a safe distance and superior position from the common ice cream in the market. There are many research showed that Vietnamese people are very price sensitive and that they are willing to go to great lengths to seek out the lowest product price. In Häagen-Dazs case, perception of quality turns this notion on its head. Harvard Business Review has reviewed three reasons for some cases when the consumers are willing to pay more, as below:

- Vietnamese people perceive the price to be equal with the quality; hence the customers pay the price of the product according to the quality they are looking for. Price is a very effective way to talk to customers and convince them about the level of quality. In Vietnam, there is an old saying “You get what you paid for”.
- Recently, Vietnamese consumers increasingly buy products that are status symbols, representing a value that they are searching for or aiming at. This to also why the researchers believe that Häagen-Dazs will have great success in Vietnam. Häagen-Dazs shops, symbol of luxury, affluence, trendy lifestyle and success, will be well-known places where the customers can sit in prestigious surrounding, enjoy in the premium quality ice cream, be seen and admired by others.
- Sharing many similarities with Chinese culture, Vietnamese culture also value the “saving face” of yourself or others aspect. Very usually in Vietnam, premium brands’ products are used as gift. The more expensive the gifts are, the more respectful the givers are, and the more appreciated the receivers are of the gifts. As mentioned earlier, Häagen-Dazs Ice Cream festive product like Moon cakes will be a prestigious gift given to friends, families and business partners to show respect and appreciation to those important people.

For these reasons, Häagen-Dazs with premium-quality products that successfully addressed those factors above often can twist the price wars in Vietnam, whereby they can increase prices to attract people who will only buy the most expensive brands. However, below are some suggestions of pricing strategy that Häagen-Dazs might consider for even better sales and profit:

Bulk purchases discounts – A family/group-dining discount to reward consumers who bring along their family members or friends to dine together at the shops. The more people they bring, the more discount they will receive, for instance, 4 to 6 family members – 5%, 7 to 9 family members – 10% in the total bill. This idea is to reach new customers within the relationship circle of the old ones. Häagen-Dazs should also give discounts for bulk purchase, for example, for every purchase of five regular-sized Pints, the customer will receive a 100,000VND (5USD) (4 euro) or one-free-scoop vouchers. This action will encourage the amount of ice cream product purchased each time customers visit the shops. For such small amount of money reduced by these carefully planned discounts, Häagen-Dazs will earn more than lose.

Value Card – This Value Card is entitled to every customer ever entered Häagen-Dazs ice cream shops. They will be given one Value Stamp for every 100,000VND (5USD) (4 euro) purchase on selected items. Completion of the Value Card (10 stamps) will be rewarded with one free Pint of self-choosing ice cream flavors. In order to prevent duplication with the order discount program, customers will be asked what program they want to be entitled to upon paying; and every customer has their own card that only count their own purchasing. This value card program will encourage customers' return to the shops.

As discussed in the price benchmarking part with Pho 24, one more important thing that Häagen-Dazs should pay heavy attention to be the customer perceptive satisfaction on what they have to pay for and what they received. If the balance tilts on either side, this can seriously damage the brand value and may cause many unwanted problems in future operation such as customer dissatisfaction and their switching to other copycats brands. In order to maintain such premium-pricing scheme, Häagen-Dazs must continuously develop its production to come with new innovative products with consistent premium quality like they are doing now.

6.4.3 Placement

In an interview with Dr. Ly Quy Trung of Pho 24, Häagen-Dazs benchmarking partner, about potential problems that this ice cream company might face in Vietnamese market; he had shown his doubt in the position of Häagen-Dazs first shop in HCMC, located on Han Thuyen St. This is true that this position is among neither the most crowded food traffic nor the most luxurious shopping areas in the city. However, sharing the same view as the franchisee/commissioner, the researcher has high hope in this

location and believes that it will serve well as Häagen-Dazs flagship shop in Vietnam. There are many reasons to support this.

First of all, because of Häagen-Dazs' unique positioning to be the first luxurious ice cream in Vietnam, it requires a special location that is not diluted in a busy, meat-packing shopping streets with other brands, it must be also be visible, accessible, but not in a mediocre neighborhood. At the same time, this location is still in walking distance from HCMC nearby popular shopping areas and pedestrian zones on Le Loi, Nguyen Hue, and Dong Khoi St., ensuring that customers were "dressed to impress" rather than in their jogging suit buying ice cream from some conventional supermarket, thereby further enhancing the premium brand impression. Han Thuyen St. also connects two of the most famous landmarks in HCMC, the Saigonese Notre-Dame and the Independence Palace, tourists visit these locations will have to pass Han Thuyen St., looking for a resting place, and Häagen-Dazs' uniqueness will catch their attention.

Secondly, Häagen-Dazs location in Han Thuyen is facing a green park that provides natural shade and coolness; in a block of hip café shops that also attract niche customers with unique taste of beauty and expectation for high quality, which will create a united impression among these shops. The front green park is not also useful in the daytime; at night, it is a gathering point of the young generation practicing "Bê" – a new, trendy coffee drinking culture (enjoying Vietnamese coffee with friends, sitting right on the street pavement instead of in coffee shops); by presenting in front of those potential segments, Häagen-Dazs will have high chance to attract many to visit the shop. Note: those youth are not drinking coffee from the streets not because they are poor or cannot afford to sit in a decent shop but just because "Bê" is a new lifestyle trend among this generation; therefore, Häagen-Dazs may enjoy a good amount of affluent teenage customers from this location at night.

However, according to own observation of the researcher when attending the Häagen-Dazs test-run period in August 2012, there are five details that might need fixing, those are:

- *Spaces between tables* – The researcher notices that the tables in Häagen-Dazs Han Thuyen shop are rather close to each other. This, from the shop's aspect, may bring benefits of serving more customers at the same time; however, from customers' aspect, this might be a minus since it reduces privacy and intimacy with their partners, especially during peak times, degrading the Häagen-Dazs ice cream eating experience. Therefore, if possible, the researcher suggests that Häagen-Dazs should give wider spaces between table, finding a balance point between sales and customers' privacy.
- *Sitting arrangement* – Some customers that visit the shops during peak times had suffered from unreasonable sitting arrangement, for instance, large groups of more than 4 customers had to fit in a Couple corners while there are larger spaces elsewhere. Of course Han Thuyen shop is located in the city center where gigantic space is not possible;

however, with smart twists in the sitting arrangement, for example, assigning waiters/waitresses each to serve and take care of a particular area, separated spaces for groups and couples, or a free space with movable furniture to adjust according to customer's group size, will help Häagen-Dazs ambience feel less crowded and messy.

- *Table size* – another detail that Häagen-Dazs should pay attention to, is the table size. At the moment, each table can only hold up to at most two ice cream plates at once, which is quite small and may create discomfort for large group of customers. Solutions for this problem are either increasing table size or reducing plate size.
- *Customer flow* – At the moment, during peak times, Häagen-Dazs Han Thuyen shop is suffering from overloaded customer flow, many customers who want to enjoy ice cream have to stand and wait for 20 minutes before being sit. While this is a positive sign that the brand is well perceived by Vietnamese customers, Häagen-Dazs should remember that if there are too many customers in the shop that is from different, unwanted class or segments, the targeted customers might feel intimidated and do not want to return in the future. Sacrificing image for sales may not be a smart move for Häagen-Dazs at this introduction stage. If this situation continues to happen for one more month after grand opening in September, this may be a sign for Häagen-Dazs to consider expanding the operation into different places. One suggestion that Häagen-Dazs can try out is developing a wait-to-be-sit system in order to control the flow.
- *Purely English printed/on-screen promoting/decorating material* – The researcher notice that except for the menus that are presented in English with Vietnamese caption, other printed and on-screen material such as wallpaper, posters, promotion clip on wide screen, are purely in English. While this can create a foreign-like atmosphere, Häagen-Dazs might need to recall that the English fluency of common Vietnamese consumers are still at limited level and Häagen-Dazs vocabulary of “indulgence” are not common English; without the ability to speak in the same language with its customers, how can Häagen-Dazs communicate and promote its value to those customers? Therefore, the researcher suggests that Häagen-Dazs should consider remaking or revising its indoor promoting/decorating material into English with Vietnamese caption in the same font, smaller size for easier communicating with targeted consumers.

Häagen-Dazs should pay attention to periodic renovations of their indoor decoration, interior design, and equipment to keep up with the latest fashion, technologies and international trends. Keeping exactly the same image over years of operating like Pho 24 case can cause brand value degrading, as customers' taste developed through times and conservatively keen-ing on one image will only cause the brand to be soon outdated and eliminated out of the market.

For Häagen-Dazs long-term placement strategy, the researcher recommends that they should use only selective distribution and did not mass market until the minimum critical mass of opinion leaders were established. In the future when the business has reach stable operating stage and the customers have been well educated about the brand, then Häagen-Dazs can think of distributing the products to retail stores, gourmet shops, or high-end restaurants. In addition to that, they can consider using these two more special product distribution channels, as explained below.

Delivery Service

In these days of intense competition, one creative solution for Häagen-Dazs Vietnam is to develop product-supporting services such as delivery service to enhance customer satisfaction. This type of distribution differentiation will be especially vital to Häagen-Dazs in order to remain competitive. Häagen-Dazs can differentiate themselves by having special timely, fast, and free delivery for every minimum purchase of 750,000VND (37.5USD) (30 euros) in 10km-perimeter around the shops. However, in order to perform this service, Häagen-Dazs should pay attention to the mobile freezing technology in order to deliver consistent quality of ice cream as if they are enjoyed in the shops.

Internet and modern technology can also encourage customer online ordering with only a click of the mouse. People who wish to order Häagen-Dazs ice cream to specific place at specific time can order on the company website, paying for the product online and then can enjoy free delivery to them upon minimum purchase 750,000VND (37.5USD) (30 euros) in 10km-perimeter around the shops; or self-picking smaller orders by using Häagen-Dazs drive-through service provided for car and motorbike owners. Drive-through service is another creative idea that can create convenience to customers as they do not need to get out of their vehicles while staff has prepared their online order and deliver the products directly to customers while they are waiting in the car before driving off.

Catering Service

Another product-supporting service and distribution channel that Häagen-Dazs can adopt besides delivery service is catering. It can receive special request to cater for firms, households during various occasions like conferences, balls, anniversaries, or parties. By gathering customers' personal idea when they make request online or in face-to-face meeting, Häagen-Dazs can come up with creative, themed menus of many product varieties to suit the different occasions. Emphasis must be put on the reliability and quality of the catering service such as timely, professional servicing, presentation of the service delivered by well-trained staff, and the consistent, premium quality of products in order to attract new customers through the word of mouth promotion and create long-term relationship with existing customers.

6.4.4 Promotion

According to the researcher's evaluation, the idea of a test run/soft opening period is very well suited to Häagen-Dazs' business concept. First, it can serve as a time for perfecting the service and operating of the shop. Secondly, by observing customers' behaviors and receiving constructive feedbacks in this period, the Häagen-Dazs franchisee and shop managers can revise the current plans, change those that are not suitable for the Vietnamese market and explore more ideas to improve the brand's awareness. Below are some comments and suggestions given by the researcher in order to improve Häagen-Dazs' current promotion strategy.

Suggestions for promotion programs

Currently Häagen-Dazs Vietnam has only planned to allocate a small amount of resources for advertising purposes, such as small advertisements in magazines and newspapers and mainly in point-of-sale advertising in stores. As mentioned earlier in the SWOT analysis, Häagen-Dazs may gain the opportunity to communicate the brand image through customers' Word-of-Mouth. However, the researcher believes that it might not be enough for Häagen-Dazs to educate the new market, therefore, would like to make some suggestions to improve the promotion strategy, including small gifts, limited discounts, competitions, loyalty rewarding, and celebrity endorsement/brand ambassador programs with costs ranging from low to high.

Small gifts – small items such as mini figures, gifts, stickers, or caps, or those that come together with themed indoor promotion like heart-shaped key holders for Valentine's Day, or lantern for Mid-autumn festival, etc. with Häagen-Dazs logo on them, will be given to customers upon each purchase of more than 300,000 VND (15 USD) (12 euro). This program will serve the purpose of spreading brand awareness well as they are something that helps customers remember the brand by and indirectly advertise for the brands when they wear them or bring them to other social activities. Those also will be evidence that customers have experienced the Häagen-Dazs ice cream eating experience, and more importantly, have spent pretty well there, a little something to be proud of and maybe, show-off with their friends.

Limited discounts – Häagen-Dazs can sell vouchers/coupons to corporations and companies at bulk price. These vouchers will be in the companies' rewarding programs for their outstanding employees. In addition to this, Häagen-Dazs can also at some occasions cooperate with other luxury brands like Christian Dior, Hermes, Louis Vuitton, etc. in their VIP customers' rewarding programs such as vouchers to enjoy ice cream at Häagen-Dazs shops. This is a symbiotic relationship that can support both brands' super-premium brand image and increase the brands' awareness, because they share the same affluent customer segments. However, Häagen-Dazs should not overuse this program as when it becomes too popular, it may backfire and destroy the brand's long-built image of luxury.

Competitions – To easily understand this concept, the researcher will give an example. One of the competitions Häagen-Dazs could use on the Vietnamese market is “The most romantic couples of the month”, in which couple customers enter the competition by sending photos of them and their partner via webpage, with caption of their own love story concerning with Häagen-Dazs “moment”. Then only other customers who have bought Häagen-Dazs products will be eligible to vote for the best photo/love story, and the winner couple will receive a love trip to a chosen destination/or voucher of enjoying more of Häagen-Dazs products. This promotion program has high hope to succeed in many aspects. First, with this kind of competition the customers are more interactive with the brand and with each other when sharing their loving Häagen-Dazs “moments”, and voting for other customers. Secondly, in this promotion can increase sales visibly as participants who want to improve their chance of winning they will ask their friends and family to vote for them, hence buying Häagen-Dazs products. In addition, by this way, the awareness for the competitions as well as Häagen-Dazs brand increase. Other ideas for competitions can be street style (fashion), ice cream tasting, brand fun-fact quiz, etc.

Loyalty/membership programs – Häagen-Dazs should offer VIP loyalty programs in Vietnam because most of the Asian countries including Vietnam are relationship oriented, meaning they want to build and maintain good relationships with others. Therefore, it is important for Häagen-Dazs to create a relationship between themselves and the customers at an early stage so the customers feel loyalty to their brand instead of the competitors. Thus, when their purchasing power is increasing together with the rise of demand for luxury products, Häagen-Dazs will be the chosen brand. To register a membership in Häagen-Dazs community, customers will have to buy Häagen-Dazs products for a value above 300,000VND (15USD) (12 euro), and then these customers can record their future purchases to save points at 10,000VND (0.5USD) (0.4 euro) per point. When they reach 2000 points, they can become Häagen-Dazs VIP members who enjoy privileges like invitations to attend flavor launches, to participate in initial sample testing, etc. They were also given freebies like postcards, painted mugs, free access to all Häagen-Dazs sponsored events including fashion and art shows, early announcement of all new products, trial coupons, and free gift vouchers, etc. The customers who have with their member card can also exchange their points for actual products, for example when a customer has 1000 points they can exchange the points into a Häagen-Dazs ice cream scoop of their choice. This program also gives customers reasonable excuses to come back to Häagen-Dazs shops, especially those who are achievement-oriented.

Brand local ambassador/celebrity endorsement – After 1 year of operation, Häagen-Dazs can collaborate with Vietnamese young fashion icons, athletes, singers, or actors for print advertisement, to be the brand ambassador in Vietnam, inviting them to shop opening, product launches, or ask for permission to capture their Häagen-Dazs “moments” and pin the photos onto a billboard, etc. This strategy will particularly be successful in Vietnam as it has in China for several reasons. Vietnamese culture, like Chi-

nese, is still mainly based on collectivism that pressure people to blend in rather than stand out, together with the fact that Vietnamese product and service quality are not reliable; consequently, producing a natural tendency to follow groups, individuals, idols or role models to avoid risk. Therefore, if celebrities/their role models "risk" their reputation to associate a particular brand, it acts as a reassurance for the crowd to support of the brand. Furthermore, purchasing a celebrity-endorsed product is also considered a status symbol for the image that customers want to see themselves in.

Suggestion for marketing channels/means

At the moment, marketing channels of Häagen-Dazs are very limited. Therefore, except for indoor poster/TV/decoration and newspaper advertisement, they should consider three more means suggested as below:

Online marketing – To increase the brand awareness in the younger generation as recommended in the previous part, Häagen-Dazs should focus some of their marketing to the “new media” that those youth are using such mobile marketing, social networks and the like. An official forum, or fan page on Facebook would serve well as a place for discussing, feedback, and promoting upcoming events.

Webpage – Häagen-Dazs currently holds an international webpage but not a local one. The researcher suggests that Häagen-Dazs should create a web page for Vietnamese market to inform the Internet users about its existence, upcoming events, new promoting programs and product launches, etc. Also included in this webpage is the online ordering/delivery service mentioned in the Placement. Internet users are allowed to view, gather the needed information on the different products available at Häagen-Dazs and order through the web page. This channel will draw consumers’ usage, as it is convenient and is evidence that Häagen-Dazs keeps up with the technological advancements. When designing this web page, Häagen-Dazs should also build a good information center that allows a 2-way feedback between Häagen-Dazs and its potential and current consumers. The website also gives customers information of company highlights which gives a better understanding of the brand early beginnings and many other details, ultimately growing a relationship between it and customers.

Public posters – since Häagen-Dazs has always kept a low profile on advertising and does not want to develop expensive and loud advertising campaigns, the researcher suggests that they will have the poster-like advertisement displayed at public areas such as bus stops, and cafeterias, etc. to draw attention of the daily commuters at these areas. This will help to increase people’s awareness about Häagen-Dazs, its products, programs and events. This is also a cost saving means because Vietnam has low printing cost, plus these posters will be viewed by thousands every day.

Some other suggestions

In addition to normal themed indoor promotions like special days of Vietnamese and corporation calendar, these programs below are recommended for Häagen-Dazs. Each promotion scheme is planned to happen in 2-month period after the grand opening, including:

Membership Scheme – For the two months after the grand opening in September, customers are able to join Häagen-Dazs membership at half the usual price, 1,000 membership points worth of purchase within two months but still, enjoy the full benefits like those who pay the usual price for the whole year.

School Holidays Promotions – Also in September, Häagen-Dazs will design a promotion program for students and youth with a catchy name like “we know what you ate last summer.” In this program, Häagen-Dazs will have a list of their ice cream flavors. Students who come to Häagen-Dazs shop and show valid student cards or those with age under 25 will have a chance to enter the contest of either trying new ice cream flavors while blind-folded and guess at least 5/10 right, or reading the list of exotic flavors within 30 seconds, memorize and repeat at least 5/10 to a free scoop of their choice. To control customer flow, however, this program should be entitled to the first 20 customers daily, or at specific time only.

Birthday Gifts – This can be a promotion for those who are born in the month of September and November that intend to organize a birthday party, they will be entitled to a 30% for ice cream cakes and 15% for Dine-ins with a minimum purchase of 400,000VND (20USD) (16 euro) for the entire table. Another idea is to keep this promotion scheme as a long-term one; customers who come buy Häagen-Dazs take-home products or dine in with a minimum purchase of 200,000VND (10USD) (8 euro) will receive one free scoop of their choice, congratulated, given a small birthday gift by the staff, and their name will be noted in the store “Today’s birthday” billboard. To be able to receive these privileges, customers just have to produce their valid identification card to the staff. Note: only the individual whose birthday is celebrated on that day can receive the latter long-term birthday promotion, not including his/her companies.

6.5 Recommendation review

Here in this part the researcher would like to summarize the recommendation discussed in chapter 6.

Upon doing market segmentation, Häagen-Dazs should classify Vietnamese consumers based on Geographic, Demographic, Social-cultural, Psychographic, and Behavioral variables. Each kind of variables possesses different characteristics and specific application on Vietnamese market. Geographically, Häagen-Dazs can divide consumers based on cities and neighborhoods. In demographic variables, Häagen-Dazs can divide the market into different segments base on level of income, age, life stage, gender, generation, and social class. Häagen-Dazs should also look at var-

ious cultural characteristics of Vietnamese consumers and their preferences. Traditional and modern cultural groups have different needs in food, confectionery, and drinks. There are two ways to divide Vietnamese consumers by using psychographic segmentation: using the Chinese VALS model which divides the market into 12 different segments based on life orientations and social grading; or dividing the market based on level of health-consciousness together with income. Furthermore, Häagen-Dazs should pay attention on the occasions on which customers choose the company's products and the purposes as well as the size of customer group when entering the shop premises.

After performing market segmentation, the researcher suggests that Häagen-Dazs should follow the niche targeting strategy. By following this strategy, Häagen-Dazs stands high chance of serving well small, but very potential and profitable segments in Vietnamese market while maintaining its premium quality and prestige image. In summary, Häagen-Dazs' targeted customers should be adult or young adult of age from 15-35, mainly female with abundant financial resources and are living, working or studying in big cities. They also have plentiful knowledge of foreign brands and are confident and self-aware, who comes to Häagen-Dazs alone, as a group or as couples for self-indulgence, dating and outing purposes. Within these customers, Häagen-Dazs can further divide them into three main niches: pleasure, image, and health seekers. With special locations in crowded avenues in cities' shopping centers, Häagen-Dazs can also enjoy a decent amount of the brand's loyal and aware, foreign customers who are travellers or expatriates.

In Vietnam, Häagen-Dazs should market four differentiations: product, service image and consistent quality. Häagen-Dazs differs from all the competitors in the market by its premium quality products with authentic, luxurious, superior, rich yet delicate texture and taste by using only best selected, freshly harvested ingredients from around the world. Attentive and caring services that are provided by well-trained staff can also serve Häagen-Dazs' benefit in against the tough competition. As a famous international, premium brand, Häagen-Dazs can gain major advantages against local competitors and other lower-class international franchises just from its name. Purchasing at Häagen-Dazs can create great pride as well as notions of a luxury lifestyle and high-class status. In an inconsistent quality environment like Vietnamese market, the company that can stand out is the one who can ensure its quality through times and along the chain of shop system. Häagen-Dazs has an advantage in this matter and should follow the motor of "No compromise on quality" in order to success in the long term.

With these differentiations, the researcher suggests that Häagen-Dazs should follow the "More for More" positioning strategy by offering only the most premium quality products at higher price comparing to its competitors in the market. In order to convey this position strategy to its customers, Häagen-Dazs should be able to maintain its premium quality products, hire and train staff to perform better service than other chains and develop superior marketing messages to communicate the image with

its customers. The “ultra-premium ice cream brand” image that Häagen-Dazs should build in Vietnam concerning four aspects: luxury, adult intimacy, pure indulgence, and healthy lifestyle. By emphasizing the premium qualities and images of the brand as well as the products, with great concern for the nature of ice cream industry, Häagen-Dazs can build an image of a taste of luxury, but more affordable. It can also promote the unique experience a delicate indulgence that customer can enjoy every time in Häagen-Dazs’ shops. With targeted customer in the age group of 15-35, Häagen-Dazs can highlight a subtle adult-like intimacy and emphasizing humanity, purity, simplicity, the beauty of nature, or the blissful pleasure of enjoying the world finest ice cream that are more suitable for Vietnamese conservativeness. Häagen-Dazs can also take advantage of the “sharing” value of Vietnamese culture and link the brand with the multiplied pleasure of enjoying ice cream with others. Lastly, in order to attract the health seeker niche and provide rationale for other niches for other niches, Häagen-Dazs can promote the brand as a healthier choice of ice cream among the market, which focus on the all-natural, “made in France, and the low-fat, sorbet products lines.

Identifying what segments are profitable to market to and understanding the need to build a strong brand image in customers’ mind are not enough for Häagen-Dazs to success in Vietnam. The company needs to design a specific, detailed marketing mix in order to cater to these special segments and carve the wanted brand image into their minds.

First in the product strategy, it is necessary that Häagen-Dazs strictly keep up with its premium quality products. Being innovative in production and consistence in premium quality are also highly recommended because Vietnamese consumers, especially the targeted segments of Häagen-Dazs, adore continuously updated, new products and ice cream flavors. Häagen-Dazs should also realize the problem of quick melting and inexperienced staff and fix it immediately before the grand opening period. Furthermore, Häagen-Dazs should focus on the ice cream cake market, as well as expanding its product portfolio with special packages such as Mondaes, Old-fashioned style/ Petit Four Ice cream, as well as side products such as coffees, beverages, and pastries to attract a wider range of customers with different interests.

The researcher agree that Häagen-Dazs should keep its pricing strategy at high as they are now with no reduction even though they are working in a developing country like Vietnam. This is to keep a safe distance and superior position from the common ice cream in the market as well as building a prestige and luxury image to customers. The research also provides many positive signs of which Vietnamese targeted customer niches of Häagen-Dazs will accept this strategy. Häagen-Dazs can offer discounts and value card for customers as incentives but they should be very selective, in order not to dilute the brand image and crowd the shop ambience. In order to maintain such premium-pricing scheme, Häagen-Dazs must continuously develop its production to come with new innovative products with consistent premium quality like they are doing now.

Despite doubt from Dr. Ly Qui Trung, The researcher fully supports the commissioner's decision on placing Häagen-Dazs' flagship shop on Han Thuyen St. because of its fitness with the brand image and the closeness to targeted customers groups of foreign tourist, luxury shoppers, and abundant, curious youth. However, there are still five problems that need fixing: narrow spaces between tables, messy sitting arrangement, small table size/large plate size, uncontrollable customer flow, and pure English decorating/promoting material. For Häagen-Dazs long-term placement strategy, the researcher recommends that they should use only selective distribution and did not mass market until the minimum critical mass of opinion leaders were established. In the future when the business has reach stable operating stage and the customers have been well educated about the brand, then Häagen-Dazs can think of distributing the products to retail stores, gourmet shops, or high-end restaurants, or through delivery and catering services.

In order to improve Häagen-Dazs current promotion strategy, the researcher would like to suggest that Häagen-Dazs should pay attention and resources some suggestions such as small gifts, limited discounts, competitions, loyalty rewarding, and celebrity endorsement/brand ambassador programs. By successfully applying these promotions and incentives, the researcher highly believes that Häagen-Dazs can well educate the new market as well as improve brand image and position against intense competition. At the moment, marketing channels of Häagen-Dazs are very limited. Therefore, except for indoor poster/TV/decoration and newspaper advertisement, they should consider three more means: online marketing, webpage, and public posters. In addition to normal themed indoor promotions like special days of Vietnamese and corporation calendar, these programs below are recommended for Häagen-Dazs. Each promotion scheme is planned to happen in 2-month period after the grand opening, including Membership scheme, school holiday's promotions, and birthday gifts to encourage customers to enter the shops.

7 SUMMARY AND CONCLUSION

This chapter will serve to summarize the results of the research done in this thesis, as well as self-evaluation of the thesis writer whether or not the project has achieved the objectives laid out at the beginning of this paper. Finally, it will conclude with suggestions and prospects for future studies together with the limitations still existed in this thesis, which should be considered further in order to fulfill better the ultimate goal of bringing the brand Häagen-Dazs closer to Vietnamese consumer.

7.1 Summary

This thesis is intended to find out how a foreign, premium ice cream brand with such new business concept like Häagen-Dazs can create a positive image into consumer's mind and success in its own way in such as fierce environment like Vietnamese impulse ice cream segment.

Firstly, in chapter 1, the researcher provided a more detailed company profile of the franchiser Häagen-Dazs to give readers and commissioner better knowledge about the brands as well as the original idea behind this project.

Häagen-Dazs, despite many misunderstanding about its origin, is an all American ice cream company founded in 1960 by a Polish American man name Reuben Mattus, with the core philosophy and vision of delivering exceptional super premium frozen dessert experiences. After more than 50 years of operation and changing owners, the brand still commit with its original mission as well as introducing new, exciting flavors and product lines as well as an new distribution channel of Shop Franchising system. The thesis commissioner, International Lifestyle JSC with great passion on F&B is the newest franchisee of Häagen-Dazs ice cream to introduce this premium brand to Vietnamese market.

To help the commissioner solve the problem of how Häagen-Dazs can enter Vietnamese market and acquire a good position in Vietnamese market, especially in Ho Chi Minh City, this thesis was originated with four main objectives: 1) well equipping the commissioner with good foundation of Marketing Planning and Market Selection theories together with full understanding of research methodologies used in the paper; 2) analyzing the current situation of Ice cream business, upcoming trends, the Vietnamese and Ho Chi Minh City's environment, as well as the competition within the Impulse ice cream segment; 3) Analyzing the strengths and weaknesses of two successful case studies/most intense competitors of Häagen-Dazs in Vietnam, BUD's Ice cream of San Francisco and Baskin-Robbins, together with benchmarking Häagen-Dazs' marketing plan with one of the most typical local franchise brands that have many experience working in Vietnamese environment, Pho 24; and 4) Giving recommendations for Häagen-Dazs ice cream to improve its marketing strategy in four aspects: market segmentation, targeting, positioning, and marketing mix.

The research topic is to position Häagen-Dazs Ice cream for appropriate markets; therefore, it is essential for commissioner IJC to have a good theoretical framework about Marketing Planning and what methodologies should be used in the research in order to reveal more information for the recommendation part. Therefore, the researcher has included this information in Chapter 2 and 3.

For research methodology, in chapter 2, the researcher chose to use Qualitative research combined with Benchmarking and Case study. Qualitative research can support the researcher in acquiring insightful information while being away from Vietnam. To collect data for this thesis, the researcher chose to use means such as Interview and Secondary Data research due to far distance and the hope to acquire more high quality information in the shortest time available.

Benchmarking is a method of comparing company' practices with best practices available in other to fill in the gaps between on the foundation of mutual understanding and legal permissions. By benchmarking Häagen-

Dazs with one of the most experienced and successful franchising example in Vietnam, Pho 24, Häagen-Dazs can find out how good they are at the moment while realizing their potentials and how to make those their advantages. While benchmarking is a powerful tool with many advantages, users of this method must not overlook the risk of being subjective and arrogance in applying this method. The researcher chose One-on-one benchmarking with specific process to serve within the scope of a bachelor thesis.

Case study Analysis, on the other hand, is to describe and analyze an actual situation involving a decision to be made or a problem to be solved. This method was used in this thesis in order to reveal the strengths and weaknesses of the two most threatening competitors of Häagen-Dazs in Vietnam. By step-by-step analyzing these two cases, the researcher hope to find out the missing holes in the market that only Häagen-Dazs can fill in as well as problems that these two are facing for Häagen-Dazs to avoid and exploit. However, case study method has also received criticisms because of its lack of rigor, its dependency, and its time-and-effort-consuming nature.

Next, by going through the Marketing Planning supporting theories in chapter 3, International Lifestyle JSC will be able to develop a solid foundation for future development. The Theoretical Framework included two main parts: Marketing Planning and Market selection.

Marketing Planning in general is a process of producing a marketing strategy that helps organizations achieve its objectives. This concept might include many elements but mentioned in this thesis were PESTLE Analysis, SWOT Analysis, and Marketing Mix. PESTLE analysis is the research of the Macro-environment in which organizations operates and thrives, including six forces: Political, Economic, Social-Cultural, Technical, Legal, and Environmental, every of which with distinct characteristics nurtures and challenges the organizations at the same time. SWOT analysis is a method use to assist organizations in creating marketing strategy by attempting to reveal one's internal strengths and weaknesses as well as realizing external opportunities and threats. Marketing Mix is the details of a marketing plan after organizations have researched about its environment, including originally four groups of variables: Product packages that are offered to the market to satisfy needs; Price that is the exchange for the products offered and a great tools to increase customers' interests; Placement and distribution channel to make the products available for consumers, and Promotion used to inform customers about the product and encourage them to choose these instead of competitors'. These four Ps are interdependent; each affects every other marketing decision.

The second part of the theoretical framework involved around the Market Selection concept, which includes three topics: Segmentation, Targeting, and Positioning.

Market segmentation is the act of breaking down the market into segments that possess the same quality and characteristics for better understanding

and analyzing. There are many level of market segmentation for organization to chose from based on their resources, nature and expertise, varying from Mass marketing of hardly segmented consumers, Segment marketing of sorting consumers into group specific needs, Niche marketing of narrowing groups of customers into even more refined smaller sub-groups, Local marketing of tailoring to the needs of local customer groups in the areas, to Individual marketing of customizing offers from person to person. There are many variables used to segment the market, such as Geographic segmentation that divides consumers in to various geographical units; Demographic segmentation that divide market into groups of age, family size, family life cycle, gender, income, occupation, education, religion, race, generation, nationality, or social class; Psychographic Segmentation that divides consumers based on personality traits, lifestyle, or values based on the science of combining both psychology and demographics (the Chinese VALS models is also included in this part); or Behavioral Segmentation that does the division based on consumers' knowledge, attitudes, uses, or responses to a product. Rarely, only one or few variables are used to segment the market.

Market targeting is the next act in the Market Selection process. It include a series of analysis, evaluation, and assessment of each segment's attractiveness in terms of realizability, opportunity, environment, accessibility and responsiveness that fit with company's mission, values, strengths, resources and competences, in order to avoid those with profit impotence, intense competition, or other complication, ultimately to found the most potential, most well-defined-and-suited segments to serve and earn profit. There are five patterns of target market selection: Single-segment concentration that focuses only on a specific small segment to serve; Selective specialization that selects a number of segments, each are attractive in its own way; Product Specialization that focuses on selling a certain products to several market segments; Market Specialization that concentrates on serving many needs of a particular customers groups; or Full market coverage that attempts to serve all customers with all the products they might need. Same as market segmentation, market targeting strategy also has many levels based on firm' selection patterns: Mass, Segment, Niche, or Customized marketing, listed based on level of differentiation from nothing to extremely individual.

The last topic in the Market Selection part is the Positioning. After segmentation and targeting has been done, firms need to clarify their brands and products against competitors, describing how their offering is better, and ultimately tilt customers' choices toward the firm's. Positioning is the act of designing and implanting a specific image of the product offerings in a distinct place of their customers' mindset. In short, positioning answers the question "So, why should I buy yours?". In order to design a good positioning strategy, firms first have to identify their possible competitive advantages against competitors. They can make a differentiation in term of product, services, channels, personnel, or image. In many cases, company can possess many advantages, but only few of them can really support the positioning strategy; therefore, company must decide how many differences to promote and which to promote based on desirability

and deliverability criteria. After company has chosen a suitable set of competitive advantages, it can start designing a positioning strategy based on the value proposition between price of the products and the benefits they bring that it intends to offer customers, such as: More for More, More for the Same, The Same for Less, Less for much Less, or More for Less. Evolving around the value propositions, company can create a unique and comprehensive image to consumers in order to obtain the position that it has planned to. Positioning is not an all-talk act; in fact, it takes long times and a synergetic, carefully planned, and consistent marketing strategy to support it in long-term operation.

The second objective of the thesis is to provide International Lifestyle JSC with valuable information about the current environment and market trends in and with which Häagen-Dazs Ice cream Franchise shops will be operated. This will also give answers to the question what makes Häagen-Dazs special and interesting to its customers. Chapter 3 was divided into four sections: Global ice cream industry, Vietnamese ice cream industry, Vietnamese and Ho Chi Minh City's PESTLE Analysis, and finally Competitor Analysis in Ho Chi Minh City.

Firstly in the Current Situation analysis, the researcher provided commissioner and readers with the founding knowledge of how the global ice cream industry works at the moment as a big picture before going into any country details. The ice cream industry is a special branch of Food and Beverage that thrives the most in the harshest economic situation. In general, global ice cream industry has enjoyed a increasing growth within five years of the newest recession and is expected to continue its development in the next years, especially in the developing countries in Asia and South America. Main consumers of ice cream are children and families with various preferences and interests, but in the future may it expand to older groups while retaining their young clients. In recent years, there are many people who choose to buy franchises from ice cream brands to start their own businesses in various sizes and locations around the world. Operating an ice cream franchise provides entrepreneurs with great marketing support, flexibility, opportunities and financial profits. Ice cream industry closely responds to global trends and customers' preferences. In the next few years, the industry might follow these trends: Frozen Yogurt Craze that indicate the comeback of a healthier products lines; Green Practice that companies embrace the environmental sensibility; Exciting Flavors that brands comes up with new, seasonal flavors to keep customers constantly excited; Quality segments that companies diversify their lines and product quality to fit various lifestyles and dietary needs; and Co-branding which brands with synergetic images share resources to increase traffic and profit for both.

Going into detail about the Vietnamese ice cream industry, in general, it shares many similar characteristics with the global nature and development trends, which explaining its fast thriving during intense recession of year 2004-2009. In Vietnam, this industry is split into two level of competition, the main stream made up of branded products where sales highly concentrated on two key players Kinh Do Corp and Vietnamese Dairy

Product JSC (Vinamilk), and the second level of highly fragmented, small private manufacturers, each holds a minor market share. There are now few visible marketing activities in the industry, mostly remain at point-of-sales level due to lack of resources and the fact that ice-cream is a minor share in the corporation's operation. The Vietnamese ice cream market is segmented into four categories based on their distributions channels: impulse ice cream, artisanal ice cream, frozen yogurt and take-home ice cream. Within this thesis, however, the researcher only analyzed the largest 70% part of the market, which is also where Häagen-Dazs will operate in, the impulse ice cream segment. This specific segment has also continuously grown during period of 2004-2009 with positive figures. After analyzing the sector data, the researcher recognized that Ice cream has great potential in Vietnam. In the next five years of 2009-2014, the ice cream industry together with the impulse segment will continue to grow at stable rate together with the appearance of more famous foreign ice cream brands, and more developed marketing strategy. In the future, the consumption of ice cream will tilt more towards dairy-based products with higher quality, especially among urban areas. Adult consumers also show greater preference toward this industry now than before. With new, international players like Baskin-Robbins and Häagen-Dazs entering the market, it is expecting to see more exciting product lines and more premium quality ice cream categories.

After basic understanding of the Vietnamese ice cream industry, the researcher provided the commissioner and readers with the PESTLE Analysis of Vietnam, with special focus in Ho Chi Minh City, as it is the first areas that Häagen-Dazs wants to enter.

Vietnam has had quite a colorful political history and is currently renown for its communist leadership. Despite those, Vietnam has a very receptive attitude towards FDI and globalization. Vietnam has not recently faced any serious threat to its powers and the situation is expected to remain the same in the coming years. However, in Vietnam, organizations must aware of the limits on political activities and free speech, together with the large police and military presence in public.

Economically speaking, Vietnam is a rapid rising power that comes third in average annual growth rate. Considering there was a worldwide recession during years of 2000-2010, the real GDP between 4.7-8.5 percent is quite impressive. As the result, GDP per capital of Vietnam has nearly doubled in the past ten years; however, not all at the same rate between social classes, sectors, or areas. The inflation rate, nevertheless, is very much variable and are quite high toward recent years. Furthermore, in the future, the inflation will continue to rise and affect the economy. As the leader of the country's economy, in recent years, the economy of Ho Chi Minh City also has had many breakthroughs, especially in the service and FDI sector. The monthly income per capita also increased significantly and will be enjoying a steady growth in the future. However, the rich and poor gap is truly visible and the government is unable to track the unreported incomes of its citizen. The share of total daily life expenditures spent on food and drink is decreasing, indicating a development in living

standard. In addition, within this share, there is an upward trend of more and more resources spent on Outdoor meal, especially in urban areas with busy lifestyle, increase in capita wealth and disposal income. This is a good sign more Häagen-Dazs because it improve the chances that consumers will accept the brand to the market. All in all, companies who consider entering the Vietnamese market, especially in Ho Chi Minh City, can enjoy many opportunities and holes to exploit, however, together with low disposal income, weak currency, and high inflation rates. If the economy and citizen living standard continue to grow as speed they are now, Häagen-Dazs will stand high chance to success in Vietnam and in Ho Chi Minh City.

In demographic terms, Vietnam has very rapid population growth rate. Almost 70% of its nearly 91 million citizens live in urban areas, along with rapid urbanization and constant migration waves into big cities. Recently there is a visible change in Vietnamese age group; the population is getting older at an accelerating speed, tagging along the increasing demand for adult product categories from business. As the center of commerce and business in Southern Vietnam, Ho Chi Minh City also enjoy a lot of migrators from all other region to come, work, and reside. Most of its 7.2 million citizens locate in Go Vap, Binh Thanh (old residence areas) and Binh Tan (new residence area growth together with industrial parks and factory) district while most malls, administrative and business centers are located in District 1 and 3; till recently district 7 is an emerging and attractive location for both businesses and residents.

Instead of focusing on the traditional cultural characteristics, the researcher will analyze the recent factors that affect Vietnamese consumer behaviors, which will directly alter Häagen-Dazs' operation in Vietnam, including: Globalization, Individualism, the Cult of Luxury brands, and Sustainability Awareness. Two main waves of globalization in 1986 and 2007, together with many small, spontaneous migrations of Western and Eastern Culture have bring wealth and improve the living standard of Vietnamese people as well as importing foreign lifestyle reflecting in significant change in consumers' demand and the tastes. Vietnamese people with increasing purchasing power now prefer foreign products of well-known brands with higher quality and better customized to their needs. In the last five years, the franchising market, especially in the F&B sector, has also been developing very rapidly. Traditional Vietnamese culture is based on "family" unit; in short, the country has evolved around these units, indicating a highly collective characteristic. However, until recently, under the influence of globalization, there is an increasing need to express individuality, especially in the abundant resourced consumer groups. This change leads to the cult of luxury brands in Vietnam of which consumers choose to spend large amount of money to buy premium products from prestige foreign brands. The recent fever gave way to many world-famous brand names to enter the market, and birth to many fashionable shopaholics. However, the definition of what is luxury in Vietnamese consumers' mind is very much different from other countries. Most consumers perceive Luxury products as those with premium price, and quality, with unique design, not commonly available and are used by famous people. Further-

more, the meaning and relevance of luxury for Vietnamese consumers varies throughout the country. While Northern Vietnamese use Luxury in order to “stand out”, Southern Vietnamese choose these products to “fit in” particular exclusive groups. The older War generation of Vietnam is very much against overspending on unreal values; younger-aged consumers with upgrading disposal income decide to indulge themselves for the moment. The thirst for luxury brands has also unwittingly supported the “fake” product manufacturing industry for those with lower purchasing power. Selling and buying “fake” is considered illegal in the West but not in Vietnam, where moral and ethical issues of little less importance. Sustainability and environment issues currently have a low profile in Vietnam. However, there are signs that awareness of sustainability and environmental concerns are starting to grow and increasing customers’ knowledge of quality, hygiene, safety, and good being.

Vietnamese natural environment, especially Ho Chi Minh’s, is in favor for frozen dessert industry with year-round high temperature and high humidity. In legal terms, Vietnam is lacking an independent judiciary and have a weak legislation. With the membership of WTO since 2007, Vietnam tariffs and taxes have been reduced, making the market more potential than before. Vietnam is improving its legal system to be more accessible for foreign investors to do business. However there are still tough legal restrictions and the potential influence of government interference that companies should be aware of. The technological environment in Vietnam is currently growing but still in the early stages of development. Easy Internet connection and broader coverage has made online services in some industries much easier and more convenient, especially in Digital Marketing and Online Retail.

On a whole, the researcher assesses Vietnam as a potential market for Häagen-Dazs to operate in. However, they must clearly plan their entry and step-by-step development in time as the market and consumers’ preferences change rather rapidly and intensifying competition.

Within 19 urban districts of Ho Chi Minh City, in the impulse ice cream segment, the competitions between brands and shops are rather intense. Local businesses such as streets carts and small kiosks, medium-sized Coffeehouses, and professional ice cream parlors/restaurants have existed in the market for a long time and somehow have become the traditional lifestyle of Saigoneses. These local businesses control the low, medium, to medium-high income customers group in the market. Small kiosks and carts are filled with low-quality, low-price products to serve low-income youth and blue-collar workers. Medium-sized Coffeehouses where ice cream is an interesting sub-product with medium quality and variety, to serve the medium to medium-high income customers with various tastes and lifestyles. The most developed version of local ice cream businesses is professional ice cream parlors/restaurants with wide variety of ice cream products of higher standard of quality and services, coming with high pricing and prime locations. The toughest local competitors of Häagen-Dazs’s are Fanny, Bach Dang, Thien Ly, and Bo Gia Ice cream Parlors/restaurants. Fanny is an old-schooled style French ice cream brands

that provide all-natural, seasonal ice cream at medium-high price for targeted customers of medium-high to high-income families with children, individuals, and couples with preference for French ice cream. Thien Ly ice cream is an all-in-one ice cream center that serve Vietnamese ice cream at medium pricing, for various segments of customers of medium-income level with special reference for localized ice cream tasted. Bo Gia ice cream offer a special cultural value that attract more narrow range of customers, mostly with mature tastes and reference for vintage lifestyle. Like Bo Gia, Bach Dang also offer memorial values, but it choose to expand its reach to wider customers groups of modern tastes by having a modern version of Bach Dang ice cream in parallel with maintaining the fame built from the traditional one.

In recent years, more and more foreign ice cream brand had entered Vietnamese market, mostly through franchising method. They are experienced, well-known international brands with high standard of service, high quality products, carefully planned strategy, high pricing, and colorful marketing activities. Locating in only prime locations with synergetic images, these brands seem to have taken over the medium-high to high-income market segments. This thesis has covered four most famous and popular franchising ice cream brands/competitors in Ho Chi Minh City: Baskin-Robbins, Swensen's, MOF Japanese Sweet and Coffee, BUD's Ice cream of San Francisco, and Snowée. Baskin-Robbins is one of the newest players in the ice cream market; with the "fun and exciting" factor that comes with vast selections of ice cream, intense promotion and market coverage, despite its high pricing, Baskin-Robbins is very successful in attracting young, abundant consumers' attention and "wow" them with its unique concept. Swensen's, with its commitment to both quality and quantity, has obtained a decent amount of medium to medium-high income consumers that are families with children or groups of friends. MOF Japanese Sweet and Coffee with its distinct focus on "Japanese" and healthy, high quality product lines, has attracted good number of medium-high to high-income customers with preference for Japanese culture or healthy lifestyle. Snowée with quick expanding strategy and European style ice cream has also attracted the medium-high income customers with families or friends. BUD's Ice cream of San Francisco is the oldest ice cream franchise in Vietnam, with its experience working in Vietnamese market, together with exciting concept of Casual Dining and plenty product lines, BUD's has built stable medium-high to high-income customer flows to its many branches for various gathering occasions.

The next chapter, Chapter 5, is divided into three parts. First is to analyze the cases of the two possibly fiercest rivals of Häagen-Dazs in Vietnam ice cream shop market. The second part is to compare Häagen-Dazs with the two most successful franchising brands in Vietnam, which are operating outside of the industry. The outcome of these two parts will give the commissioner deeper understanding and a good self-reflect of its current situation, a SWOT analysis.

In the Case Study part, the researcher investigated the cases of Häagen-Dazs' two main competitors, BUD's Ice cream of San Francisco and

Baskin-Robbins with three main questions: What is the nature and development of Vietnamese market; How they successfully entered Vietnamese market, what values do they offer and what strategies they are applying to attract consumers; and What remained weaknesses/problems of these two competitors. These case studies are to help the commissioner better understand the Vietnamese market and explore their strengths and weaknesses.

BUD's is the most successful example of ice cream franchise in Vietnam, after 5 years of operations, they has 12 parlors/restaurants in HCMC areas. They decided to enter the market in 2007 while others consider the market as immature. This was one of their strength, the ability to foresee the rapid development of the market and make moves at the right time in order to earn the leader position in customers' mindset. The core of BUD's success is that it was able to change Vietnamese eating habit, increasing time spent in an ice cream shop by offering a brand-new, unique ice cream eating experience of satisfying ambience and supporting services. They also introduce the concept of "Casual Dining" together with locations in prime places to increase chances customer would choose to visit the shops instead of others'. While other local businesses struggled operating, BUD's entered the game fully prepared with well-planned strategies and the ability to perform effective marketing to excite customers and develop sustainably. The biggest weaknesses of BUD's at the moment are the poor quality management among shops in the franchising systems and the degrading perception of customers about the brand image.

Baskin-Robbins, in the other hands, is the newest player that has ever gain success and expanding that fast in Vietnamese market. The brands entered the market once in 1994 but forced to bail out because of market immaturity, low consumer income and living standard together with heavy tariff. In 2011, however, consumers have developed very much since, importing tariff is decreased significantly, and the market is saturated; therefore, Baskin-Robbins was off for a very good second start. Though six-month period cannot count as a stable success, Baskin-Robbins has created quite a fever with its comeback, mostly by unique "fun" ice cream eating experience of 31 tastes for 31 days in a month, colorful design of the shops, and smart marketing movements that features many interesting campaigns, keeping customers curious and excited. It also applied the "tagging" placement strategy that follow their competitors very closely in order to build the image and spread the awareness quickly together with chance to steal customers directly from competitors. However, Baskin-Robbins is facing trouble with its "middle of nowhere" pricing strategy, now that Häagen-Dazs has entered the market and obtain the position of the most premium ice cream. It also fears of bad quality management caused by fast expanding based on unrealistic initial "fever".

The next part of this chapter is the benchmarking with Pho 24, a local franchising legend in Vietnam. The purpose of this project is to continue discovering special characteristics of Vietnamese market that have not been revealed by the current situation or competitor analysis in the previous parts. This project focused on six aspects: Market segmentation and targeting, Brand positioning, Product, Pricing, Placement, and Promotion.

Firstly in the Segmentation and Targeting aspect, Pho 24 use more traditional and measurable variables such as geographic or demographic, while Häagen-Dazs segments market by more uncertain variables like lifestyle or behavior. Secondly, Pho 24 chooses to expand its targeted groups to wider range, while Häagen-Dazs decides to keen on serving their chosen segments and does not want to risk losing the brand images. Pho 24 positioning seems more comprehensive and approachable to Vietnamese consumers than Häagen-Dazs, requiring the ice cream brand to educate the market with the new concepts and decide what marketing channel it should use to communicate the values. While Pho 24 wants to expand its product portfolio to other Vietnamese dishes other than Pho, Häagen-Dazs plans to stick strongly with ice cream product. Of course this can serve well as brand image keeper, but in long run, Häagen-Dazs can lose customers of different interests. The pricing strategy of the two brands are basically similar, however, Pho 24 has encounter the problem of degrading image in customers' mind due to lack of innovativeness. The difference in placement strategy between Häagen-Dazs and Pho 24 is that Häagen-Dazs does not intend to expand to large number of stores throughout the country. Of course this is caused by the different natures of the two business concepts but it is also because Häagen-Dazs want to commit to consistent quality along the system. In general, there are few differences in the promotion strategy of the two brands. In this thesis, however, the researcher does not want to go deep into detail about comparing that which company is better practice than the other, but to focus on the fact that Vietnamese is a very localized market and might require a lot of alternation from the initial plan of the foreign head quarter. There are also some problems that Häagen-Dazs might face when operating in Vietnam, such as unreliable statistics, highly localizing market, unprofessionalism, and uncontrollable expansion.

After completing both the case studies analysis and benchmarking project, the researcher has finalized all the findings and data into a deep SWOT analysis. The result reveal that Häagen-Dazs' strengths are in international brand fame, Premium quality products, and unique ice cream eating experience, while its weaknesses lay in high pricing, new, uneducated concept, and small, hard to communicate targeted segments. With its competitive advantages, Häagen-Dazs may enjoy the opportunities of no competitors in the targeted segments, future expansion in the market, and word-of-mouth promotion. In parallel, it also might face the threats of communicating the brand image wrongly; not making enough profits, or attracting unwanted customers and competitors into the market.

The final part of the thesis, the recommendation in chapter 6, has been summarized in the recommendation review part at the end of itself.

7.2 Conclusion and evaluation of the thesis process

By paying attention to the big picture as well as the smallest details in the soft opening operation, the researcher herself think that this thesis has fulfilling its ultimate objective of providing useful and realistic recommendation to perfect Häagen-Dazs's marketing strategy on identifying potential customers, building the brand image, attracting its niches in order to ultimately success financially in Vietnamese market.

The structure of the thesis, in researcher's opinion, is understandable and easy to follow, although it has been altered quite much comparing to the original plan at the beginning of the thesis writing process. The length of this thesis was also very unexpected to be 135-page long. However, information provided, analysis done, and recommendation given in this thesis are all relevant to the thesis topic, and has, in fact, revealed many special and surprising aspects of the topic that have added more value to the paper than its original plan.

Due to the original plan, there should have been the benchmarking with two, not one, local franchise companies in Vietnam. However, due to the complexity and length of the thesis, the researcher had to cut one out of the paper to balance the proportion between each chapter in the thesis. The chosen company, Trung Nguyen Coffee, also revealed to be not a suitable candidate for Häagen-Dazs's benchmarking.

All the unofficial conversations, quick emails, or unplanned interviews between the researcher and the commissioner, as well as other responsible managers and with the supervisor from the university should have been noted more clearly for further references.

As stated at the very beginning of this thesis, the project is totally individual; therefore, might carry some traces of subjectiveness. The commissioner, thus, should apply the recommendations wisely based on own judgment and consideration. All the data might very well be outdated within a short few years; therefore, the researcher suggests that companies should invest in an annual market research or customer survey in other to keep close track of the upcoming trends, the changes in consumer's activities, and other competitors activities.

Information provided by this thesis is to provide company and readers with relevant knowledge to the segmentation and positioning topic, with hope to assist companies in further study and investigation.

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BENCHMARKING METHOD SUMMARY

Methods	Public Domain	One-to-One	Review	Database	Survey	Business Excellence Models
Participants	Organizations within the industry.	Cross industry offers best learning opportunities and is usually possible, at least for generic processes such as purchasing, IT, finance, warehousing. Within industry is common and may be the only possibility for industry specific subjects.	Internal studies possible, but yield least benefits. Participants agree all aspects of the study such as timescales, data/information to be exchanged and use of consultant. May not select the organization with the best performances or practices to benchmark against. Organization's practices may not be appropriate to adopt.	Any organization that chooses to supply data.	Any organization within the industry.	Only the organization wanting to benchmark against the Model.
Control of the study	Benchmarkers.			Consultant.	Own organization.	Own organization.
Risks	"League" tables may misrepresent the true performance of the participant. When benchmarking products, if only one product is sampled it may not be representative of the average performance.	Can be high especially if, as is usual, working practices are shared, and target participants are visited. Greater learning opportunities occur if several paired studies are undertaken.	Can be high if, as is usual, working practices are shared, and because there are more participants than paired benchmarking, the learning opportunity is even higher. However, if participants are only drawn from the same industry, learning opportunity may be less.	Rely entirely on consultant's integrity. Can be difficult to check other participants' identity, data quality or applicability.	Few. But survey usually needs to be administered by specialists.	None.
Learning opportunity	Low Usually only benchmark data, but may identify what aspects of a product or service need to be improved.	Usually quick, within weeks, once agreement has been reached with the target.	Usually several months depending on the number of participants in the study.	Usually low, depending on the specific service offered by the consultant. However, some consultants will tailor the study and help with improvement activities.	Usually limited to customers' perception of competitors.	Usually low.
Duration	Usually quick, but participant usually has no control over timing.	Usually quick, within weeks, once agreement has been reached with the target.	Usually several months depending on the number of participants in the study.	Usually quick once data have been submitted.	Usually a few weeks or months, but can be continuous.	Usually quick, though often a continuous process.
Benchmarking team	Independent benchmarker, usually magazine or newspaper.	Usually participants perhaps with support from consultants.	Usually participants perhaps with support from consultants.	Consultant.	Either in-house or external specialist.	Own organization.
Uses	Mainly to provide information to the public. However, participants can glean useful information about their competitors and possibly use the results for marketing.	When the initiator knows who the "best" targets are and wants to learn from them.	When a group of participants, usually in the same industry, want to learn from each other.	Participant wants a quick and easy guide as to where to focus improvement activities.	Monitoring customer perception against competitors.	Identify where improvements are needed.
Advantages	Cheap/free. If results are favourable, can be used for marketing. If unfavourable can highlight areas that need improving.	Cross industry or internal: competitors not aware that you are benchmarking. Best opportunities for learning.	Competitors not aware that you are benchmarking. Best opportunities for learning.	Quick guide to comparative performance levels.	Best way to ascertain customer sentiment.	Quick, anonymous, reviews the whole organization.

Table 1 of Appendix: A Summary of some typical features of different Benchmarking methods (Stapenhurst 2009, 47)

ECONOMICAL TERMS USED

- **Compound Annual Growth Rate (CAGR)** is the year-over-year growth rate of an investment over a specified period of time. The compound annual growth rate is calculated by taking the n th root of the total percentage growth rate, where n is the number of years in the period being considered.
- **Foreign direct investment (FDI)** is investment directly into production in a country by a company located in another country, either by buying a company in the target country or by expanding operations of an existing business in that country.
- **World Trade Organization (WTO)** is an organization that intends to supervise and liberalize international trade, commenced on January 1, 1995. The organization deals with regulation of trade between participating countries; it provides a framework for negotiating and formalizing trade agreements.

ICE CREAM CATEGORY

1) Based on major ingredients – Standards of Identity have been issued by the Food and Drug Association for these products and contained in the Code of Federal Regulations 21 section 101 and in accordance with the U.S Labeling and Education Act of 1993.

- **Super-Premium Ice Cream** has very low overrun (air) and high fat content, and uses only the highest quality ingredients.
- **Ice Cream** is a frozen dessert product containing at least 10% milk-fat and at least 20% total milk solids, safe and suitable sweeteners and optional stabilizing, flavoring and dairy derived ingredients.
- **Reduced Fat Ice Cream** is made with 25% less fat than the referenced ice cream.
- **Light or Lite Ice Cream** is made with 50% less fat or 1/3 fewer calories than referenced ice cream, provided that in the case of caloric reduction, less than 50% of the calories are derived from fat.
- **Low-fat Ice Cream** contains not more than 3 grams of fat per serving.
- **Nonfat / Fat Free Ice Cream** contains less than 0.5 grams of fat per serving.
- **No Sugar Added Ice Cream** may contain artificial sweeteners, but is not sweetened with added sugar.
- **Sorbet** is frozen dessert similar in composition to an ice. It is a non-dairy product with relatively high sugar content. It generally contains fruit, fruit puree or fruit juice. Exotic flavors are often used and citric acid may be added to enhance the taste.

2) Based on distribution channels – researcher unit DataMonitor has defined ice cream into categories shown in table 1 below:

Table 1: Ice cream category definitions		
Category	Segment	Definition
Artisanal ice cream	Overall	Ice cream manufactured by small local producers for sale on the premises. Includes impulse and take-home sales, but not on-the-premises consumption.
Frozen yogurt	Overall	Soft frozen dessert made from cultured dairy products, with added natural or artificial sweetener and flavoring. Includes all impulse and take-home sales.
Impulse ice cream	Dairy-based	Also 'novelties'. Dairy- or vegetable oil-based ice cream products sold for impulse (on-the-go) consumption. Includes single-serve ice cream tubs, packaged cones (e.g. Cornetto), ice cream sandwiches, and chocolate-coated ice creams (e.g. Magnum). Includes low fat dairy and oil-based products (other than frozen yogurt).
Impulse ice cream	Water-based	Also 'novelties'. Water-based frozen desserts sold for impulse (on-the-go) consumption. Includes single serve sorbet/sherbert tubs and ice lollies e.g. Calippo
Take-home ice cream	Dairy-based	Dairy- or vegetable oil-based ice cream products sold for take-home consumption. Includes multiple-serving ice cream tubs (e.g. Ben & Jerry's, Carte d'Or, Häagen-Dazs) and, ice-cream cakes (e.g. Vienetta). Includes low-fat dairy- and oil-based products (other than frozen yogurt).
Take-home ice cream	Water-based	Water-based frozen desserts sold for take-home consumption. Includes sorbet/sherbert tubs.

Source: Datamonitor DATAMONITOR

Table 2 of Appendix: Ice cream Category Definitions (DataMonitor 2011)

HO CHI MINH CITY STATISTICS

Part 1: Ho Chi Minh City's Administrative Units information

(Source: Population and population density in 2010 by district, HCMC Statistic Office)

List of HCMC Administrative Units						V · T · E
Name of district (Dec. 2003)	Sub-division units (Dec. 2003)	Area (km ²) (Dec. 2006)	Population as of Census October 1, 2004	Population as of Census April 1, 2009	Population 2010 ^[19]	
<i>Inner Districts:</i>						
District 1	10 wards	7.73	198,032	180,225	187,435	
District 2	11 wards	49.74	125,136	147,490	140,621	
District 3	14 wards	4.92	201,122	190,553	188,945	
District 4	15 wards	4.18	180,548	180,980	183,261	
District 5	15 wards	4.27	170,367	171,452	174,154	
District 6	14 wards	7.19	241,379	249,329	253,474	
District 7	10 wards	35.69	159,490	244,276	274,828	
District 8	16 wards	19.18	360,722	408,772	418,961	
District 9	13 wards	114	202,948	256,257	263,486	
District 10	15 wards	5.72	235,231	230,345	232,450	
District 11	16 wards	5.14	224,785	226,854	232,536	
District 12	11 wards	52.78	290,129	405,360	427,083	
Go Vap District	16 wards	19.74	452,083	522,690	548,145	
Tan Binh District	15 wards	22.38	397,569	421,724	430,436	
Tan Phu District	11 wards	16.06	366,399	398,102	407,924	
Binh Thanh District	20 wards	20.76	423,896	457,362	470,054	
Phu Nhuan District	15 wards	4.88	175,293	174,535	175,175	
Thu Duc District	12 wards	47.76	336,571	442,177	455,899	
Binh Tan District	10 wards	51.89	398,712	572,132	595,335	
Total Inner Districts	259 wards	494.01	5,140,412	5,880,615	6,060,202	
<i>Suburban Districts:</i>						
Cu Chi District	20 communes, 1 township	434.5	288,279	343,155	355,822	
Hoc Mon District	11 communes, 1 township	109.18	245,381	349,065	358,640	
Binh Chanh District	15 communes, 1 township	252.69	304,168	420,109	447,291	
Nha Be District	6 communes, 1 township	100.41	72,740	101,074	103,793	
Can Gio District	6 communes, 1 township	704.22	66,272	68,846	70,697	
Total Suburban Districts	58 communes, 5 townships	1,601	976,839	1,282,249	1,336,244	
Whole City	259 wards, 58 communes, 5 townships	2,095.01	6,117,251	7,162,864	7,396,446	

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
Record high °C (°F)	38 (100)	40 (104)	38 (100)	38 (100)	39 (102)	38 (100)	41 (106)	37 (99)	38 (100)	38 (100)	37 (99)	37 (99)	41 (106)
Average high °C (°F)	31.6 (88.9)	32.9 (91.2)	33.9 (93.0)	34.6 (94.3)	34.0 (93.2)	32.4 (90.3)	32.0 (89.6)	31.8 (89.2)	31.3 (88.3)	31.2 (88.2)	31.0 (87.8)	30.8 (87.4)	32.3 (90.1)
Daily mean °C (°F)	26.4 (79.5)	27.7 (81.9)	29.2 (84.6)	30.2 (86.4)	29.6 (85.3)	28.5 (83.3)	28.2 (82.8)	28.1 (82.6)	27.9 (82.2)	27.6 (81.7)	26.9 (80.4)	26.1 (79.0)	28.0 (82.4)
Average low °C (°F)	21.1 (70.0)	22.5 (72.5)	24.4 (75.9)	25.8 (78.4)	25.2 (77.4)	24.6 (76.3)	24.3 (75.7)	24.3 (75.7)	24.4 (75.9)	23.9 (75.0)	22.8 (73.0)	21.4 (70.5)	23.7 (74.7)
Record low °C (°F)	13 (55)	17 (63)	16 (61)	17 (63)	16 (61)	21 (70)	17 (63)	21 (70)	20 (68)	20 (68)	17 (63)	15 (59)	13 (55)
Rainfall mm (inches)	13.8 (0.543)	4.1 (0.161)	10.5 (0.413)	50.4 (1.984)	218.4 (8.598)	311.7 (12.272)	283.7 (11.563)	269.8 (10.622)	327.1 (12.878)	266.7 (10.5)	116.5 (4.587)	48.3 (1.902)	1,931 (76.02)
Avg. rainy days	2.4	1.0	1.9	5.4	17.8	19.0	22.9	22.4	23.1	20.9	12.1	6.7	155.6
Mean monthly sunshine hours	244.9	248.6	272.8	231.0	195.3	171.0	179.8	173.6	162.0	182.9	201.0	223.2	2,486.1

Part 2: Ho Chi Minh City's Climate Data
Source: 1) [World Meteorological Organisation \(UN\)](#)
2) *Weatherbase (record highs, lows)*

INTERVIEWS

Interview 1 – May 14th, 2012 with Mr. Le Anh Hao, Commissioner and supervisor from International Lifestyle JSC

Please provide some background information of Häagen-Dazs?

Hao: very simple, 3 classmate in a MBA class, thinking of doing something in Vietnam, and they think of franchise some F&B, and thinking of something success in Asian countries but not in Vietnam yet. Take a trip to Singapore, spend hours in shopping malls, and realize that Häagen-Dazs shop is crowded there and thinking it would fit Vietnam. And we started the process to search information and ask people talk directly to general mills. So, in short, 3 young people, classmate team up to do this business.

Why choosing Häagen-Dazs to franchise to Vietnam? Why Vietnam?

Hao: I have explained some above. We realize that Vietnamese is probably the most lover of ice cream. Everywhere is ice cream. In Hanoi, there is Trang Tien and in Saigon, there is Bach Dang. Such for long time, people have ice cream in the mind.

Market is relatively big.

Some other brands already came: Baskins Robbins, Swensens...

What theory and model of franchising did you research to give out such decision?

Hao: franchise is quite simple business model, and main thing is to negotiate with franchisor. The reason why all F&B is franchise in Vietnam, because government does not open the retail market until 2016 yet, that is why all brands coming they have to come under franchise agreement with a local company.

Step to start a franchise in Vietnam; do you have any difficulty in particular?

Hao: quite simple:

Step 1: general mills registered with ministry of trade/industry for brand, IP.

Step 2: sign franchise agreement with local company to run the shops.

What market research have you done to discover the customer behavior in Vietnam?

Hao: I have sent you some, but we do not have much.

How about the current Business unit that you are building? (Address, menu, staff, supplier...)

Hao: the shop is under construction in Han Thuyen St., nearby Notre Dame and reunification palace, overview the park, a big villa there.

Have you done any benchmarking with other franchising brands (both local: like Trung Nguyen, Pho 24 and or foreign: Gloria jeans, KFC, etc.)?

Hao: we more likely want to do bench mark with super premium brand in Vietnam, like coffee bean. The fast food is irreverent.

Interview 2: July 24th 2012 with Dr. Ly Quy Trung, founder of Pho 24, Häagen-Dazs Benchmarking partner.

1. Who is Pho 24? What are your values?
2. What makes Pho 24 franchising shop different those common Pho shops in Vietnam? What are your competitive advantages?
3. Who do you company want to reach? What is your targeted market in Vietnam? (Detail about variables such as age, gender, lifestyle, etc. are highly appreciated)
4. How do you position Pho 24 Franchising shops in your target customer's mind? (For instance, elegant, luxury, family gathering, working atmosphere?)
5. What Marketing strategy do you apply on the Franchising shop?
 - What product portfolio do you offer in the franchising system to attract targeted customers? What is the Demand in the market for your products and how do you manage that?
 - How do you price your product? What factors drive the pricing of your product in the franchising system?
 - How do you choose the venue of the coffee shops? How do you decorate the interior of the shop to attract customers? How do you train the employee to ensure the quality of the products?
 - How do you promote the coffee shop to attract customer? What marketing action do you generate to maintain good customer relationship?
6. What channels are the most important one in your marketing activities? (For instance, TV, newspaper ads, etc.?)
7. What are the biggest problems that you have been facing when doing the marketing for a franchising? What are the risks of marketing a Franchising system? How do you handle the problem?
8. What do you think is the most important factors in practicing a Franchising Business in Vietnam?
9. What advice do you have for Häagen-Dazs Ice cream Franchising shop in Vietnam?

HÄAGEN-DAZS ICE CREAM MENU AND PRICE LIST IN VIETNAM

Creations & Products	Price (VND)	Price (USD)	Price (Euro)
ICE CREAM			
Single Scoop	75,000	3.75	3.00
Double Scoop	120,000	6.00	4.80
Triple Scoop	160,000	8.00	6.40
Banana Split	230,000	11.50	9.20
Waffle Wonder	200,000	10.00	8.00
Flower Blossom	250,000	12.50	10.00
Paradise	230,000	11.50	9.20
Seventh Heaven	510,000	25.50	20.40
Royal Monte Carlo	150,000	7.50	6.00
Cookie Crunch	150,000	7.50	6.00
Brownie Celebration	220,000	11.00	8.80
Mystique	190,000	9.50	7.60
Chocolate Fantasy	230,000	11.50	9.20
Fondue	620,000	31.00	24.80
Sorbet Freeze	150,000	7.50	6.00
Berry Cool	150,000	7.50	6.00
Häagen-Dazs Shake	150,000	7.50	6.00
Rich Hot Chocolate	120,000	6.00	4.80
Café Belgian Mocha	120,000	6.00	4.80
Affogato	110,000	5.50	4.40
COFFEE			
Espresso	55,000	2.75	2.20
Double Espresso	70,000	3.50	2.80
Macchiato	60,000	3.00	2.40
Americano	70,000	3.50	2.80
Cappuccino	70,000	3.50	2.80
Café Latte	70,000	3.50	2.80
Café Mocha	70,000	3.50	2.80
Iced Americano	70,000	3.50	2.80
Iced Cappuccino	70,000	3.50	2.80
Iced Café Latte	70,000	3.50	2.80
Iced Café Mocha	70,000	3.50	2.80
BEVERAGE			
Evian - 330ml	60,000	3.00	2.40
Mineral Water	6	1.00	0.80
Beer - 1	190,000	9.50	7.60
Tea	45,000	2.25	1.80
ADDING PRODUCTS			
Waffle	40,000	2.00	1.60
Brownie	50,000	2.50	2.00
Waffle Cone	20,000	1.00	0.80
Cookie	25,000	1.25	1.00
Crepe	50,000	2.50	2.00
EXTRA TOPPINGS			
1 Topping	10,000	0.50	0.40
2 Topping	20,000	1.00	0.80
3 Topping	30,000	1.50	1.20
4 Topping	40,000	2.00	1.60