

Bachelor's thesis

International Business

2020

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# A VIETNAM MARKET RESEARCH

## – SALLI SYSTEMS EXPANSION TO ASIA

BACHELOR'S THESIS | ABSTRACT

TURKU UNIVERSITY OF APPLIED SCIENCES

International Business

2020 | 54, 2

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### SALLI SYSTEMS EXPANSION TO ASIA

This thesis is a Vietnam market research for a Finnish company- Salli Systems about its main product, which is Salli saddle chair. In specific, the main objective is to study the demand of Vietnamese customers toward the chair, in order to evaluate the potential opportunity for Salli to open its business in Vietnam. The thesis provides a brief introduction about the case company, then meticulous analyses about Vietnam market and international entry modes. After that, the thesis describes the standards to assess the level of potential of one market.

In term of research method, qualitative analysis is applied in the research process. Phone interviews to subject groups (Business-to-business and business-to-customer) are made, and the results are collected, which are then interpreted in detail later. From the results, all the research questions are satisfied, especially the strong positive confirmation for Salli's opportunity in Vietnam. Overall, the case company still needs to do adjustments on both the wholesaler and retailer prices and the condition to become dealer in Asia.

#### KEYWORDS:

Vietnam market research, Vietnam market analysis, Salli saddle chair, globalization, potential market, phone interviews

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# 1 INTRODUCTION

Located in the little town of Northern Savonia named Rautalampi, SALLI has been operated for nearly 30 years and achieved significant successes in business ever since then. Due to the fact that this thesis will be made in co-operation with SALLI System - which also is the company that I am doing my practical training, it is suitable to initiate the introduction by explaining its concept generally, so that the motivation can be analyzed clearly.

As it is claimed in SALLI's website (<https://salli.com/en/salli-concept/>), the concept is to focus on sitting posture adjustment in order to avoid sitting disorder, causing one of three of the common office injuries – ergonomic-related hazard (Lexington, 2017). Professor Wojciech Jastrzebowski was the first using the word Ergonomics in his philosophical narrative in Poland. It is defined as an advanced workplace condition, where science is applied to help improving the quality of workstation to ensure worker's well-being and performance (Pandve, 2017). In the early stage of understanding this notion and being an ergonomic specialist himself, Veli-Jussi Jalkanen – Chairman of SALLI- has been unceasingly developing the company's main sale: Salli saddle chair, one kind of ergonomic innovations which is the fundamental product of my thesis research as well. Salli saddle chair has become popular over 41 countries, especially in these following ones where the dealerships have been predominantly established: Sweden, Denmark, Germany and Norway (Salli, 2019). Besides, SALLI even starts building its brand in 2015 in Asia markets, such as Shenzhen (China) and Hong Kong, and is still on the way looking for more opportunities to spread out the business; next destination on the target is Vietnam.

That is the first reason motivating me to devote a market research report to the company, as Vietnam is my native country, so possibly contributing for its growth by bringing more international investments into the market is what I proudly and willingly do. Second, this project enables me to finally acquire hands-on experience of market research field after learning theories about it in the university. Although "International Project" course once allowed me to practice the knowledges to real case company, it was still a big group's assignment working on an European market – which means the communication and connection searches were mainly done by my colleagues, therefore, I hardly earned practical skills or understandings about the whole market research process; now is the

perfect chance to operate it on my own and I believe that I will achieve the most out of this research. Finally, SALLI business cooperation, especially government cooperation, with China currently is recorded to perform poorly as the regulations for international organizations doing business in the country are getting harder and harder and the labour cost as well as infrastructure for manufacturer there are also on the way to become a serious problem to the company, hence, Vietnam is being considered to be a more proper outsourcing solution; when a mindful market research is carried out, goals are accomplished, a Southeast and East Asia manager would be wanted and the position is my ambition, which if it can be fulfilled, it will make a massive leap in my career.

### 1.1 Purpose of thesis

Based on the above facts, the author decided to do a market research about Vietnam to study the potentiality of Vietnam for Salli saddle chair's business entry. The specific goal is to find out the level of interest of retail dealer toward the product. The objective of this research is to evaluate the demand for Salli saddle chair, and to check whether there is genuinely a need for the product in Vietnam. As a consequence, my research will help the company to decide if it is worthwhile to expand to Vietnam. In the unfortunate case, one more objective is to make suggestions for future consideration.

### 1.2 Research questions

- Is there any opportunity for Salli saddle chair to enter Vietnam market?
- In Vietnam, which party will be interested in buying and using Salli saddle chair?
- Is there any international company or domestic company selling the same product?
- What are SALLI's competitive advantages that offer the potential to compete with the competitors in the marketplace?
- Which will be the most possible channels for SALLI to enter Vietnam market?
- What are the future suggestions for improvements for Salli saddle chair to be more suitable to Vietnam market?

### 1.3 Thesis structure

The thesis is divided into five main chapters, which are introduction, literature review, research methodology, results, and conclusion. The first chapter is the introduction with the aim of providing about case company and its main product on which the whole thesis is based; purpose of the thesis as well as the research questions are also introduced in this chapter. Second chapter is about theoretical framework with three fundamental theories; knowledge on how to assess the potentiality of a market is the central information given in this chapter. Next, market analysis methodology and limitations will be interpreted in the third chapter – research methodology; it explains the main method used in this research and details about how to conduct the data collection process. Then, the results are scrutinized, including two parts: data collection and data analysis; data collection reports the collected results followed the process that was demonstrated in chapter three, and data analysis interprets reasons, values as well as information that the results delivered. Lastly, the thesis ends with conclusion which gives short answers for each research objectives, and suggestions for improvements for the case company, so that this research can become their consulting source in the future.

## 2 LITERATURE REVIEW

### 2.1 Vietnam market analysis

SWOT analysis or Strengths, Weaknesses, Opportunities and Threats matrix, is usually used as one of the primary step when market research is conducted, because the tool is unquestionably helpful to analyze an object in four areas both internal and external sides, and they are components affecting the business environment. In other words, the benefit of SWOT analysis can be noted as building strategy based on object's capabilities and deficiencies, opportunities and future threats (Thompson, A. A., et al., 2007).

According to the PwC Vietnam's Guide Book, the Prime Minister of Vietnam has reported that in 2018, the country's GDP showed the highest growth rate of 7.08% within 10 years, thus, set record as one of the world's top growth performers (PwC Vietnam & VCCI, 2019). For a deep understanding the reason of choosing Vietnam, SWOT analysis is carried out to be able to list out all the possible elements:





Picture 1. Vietnam market SWOT analysis

### 2.1.1. Macro overview

PEST is the short form of Political, Economic, Social, Technological factors. It is a powerful tool for business strategy planner as it lists out all the possible external macro environment of a market that may make impacts to the performance of the company; from there, strategists seek related information in order to change their business plan to adapt with the market environment (Sammut-Bonnici & Galea , 2015). The analyzed PEST let researchers know essential external factors; being able to identify the opportunities and threats caused by those, the firm can barely fall behind its business rivalry.

Vietnam or the official name Socialist Republic of Vietnam is the country with total population of 95 million, making it the 15th populous nation in the world; it is a large market with increasing purchasing power, along with a FDI hub (PwC Vietnam & VCCI, 2019). To comprehensively discover the potential of Vietnam market, PEST analysis will be put into practice.

### Political factors

Single-communist party remains ruling the country since 30 April 1975 (Governmental Portal, 2015), keeping the political environment stable and preventing riots or rebellions as much as possible since they are mostly provoked by reactionaries. On the other hand, because of the political system, human rights are limited compared to those in developed countries, such as freedom of speech in general, press and public news in specific, is still under control of the government, as it is proved by the rank of 176 over 180 countries in the “Press freedom ranking 2019” (Reporters Without Borders, 2019).

Political factors include taxation which need careful study when a foreign company thinks of running business in other country. In Vietnam, corporate income tax, employment taxes, import duties, value added tax, foreign contractor tax and capital assignment profits tax will affect business activities and investments, especially when they are enforced at the national level. Comparing to Finland’s tax rate, it is lower in Vietnam with corporate income tax takes only 20%. VAT differs in three cases, including 10% for standard, 5% for basic goods and services and 0% for exported ones. Personal income tax system works like Finland as the rates will depend on the status and income level of the residency. 5 to 35% will be applied for Vietnamese employment and they are taxed world-wide, 20% on only Vietnam sourced income for non-residents, while 0.1% to 10% will be imposed for non-employment income (PwC Vietnam & VCCI, 2019).

## Tax rates

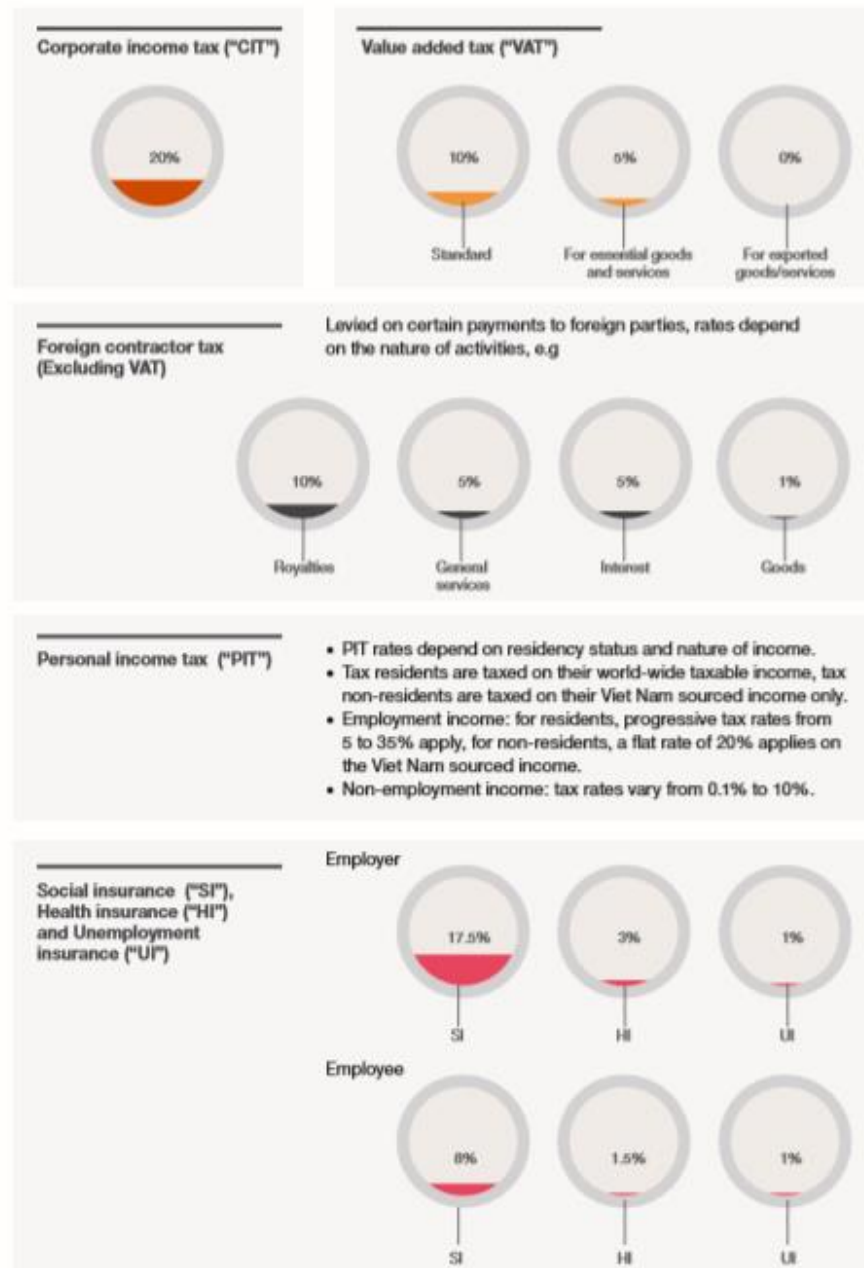


Figure 1. Local tax system in rates and details (PwC Vietnam & VCCI, 2019)

The force that successfully attracted investments into Vietnam is tax incentives. Since Salli saddle chair belongs to the public sector, they can be summed up with two main points: long period of time for corporate income tax rate at 10% and 50% reduction for exempting tax for 4 years and next 5 to 9 years. Import and export duties also belong to the political concerns as changes are frequently witnessed, particularly in rates of charge. Certificate of Origins is the standard that imported goods must follow along with

WTO Valuation Agreement for calculation, meanwhile, export duties are less complicated as only a few items are charged and 0% to 40% is the rate range (PwC Vietnam & VCCI, 2019). Salli is office chair that has height adjustment function, so its harmonized system code is 9401. Export tax for furniture is 0%, preferential import tax is 25% with VAT 10%. When there is a certificate of origin in accordance with free trade agreement, there will be a special preferential import tax rate ranging from 0% to 20%.

Human resources and employment law is another aspect of political factors to deal with. A legal framework created by Vietnam Labour Code introduces rights and obligations of employers and employees in regards to working hours, contracts, labour agreements, etc. For instance, if SALLI find a distributor in Vietnam, labour contract that has made in Vietnam should have different languages versions, including one that must consist the agreements written in Vietnamese. The currency must also be set in Vietnam dong, so that both employers and employees can be protected under the law. About foreigner workers, a work permit is required to be allowed to work in the local country. Labour management authority will be the department issuing the papers, entry visa as well as business visa. Lastly, although 52% Vietnamesees are in legal working age, due to talent drain, professional workers are still desired and welcomed to maintain the competitive edge of the market (PwC Vietnam & VCCI, 2019).

Bureaucracy and corruption have long been the disturbing issues and barriers for foreign companies to come to Vietnam. Thanks to government's corruption tackle policy starting in 2016 and the revived law for anti-corruption in 2018, the situation has been improved with strong punishments such as proper investigation and sentences are implemented. However, further enhancements are encouraged to fiercely fight against briberies, money laundering, illegal transactions and assets (IMF, 2019).

#### Economic factors

Doi moi era since 1986 brought an extreme market reform, resulting in the best results so far as rapid growth is affirmed annually. Besides, inflation control has also been improved, especially in recent years, when CPI growth was always reported at below 4%, like in 2018, it was 3.5% (PwC Vietnam & VCCI, 2019). The shift from being an agricultural country to a service and industrial one explains the percentage shrinkage in agriculture, construction and mining sector; in contrast to the used-to-be main and biggest sector, service and industrial ones witness significant escalation in statistics throughout 7 years (IMF, 2019).

## Strong growth

Strong economic growth is led by the service sector and industrial activity.

(year-on-year percent change)

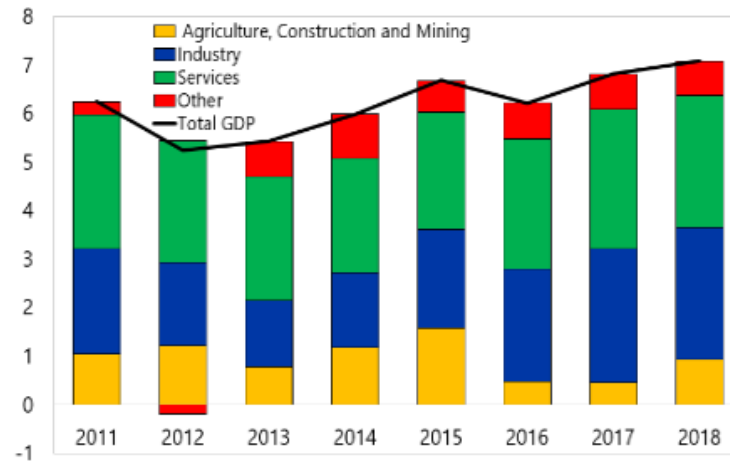


Figure 2. Vietnam economic growth in sectors from 2011-2018 (IMF, 2019)

Also, the growth of middle classes in Vietnam cannot fail to be mentioned since about 1.5 million Vietnamese are able to join the global middle class each year starting from 2014, which in 2018, 16.3% of the population represent for middle class. Recently, World Bank already assessed Vietnam as a lower-middle-income country, moving it out from the old group, which is International Development Association loans for low-income countries (McKinsey & Company, 2019). By 2035, major social changes are procrastinated for Vietnam situation. Middle income households will be dominant and poverty rate is almost out of the structure, enable Vietnam to reach the common prosperity.

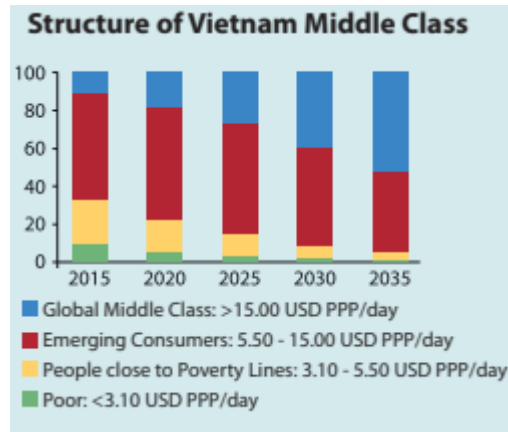


Figure 3. Social equity and inclusion from 2015-2035 (Ministry of Planning and Investment & ABP2, 2018)

The surge of higher income group, along with urbanization, means the consumption will raise as well because not only basic necessities, other discretionary spending will also be consumed, which is crucial to economic growth, especially growth of the retail market (The World Bank, 2018).

#### Social factors

Annual population growth in Vietnam is 1%, yet it is predicted to be aging rapidly. Although the median age of 30.5 years showing that the country has a massive workforce and young population, in the next 25 years, old age ratio will be dominant as the fertility rate remains low ever since 2000 and is anticipated to not grow for the next 40 years (IMF, 2019).

### Aging society

Vietnam's working age population is expected to begin shrinking by 2020.

(2015-60: medium-variant projections)

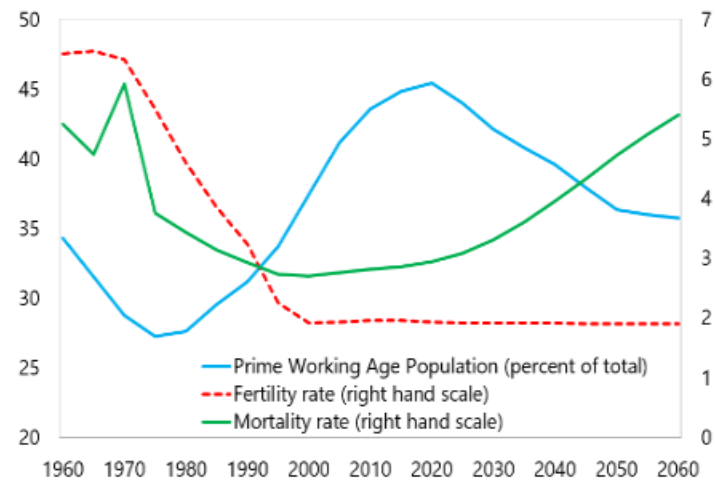


Figure 4. Vietnam's past, current and anticipated future age population from 1960-2060 (UN, 2017)

One more objective to cover due to the connection between it and the purpose of this research is the prevalence of intervertebral disc degeneration in Vietnam population.

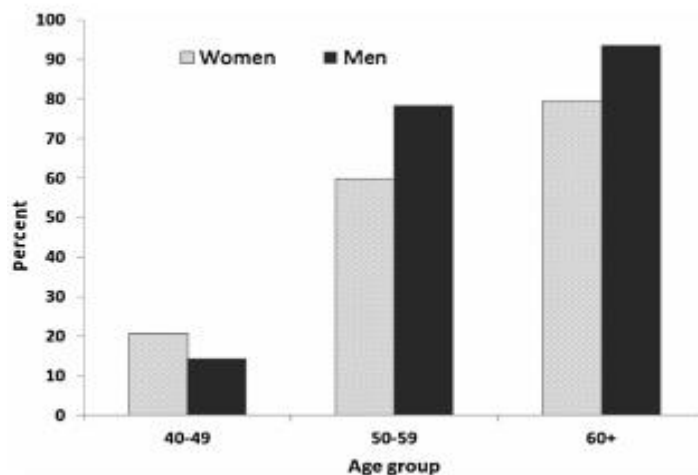


Figure 5. Data of 2 groups of man and woman aged 40 and over, who are diagnosed with disc degeneration (Lan T. Ho-Pham, et al., 2015)

Although studies about the prevalence of intervertebral disc degeneration (IDD) are deficient, the existed ones proved the similar in data about IDD in Asian populations and in Caucasian populations. In Vietnamese population solely, (Lan T. Ho-Pham et al., 2015) has proved that almost 60% of 647 participated individuals in the age 60s have radiographic IDD, with higher diagnosis in men than women. In other words, 6 out of 10 samples obtained radiographic IDD; and low back problem accounts for 44%, whereas neck issue takes 29%. Conclusion that was drawn from the study is that the older the age can link to the greater the possibility of IDD prevalence. Besides, intervertebral disc degeneration was predicted to become a problematic skeletal disorder, which after almost 5 years now, is turning to be accurate (Lan T. Ho-Pham et al., 2015). The clear data is not available, but based on reliable sources like Vietnamese credible online newspaper pages, IDD happens to younger age group (25-35) recent years due to occupational factor and bad habits, mostly sitting all day but in wrong position (Nhon, 2019). Furthermore, Vietnam Nutritional Institute provided statistics indicating that approximately 2,5 million citizens have osteophytosis and over 150,000 cases resulted in fractures as the consequence of ignoring the symptom for a long time (Thanh Nien, 2018). The exact number is not identified but studies have shown that dentists are one of the common groups that greatly exposed to occupational hazards, which means high risk of musculoskeletal symptoms due to their bad sitting postures (Kerosuo, et al., 2000, Ayers, et al., 2009, Razan, et al., 2011). So, it is likely dentists also belong in the increasing IDD patients in Vietnam; this is what SALLI aims for, to provide dentists a well-designed work environment, hence, the health problems caused by abnormal sitting form can be prevented. Moreover, the company believes that maintaining the ideal spinal posture can extend the working years of a dental professional either, as it is recorded that due to IDD, dentists tend to retire in the early of their lifespan, like around 45 to 50 (Kerosuo, et al., 2000, Ayers, et al., 2009, Razan, et al., 2011).

## 2.2 Globalization

The process of expanding business operations to cross-border is exclaimed as globalization. It involves trades in goods and services, technology, together with flow of investments, resources and international strategies to put globalization into effect. An organization starts to think about going global when it is considered to succeed in domestic market; signs and evidences normally are found as the maximum market share and being a key player in the domestic market. It is commonly observed that a company



will first seek foreign countries that obtain the similarities in culture, economic and business environment with its current market; then once its outcomes are affirmative like they are at home, countries with significant differences will be the targets. This is seen as the easiest globalization approach and the product is only successfully implemented when well-prepared researches are exploited (Machková, H. et al., 2010).

### 2.2.1. Motives for globalization

Major globalization motives can be differentiated as internal and external factors. Before that, John H. Dunning (Dunning, 1993) classified them into four main reasons:

- Market-seeking: new customers are desired abroad
- Efficiency-seeking: going abroad with lower economic performing cost
- Resource-seeking: going abroad to get access to resources that are scarce at the home country or that are the same but with lower price.
- Strategic asset-seeking: strategic assets (tangible or intangible) that can be collected abroad since they are not available at the domestic market, but they are critical for the company's sustainability.

In the case of SALLI, the above four motivations are true to the company. SALLI is certainly looking for the new market that it has not operated the business yet, which is Vietnam. The other purpose of targeting the country is because the company wants to relocate its manufacture factory from China to Vietnam since the operation as well as labour cost would be considerably lower. Following the relocation is the search for a good resource supplier, for example, such resource like steel- which is the most important component to make the chair body (gas spring) and the base- bottom of the chair; resources like metal are expected to be more affordable in Vietnam market than they are in China, and it would be convenient to have local supplier if the moving is successful. Otherwise, Vietnam still benefits the supplier of products and raw materials from Laos, Cambodia or China through land transport. Regarding strategic asset-seeking, tangible one is not the aim of SALLI because tangible assets are about property or profit/cash or inventory which are still being able to be collected in Finland and other markets; yet intangible one is considered as what SALLI is seeking since they can be explained as intellectual property, such as franchises and company's brand. As the strategic asset-seeking definition above, these intangible ones will help to build the sustainability for the company in the long run because if brand awareness increases by globalizing, brand

name is also getting more and more recognizable and the value of the company is determined.

Internal and external factors also are divided into proactive and reactive motives; being able to analyze them will give firms reasons to globalize.

Proactive motives	Reactive motives
<ul style="list-style-type: none"> <li>● Profit and growth goals</li> <li>● Managerial urge</li> <li>● Technology competence/unique product</li> <li>● Foreign market opportunities/market information</li> <li>● Economies of scale</li> <li>● Tax benefits</li> </ul>	<ul style="list-style-type: none"> <li>● Competitive pressures</li> <li>● Domestic market: small and saturated</li> <li>● Overproduction/excess capacity</li> <li>● Unsolicited foreign orders</li> <li>● Extend sales of seasonal products</li> <li>● Proximity to international customers/psychological distance</li> </ul>

Picture 2. Major motives for globalizing (Albaum, G., et al., 1994)

Proactive motives tend to be more aggressive by taking action in advanced to adapt the changes or plan for the situation; being proactive is highly valued since in the international business environment, companies that are ready to anticipate and attempt strategy change will have better advantage. In different circumstances where firms just react to events that pressure them, for example: saturated domestic market, competitive strike, they are reactive motives or passive reasons forcing an organization to think about running business in foreign countries (Hollensen, 2014). Put the context in the case of SALLI, it is obvious that the company belongs to the proactive motives with goals, strategic direction and clear visions of what it desires from Vietnam market.

### 2.2.2. Market entry modes

Entry modes represent possible methods to globalize a product or service to a foreign market. Based on each characteristic of the entry modes, managers can decide which one to select or whether a combination of multiple ways should be applied or not. Furthermore, the nature of the product or service should be put on the table along with other effectors as the more unique the product or service is, the more likely it will stand out and earn a good position, but what should be most importantly considered is that different modes offer different methods to enter a market; thus, the company must understand the pros and cons of each mode as well as the requirements of them in the specific market, since they can vary in slight to heavy differences from country to country.

Normally, in Vietnam, there are 4 common approaches to distribute imported products:

- 1) Exporters seek importers or distributors at the new market, then these middlemen will find local big modern retailers to sell the products to customers.

*Exporters ⇨ Importers/Distributors ⇨ Big Modern Retailers*

- 2) Instead of directly find retailers, middlemen will look for wholesalers, so wholesalers can do the job of sorting out suitable retailers to sell the products.

*Exporters ⇨ Importers/Distributors ⇨ Wholesalers ⇨ Retailers*

- 3) Exporters will ask local agent to find them either importers or distributors or wholesalers, from there, retailers will be determined

*Exporters ⇨ Local Agent ⇨ Importers/Distributors/Wholesalers ⇨ Retailers*

- 4) Exporters however can directly contact big modern retailers to ask for business co-operation.

*Exporters ⇨ Big Modern Retailers (Metro, Saigon Coop, Big C, Maximart, Citimart, Vinmart)*

#### Export management company/Export house

Export management company (EMC) is a specialist company that handles the export process of a product, including importing and distributing it. In other words, EMC will represent manufacturer as export marketing and international sale department, which include business negotiation, quotation and order, costs will be managed by export house. This is one of the favors of undertaking this method as necessary documentation, government regulations or local purchasing practices are familiar with EMC. Another is that risks and issues related to export process have been entrusted to EMC, transport costs are also reduced since there will regularly be a large shipments of goods due to the fact that EMC is the exclusive export department for other companies as well; what is left for the manufacturer to do is to fulfil the orders. Disadvantages of doing business with export house is that the manufacturer's objectives may not be met since EMC somehow will select markets that bring most conveniently benefits for them, so the products can be inappropriately distributed. Besides, uneven marketing plans are dispensed when potential or competitive products are in the stockroom; they will draw more attention than the new ones because they can deliver immediate profit when a number of customers already exists, thus, export house will certainly commit less marketing effort to the new products (Hollensen, 2014).

Due to its conveniences and cost-efficiency, SALLI should consider operating business through EMC as it omits the concerns about import process, regulations and high fees. This is also a quick and efficient way to globalize as the distribution will also be taken care by the specialist company.

### Distributors

Distributor is the sole verified representative for the manufacturer in a particular country, but the company will be independent as the products will be bought on the distributor's account and imported to its warehouse or showroom to sell directly to the end users with its own price set. The risks on the manufacturer's side is only before and during the transportation process; they are then transferred to the risks of the sales, which are now responsible by the distributor (Hollensen, 2014).

Distributors are the main entry mode SALLI plans to do as it is the traditional way the company has been carried out since the beginning and has been successful in other markets. From its perspective, finding a good dealer or distributor is the most effective method to enter a market. The distributor, located in Europe and import products from Finland, has to own the ability to buy at least 8 chairs from the company and sell them in the first year; and show the possibility to continue the dealership with SALLI by guaranteeing to buy and sell 20 products in the second year. Meanwhile, distributor located in Asia and import products from China, is required to own enough assets and ability to buy at least 18 chairs, because that is the demanded minimum number for manufacturer in China to ship out the chairs to other areas in Asia.

### Agents

This entry mode is formed when a private entrepreneur or an independent company sells the products to wholesalers, retailers or supply companies on behalf of manufacturer. It is different to distributor mode as the agents do not stock the products, they sell them using their wide network in the domestic market and charge manufacturer the commission (5-10%) for their service, the price paid depends on market size and how much tasks they need to perform. The most advantageous feature of accepting agent entry mode is that R&D costs are economized as the agent already acquired knowledge about culture and business environment in that country (Hollensen, 2014)

Table 1. Three types of agents (Hollensen, 2014)

Exclusive	Semi-exclusive	Non-exclusive
Exclusive rights to specified sales territories	Handle manufacturer's goods along with other non-competing goods from other companies	Handle variety of goods, including competitive ones

### 2.3 Market research

Market research is often utilized when an organization has limited knowledge about the new market, such as “characteristics, spending habits, location and needs of your business’s target market, the industry as a whole, and the particular competitors you face”, the promising customers and customer groups (Gupta & Di Benedetto, 2007). In specific, it is an important process as the report can, in a significant extent, deliver:

- Answers for the viability of the new product. In other words, it tests the level of interest for new products and services (Ward, 2019).
- Ideas to improve diverse aspects of business like customer service or distribution channels (Ward, 2019).
- Insight of the market and market trends, therefore, minimizing risks and uncertainties (Al-Shatanawi, et al., 2014).

To sum up, it can be stated that market research report is a reasonably precise tool to figure out the target market’s demand or potential for goods and services (Waheeduzzaman, 2008).

### 2.4 Market segmentation

Market segmentation is demonstrated as a guidance for companies to partition market into groups that have high potential in purchasing their products and services (Yankelovich & Meer, 2006). It gathers consumers that exhibit the same interests and shopping behaviours together, so that marketer is able to analyze, finding niche opportunities to promote the product or service accordingly; customers, then, are treated in the way that is profitable for company.

Five common dimensions to set up on are geographic, demographic, psychographic, behavioral factors (Kotler & Armstrong , 2018) and adopter categories (Weinstein, 2004). However, only geographical and demographical will be discussed below as they are relevant to the research.

#### Geographical segmentation:

Dividing a market into locations and studying the resemblance of needs in consumers of each area are tasks that applied to perform geographical segmentation. Location can be sorted by continents, countries, after that, neighborhoods are classified with the belief

that people living in the same region share higher identical desires and demands toward a specific offering than residents of other places. Besides, population density and climate are also taken into account (Kotler & Armstrong , 2018). Applying geographical segmentation to SALLI to eliminate the unpromising areas and only focus on the potential cities, for example: Ho Chi Minh City or Hanoi City- where one is the biggest industrial city and the other is the capital of Vietnam. Vietnam geographical location, in general, already possesses significant advantages as it is the country with long coastal area from the north to the south. Danang is one of the major port cities, so it is also a proper option as there are international airport and seaport which are favorable for importing and exporting. Besides, different kinds of customer are easy to find in the big cities than in the surrounding areas, hence, it is easy to target and find the suitable groups that the company desires to sell the product for.

#### Demographic segmentation:

Demographic factors - which naturally come into one's mind are age, occupation, gender, nationality – belong to demographic segmentation. Being capable to identify demographic variables that present the closest target the business is dealing with is an advantage. It is advised to gather up as many characteristics as possible when doing this approach since poor prediction will be drawn out using just a few of them, for example, age alone hardly discloses incomes, family status or buying power (Kotler & Armstrong , 2018). Among those basic factors in the demographic segmentation, occupation and income would be in SALLI's interest because of the features of the saddle chair. First, as mentioned in the "Social factors" of the first part "Vietnam market analysis", dental professionals tend to get problems with their neck, shoulder and back in the early age due to their job, so they are the first and main subject that Salli saddle chair aims for when it enters a new market. Second, the price of the chair, even if major parts of the chair are now produced in China, is still high compared to the income of Vietnamese. Therefore, level of income needs to be studied because it is crucial to decide the group of customers that SALLI should focus on, to do proper marketing and sale.

## 2.5 Market opportunity analysis

An integrated model with three key dimensions is the strategic tool to determine how potential a market is. It is the investment made for a long-term good return, as the

analysis can assist the researcher in various aspects. Market potential report analyzes possible opportunities and threats of a given product, which is remarkably crucial for new product development, in specific country now and in the future; it enables analysts to understand how to maximize the effect of existing growth drivers to meet customer demands, identifying barriers so that the firm can overcome when doing business (Kraemer, Kenneth L. & Dedrick, Jason, 1998).

Three determinants are market size, marketing plan requirements and levels of satisfaction of customers toward competitor's marketing strategies. These dimensions not only scrutinize the opportunities, they also imply the extent of doing same business of other firms. Since this research is not concentrated on marketing field, only market size and competitor's analysis will be discussed.

#### Market size:

Before launching a new product, estimation of market size is mandatory. Market size can be described as a total number of potential customers that the product is aimed to sell for. Or to be specific, market size is depicted as the amount of current sales of a product to indicate if the demand for that product is weakening or expanding; however, this is a challenging task as the relevant data is vacuumed, especially in emerging markets, where market research is not always applicable due to lack of needed information and infrastructure. That is why, according to John Kuada, he has drawn an explanation based on Kotler's definition (Kotler P. & Armstrong G., 1994) that total market demand is not an exact number, it rather be interpreted as a target group's characteristics, the geographic location of a desired area, market environmental considerations and marketing program (Kuada, 2008). Besides, screening to find appropriate market size is important since if the market is too small to stand a chance, discarding it would be better; yet if it is able to yield substantial prospects like high profit margin, small size would be a great beginning. Additionally, turnover rate is another side of market size concerns as it should generate positive ratio of return on investment depending on sales and margin of the market (Kuada, 2008).

In the AT Kearney report 2019 (A.T.Kearney, 2020), Vietnam is ranked as the 11th with 50.2 scores and still qualifies the index of being a low market saturation.

2019 Rank	Country	Region	Population (mn)	GDP PPP/Cap (US\$)	National retail sales (US\$ bn)	MA	CR	MS	TP	Final score	Rank vs. 2017
						(25%)	(25%)	(25%)	(25%)		
1	China	Asia East	1,394	18,110	3,869	100.0	72.7	18.9	88.4	70	1 ↑
2	India	Asia South	1,371	7,874	1,202	60.2	60.9	66.8	88.8	69.2	-1 ↓
3	Malaysia	Asia South East	32	30,860	110	76.9	87.8	23.1	59.9	61.9	0 →
4	Ghana	Africa West	29	6,452	24	18.3	42.3	96.6	79.5	59.2	27 ↑
5	Indonesia	Asia South East	265	13,230	396	51.7	50.2	53.2	79.8	58.7	3 ↑
6	Senegal	Africa West	16	3,651	10	7.3	24.3	91.4	99.2	55.6	New
7	Saudi Arabia	MENA ME	33	55,944	125	84.4	69.4	16.1	49.9	54.9	4 ↑
8	Jordan	MENA ME	10	9,433	15	44.2	51.1	60.1	59.4	53.7	7 ↑
9	UAE	MENA ME	10	69,382	78	86.0	100.0	0.5	24.6	52.8	-4 ↓
10	Colombia	America South	50	14,943	101	46.7	71.9	42.2	43.8	51.1	0 →
11	Vietnam	Asia South East	95	7,511	109	25.1	25.3	61.6	88.7	50.2	-5 ↓

Picture 3. 2019 GRDI retail development index (A.T.Kearney, 2020)

A.T.Kearney used to use the term “market size” instead of “market attractiveness”; however, with market attractiveness, there are more factors to consider and define the market size eventually: retail sales per capita, business efficiency, number of large cities, population and urban population. 0 would be no attractiveness and vice versa, meaning Vietnam has not yet accomplished the significant level for attractiveness since the score is only 25.1 in 2019. This can be interpreted also as the market size is still not favourable compared to other markets, especially China- who maintains the first rank with absolute score for market attractiveness (A.T.Kearney, 2020). Regarding the sales of the product that is similar to Salli saddle chair, there is no available statistic; it is understandable since the chair is also not a common type of furniture in Vietnam. Consequently, calculation of market size for the product is impossible.

#### Demand analysis:

Demand analysis is a decisive part of market size determination as it clarifies whether or not the demand for that product lives in the target market. By utilizing techniques for demand measurement, the analyst is given an idea of the nature of market of a given country. Potential market would be when there is a group of customers expressing some level of interest toward the product or service, while available market is different because it refers to a set of customers revealing that they are eager and qualified (income class) to buy; target market is the share where the company serves in the available market, and penetrated market is noticed as users that already made purchase of the product before. Classifications of demand are explained as below:



*-Incipient market demand:* is the competitive edge for a firm if it can be early-detected and nurtured. Toyne and Walter (1989) defined incipient demand is an imperfect shape as it is presumably expected to grow stronger in the future. The situation is called incipient demand when there is a particular need but neither any product has been available yet nor income ranges is sufficient enough to satisfy it. SALLI falls into this category since saddle chair is new in Vietnam. As it will be analyzed in the “Competitors’ marketing strategy”, and also gathering all the above information about the dental job’s health problems, the increasing IDD patients in Vietnam and the scarcity of high quality saddle chair sellers, it is possibly sure that the demand for this type of chair exists, but there is no appropriate marketing campaign to exploit it as well as a provider to satisfy it.

*-Latent market demand:* is a hidden demand as it is living inside customers’ mind but they has not manifested it clearly due to different reasons. Latent type remains untapped demand because the specific innovation has not been utterly launched to fulfill the need, or it has been interrupted by objective factors such as government regulations or national taboos (Toyne, B., & Walters, P. G. P., 1989).

*-Existing market demand:* indicates the availability of the products in the given market and the capability of the customers to pay for them.

#### Requirements for marketing plan:

Efforts on marketing a specific product for potential customers are wanted, even when the competitive environment is mild. Practicing the assessment of marketing programme conditions shows how willing the company is to accept the requirements as well as how much resources they are ready to commit. 3Ps concepts are suggested for marketing programmes; promises portray agreements in the company’s marketing package, which will meet customers’ expect on perspectives of product design, price, provided service, etc. Processes covers connection metrics and marketing mix strategy, with the final goal of how to successfully communicate the promised values to customers. Providers assign marketing duties on responsible workers, for example, who should handle the delivery process (Kuada, 2008).

## 2.6 Competitors’ marketing strategy

This analysis finalizes key competitors and their current marketing projects. Segmentation analysis is a most critical source of information to use to discover how

competitors are performing in the market; by breaking down each segment that competitor has satisfied the customers, the analyst is allowed to study which type of customers, what they like about and how loyalty they are to that brand. To be able to accomplish the information, huge scanning is asked because a significant number of news, channel members' and customers' opinions, need to be examined to find reviews, reactions or evaluation involving the competitors (Kuada, 2008). Researchers should study and cover in their reports fully these areas: competitors' marketing strategy and positions in the market, their strengths and weaknesses, their opportunities and threats, financial and operation strengths; the analysis about the competitors will raise awareness on specific fields or aspects and understanding of what, who the company is or will be dealing with. Starting off with a list of firms that operate the same field of business and their market share is the primary step as it offers the measure of industry concentration. Besides, being able to take into account all the existing competitors in the target market will let the analysts know how fragmented or how competitive an industry is, as the lesser the competitors the easier the way to open business there. Next is a basic analysis of Salli saddle chair competitors in Vietnam.

Saddle chair businesses in Vietnam were searched to determine how popular this type is to consumers, how many firms sell them and the average price range they are marked. Even though saddle chairs are prominent in Europe, offices nowadays in Vietnam remain using traditional chairs or ergonomic ones with less tools to assist body comfort. Consequently, saddle chair, or translated to Vietnamese "ghế yên ngựa", is not a familiar term in Vietnam. It is undoubtedly concluded that there is no exact product like Salli model has been made in Vietnam so far. The search engine returns only one result that match the same design saddle chairs as Salli and they are all imported from the well-known manufacturer, which is Bambach saddle seat, from Australia. The exclusive channel that distributes the products is a dental equipment retail company, with the price of 1050€ per one chair. However, the Bambach and Salli saddle chair have the biggest difference in design, as SALLI's is the two-part saddle chair with the visible gap between two pads whereas Bambach's is created without that feature. To elaborate for this, specialists of the company (physiotherapists) and also doctor's consultation have studied and believed that sitting one-part saddle chair still pressures the pelvic area, making people to tilt the pelvis backward which accidentally caused slouch posture; meanwhile, two-part model can fix all the problems generated by the conventional chair and avoid that defect of one-part saddle chair due to the gap, whose width was experimental

examined to deliver the most suitable diameters for male's and female's genital area, therefore, circulation remains undisturbed and genital health is better.

The result that returns the photos as saddle chairs is dentist chairs, or in Vietnamese "ghế nha sĩ". However, dentist chairs in Vietnam are mainly the swivel chairs or saddle chairs that are almost similar as Bambach model but the biggest difference is the curve in the middle, as it is not apparently visible that the curve can divide the pads into two parts and they do not slope down like horse-riding-posture. Moreover, most of them have backrest while Bambach and Salli were designed without this feature. Because saddle seat can naturally perform the aligned spine for the users without a backrest, and researches show that relying on backrest, even right-spine-posture design, would still stimulate slumped sitting way and cause work-related disorders, since the essential point lies on the form of the sitting pads (Yoo, 2012, Vergara & Page, 2002).



Picture 4. One example of dentist chair selling in Vietnam (Dongpin, 2017)

Other outcomes of "ghế yên ngựa" are mostly related to tattoo service chair, except that the visual does not look like a saddle chair.



Picture 5. Multi-function chair for tattoo service (Price: 120€) (CMC, 2014)

Also, Alibaba (one of the world's largest online commerce company) shows results with saddle chairs in correct shape. It offers the basic type and suggests other types, for instance, saddle chair with backrest; or a wide range of options to attach on the basic chair like armrest, foot control metal part and lower base is also available to choose. They are all made in Guangdong, China with the price varies from 1US\$ to 250US\$, which are surprisingly affordable. In term of their logistics, customers have two common choices of shipping, either sea or air transport; lading port is in Shenzhen, China and shipping lead time is 35 days for a 20 feet container, while it takes 45 days for a 40' high-cube container. Under the Q&A section, the manufacturer confirms that the warranty period would be 18 months. Based on previous findings, SALLI seemingly stands a hopeful chance to be exclusive saddle chair brand in Vietnam.

### 3 RESEARCH METHODOLOGY

Despite various ways to collect information about one market, they all belong in either primary research approach or secondary. This research was conducted under Salli marketing assistant's viewpoints, which is the author. It covered market research in Vietnam only, and in the retail industries- which are office furniture and dental equipment distributor. Approaches were deductive and qualitative types with timeframe of cross-sectional study, meaning data was collected at one time only and there was no testing of any intervention. The main purpose was not to heavily focus on analyzing quantity data, but just to study the aspects and opinions of the supposed-to-be potential customers; therefore, qualitative method was mostly used throughout the research. That is why, ad mail and brochure about the product, and then personal qualitative interviews, all in Vietnamese, through phone were picked to serve the methodology, as interviews allow the researcher to acquire deeper understanding of the collected data. In other words, the major purpose this research focuses on was B2B; and cold calling is the approach to reach businesses in two subject groups. When customers seem to be potential for the product even when they have no prior information about it, cold calling as the first call to reach them is the suitable method (Miller & Zemke , 2005). Besides, direct interviews to customers also were carried out with the sampling of 10 dentists from different clinics and 10 office workers; so that opinions and expectations from the insiders were still able to be studied; from there, adjustments of factors that are related to the saddle chair in Vietnam market will be reported by the author and considered by the company.

#### 3.1 Research design

The interviews were under semi-structured type, which means it requires a questions list that is constructed beforehand and additional questions to adapt properly with the context of the interview based on the interviewee's responses (Saunders, et al., 2016). Vietnamese was the language used in these interviews and the lists of question for the subject groups are mentioned in the appendix 1.

Business to business (B2B) contact list was compiled using Internet searches and author's network; they are dental equipment and office furniture distributor of medium to

large size businesses. On the other hand, the second list consists of contact of dentists from different clinics; and office workers with high positions, from team leader to above level. They are also the targets of distributor businesses and they are either decision-makers or can be considered to have significant influence in the company, therefore, their opinions are important. Once the demand of each individual is identified to actually exist, persuading distributor companies would be easier. Both lists were sent with an ad mail and the brochure about Salli saddle chair attached at the end of the mail; an follow-up email was handed out after couple days to schedule a suitable day and time to talk. B2B and customers interviews with the above planned questions, were solely through phone calls, including 50 of each groups for B2B and 10 of each for customers, making it 120 total phone calls. The length for data collection is one and a half month, since the contacts were already identified, the duration is only for arranging schedule to conduct the phone interviews.

### 3.2 Limitations

Characteristics that succeed in cold calling are the constant work and luck as it is a conventional technique with little chance of earning an appointment after that. Keller Center Research Report (Baylor University, 2012) showed the brutal statistics about cold calls results as only 28% answered the phones out of 330 calls, and 800 sales people have the same conclusion that 90.9% of the time, this method does not work. Therefore, it is sensibly normal that, there were a number of contacts that did not reply to email or texts about the scheduled date and time for the author to call and could not be reached multiple times. Besides, due to the limited time investing for this research, limited contacts of the desired subject groups and limited budget for distant phone calls because of the author's current location, she surely cannot reach to the goal of making hundreds of cold calls and wait until the data finally progresses.

Another limitation of this research is that telephone interviews hinder "channels of communication" and "level of intimacy" between the interviewer and respondent, which can be fully performed by face-to-face interviewing (Groves & Kahn, 1979). By mentioning "channels of communication", it means that different types of asking questions, especially ones that need visual cues observation, such as nonverbal communication and the use of showcards can be applied. Therefore, face-to-face method allows more diversified ways to acquire answers from interviewees than telephone

one. Although both of them eliminate the burden of survey task, “level of intimacy” is absent in telephone interview; with face-to-face approach, physical presence of the interviewer can help creating a rapport with the participants, which results in better interaction with them in order to be able to conduct the interviewing further and deeper, since asking extra or personal questions would be easier than doing through telephones (Jäckle, Roberts & Lynn, 2006).

The qualitative questions are clear, objective and not leading the respondents to answer in the biased way, since the main purpose is to study the opinions about the opportunity of the product in Vietnam market. Only the individual interviews were recorded, but all responses were written down to collect data for analysis later; at the end of each interview, a wrap-up of all the information provided by the interviewees was precisely repeated again to avoid misunderstanding. All the interviews were carried out in one month and a half; there is no struggles or barriers in languages because the interviews are all conducted in Vietnamese, which is the mother tongue of the author, thus, translating back and forth between Vietnamese and English is an uncomplicated task to her.

## 4 RESULTS

### 4.1 B2B data collection

Sendinblue platform (<https://www.sendinblue.com/>) was used to design the ad mails. It contains various tools that assist users to create the ad mails in the easiest way, and it also enables users to update overallly about their ad mails, meaning that the number of openers (receivers that open the ad mails), the clickers (receivers that click on the link attached in the ad mails), blacklist (receivers that report ad mails as spam mails) and other related parameters can be tracked down and illustrated on the platform.

#### 4.1.1. Dental equipment distributors findings

50 ad mails were sent on 19<sup>th</sup> February 2020, in which 44 opened their emails, and 5 clicked the link to SALLI's main website. Out of 50 phone calls, 3 companies gave their consents to be interviewed. Since the questions list for distributors was short, each interview took roughly 4 to 5 minutes to complete. Among 3 subjects, 2 respondents (group A) sell dental equipment and chemicals; the other is medical corporation (group B) with the main items are medical-related products, yet, dental chairs are also included for sale. Group A were product managers of their enterprises, whereas the author was fortunate to be able to reach the CEO of group B.

#### 1. Are you interested?

Primarily, all three asked for the price after receiving the calls. They were attracted by the ad mail about the product and the interest was validated by the acceptances for phone interviews.

#### 2. Have you ever imported any kinds of saddle chair before? If you have, which brand and what price range? Do customers like the product? Is the sale of the product good? Is the demand of the product high? Reasons.

Group A has not imported this kind of chair before, but they have already seen and known about the existence of saddle chair through catalogues sent by manufacturers as well as in other dental clinics.

Meanwhile, group B has already imported as well as still is importing saddle chairs for dentists from South Korea. The brand's name is Serim medical equipment company limited from South Korea, however, the representative could not disclosed the imported



price range of the products. According to the CEO, saddle chairs come with patient chairs and beds as a whole package for customers to buy, so in general, the sale of the product is profitable. Consequently, the demand of saddle chair product is also considerable as patient chairs and beds are always essential and wanted by the hospitals.

### 3. What do you think about Salli saddle chair? About design, the use and its necessity

Group A said that the design and its use are two of the most important feature that are appealing to them; to be specific, Salli saddle chair looks unique and high-quality. Besides, because what they have been invested so far are products for patients, so Salli saddle chairs are made for dentists, is the fundamental difference that gained their attention.

Group B, who is familiar with saddle chair already, interpreted that because of the two divided parts seat, he was interested, as the saddle chairs model that are from South Korea do not have this feature. Additionally, due to the strong- constructed look of the chair, it makes the CEO believed that the chair is highly qualified to distribute to the hospitals.

### 4. What is the price range you expect from Salli saddle chair based on what you read on the ad mail and brochure?

To distributors, wholesaler price is the most important concern when they read the ad mail. Therefore, based on the company's instruction, the author was allowed to reveal the wholesaler price for one basic Salli saddle chair for dentist in Chinese yuan currency as the products will be exported from China and Hongkong to Vietnam if one dealership is able to be formed. After that, opinions of the price were requested.

Both groups considered that price for one chair **is still high** for them to buy and also hard for them to sell. In other words, it is costly to buy the chairs, at the same time, they need to sell them with the profitable prices for their companies' benefits; and normally, their based clients are not willing to purchase such a pricey amount for just a furniture since there are other options to select in their production lines as well as in those of other enterprises. This means that they have to find different customers to aim for if they want to sell the chairs, leading to more time and effort consuming and investing. In short, the desired price was suggested to be from 500,000-1,100,000vnd.

#### 4.1.2. Furniture distributors findings

50 ad mails were sent on 19th February 2020, in which only 6 opened their emails, 1 clicked the link. Out of 50 contacts, only one returned the call and agreed to be interviewed; the company is a three-year-old furniture distributor enterprise and the respondent is its sales manager.

1. Are you interested?

She responded yes, as when she received the ad mail, she was the one that persuaded the CEO to look over it and considered to contact SALLI for the price.

2. Have you ever imported any kinds of saddle chair before? If you have, which brand and what price range? Do customers like the product? Is the sale of the product good? Is the demand of the product high? Reasons.

The company has no experience with the chair, which means they have not imported, and even have not known about this kind of chair that is similar to Salli saddle chair before.

3. What do you think about Salli saddle chair? About design, the use and its necessity

There were 3 reasons that Salli saddle chair was appealing to the sales manager. First, because it belongs to ergonomic products, and the company's customers currently and increasingly focus on buying furnitures that have this feature. Consequently, it leads to the second reason that she was interested in the chair; it is the ergonomic benefits that Salli saddle chair can offer to users, such as better blood circulation and right posture when sitting. Third, because of the unique look and the absence of backrest, the chair was viewed to be like a compact and convenient product to put in the office context.

4. What is the price range you expect from Salli saddle chair based on what you read on the ad mail and brochure?

The sales manager also wondered about the wholesaler price after she read the ad mail. When the author let her know the price, she declared that it **was a high price**, but still considerable taken into account its country of origin and quality. Regarding the price range, she expected it to fall into the range of 800,000vnd to 1,200,000vnd, as it is the range for wholesaler price of her company's furniture chairs.

## 4.2 B2C data collection

### 4.2.1. Dentists responses

After sending ad mails about the product, 10 dentists from different clinics in Ho Chi Minh City are contacted by the author to kindly request for a short interview. Each interview lasted between 7 to 8 minutes with the list of questions from Table 2.

1. In term of experience with the saddle chair before, only 6 gave the answer of have used and using the saddle chair; the other four reported that they have not tried the chairs before, but they have seen them in other clinics.

Table 2. Dentists answers to question 1 (group 1)

#### “Already used” and “Using” answers (group 1)

- a) Which brand and where do you buy it?

Unfortunately, all 6 answers were pessimistic as they do not really know or they do not want to ask others about it. One of them explained that dentist chairs came with dental equipment and furniture as a whole package; which means they did not need to buy chairs for dentists separately and they do not know price for saddle chairs they are sitting.

- b) What is the purpose you use it for?(Office workplace/office furniture/home workplace/home furniture)

Apparently, all 6 gave the answer of using this type of chair for their work at the dental cares.

- c) What are your opinions about sitting on that type of chair? Are you satisfied with the quality?

Two out of six said that they are satisfied sitting on their model of saddle chair in their clinics; but the only problem is that most of their workplace’s saddle chairs are not assembled with the squab cushions behind, therefore, this feature absence reasonably disturbs them as they have to work long hours and it would be better to be able to rest their backs few times during the shift.

The other four said that they are not totally satisfied with the quality of the chairs, but they also do not feel the chairs are assembled poorly. To them, the chairs do not matter much and they feel normal sitting on them.

- d) Functions that the chair owns

With this question, all six of the dentists said that the chairs have two basic functions such as height adjustment and castors availability. However, the castors are not significantly useful as they are not operated well; so eventually it requires too much

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efforts to make the chair moves, or they have to use their own foot and it is totally time-consuming as well as inefficiency.

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Table 2. Dentist answers to question 1 (group 2)

#### "Have not used" answers (group 2)

- a) What kind of chair are you using at the moment at your workplace? Please provide information about the distributor of your workplace furnitures/equipments



In order for respondents to give the answer easily, the author asked this question through email with photos of different kinds of chair, and all four have chosen the picture on the left as it is the closest model to the ones that their clinics are using. Regarding the information about the distributors, they refused to answer since they do not know and also, they were too busy to ask others in their clinics about this section.

- b) Do you have any health symptoms when using the current chair?(back/neck/shoulder aches, eyestrain, foot pain etc.)

Surprisingly, there were four common symptoms that all four dentists reported that they have them when sitting on their chairs to work for long hours:

- ✓ Back and neck ache
  - ✓ Shoulder ache
  - ✓ Feeling uncomfortable, need to stand up and walk for couple minutes
  - ✓ Headache
- 

2. What attracted you in our message, advert, brochure and website? What do you think about Salli saddle chair? About design, the use and necessity of it. And is there any information you want to know more, about the company, the manufacture process or material?

7 out of 10 responded that looking at the ad mail, they think the design of Salli saddle chair is appealing to them, as it is unique with the **gap in the middle**, divided the chair into two pads saddle chair; yet they did not want to know more about the product because their time dedicating for the interview was limited. The other three said that the **ergonomic benefit** of the chair is what attracts them, as it is claimed in the ad mail that

sitting on the chair will naturally form the right sitting posture, which is neutral shape of spine. Besides, they expressed the need to know more about the manufacture process in Finland and materials that the chair is made from.

3. If Salli chair is available in Vietnam, is price the most important factor affecting your purchase? At the moment, Salli has dealers in China and Hongkong. Price for a basic Salli saddle chair is around 1,500rmb, which is approximately 5,000,000vnd (200 euro). The official price in Vietnam would be adjusted, but there is still the similar with the above price. What do you think of this price?

First, without telling the retail price, all 10 basically agreed that price of the chair will affect their purchase decision. Second question, after hearing the retail price, four of them answered that the price is higher than their budgets, while the rest gave short answer as “**too expensive**”. There were two reasons that are addressed as below:

-Considering the country of origin (Nordic country), dentists think that is why Salli saddle chair is expensive as Finland is famous with high standard of living, hence, labour force also costs significantly. And still too expensive even if their clinics do bulk purchases from SALLI, compared to buying huge furniture quantity from Chinese manufacturers.

-They do not think it matters to invest less or more in a furniture for employees to use, as what should be invested, in their opinions, are dental equipments, chemicals, furnitures for clients and also dental services.

Yet, they all emphasized that it is not their decision to make if the chair is worth to buy. In addition, it is supposed to be their employers' job, so if the price for bulk purchases is beneficial, they would love to try to see and feel the quality of Salli saddle chair.

4. What are other factors that will affect your purchase decision? Customer service, return policy, warranty period and conditions, materials, etc.

There were four main factors that were mentioned by the dentist group:

- The overall feeling when trying the chair at the store
- Sitting position is performed exactly as it is claimed when trying the chair at the store
- The availability of the accessories, such as backrest, armrest, height adjustment by foot, etc.
- Chair's materials

According to them, these factors will have significant affects on their consideration for buying the chair. Since group 1 already experiences this kind of chair, they reported that the slouch sitting posture still remains most of the time. So, the biggest factor to them is the second one, as SALLI repeatedly as well as firmly declares that sitting on Salli saddle chair will naturally form the right posture for the users, they want to test this statement. Besides, all participants in group 1 prefer sitting on the chair that is attached with backrest, so the third factor is also important to them. While group 2 also agreed on the second factor is the most affected one on their purchase decision, chair's material is another element that also plays major influence, because the top seat is handmade, the outcomes may not consistent as machine-made, so they are cautious about the overall quality.

5. What is the price range you expect from Salli saddle chair based on what you read on the brochure?

The expected price of 10 answers fall into the range of 1,000,000vnd to 2,000,000vnd (40-80 euro) for one Salli saddle chair, as it is supposed to be suitable to Vietnam market and Vietnamese' incomes.

6. If all of the factors are satisfied, are you interested and do you want to buy?

All the subjects said yes to this question.

7. Other opinions you want to add

Due to their hectic timetable and schedule, 10 dentists refused to give any other comments on the chair or to take the interviews longer.

#### 4.2.2. Office workers responses

The subject group consists of 5 managers, 3 senior supervisors and 2 team leaders from different enterprises in Ho Chi Minh City. An interview also lasted for 7 to 8 minutes with an ad mail was sent before the phone call one week ahead. After confirming that the subject already read ad mail for information about the product, the interview began with the list of questions from Table 2.

1. Have you ever used the saddle chair before?

Neither 10 of the subjects have used this type of chair before nor have ever seen or heard about it before.

- a) What kind of chair are you using at the moment at your workplace? Please provide information about the distributor of your workplace furnitures/equipments

In order for respondents to give the answer easily, the author asked this question through email with photos of different kinds of chair, and different office chairs were chosen but mostly they are mesh chairs; four out of five of the managers reported that they are using luxury office chairs.



Picture 6. Mesh chair



Picture 7. Luxury office chair

Regarding information about the furniture distributors, the name that came up the most was **Ho Phat Furniture JSC**- one of the leading furniture manufacturers and distributors in Vietnam, it was repeated 6 times by the respondents. Meanwhile, the other 4 reported that they do not know or have information about this field.

b) Do you have any health symptoms when using the current chair?(back/neck/shoulder aches, eyestrain, foot pain etc.)

Four same symptoms with the dentist group 2 were mentioned:

- ✓ Back and neck ache
- ✓ Shoulder ache
- ✓ Feeling uncomfortable, need to stand up and walk for couple minutes
- ✓ Headache

Besides, interviewees who sit on mesh chairs described other sitting disorder symptoms as:

- ✓ Eyestrain
- ✓ Swelling foot, foot pain

2. What attracted you in our message, advert, brochure and website?What do you think about Salli saddle chair?About design, the use and necessity of it. And is

there any information you want to know more, about the company, the manufacture process or material?

The managers and senior supervisors showed their interest in Salli saddle chair's benefits, specifically in how the chair is good for the spine and how it can minimize the pressure on the distal parts of the body when sitting. Additionally, they also wanted to know more about the company and manufacture process. The other 2 team leaders just delivered short answers as their impression of Salli saddle chair was the unique design and they suggested to put more information about the materials making the chair.

3. If Salli chair is available in Vietnam, is price the most important factor affecting your purchase? At the moment, Salli has dealers in China and Hongkong. Price for a basic Salli saddle chair is around 1,500rmb, which is approximately 5,000,000vnd (200 euro). The official price in Vietnam would be adjusted, but there is still the similar with the above price. What do you think of this price?

First, without telling the retail price, managers disagreed with the statement, claiming that other factors should be taken into consideration as well, whereas the rest said yes for this question. Then, after hearing the retail price in China, managers responded that the price is high but still considerable to buy; but other five declared that the price is higher than their budget.

4. What are other factors that will affect your purchase decision? Customer service, return policy, warranty period and conditions, materials, etc.

Unlike dentist respondents, office workers gave other factors that will concern them if they shopped for the chair:

- Shape and design
- Customer service
- Warranty period and conditions
- Return policy

However, there were 4 also said one factor that is similar to dentist group, which is the overall feeling when trying the chair at the store. Besides, when the author asked if they wanted to add any other factors, each team leader revealed one more component. The first is product durability and the association between product performance/quality and its price; to interpret this, he said that with the high price, the product is expected to yields ability to be used over a long time rather than wear out too quick, the time expectation



for furniture's lifespan is at least 1 decade, in his opinion. The second factor is about environmental friendly; from her viewpoint, she would want to know if the manufacture process follows environmental policy from the raw materials to the procedure in the factory, before deciding to buy the chair.

Based on their perspectives, this type of chair is new and they have not used it any time before. To them, it looks uncomfortable to sit all day and the price is high, that is why return policy is the most important factor as they wanted to have a trial time with the chair about 1 month, in order to know for sure if saddle chair fits with their needs, because they are satisfied with the type of chairs they are using at the moment and the health symptoms that were reported before was just supposed to be due to the long working hours.

5. What is the price range you expect from Salli saddle chair based on what you read on the brochure?

10 respondents in office worker subjects also provided the same range of expected price for one Salli saddle chair in Vietnam, which is from 1,000,000vnd to 2,000,000vnd (40-80 euro). The explanation was because it is also just a chair, and they can buy the same two-part saddle chair model like Salli's from China manufacturers with affordable price.

6. If all of the factors are satisfied, are you interested, and do you want to buy?

The managers and senior supervisors answered "Yes" because there is no existence of any barriers anymore so they would like to try. Yet, the other two responded as "Will consider", and the reason is about its necessity, they do not think it matters what type of chair they sit on.

7. Other opinions you want to add

Only managers left the comments that the chair is interested, but **the price is high**, so if the company is able to find a distributor in Vietnam and the price of big quantity is reasonable, they will possibly contact to buy.

#### 4.3. B2B data analysis

B2B interviews has shed light on various aspects of this research. First, saddle chair seems to be more interested to dental and medical equipment distributors than furniture distributors; this conclusion can be proved by the number of ad mail openers of these two groups as there is higher figure in dental equipment distributor group (44/50),

compared to the furniture which was only 6/50. The reason can be explained as the chair is more suitable as a clinic furniture than as an office furniture. Also, the level of interest is clearer with the dental group since more respondents were curious and willing to be interviewed than the furniture group.

Regarding the opinions about Salli saddle chair, while the dental group was attracted by the design, especially the feature of two-divided-parts seat, the furniture distributor was more into its missions to the users. To the dental subjects, they have known about saddle chair before, so the look of the chair had greater attraction because other saddle chairs they have seen or imported do not have the gap in the middle to separate the seat into two, and because it evokes a compact, strong-constructed look that makes respondents believed that it is light weight and convenient for working space. To the furniture distributor, ergonomic benefits are fascinating since their customers are paying attention to sitting health, including right posture, comfort and sufficient body support; hence, with the list of what Salli saddle chair can deliver, it surely captivated the interest of the receiver. The desired price of both groups falls into the range of 500,000vnd to 1,500,000vnd. The explanation is that their chair furnitures are normally sold at approximately 2,000,000vnd to 3,000,000vnd for one unit, so the price that they bought these chairs in is in the lower range, meaning that it is pretty affordable and profitable for an enterprise; also, their retail price for chair furniture is more suitable with the incomes as well as the willing spending level of Vietnamese customers.

#### 4.4. B2C data analysis

Based on data collection, saddle chair is not a common type of chair to end users in Vietnam as only dentists know and have used it, still not all the clinics practice saddle chairs in their workplaces. Conventional office chairs are still preferred in both working environments, but there are health problems that were noted, which are also considered as symptoms caused by sitting disorders. Because saddle chair is not familiar with Vietnamese, so its look, its design and beneficial ergonomic purposes are features that attracted readers when they received the ad mail, also they all wanted to know more about the manufacture process in Finland. Besides, the quality of the current saddle chairs that are using in Vietnamese clinics is quite poor with the complaints about functions, such as height adjustment lever is hard to pull and the height is not flexible to be adjusted with patient's chair, or the castors are not smooth to slide away to reach for

equipments around. Therefore, Salli saddle chair seemingly has chance to compete with Chinese manufacturers' products due to the following listed points. First, interviews with two groups concluded that SALLI attracts readers with its unique look- the horse-riding-like kind of chair and its design- the gap dividing the seat into two parts. Second, it has more functions than the saddle chairs that the dentists are using, such as tilt adjustment- when the users want the seat to be more tilted forward or backward based on circumstances and preferences, width adjustment so that the gap can be bigger or narrower to fit with male's or female's pelvic, swing mechanism- seat can be swing to both sides in order for users to get little activity and strengthen core muscles when sitting, castors are strong yet smooth with every moment. The quality is surely better than chairs manufactured from China since Salli saddle chair follows Finland strict quality control system, and also the warranty time is long (10 years) to ensure the chair is always in a good shape and good quality.

It is clarified that dental cares and offices mainly seek furniture from distributors in Vietnam, they do not buy them directly from manufacturers or agencies; and the size of the furniture enterprises is critical as well since medium to big scale companies would be more trusted to provide products for these subjects. Regarding the price, both subject groups agreed that the retail price in China is high and make people hesitant in purchasing. And when the choice was at their hands to decide about the price, a range from 1,000,000vnd to 2,000,000vnd (40-80 euro) was made for one single Salli saddle chair.

With their requested price and other factors that may influence their buying behaviours (listed by them in question 4) are satisfied, 18 out of 20 confirmed that they will become SALLI's customers, the other two still had their concern about the chair's necessity. Apparently, dentists are the ones who already have used or seen this type of chair before, so they showed their interests more than the office workers; yet it can be considered that although the office group has not heard, seen or used saddle chair before, they still show curiosity toward the chair and a significant level of desire to try SALLI's product. In short, both subject groups are recognized as the potential customers for Salli saddle chair in Vietnam. Moreover, this also proves that Vietnam is considerably having a demand for saddle chair, and it legitimately falls into "incipient market demand" as participants only found out about their need of trying Salli saddle chair after they were introduced about it through mail.

## 5 CONCLUSION

The purpose of this thesis is simply to do Vietnamese market research in general and to analyze the level of interest of Vietnamese toward Salli saddle chair in specific, therefore, the outcomes are reasonable enough to satisfy research objectives. The results of the interviews for data collection were reliable, since the same results were also reported back to the company as the mutual agreement between the author and SALLI.

The data has provided the answers to these following research questions, starting from the second objective:

- In Vietnam, which party will be interested in buying and using Salli saddle chair? For B2B target, apparently dental or medical equipment distributors tend to be more interested in buying Salli saddle chair due to their clients' professionals; in contrast, the office furniture group, who was expected to have interest in this kind of chair, turning out to be incorrect with low turns of ad mail opening and only one interviewee. For that reason, SALLI should increase its focus on dentistry and healthcare group, separating them into 2 distinct subjects and extending the list longer with more contacts.

For B2C target, based on the last question of the interview, among 20 interviewees, 18 are willing to become SALLI's customers if their requested price and other factors (that have been listed by them) are satisfied. In short, both subject groups are recognized as the potential customers for Salli saddle chair in Vietnam.

- Is there any international company or domestic company selling the same product?
- What will be the most possible channels for SALLI to enter Vietnam market?

The medical equipment distributor (group B of B2B respondents) is the domestic company that sell saddle chairs. Due to its logistic experience with this kind of furniture, this company seems to be the most potential target for SALLI to focus on persuading and negotiating with them to be SALLI's distributor and to buy Salli saddle chairs instead of those from South Korea. For that reason, this company is also the most ideal channel for SALLI to enter Vietnam market.

- What are SALLI's competitive advantages that offer the potential to compete with the competitors in the marketplace?

It was the design with the gap between two pads that is the most attractive advantage of Salli saddle chair to compete with other models of the same kind of chair. The compact look of the chair and the ergonomic benefits to ensure a good sitting health for users were reported as the chair's advantageous features. These three will seemingly earn SALLI the competitive edges in the marketplace.

- What are the future suggestions for improvements for Salli saddle chair to be more suitable to Vietnam market?

First, price is the biggest concern of all the respondents participated in the interviews and participants have the same evaluation over both the retail and wholesaler price that they are higher than they expected or even higher than their budgets allow. Consequently, this is the primary solely factor as both the price should be adjusted in order to fit to Vietnam market, specifically distributors' financial purchasing ability and Vietnamese average incomes. If SALLI surely wants to operate its business in Vietnam now or soon, it can consider to alter the price by moving the manufacture factory from China to Vietnam for lower general cost (lower material cost, lower labor cost, lower infrastructure cost, etc.), which is also the plan of the company; or to still maintain the same price but with different targets, such as the marketing team should aim for bigger enterprises who are willing to invest to provide their employees good workplace environment, and once there is a need, finding distributor will be easier. Otherwise, price probably does not need to be fixed if the company decides to take more time to plan its strategy and enter the country later, for example, after 5 to 10 more years, by that time, the GDP of the country certainly observes more developed statistic and an individual's average income hopefully also increases accordingly; which means the demand for this chair will possibly show more clearer, as well as the willingness and the ability to spend money on it will be stronger than current time.

Second, SALLI states that the company, which wants to buy Salli saddle chair in Asian areas, has to buy at least 18 chairs in order for SALLI in China or Hongkong to ship out the order; the respondents admitted that 18 chairs are a huge number even for bulk purchase, and with the high price for a single one, it will become such a financial burden for them to sell this kind of product. Consequently, the company should give this condition an adjustment as well; taking Finland and Europe's dealers condition with 8 chairs only from the beginning is a good and more suitable start with Vietnam market.

Third, the medical and dental equipment distributors list should be focused and extended more, as they possess huge potential in becoming SALLI's dealer than the furniture

distributors. The company should also try to email and call the old list, provided by the author, once more time. Being contacted again by the experts would promise higher possibility for dealership or partnership for SALLI.

In conclusion, for the first and most important research objective:

- Is there any opportunity for Salli saddle chair to enter Vietnam market?

The answer is yes, as all the above objectives are mostly and optimistically solved. There are potential contacts that already showed interest toward the product, which validated that there is an opportunity for SALLI. Yet, time and firm persuasion are what the company needs to invest further in the future.

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## Interview questions

### a) Planned open-ended questions to ask B2B respondents:

-Are you interested?

-Have you ever imported any kinds of saddle chair before? If you have, which brand and what price range? Do customers like the product? Is the sale of the product good? Is the demand of the product high? Reasons.

-What do you think about Salli saddle chair? About design, the use and its necessity

-What is the price range you expect from Salli saddle chair based on what you read on the ad mail and brochure?

### b) Planned open-ended questions to ask individual respondents:

Table 3. Questions to ask individual respondents

1. Have you ever used the saddle chair before?	
If they have	If they haven't
a) Which brand and where do you buy it?	a) What kind of chair are you using at the moment at your workplace? Please provide information about the distributor of your workplace furnitures/equipments
b) What is the purpose you use it for?(Office workplace/office furniture/home workplace/home furniture)	b) Do you have any health symptoms when using the current chair?(back/neck/shoulder aches, eyestrain, foot pain etc.)
c) What are your opinions about sitting on that type of chair? Are you satisfied with the quality?	
d) Functions that the chair owns	
2. What attracted you in our message, advert, brochure and website? What do you think about Salli saddle chair? About design, the use and necessity of it. And is there any information you want to know more, about the company, the manufacture process or material?	
3. If Salli chair is available in Vietnam, is price the most important factor affecting your purchase? At the moment, Salli has dealers in China and Hongkong. Price for a basic	

Salli saddle chair is around 1,500rmb, which is approximately 5,000,000vnd (200 euro). The official price in Vietnam would be adjusted, but there is still the similar with the above price. What do you think of this price?

4. What are other factors that will affect your purchase decision? Customer service, return policy, warranty period and conditions, materials, etc.

5. What is the price range you expect from Salli saddle chair based on what you read on the brochure?

6. If all of the factors are satisfied, are you interested and do you want to buy?

7. Other opinions you want to add.