Vietnamese Cosmetic Market Study for Company X,

CASE STUDY: COMPANY X
Vietnam has been known as one of the fastest growing economies in the world, and the Vietnamese cosmetic market is attracting lots of investment from many foreign companies. As a result, the author was assigned to do initial cosmetic market research for Company X, a Finland-based holistic beauty company. The company has been the market leader in Finland and at the moment, Company X is evaluating promising market in Asia for expansion in the future.

The main objective of this thesis is to assist the Case Company with this plan by providing insights into one of these markets, Vietnam. In order to achieve this purpose, the author has gathered relevant information to provide a picture of the cosmetic market in Vietnam, especially in skin care products. Based on this information, available opportunities as well as an entry mode to Vietnam are suggested in the light of the Case Company’s current situation

In this thesis, the author employs a combination of deductive approach and qualitative method. The collection of both primary and secondary data is performed. Primary data is gathered from the author’s survey with beauty experts and authority in Vietnam along with open discussions with the Case Company’s Vice President Sale. Secondary data are obtained from the General Statistics Office of Vietnam and publications such as books, journals, articles, reports, previous studies in the literature, and electronic sources.

The study reveals that the Vietnamese cosmetic market has potential for the Case Company though it is a risky market. The suitable of entry mode is direct export with a representative office in Vietnam to support the sale and distribution of Company X’s products. Nevertheless, right now may not be the time to take action to enter Vietnam, the Case Company is suggested to perform further research for more in-depth knowledge of the market before making the final decision

Key words: Vietnamese cosmetic market, skincare, Company X, direct export
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INTRODUCTION

This chapter starts with the background information about this study, indicating the reasons for choosing the Vietnamese cosmetic market as a subject of research. There will be a brief overview of the cosmetic market followed by a description of the objectives, questions, and limitations of this study. An explanation of the theoretical framework and the research approach is also included.

1.1 Background for thesis

"The most beautiful makeup for a woman is passion. But cosmetics are easier to buy."

Yves Saint Laurent

From the early days, physical attractiveness is of high concern for people all around the world because it is in the human instinct to strive for perfection and new ways to express ourselves. Therefore, cosmetics were invented and quickly became an essential need of every person. Since the beginning of the twentieth-century, the cosmetic industry has been growing at fast track with a handful of multinational corporations which always try to give people various kinds of beauty products.

This thesis is conducted for Company X, a cosmetic company with headquarter located in Finland. Company X is a Finland-based holistic beauty company focusing on unique high performance skincare and color cosmetics. People, especially from the Nordic countries as well as internationally, have experienced a lot of good options from Company X products. The foundations for the success of the company are the uncompromising Finnish experts, product development, and innovative scientific research along with using the latest technology in the cosmetic industry and energetic ingredients of Arctic nature. (Company X 2013.)

Over the past few years, the painstaking growth of economies in the most developed countries as well as the declining penetration of emerging markets has slightly slowed down the development of the cosmetic industry in the global beauty market (Lopaciuk& Loboda 2013). Although the world’s cosmetic
industry draws a gloomy picture, the Asia market appears as the bright star growing at an exponential rate. It is also predicted that, by the year 2014, Asia’s share of the global cosmetic industry will be the same as Western Europe. (In-Cosmetic Asia 2012.)

Of all the Asian countries, Vietnam market is considered to have lots of potential. In the last four years, the value of the Vietnamese cosmetic consumption has increased steadily with an average rate of 7 percent. This is why the Vietnamese cosmetic market has attracted a lot of the world’s cosmetic leaders such as Unilever, L’Oreal, Johnson & Johnson and P & G which helped create a competitive market. According to Vietnam’s Chemical Cosmetic Association’s data, there are over 430 leading cosmetic companies on sale in the country, of which 90 percent is well-known foreign brands. (NDHMoney 2012.) In addition, the Vietnamese purchasing power has risen steadily recently. In the first five months of 2012, the Vietnamese spent around 45.34 billion USD on consumer goods, up 20.8 percent from the same period of 2011. (People Army's Newspaper 2012.) This growth is mainly driven by younger professionals, who have increasing expendable income, and they want to spend on good quality but affordable products (Pitman 2012).

Even though there are many studies that have reported issues concerning the Vietnamese industry, there has been very few research papers conducted on the cosmetic market itself. As a result, this research is inspired from the author’s intention to provide the Case Company with essential information about the Vietnamese cosmetic market. The aim of this research is to help the Case Company, Company X, to have a better understanding of the Vietnamese cosmetic market, especially in the skin care category, and find out possible available opportunities in the market to establish its first presence.

1.2 Research objectives and research questions

The main objective of this thesis is to assist the Case Company with its plan to evaluate new markets in Asia by providing insights into one of these markets, Vietnam. Based on a detailed examination in the Vietnamese cosmetic market,
available opportunities as well as an entry route are suggested to the Case Company.

**The main research question:** Is Vietnam a promising market for Company X’s skin care products?

The sub-questions are formed to facilitate answering the main question:

- What are the external factors that affect the internationalization process of the Case Company in Vietnam?
- What are the characteristics of the Vietnamese cosmetic market?
- How is the competition in the Vietnamese cosmetic market? Who are the main players and what are their strategies in the cosmetic market?
- What is the consuming trend in Vietnam?
- What are the Case Company’s competitive advantages?
- What is the suitable choice of entry mode for the Case Company?

1.3 Theoretical framework

The success of an internalization plan is closely related to a detailed market research and an appropriate marketing plan. Only by receiving accurate and up to date information about the market can the company make the right decisions. During the process of study, the author realizes that the Hollensen’s five stagedecision fits what the author wants to convey in this thesis. Therefore, the author chooses this model as a primary reference to build up her own framework for this thesis. This figure below will briefly describe the Hollensen’s five stage model:
FIGURE 1. Hollensen’s five stages model

The introduction of Hollensen’s five stages model will be described in detail in the Literature review part. As the target of this thesis is to conduct a market research for the Case Company, the author decides to focus on the three first stages of this model which are:

- Stage 1: The decision whether to internationalize
- Stage 2: Deciding which market to enter
- Stage 3: Market entry strategies

Based on the relevant theories in these three stages of the model, the author comes up with her own framework as below:

FIGURE 1. Theoretical Framework

This thesis does not set a goal of building a marketing plan, but rather aims at conducting a market research for the Case Company because international market
research has had profound impacts on supporting the marketing decision making process at all levels of international business (Wilson 2009, 89). The decision on entry mode is also important because it plays a vital role in the marketing plan. As a result, the author will consider the choice of entry mode for the Case Company in this thesis.

Although the author does not aim to build an entire marketing plan for the company, she still decides to conclude in the thesis the theories about how to conduct an effective marketing plan. These theories related to a marketing plan, especially product, pricing and distribution, help the author understand more about the Case Company. The promotion is left out because it is not considered as a key factor in this thesis. Moreover, these theories help the author to do a thorough competitor analysis in the market research. As a result, these theories are important and needed parts of the thesis.

1.4 Research methodology

An overview of this thesis’s methodology is demonstrated in the following graph:

FIGURE 2. Research Methodology

**Research approach**

When a research is conducted, it is essential to choose which approach is implemented. According to Saunders et al (2007, 117), there are two ways to approach a study: deductive and inductive approach. Deductive approach comprises formulation of hypothesis and their subjection to testing during the research process while inductive studies do not deal with hypothesis in any ways. In other words, deductive reasoning can be explained as “reasoning from the
general to the particular” (Pellissier 2008, 3), whereas inductive reasoning is the opposite.

FIGURE 3. Deductive and Inductive Approach (Adapted from Pellissier 2008, 3)

The choice of research approach is due to the nature of the research. The intention of the author begins with a general idea to promote the investment of the Case Company in Vietnam and this intention become more specific in the end with a market research especially in skin care products for the Case Company. As a result, the deductive research approach is chosen.

Research method

A starting point in choosing the collection of information for research purposes is to understand the differences between two research methods: quantitative research and qualitative research. Whereas quantitative method test theories deductively from existing knowledge, through developing theorized relationships and proposed outcomes for study, qualitative researchers are guided by certain ideas or perspectives regarding the subject to be invested (Saunders et al 2007, 124-126.) This thesis starts with the idea of helping the Case Company to enter into the Vietnamese market as effectively as possible. In order to do that, a market research about the cosmetic market along with its threats and strengths are needed. As a result, the form of research method that the author intends to employ in this research is qualitative.

Data collection
According to Eriksson and Kovalainen (2008, 77-80), there are two categories of data which are primary data and secondary data. The data that is collected by researchers themselves are categorized as primary data while the data that existed from other sources irrespective of the researcher’s actions and intention are referred to as secondary data. (Eriksson & Kovalainen 2008, 77-80.) In this thesis, the combination of both primary and secondary data is necessary to fulfill the requirement of a market research.

Primary data is firstly collected from the author’s open discussions with the Case Company’s Vice President Sale, Mr. Jukka Lång. This discussion produced a great deal of valid and relevant information for the study. Secondly, targeting to have up to date and practical information about the market, the author conducted a survey including twenty beauty experts who work in cosmetic shops with long-time experiences. Although there are a lot of shops selling cosmetic products throughout Vietnam, the author decided to choose twenty shops which are located on busy streets and in big shopping malls as TrangTien Center, Vincom Center and Parkson Tower. The author believes that the information that those beauty experts provided will contribute greatly to the thesis. Thirdly, the author interviewed Mr. Nguyen Quoc Tuan, manager of the Foreign Investment Department in Agribank to find out the essential information on how to enter Vietnam for a foreign company like the Case Company. This interview was done during the time the author was an intern in Agribank.

Secondary data are another source of information in this thesis. The most important data is gathered from the General Statistics Office of Vietnam. Based on the information, the author is able to summarize as well as point out some characteristics of the Vietnamese cosmetic market. The other secondary data are obtained from publications such as books, journals, articles, previous studies and electronic sources.

1.5 Scope and Limitations

The target of this thesis is to provide a picture of the cosmetic market situation in Vietnam, especially in skin care products for the Case Company. In order to help
Company X to set its first appearance in Vietnam, the choice of entry mode is also an important factor to consider in this thesis.

During the process of writing thesis, the author has the opportunity to have Mr. Jukka Lång, Vice president Sales of Company X, to be her mentor. According to Mr. Lång, although Company X is currently focusing on Nordic, USA and Russia markets, the company is also interested in searching for new markets in Asia and Vietnam is one of the target countries. Therefore, as requested by Mr. Lång, the Vietnamese cosmetic market research will include information about the market size and growth in general but especially in Skincare category. From the consumer perspective, it is crucial to point out the consumption per capita and the recent trend and development in consuming. Also, the distribution structure and the legal factors concerning cosmetics should be described. Last but not least, a competitor analysis is studied in terms of product strategy, price and distribution of main players in the Vietnamese market. As promotion is not considered as a key issue for the Case Company according to the discussion with Mr. Lang so it is not included in this thesis and suggested to further research. The author hopes that this thesis will provide the Case Company with accurate and up to date information for market expansion in the future.

Other elements such as marketing, finance, promotion plan and implementation plan are not included in this research. In this thesis, only one category, skincare, is studied in detail; therefore, the information about other kinds of cosmetic products in the market is needed in further research.

1.6 Thesis structure

This thesis contains seven chapters with two key parts: theoretical and empirical. The allocation of these two main themes is presented below.
FIGURE 4. Thesis structure

The theoretical part is presented in chapter two, where an overview of entry strategies for international market focusing on internal and external analysis, entry modes and marketing plan is described. Those theories act as tools for the empirical part later.

The empirical part is conducted in two chapters with the external analysis of the Vietnamese market in chapter three. In the part of the Vietnamese cosmetic market, the market characteristics as well as the competition situation are examined deeper. Internal analysis of the Case Company is conducted in chapter four. All collected information is used to propose an entry mode for the Case Company. Chapter five concludes the thesis and brings out some recommendation for the Case Company from the author. Chapter six finishes the thesis with the summary.
2. LITERATURE REVIEW

Economic globalization is reflected in the growing amount of cross-border trade in goods and services, the rising volume of international financial flows, and increasing flows of labor (Fischer 2003). The practice has proved that a lot of multinational enterprises could use their advantages in foreign markets to introduce world-standardize products successfully and receive huge profits. However, internationalization is unlikely to be achieved unless the firm prepares in advance a detailed plan.

In this thesis, Hollensen’s five stage decision model, an analytic decision-oriented framework for the development and implementation of global marketing plan, is chosen as the primary reference. This model not only offers the author a way to transform ideas logically but also helps to achieve the objectives of the thesis. However, the author only select, analyze and evaluate the appropriate aspects of the model that fit the author’s perspectives in this thesis.

2.1 Hollensen’s five-stage decision model

The Hollensen model is conducted based on the perspectives of the firm competing in international markets, structured according to the five main decisions which the marketers have to face in connection with the global marketing process. It is described as “a systematic process which involves the assessment of market opportunities combined with the internal resources, the determination of marketing objectives, and the plan for implementation of the international marketing mix”. (Hollensen 2010, 19.)

Stage 1- The decision whether to internationalize: This stage helps company answers to the question whether it should go abroad or rather stay at home by identifying the company's current market position and comparing its competence profile with other key competitors in the markets. In the case of Company X, the company already internationalized with the foreign market across the Nordic country, Russia and USA. At the moment, the company is evaluating new potential markets for expanding in the future (Lång 2013).
Stage 2: Deciding which market to enter. After considering the initial phase, companies need to select the right international market to enter. At this stage, companies have to utilize the international market research tools for analyzing the internal and external environment. The inputs of the process are the political, economic, and socio-cultural factors from which the outputs will be the decision of the target market. Only by selecting the right market can a company develop the global marketing mix. In this thesis, Vietnam is chosen as the target market to examine. With experiences in Vietnam, the author can provide updated, as well as accurate information.

Stage 3: Market entry strategies. Once the firm has chosen the target market, another question arises, "What is the best way to enter this market?". The market entries represent a critical step because it will guide a company’s international business operations over a future period of time long enough to achieve sustainable growth in world markets (Root 1994, 22). According to Hollensen, there are three main market entry modes: export modes, intermediate modes, and hierarchical modes. There are different levels of control, risk, and flexibility connected with each of the entry modes. By understanding those factors, can a company give a right decision to enter a new market.

Stage 4: Designing the global marketing program. This stage concerns with exploiting opportunities in the international market effectively by designing the
global marketing mix. The original 4Ps marketing mix or the extended 7Ps marketing mix is the typical tools to be used to make some decision such as product selection, pricing, positioning, distribution channel, promotion. At this stage, the author only focuses on three factors which are product, price and distribution.

Stage 5-Implementing and coordinating the global marketing program. The final stage concerns about the process of implementation and coordination. Cross-cultural negotiations are an essential part in this stage. This stage is not a main issue in this thesis, so it is suggested to be investigated in other research.

(Hollensen 2011.)

2.2 Implementation of Hollensen’s five stage model

As mention earlier, Hollensen’s Five Stage Decision model is applied into this thesis. Still, due to the scope of this bachelor thesis and the clarity of the research, only the three stages below in Hollensen’s model are relevant enough to be applied:

- Stage 1: The decision whether to internationalize
- Stage 2: Decide which market to enter
- Stage 3: Market entry strategies

Between those stages, stage 2: Decide which market to enter is considered as the key issue. By focusing on this stage, the author can provide the Vietnamese cosmetic market research for the Case Company.

Although only three stages are analyzed in this thesis, the author still provides the Case Company with relevant theories about stage 4: Design a Global Marketing Plan in the Literature review part. The author believes that these theories play an important role in building a marketing plan in Vietnam for the Case Company in the future.

As mentioned earlier, although the Hollensen’s five stages decision is used as the main preference for this thesis, the author decides to formalize her own flow of
thought to reach the objective of this study. As a result, this is a figure described the way the author implements the Hollensen’s model along with selected theories and analysis tools.

TABLE 1. Theories and analysis tools

<table>
<thead>
<tr>
<th>Framework</th>
<th>Hollensen’s Five stages Decision model</th>
<th>Theories</th>
<th>Analysis Tools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Research</td>
<td>Deciding which market to enter</td>
<td>External analysis</td>
<td>PESTEL Database</td>
</tr>
<tr>
<td>Entry mode</td>
<td>The Decision whether to internationalize</td>
<td>Internal analysis</td>
<td>Mc Kinsey 7S SWOT</td>
</tr>
<tr>
<td>Entry mode</td>
<td>Market entry strategies</td>
<td>Choice of entry mode</td>
<td></td>
</tr>
</tbody>
</table>

In the following paragraphs of this chapter, these theories and analysis tools will be described in detail.

2.3 External analysis

Another important situation analysis, which should be considered carefully, is the external environment of the intended market where the company decides to internationalize. The external environment is divided into two aspects: the macro environment and the micro environment (Hollensen 2011).

Macro environment

The macro environment, which affects all firms in a country, can be analyzed in different factors such as political, economic, and socio cultural. One of the useful tools, which analyze not only this big picture but also comes along with
opportunities and threats lying within it, is PESTEL analysis. (Manktelow 2005, 62.)

**PESTEL analysis**

TABLE 2. PESTEL Framework (West et al 2010, 74)

<table>
<thead>
<tr>
<th>Political factors</th>
<th>Economic factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political stability</td>
<td>Business cycles</td>
</tr>
<tr>
<td>Regime orientations</td>
<td>Interest rates</td>
</tr>
<tr>
<td>Government stability</td>
<td>Inflation rates</td>
</tr>
<tr>
<td>Pressure groups</td>
<td>Investment levels</td>
</tr>
<tr>
<td>Trade union power</td>
<td>Unemployment</td>
</tr>
<tr>
<td></td>
<td>Patterns of ownership</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Social-Cultural factors</th>
<th>Technological factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demographics</td>
<td>Levels and focuses of government and industrial R&amp;D expenditure</td>
</tr>
<tr>
<td>Lifestyles</td>
<td>Speed of technological transfer</td>
</tr>
<tr>
<td>Socio mobility</td>
<td>Product life cycles</td>
</tr>
<tr>
<td>Educational levels</td>
<td></td>
</tr>
<tr>
<td>Attitudes</td>
<td></td>
</tr>
<tr>
<td>Consumerism</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Legal factors</th>
<th>Environment factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legislative structures</td>
<td>Sustainability legislation</td>
</tr>
<tr>
<td>Trades policies</td>
<td>Green issues</td>
</tr>
<tr>
<td>Employment legislation</td>
<td>Energy supply</td>
</tr>
<tr>
<td>Foreign trade regulation</td>
<td></td>
</tr>
</tbody>
</table>

PESTEL analysis, which can be categorized as Political, Economic, Social, Technology, Environment and Legal, is a useful strategic tool for understanding the macro environment. PESTEL ensures that company’s performance is associated with the powerful forces of change that are affecting the business
environment. (Porter 1985.) This analysis is very useful when a company decides to come to a new market or new countries. In this case, the use of PESTEL will help the company to understand more about the market, erase unconscious assumption and adapt to the realities of the new environment.

This table above show some topics include in each PESTEL factor. In conducting PESTEL, it is necessary not only to describe factors but also to think about the impacts of these on the businesses. The results of this analysis can be used to take advantage of opportunities and to build contingency plans for risks when preparing business and strategic plans (Byars 1991) (Cooper 2000).

**Micro environment**

Analysis of an industry and competitive conditions is considered as a starting point in evaluating a company’s situation and market position (Thompson&Strickland 1999). As a result, the competitive analysis in an industry is considered as a critical factor in the micro environment analysis. It enables a company to find a position in a market where the company can best defense itself from other threats in the industry (Hollensen 2011, 110.)

*Competitor identification*

Competitor identification is considered a key task in several fields. In industrial organization economics, it is related to the task of defining the market. In marketing, it supports the analysis of pricing policies, product strategies, distribution and communication strategy. In strategic management, it offers a foundation for competitor analysis and analysis of industry structure. (Bergen &Peteraf 2002, 158.) To identify the competitor, the company has to rely on the basis of similarities in terms of their resources and market served by asking the question whether two firms have the same customer base or has the capability to have in the future. This task will help the company raise its awareness of competitive threats and classify the types of competition that they have to face. (Bergen& Peteraft 2002.)

*Competitor strategy analysis*
Knowledge about the competitor’s strategy is very important because it will enable the firm to think like the competitor, so the firm’s competitive strategy can be formulated to stand out in the market. In other words, the firm needs to live in the competitor’s strategic shoes so that it can understand the situation as the competitor see and analyze it. As a result, the firm can maximize its opportunities in the market and can learn from the competitors’ experiences to be better. (Czepiel & Kerin 2013.)

The aim of a competitor analysis is to predict a competitor’s probable future action. In this thesis, the author focuses on examining the competitor’s marketplace strategy to give the Case Company a general picture of the market.

The competitor’s marketplace strategy describes the way competitors are competing in the market currently. It defines the strategic choices of the competitors about products, prices, distribution and promotion to attract and retain their customer base (Czepiel & Kerin 2013.) By examining these factors in detail, a company can find suitable strategies as well as available opportunities in the market.

2.4 Internal analysis

To be able to participate in the competitive international market, it is crucial for a company to have knowledge about its own resources and capacities or competitive advantages in the international market. As a result, internal analysis is the earliest initiative step for the company to consider in order to gain competitive advantages (Hitt et al 2009, 71.) Moreover, analyzing the internal factors can provide an understanding of the conditions from which competitive advantage is built and sustained (Grant 1991, 118).

The company’s competitive advantage can come from the differentiation of products, services, channels, people or image (Armstrong et al 2012, 209).

*Product differentiation* can come from features performance, or style and design of the product. It provides consumers with a handful of different options within an industry. In fact, the company decided to differentiate their products not only
because of making them different or to give customers variety, but also to make them better. As a consequence, the consumers would prefer to buy that company’s product rather than the product of a competitor. (Holcombe 2009, 17.)

Along with differentiating its physical product; a company can also differentiate the service connected with the product. That service differentiation can be gained through speedy, convenient or careful delivery (Armstrong et al 2012, 209). Other services differentiation that a company can take into consideration are training service, consultant service and advising services.

Companies can also gain competitive advantage through channel differentiation and people differentiation. The way companies design their channel’s coverage, expertise, and performance can affect the way they reach customers. With people differentiation, companies have to hire and train better people than competitors do. (Kotler & Armstrong 2012, 235.)

Companies that have image differentiation gain competitive advantages through the way their brand images convey the product’s distinctive benefits and positioning. A company cannot develop an image in the customer’s mind overnight; it is a long process requiring creativity and hard work. (Armstrong et al 2012, 210.)

To enable an understanding of the internal situation within a company, some analysis tools can be used such as SWOT analysis and Mc Kinsey 7S (Ferrell & Hartline 2008, 117). These analyses provide companies the ability to scan the overall company situation and are considered as the most popular and efficient tools.

Mc Kinsey 7S

Mc Kinsey 7S model is developed in the early 1980s by two consultants working at the Mc Kinsey & Company consulting firm. This model has seven internal aspects of an organization needed to be focused as the organization want to success. (Mindtools 2013.) As a result, the 7S model will be used to determine the most important force that drives the case company to success (Lockwood & Walton 2008, 160).
As can be seen in the model, all the seven aspects of McKinsey model are dependent on each other with the shared value in the middle of the model and interconnect all the rest. This means share values play the most fundamental role in the 7S model, and as the values change, all the other elements will change as well. More detail of each of these elements will be described for better understanding:

**Strategy** is the plan designed to build and maintain competitive advantage for a company over time. Leeman (2010, 32) said that strategies outline the allocation of the company’s resources in order to reach its objectives.

**The structure** shows the way the company is structured (Leeman 2010, 32). The structure could be centralized or decentralized; functional, geographical, matrix.

**Systems** deal with the daily activities and procedures in which the staffs get the job done. Fleisher and Bensoussan (2007) suggested that the change in systems more effective and less disruptive for a company than the change of strategy or structure.

**Style** is the value and behaviors of the workforce that adopted by the company. Fleisher and Bensoussan (2007) stressed the role of key managers by point out that the way managers spend their time and remain their positive culture can influence the company’s value system.
**Skills** are defined as the actual skills and competencies of the employees working for the company (Mindtools2013). The reason for Skills to be included in this model is that the environment change will bring both the change in the company’s strategy and its personnel’s skill set.

**Staff.** This element consists of not only the number and types of personnel (Leeman 2010, 32) but also the compensation and motivation the company pays to its workforce (Lockwood & Walton 2008, 160).

**Share value or” Superordinate goals”** is the most important factor. This element illustrates the core value of the company that is evident in the company culture and the general work ethic. (Mindtools2013.)

**SWOT analysis**

SWOT analysis is a simple and a straightforward analysis tool which has been used for different purposes in business (Ferrell&Hartline 2008, 117). SWOT stands for Strengths, Weaknesses, Opportunities, and Threats. The strengths and weaknesses refer to the internal factors of the company, whereas the opportunities and threats are usually considered as the external factors over which the company has no control. SWOT analysis raises the question that will help companies to decide whether the company and products can fulfill the future plan and what the constraints will be (Westwood 2006, 27).
FIGURE 7. SWOT analysis (Cadle et al 2012, 14)

In this thesis, SWOT analysis is used to explore the situation of the case company; nevertheless, before using this, it is essential to recognize the advantages and disadvantages of this analysis tool. This table below will briefly describe the plus and minus sides of this popular tool.

TABLE 3. SWOT's Pros and Cons (Kotler et al 2009, 104)

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Simple and flexible</td>
<td>• General long lists</td>
</tr>
<tr>
<td>• Provide a clear framework</td>
<td>• Rely on description rather than analysis</td>
</tr>
<tr>
<td>• Provide a strategic guideline</td>
<td>• Ignorepriorities</td>
</tr>
<tr>
<td>• Access core capacities and competences</td>
<td>• Be overlooked in later stages of the planning</td>
</tr>
<tr>
<td>• Give a stimulus to participation in group</td>
<td>• and implementation process</td>
</tr>
<tr>
<td>experience</td>
<td></td>
</tr>
</tbody>
</table>
Although SWOT is a helpful analysis tool, it is crucial to notice that it tends to oversimplify important issues (Kotler et al 2009, 105). Only by using correctly and smartly, can SWOT play a key role in supporting the company’s plan.

2.5 Market entry mode

After choosing the target market abroad, the company has to decide the best way to enter this market. According to Root (1994, 26), a company can arrange an entry strategy into a foreign country in two ways. First, it can export its products to the target country from a production based outside that country. Second, it can transfer its resources in technology, capitals, people, and enterprise in the target country and start manufacturing by itself or combine with local resources and distribute directly to the end user in this target market (Root 1994, 26.). These two forms of entry are broken into three distinctive entry modes which are export modes, intermediate modes (or contractual modes) and hierarchical modes (or investment modes) by Hollensen (2011).

![Market entry mode diagram](image)

FIGURE 8. Market entry mode (Adapted from Hollensen 2011)

**Export mode**

Export mode is considered as the most common entry mode for a company to enter a new foreign market. It requires fewer resources, low risk and simply-controlled entry strategy. (John & Turner 2003, 115.)
Export can be divided into indirect and direct export. In indirect export, it is not
the manufacturer taking care of exporting activities but the intermediaries
companies have to handle the export transactions. (Albaum et al 2005, 282.) The
intermediaries of indirect export are:

- Export agent
- Export management company
- Trading company
- Piggyback

(Hollensen 2011, 218-220.)

The company does not really involve in the internationalization process because
its products will be distributed abroad by other intermediaries. Depending on the
level of intermediaries, they will handle different tasks such as marketing,
advertising, transporting, selling, export procedures and service activities,… As a
result, the case company has very little control over how, when, where and by
whom the products are sold. This method is adopted by companies with low
resources and capabilities to export abroad themselves. Other situation like long
distance, low demand market, may also lead firms to this choice of entry.

(Hollensen 2011, 219.)

On the other hand, direct export occurs when the company sells directly to an
importer of buyer in the foreign market (Albaum &Duerr 2008, 321). With this
kind of entry mode, companies have more control over sales and distribution
(John &Turner 2003, 116). The intermediaries of direct export companies are:

- Distributor
- Agent

In order to apply direct export, companies have to have a high capital investment
in the distribution from domestic markets, close relationship with the distributors
and deeper knowledge of the internationalization process as well as the target
countries. (Terpstra &Sarathy 2000, 385.)
**Intermediate modes**

In intermediate mode, ownership and control are shared between partners across countries. Intermediate modes are broken into different arrangements as below:

- Licensing
- Contract manufacturing
- Franchising
- Joint ventures/Strategic alliances

(Hollensen 2011, 355-357.)

*Licensing* includes arrangements for the licensee to pay for the use of manufacturing, processing trademark or name, patents, technical assistance or some other skills which are provided by the licensor. This method is recommended for companies which have low transportation resources, low capital investment but popular branded-product with modern technology applied during operation. (Albaum & Duerr 2008, 278.)

*Contract manufacturing* means outsourcing to a foreign partner, who specializes in producing technology, to manufacture products. As the production will be performed by the local manufacturer, the company’s duty is to focus on marketing, R&D, distribution and sales. Besides, it is necessary for the company to control over the product standard and the cost efficiency of the manufacturer. (Hollensen 2011, 356.)

*Franchising* is a special type of licensing (Albaum & Duerr 2008, p. 278). It offers the franchisee in foreign market the right to transfer the use of products and manage the business on its own. Franchising can be divided into two types:

- Product and trade name franchising
- Business format such as marketing plan, quality control, financial support and instruction franchising

(Albaum & Duerr 2008, 278.)
**Joint venture** is used in a foreign market where a company joints with a local company or a company from another foreign market to form a new company (Albaum & Duerr 2008, 280). The key feature of joint venture is that ownership and control are shared. Company selects this approach because it may be more profitable in the long run.

**Hierarchical modes**

In hierarchical mode, company completely owns and controls its foreign entry mode. This entry mode offers the company greater influence and control over the supply chain. There are different hierarchical modes which perform different levels of supply chain functions:

- Domestics-based sales representatives
- Resident sales representatives/Foreign sales subsidiary
- Sales and production subsidiary
- Region centers
- Transactional organization
- Establishing wholly owned subsidiaries
- Foreign investment

(Hollensen, 2011, 386.)

**Determining optimum entry mode**

In the process of choosing the entry modes for internationalization, the company has to take into account two problems:

- Resources commitment level
- The controlling level

The answers to two issues are evaluated based on the context of risk management in the target country that the company may have to encounter. (Brouthers 1995, 10.) In high-risk countries, companies usually are not eager to commit their
resources. In contrast, in low-risk countries, companies may desire to have control over the operation if they can manage manufacturing as the domestic.

On the other hand, entry strategies that require high company involvement are usually adopted by new businesses with similar market characteristics and product requirements, while the entry modes require low company resources and capacities are suitable for companies who decided to enter an unfamiliar market. (Rober&Berry 1985, 10.) In those unfamiliar markets, companies tend to miss important characteristics of the product market, as a result, reducing the probability of success. To deal with this problem, companies should adopt a two-stage approach. The first stage should spend time getting used to the new area. Once that is done, the company can have further decided whether to allocate more resources to the opportunity to achieve more profit. (Bradley 2002, 252-253.)

Therefore, in the process of making the decision into a new market, the company has to take into consideration the risk that may be faced, the control that are desired and the resources that require to balance between those two (Bradley 2002, 254).

Yao Lu (2011) also shares this idea and has conducted a model which illustrate the relation between control level and resource deployment.
FIGURE 9. Market entry modes in relation with control level and resource deployment (Yao Lu 2011)

As can be seen from the figure above, the export modes have low control; low risks and requires fewer resources than two other modes. While the other modes need a lot of resources to have higher control but at the same time has to deal with a lot of risks in the new market.

To conclude, it cannot be stated which alternative is the best to enter a new market. There are many internal and external factors that affect this choice. A company can use several entry modes or can gradually change its entry mode decision to adapt to the changing of the market.

2.6 The International Marketing plan

“The entry mode is intended to penetrate the foreign target country; the marketing plan is intended to penetrate the foreign target market.” (Root 1994, 40). Together with the entry mode, the international marketing plan is an important part in the process of internationalization. To design a marketing plan, marketers have to make the decision about products, pricing, place and promotion. All these factors contribute to the formation of the 4Ps marketing mix of the plan.

Normally, there are four factors in the traditional 4P marketing mix which are Product, Price, Place and Promotion. But due to the scope and limitations of the thesis, only three first factors are analyzed in detail. The remaining factor, promotion, is suggested to go deeper in further research.

2.6.1 Product decisions

In the process of internationalization, managers are always striving to match products against target markets. Which product is suitable abroad? It is a key question at the start of the planning process. In this part, the author focuses on the choice of the candidate product by describing in detail three aspects which are product screening, product positioning and product adaptation.
Product screening

Product screening is a process of indicating which of the company’s products can be suitable for the international markets. The product chosen probably includes some of the below features:

- Ready market acceptance
- High profit potential
- Availability of existing production facilities
- Suitability to marketing abroad as the same way at home

Of course, there are not many products that can fulfill the entire requirement above, but a candidate product at least possesses certain factors that can create the competitive advantages for the company in the international market. These factors can be low price or distinctive features that can help the company to stand out compared to other competitors in the market.

Besides, in the process of choosing the candidate product, managers have to answer to some questions:

- What are the strengths and weaknesses of this product?
- Is this product competitive at home? Is there any need for this product in the target market?
- How new is this product to foreign market?
- How much competition is likely to encounter it?

(Root 1994, 46-47.)
Product positioning

Product positioning is considered as the key task in the success of the international marketing plan. “The product or company that does not have a clear position in the customer’s mind consequently stands for nothing”. (Hollensen 2011, 477.) The product positioning can be described as the activity to set the desirable ‘position’ of the product in the mind of the customer. The process of positioning a product in a new market starts with describing the products in order for the customer understand a flow of benefits coming from those products. If the products or services can offer the customers extra value that is different in some ways from competitive offers, it is possible for the company to apply premium pricing and have competitive advantages. (Devaney & Brown, 2008.)

In the process of entering a foreign market, company must decide what position it wants in that new market. Clear, concise and meaningful product positioning can help companies cut through relentless advertising and keep their product on top of the customer’s mind. (OnTheMark 2006.)

(Hollensen 2011, 475-478.)

Product adaptation

A company may need to consider adapting their product in the international market to gain the desire level of buyer acceptance. In the process of adapting a product for international markets, there are two strategies that are usually mentioned which are product standardization and product adaptation.

With the strategy of product standardization, products are the same across international markets. This strategy can reduce the cost of adaptation but it requires higher cost of promotion to bring about the demands on the company’s products.

The product adaptation strategy requires the company to take into consideration the differences that distinguish each market from one another and from home market. With this strategy, the manager has to adapt the products to the preferences of each national market. Although this strategy requires higher cost of
adaptation compared to the product standardization, it incurs lower costs of promotion to make customers know about how well the products match the preferences.

Knox (2000, 81) writes that “successful global marketers tend to standardize only the core elements.” That means, companies also can mix those two strategies to adapt the product to the new markets.

(Root 1994, 52.)

2.6.2 Pricing strategy

In the marketing plan, while the three elements Product, Place, Promotion all lead to cost, the Pricing factor is the only source of profit of the company coming from return revenue. As a result, pricing policy is considered as a crucial part of the marketing mix.

Pricing strategies

There are a vast of pricing strategies but the author only chooses two pricing strategy to discuss in this thesis which are consumer value-based pricing and competition-based pricing.

Consumer value-based pricing is applied by an increasing number of companies. The core idea of this strategy is to set the price in accordance with the consumer perceives of the product’s value in their mind. The elements that can affect the perception of the customers are product image, firm reputation, customer service, etc. To ensure that customer appreciate the value of the product, company have to make use of other marketing mix elements such as advertising and sales force. (Kotler et al 2009, 432.)

Competition-based pricing is the pricing strategy that company based their price largely on competitor’s price, charging the same, more or less than major competitors. This technique is quite popular in situation where costs are hard to determine or competition respondent is uncertain. (Kotler et al 2009, 433-434.)
The author will use this strategy as the main tool for determining the pricing for the case company product while perceived-value pricing is used as a support tool.

2.6.3 Distribution decision

Distribution is the link connecting producers and the final customers and international marketers has a wide range of options for selecting and developing an economical, efficient and high-volume international distribution channel. (Hollensen 2011, 577.) In this part, the author chooses to analyze external factors that affect the decision of choosing the suitable distribution channel and some elements of distribution structure.

External determinants of distribution decision

![Diagram of External Determinants of Distribution Decision](Adapted from Hollensen 2011)

*Customer characteristic* When making a distribution decision, there are many aspects related to the customers that the marketer has to consider such as the size, geographic distribution, shopping habits, outer preferences and usage patterns of customer groups. These elements vary from country to country and only by having a detailed market research, can a marketer make a right decision.

*Nature of product* the product characteristics are considered as a key role in determining the distribution strategy. Each kind of product is suitable for a different strategy, for example, for low price products, it is advisable to apply an intensive distribution network. On the other hand, it is not necessary for a prestigious product to have a wide distribution channel.
Nature of demand this factor significantly affects amount and length of distribution channel needed. Nature of demand is influenced by the customer’s income and product experience, the product’s end user and the country’s stage of economic development.

Competition is another key point in determining the distribution channel. In fact, customers usually buy a particular product in particular outlets and if there are competing products and close substitutes sold in the same channels, the competition will be very harsh. Besides, the local and global competitors can have the agreements with their wholesalers which can create a barrier and exclude the company from the key distribution channel. So sometimes, company can design a totally different distribution channel and it may lead to competitive advantage.

Legal regulation is the country’s specific laws that rule out the use of the particular distribution channel. It may force a manufacturer to apply a longer and wider channel of distribution as desired.

(Hollensen 2011, 552-553.)

Distribution channel structure

Market Coverage can relate to geographic areas (cities and major towns) or the number of retail outlets (as a percentage of all retail outlets) according to Hollensen (2011, 554). Based on the external determinant that mentioned above, marketer can choose the appropriate strategy to apply. Channel coverage is divided into three different approaches ranging from wide channels to a narrow channel:

- Intensive coverage. This way of distributing product requires the largest number of different types of intermediaries. With this strategy, marketer tries to spread the products to as many outlets or intermediaries as possible.
- Selective coverage. This entails selecting a limited number of intermediaries that most qualified and best performing to sell products.
- Exclusive coverage. This approach means choosing one intermediary for each market. It is applied for customer who are characterized as
"discriminating" in their taste and who want to have high quality and high customer service.
3. THE VIETNAMESE COSMETIC MARKET

This content is not available.
4. CASE COMPANY PRESENTATION

This content is not available.
5. CONCLUSION AND SUGGESTION FOR FURTHER RESEARCH

This content is not available.
6. SUMMARY

The thesis is conducted to assist the Case Company with its plan to evaluate new promising markets in Asia by providing insights into the potential and attractiveness of the Vietnamese cosmetic market. This objective drives the author to study specific factors that contribute to the Case Company’s future internationalization in both theory and practice.

Theoretically, this thesis presents an overall literature review on the Hollensen’s five stage decision model as the theoretical entry approach for the Case Company. The three first stages of this model are presented along with different analysis tools: Mc Kinsey 7S Model and SWOT for the internal analysis, PEST analysis together with other relevant theoretical techniques to deal with the competitor analysis for external analysis. Besides, the author also utilizes the theory concerning the process of building a marketing plan to understand more about the Case Company and to aid in the process of analyzing the competitor’s landscape in Vietnam. These models and theories acted as supportive tools to determine which opportunities and entry mode options should be adopted by the Case Company.

Empirically, the application of the theories derived from literature review is examined in a systematic manner. A market research in both country and industry level drives the author to answer to the research question. The main findings reveal that the Case Company does have a certain amount of promising opportunities to enter Vietnam even though the country is highly risky and competition within the market is intense. The Case Company is recommended to take further research before making its final decision whether it should expand into Vietnam. Once the directional strategies have been identified and Vietnam is specified as the target market, the author recommends the Case Company to utilize direct export as the entry mode to Vietnam.

In conclusion, analysis of the Vietnamese cosmetics market indicates that Vietnam has potential for the Case Company to enhance its return on investment. However, the Case Company is suggested to perform further research for more in-depth knowledge of the market before making the final decision.
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**Interviews**

Jukka Lang. Vice President Sales. Company X.

Nguyen Quoc Tuan. Manager of Foreign Investment Department. Agribank.
APPENDICES

APPENDIX 1. Survey

Survey questions:

1. In terms of age, can you divide your customers in different groups?
2. In terms of price, can you divide the price level of the cosmetic products?
3. What is the price per unit that different groups of customer willing to buy?
4. What kind of products that different groups of customer often buy?
5. What is the main distribution channel for cosmetics?
6. What are the recent consumer trends?

List of cosmetic shops

<table>
<thead>
<tr>
<th>Order</th>
<th>Name</th>
<th>Address</th>
<th>Date of visit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The Face Shop</td>
<td>124 Hang Bong Street, Hoan Kiem, Ha Noi</td>
<td>13/07/2013</td>
</tr>
<tr>
<td>2</td>
<td>The Body Shop</td>
<td>Keangnam Hanoi Landmark, No.06 Cau Giay, Ha Noi</td>
<td>13/07/2013</td>
</tr>
<tr>
<td>3</td>
<td>Vichy Cosmetic (Phuong Chinh Pharmacy)</td>
<td>169 Mai Hac De Street, Ha Noi</td>
<td>13/07/2013</td>
</tr>
<tr>
<td>4</td>
<td>Clinique Cosmetic Shop</td>
<td>28 Le Thai To Street, Hang Trong, Ha Noi</td>
<td>14/07/2013</td>
</tr>
<tr>
<td>5</td>
<td>Coreana Cosmetic Shop</td>
<td>28 Hang Cot Street, Hoan Kiem, Ha Noi</td>
<td>14/07/2013</td>
</tr>
<tr>
<td>6</td>
<td>Yves Rocher Cosmetic Shop</td>
<td>Picomall 229 Tay Son Street, Dong Da, Ha Noi</td>
<td>14/07/2013</td>
</tr>
<tr>
<td>7</td>
<td>Lancome</td>
<td>1st Floor, Trang Tien Plaza, Hoan Kiem, Hanoi</td>
<td>15/07/2013</td>
</tr>
<tr>
<td>8</td>
<td>MAC Cosmetics</td>
<td>1st Floor, Trang Tien Plaza, Hoan Kiem, Hanoi</td>
<td>15/07/2013</td>
</tr>
<tr>
<td>9</td>
<td>Shiseido</td>
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<td>15/07/2013</td>
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<td>10</td>
<td>La Mer</td>
<td>1st Floor, Trang Tien Plaza, Hoan Kiem, Hanoi</td>
<td>15/07/2013</td>
</tr>
<tr>
<td>11</td>
<td>Naris</td>
<td>1st Floor, Vincom Center, Ba Trieu, Hanoi</td>
<td>17/07/2013</td>
</tr>
<tr>
<td>12</td>
<td>Sisley</td>
<td>1st Floor, Vincom Center, Ba Trieu, Hanoi</td>
<td>17/07/2013</td>
</tr>
<tr>
<td>13</td>
<td>Clarins</td>
<td>1st Floor, Vincom Center, Ba Trieu, Hanoi</td>
<td>17/07/2013</td>
</tr>
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<td>14</td>
<td>Make up forever</td>
<td>1st Floor, Vincom</td>
<td>17/07/2013</td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
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<td>15</td>
<td>Bourjois</td>
<td>1st Floor, Vincom Center, Ba Trieu, Hanoi</td>
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<td>16</td>
<td>Clinique</td>
<td>1st Floor, Parkson, Dong Da, Hanoi</td>
<td>20/07/2013</td>
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<td>17</td>
<td>L’apothiquaire</td>
<td>1st Floor, Parkson, Dong Da, Hanoi</td>
<td>20/07/2013</td>
</tr>
<tr>
<td>18</td>
<td>Menard</td>
<td>1st Floor, Parkson, Dong Da, Hanoi</td>
<td>20/07/2013</td>
</tr>
<tr>
<td>19</td>
<td>Durance</td>
<td>1st Floor, Parkson, Dong Da, Hanoi</td>
<td>20/07/2013</td>
</tr>
<tr>
<td>20</td>
<td>Estee Lauder</td>
<td>1st Floor, Parkson, Dong Da, Hanoi</td>
<td>20/07/2013</td>
</tr>
</tbody>
</table>

Summary of answers:

1. In terms of age, can you divide customers in different groups?
   - Teenager: below 20
   - Young people: 20 – 35
   - Middle age: 36 – 45
   - Elderly: above 46

2. In terms of prices, can you divide the price level of the cosmetic products?
   - Low: $1 - $10
   - Medium: $11 - $30
   - Premium: $31 - $80
   - Super premium: above $80

3. What is the price per unit that different groups of customer willing to buy?

<table>
<thead>
<tr>
<th>Spending on cosmetics per products</th>
<th>Below 20</th>
<th>20-35</th>
<th>36-45</th>
<th>Above 46</th>
</tr>
</thead>
<tbody>
<tr>
<td>below 20$</td>
<td>$21 – $40</td>
<td>$21 – $55</td>
<td>$30 – above $80</td>
<td></td>
</tr>
</tbody>
</table>

4. What kind of products that different groups of customer often buy?
   - Teenager: lip gloss, nail, cleanse, toner
- Young people: whitening products, moisturizing products, sun care products
- Middle age: moisturizing products, whitening products, anti-aging products, sun care products.
- Elderly: anti-aging products, moisturizing products.

5. What is the main distribution channel for cosmetics?
- Cosmetics shops
- Luxury departments
- Supermarkets, hypermarkets

6. What are the recent consumer trends?
- According to the survey of the author, 94% of beauty expert say that cosmetic products with natural ingredients are more preferable in the Vietnamese cosmetic market. Vietnamese customers think that these skin care products are more skin-friendly and do not have side effects on the skin. As a result, some cosmetic brands such as The Face Shop, The Body Shop, Oriflame and Yves Richer are gaining more popularity in the Vietnamese market.
- Although, the Vietnamese economics faces some problems, there are still customers who are willing to pay more money for high quality cosmetic products. They care more about the suitability of a product rather than price. A customer can pay up to more than $400 for a set of cosmetics.
- Whitening products is becoming more important to Vietnamese customers. They are willing to pay a lot of money for high quality whitening cosmetic products.
- Cosmetics from European countries used to be the most favorable products in the market. But recently, Asian-made cosmetics are becoming more popular. The reason is the Vietnamese customers think that those products are more suitable to their skin.

APPENDIX 2. Law on management of cosmetics

Product proclamation
Organizations and individuals can only introduce their cosmetics to the market after having the approval and announcement by the Medicine Management Bureau (Ministry of Health) and have to take full responsibility on safety, effectiveness and quality of product.

The authority for imported product, the Medicine Management Bureau, will carry out after-sales inspections when the product has been being sold in the market. At that time, it is the distributing enterprise to take full responsibility for the cosmetic product.

The cosmetic proclamation dossier includes documents as:

- Cosmetic product proclamation report
- Copy of business registration certificate
- Original or notarized copy of letter of attorney
- Certificate of free sale (CFS)

Product information dossier

In accordance with ASEAN’s instruction, cosmetic product when circulated in the market must have a Product Information File (PFI). This document will be filled by individual who are responsible for putting product into the market.

The content of PIF has 4 parts as following:

- Part 1: Administrative documents and a summary of product
- Part 2: Material quality
- Part 3: Product quality
- Part 4: Safety and efficiency

Safety requirements
Organizations or individuals, who take responsibility on putting cosmetic product into the market, must guarantee that their products do no harm for people’s health when used in normal or appropriate instructed condition, information on the label, instruction, special carefulness and else.

The safety of every cosmetic product must be evaluated by the producer or owner in accordance with the ASEAN safety property norm. The detail information about the heavy metal limit and the microorganisms in the cosmetics can be found in the ASEAN;s requirements regulated by the ASEAN Cosmetics Treaty (website: www.dav.gov.vn or www.aseansec.org).

*Product labeling*

The label of cosmetic product must meet all the requirements of ASEAN Cosmetic Agreement. The following information should appear on the outer packaging of cosmetic products or when there is now outer packaging, on the immediate packaging of cosmetic products or auxiliary label in case the size, form or packaging material cannot be printed with fully required information:

- Product’s name and function
- Usage instruction
- Full formula ingredients
- Country of origin
- Name and address of organizations or individuals who are responsible for putting products in the market (written in Vietnamese according to the business registration certificate or the investment permission certificate)
- Quantity
- Product lot number
- Date of expiry
- Warning about safety for usage

*Imported regulation*
Cosmetic products are allowed to be imported if having the valid cosmetic product proclamation receipt number by the Medicine management Department, the Ministry of Health. The product proclamation report has to be showed to the Customs agency when implementing the import procedures. According to Decree No. 197/TB-BCT, the Ministry of Industry and Trade requires more conditions for the import of cosmetics, wines and mobile phones in Vietnam:

- **Import document**: Beside document submitted for custom agencies, traders have to present Assignment Document or letter of Attorney.

- **Import borders**: Traders are allowed to conduct import and clearance procedures at international seaport of HaiPhong, Da Nang and Ho Chi Minh City.

**Custom procedures**

Circular 17/2009/TT-BCT, issued on December 12, 2008 by Ministry of Industry and Trade, provided guidelines for the implementation of automatic import licensing applied to some commodity items and cosmetic products have been conformed to this automatic import licensing since 2009.

Dossier of application for automatic import licensing includes:

- A written application for automatic import registration

- The business registration certificate (appended with the trader’s true copy mark). For traders that register for the first time

- The import contract

- L/C, payment document or the bank’s payment certification

- Bill of lading or transportation document for the goods lot

- The report on the import situation of goods lots licensing by the Ministry of Industry and Trade, enclosed with the customs declaration certifying the actual imported amount of the goods lots.
APPENDIX 3. List of major cosmetics importers

<table>
<thead>
<tr>
<th>Company name</th>
<th>Brands</th>
<th>Founded Year</th>
<th>Number of employees</th>
<th>Data on contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>An Thinh Phat Trading Company Limited</td>
<td>Artego (Italy) Livegain (Korea) Pola (Japan)</td>
<td>2001</td>
<td>100</td>
<td>Mr. Hoang Thanh Son <a href="mailto:sonngocatp@yahoo.com.vn">sonngocatp@yahoo.com.vn</a></td>
</tr>
<tr>
<td>Global IDEA Company Limited</td>
<td>Inebrya (Italy)</td>
<td>2005</td>
<td>20</td>
<td>Mrs. Vu Ngoc Quyen <a href="mailto:ngocquyen@globaidealenv.com">ngocquyen@globaidealenv.com</a></td>
</tr>
<tr>
<td>Mirato Vietnam Joint Stock Company</td>
<td>Mirato (Italy)</td>
<td>2010</td>
<td>20</td>
<td>Mr. Vu Huu Hung <a href="mailto:vh@mirato.vn">vh@mirato.vn</a></td>
</tr>
<tr>
<td>TiTiTi Cosmetics Company Limited</td>
<td>Affinage (Australia)</td>
<td>2004</td>
<td>Over 20</td>
<td>Mr. Le Trong An <a href="mailto:an_le@affinage-vietnam.com">an_le@affinage-vietnam.com</a></td>
</tr>
<tr>
<td>Creative Nature Group</td>
<td>Davines (Italy)</td>
<td>2000</td>
<td>50</td>
<td>Mr. Pham Trong <a href="mailto:phamtrong@davines.com.vn">phamtrong@davines.com.vn</a></td>
</tr>
<tr>
<td>Phu Thanh Cosmetics Trading Production Company Limited</td>
<td>Babay care, paraffin, skin care, body care, spa products</td>
<td>2009</td>
<td>Over 20</td>
<td>Mr. Tran Huu Chan <a href="http://www.phuthanhdistributor.com">www.phuthanhdistributor.com</a></td>
</tr>
<tr>
<td>Vinh Hanh Company Limited</td>
<td>Hair care, body care, facial products</td>
<td>2007</td>
<td>Over 15</td>
<td>Mr. Nguyen Tang Vinh <a href="mailto:vinhhanhcoltd@vnn.vn">vinhhanhcoltd@vnn.vn</a></td>
</tr>
<tr>
<td>Daicata International Company Limited</td>
<td>IASO (Korea) She Spa (Korea)</td>
<td>2000</td>
<td>Over 30</td>
<td>Mrs. Pham Phong Lan <a href="mailto:Lan.pp@daicata.com">Lan.pp@daicata.com</a></td>
</tr>
<tr>
<td>Thuy Loc Trading Company Limited</td>
<td>Shiseido (Japan) Cle De Peau Beaute’ (Japan)</td>
<td>1996</td>
<td>Approx. 100</td>
<td>Mrs Le Hoai Anh <a href="http://www.thuyloc.com.vn">www.thuyloc.com.vn</a></td>
</tr>
<tr>
<td>Company Name</td>
<td>Products/Services</td>
<td>Year</td>
<td>Quantity</td>
<td>Contact Person</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>----------------------------------------------------------------------------------</td>
<td>------</td>
<td>----------</td>
<td>---------------------------------------</td>
</tr>
</tbody>
</table>
| L’occitance                                      | L’occitance (French) ZA, BPI (Korea)                                            | 2001 | Approx. 45| Mr. Nguyen Minh Hai

| Lyna Trading Company Limited                    | Activa (Italy) Peter Thomasroth (Australia) Sharp & Botanica (Italy)            | 2001 |          | Mr. Nguyen Minh Hai

| Salozo Cosmetics Company                        | Alfaparf Milano, Salonzo-Oyster (Italy) Alonzo (Australia)                       | 1997 | 100      | Mr. Tran Hoai Sinh

| Perfect beauty Company Limited                  | Elgon, Brelil (Italy)                                                           | 2007 | 20       | Mr. Tran Binh

| S-Net Vietnam Joint Stock Company               | Phytos (Italy) Farma vita (Italy)                                              | 2008 | 30       | Ms. Nguyen Huong

| Nam Tran Pharma Trading Company Limited         | Foltène (Italy)                                                                | 2000 | Over 120 | Mr. Pham Tam Hoang

| Nam Dao Company Limited                         | Wella (United States) System Professional, Clairol skin care                   | 1993 | 500      | Mrs. Nguyen Thuy Lieu

| Natural Joint Stock Company                     | Harn & Thann (Thailand)                                                        | 1999 | Over 50  | Mrs. Nguyen Ngoc Lan

| Viet Lotus                                      | The Face Shop (Korea)                                                          | 2005 | Over 50  | Ms Huynh Thanh My

| Ky Phong Import-Export & Trading Company Limited| Lanopearl (Australia)                                                          | 2005 | Over 50  | Mr. Tu Thanh Phong

<p>| Thuy Duong                                      | Avene (French)                                                                 | 1999 | Over     | Ms. Duong Hong Bich Thuy            |</p>
<table>
<thead>
<tr>
<th>Company Name</th>
<th>Brand Names</th>
<th>Year</th>
<th>Employees</th>
<th>Contact Person</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trading Company Limited</td>
<td>Elancy (French)</td>
<td>50</td>
<td></td>
<td><a href="mailto:ctthuyduong@hcm.vnn.vn">ctthuyduong@hcm.vnn.vn</a></td>
</tr>
<tr>
<td>C.T Group</td>
<td>Laneige (Korea) Lolita Lempicka Guess Police OPI Red Earth Zirh</td>
<td>1992</td>
<td>More than 1,044</td>
<td>Mr. Nguyen Quang Hoang Long <a href="http://www.ctgroupvietnam.com">www.ctgroupvietnam.com</a></td>
</tr>
<tr>
<td>Khuong and Le Investment Trading Company Limited</td>
<td>Menard (Japan)</td>
<td>2001</td>
<td>Approx. 50</td>
<td>Mr. Khuong Anh Van <a href="mailto:Van.ka@vmt.vn">Van.ka@vmt.vn</a></td>
</tr>
</tbody>
</table>