



# Political Environment and Prospects for International Marketing: A Case Study of Monsanto in Vietnam

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Monsanto is a biochemical and bioengineering company that suffers from many controversies surrounding its product category. In Vietnam, Monsanto has a history of involvement in a war that could warrant resentment and distrust towards the brand. The political environment of Vietnam for a long time has been in a rather conservatively collective state which is slow to change, with the government controlling many aspects of business conducts and all regulations in support of its development policy realization. Developing a biochemical business in Vietnam is a not only an international management quest, but also an entrepreneurship in a potentially unfriendly market. This thesis develops as a research project, investigating Monsanto's internal and external environment. The subject includes topics of brand equity, marketing communications, and social responsibility. The immediate goal of the thesis is reviewing the cause for Monsanto's Vietnam market resistance in long-term viability and recommending solutions for resolving the risks involving its reputation in the position of a stigmatised brand.

The research found that the market environment for Monsanto in Vietnam is changing under a multitude of effects including both constructive innovative forces and many problems of controversial nature. Both theoretical prediction of the Monsanto brand performance and consumer feedbacks at retail level of Vietnam's agrochemical market showed that the brand remains limited at lower stages of brand resonance. Other details in the primary research findings suggested that despite the social stigma and political pressure on controversial matters, the economic benefits offered by the Monsanto brand and still-limited product range enjoyed at least average performance compared to available agrochemical products in the retail market. Based on such findings, the thesis recommended a marketing mix that primarily focuses on developing brand equity with higher degrees of brand resonance based on competitive products, while maintaining CSR practices as complementary measures to overcome political and social controversies.

Keywords: Delkalb, agriculture, Vietnam

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## 1 Introduction

### 1.1 Context Briefs

Dekalb Vietnam is a foreign direct-investment business operating in Vietnam. The company is wholly owned by Monsanto, and has been registered in Vietnam as specialized in agricultural products & animal feed stock manufacturing. The company's currently declared vision is in-line with its many global directives: to advance and promote bioengineering products and specialized services towards contributing to better agricultural productivity, environmentally friendly cultivation and production, and more stable food security (Monsanto, 2018).

In the past, Monsanto is allegedly associated with war crime and its support role in the production of toxic chemicals which were used indiscriminately on civilians in rural areas during the Vietnam War (Martini, 2008). Even though Vietnam's culture today may not necessarily discriminate negatively against foreign brands and imports in general, the usual political norms are not as liberal (Wells-Dang, 2010; Earl, 2013). However, at the present Monsanto claims to no longer be the same corporation it once existed several decades ago, sharing only the business name while its current interests are instead all invested as a completely different venture in the development of agricultural products and bioengineering for the benefit of the world's food supply (Glick, 2015). Despite the company's declared goodwill and its demonstrated efforts towards constructive growth of nations, the future of Monsanto's subsidiary in Vietnam seems troubled by the difficulties brought about by past reputation (Luong, 2017).

### 1.2 Scope

In this paper, the investigation of Monsanto's business practices and responsible behaviours will be focusing on the subjects of marketing and corporate social responsibility (or CSR), marketing communication practices, and the brand developments that are relevant to the market of Vietnam. Monsanto's business model appears to be a very streamlined in its product/service orientation in biochemistry and bioengineering (Monsanto, 2018), therefore the specifications that limit its expected development should be coherent to the bioengineering products and services targeting agriculture and most importantly the rural economy of Vietnam where most of food production takes place.

Within this prescribed scope of research, the thesis suggests a study of a particular business environment in a local region of Vietnam. This focus limits the relatability of input data from other studies of similar subjects, as well as the usefulness of this study to other contexts namely other businesses in other regions (Shipman, 2014, pp. 147-157). Notwithstanding these scope limitations, the breadth of topics involved in the selected scope still requires more depths than a single isolated study could realistically cover. The market of Vietnam changes

at a relatively fast pace compared to the more popularly-studied business environments in more developed countries with a big part of the drivers being foreign investment (Anwar & Nguyen, 2010). Therefore, new (or renewed) reasons to readdress even a narrowed scope of study with new problems and/or findings will have continued significance.

### 1.3 Purpose

The purpose of this thesis is to study the marketing management of an international business in a challenging political situation at a local level. The primary expectation for this thesis is enabling an informed recommendation for the most viable course of strategic planning for Monsanto regarding its brand development in Vietnam. The topics of social responsibilities, organisational vision and the balance between them will be especially useful for companies with a significant dent in their reputation. In the process of trying to achieve this aim, several objectives are expected to be covered.

#### 1.3.1 Objectives

- 1) Develop a systematic review of the market resistance that Monsanto is experiencing in Vietnam, based on empirical information of local market background and theoretical explanation from established literature in marketing;
- 2) Recommend a set of marketing strategy with rationalised necessity, conditional requirements and expectable outcomes for Monsanto's further integration into Vietnam's agrochemical industry.

#### 1.3.2 Research questions

In the exploration of responsible business practices such as corporate social responsibility (CSR), self-regulations, commitment to local community, and sustainable growth, the presence and prospective development of Monsanto in Vietnam makes a case study representative of most typical problems a company can have in an unfavourable political environment. In light of the objectives already highlighted for this thesis, there are several questions that must be answered:

- What is the most problematic cause of unfavourable politics that Monsanto is still experiencing in Vietnam?
- How relevant is Monsanto's problem to international businesses operating in Vietnam's agrochemical market today?
  - Is there evidence that genetic modifications will be disadvantageous to Monsanto's growth in Vietnam in the future?

Along the process of finding answers to these questions, a rational plan to help improve Monsanto's long-term business in Vietnam will be developed, based on the relevant theories in marketing management and evidences from the market which correspond to the previous questions.

#### 1.4 Theoretical Basis

A literature research and collection of available information from verifiable sources will help develop a knowledge background on the market of Vietnam, Monsanto's business and conducts, as well as the business environment factors that affect the Monsanto brand in the agriculture market of Vietnam. First of all, the nature of the market in Vietnam will be explored in limited depth regarding the importance of agriculture and its acceptance of advanced biochemical products. Secondly, brand development theory and marketing communication practices will be studied in order to provide a theoretical basis for later discussion of Monsanto's strategies and their rationale in Vietnam. Lastly, the relevant risks for Monsanto as an international investor in Vietnam will be reviewed, taking references also from its past conducts in war-time Vietnam and the limitations the company faces today in relation to its previous venture in the country.

With a large reform already seen in the past 2 decades in Vietnam regarding its economy and some political aspects, this thesis will only study market strategies utilizing information that is not published more than 10 years prior to the year of this writing in 2017. This of course excludes any past involvement in the Vietnam War, even though appropriate references may still be made where necessary in order to highlight relevant issues. All scientific/academic knowledge regarding the theories of marketing communications and brand development shall be strictly sourced from books, peer-reviewed journals and academic publications. For policies and latest economic/business information, popular news sources in Vietnam and government publications of any format will be cited where English transcripts are available, Vietnamese sources will be listed only when there is no other alternative. Additionally, given the scope that was outlined, the parent corporation Monsanto and its only known subsidiary in Vietnam to date, Dekalb Vietnam, shall be referred to interchangeably as one and the same business entity throughout the thesis paper.

#### 1.5 Thesis Structure

This thesis will follow the standard construction of a standard research paper with a primary focus on reviewing contemporary literature and finding secondary sources of information to extend the level of details in the chosen context. After the introduction of the main theme and purpose of the research, a theoretical development section on the knowledge background shall highlight contemporary literature. The topics will be limited to specific market review in Vietnam; brand development and marketing communication theory; and international busi-



ness risk management. The subjects of Dekalb Vietnam's business opportunities and the political environment of Vietnam will be both the guide and the limiter for the chosen topics. Further analysis and discussion will follow up in a later chapter on what findings that were collected from the available sources of information on the topics. Finally, a conclusion section will address the identified knowledge gap together with any concluding remark from discussing the target company's marketing practices.

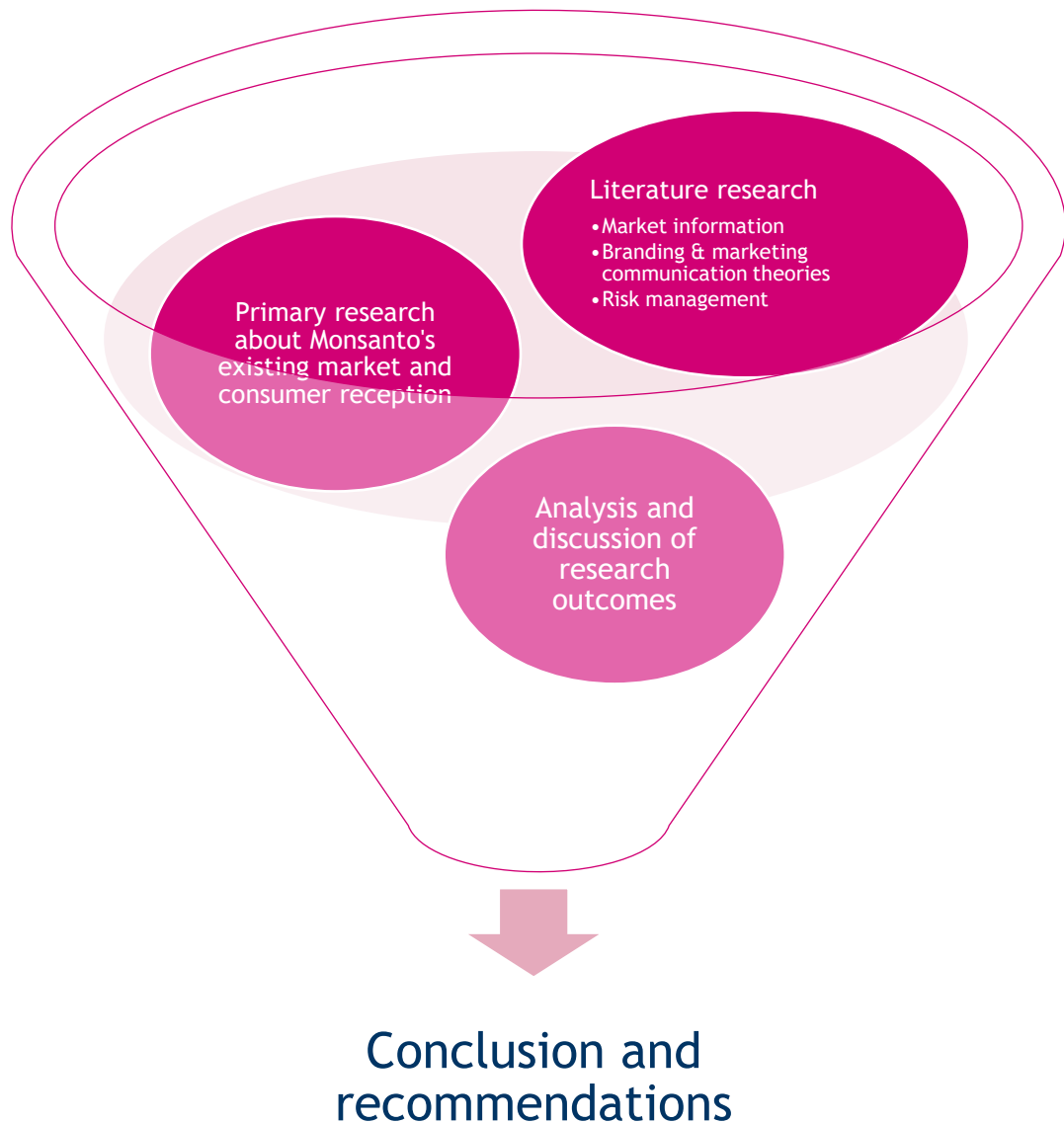


Figure 1: The thesis structure in concept

## 2 The Market Background

### 2.1 PESTLE analysis of Vietnam

The overall business environment and the factors that most closely affect the business of Monsanto in Vietnam:

Table 1: PESTLE analysis of influences from Vietnam's business environment

<i>Political risks</i>	In the past Monsanto have taken their part in a war against the still-dominating political regime in Vietnam; Today, aftermaths of the war are still occasionally becoming popular topics in Vietnam, which could be further insinuated/perpetuated by the pro-government media; Misconceptions of bio-engineering and unfounded prejudice against any scientific attempt to modify genetics may still pose troublesome threats to future credibility of the company.
<i>Economic risks</i>	Vietnam more than doubled its GDP after less than 10 years since 2005, reaching US\$ 171 billion by 2013. The economy showed a high growth rate that was not as severely affected by recent global financial crisis, proving a highly sustainable economic development and the right direction in infrastructural investment. Vietnam's economy has a significant portion of its GDP coming from agricultural produce, which could be a good sign for biochemical manufacturers. However, without better industrialization and efficiency-pursuing mindset, the competitive advantage of modern biochemical products may not be as convincing as in a more developed economy with advanced academic development in agriculture.
<i>Social risks</i>	The side-effects of political risks may induce social problems for Dekalb Vietnam, which in the depiction of various media stations in Vietnam is still questionable about ties with "the Monsanto" that helped produce Agent Orange. Furthermore, unsubstantiated fear and <i>mis</i> -propaganda against bioengineering may further alienate Dekalb Vietnam in the eyes of the farmers - the direct customers of the company.
<i>Technological risks</i>	There is hardly a cause for Dekalb Vietnam to doubt its technological supremacy in bioengineering in the market of Vietnam, since the market is nowhere near saturated and direct competition has yet to take place. However, the slow pace of development in technological foundation in Vietnam is a risk in itself: tradecraft knowledge and academic development in agriculture are prerequisite to adequately understand biochemical products' attractiveness.
<i>Legal risks</i>	Many ingredients and compositions of biochemical products may take time to present primarily-tested results and officially register for commercial rights in Vietnam. Other risks, including political, social and technological risks may play their parts in delaying and complicating this process.
<i>Environmental risks</i>	Concerns about genetic contamination on native cultivars of plants are still rampant, without any official directive to investigate further into the matter. This leaves a hanging suspicion about environmental and ecological safety involving commercial seed companies and bioengineering firms, including Monsanto and its associated businesses.

## 2.2 Agriculture background in Vietnam's contemporary politics

The agriculture sector makes up for a large portion of Vietnam's economy. However, with the country rapidly modernising after opening its economy since late 1980s, the growth of manufacturing and services have lowered the dominance of agriculture in the economy from 34% of GDP in 1989 to about 17% in 2009 (McCaig & Pavcnik, 2013). With a steady expansion of labour force at an average of 2.4% annually but in agriculture the participation had drastically dropped from 73% in 1990 to just 54% by 2008, it would appear that Vietnam has moved from a mostly agrarian economy towards a more modernised and mechanised industrialisation.

The economic transformation however did not lower Vietnam's agricultural production output. In fact, along the modernisation process which lowered agriculture's dominance in the national economy, Vietnam has climbed to being one of the top exporters of rice, coffee beans, pangasius fish, amongst other popular agricultural produces (Gonzalez-Perez & Gutierrez-Viana, 2012; Bhatt, 2013; Gibson & Kim, 2013; Van Binh & Huu Huy Nhut, 2014). This level of production necessitates a capable support industry with agricultural supplies, seed banks & nurseries, as well as agrochemical supplies. These conditions make Monsanto's investment into Dekalb Vietnam well-nested within the company's specialisations, with a growing market for farming & husbandry supplies and biochemical products.

### 2.2.1 Policies

The infrastructure and policies put in place by the government will be the framework within which Dekalb Vietnam could operate. Understanding of the agriculture scene in Vietnam is a precursor to all subsequent logical reasoning. Nearly two-third of all productive cultivated land area in Vietnam are managed by rural households, each operating no more than a few hectares typically (Sikor, 2012). Government agencies, state-owned enterprises, and local authorities together have most of the control over access to land use in agriculture (see more details in the Appendix 1). While neither land ownership nor the spontaneous transfer of rights (or deeds) to cultivated land are officially recognised by the government as per the wording of regulations, local officials still "come around" to take the agrarian approach and certify the rights to cultivate the land (Sikor, 2012). This soft-handed approach to management of access to cultivated land is complemented with many government programs to introduce low-risk financing options to farmers and households, show serious efforts by the government to stimulate agricultural activities and improve productivity (Sikor, 2012).

### 2.2.2 Influence from state-owned enterprises

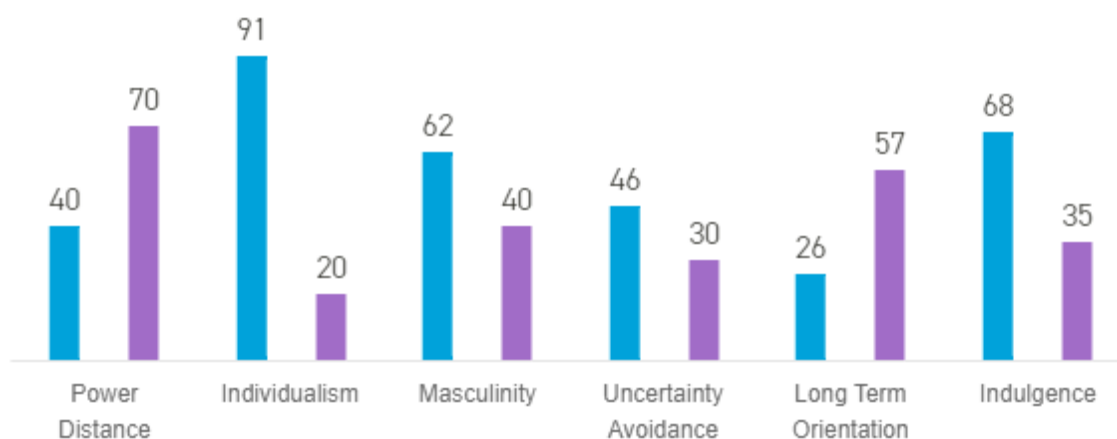
In the study by Sikor (2012), despite the decline of central planning practice throughout Vietnam in all aspects of the economy except the critical utilities of electricity and rural water resource management, some remnants of the collective policies still exist when it comes to the legacies of state-run conglomerates. In an example, to support the State's investment in

a paper mill, which is still operating in surprisingly good order financially, the entire plantation area in the vicinity of the mill was planned ahead for the production of wood pulp supply (Sikor, 2012). The influence of the mill even goes so far as resulting in the paper company making direct contracts with the households while the various government-managed programs would provide financial support. This model of operation is increasingly debated in both the industry/sector and at higher levels of administration in the government. On the one hand, the trust-like operation ensures stable development of economically lagging regions. On the other hand, the involvement of the state makes the ideas of free enterprises and fair practice troublesome to realise (Sikor, 2012). The concern over fair practice is all the more critical considering the paper mill mentioned was also joint-venture between the state of Vietnam and a Swedish partner. Now that Vietnam has become a much more attractive investment market compared to how it was 3 decades ago when that particular paper mill venture was formed, more and more foreign direct investment will become the case for the Vietnam government to further develop its official stance on market regulation, which to this day in 2017 still leave the government, especially local authorities, with the final say on a case-by-case vetting approach (Turner & Schoenberger, 2012).

The question here is whether or not the government will choose to interfere in the operations of a corporation with controversial past ethics, in an economic area that could potentially affect food production, food security and rural development. The risk of having to deal with political issues will determine what Monsanto should expect from its future operations and thus its strategic planning for the Vietnam market.

### 2.2.3 Cultural considerations

Vietnam stands at a quite different composition on the cultural dimensions compared to Monsanto's home country where the company developed its history in biochemical engineering. In almost all of the 6 dimensions of Power Distance, Individualism, Masculinity, Risk/Uncertainty Avoidance, Long-term Orientation, and Indulgence, Vietnamese culture and that of the US are at least moderately contrasting to each other on Hofstede's cultural index. Particularly in the dimension of Individualism, where the consideration of any action as pertaining to either the individual or the representative, collective group, the difference between our 2 countries in question is the greatest. Where the US is almost an epitome of high individual accountability, Vietnam's culture (and politics) tends to allocate most matters into categorical groups and treat any problem as a representation of said collective groups.



This drastic bridge in Individualism may be the most difficult obstacle for US-based companies, or many Western businesses in general, to run operations in Vietnam the same ways they do in their home culture. Any misstep, committed by even the least significant member of the company, may be associated with the entire social values perceived of them for potentially a long time as a non-washable stigma (Cao, 2009). This group-politics effect may even extend to the entire region, industry, nations, or a coalition of nations. Taking Monsanto's history into consideration, it is critical that the company addresses them.

## 2.3 Monsanto's Marketing Challenges in Vietnam

### 2.3.1 The company's history in Vietnam

The history of Monsanto in Vietnam began with the corporation's involvement in the Vietnam War, supplying chemical defoliants to the US military which would later be known as "Agent Orange" with severe consequences to the environment and human health during and in the aftermath of the war. The health complications of the chemicals used are not only damaging to the exposed military personnel and civilians, the symptoms and varieties of which these manifested are also difficult to determine with high consistency (Ngo, et al., 2006). The combined result of the use of such chemicals for supplier companies like Monsanto, Dow Chemicals, and DuPont is a massive legal battle, both with the civilian victims as well as veterans of the war, including many US military personnel (Panangala & Shedd, 2014).

Monsanto registered Dekalb Vietnam, a biotechnology division as the corporation's first subsidiary in Vietnam about 2 decades after the war was over. By the end of 2017, Dekalb Vietnam has been in operation for 20 years, focusing mostly on advanced agricultural products and rural community development programmes. Nevertheless, the road back to Vietnam for Monsanto and its subsidiary Dekalb Vietnam is still limited in scale. Even after the government's perspective on genetic engineering of food crops have shifted, Dekalb has yet to reach

the dominance in advanced biotechnology market in the same proportion as its global business have managed.

### 2.3.2 Known controversies

Monsanto's reputation on international market is that of an agrochemical and bioengineering company which specializes in manufacturing plant seeds and accompanying chemical products to protect and improve crop performance. In early August 2018, a San Francisco jury ordered Monsanto to pay \$289 million in damages because the court determined that the company had hidden information about potential risks of its herbicide product to the public (Brodwin, 2018). Nevertheless, the case was controversial as no evidence has so far concluded the actual risks regarding the chemical glyphosate in Monsanto's weed-killing spray. This particular case was on the other hand conclusive in its own way about another matter: the social expectation of Monsanto has degraded long before any of its product has been proven of any harmful effect. The determination of the jury in this case did not reflect the scientific consensus about the characteristics of the chemicals involved (Brodwin, 2018), but other than having put more negative pressure on the Monsanto brand name, the judgment also reflected public predisposition against the brand, even in its home country.

## 2.4 International Brand Vision vs. Local Demands in Vietnam

Branding strategy applied in a regional market may be considered as a flexible adaptation to the circumstances and entry requirements to the market (Bastos & Levy, 2012). However, the limit to how far the adaptation could go is often in the adherence to the mother corporation's commitment to a unified global vision - what the core values of the entire corporation are, what they stand for and how the values should ideally be achieved. There is often a discrepancy between what a company expects from and what the market responds to a new product. In the biochemical business, the vision for future development and the market demands may line up in the long run, but some precautions will be necessary in strategic product planning as the market may not be compatible with the company's product cycle nor does it respond expectedly to the company's stated objectives (Lazonick & Tulum, 2011).

### 2.4.1 Monsanto's brand vision

The first consideration for Monsanto's case should be the company's own vision for its products. Below is Monsanto's international vision with its goals set on a global scale, as narrated in the corporation's many annual reports prior to 2017:

- Aim
  - Double the World's food supply by 2050
  - Modernising agriculture

- Objectives & corporate strategies
  - Cultivar improvement
    - □ Improving existing crops through natural selection
    - □ Identifying existing defence mechanisms against pests and diseases in nature
  - Bioengineering
    - □ Improving existing crops through natural selection
    - □ Identifying existing defence mechanisms against pests and diseases in nature
    - □ Modifying crops to benefit from natural resistance and other desirable traits
  - Integrated farming services
    - □ Leveraging biotechnologies
    - □ Leveraging local farmers' knowledge of field conditions
    - □ Developing crop solutions that benefit from specific regional conditions
  - Biochemistry
    - □ Developing products that assist in crop management
  - Bio-pesticide/bio-herbicide
    - □ Directly targeting certain genomes in crops, or pests, for most efficient solutions

(Schrimpf, 2012; Monsanto, 2017; Monsanto, 2018)

#### 2.4.2 Agrochemical products in Vietnam

The reports from the Vietnam Pesticide Association (VIPA) highlighted that most of the food crops and agriculture produce are concentrated in the South of Vietnam, with the Mekong Delta responsible for most of the food production and the highlands specializing in coffee and other plantation crops (VIPA, 2017). This concentration of agriculture production coupled with a high yield that is responsible for supplying the global market as one of the largest exporters of rice, coffee and pangasius fish, causes the farmlands and plantations to attract

more pests and crop-damaging diseases. The need to counter these natural obstacles rises as the agriculture sector in Vietnam starts receiving more and more investment.

The policies regarding businesses specializing in pesticides and other chemical products in Vietnam have also been clearly defined. Other than abiding by the mandatory safety standards and toxicity classifications that follow the guideline of National Standards, each corporate holder of pesticide product registration is entitled to register 01 commercial name for each active ingredient, with the chemical formulation for the registered product being tied to that only registration of commercial name (VIPA, 2017). By 2015, 319 companies have registered in the production and trading of agrochemical products, with thousands of trademarks listed.

No.	Kind of Pesticide	Number of A.I	Number of Product name
01	INSECTICIDES	700	3.705
02	FUNGICIDES	581	1.238
03	HERBICIDES	232	681
04	RODENTICIDES	11	27
05	GROWTH REGULATORS	45	136
06	MOLUSCIDES	25	140
07	OTHERS	58	77

Figure 2: Number of agrochemical product trademarks registered in Vietnam (VIPA, 2017)

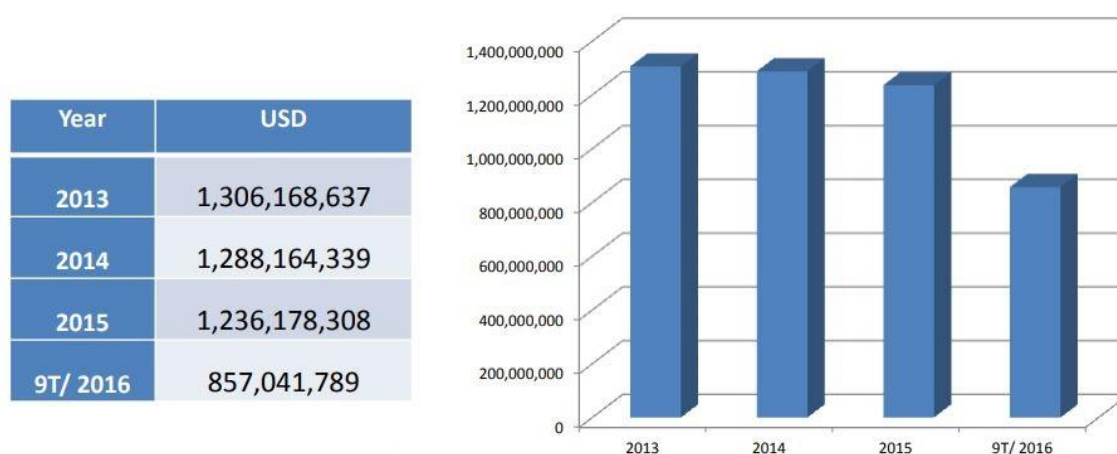


Figure 3: Consumption of agrochemical products in Vietnam (VIPA, 2017)



Looking at the dollar figures generated from domestic consumption of agrochemical products in Vietnam, it appears that Vietnam has roughly a billion dollars market for agrochemical products based on available data up to 2015 (note that 2016 figure only contained 9 months' worth of sale and was therefore incomplete data).

No.	Origin	Year (millions USD)			
		2013	2014	2015	9M/ 2016
1	<b>Grand Total</b>	<b>698.42</b>	<b>691.19</b>	<b>566.00</b>	<b>536.48</b>
2	<b>China</b>	<b>364.23</b>	374.48	292.18	265.16
3	Singapore	59.57	43.90	41.33	36.93
4	India	35.22	37.07	40.15	37.57
5	Germany	40.89	41.21	32.00	40.51
6	Korea	23.58	33.44	31.90	25.50
7	Japan	27.97	29.14	27.92	29.30
8	Thailand	30.06	33.73	22.43	20.61
9	Malaysia	7.50	9.03	14.31	12.85
10	Indonesia	12.59	22.62	13.82	16.50
11	France	19.22	9.67	11.60	18.94
12	Taiwan	2.51	3.63	6.87	5.58
13	USA	9.97	9.95	5.86	4.16
14	UK	37.88	13.09	5.29	4.23
15	Colombia	6.96	7.52	3.19	1.49
16	Bulgaria	2.73	2.57	2.82	3.10
17	Switzerland	3.94	3.97	2.71	1.53
18	Liechtenstein	0.00	3.57	2.50	3.69
19	Israel	6.30	4.41	2.16	1.01
20	Belgium	3.60	1.45	1.58	0.88

Figure 4: Top exporters of agrochemical products to Vietnam

According to VIPA reports, over 50% of all pesticides used in Vietnam come from overseas. With these outlooks of the market size, domestic consumption and huge portion of import products, it may appear that international businesses could enjoy a relatively easier time finding market in Vietnam. However, other concerns still trouble the business prospects. According to Syngenta business representative, the foundation for agrochemical production in Vietnam is still very weak, not because of international competition but rather insufficient management efforts by the government over the agrochemical market (VietnamNet, 2017). This weakness let counterfeits and malpractices ruin not only the crops of the unsuspecting customers but also the trust in major agrochemical brands. Trickle down the consumption chain, the end-consumer of food products generally have negative views over the use of all synthetic chemicals in general, mainly from well-known abuse of chemicals due to either

wilful malpractice or farmers who are clueless about the proper use of such chemicals (VietnamNet, 2015).

#### 2.4.3 Genetically modified products in Vietnam

Since 2015, Vietnam's farmlands started see genetically modified corn cultivars under the plan to reach up to 250 thousand acres of high-yield, insect- and disease-resistant corn crop (VietnamNet, 2018). This migration to GM corn is expected to feed not only a growing live-stock, but also the initial development in biofuel processing which aim to reduce the country's dependence on traditional fossil fuels. This adoption of GM crop in Vietnam is in-line with many developing countries in the world, which in total are growing more than half of all GM crops currently being grown in the world. These corn cultivars have been imported from the supplier Syngenta, a European-based biotechnology corporation that successfully merged together with Monsanto and 21 varieties were approved for mainstream cultivation (VietnamNet, 2018).

In Vietnam, the total estimates of GM crops grown compared to the gross agriculture produce is anywhere from 16.5 to 25 percent (VNExpress, 2016). As one of the world's largest exporters of many agriculture and aquaculture produces, including rice, coffee, farmed fish and farmed shrimps (MARD, 2018), the increase in popularity of genetically modified organisms have brought many legislative experts and the authorities alike to concerned questioning of safety and eco-friendliness of GM products. According to a Metro AG report, the consumer acceptance of genetically modified food crop in Vietnam is ahead of many other countries including one of the largest consumer markets as China, even though mandatory labelling is being considered (Metro AG, n.d.).

### 3 Theoretical Background

#### 3.1 Brand Development & Marketing Communication Practices

##### 3.1.1 Brand theory

The brand is often viewed as the identity of the business and an inseparable attribute of the products or services provided by that business (Kotler & Keller, 2016). The development of the brand, or branding, is a process that has been studied for a long time, with many prominent theories of development spanning many aspects of creating, strengthening the brand as adding values to the market offerings. So far, the theoretical development of branding has provided a lot of literature on the branding process, with plenty of converging ideas as well as debatable arguments (Leonidou, et al., 2018). In this review of theories on branding, the scope is limited to only the popular concepts with a reasonably large body of contemporary literature agreeing on the main points. While there are indeed important discussions to be reviewed in the many branding controversies, the mainstream knowledge on branding should still be sufficient for the purpose of this study.

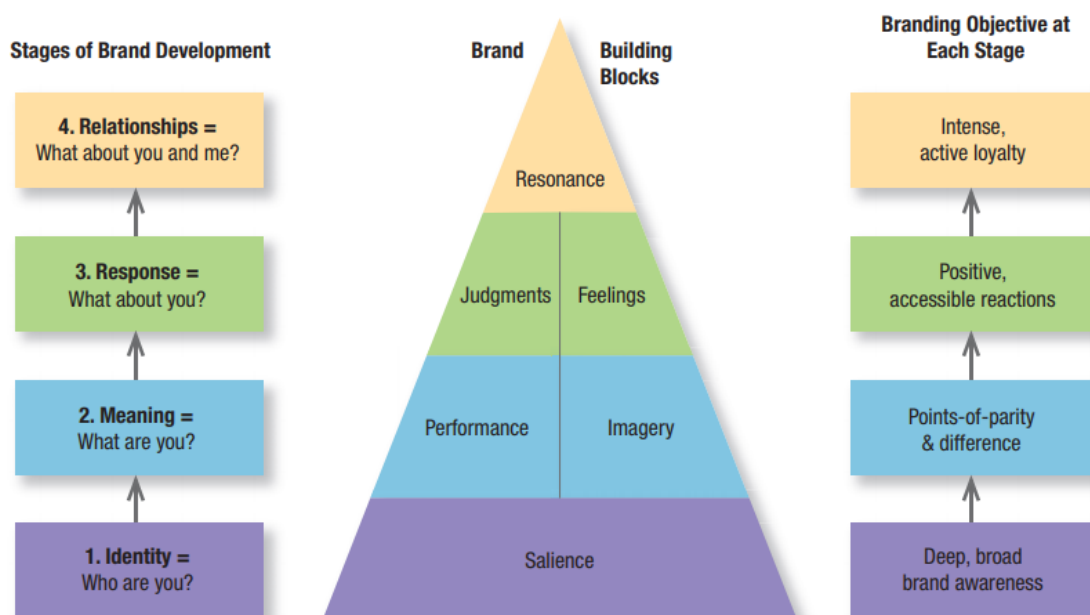


Figure 5: Keller's Brand Resonance Pyramid (Kotler & Keller, 2016)

Brand association is akin to having memorized the brand's identity and its meanings, as well as the products/services and the values represented by the brand in one coherent set. Ideally, it could be said that brand association generates the ability for the consumer to recall most of the values as intended to be associated with a certain brand. The level of association could range from a generic recognition of the category a brand belongs to, all the way to the most specific and unique value offering possessed by that brand that attract the attention of individual consumers, even with inconsistencies amongst its various products and services. This hierarchy of brand association is also proportional to other aspects of brand equity, such as brand resonance, as depicted in Keller's Brand Equity Model (Burmam, et al., 2009). In Keller's model, resonance is a concept of viable status for any brand to strive for, having to develop all the way from getting the most basic recognition and association of brand statement and value proposition, to gaining loyalty from consumers at a level that makes everything about the brand resonates with their fans' needs and wants, with positive feelings and judgment of its functional qualities (Burmam, et al., 2009; Kotler & Keller, 2016).

There is a crucial detail in Keller's brand resonance pyramid regarding the response to a brand. Judgment and feelings towards a brand may appear dreadful to any manager, especially if the business is in a precarious situation such as when a product fails or performs poorly. However, this response stage is situated quite high in the hierarchy of brand resonance. The stages before this are by no means absolutely prerequisite for brand response to matter, but they are certainly more important in the long-term development of a brand. A "viral" campaign if well-executed could bring huge impact in terms of response, but the brand identity and association of brand meanings - its core values, must be already established for the emo-

tional, subjective brand response can be properly managed. Even researches in marketing communications & marketing management for the last 2 decades have covered very little on the “lagged and downstream effects” of marketing communications - the delayed results of marketing efforts (Batra & Keller, 2016). While such reasonings are often used to counter the urge of creating strong emotional response with a marketing campaign without adequate substance in the product/service portfolio, the same reasonings could be used as advice against responding too sensitively to brand response at earlier stages of brand development. For example, an innovative idea may not always be well-liked in the beginning, such as Edison’s light bulb, Wright Brothers’ airplane, or even vaccines (Nguyen, 2016). Regardless of the story behind the initial setback, it takes a methodical approach and stable development of the brand by its building blocks from the basics until an encompassing, high-level marketing management practice can produce effective results (Kotler & Keller, 2016).

### 3.1.2 Marketing mix as a real-life application of strategy

A marketing mix is an assortment of strategic marketing management practices that target key areas of communications where additional values can be developed for a brand (Gordon, 2012). The key areas of marketing communication management may vary depending on the needs of the business operations and the nature of the industry segment involved (Batra & Keller, 2016). The most popular marketing mixes are usually the 4Ps or 7P, which stand short for the acronyms of the key areas often targeted: product, price, people, promotion, process, place, and physical environment. The relationship between using a marketing mix and developing a brand is often at the fundamental level: any marketing mix is tailored to a specific business and as soon as the brand starts becoming unique and recognizable in the market place, the marketing mix will simply become one of many different ways the brand development process can be organized and implemented (Huang & Sarigöllü, 2012).



Figure 6: 7Ps of a typical marketing mix (image courtesy: <http://marketingmix.co.uk/>)

Where brand development is a process designed to improve recognition of the brand and the value offerings, marketing mix is a process designed to manage the business operations including marketing and sales of products/services (Gordon, 2012). The metrics in marketing mix tend to coincide with those of overall sales performance, which is considered by many as the ultimate measurement of marketing success (Huang & Sarigöllü, 2012). However, as pointed out by French and Smith (2013) the difference in brand theory and marketing mix is that in the case of brand equity, the measurement of success is not directly proportional to sales results or management of performance the sales operations. Branding at the initial, more basic levels often resemble any sort of marketing management practice in general, but at higher tiers in the hierarchy (or Keller's pyramid) of brand equity model, the value propositions have additional values associated with the brand that require qualitative analysis and measurement (Chan & Marafa, 2013). This could be one of the reasons why many studies on branding performance tend to go the qualitative route, when management studies could do well and arguably more reliably with quantitative methods.

### 3.2 Corporate Social Responsibility and Relevance to Branding

#### 3.2.1 Brand theory in the case of a struggling brand

Moorthy (2012) recognizes the need to view the brand development process not in light of reviewing only case studies with good performance and distinguished attributes to which strategic significance could be associated with. In the context of struggling brands in industries

with limited market opportunities, the baseline or even metrics of equilibrium in the consideration of other business management disciplines may not be very clear-cut. For example, in the mobile gaming industry, while the market for the devices or platforms on which this industry piggybacks is huge, mobile gaming is a niche limited not only to the higher end of the platform but also to only consumers with specific interest in high-performance gaming and will take interest in value propositions that help them gain a better experience (Feijoo, et al., 2012). Another example is in the logistics industry, where reverse-logistics is a necessity but often less well-studied by business and scholars alike (Hung Lau & Wang, 2009). Branding in the cases of these industry environments will need to consider the limitations imposed upon the business by the industry requirements and its sets of rules. Similarly, struggling brands in general have many limitations that they find difficult to escape from, where their brand development work is tied to cutting costs and making a profit with very tight marketing budget or channels of communication. The case for struggling brands is often not to excel above market standards, but to improve on their own environment and adapt to the threats on the brand without taxing more on operational expenses.

There is no shortage in the number of ways a business may struggle. Competition, internal organization management, and environmental factors are all subject to change and any mismatching strategy could result in difficulties for the business to meet its goal. Developing the brand may be only one of the marketing practices that help improve market relevance, decrease customer acquisition cost and reach sales target more efficiently (Edelman, 2010). However, the brand is at the very centre of any business operation, with core values and purpose/vision all reflected in the way the brand is created and represented. Having a stable and methodical brand development process is critical in realizing the vision with the intended core values of the business into creating any market offering down the line and managing the organization effectively (Urde, 2009). Finding a suitable brand development pathway is asynchronous with many other basic strategic considerations such as segmenting, positioning and targeting, except with a slightly different focus (Jones, 2012). Likewise, as Puzakova, Kwak, and Rocereto (2013) suggested, when there is a problem regarding the reputation of certain product lines or services being offered, there should be some portion of the problem that can be approached from the marketing perspective with the brand being at the centre of strategic considerations for any solution in public/customer relations.

### 3.2.2 Social responsibilities and recovery from reputation damage

Most recovery attempts from scandals, business failure, or reputation damage incidents involve first of all an exit from the state of failure (Falkheimer & Heide, 2015). Whether it is a business unit, a business operation, an administrative oversight, a financial mistake, or a management shortcoming, there is always an exit strategy that allows an organization to restructure itself from the faults that led to a critical problem. This path of recovery varies, but

most prominently between the types of business organization. A large incorporated structure will likely compartmentalise the damages and the responsibilities if possible, then utilise the available resources to rebuild or reorganise. A small business, or oftentimes a start-up may not have the resources to recover in a similar fashion. Instead, making a complete exit from the market and legal obligations would be the faster route. However, this particular way of “exiting” from the failure and the related responsibility is often stigmatised in business culture as being irresponsible, even if the business may be exempted from punishment of the damages by the law (Simmons, et al., 2014). This brings us to the next point about corporate social responsibility as a separate topic in marketing.

Choi & La (2013) investigated the restoration of customer loyalty after service failure through corporate social responsibility (CSR). They found that in anticipation of service failure, which definitely will happen at some point inevitably, the ethical and even legal dimensions of CSR can be designed to help respond to the right perception of the issues from the customers’ perspective (Choi & La, 2013). They associate trust in a business to the accumulation of successful delivery of products and/or services. Therefore, a reputation recovery program, with or without CSR, must include recovery of quality in the product/service without exception, because satisfaction is the baseline of any positive perception of a business (Choi & La, 2013). Other than quality of service, ethical integrity also plays a part in improving the overall perception of a brand, but only to the extent of moral support and not exactly has much influence in purchasing decision, or in other word, loyalty. In some cases, customers are indeed more sensitive towards business ethics than product/service quality or failure (Choi & La, 2013). However, the continuation of such relationship is not sustainable in the long term because brand loyalty is at a higher tier of resonance with customers’ priorities, susceptible to any change in the foundation of the brand equity which is identity and association of all sorts of qualities to its products/services (Kotler & Keller, 2016). Developing the foundation is crucial in the development of brand equity and during recovery it is also the foundation that matters the most.

### 3.3 Social Responsibility and Risk Management

The body of literature on the effects of political environment over business and investment prospects has been extensively developed since 1970s as global conflicts went on the downslope and poised toward international cooperation and ultimately globalization (Gertz, 2018). Even the researches from the 70s recognised the difficulties that managers may perceive in international markets, the weight and resources relocated to dealing with socio-political problems overseas may get considerations of their own compared to mother corporation’s base policy and core principles (Shim & Yang, 2016).

In today’s business management literature, political environment is largely portrayed as an opportunity/risk spectrum that every company needs to get a hold of in each international

market they go to (Cumming & Zahra, 2016). Where the risk aspects are identified and managed almost solely in political schools of thought, the approach to opportunities tend to be inherently business-oriented as far as business performance is concerned (Rajwani & Liedong, 2015). This symbiotic nature of managing risks and gaining business performance / market presence has been the core of most risk-management theories and case studies regarding the management of risks in the business environment (Carvalho & Rabechini, 2015).

### 3.3.1 CSR as part of risk management

Monsanto appears to have been approaching the problems with risks and difficulties in political environment by the means of branding and CSR activities which are also in-line with Monsanto's strategies for the entire Asia-Pacific region (Tran, 2017). Interestingly, Monsanto was not the only company with ties to the Vietnam War which later came back to Vietnam as a business investor. DuPont and Dow Chemicals (now merged) were also key suppliers of the wartime defoliants and had gone ahead and established a Vietnam-based subsidiary with over a decade of operations without much scrutiny (VietnamNet, 2018). A significant part of the "bad press" that Monsanto is having in Vietnam comes from the non-war related debate over GMO products (Breeman, et al., 2017). This controversy brought more public attention to Monsanto than perhaps any of the other chemical suppliers in past wartime ever encountered. Such public attention and the typical negative remarks represent a risk that has already materialised and threatens to affect potential consumer perception of the brand in its future in Vietnam.

The primary purpose and also an important objective of CSR strategies and practices is to balance corporate interest with the interests of the community surrounding all corporate conducts. Kim, Kim & Qian (2018) studied the effects of pursuing CSR on corporate financial performance and found that as long as companies compete effectively in their market and fulfil their financial responsibilities, positive CSR practices may complement the positive roles these "successful" companies play in their community. However, the double-edged relationship exists in the competitive environment surrounding the companies in question. If a company fails to compete effectively and has to resort to more extreme competitive actions, the rationalisation of desperate measures tends to translate directly into negative social responsibility practices such as cutting even essential costs, laying off, and lowering standards (Kim, et al., 2018). In this light, social responsibility appears to be placed lower in the hierarchy of priority for strategic considerations. When risks remain effectively manageable, social responsibility is a good way to stabilise both the internal corporate environment and friendliness to the market. When risks increase due to competitive pressure, social responsibility is one of the areas where many companies compromise in order to maintain their financial responsibilities in the hopes that their overall risk management strategy could stabilise the situation (Kim, et al., 2018). Not only does financial and competitive business performance create



available funding for socially responsible practices, the competitiveness of a firm also improves the incentive for social responsibility as a means to stabilise its own competitive environment against less competitive and potentially less socially responsible rivals (Shim & Yang, 2016; Kim, et al., 2018). For this reason, managing corporate social responsibility must not be separated from the management of a firm's financial responsibilities and strategic considerations for competitive business performance.

### 3.3.2 The effects of social stigma

Social stigma is a collective phenomenon in which certain disagreeable actions and/or taboos create a lasting negative reputation for the entity who violated the expectations of proper public behaviour (Simmons, et al., 2014). This collective judgment tends to elevate into prejudices against the individual, organisation or brand and will influence future decisions regarding possible affairs with such tabooed entity. On the one hand, the business organisations are most stringently governed by commerce regulations, through contract laws and many other official codes of conduct. Violations are not uncommon amongst businesses, but through due processes the proven damages could be contested and compensated through mutual agreements or forceful intervention. Social stigmas on the other hand, usually come from the consumer side of the business and not the industry or governing authority. There is no fixed representative body to decide on the definition or resolution of stigmatised issues (Pagliaro, et al., 2016). The consequences of stigmatising issues and associating organisations with predetermined guilt are also volatile and not directly controlled or regulated by any responsible party either (Reuber & Fischer, 2010).

Monsanto's involvement in the Vietnam War which started almost half a century ago have left a stigma in the general view of many Vietnamese, including both veterans and the younger generations who care about history. While there have been many debates and several attempts at putting a consensus on the matter, the social and political tarnish remained. Such a stigma on the business name is considered a complex, multilevel social phenomenon that most affects collective judgment of the general type, rather than critical assessment of individual cases in separated context (Simmons, et al., 2014; Shim & Yang, 2016). There may be many ways the brand could encounter a negative development. The branding practice may fail, other marketing strategies could fall short of original goals or even generate unexpected outcomes, and internal management may not be able to keep up with the demand of organization and synergy for the chosen brand strategy (Cabral, 2009). The imperfections in the strategies meant to change consumers' mindset are endless. Not all marketing hiccups matter in the same way to the long-term brand development, but the impacts could certainly accumulate from consecutive problems and worsen the achievable result, especially when the industry is sensitive to pressure from public opinions (Vallaster, et al., 2012).

Diamantopoulos & Zeugner-Roth (2010) reviewed 40 years of research on the effect of country of origin and concluded on a definite link between consumer ethnocentrism and purchase decisions. In addition to this already rampant practice of associating individual brands to their encompassing ethnocentric culture, the process of globalisation also encourages even more trading and flow of commodities around the world to fuel consumer ethnocentrism with variety and availability of consumer goods (Rezvani, et al., 2012). In a study that investigated both the cultural gap between host countries and international businesses, Moeller and other researchers have questioned the liabilities of being a foreign entity in the local market (Moeller, et al., 2013). Many concepts intersected in such circumstances: predisposition/prejudice of the country-of-origin; limited global awareness; punitive liabilities for foreign competition; and the willingness to accept foreign organization in assimilation to local industries and market (Moeller, et al., 2013). As part of their theoretical development, Moeller & colleagues devised the following conceptual model for mapping expectation of liabilities for a business regarding a certain country-of-origin and other sources of information:

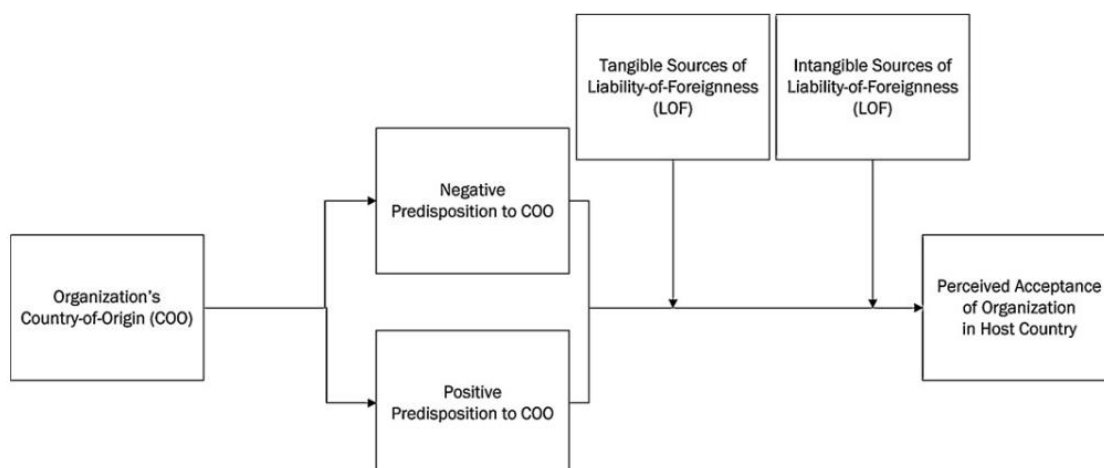


Figure 7: Modelling the mental acceptance of an international business (Moeller, et al., 2013)

In a direct relation to the case of Monsanto in Vietnam, this effect of associating assumptions or presuppositions about a country of origin to certain product type or brand is especially helpful in mapping the influences of the Vietnamese people's opinion about the US as a country-of-origin. Given the background of military involvement in Vietnam, the US has a special position in the Vietnamese population which is often reminded on purpose by the State media depending on momentary agenda (Siracusa & Nguyen, 2017). On the other hand, the critical trading relations between the two countries as part of much larger global trade agreements in the making such as TPP and RCEP, as well as other existing economic relations have put the US in yet another special place for the consumer market of Vietnam as a country-of-origin (Wilson, 2015). While the country-of-origin effect should in all actuality be limited to the

brands and not the physical, assembled products which come from China most of the times, the consumer market's consensus seems to focus more on the brand's origin more attentively (Phuong & Dat, 2017).

#### 3.4 Literature research summary & knowledge gap

The literature research has helped developed the theoretical foundation regarding the questions asked in the beginning of this thesis. In order to help highlight the knowledge gap between the theoretical foundation and available knowledge from known, reliable sources and what the thesis requires, the original development (research) questions should be re-visited:

- What is the most problematic cause of unfavourable politics that Monsanto is still experiencing in Vietnam?
  - Is there any negative contribution from the retailers of Monsanto products to the public image of the company?
  - Is there any negative contribution from the (incorrect) use of Monsanto products to the professional reputation of the company?
- Why is solving the political problem so critical in direct implication to Monsanto's future vision of its development in Vietnam?
  - What are the known implications of having unsolved political problems for an international business in Vietnam?
  - What will Monsanto benefit from having an improved company image in the market of Vietnam in the long term?
- How relevant is Monsanto's problem to international businesses operating in Vietnam's society today?
  - Is there evidence that genetic modifications will be disadvantageous to Monsanto's growth in Vietnam in the future?
  - Is there evidence that Monsanto's current portfolio of agrochemical products will be in-line with Vietnam's agricultural market in the future?

The market of Vietnam is one with rather unique characteristics. Not only would Monsanto have to compete with local businesses and other international businesses, the corporation will also have the government's programmes as an indirect competition or even opposition. Many now joint-stock business entities still have the government interest vested in their organization and business dealings (Sikor, 2012). While the market is no longer in the closed state it used to be in the couple decades following the end of the Vietnam war, the structure of interests and stakeholders' influence will be a barrier of entry to international businesses unless they can get in on the action and make themselves compatible with the way the young agriculture industry in Vietnam operates. It remains unclear however, whether or not the existing body of policies in agriculture sector would support the bioengineering side of Monsanto's business in Vietnam, because no existing literature from Vietnamese sources has reported on the issues with glyphosate products from Monsanto specifically. Furthermore, the policies on agrochemicals used on food crops and other farmland productions have so far been limited to lab-proven toxicity ratings and specific-segment retail business registration (VIPA, 2017). There is no official information even from the Vietnamese Pesticide Association on the channels of information regarding the use of chemicals in agriculture.

In a cultural consideration, the global vision of Monsanto is somewhat in-line with the interests of the agriculture industry in Vietnam: to improve food security and modernising agriculture in a sector that accounts for most of the lowest-income households in Vietnam. Information from Vietnamese news sources pointed out that the government has given a green-light to the adoption of genetically modified food crops with rather massive proportion with a few types of crops, most notably corns as the crop has multi-uses (VNExpress, 2016). Reports from other international sources also noted that consumer acceptance of GMO-containing food products in Vietnam is fine, even slightly better when compared to a massive consumer market such as that of China (Metro AG, n.d.). From a branding perspective, it would appear that the brand equity of Monsanto in the market of Vietnam is fine from the foundation level, with internationally established identity and scientifically supported quality. However, at the higher tiers of brand resonance, despite the relationship it may have with the production clients, the brand failed to assure the end-consumers about both the safety and the value of its products. It is not yet clear what caused the discrepancy or obstacles in the brand development pathway for Monsanto to established a well-like business entity in Vietnam, but the results seem to apply to many other agrochemical brands including generic Chinese exports which dominate the Vietnamese agrochemical market. A deeper look into the retail side of the market may be required to explore the obstacles preventing agrochemical businesses from setting up a socially viable foothold in Vietnamese market.

Reviewing the situation that Monsanto experiences on the international market, including the flurry of lawsuits surrounding its herbicide chemical products, it appears that Monsanto suffers from severe reputation damage even when the scientific consensus supports all of its

claims about product safety (Brodwin, 2018). In Vietnam, not only Monsanto but rather the entire agrochemical business suffers from not only bad reputation, but also bad management by the government over the agrochemical market which worsened the problem. It was suggested that counterfeits and lack of clear instruction & training over the use of chemicals in agriculture may have been the main causes of this negative response from end-consumers, but the details about the situations still need to be explored further from a retail perspective. It was reported that over 50% of all agrochemical products used in Vietnam were imported and the largest single country-of-origin is China. Whether or not there is confusion and/or malpractice at the retail level remains to be further researched, as government bureaus such as VIPA cannot keep up with such level of details in their statistics.

#### 4 Research Methodology

The topic of this research project is about the considerations and expectations of retailers and consumers of agrochemicals in Vietnam regarding the brands, the controversial issues, and the effects of existing regulations. The methodology used in pursuing this research topic shall be detailed in this section, with narrowed scope of research and detailed considerations of the methods utilised for data collection and validation.

##### 4.1 Research Objectives

The research has identified 2 objectives:

- 1) Develop a systematic review of the market resistance that Monsanto is experiencing in Vietnam, based on empirical information of local market background and theoretical explanation from established literature in marketing;
- 2) Recommend a set of marketing strategy with rationalised necessity, conditional requirements and expectable outcomes for Monsanto's further integration into Vietnam's agrochemical industry.

These objectives require an explanatory approach to the original research questions. However, since there are public inquiries already available on the case of Monsanto and its subsidiary Dekalb Vietnam on several popular media channels in Vietnam, the most practical course of further research in this context is to draw hypotheses from available knowledge and the identified knowledge gaps, then develop the hypotheses until logical conclusions may be substantiated. It is important to repeat one more time the development questions for this thesis:

- What is the most problematic cause of unfavourable politics that Monsanto is still experiencing in Vietnam?

- Is there any negative contribution from the retailers of Monsanto products to the public image of the company?
- Is there any negative contribution from the (incorrect) use of Monsanto products to the professional reputation of the company?
- Why is solving the political problem so critical in direct implication to Monsanto's future vision of its development in Vietnam?
  - What are the known implications of having unsolved political problems for an international business in Vietnam?
  - What will Monsanto benefit from having an improved company image in the market of Vietnam in the long term?
- How relevant is Monsanto's problem to international businesses operating in Vietnam's society today, and how should Monsanto work on relieving the negative image associated with its past?
  - Is there evidence that genetic modifications will be disadvantageous to Monsanto's growth in Vietnam in the future?
  - Is there evidence that Monsanto's current portfolio of agrochemical products will be in-line with Vietnam's agricultural market in the future?

Back in the knowledge gap segment in the conclusion of the theoretical development, it was found that the lack of available information on both the legislation and the culture involved in the market of agriculture supply products in Vietnam. The issues

#### 4.2 Research Philosophy

In order to further develop this thesis on the political environment's influences on international business, data and reference information will be necessary to clarify and provide details about the local market of agrochemical products as well as existing marketing strategies demonstrated by brands and retailers. In order to acquire such data, primary research is required in addition to reviewing secondary data from publications, electronic news and other verifiable sources. The research process however, requires a methodological development to help improve the credibility of its findings and analytical results. For this requirement, the research philosophy must be clear and consistent for the methods chosen to collect data for this thesis.

The Interpretivist approach is originally conceptualised as a means to capture more of the variability, irregular and seemingly non-patterned behaviours in social sciences (Saunders, et al., 2012). The Realist approach on the other hand, recognizes both the observable and unobservable aspects of reality as natural parts in the development of knowledge (Gambetti, et al., 2012). This recognition of uncertainty fits well with the state of the science regarding health & safety concerns over many controversial chemical substances, which despite a body of research knowledge available still leave the verdict inconclusive as a matter of unfathomable reality. There is also a Pragmatic approach also recognizes the duality of any uncertainty in controversial public issues, the goal of pragmatism is more suited to making an educated decision with as much knowledge as available about the compromises as is necessary (Flick, 2011).

Welch, et al. (2011) noted from reviewing case-study method in business research that many concepts and attempts at explaining social phenomena are heavily influenced by critical realism. By combining the investigated causal mechanisms with their known consequences and popular explanations of the phenomena involved, the theory-development potential of a business research can soundly progress despite many scrutinies of vague and incomplete information input (Welch, et al., 2011). Although there are limitations in the extent of popular knowledge and the accepted explanations between even experts, contemporary development in social sciences encourages debates and discourses at a sufficiently comfortable rate to encourage researchers to take the controversies and attempt to deconstruct the issues as part of a constructive trend in academia (Hunt, 2016, p. 54). For the purpose of this thesis, the Realist approach is deemed most suitable to draw realistic and practical recommendations based on previously established understanding of social stigmas, scepticism, opinionated concerns, and other social interactions involved in the case of Dekalb Vietnam and its mother corporation Monsanto in their Vietnam market venture.

### 4.3 Research Approach

Qualitative, deductive development should be the approach of choice for the development questions this thesis set out with. While the general scope for deductive research may be more limited compared to the potential of the other theoretical development - the inductive reasoning, deductive method is more specific and usually produce conclusions with better rigor, given the dependence on logical reasoning throughout the whole process to either prove or disprove a hypothesis (Bitektine, 2008). A study by Chan & Marafa (2013) also pointed out that in order to analyse the higher level of brand resonance and the connections between intangible values to a brand, qualitative research is more suitable to explore the connections deeper.

#### 4.3.1 Pilot questionnaire

A pilot questionnaire session was conducted with the help of acquaintances situated in 2 locations in Vietnam: Hanoi, and Thai Binh Province on random stores and plant nurseries that sell agriculture supply, tools, and agrochemical products. The pilot questionnaire is designed to supply vital information that helps define the pretext for the design of more specific questions to be used in the primary research. The pilot questionnaire was conducted on the same target sampling pool compared to the expected primary research, and will only include a minimum of 3 quick questions:

1. Do you know of a company named Dekalb Vietnam?
2. Do you know of a company named Monsanto?
3. Do you know about genetic modification in agricultural products?

The result of this pilot study will help determine first-hand the common knowledge of agricultural product retailers regarding both subjects: genetic modifications, and Monsanto. Depending on the result of the pilot study, the primary research may continue with a more relevant, better-targeted set of open-structured interviews that ultimately help provide answers to the research questions. Most critically, the pilot questionnaire will help further specify define a set of hypotheses that reflects most closely to the circumstances of the Vietnamese market regarding the subjects of genetic modifications and Monsanto.

#### 4.3.2 Pilot results

The pilot survey approached 29 independent retailers in the vicinity of Hanoi and adjacent suburb districts, as well as in Thai Binh Province. These 29 retailers consist of:

- 12 supply stores operating inside a campus of Vietnam University of Agriculture;
- 6 online retailers of potted flowers and horticulture supply products;
- 9 retailers with stores in Hanoi selling horticulture & gardening supplies; and
- 2 supply stores in Thai Binh Province selling specifically pesticides and herbicides.

Out of these 29 retailers that were approached with the pilot study questions, the empirical findings were:



- 16 out of 29 retailers have never heard of Dekalb Vietnam when asked.
- 26 out of 29 retailers did not recognize the name Monsanto when asked.
- All 29 retailers have heard of the term “genetic modification”.
- 22 retailers could not recall any particular company that sells GM products at the moment of asking. All retailers suspect that most of the popular brands in agriculture supply business sell some GM products.
- 17 retailers believe that overall GM products are not better than “conventional” options. All retailers agreed that GM products offer some distinct advantages over non-GM options.

In combination with the pilot questionnaire, inquiries in the form of email was sent to Dekalb Vietnam Ltd. Co. via web-based contact form, seeking confirmation on the range of Monsanto’s products that are currently available in the market of Vietnam by 2018. It was found that since 2015 there have been only 2 Dekalb-branded products that became available in large supply: Dekalb Genuity corn and Dekalb Maxer 660SC herbicide. The herbicide can be bought widely from just about any supply store and even at the plant nurseries where herbicides for flowering plants are stocked. The corn seeds however can only be bought directly from wholesalers after contacting Dekalb Vietnam. Still, all Maxer 660SC herbicide package and leaflets contain contact information about the corn and the accompanying agrochemical products.

#### 4.3.3 Development of Hypotheses

The result from pilot study marked the first points of alignment between the research data and popular knowledge. Despite the limited sample count, for the most part the results have confirmed the literature on genetically modified product market of Vietnam; the present and direction of future agriculture market development in Vietnam; as well as the (lack of) severe social stigma of any kind against Monsanto and its subsidiary business in Vietnam. Based on this study’s objectives, the identified knowledge gap, and preliminary findings from pilot study, the research inquiries and original hypotheses can be further developed for a larger-scale questionnaire survey:

- 1) The main cause for unfavourable public opinions against agrochemical products is due to the market being ill-informed in topics of advanced bio-engineering, health & safety, therefore remaining in the “early-adopter

stage” for bioengineered products with hanging scepticism and misinformation.

- 2) The limiting factor for agriculture supply industry (and trade) in Vietnam is the body of laws and regulations regarding agriculture supply products being insufficient to keep the market fair, transparent and to help protect consumer interests.
- 3) Monsanto’s current set of strategies in Vietnam have so far managed to help avoid many issues connected to its international corporate body, but also limited its growth in the local market.
- 4) The solution to current obstacles and limitations which Monsanto and other international businesses in agriculture supply may experience requires development of CSR as a reputation-risk management practice.

In exploring any research data for evidence to either confirm or dismiss the hypotheses above, the conclusion will depend on the reliability and affirmativeness of the evidence. The results for each hypothesis could be either:

- Substantiated;
- Disproved; or
- Plausible/inconclusive.

#### 4.4 Developing A Research Scope

The single-case study of Dekalb Vietnam may seem quite specific for a research subject, but the company’s circumstances may still remain broadly applicable to all agrochemical brands in the market of Vietnam. In order to focus on international business management theme and the marketing perspective, the study needs to be narrowed further (Bryman, et al., 2011). Monsanto may be an international corporation, but its Dekalb Vietnam subsidiary is a regional venture and thus this thesis will only focus on the single market of Vietnam, as well as the operational reach of Dekalb Vietnam for this Vietnamese market.

It was also interesting to find that not many retailers know of the Monsanto brand, even though a fair number of stores carry the Dekalb brand of herbicide. Although it is not a proper analysis at this point of the research process, it could be presumed that Monsanto actively tried to distance its products from its international brand for whatever reason, but in reality there was no real need to justify such length of umbrella branding effort.

Within the aforementioned theme and perspective of international marketing theories and practices, there are 3 topics that this paper will cover, all of which could be presented as parts of a marketing mix:

- Management of political risks;
- International CSR; and
- Branding strategies.

In order to avoid creeping out of scope, the deductive reasoning development will start each analytical process per research objective with the respective hypothesis and conclude with a direct answer to the research question thereof. All of the topics to be discussed within each hypothesis development and arguments will pick up from the topics covered within the implications from the Theoretical Development section's coverage, together with later findings from the primary research data.

#### 4.5 Data collection

A full questionnaire template was designed to approach the developed hypotheses and ultimately the answers to the development questions (see Appendix 3). The questionnaire template will be used as a guideline to conduct structured interviews at the top retail stores of agrochemical products and agriculture supplies in Hanoi, Vietnam. The actual data collection process will be handled by both acquaintances and with the assistance from the volunteers from Student Union of Hanoi University of Natural Resources and Environment. The incentives for the volunteers are all outside of the scope of this thesis, as the volunteers have their own interest in studying the number of highly-toxic substances available for over-the-counter sales in Vietnam. As long as the data required for each separate research projects do not coincide, the integrity of the research can still be maintained (Sutton, et al., 2009). Both the questionnaire forms as well as recorded answers will be sourced in Vietnamese and transcribed to English for the data collection process of this thesis.

While an open-structured interview method would be preferred to gain the most information available from any willing cooperation, plus the opportunity to expand on the related topics, it is impossible for the researcher to take part in the data collection process in Vietnam as the costs for travelling would be prohibitive for a study of this scope. With both the length of the questionnaire interview sessions and the amount of questions asked having increased compared to the pilot, the same research experience cannot be expected. While no retailer outright refused to help answer the pilot questions, for a session of 13 long questions that cannot be realistically covered in less than 15 minutes, the number of willing participants will be likely lower than what was achieved in the pilot.

In order to maximize the opportunities for successful invitations for the questionnaire interviews, the research activities will be concentrated around lunch breaks, both at the convenience of the research participants and the retailers getting interviewed. The primary research location shall be the on-campus retail section of agriculture supplies at the Vietnam University of Agriculture, as from the pilot experience these stores appear to be the most informed about the latest products. Other target locations will be the plant nurseries where high-end products are often preferred by people who grow ornamental plants and flowers for aesthetic reasons.

#### 4.6 Time horizon

A horizontal research time horizon is preferable to its longitudinal, procedural counterpart in completing this particular research. The first rationale lies in the long and complicated history of the research subject - Monsanto corporation, in Vietnam. The second consideration is in potential complication of sorting Monsanto's development in Vietnam by chronological order, since the company itself proclaimed to have gone through a transformation from its former self after its alleged involvement in the Vietnam War. The third reason for a horizontal time frame is the existence of a pilot study that precedes the primary research, which will be responsible for the refinement of both the hypotheses as well as the questions for the primary research activity.

##### 4.6.1 Research Project Management

As Graziano & Raulin (1993) have titled their book, a research project is a process of inquiry - seeking answers for the questions asked. The research process is different from the process of building knowledge in general, because in order to extend human knowledge as a whole, a research has to start with the right questions. Managing a research project revolves around maintaining the course of the investigation around the research questions and these questions alone. Falling short from this course will produce incomplete answer(s) and exceeding this course will be going on a tangent beside the point of the research's aim at the cost of efficiency (Sutton, et al., 2009).

A conceptual model shall be employed to highlight the concepts involved in branding and other marketing strategies targeting better market performance:

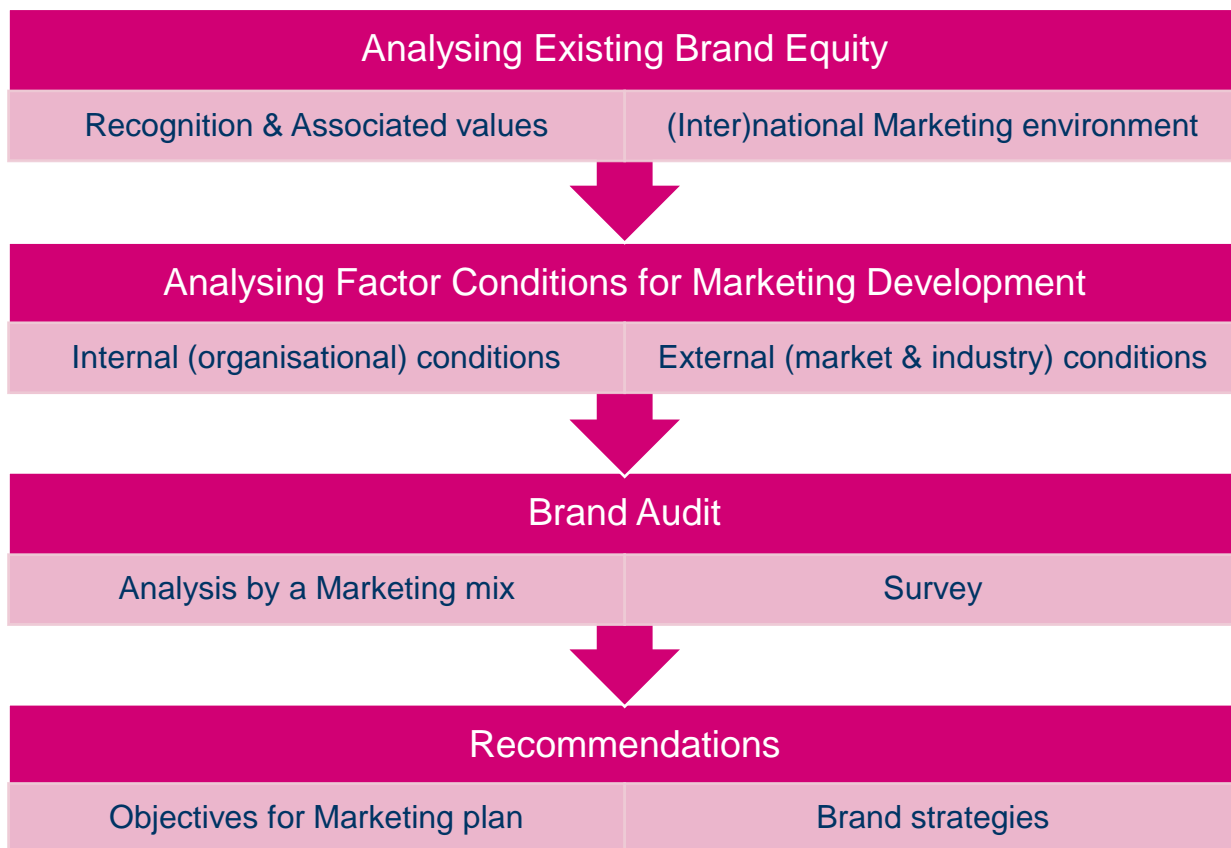


Figure 8: Conceptual Model for Research

The theoretical development section has already gathered sufficient information to help determine the foundational stages of brand equity development for Monsanto in Vietnam, with a rather stable baseline of both a fresh business identity, and according to the pilot, a confirmation of product quality with a bit of an exclusivity in the product range. However, only the external market conditions can be researched, as internal organizational conditions are out of reach of independent researchers especially one that is situated far away from Vietnam during the time frame of developing this thesis. The brand audit in terms of a simple marketing mix and the analysis towards developing recommendations for marketing strategies on the other hand, can be done with the expected data to be collected from questionnaire interviews of retailers in the industry. Following this conceptual model, the thesis should be able to conclude with the development questions answered as well as recommending a viable pathway of development for the Monsanto subsidiary brand in the market of Vietnam.

#### 4.7 Validity and Reliability

According to Noble & Smith (2015), the credibility of research findings can be evaluated by their validity (truth value), consistency (reliability), and applicability or the degree of gener-

alisability of acquired the data and their implications. The truth value or lack of vagueness and obscurity in as far as Realist research philosophy is concerned, are often judged on the premise that multiple realities do exist for the stakeholders involved in a social phenomenon (Hunt, 2016). However, there are definite gauge for the lack of methodological bias and personal conjecture (Noble & Smith, 2015). It is by accounting for these biases and sampling limitations that a qualitative research can be protected from vagueness and obscurity for as far as the limited scope of a single research project. Additionally, by meticulously keeping track of interpersonal interactions in a social study that potential biases or conjecture could be more easily identified and avoided in processing the acquired sample data (Csikszentmihalyi & Larson, 2014).

Further lengths of social studies' validity maintenance practices exist, but at greater costs to the researchers as well. Data triangulation between multiple research projects in the same project during a similar time period may help define the scope and highlight potential discrepancies better. Expanding the research in relation to its similar-topic contemporary academic efforts will greatly improve the auditability of research methodology and analysis results, as well as justifying its claims of applicability. By providing a comparative study, which could very well be a separate research project of its own when the scope grows large enough, the applicability of the research project in its topic will also enjoy a greater chance of being peer-reviewed and accepted by a wider audience, including those in academia themselves. Naturally, increasing scope of study will potentially raise the challenges in all aspects of the research efforts and should be considered with caution (Flick, 2011). For this thesis, even though the chosen scope is very limited for an international corporation and its ventures and is already very challenging to develop suitable data collection strategy. Expanding further and improving auditability may be a shortcoming that was compromised for the benefit of easing the data collection process.

## 5 Outcomes

### 5.1 Research performance

The data collection process using questionnaire-guided interviews was conducted over a time period of 4 months, from the end of March to July, 2018. The number of retailers approached by the research participants was 41, out of which 16 retailers completed answering the full 13 questions. Of the 16 stores that completed the interviews, 12 were general supply stores, 3 were plant nurseries, and a Feng Shui design house that supplies aquariums and miniature landscape assemblage plants. Many retailers when approached did not agree to the interview requests or give consent to interviewing wholesale clients at the store. To keep the research efforts within the development scope of this thesis, the interrupted interviews and interviews of clients and customers shall not add data to the recorded outcomes of the research project.

Additional information provided by the retailers about the Dekalb brand and other agrochemical product information on the other hand, will be included in the findings.

## 5.2 Findings

### 5.2.1 Pilot research findings and secondary-sourced information

The pilot study, the questionnaire survey, and secondary sources from news, published researches on biotechnology applications in Vietnam, consumer reports, have accumulated findings which are directly relevant to this research project's hypotheses. The initial inputs from retailers about their knowledge of genetically modified bio-products; of Monsanto - the corporation's past and its current Vietnam operations; and the information provided by Monsanto through its various web pages have all pointed towards the fact that Dekalb still remains in a very conservative state of business development in Vietnam. Other than the 2 products marketed since 2015, Dekalb Vietnam so far has only been operating on a market research level, with surveys of their own and leaflets promising future products availability. As part of its global IFS (integrated farm services) strategy, Dekalb Vietnam seems to remain cautious on its business side and has been trying instead to tailor available Monsanto products to local market needs:

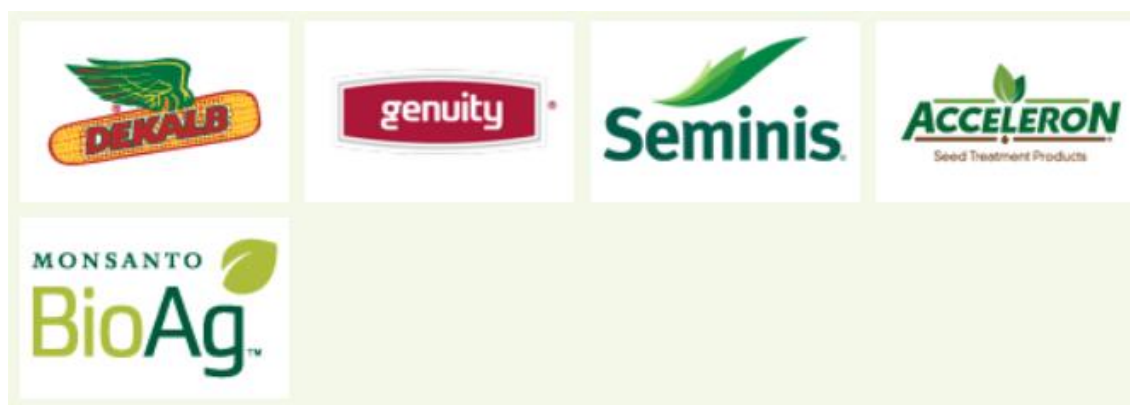


Figure 9: Dekalb's registered trademarks in Vietnam

Of the company's 5 registered trademarks for the Vietnamese market, so far only the Genuity programme has been pushed to market with products available for retail.

### 5.2.2 On GMO issues

None of the retailers interviewed identified any particular risk about products containing GMO. Most retailers shared that customers often go to the store and ask for a generic product type with certain effects they want to achieve. They also point out that some better-informed customers ask for specific brand names, and if the store does not stock the product or the right brand of the generic formulas, the customers would only reluctantly buy the product if

it is inexpensive. When buying higher-priced items such as import biochemical products for plant nutrition and specialized non-toxic herbicides, all retailers were asked for the country of origin first. One plant nursery retailer did add the information that some customers worry that there are actually fake products in the plant nutrition & fertilizer category, noting that some Chinese or even domestic manufacturers make counterfeit packaging to sell generic substances at premium prices.

4 out of 16 retailers, 3 of whom are general supply stores and the other being the miniature landscape designer said that they want mandatory labelling of GMO so that consumers may have a choice should they care about the GMO distinction. Many general supply retailers and all of the plant nurseries did not think the labelling matter, as end-consumers generally prefer better crop yield, or faster-flowering plants.

One plant nursery owner shared her extensive knowledge regarding genetic manipulations in the process of creating a new flowering plant cultivar, stating that different species transferring and muting genes were all part of the natural process and that any manipulators can only do so much as using knowledge to guide the natural process in controlled environment with the hope that the result will carry some of the traits from their predecessors. To quote her in an English translation:

“There is nobody who can create a truly new gene or life form. All of the modifications from researching and laboratory experiments only differ from the natural occurrences in the distinction that the results of active efforts are often patented and sold using commercial names, whereas the natural occurrences, or God-created life as some people like to believe, tend to go on without any human acknowledgement”.

Also, according to this business owner, most of the controversies regarding genetic modifications and the labelling disputes are full of participants who are not very adept in the understanding of biology or the business of bioengineering. Furthermore, many people inside the agriculture business also disagree with the commercial practice of companies trying to patent GM-products as proprietary creation and thus having ownership over a part of nature, leading to some controversial consequences such as forbidding farmers to “share” second-generation seeds, or punishing contract-bound farmers who try to cultivate the seeds instead of buying fresh seeds as agreed upon earlier.

All retailers when asked if a GMO-label product would sell well, responded almost unanimously that their customers will not care enough. All 3 plant nursery owners shared their opinions that the reputation of the product’s brand-name matter the most. One plant nursery owner believes that word-of-mouth sharing of product reputation on social media groups for flowering plant appreciation is a huge source of inspiration for purchasing decision, as she got many



customers rushing to buy certain products just because someone online shared their stories with beautiful pictures of their flower garden.

### 5.2.3 On the retail of agrochemical products

The 12 general supply stores insist that when “professional” farmers want to use agrochemical products such as pesticides, herbicides, growth stimulants and disease treatments, the first source of supply they look for is either the closest supply store or the government association office that supports agricultural households in their area. As for the government offices, a supply store owner shared, in translated quotes:

“The office people themselves do not sell any products, but since they were the ones introducing the farmers in the area what types of crops or cultivars to suit the region best, and have extensive knowledge on other aspects of agricultural cultivation, farmers often seek their advice on which company or store to buy from. The government does not manage such discussions and conducts at those offices, so the office people often have inside deals with supply companies to peddle products to farmers, often in bulk for an individual price quote.”

The plant nurseries on the other hand have individual customers with small purchases as the most frequent customers. All of these nurseries stock very high-end import products, with one nursery offering premium products from brands such as Bayer, Syngenta, and Japanese domestic-market-only products in original Japanese packaging. Some of the general supply stores have import products but from various other countries-of-origin such as Australia, Thailand, and India. All of the general supply stores and 2 plant nurseries carry Chinese imports, which may come either in original Chinese packaging, or in industrial containers which the retailers then re-packaged by themselves into smaller portions in zip-lock bags or plain plastic cans and selling them at very low prices, typically under 20 thousand VND (or under \$1) per portion.

Several general supply store owners offer to instruct directly when asked about instructions for product use, thinking the research participants simply wanted to get detailed information before buying. When clarified again, all supply stores interviewed could be said to more or less offer instructions by themselves based on experience, without any official or commercial privilege to do so. 2 of the plant nursery owners interviewed also responded similarly, offering to advise on product usage personally whenever anyone needs anything. The more knowledgeable plant nursery owner who gave a detailed answer before on the other hand, has the full product leaflets from not only a Bayer Movento product line, but also can read and translate some of the Japanese product instruction leaflets from their box sets. She also pointed out references from famous gardeners such as David Austin or the blogger channel “Garden Answer” for information on plant nutrition products.

When inquired about official channels of information available to the general farmers or livestock keepers, all except one retailers have no idea if the government has any specific agency/bureau with the capacity to provide reference information to the industry. A supply store owner did point out that the farmers' association offices usually offer training classes and free hotline to ask for information regarding response to crop plague and toxicity of agrochemicals.

Regarding the comparison between domestic and import offerings, the general supply stores seem to share a consensus that the quality dictates the pricing of the products. Imports in general tend to have better reputation than domestic products, except when the country of origin is China the consensus flipped the opposite way, with one retailer shared in more details:

“Everyone hated the Chinese chemicals. The only people who buy them are either farmers or people who grow plants that are not meant to be eaten. The quality of the cheap Chinese chemicals is very low. Sometimes the chemicals mix even separates inside the original containers before opening. But the manufacturers countered that by selling a heavier concentration so the naïve users of those chemicals would find it effective at first. But if you use the mix for killing weeds for example, after a couple months the weed will develop resistance and the chemicals will not work any longer, the more you use the more you harm your primary plants and not the weeds. Most of the cases of food poisoning are also because of these concentrated mixes, as 2 weeks of suggested clean-farming before harvest is not enough time to dissolve the chemicals completely. When people choose to buy the cheaper products I often have to advise them to dilute the mix or to use it only when the situation does not matter too much. These (Chinese) chemical formulas are also not precise. When mixing different products in the same sprayer, customers often find the more expensive products more effective, and the mix that has cheap Chinese product in it often gets hot or changes in colour much more quickly.”

All of the retailers claimed to have learned the details about uses of different agrochemical products they sell from retail experience and customer feedbacks, without needing any professional training. A supply store owner and a plant nursery owner said that they often get sales representatives trying to have them stock some Vietnamese company's full range of products, some even at no down-payment until re-stocking. Even in the cases of these two, there was no training involved for the use of the chemical products.

#### 5.2.4 On counterfeits and regulations

4 general supply store owners said that they do not think the products are worth making fakes out of. One of them shared that there were incidents in the past when some local manufacturers try to mimic the packaging and labels of name-brand products to sell at higher price,

but those were not able to sell well because the most important market is to sell in large quantities and mimicking products only creates a small extra profit for the ones who do it.

The plant nursery owners and the other 8 general supply stores believe the market is full of fake products. A plant nursery owner claimed that someone even went as far as selling mineral saltwater mixed with wood vinegar in place of mild insecticide and were able to profit for a long time until someone tested the label-less can of the substance.

According to another plant nursery owner, there are counterfeits of the more famous brands of insecticides from Syngenta, with packaging that are difficult to distinguish from the real satchels sold by Syngenta retailers. Most farmers do not read English, so direct imports once sold in small quantities will not have the mandatory labelling that the big full-box will have after custom.

All retailers say that they could detect low-quality counterfeits, but there are fakes which they cannot easily tell the differences with the naked eye. The only solution is to only do business with wholesalers with long established reputation whom they can trust.

The supply stores owners situated inside a university campus say that they often get visits from the Market Surveillance Department for compliance regarding the store-front matters, signboard compliance, encroachment of pavement areas, and tax compliance. No retailer noted any specific administration activity related to the products they sell, some of which even belong to class A toxic substances according to Vietnam Standards. Likewise, no retailer could specifically point out any particular law or regulation in effect regarding the sales of agrochemicals, aside from the generic requirement of business registration for selling chemical substances.

#### 5.2.5 About the Dekalb brand specifically

Finally, when asked if the store owner know about Dekalb Vietnam, only the 12 stores that carry general agriculture supplies have the Dekalb herbicide in stock, and only 3 of the retailers could recall at the moment of notice without having to check the listed product names for the company information. The 3 plant nurseries including one highly knowledgeable owner as well as the miniature landscape designer did not recognize the Dekalb brand, as they did not stock products from mass-market wholesalers and instead rely on independent importers.

### 5.3 Discussion

#### 5.3.1 Branding practice

It appears from empirical evidence that Monsanto intended to avoid using the international brand in Vietnam. There is a rather convincing assumption that the idea of avoiding the Monsanto brand has something to do with the company's past involvement with producing defoli-

ant chemicals used indiscriminately on Vietnamese forests in close proximity to civilian areas during the Vietnam War (Panangala & Shedd, 2014). From the findings of both the pilot survey and the questionnaire interviews, it appears that the branding practice by Monsanto was not necessary at the retail level. Furthermore, the interview findings also suggested that most customers of agrochemical products - farmers, livestock keepers, and even recreational gardeners with higher disposable income, do not give much thought into the chemicals they buy as long as they get the effects they desired. These findings confirmed the part of the first hypothesis that the market is ill-informed in topics regarding biology, bioengineering, and health & safety. This reality puts Monsanto and its differently-named Vietnamese subsidiary in a unique situation. On the one hand, the major rationale for avoiding the controversial Monsanto history has been fairly easily achieved, as two separate research activities at least half a year apart showed that most retailers do not recognize the name Monsanto easily, let alone Dekalb - the name of a town somewhere in the US. Scale this to a consumer perspective, which in retailers' opinions, is often much less interested in the details beyond sellers' assurance, then the problem becomes instantly non-existence from a consumer market side. On the other hand, Monsanto got an instant press reminder when it first registered its subsidiary business Dekalb in Vietnam, as if a special treatment was warranted. Such response was not seen in the case when Dow Chemicals' registered a business in Vietnam, considering Dow was an even larger producer of Agent Orange alongside DuPont during the Vietnam War and was involved as one of the main defendants in the long-standing lawsuits related to the exposure to the defoliant chemicals by both Vietnamese civilians and American military personnel (Martini, 2008). This level of "panic response" is also comparable to the jury decision passed in the case against Monsanto recently in August 2018, which condemned Monsanto of withholding information on the potential risk of cancer to the customer of its herbicide product, allegedly leading to the plaintiff suffering from cancer as a result. All of these incidences showcased a determination of guilt, which appears to be predisposed against the company even without conclusive scientific evidence. In the case of Vietnam, the question of ethics was placed not without reason, but the decision to create an umbrella brand and "start fresh" in Vietnam was to highlight the statement from Monsanto's East Asia management, that Monsanto today is no longer the same company many decades ago, and the current business model of the company focuses solely on bioengineering and biochemicals for the sake of the world's food supply.

In the consideration of brand equity, by developing the Dekalb Vietnam brand fresh from scratch, the brand enjoys the foundation substances from its mother corporation - the product quality and specific identity as a biochemistry business, both of which can easily be developed with time. However, regarding the higher tiers of brand resonance, it is not very clear whether or not Monsanto even intended to pursue their brand development all the way to brand loyalty and resonance of consumers' personal values with the company's core val-

ues. Given that Monsanto was not enjoying much success developing its original brand to such level, giving an umbrella brand a chance is not much of a sacrifice when the potential opportunity is higher than the alternative course of development. The first hypothesis about the lack of officially-issued instruction and training on agrochemical use causing massive misinformation and controversies, is highly substantiated by the available information and research evidence.

### 5.3.2 Market environment

The market environment of Vietnam from the literature research showed a very government-dependent outlook, with the industry and market developers of agriculture businesses and even farmers' cooperatives having to take care not to tread onto the land use policies and regulations of land and water use (Sikor, 2012). From the interviews, retailers of agriculture supplies have noted the complete lack of government inspection in the retail of agrochemical products, even though the Vietnam Pesticide Association seemed to produce such detailed statistics about the market of agrochemical products in Vietnam since 2013. While the accuracy and reliability of statistics from such an official source is not to be slighted over the statement of a few individual business owners, the findings from literature and primary research suggested a discrepancy in the level of management the government exact upon the import, retail and circulation of agrochemical products, some of which even possess high levels of toxicity.

### 5.3.3 Regulations and government inputs

The government regulation arm seems to be quite keen on market surveillance, as this was the only agency that visits the individual stores to inspect various orders of compliance. From the literature research about the agricultural background of Vietnam, the largest influence over public policies is often related to an area where a State-owned enterprise has a large stake on. Examples were brought from paper mills' wood pulp supply and the decisions on land use for forestry in the adjacent regions showed that there is a trust-like structure of operation within this special-interest public-private partnership. Given this sort of environment, the regulations and government inputs can be expected to grow significantly but only in areas where the State-owned interest matter. As for the domestic agrochemical industry, the State-owned enterprise was present in only one out of the top listed 8 retailers of chemical products in Hanoi (TopList, 2018). Even though it is actually the southern part of Vietnam is responsible for the majority of many types of crops and agricultural produce (VIPA, 2017), having a mediocre presence in the capital city is simply empirical evidence of an underdeveloped domestic industry. From the inputs by the retailers, the reason behind this lagging development may be competition from inexpensive import products, most notably those of Chinese origin, as well as competition from technically superior international corporations, namely Syngenta, Bayer, and many others from Japan and Korea (VIPA, 2017). Based on these

sources of information, it is expected that government regulations will only tighten either in drastic response to public incidence, or when the State-owned interest in the industry has grown enough to warrant regulatory change to support.

This discussion directly concerns the second hypothesis of the thesis: that the main limiting factor for Vietnam's agriculture supply industry is the body of laws and regulations being insufficiently developed. While it is true from the retailers' perspective that there is absolutely no measure to ensure consumer protection in the business of agrochemicals, from production/import to retail, the limited development only reflects the reality of an industry that is equally less invested in. However, given that agriculture exports account to a large portion of national GDP, it is only a matter of time until changes will have to take place both from the top-down in the forms of new regulations and policies, and from the ground up in the competition of the already available agrochemical products that are expecting increasing demands as the nation's agriculture industry further develops. It is safe to say that the hypothesis regarding regulations holding back an entire industry is inconclusive or even unsubstantiated.

#### 5.3.4 Escaping a social stigma

It was mentioned earlier that Monsanto suffers from a rather internationally predisposed negative brand image, which may or may not have contributed to the recent unfavourable results from the legal battles it engaged in with many more likely to follow suit. The fact that Monsanto, with all of its management consideration and counselling available, has chosen to let go of the historical brand name in order to develop a healthy business in Vietnam, was an indication of many difficulties to come from the pressure of public opinions worldwide. This is a risk that while not scientifically concluded, has manifested realistically in the recent San Francisco Jury decision (Brodwin, 2018). Whether or not other international brands in the agrochemical business will suffer similar pressure is not indicated by any published literature or expert's speculation. Furthermore, in terms of Vietnam's regulations and government inputs, the international issues may find their way to gain a reflection of the reality of negative predisposition against the Monsanto brand in Vietnam, but as previously mentioned, there is little incentive yet for the government to do so given its track record of prioritizing State-controlled enterprises and policies that are in-line with long-term vision for regional development (Sikor, 2012; Turner & Schoenberger, 2012). By already separating the subsidiary from the main company by developing a different brand, the issues could be avoided. If the previous discussion about the matters regarding the first hypothesis pointed out that the majority of retailers and customers could not care less who Monsanto is/was and how they are doing business in Vietnam, it is fairly safe to confirm that the third hypothesis is substantiated and Monsanto could realistically distance itself from the troubled the mother corporation experiences internationally.

### 5.3.5 CSR vs. competitive performance in managing reputation risks

The fourth and last hypothesis does not only seek answers for a development question for the thesis, but in trying to substantiate the hypothesis with evidence whether for or against, will also help point out the prospects of an optimal development pathway for Monsanto in Vietnam, not only as a local-ized company but also as part of Monsanto's international business portfolio. So far, the identified obstacles and limitations that Monsanto experiences internationally were mainly controversies regarding the safety of its products and specialties in bio-engineering. The limited evidence from studying Vietnam's agrochemical sales in retail businesses suggest that lack of proper understanding of the deeply scientific roots of bioengineering practices has been responsible for the majority of misinformation and subsequent controversies surrounding the subjects which Monsanto currently suffer from on the international stage, seemingly unable to develop its brand further towards resonance and loyalty levels. By distancing its subsidiaries from the mother brand, Monsanto could have been seeking opportunities exactly where it suffers from limitations. Applying these experiences to the agrochemical industry in Vietnam, it seems that the only parties that suffer from any bad reputation and misinformation are the importers of low-quality, inexpensive products. For the most part, the industry is not developed enough to generate substantial evidence on the quality and other compliances through official inspection and regulatory barriers. However, once such level of development arrives, the development of agrochemical brands in the exact same pathway Dekalb Vietnam has decided on, through foundational levels of brand equity first with quality and well-defined identity of the business with a single focus, this experience from Monsanto and its international struggle will prove invaluable for the breakthrough that any domestic brand will need when they grow in the reverse direction: towards the international market.

### 5.4 Rationale for Development of A New Marketing Mix

A marketing mix may be typically executed with 4 or 7 key components of strategy. While these guidelines have so far been very popular, there is no clear-cut reason why a mix should be limited to these more popular platforms (Gordon, 2012). Having a unique mix of only the focal strategies that are especially important to the brand in the immediate future should be a priority and also the most efficient development. This particular development by the thesis is not to suggest that Monsanto has a flawed strategy for its existing brand development for Dekalb Vietnam. In fact, by this point all research and theoretical development in this thesis have for the most parts supported the strategies Monsanto had elected to put Dekalb Vietnam in use of: developing an umbrella brand; focusing on foundation of brand equity and actively avoid political issues and public exposure; and focusing the subsidiary's resources on the top priorities in Monsanto's global vision with limited but efficient product selection for development. Regardless, drawing recommendations from previous literature review as well as some

surprising findings from primary research at the retail level in Hanoi, Vietnam, there are many reasons to suggest a step-up in brand development for Dekalb Vietnam.

#### 5.4.1 Towards a more secure foundation for the brand

The value offerings - products or services, are still the most material representation of any brand's core values. The vision of the business can only be realized through developing viable products and services that meet the demands and functional values expected by the consumers. It was found not only from a brand equity review of the international Monsanto brand, but also in qualitative information from agrochemical retailers in Vietnam that the perceivable quality and reliability of the product matters more than anything else, even including the packaging aesthetics and other (ought to be) crucial compliance. The Dekalb herbicide has already been stocked popularly enough, empirically in the same league as Bayer's or Syngenta's as one of the high-quality imports. Still, from the interviews it was found that influencers in the use of agrochemical products for recreational purposes - gardening in the inner cities and flower tending, can be a huge source of potential sales increase for any brand that is lucky or competent enough to be featured. This shows a clear gap between demand and supply, and a lack of market information is also part of such gap. Monsanto already positioned its subsidiary as an umbrella brand in Vietnam, for all intents and purposes this commitment shows a great deal of emphasis on the products and their functional values rather than the higher-tiered, potentially more superficial resonance qualities of the brand.

Forming product strategy that targets certain niches may not actually harm the originally intended mainstream market for Dekalb's products. Instead, there is opportunity to be gained in forming a next level of brand equity where the products address exactly the need of customers who have always wanted the functionalities without any idea how they can get the products they need. A new product strategy may not require extensive advertising of technical superiority or chemical quality, but should instead focus on the more generic needs from the people who actually use the products, preferably non-professionals who find difficulties in understanding chemical properties. Along this line, the packaging of the product does not need to provide more depth of technical information than required by law, which as things stand according to the account of the retailers, would not be too much to comply. The products should be packaged and promoted in a way that helps with customers' memorization and distinction of the brand.

#### 5.4.2 Towards developing brand resonance further

From the interview findings, it appears that the customers - clients of Dekalb Vietnam or Monsanto in general, are not situated at the end of the value chain generated from agricultural industry and the products/services offered by the company. That end-consumers would be the people who buy the food products and other products generated from agriculture pro-



duce in which the agrochemical products had in part helped made possible. The people component of a marketing mix focuses not only on the internal organization of the business operations behind the brand, but also the people that receive and resonate with the value propositions offered by the brand (Gordon, 2012).

The reason behind Vietnamese consumers' neglect of the higher-tiered, more qualitative end of the brand resonance structure, could have a lot to do with the nature of the agriculture industry. In Vietnam, the quality of the agriculture produce is often judged by the end-consumers of food produce and processed food. The primary research findings also helped us learn that "distance" is one of the better insulations between product/service quality, brand reputation, and survival of the business operations in Vietnam. As long as there are few complaints that truly matter, the brands could practically exercise and abuse their corporate power and hardly anyone outside of the organization could notice. While Monsanto and its subsidiary Dekalb Vietnam went to great length to avoid the political complications from its history in Vietnam, there is a risky brand development that could reward the venture greatly by going against the status quo in product presentation. Previously it was suggested that the product development could be updated as part of a new marketing mix, now with the extra development in brand resonance with the people who possess market-influencing power, there is a lot to be gained with very minor costs to risk. Developing niche-market products out of an otherwise generic and widely applicable product line could as well be accompanied by focusing the marketing activities on the people who could help develop a mutual relationship with the brand: their needs can be met by Dekalb's expertise and responsibility. Should the strategy bear fruit it will be one of the rarer times Monsanto could actually achieve brand resonance stage of brand development, despite the controversies already in place.

#### 5.4.3 In considerations of potential political problems to encounter

The rather risky development previously suggested may indeed be unnecessary adventurous had the law and regulations in Vietnam regarding the sales of agrochemical products and management of ethics in the industry would remain as they are practiced in the perspectives of the interviewed retailers. However, with the agriculture industry being very important to Vietnam's economy, and its supporting industries are forecasted to develop faster in the future, the advent of new laws, regulations, and policies governing the inspections and sales of agrochemical products will become almost certain and their arrival to the retail-level market would only be a matter of time. Should Dekalb Vietnam already have a head start in anticipation of stricter regulations on proper codes of conduct, there will be much to gain from demonstrating the professionalism and integrity for both predicting and abiding by rigid principles even when nobody else does (Huang & Sarigöllü, 2012).

#### 5.4.4 For eventually converging into a unified brand equity

The promotion of the subsidiary brand Dekalb Vietnam may actually be seen as a burden to the mother corporation, given its original rationale for distancing the local venture in the first place (Zavyalova, et al., 2016). Still, there is a paradox to be later encountered if the subsidiary becomes somewhat successful: either the local venture remains as independent as it could be despite bestowing complete control of the venture to its mother corporation's vision, or demands could become substantial enough to turn the subsidiary into a fully "matured" brand of its own. In either case, the end result may be the same: Monsanto prioritizing specialty over diversity of product vision. However, having a subsidiary working somewhat as a competitor to its mother corporation, may result in one brand undercutting each other despite sharing the exact same product portfolio.

There is indeed a safer, but more patient option of waiting to re-enlist the subsidiary brand back into the multinational corporate structure. In another, rarer and mostly hypothetical case, when Monsanto's local business operations in Vietnam fragment and branches even further, effectively "forking" the niche market attention, any social/cultural influence there is for each product line in the Monsanto global portfolio could establish their own niche and manage to supply the gap. There is no direct evidence found in literature and primary research that unifying the brand equity from both a child company and the mother corporation could become resourceful and manageable for the once-again Monsanto brand. Nevertheless, Dekalb Vietnam still possesses more potential than its mother corporation in achieving further than the brand resonance tier Monsanto has itself locked in for decades full of CSR practices and a fairly pure vision for humankind's betterment. If the mother corporation were to take advantage of the subsidiary business in Vietnam once it has proven the success of a new business model, eventually the main brand and its umbrella brands will converge back to being as close to the historically popular Monsanto brand. Giving up the subsidiary and letting it run its separate course could be a viable solution, but only for as long as the stigma on the Monsanto brand still sticks around somewhere in Vietnamese society, waiting for any opportunity to work against the Monsanto brand. The promotion focus should be all about combining the previously accepted risks in product positioning; in selecting the right people and niche to work on, in proper anticipation and considerations of future regulatory change in Vietnam.

## 6 Conclusion

### 6.1 Summary of the Thesis

The thesis chose an international company with a troubled background, both historically and currently on the international stage, to review using the case of its local subsidiary in Vietnam, a developing country with many underdeveloped aspects of the economy. While the background itself is full of limitations and underdevelopment, this case study of Monsanto and its Dekalb Vietnam subsidiary stand out from a branding perspective: a subsidiary created as

an umbrella with no connection to the mother brand in a market that typically favours high-quality imports. The thesis started on the context of controversies surrounding Monsanto and its questionable ethics in the past as well as questionable business decisions in the present, questioning the relevance of this struggling international business in the developing market of Vietnam where the political environment may not be any bit more in favour of the company as anywhere else. The purpose of the thesis is to develop a plan for Monsanto to develop its way through the unfavourable environment and keeping its subsidiary in Vietnam in-line with its global vision despite whatever pressure that it may experience. With this outset, a theoretical development and a research development were carried out, learning from both contemporary literature and data from primary research activities about the state of the agrochemical industry in Vietnam, the performance of the Dekalb brand, and the many problems regarding policies and government regulations.

The literature findings were conservative in the way limitations of both the Vietnamese market and of Monsanto as a brand suffering from controversial reputation complications, were presented. As for the Vietnam market environment, the usual PESTLE analysis provides a broad and general outlook which warns investors and business ventures not to tread on the State's interest wherever identified. As for Monsanto and the many controversies regarding GMO and agrochemicals, the literature stands cautious from making any assumption about its product quality from the scientific point of view, but showed a precarious situation where the reputation of the brand was attacked for concerns that may or may not have been substantiated. From the branding theory's perspective, the brand equity of Monsanto has ceased development past the resonance level, and at quite a negative value that it has accumulated from all of its involvement in controversial subjects. However, the foundation of the Monsanto brand appears to be quite resilient, with a focused brand identity of the today's Monsanto, an established portfolio of long continuation on many products, and proven market value (on the business sense).

Following theoretical development, a research was developed to help provide further details towards answering the development questions. The research was piloted with a quick study in order to find some initial clues about what can be looked for at the retail-store level. A more detailed questionnaire was then developed to help structure the interviews which would become the primary research activity, carried out by research participants from the Student Union from Hanoi University of Natural Resources and Environment. Lastly, a marketing mix with the carefully considered key-elements was drafted to help boost the performance of the Dekalb Vietnam brand significantly, with overall positive implications on the industry and likely even for the mother brand Monsanto as well, despite the unprecedented nature of consumer tolerance towards a brand's bad reputations.

### 6.1.1 The most problematic cause of unfavourable politics that Monsanto is still experiencing in Vietnam

The appreciation of the Monsanto brand equity was continued from literature research in the primary research with limited scope conducted in Hanoi, Vietnam, the hypotheses regarding Monsanto's management of umbrella brand development in Vietnam proving to be easily substantiated show that the company is actually on the right track with its business venture in Vietnam despite having to give up its historical brand development and still had to debut with a stigma that was reminded to the Vietnamese public right upon business registration in Vietnam. Even though the company was being conservative and cautious with the venture, offering only a small part of its product portfolio and only 2 particular products from that category, the adoption as witnessed at the retail-store level was surprisingly good.

It was identified from interviewing at the retail-store level that the main culprit behind the lingering controversies in agrochemical and bioengineering businesses is the lack of full understanding over very complex scientific matters, spanning not only agriculture but also biology, health & safety, and bioengineering principles. This confirmed the first hypothesis and provided the information to also help substantiate the effectiveness of Monsanto's solution to international reputation trouble in its Vietnam venture.

Further review of the interview data show that the third hypothesis was also correctly put, supporting Monsanto's umbrella branding practice and keeping only the foundation of brand equity that matter the most. However, Dekalb's growth in the local market may not be limited by the same factors that troubled its mother brand internationally. This development is supported by both brand theory which put the higher-tiered brand resonance aspects behind the foundational equity of the brand, as well as being supported by the primary research findings which consider the controversies about agrochemical products practically negligible.

### 6.1.2 Relevancy of Monsanto's problem to international businesses operating in Vietnam's agrochemical market today

The final part of the discussion section analyses future prospects for international business of Vietnam's agrochemical industry, as well as Dekalb Vietnam's relevance in the international market despite being an umbrella brand. Concerning the matter of GMO products, the research shows no evidence that genetic modifications will hinder Monsanto's advance in Vietnam. As it was shown, there is little consumer awareness in Vietnam of the subject and the weak government legislations. It appears that the breakaway from the troubled development at higher-tiered brand resonance equity in the agrochemical business and develop trouble-free with an intact foundations of brand equity, is also the breakthrough that Monsanto needed. This solution somehow resonates with the state of the domestic agrochemical industry development in Vietnam, with a lot of controversies on the superficial level of branding but without the foundation to support any development that even worth the support of the gov-

ernment through regulations and other inputs. While confirming what Monsanto had done is not exactly the result of developing a plan for further development, pointing out the literature that support this solution and finding data which reveals the cause of the troubles which drove Monsanto towards their resolution to cut off a subsidiary from the mother brand, should still contribute to the substantial evidence which not only Monsanto but other struggling international brand could employ as they enter a new market, specifically Vietnam given the political and cultural conditions as studied.

## 6.2 Further Development Suggestions

The development of this thesis took a look period of time at over a year, with the primary research efforts amounting over half of the duration. Along the course of this development, there have been many important changes to the status quo regarding the Monsanto brand. The first important incidence to take place was the lawsuit which Monsanto lost and will likely have to pay \$289 million in damage should the judgment stand without being appealed (Brodwin, 2018). The second development outside of the knowledge of the researcher until it was announced close to the final days of the research activities in August, 2018, was that Monsanto was acquired by Bayer in a merger deal, which many suspected that the Monsanto brand will eventually be dissolved entirely and its product portfolio be fully assumed by Bayer (Kresge, 2018). This development may or may not negate the thesis progress so far and render the substantiated hypotheses meaningless, as the details about the merger remain to be clarified from official sources. However, given the specifics of the Monsanto and Dekalb case study in Vietnam as things stood until the first quarter of 2018, all of the literature reviewed and the development questions with the hypotheses devised for answering them still apply to the context and scope that this thesis set out to develop. Further development could continue after the merger has completed and the situations regarding the Monsanto brand have been concluded. Other than the case of Monsanto, development of international brand reviews in difficult local political environment may continue on other segments where the government actually has a stake in the industry, such as the telecommunications and public utilities, where even private domestic competition has been difficult. Other countries with non-Western political environment may also have unique problems of their own, requiring a lower levels of research approach in order to reveal information which could be ignored or parsed out of context by and overarching summary that skips many details.

In terms of brand theory application, there remains a question that was not mentioned in the development of this thesis: why does Monsanto's involvement in the Vietnam War matter so little to present-day consumers? This question will require a different approach in a different conceptual model specialized in reviewing national culture and behavioural economics, which would have pushed this thesis out of scope and overburdened with a wider range of information than would be practical for the researcher to process. Furthermore, such problems (or

advantage) regarding cultural compatibility of a brand, or even a whole industry segment, deserves a dedicated study as a stand-alone research topic.

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## Appendix

### Pilot Research Survey questionnaire

The pilot questionnaire is designed to supply vital information that helps define the pretext for the design of more specific questions to be used in the primary research. The pilot study will be conducted on the same target sampling pool, albeit to a smaller sample size compared to the expected primary research, and will only include either 3 quick questions:

1. Do you know of a company named Dekalb Vietnam?
2. Do you know of a company named Monsanto?
3. Do you know about genetic modification in agricultural products?

### Pilot survey result summary

The pilot survey approached 29 independent retailers in the vicinity of Hanoi and adjacent suburb districts, as well as in Thai Binh Province. These 29 retailers consist of:

- 12 supply stores operating inside a campus of Vietnam University of Agriculture;
- 6 online retailers of potted flowers and horticulture supply products;
- 9 retailers with stores in Hanoi selling horticulture & gardening supplies; and
- 2 supply stores in Thai Binh Province selling specifically pesticides and herbicides.

Out of these 29 retailers that were approached with the pilot study questions, the empirical findings were:

- 16 out of 29 retailers have never heard of Dekalb Vietnam when asked.
- 26 out of 29 retailers did not recognize the name Monsanto when asked.
- All 29 retailers have heard of the term “genetic modification”.

- 22 retailers could not recall any particular company that sells GM products at the moment of asking. All retailers suspect that most of the popular brands in agriculture supply business sell some GM products.
- 17 retailers believe that overall GM products are not better than “conventional” options. All retailers agreed that GM products offer some distinct advantages over non-GM options.

#### Questionnaire Template

(Actual questionnaire in use may differ in front matters, introductory notes and layouts)

In the attempt to minimize over-emphasis of any single category of issues over the other, the positioning of opening questionnaire sequence between Part I, II and III will be shuffled between individual sessions. The aim is to achieve roughly equal number of sessions starting with a separate issue category. The extra question about the Dekalb brand could be asked either at the beginning or at the end of each session.

The template as described below will follow the original layout, which will also be consistent with the flow of content in the research paper:

#### I. On GMO issues

1. What do you think about the risks of genetically modified agricultural products?
2. Do your customers question the origin, composition and other details of your products?
3. Do you think the government should mandate specific labelling for GMO presence in all food and beverages sold in Vietnam?
4. If you have products with GMO labels on them, do you think they would sell as well as those without?

#### II. On the retail of agrochemical products

5. Where do farmers and livestock keepers usually buy agrochemical products?
6. Where can they get instructions on the use of the chemicals?



7. What do you think about domestic chemical products in comparison to imports?
8. Do you receive any training or help from your suppliers to instruct customers on the use of chemical products?

III. On counterfeits and regulations

1. Do you think there are fake products mimicking the name-brand agrochemicals products on the market?
2. Can you spot the fake ones? What would be the key signs to look for?
3. Do the government agencies often inspect the market for compliance?
4. Is there any current law you know about, regarding the sales of agrochemicals?

IV. Extra question on the Dekalb brand

Do you know about a company named Dekalb Vietnam? Have you seen or stocked any of their products?