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# MARKETING RESEARCH ON SMOKE ALARMS IN THE VIETNAMESE CONSUMER MARKET

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## **FOREWORD**

The journey of accomplishing this final piece of work was a great experience. This thesis is my assignment yet my privilege; it gave me the opportunity to study deeply the topic in which I have a personal interest. Home fire safety is extremely important to me as I lost my father because of residential fire. After the study, I have gained a substantial knowledge in the marketing area, particularly marketing research on a new product and consumer behavior. In addition, I believe that I have in some degree contributed to creating the awareness of smoke alarms in Vietnam. This is not only my achievement, but an achievement for everyone who was involved.

My dear husband, Stefan Jungar who was very supporting and encouraging the entire time, he was there any moment I needed help and advice. I cannot thank him enough.

I owe thanks to Mr. Le Tan Buu, the Deputy Director General and Officers, Le Tan Chau and Nguyen Quang Duc of Ho Chi Minh City Fire Department, for their tremendous help. Thanks to my family, my mother and my brother in Vietnam, for their great care and love.

I want to send my deepest gratitude to Ms. Satu Lautamäki for her excellent guidance and meticulous advice. I could not wish for a better supervisor. I would also like to thank Ms. Camilla Harald for her contribution in improving the final version of my thesis.

All my fellow friends, I have once or twice discussed my thesis with you. Your ideas and involvement are much appreciated.

## ABSTRACT

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The principles of fire safety are to prevent fires, protect human life and avoid unwanted property loss in the occurrence of fire. Among the fire safety equipment, a smoke alarm is indispensable for such value. Therefore, in many countries, smoke alarm installation in every household is mandatory. In Vietnam, the number of fires has been increasing in the recent years. The damages and deaths caused by fires are obviously measurable, and it needs to be realized that such consequence can easily be reduced as well. However, Vietnamese consumers have not been aware of the device. This matter induced me to do this research.

The main objective of this study is to identify the Vietnamese consumer demand for smoke alarm products. The sub-objective of this thesis is to create an awareness of fire safety and the necessity of having smoke alarms installed. In this thesis, both qualitative and quantitative research methods were used. In order to reach the research objective, all aspects related to the subject were looked into. In-depth interviews with Ho Chi Minh City Fire Department and two companies in the fire safety sector were conducted. Data collection from the consumers was done in 3 phases: face-to-face interviews with seven persons, after that a questionnaire was developed; in the end a company was established to approach the consumers through its marketing scheme.

The result of the study showed that Vietnamese consumers were not willing to buy smoke alarms even though the price was seen to be inexpensive. The biggest reason is that the consumers still do not perceive the value of the product. However, the business opportunity is still there because this fact is believed to be changed in future under external influences. Thus, recommendations have been given to both interested parties. From the fire department's side, smoke alarm installation in households should be looked into and it might be made obligatory if people are familiar with the simplicity and utility of it. From a business perspective, marketing communication activities can be conducted differently and prepositioning smoke alarm might also be effective.

## ABSTRAKT

Författare: Kim Anh Nguyen  
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Principerna för brandsäkerhet är att förebygga bränder, skydda människoliv och undvika förlust av egendom i händelse av brand. Bland de brandsäkerhetsutrustningar som finns tillgängliga är brandvarnaren oundgänglig för detta syfte. Installation av brandvarnare i hushåll är obligatorisk i många länder. I Vietnam har antalet bränder ökat under de senaste åren. De skador och dödsfall orsakade av bränder är uppenbarligen mätbara, och det måste förstås att en sådan konsekvens kan lätt reduceras. Vietnamesiska konsumenter har dock inte varit medvetna eller fått information om brandvarnare. Det är här forskningsproblemet för denna avhandling uppstår.

Huvudsyftet med denna studie är att identifiera de vietnamesiska konsumenternas efterfrågan på brandvarnare. Ett annat syfte med denna avhandling är att skapa medvetenhet om brandsäkerhet samt nödvändigheten av att ha brandvarnare installerade. I denna avhandling användes både kvalitativ och kvantitativ forskningsmetod. För att nå forskningsmålet undersöktes alla aspekter relaterade till ämnet. Djupgående intervjuer med Ho Chi Minh City brandkår samt två företag inom brandsäkerhetssektorn gjordes. Datainsamling från konsumenterna gjordes i tre steg: intervjuer med 7 personer genomfördes. Efteråt utformades ett frågeformulär och till slut grundades ett företag för att kunna marknadsföra brandvarnare till konsumenter och därmed erhålla tillförlitliga resultat.

Resultatet av studien visade att vietnamesiska konsumenter inte är villiga att köpa brandvarnare, även om priset ansågs vara billigt. Den största orsaken är att konsumenterna fortfarande inte uppfattar värdet av produkten. Affärsmöjligheten finns dock fortfarande kvar, eftersom denna uppfattning tros ändras i framtiden p.g.a yttre påverkan. Därför har rekommendationer getts till båda parter. Till brandkåren gavs rådet att obligatorisk installation av brandvarnare i hushåll bör ses över och kan genomföras om människor bekantar sig med enkelheten och nyttan av brandvarnare. Från ett affärsmässigt perspektiv kan marknadsföringsaktiviteter utföras annorlunda samt preposition av brandvarnare kan även visa sig vara effektivt.

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Nyckelord Brandsäkerhet, Brandvarnare, Marknadsföring,  
Marknadsundersökning, Konsumentbeteende

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# 1 INTRODUCTION

This chapter focuses on describing the motivations and the background of the study. The aim of this study is presented in the research objective and followed by the research questions. After that, the choice of research methods is discussed in methodology. In addition, the main concepts related to fire safety are also presented. The structure of this study is shown at the end of this chapter.

## 1.1 Background of the Study

Home fire deaths are a serious and growing problem on a global scale, at the beginning of the 21<sup>st</sup> century, the population of the Earth is 6,300,000,000 inhabitants, who yearly experience a reported 7,000,000 – 8,000,000 fires with 70,000 – 80,000 deaths and 500,000 – 800,000 injuries (World Fire Statistic Center 2006). In Vietnam, there have been 1,700 accidental fires in the year 2009 which caused 62 deaths, 145 injuries, and VND535 billion (about \$2.57 million, €1.8 million) in property damage (VietnamPlus, 2010). Only in the first 3 months of the year 2010, the number of fires is 511 took away 11 lives, injured 45 people and made a damage of over VND297 billion (about \$1.43 million, €1 million) (Tin247 – News247 2010). The invention of smoke alarms started in 1890 by Francis Robbins Upton, an American physicist and mathematician, and the first commercial smoke alarms came to market in 1969. Today they are installed in 93% of U.S. homes and 85% of UK homes. In Finland, there are more smoke alarms than anywhere else in the world, up to 99% of Finnish households have smoke alarms. In almost every Finnish home is a smoke alarm, which was made mandatory in year 2000 (Ministry of Interior 2001). “Smoke alarms save lives” has been verified, in fact, they reduce the chances of death by almost half. Most deaths due to fire occur at night when people are sleeping and nearly half of all fire survivors remember hearing their smoke alarms. Almost two-thirds of reported home fire deaths in 2003-2006 resulted from fires in homes which had no smoke alarms or had smoke alarms without batteries (National Fire Protection Association 2007).

This study focuses on animalizing the needs and demand for smoke alarms in Vietnam. Smoke alarm products are sold Vietnam but the customers are mainly

companies and organizations, as particular fire safety regulations are applied for them. Smoke alarms have not been actively introduced to the consumers. The majority of people in Vietnam may never have heard about or have any concept about such device.

In Vietnam, the main causes of residential fires are:

- *Electrical breakdowns*: the electrical system is not secure in Vietnamese households because the houses are old and the electrical systems are not checked regularly. Many households have their electrical system done by amateurs (the house owner do it himself or hire an unprofessional person to save the cost). Hence, the problems will come eventually. Another reason that leads to the electrical breakdowns is when people have high-voltage equipment, such as air-conditioners, laundry machines, vacuum cleaners, running at the same time.
- *Cooking*: the most popular cooking tool in Vietnam is the gas stove. In some areas the use of wood for cooking still remains. The flame is generated all the time while cooking hence anything around can catch fire. The common reasons are people leaving their food cooking or forget to turn off the stoves after cooking.
- *Worshipping*: Buddhism is a very popular religion in Vietnam, 85% of the population is Buddhist. One of the traditional ways of worshipping is burning incense, which is carried out daily. Since the left-over parts of the incense are built up day after day and without taking care by cleaning and removing them, it provides a big chance of accidental fires.

(B. Le 2011)

Bringing smoke alarms to peoples' homes is essential, however, there are certain reasons for why it has not been or could not be done. Either way, it has to be investigated for the sake of business opportunity and for fire safety as well.

## **1.2 Research Objective and Research Questions**

The main objective of this study is to identify the Vietnamese consumer demand for smoke alarm products.

The sub-objective of this thesis is to create the awareness of fire safety and the necessity of having smoke alarms installed. In addition, the readers will have an idea of the current situation of smoke alarm market in Vietnam.

In order to achieve the objective of this study, the following questions have to be answered:

1. Do Vietnamese consumers think smoke alarms are necessary for home fire safety?
2. Are they willing to purchase smoke alarms for their safety?
3. What are the factors that affect their purchase decisions?

## **1.3 Methodology**

Methodology is the approach that a researcher uses to investigate a matter with specific components such as methods, techniques and tools. It is a philosophical foundation on which the research is based. (White 2003, 20)

Both secondary data and primary data are collected to reach the research's objective. Secondary data are collected from available sources such as books, articles, and electronic pages. To obtain the primary data, both qualitative and quantitative methods are used including interviews, questionnaire and observation. In order to obtain a reliable and valid result, all related aspects have to be looked into. Parties that will have contributions and also benefits to and from the reality of bringing smoke alarms to Vietnamese households are: the consumers, the companies in fire safety sector, the Fire Department. Therefore, data needs to be collected from all three groups as follows:

A face-to-face interview will be conducted with an officer in the Ho Chi Minh City Fire Department of Vietnam to have an insight into the current situation of accidental fires in the country, fire safety regulations, advantages and disadvan-

tages in having the citizens' collaboration in the fight to reduce fires and other relevant matters.

In addition, in-depth interviews will be arranged with two of the biggest companies in the fire safety sector to have an intensive understanding about the situation of the smoke alarm market in Vietnam and whether they have already had included or plan to include consumers into their target customers for the smoke alarm products.

Finally, data from the consumers are collected in three phases. Firstly, face-to-face interviews will be carried out with seven persons. After that, a semi-structured questionnaire survey will be conducted. In the last stage of consumer data collection, a company will be established by the researcher to approach the consumers through its marketing scheme. The consumers will be exposed to the promoting of smoke alarm product, their reactions and behaviors will be observed and their ultimate actions will be measured by the amount of replies (emails or calls to the company for further consultancy on the products) and products sold.

#### **1.4 Defining Fire Safety and Smoke Alarm**

This part defines the basic concepts of fire safety and smoke alarm.

*Fire Prevention*, a popular term, is usually thought to stand for another different theory. It however is just another term for Fire Safety. To be correct, fire safety has a broader meaning and preventing fires is a part, an important part, of fire safety. Therefore, *Fire Safety* should be defined as a group of tools and/or behavior designed to both reduce the risk of starting a fire and reduce the risk of injury in the event of a fire (Demand Media Inc. 2010). Conversely, objects that have the opposite effect, i.e. increase the risk of both fire and injury, are known as *fire hazards*

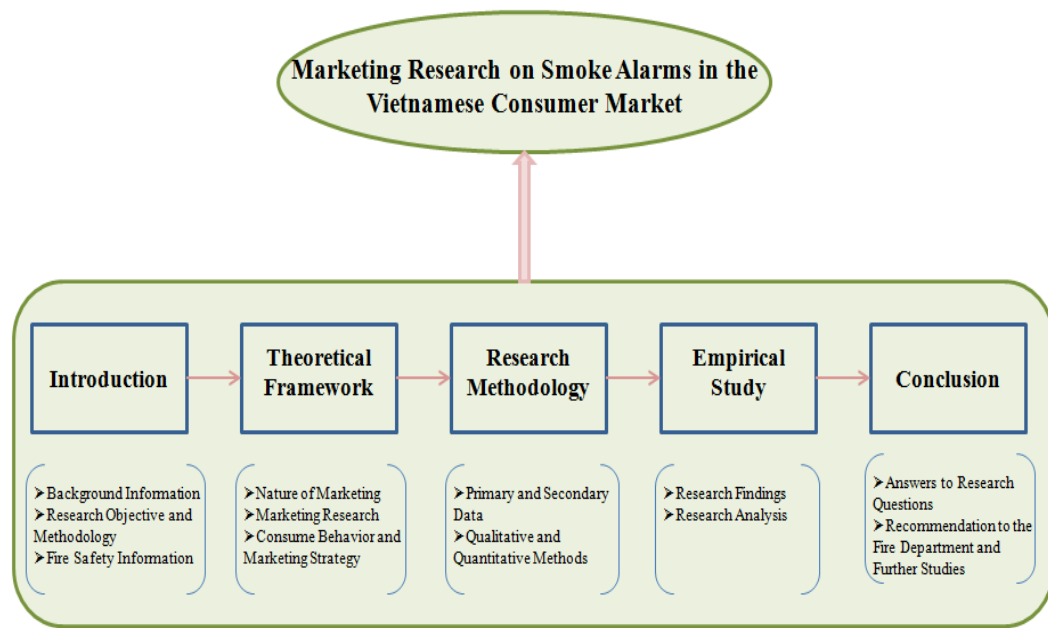
A *smoke alarm* or also called *smoke detector* is a device that senses the presence of smoke generated by flames in a building and warns the occupants, enabling them to escape a fire before submitting to smoke inhalation or burn (Answers Corporation 2011).

Smoke alarms are used by simply being mounted in the ceiling, certainly with batteries installed, as that is the best location because smoke rises. If it cannot be placed in the ceiling, they should be placed high up in a wall. There are certain areas to be avoided, such as in the kitchen, near the bathroom, windows or close to ceiling fan. Smoke alarms should be installed on every floor of the house and inside each bedroom; storage rooms and spaces with electric equipment should not be forgotten. Smoke alarms should be tested regularly (every month), using the test button. In addition, because smoke alarms use batteries, hence they need to be changed at least once a year. Almost all smoke alarms nowadays have the low-battery warning button and once they give the warning, batteries should be replaced immediately. The alarms also need to be vacuumed regularly (every sixth month) to remove dust particles and to protect it as well as possible. Finally, it must be remembered that smoke alarms do not last forever. The average life span of smoke alarms are 10 years therefore, it is necessary to change them after 10 years. (The Fire Marshal's Public Fire Safety Council, 2005)

Having smoke alarms installed in homes is the most effective way to reduce deaths and injuries in the event of fire. In fact, working smoke alarms nearly cut in half the risk of dying in a home fire. In the U.S., roughly 80% of fire deaths result from fires in homes without working smoke alarms. "The peak time for home fire fatalities is between 10 p.m. and 6 a.m. when most families are sleeping" said Titusville's Interim Fire Chief, Scott Gaenicke. "Smoke alarm maintenance is a simple, effective way to reduce home fire deaths. Children and senior citizens are most at risk, and a working smoke alarm gives them the extra seconds they need to get out safely." (City of Titusville 2007)

### **1.5 Structure of the Thesis**

This thesis is organized in five main chapters: Introduction, Theoretical Framework, Research Methodology, Empirical Study and Conclusions (see Figure 1).



**Figure 1.** Structure of the Thesis.

The topic of this thesis is *marketing research on smoke alarm products in the Vietnamese consumer market*. The Introduction chapter reveals the reasons for why this topic is chosen, what the researcher wants to achieve after the research, and how to reach the research objective. Besides, as the topic is related to fire safety, thus information about fire safety is also included in this very first chapter.

The Theoretical Framework emerges to support the topic by emphasizing the correlated theories, including the marketing concept, marketing research, consumer behavior, and consumer behavior and marketing strategy.

Chapter 3 – Research Methodology will discuss about data collection techniques and the research methods used in this study. This methodology is built to serve the following chapter – Empirical Study which contains data collected about the Vietnamese market, current situation of fire safety equipment market in Vietnam, and research findings and analysis.

The final chapter – Conclusion will summarize the findings pointed to the answers for the research questions mentioned in 1.2. In addition, recommendations for the Fire Department and for companies in fire safety sector will also be found in this final section.

## 2 THEORETICAL FRAMEWORK

This chapter helps the readers to become familiar with all the concepts and theories correlated to the investigated topic. First of all, the basic foundation of marketing and its components will be discussed. Following is marketing research and the uses of marketing research. The readers will then be introduced to the interesting and important subject, consumer behavior which includes consumer needs and motivation and how culture influences consumer behavior. Finally, how marketing strategy can be designed based on consumer behavior will be discussed in the end of the theoretical framework.

### 2.1 Nature of Marketing

What is marketing? What is the scope of it? How has it evolved? And what are the components? This section attempts to discuss those issues. It will start with defining marketing, then how firms employ the marketing concept which involves the marketing mix.

#### 2.1.1 Marketing Defined

Asking the members of the public to answer to “what is marketing?”, different ideas can be found, including “advertising”, “selling”, “communicating”, “persuasion” and “hype”. In fact, the scope of marketing covers many more activities than most people realize. Since it is practiced and studied for many different reasons, marketing has been defined in many different ways. The following will examine what is *marketing*. (Dibb, Simkin, Pride & Ferrell 2006, 7)

“Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably” (Chartered Institute of Marketing 2001)

Understanding customers and anticipating their requirements is a central matter of effective marketing. In order to foresee and recognize customers’ requirements, the organizations or individuals need to have an understanding of general market trends and developments. These factors may include social trends, economic



patterns, technological enhancements, changes in law, and political influences. These forces are often termed *marketing environment*. (Dibb et al. 2006, 7). For example, compared with 10 years ago, how many companies now produce environmentally friendly products in line with the social trend of the “go green”. As the development of technology, cell phones nowadays are no longer just for receiving and making calls or texting, they need to have almost all the functions and applications as a computer to satisfy all the purposes of communicating, working, entertaining and social acceptance. Therefore, the organization will face failure if customers’ requirements are not identified and satisfied. In the other hand, there is no business either for the organization if it just tries to satisfy the customers without considering the cost. Hence, the marketing process has to be managed to achieve both criteria in order for an organization to survive.

“Marketing consist of individual and organizational activities that facilitate and expedite satisfying exchange relationships in a dynamic environment through the creation, distribution, promotion and pricing of goods, services and ideas” (Dibb et al. 2006)

The basic foundation of marketing is that, to succeed, a business needs satisfied customers who will return to the business. In exchange for something of value, typically payment, the customers receive a product or service that satisfies their needs. Such a product has an acceptable level of quality, reliability customer service and support, is available at places convenient for the customers at the “right” price and is promoted effectively with a clear message. Besides, in the dynamic world of marketing, a solution to satisfying customers’ needs and wants seldom has prolonged existence as they frequently change. Marketers must constantly assess their customers’ requirements and be prepared to modify their marketing activity accordingly. (Dibb et al. 2006, 7)

“Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.” (American Marketing Association 2007).

In this definition, the concept of marketing is broadened to not only products or services that the two parties exchange but any kind of offerings as the environment is dynamic. The ultimate goal of an organization is to satisfy its customer and consequently that will bring benefit to the organization and its stakeholders.

In conclusion, although there are many definitions of *marketing*, certain main ingredients of the various definitions collectively show the basic priorities of marketing:

- satisfying customers
- staying ahead in dynamic environment
- identifying market opportunities
- facilitating exchange relationships
- increasing market share
- growing profitability
- Weakening competitors
- satisfying stakeholders

The listing above significantly indicates the importance of *marketing* in general. From the business perspective, to succeed companies need to apply the marketing concept.

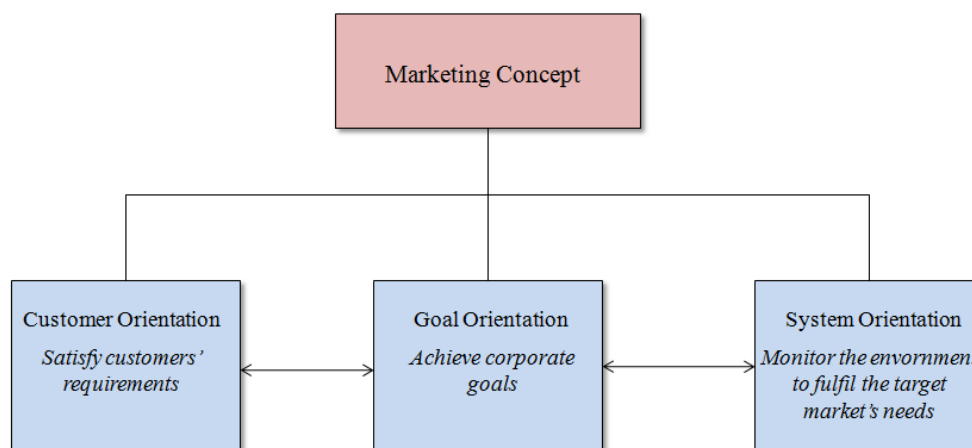
### **2.1.2 Marketing concept**

Figure 2 indicates that in order to achieve success, firms today have implemented the marketing concept which involves the components of (1) customer orientation, (2) goal orientation, and (3) system orientation.

- *Customer orientation* means that firms attempt to identify the target customers' needs and then offer a product or service that would meet their needs.
- *Goal orientation* refers to that a firm must satisfy the customers' requirements only to the extent that it also achieves its goal – profit, for example

15% return on investment. In other words, goal orientation is a limit set on customer orientation.

- *System orientation* is the establishment of systems to observe the external environment so that the company can deliver the desired marketing mix, which will be discussed in the next part, to the target market. The process can be simply explained as firstly, systems must be established to find out the customers' needs and wants and to identify market opportunity. After that, the collected information must be fed back to the organization. Without analyzing and interpreting the information obtained from the marketplace, a firm is not truly consumer-oriented and that means it has not actually adopted the marketing concept.



**Figure 2.** The Marketing Concept.

### 2.1.3 Marketing Mix

A marketing mix is a unique blend of product, pricing, promotion and distribution channels (place) design to reach a specific target market. It is called the 4Ps. However, besides the traditional 4Ps, the marketing mix has been extended to include the additional components of people, process and physical evidence. All 7 elements will be briefly discussed.

**Product** refers to a good or service that most closely meets the requirements of a particular market or segment and yield enough profit to justify its continued existence (WebFinance Inc. 2011).

**Price** means the sum of value, typically money that the consumers exchange for the benefits of having and using the product (a good or service) (MBA Knowledge Base 2011).

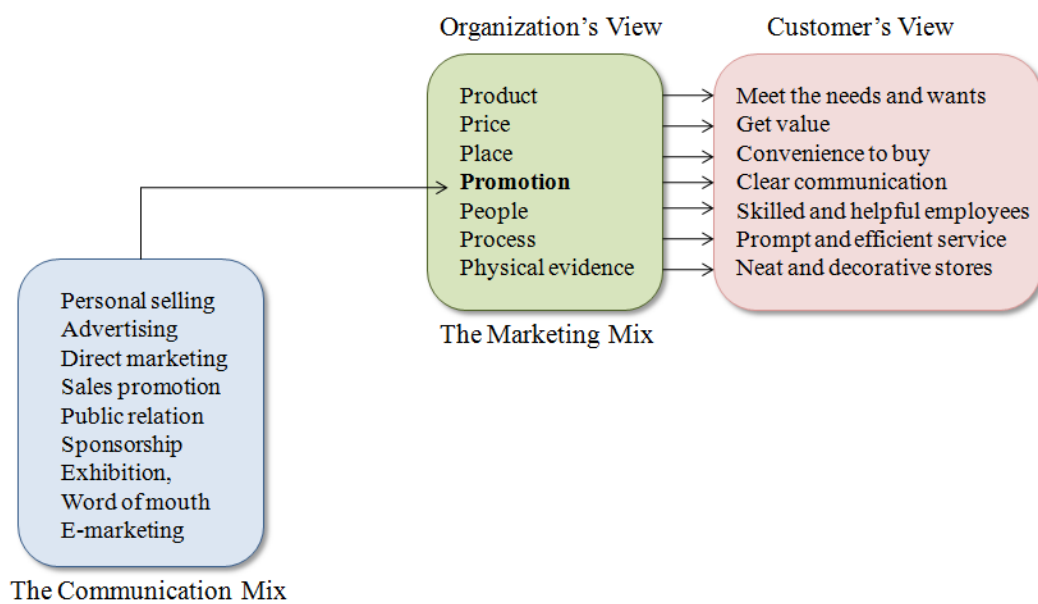
**Place** which is also often referred to as distribution channel, represents the location where a product can be purchased. It includes physical stores as well as virtual stores on the Internet.

**Promotion** represents all the communication tools that an organization uses to communicate its message to its audiences – consumers with the attempt to encourage engagement in a desired way, such as consumers pay attention and buy the organization's product. These tools consist of personal selling, advertising, direct marketing, sales promotion, public relation, sponsor ship, Exhibition, word of mouth, E-marketing. They are referred as the *communication mix* (see Figure 3). (Smith & Taylor 2002, 7)

The nature of most service requires direct interaction between the customer and personnel. **People** refers to the employees of an organization. (Dibb et al. 2006, 698)

Associated with customer service are a number of **processes** involved in making marketing effective in an organization e.g. process of answering customers' questions, process of receiving orders, process of delivery, process of handling customers' complaints etc. (The Times 100 2011)

**Physical evidence** means the physical layout of the business premises e.g. furniture stores, clothing shops, hotel buildings etc. Physical layout is not only relevant to stores, which customers visit, but also to the layout and structure of virtual stores, and websites. (The Times 100 2011)



**Figure 3.** The Marketing Mix and the Communication Mix (Adapted from Smith & Taylor 2002).

Businesses follow the “right” principle when managing the marketing mix in order to stimulate the exchange relationship with their customers and stakeholders. They attempt to offer the right goods or services to the right people at the right place at the right time, charging the right price, and using the right promotion tools. To make the “right” decisions, the organization must have information to form the decision-making. Marketing research is primary channel providing that information. (McDaniel & Gates 2005, 4)

## 2.2 Marketing Research

As environments change, business decision must be modified constantly to generate the “right” strategy for the new environment. This section discusses what is marketing research and its purposes. Besides, it also attempts to discuss the circumstances that a marketing research should or should not be conducted.

### 2.2.1 Marketing Research Defined

American Marketing Association (AMA) (2011) define marketing research as “marketing research is the function that links the stake holders to the marketer

through information which is used to identify and define marketing opportunities and problems and improve understanding of marketing as a process. Marketing research identifies the information required to address these issues, designs the method for collecting information, manages and implements the data collection process, analyzes the results, and communicates the findings and their implications.”

Base on that, McDaniel and Gates (2005) came with a shorter definition: “Marketing research is the planning, collection, and analysis of data relevant to marketing decision making and the communication of the results of this analysis to management”. Their definition is very concise and comprehensible but only if the readers have read the AMA’s definition first because it provides insight into the process and tasks of marketing research. So it is a good way of understanding *marketing research* by interpreting the AMA’s explanation and then be able to remember it with the succinct version defined by the two authors.

In conclusion, the purpose of marketing research is providing information to make decisions.

### **2.2.2 What Are the Uses of Marketing Research**

Now that the purpose of marketing research has been defined, let us take a closer look at the uses of marketing research. Activities taken in marketing research are diverse, but they are generally served for four reasons:

- *Identifying market opportunities*: Firms look for opportunities for new products. Companies or individuals try to find opportunities in the market place. The research of this thesis is used for this purpose.
- *Generate and evaluate potential marketing actions*: marketing research provides managers with information on the effectiveness of the current marketing strategy, and thereby certain changes can be made if necessary.
- *Monitor marketing performance*: companies use marketing research to monitor how well their products or services are performing in the market place.

- *Improve marketing as a process*: marketing research is conducted to expand our knowledge of marketing. Typical of such research would be attempts to describe, explain, and predict marketing phenomenon. Such knowledge is published in academic known as basic research.  
(Burns & Bush 2003, 8-10)

It is important to understand the two different functions of two types of research: *applied research* and *pure or basic research*. Almost all marketing research is conducted to have a better understanding on the market, to try to get the answer for why a certain strategy unsuccessful, or to enhance confidence in management decision making. All research conducted for these purposes are called applied research. On the other hand, basis research attempts to expand the border of knowledge rather than solving a specific and practical problem. Most research carried out by businesses is applied research because it must be productive and offer provable value to the decision maker. (McDaniel & Gates 2005, 10)

### 2.2.3 Decision to Conduct Marketing Research

A manager who is faced with several alternative solutions to a particular problem should not impulsively conduct marketing research. He actually should be asking the important question of whether to do marketing research at all. In some circumstances, it is best not to conduct a research.

- *Resources are lacking*. There are two situations in which a lack of resource should prevent marketing research. First, the organization may lack the fund to do the research. Second, fund may be available to do the research but may not be adequate to implement any solution suggested by the research.
- *The opportunity has passed*. If the product has been in the market for a long time, it would be unwise to conduct a research on product entry.
- *Managers cannot agree on what they need to know to make a decision*. It is obvious that before doing a research, one must define research objectives. However, it sometimes happens that the research project is starting without a clear goal of what should be known. The consequences may in-

clude wrong phenomena might be studied or the information needed for decision making is not covered.

- *Decision-making is already exists.* Some companies have been under taking researches in certain markets for a long period of time. Customers' characteristics and preferences about the offered products are understood. Under such situations, further research would be needless and waste of capital.
- *The costs of conducting research outweigh the benefits.* For example, if an amount of money spending on a research to obtain certain information which would not help generating as much as what had been invested. The amount of reward has to be greater than the cost before one should think of conducting a research.

(McDaniel & Gates 2005, 12)

## 2.3 Consumer Behavior

The field of consumer behavior research developed as an extension of the field of marketing research, focusing more on consumer behavior than on other aspects of the marketing process. Just as the findings of marketing research were used to identify managerial decision making, so too were the findings of consumer research. The initial reason for studying consumer behavior was to enable marketers to predict how consumers would react to promotional messages and to understand why they made the purchase decision they did. Marketers assumed that if they knew about the consumer decision-marketing process, they could design marketing strategies and promotional messages that would influence the consumer in the desired way. (Schiffman & Kanuk 2000, 14)

This subdivision discusses firstly what *consumer behavior* is, secondly consumer needs, and finally the influence of culture on consumer behavior.

### 2.3.1 What is Consumer Behavior?

Hawkins (2007) defines consumer behavior as “The study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of



products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society".

This definition points out that consumer behavior is not just a question of “why they buy this product?” because it not an instant action at the moment but it is a whole process from before purchasing the product, using the product and disposing of the product. This whole process involves thinking, feeling, and actions. Consumers’ needs are not only satisfied and served with a product or service but also with experiences. Hawkins (2007) also emphasize a very important insight which is not commonly brought up in other definitions of consumer behavior that is the process in which individuals or groups select, use and dispose a product or an experience has impacts on themselves as consumers and society at large. For example, people excessively purchase things on their credit cards to satisfy their needs and wants will not only be facing their own financial crisis but also affect the macroeconomics. This was clearly seen in the United States when the country faced the financial collapse three years ago.

American Marketing Association (2011) introduces different definitions of consumer behavior. The simplest one is: “the overt actions of consumers”. This could just be another way for saying consumer behavior, not really a definition because it does not give an explanation or any insight into what consumer behavior is. The actions can be overt but what trigger the actions requires a great deal of studies.

Another definition from the American Marketing Association (2011) is “The dynamic interaction of affect and cognition, behavior, and the environment by which human beings conduct the exchange aspects of their lives”. Peter and Olson (2010) explain this as that consumer behavior involves the thoughts and feelings people experience and the actions they execute in consumption processes. It also includes all the things in the environment that influence these thoughts, feelings, and actions and they are advertisements, comments from other consumers, price promotion, packaging etc.

In conclusion, *consumer behavior* is dynamic, involves interaction, and involves exchanges.

Firstly, *consumer behavior is dynamic* because the thinking, feelings, and actions of individual consumers, groups, and society at large are constantly changing. For example, the Internet has changed the way people search for information about products and services. The fact that consumers and their environments are constantly changing highlights the importance of ongoing consumer research. In addition, *consumer behavior involves interactions* among people and the environment. Thus, marketers need to understand what products and brands mean to consumers and what influences shopping, purchase, and consumption. The more marketers know about these interactions influencing individuals, groups and society at large, the better they can satisfy consumer needs and wants and create value for them. Finally, *consumer behavior involves exchanges* between human beings. In other words, people give up something of value to others and receive something in return. Much of consumer behavior involves people giving up money and other things to acquire products and services, that is, exchanges between buyer (consumers) and seller (marketers) (Peter and Olson 2010, 7-9). However, it needs to be understood what triggers the exchange to happen. There must be a reason why the consumer wants to pay for a product or service. The product or service must be basically something he/she needs.

### **2.3.2 Consumer Needs and Motivation**

Human needs, consumer needs, are the basis of all modern marketing. Needs are the heart of the marketing concept. The key to a company's survival, profitability, and growth is its ability to identify consumer needs better and sooner than the competition. Marketers do not create needs, however in certain degree they may make consumers more aware of unmet needs. The marketing concept implies that the firm will make only what it knows people will buy; a production orientation implies that the firm will try to sell what it decides to make. (Schiffman & Kanuk 2000, 63)

This subchapter discusses basic needs that operate in most people to motivate behavior. Those needs will have a significant influence on consumption behavior. Motivation can be described as the driving force within individuals that thrusts them to action. This driving force exists as the result of unfulfilled need. Individu-

al strive both consciously and subconsciously to reduce the tension through behavior that they expect will fulfill their needs. (Schiffman & Kanuk 2000, 63).

Dr. Abraham Maslow, a clinical psychologist, formulated a widely accepted theory of human motivation based on the notion of a hierarchy needs (1954). Figure 4 shows Maslow's theory that identified five basic levels of human needs, which rank in order of importance from lower-level (biogenic) needs to higher level (psychogenic) needs. The theory suggests that individuals seek to satisfy lower-level needs before higher-level needs emerge (Schiffman & Kanuk 2000, 78)



**Figure 4.** Maslow's Hierarchy of Needs (Adapted from Schiffman & Kanuk, 2000).

*Physiological Needs:* These include the needs for food, shelter, clothing, and sex, which are required to sustain biological life. Maslow believed that these needs are the primary and instinctive needs in the hierarchy because all needs become less important until the physiological needs are satisfied. (Cherry 2010)

*Security Needs:* After the first level of need is met, safety and security needs become the driving force behind an individual's behavior. Examples of security needs comprise of a desire for health care system, insurance policies, savings account, education and safe neighborhoods. (Cherry 2010)

*Social Needs:* The third level of Maslow's hierarchy includes such needs as love, affection and acceptance. People seek human relationship with other people and are motivated by love for their families. (Schiffman & Kanuk 2000, 80)

*Esteem Needs:* when social needs are more or less satisfied, esteem needs becomes operative. These needs reflect an individual's need for self-acceptance, self-esteem, success, status and recognition from others. (Cherry 2010)

*Self-Actualization Needs:* According to Maslow, most people do not satisfy their ego needs sufficiently to ever move to the fifth level. This need refers to individual's desire to fulfill his or her potential, to become everything he or she is capable of becoming. (Schiffman & Kanuk 2000, 81)

The theory suggests that individuals seek to satisfy lower-level needs before higher-level needs emerge (Schiffman & Kanuk 2000, 78). However, Usunier and Lee (2005) did not agree that Maslow's Hierarchy of Needs can apply in every culture. This matter will be discussed further in the following sections.

### **2.3.3 The Influence of Culture on Consumer Behavior**

The impact of culture is so natural and automatic that its influence on behavior is usually taken for granted. Often, it is only when we are exposed to people with different cultural values and customs then we become aware of how culture has shaped our behavior. Hence, a true appreciation of the influence that culture has on our daily life required some knowledge of at least one other society with different cultural characteristics. (Schiffman & Kanuk 2000, 323)

The study of culture is the study of all aspects of a society. It is the language, knowledge, laws, and customs that give that society its distinctive character and personality. For this reason, it is not easy to define its boundaries. Because the objective here is to understand the influence of culture on consumer behavior, culture can be defined as "*the sum total of learned beliefs, values, and customs that serve to direct the consumer behavior members of a particular society*" (Schiffman & Kanuk 2000, 322)

The *belief* and *value* components of the above definition refer to the accumulated feeling and priorities that individuals have about “things” and possessions. Therefore, both values and beliefs are mental images that affect a wide range of specific attitudes that influence a person is likely to respond to a specific situation. For example, the meaning of country origin constitutes the quality of a product for Vietnamese consumers, so products made in Japan, U.S, Singapore are automatically more preferable than products domestically made or made in China.

In contrast to beliefs and values, customs are overt models of behavior that constitute culturally approved or acceptable ways of behaving in specific situations. Customs consist of everyday of routine behavior. For example, in Finland, people have their breakfasts at home with cornflakes, sandwiches, yogurts etc. something so called “simple”; but in Vietnam, people mostly buy their breakfast outside and there is a wide range of food offered for breakfast.

Thus, while beliefs and values are guides for behavior, customs are usual and acceptable ways of behaving. (Schiffman & Kanuk 2000, 323)

Culture offers order, direction, and guidance in all phases of human problem solving. For example, culture provides standards and rules for what is appropriate to eat for breakfast (juice and cereal or noodles), and what to serve to guests (coffee and cookies or a formal meal). Culture is also associated with what a society’s members consider to be a “necessity” and what they view as “luxury”. For example, the majority of Finnish adults consider a microwave to be necessity while Vietnamese people think that it is not a “big deal” not to have one. Similarly, culture also provides insights as to suitable dress for specific occasions, such as what to wear around house, what to wear to school, to work, or to restaurant. Dress codes are changing significantly, people are dressing more casually all the time and in most situations, therefore sneakers, sport shirts, blouses, sweaters, and jeans are sold the most. (Schiffman & Kanuk 2000,324)

Cultural beliefs, values, and customs continue to be followed as long as they offer ease. When a specific standard no longer satisfies the society’s members, it

is modified and replaced, so that the resulting standard is more in line with current needs and wants. (Schiffman & Kanuk 2000,324)

Hofstede developed a model of five dimensions of national culture that helps to explain the basic value differences. This model distinguishes cultures according to five dimensions: power distance, individualism/collectivism, masculinity/femininity, uncertainty avoidance, and long-/short-term orientation. (Ofosu 2011, 38)

*Power distance* is the measure of how much inequality in concentration of power. In countries with high power distance, power is centered on a few people. In countries with low power distance, power is spread out and people are expected to participate in the decision making. (Ofosu 2011, 38)

*Uncertainty avoidance* is the measure of how much people prefer formal rules and fixed power structures. Another important factor that must be taken into account when talking about uncertainty avoidance is people's willingness to take risk. Countries with high uncertainty avoidance are risk reluctant, as countries with low uncertainty avoidance are more willing to take risks and do not feel the need for formal rules. (Ofosu 2011, 38)

*Individualism/collectivism* is the measure of how much people see themselves as either individuals or members of a group. In other words, if people have the tendency to take into account the needs of the group they associate themselves with or put their own needs in higher priority. (Ofosu 2010, 38)

*Masculinity/femininity* is the measure of how much weight people put on masculine value such as personal status, achievement and success over more feminine values of personal relationship and solidarity. (Ofosu 2011, 38)

*Long-/short-term orientation* measures whether people are more long-term or short-term oriented. It is advised to not use this dimension when examining the chosen countries, as this dimension would be suitable for studying differences between western and eastern cultural areas. (Ofosu 2011, 38)

### 2.3.4 Cross-Cultural Influences

Usunier and Lee (2005) emphasized that culture influences the “hierarchy of needs” on at least two levels. First, one of the basic axioms of Maslow’s theory is not true in every culture, that needs at a definite level must be satisfied in order for higher-order needs to appear; and second similar kinds of needs may be satisfied by very different products and consumption types. To support their argument, Usunier and Lee (2005) gave an example that in less developed countries, people usually focus on more basic survival needs, but some cultures (e.g. Hindu) encourage the need for self-actualization, the highest level. Thus, the basic need for safety is not satisfied according to the same criteria in different cultures. For instance, in certain developing countries, people may deprive themselves of food in order to afford a late-model cell phone, thereby satisfying the social status and self-esteem need before satisfying the physical and safety need.

According to Usunier and Lee (2005), there are seven studies strongly supporting Maslow’s theory, three give it partial support, and ten research studies refute it. In sum, the needs described by Maslow are themselves quite consistent across cultures, but their rank ordering varies. The two authors also point out an interesting suggestion that rather than needs, consumer desires maybe a more useful concept for cross cultural consumer behavior.

Mooij (2010) also contributes an insight into cross culture influences and the matter of marketing products across cultures. According to her how people behave and what motivates them is largely a matter of culture. Consumer theories are rooted in Western psychology and sociology but they are not necessarily applicable for understanding how consumers behave in other parts of the world. Across cultures people have different concepts of self, which influences their buying motives.

The most important matter that companies need to consider is which products to market to which markets. Many products become more of a success in some markets than in others. The cause of such differences can be prosperity (expensive products sell better in wealthy countries) or culture. If the cause of an unpopularity

ty of a specific product in a specific country is culturally identified, a modification of the products should be undertaken to fit that culture. For example, life insurance is a popular product for Western countries which represent individualistic culture, thus entering a market with a collectivistic culture demands different product. For example, parent-related pension insurance can be offered to Asian countries which value collectivism. Young people in these countries are becoming dynamic and living modern lifestyles, however they still want to complete their responsibility of taking care of their parents who are old and cannot financially support themselves anymore. Such insurance product would be a practical solution for such problem. (Mooij 2010, 273)

Understanding cultural differences can help to develop more suitable product. For example, products that require self-completion may sell well in low uncertainty avoidance cultures, however high uncertainty avoidance cultures may have problems with it. The product then can be adapted to the need for competence by adding clear and easy-follow instructions, or even offer training and distant guidance, whatever helps the market to feel confidence. Similarly, electronic products such as devices and mobile phones should be simple and easy to use for low uncertainty avoidance cultures, but in high uncertainty cultures, such products may need to have complicated details and technical information attached to satisfy the need of knowing the system and process behind the products. (Mooij 2010, 273)

## 2.4 Consumer Behavior and Marketing Strategy

The role of consumer behavior in marketing strategy cannot be denied. A ***marketing strategy*** is the design, implementation, and control of a plan to influence exchanges to achieve organizational objectives. In consumer markets, marketing strategies are typically designed to increase the chances that consumers will have favorable thoughts about particular products, services, and brands, and will try them or repeatedly purchase them. (Peter & Olson 2010, 12).

In this section, consumer analysis concept is introduced and its function on marketing strategy is also discussed briefly. The second issue brought up in this



part is innovation and how a “new” product receives consumer acceptance. Consumer decision making will be addressed in the end of this segment.

#### 2.4.1 Consumer Analysis and Marketing Strategy

There are three elements for consumer analysis: (1) consumer affect and cognition, (2) consumer behavior, and (3) consumer environment. Any of them can be a cause of a change in one or more of other elements.

- **Consumer affect and cognition** refer to two types of mental responses that consumers exhibit toward stimuli and events in their surroundings. *Affects* refers to the feeling they have about stimuli and events, such as whether they like or dislike the product. *Cognition* refers to their thinking, such as their beliefs about a particular product.
- **Consumer behavior** refers to the consumers’ explicit actions that can be directly monitored and measured. Consumer behavior in this sense excludes mental activities, such as thinking. Examples of behaviors in this context is shopping at the stores or on the Internet, buying products, and talking to the sales person.
- **Consumer environment** refers to the external factors that influence what consumers think, feel, and do. It includes social stimuli, such as the actions of others that influence consumers. It also includes other physical stimuli, such as stores, products, advertisements that can change consumers’ thoughts, feelings, and actions.

(Peter & Olson 2010, 23)

From a consumer analysis perspective, a marketing strategy is an establishment of stimuli and events placed in consumers’ environments. These stimuli and events are designed to influence the consumers’ affect, cognition and behavior. These stimuli include such things as products, brands, packaging, advertisements, stores, or salespeople’s communication. Besides, it is significant to remember that marketing strategy should not be designed only for the intention to influence consumers but also to be influenced by them. For example, if research shows that consumers are disgusted (affect and cognition) with unconcealed ads for Calvin Klein

jeans, company may want to change its ads to better appeal to the market. If research indicates that consumers do not shop (behavior) in stores where a company's product is featured, the distribution strategy may have to be changed. If research reveals that consumers want to be able to get information from a company's website (environment) and none exists, the company may want to create one. Hence, marketing strategies should be developed, implemented, and changed based on consumer research and analysis. (Peter and Olson 2010, 23)

### **2.4.2 Consumer Acceptance of Innovations**

There is no universally accepted definition of the terms *product innovation* or *new product* exists. According to Schiffman and Kanuk (2000), definition of a new product or a new service can be taken by various approaches, these can be classified as firm-, product-, market-, and consumer-oriented definitions of innovation.

*Firm-oriented definitions:* A product is “new” to the company producing or marketing it, it is considered new.

*Product-oriented definitions:* This approach focuses on the features inherent in the product itself. This includes the creation of a new product or the modification of an existing product.

*Market-oriented definitions:* A product is considered new if it has been purchased by a relatively small percentage of the new potential market, or it has been on the market for a relatively short period of time.

*Consumer-oriented definitions:* A new product is any product that a potential consumer judges to be new.

(Schiffman & Kanuk 2000, 411-413)

All products that are “new” do not have equal potential for consumer acceptance. Some products seem to catch on almost overnight (cordless telephone), whereas others take a very long time to gain acceptance or never seem to achieve widespread consumer acceptance. The uncertainty of product marketing could be reduced if marketers could anticipate how consumers will react to their products.

For example, if a marketer knew that the product contained inherent features that were likely to restrain its acceptance, a promotional strategy could be developed to compensate these features or the product will not be marketed at all. Although there are no precise methods by which marketers can evaluate a new product's likely acceptance, researchers have identified four product characteristics that seem to influence consumer acceptance of new products: (1) relative advantage, (2) compatibility, (3) complexity, and (4) trialability. (Schiffman & Kanuk 2000, 418)

*Relative advantage* – The degree to which an innovation is perceived as better than the product it supplants. For example, fax machines over traditional post services.

*Compatibility* – The degree to which an innovation is perceived to be consistent with the present needs, values, and practices of potential adopter. For example, Gillette Mach3 over disposable razors, or 3M's Scotch Pop-up Tape Strips are easier to use than roll-tape.

*Complexity* – The degree to which an innovation is perceived to be difficult to understand or use. The easier it is to understand and use, the more likely it is to be accepted.

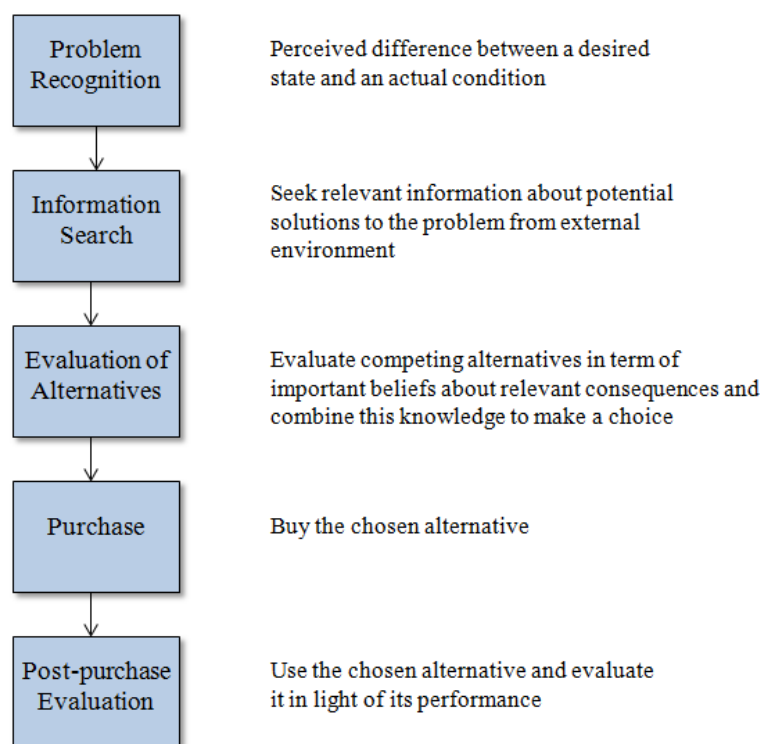
*Trialability* – The degree to which an innovation can be experimented with on a limited basis. An innovation that is trialable represents less uncertainty to potential adopters.

(Tidd & Bessant 2009, 355-356)

### **2.4.3 Consumer Decision Making**

In this sub-chapter, *consumer decision making* is viewed as a *problem-solving process*. In treating consumer decision making a problem-solving process, consumers' goals – what they seek to achieve or satisfy should be concentrated. A consumer perceives a “problem” when the desired outcomes have not been achieved. Consumers make decisions to achieve their goals and thus “solve the

problem” (Peter & Olson 2010, 163). Figure 5 presents the model of problem solving that identifies involves 5 basic stages. The very first stage is *problem recognition*, follows is *information search*, the next stage is *evaluation of alternatives*, the fourth stage is *purchase*, and the final stage is *post-purchase evaluation*. Nevertheless, consumer decisions do not always include all five stages. People engaged in *extensive decision making* (purchases involve unfamiliar, expensive, or infrequently bought product) usually go through all stages of this decision process, whereas those engaged in *limited decision making* (purchases involves occasionally bought product) and *routine response* behavior (behavior that occurs when buying low-cost, low-risk, frequently purchased items) may skip certain stages. Especially for those engaged in *impulsive buying* (behavior that involves no conscious planning but results from a powerful, persistent urge to buy something immediately)



**Figure 5.** Model of Consumer Problem Solving.

*Stage 1 – Problem recognition:* Problem recognition occurs when a buyer becomes aware that there a difference between a desired state and an actual condi-

tion (Dibb et al. 2006, 165). For example, a person stays far away from his new working place and he does not have a car so he starts to think of buying a car.

*Stage 2 – Information search:* After recognizing the problem or need, the buyer (if continuing the problem-solving process) searches for information about the products that will solve the problem or satisfy the need (Dibb et al. 2006, 166). As the above example, the person now will look for information about cars from the Internet e.g. different brands, prices, and specification, call some brokers, or consult his friends.

*Stage 3 – Evaluation of alternatives:* After having necessary information, the buyer establishes criteria for comparing the products or solutions. For example, the person would like to buy a brand new car because he thinks that will save him money, time and aggravation in the long term, old cars normally require frequent repairs, but the budget is short. In order to pursue the wish of having a new car, he must borrow money from the bank with interest and nothing can guarantee that he afford to make the payment every month, such as an incident happens and he need to spend most money he has on that, or he might lose his job anytime. That will cause him much more trouble financially and mentally. So buying a used car puts him in a more controllable situation.

*Stage 4 – Purchase:* After evaluation follows the purchase stage when the consumer chooses which product to buy. The purchase stage is mainly the result of the consumer's evaluation of alternative but other factors have an impact, too.

*Stage 5 – Post-purchase Evaluation:* After the purchase has taken place, the buyer begins to use and evaluate the chosen product whether its actual performance meets expected levels. (Dibb et al. 2006, 167)

However, Peter and Olson (2010) do not find this basic model flexible enough account of actual problem solving process for three reasons. *First*, the actual consumer problem solving seldom proceed in a linear sequence as portrayed in the basic model. For example, the person evaluates alternative cars as soon as he finds them; he does not wait until he finds all the alternative cars. *Second*, as empha-

sized in Consumer Analysis in 2.4.1, actual problem solving processes involve multiple, continuous interactions among consumers' cognitive process, their behaviors and aspects of the physical and social environment. For example, if the person is thinking about a used Vibe because the price matches his budget, the car still does not look obsolete, and the test drive was alright. However, there is something about the salesperson that he does not wholly trust and at the same time his cousin said that a friend of his just took her Vibe into the shop for some engine work. So, to the person though Vibe appeared perfect but the salesperson and his cousin's story make him continue look for more alternatives. *Third*, most problem solving processes actually involve multiple problems and multiple decisions. Actual problem solving processes usually involve several choices that produce multiple behavioral intentions. Each intention is a step in an overall decision plan. The decision plan produces a series of purposive behaviors that consumers perform to achieve their desired goal. (Peter & Olson 2010, 164)

In conclusion, the basic model identifies several important activities involved in consumer problem solving. It is a good foundation for marketer to understand the different stages consumers go through to make their decision. However, an effective marketing strategy needs to reflect on the flexibility to account for the nonlinear, continuous flow of iterations among behaviors, environments, and cognitions, and for the multiple decisions that occur in actual consumer problem-solving episodes.

## **2.5 General Information about the Vietnamese Market**

Before indentifying and exploiting business opportunity in a certain country or region, information about the particular market needs to be collected. This part will cover the necessary knowledge about the Vietnamese market. Firstly, the Vietnam's economy is presented. This is followed by analysis of Vietnamese culture with Hofstede's cultural dimensions. Last but not least, interesting facts about Vietnamese consumers are presented regarding practical and up-dated information about the level of income and confidence, purchasing priorities, consumption power, and consumption behavior.

### 2.5.1 Vietnam's Economy and Its Current Situation

Vietnam is a densely-populated developing country that in the last 30 years has had to recover from the damage of war. While Vietnam's economy remains dominated by state-owned enterprises, which still produce about 40% of GDP, Vietnamese authorities have confirmed their commitment to economic liberalization and international integration. Vietnam joined the WTO in January 2007. Vietnam became an official negotiating partner in the developing Trans-Pacific Partnership trade agreement in 2010. (CIA World Fact Book 2011)

Agriculture's share of economic output has continued to shrink from about 25% in 2000 to about 20% in 2010, while industry's share increased from 36% to 41% in the same period. Deep poverty has declined significantly and Vietnam is working to create jobs to meet the challenge of a labor force that is growing by more than one million people every year. (CIA World Fact Book 2011)

As indicated in Table 1, the GDP growth since 1990 has boosted impressively at the rate of approximately 200% every 5 years.

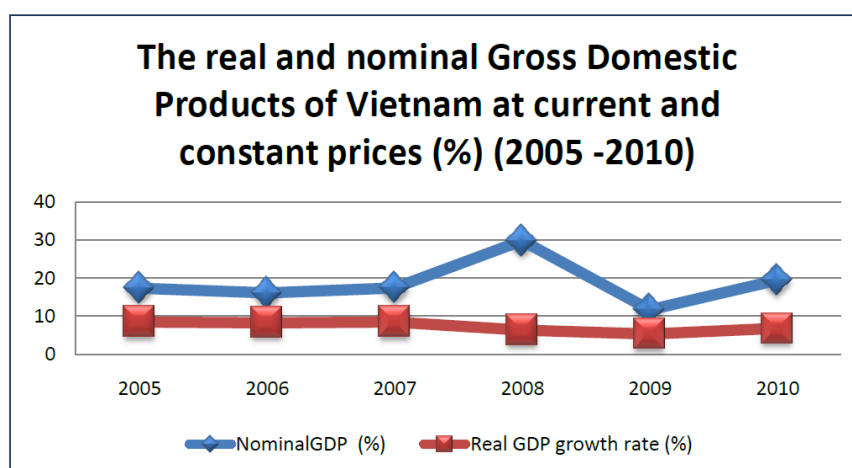
Year	Nominal GDP (Billion VND)	Nominal GDP (%)	Real GDP (VND)	Real GDP growth rate (%)
2005	839211	17.32	393031	8.44
2006	974266	16.09	425373	8.23
2007	1143715	17.39	461344	8.46
2008	1485038	29.84	490458	6.31
2009	1658389	11.67	516568	5.32
2010	1980914	19.45	551609	6.78

**Table 1.** Gross Domestic Product at Current and Constant Prices (2005-2010) (General Statistic Office of Vietnam 2011).

#### Current Situation

The most talked-about issue in Vietnam right now is inflation rate which reached 11.8% in 2010 (CIA World Fact Book 2011). This is why the real GDP growth (GDP growth on annual basis taken out the inflation effect) is much lower than

nominal GDP (see Figure 6). Vietnam National Bureau of Statistics released data which shows that Vietnam's consumer price index rose 22.16%. Published data shows that food, housing and construction materials, transport and education prices rise sharply in Vietnam. Vietnamese food prices rose 32.63%, housing and construction materials prices rose 22.75%, transportation and education prices rose 21.70% and 25.43%. In addition, during the first seven months year 2011, Vietnam's average inflation rate of 16.89%. (Stock Market Today 2011)



**Figure 6.** The Real and Nominal Gross Domestic Products of Vietnam (2005-2010) (General Statistics Office of Vietnam 2011).

The Vietnamese currency's value has been weakening against the dollar six times since June 2008. The Vietnamese therefore have collected more reliable stores of value such as foreign currencies or gold. Table 2 represents the exchange rates converted from other currencies to Vietnam dong (VND) at the current time (12 Oct 2011)

1.00 EUR = 28,791 VND
1.00 USD = 20,870 VND
1.00 CNY = 3,281 VND (Chinese Yuan Renminbi)

**Table 2.** Exchange Rates Converted from Other Currencies to Vietnam Dong.

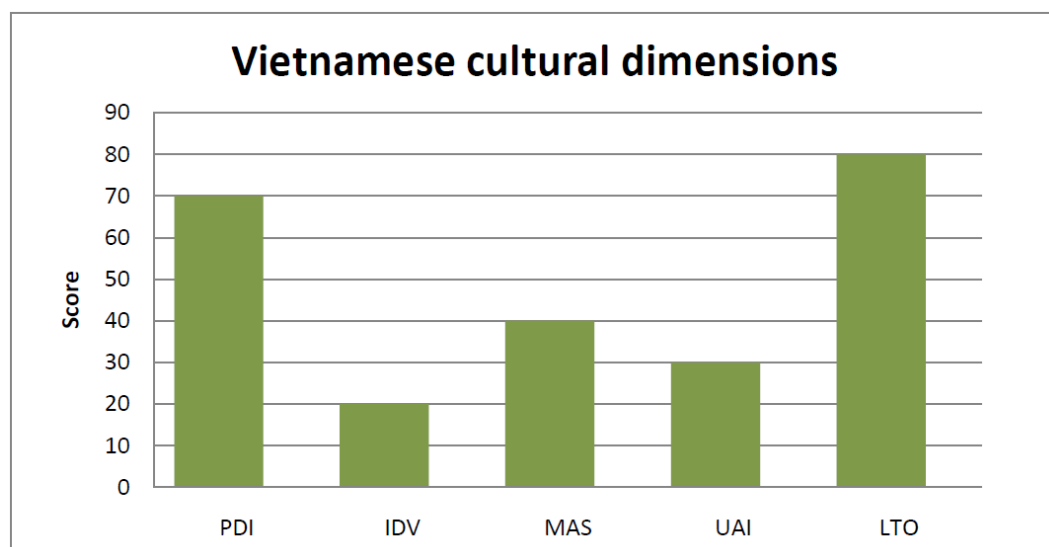


Vietnam's economy has recently showed high growth, high inflation trend, and Vietnam is currently the country with the highest inflation rate in Asian economies. The Vietnamese government has taken a number of approaches to curb inflation. Standing out from those is interest rate rise and credit control. On May 4th the State Bank of Vietnam raised the interest rate to 14% (The Economist Newspaper Limited 2011). This exposes enterprises to difficulties.

Another matter in Vietnam is the economic gap. The income gap between the country's richest and poorest groups has increased from 8.9 times in 2008 to 9.2 times last year. (VietnamNet 2011). This has always been a problem in Vietnam, but the situation is getting worse with the inflation.

### 2.5.2 Vietnamese Culture

According to Hofstede's cultural dimensions, which are Power Distance Index (PDI), Individualism (IDV), Masculinity (MAS), Uncertainty Avoidance Index (UAI), Long-term Orientation (LTO), Vietnam has a rather high power distance, low individualism, a moderate masculinity and uncertainty avoidance, and high long-term orientation (see Figure 7)



**Figure 7.** Vietnamese Cultural Dimensions (ITIM International 2011).

The high power distance characteristic can be seen in the daily life of Vietnamese as well as in a professional context. In the family, children have to do as they are

told and respect elders. Children cannot interrupt while elders are speaking, or participate in decision making. In organizations, there is a clear line between subordinate and superior. Titles, status, and procedure are very significant in Vietnamese society (Truong & Nguyen, 2002).

Collectivism has existed for a very long time in Vietnam. People do not see themselves as individuals but members of a group. People do not think that they should stand out but better act accordingly. The group on the other hand is responsible to watch over their members and provide them with security and for that it receives loyalty from its members. In addition, In Vietnam, politeness and courtesy play a major role. Vietnamese culture considers "face," an individual's public image, extremely important. Any overt public criticism or disapproving remarks can result in a loss of face and cause extreme embarrassment. For this reason, criticism is best handled privately and, if possible, indirectly. In Vietnam, the ultimate goal of all interactions is harmony, not discord. Whereas disagreement and negative responses for Westerners are merely a part of the negotiating process and have nothing to do with interpersonal relationships, a direct refusal or negative answer is considered impolite and crude for Vietnamese.

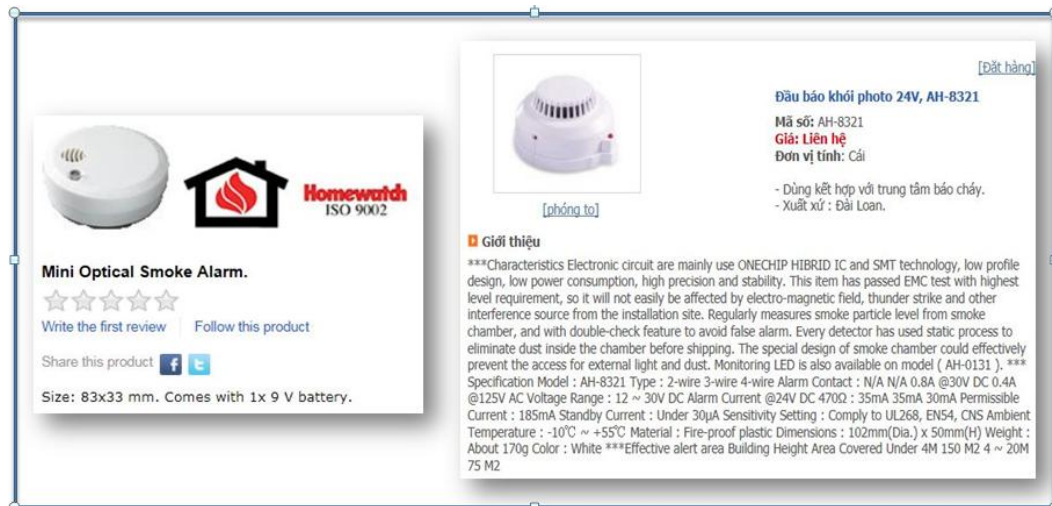
This naturally has an influence on the level of honesty. Does "Yes" always mean yes, or "No" always means no? The answer is "Maybe". This is the reason why marketing decisions should not solely base on a survey. Vietnamese tend not to speak out their genuine thought if they are asked for opinion about certain matter for three reasons: they do not want to be harsh if the thought is negative, they are afraid that speaking their opinions may affect themselves, or they do not want to stand alone but instead have similar opinion with the crowd.

The Masculine score is average, showing that Vietnamese people value success and achievement equally with personal relationship and caring. Decision is made with assertiveness but one cannot disregard the consequences affecting on others. For example, the company wants to cut down expenses and therefore the manager has to fire some persons because their job is no longer in need for the company. The manager cannot just make that decision without looking into the personal aspects of the employees such as if the employee has many children to take care or

his wife is very sick now and desperately need finance for treatment, so firing him now means putting his life in trouble. The decision has to be made for the business sake but it cannot have a bad outcome for anybody.

Vietnamese culture displays moderate uncertainty avoidance. However, this dimension appears to be higher than moderate in reality. People in Vietnam feel threatened by uncertain situations and they try to avoid these situations by establishing more formal rules, and rejecting unconventional ideas and behavior (Truong and Nguyen, 2002). For example, if you are reach the age of twenty-seven and above and still not in a serious relationship leading to marriage very soon, you will feel that you are in an unstable situation or so assume the society. Businesses in Vietnam attempt to offer whole package service to the consumers. For instance, electronic products are delivered to the buyer's home and the personnel do the installation for her. If you go to a restaurant and you are looking around wondering where to park your scooter, immediately a staff approaches and takes care of your scooter, while simultaneously another staff comes to help you cross the street. Businesses are likely to succeed if they can eliminate all the ambiguous situations for their customers. Therefore, self-service business may not do well in Vietnam.

In addition, selling devices is also a challenge in Vietnam because people question very much about the technical information. Figure 8 shows the difference between smoke alarm product indications between a company in Finland and a company in Vietnam. Whereas, the smoke alarm product indication to Finnish consumers (in the left) cannot be simpler, the Vietnamese consumers need to see in detail all the specifications of a smoke alarm. The details may not serve much purpose of knowledge, as only professional technicians can have a clue what they mean; moreover, it is not even in Vietnamese, but by listing them the company appears to prove the prestige and quality to consumers. Nevertheless, as uncertainty avoidance also takes into account the people's willingness to take risks and Vietnamese enterprises consider that taking risk is necessary for success. They may not hesitate to make enormous investments to unfamiliar projects. This may be the reason the score of uncertainty avoidance in Vietnam remains average.



**Figure 8.** Comparison between Smoke Alarm Product Indications of A Company in Finland and A Company in Vietnam.

### 2.5.3 Vietnamese Consumer

Concerning the level of income in Vietnam, middle-class households are becoming richer. Statistics shows a dramatic economic growth since year 1999 and year 2008. In year 1999, there were 63% of urban households have income of VND 3,000,000/month (about €105) and under, while only 16% of urban households earn over VND 6,500,000/month (about €227). Contrast to the situation in year 1999, in year 2008, only 15% of urban households have income of under VND 3,000,000, while 33.3% of urban households earn over VND. (Demand Media Inc. 2011)

The latest survey of MasterCard Worldwide on top priorities in expenditure of consumers shows that Vietnamese people give more spending priority for food and entertainment. Vietnam ranks first in the Asia-Pacific region on the ratio of people (89%) saying they will prioritize spending on these two categories. Vietnam also had the highest percentages across the region for each of its three top spending categories of dining and entertainment with 89%, fashion and accessories with 78%, and fitness and wellness with 69%. Vietnam is among other Asian markets having the highest percentage of consumers planning to maintain their level of discretionary spending with 62%. In addition, Vietnam is among markets

having the highest percentage of consumers planning to maintain their level of discretionary spending with 62%. (Vietnews 2011)

Although Vietnam's average income level is low compared to the world level, the Vietnamese use 70% of their income for consumption. In developed countries, this number is 40%. The majority of Vietnamese is willing to pay much for expensive products. High-tech products, modern electronic products, and luxurious bikes or cars are highly consumed in Vietnam because the majority of Vietnamese want to possess well-known international brand products (Saga Communications 2010). "Who would have thought high-tech gadgets would take off so fast in a country where the per capital gross domestic product, at \$1,050, is lower than the cost of a new iPhone 4 (\$1,100)? But the unlocked phones are selling like hot cakes" (Steinglass 2010). However, none of this is a surprise to the market group Nielsen, which reported in the second quarter of 2010 that the Vietnamese were more eager than other Asians to spend extra cash on consumer electronics. Vietnamese said that they want to spend the money they have left over after living expenses on "new technology" referred to computers, phones and digital cameras (Steinglass 2010). Figure 9 shows the desire of Vietnamese consumers for the iPhone 4 products.

What tells something about the appetite for consumer electronics in Vietnam is how it fits into a booming culture of *conspicuous consumption*. "Apple products have leapt in the popularity over the past year because the logo is recognizable from a distance, and immediately sets the owner apart as a member of Vietnam's urban elite" (Steinglass 2010). This characteristic of Vietnamese consumers is not consistent with Maslow's Hierarchy of Needs. Simultaneously, it proves Usunier's and Lee's (2005) theory that culture influences the hierarchy of needs. Vietnam is a developing country in which the average level of income is low, but people tend to satisfy the social status and self-esteem need before satisfying the physical and safety need.



**Figure 9.** Vietnamese Waiting to Purchase iPhone 4 (Vitel 2011)

#### **2.5.4 Vietnamese Consumer Behavior**

Vietnamese people always tell this idiom: you get what you pay for. Vietnamese automatically assume the higher the price the better the quality. This clearly shows in daily shopping behavior. For example, when you enter a shop, the clerk or shop owner asks “what are you looking for?”, after knowing what you are searching, she instantly says “what kind of quality you want: medium or good?, the medium quality is X price and the good quality is Y price”. So the first indication for quality is the price. Consumers also actively ask for the kind of product with the highest price as a suggestion that they care about the product quality. For instance, a couple were getting married and they were in a wedding gowns shop, when the clerk said “we have a wide range of collections with different styles, do you have any particular in mind”, the woman replied “show me the ones with the highest prices”.

“Quality goes together with price” is not a non-sense measurement, however assuming quality of a product based solely on its price leads to the over-pricing situation in the Vietnamese market. Enterprises over-price their products because they are sold better. Besides paying high price for a product for good quality, the consumers also want to prove their status. Telling your peers that you have got a

good product with very affordable price means you made a good deal? This does not apply in Vietnam; instead saying how expensive the product is proves your financial ability.

In addition to price, product origin also constitutes to the product quality. The Vietnamese prefer products made by foreign countries to ones domestically produced or made in China. The Vietnamese has been encouraged to use local products lately but the situation has just improved slightly. There has been a great deal of scandals about bad quality and health danger of products made in China in the past years. Hence, Vietnamese products are mostly selected in situations where they have to choose between “made in Vietnam” and “made in China” products.

In the Vietnamese market, various brands are considered "foreign brand": brands of products imported from foreign countries, brands of products manufactured by a joint-venture which involves a foreign company, brands of products produced domestically but look like foreign products i.e. foreign names, packaging and labeling with foreign language. Analyzing the attitude and behavior of how consumers perceived "foreign brand", showing two trends: first, consumers assign an image of luxurious and prestige to products that they consider have foreign brands. They believe foreign brands constitute better quality and luxury. Thus, use foreign brand products make them luxurious and cool. Second, if they can afford, they like to go with foreign brand, especially in situations they are surrounded by many people. (Doan 2008)

Vietnamese consumers tend to follow the crowd in making purchases. Many people whose incomes are just average, but still spend large amount of money to buy modern scooters or mobile phones (Crowe Horwath 2010). Vietnamese buy what others are buying. This behavior is common psychology occurring in most places of the world. However, it happens remarkably in Vietnam when people disregard their own priorities, preferences and financial situations to fit in.

Talking about how TV advertising influences Vietnamese is not directly about how it makes people make their purchase decision but instead about how much

attention people pay to TV advertising and the effect it has on their daily life. In contrast with the assumption that TV advertising is annoying, you switch channel when comes commercial break, and advertising is watched for informative purpose only. Vietnamese find TV advertising entertaining and so they like watching it. There are certain ads that people wait and hope to see them while watching TV. There is even a Vietnamese Facebook page called “Association of people who like watching TV advertising” and the number of “likes” is nearly 4,000. People talk about advertising in schools, work places, or at social gatherings. Hot advertising theme songs or lines are involved in people’s daily language and humor. On the other hand, advertising that use sexual images or contains inappropriate behavior which is a taboo naturally becomes a topic in social situations.

Knowing that, marketers try to create advertising that they believe will make an effect. Because although the advertisement’s content is paid more attention to than the advertised product, the company’s brand still plays in the consumers’ minds and it eventually becomes a well-known brand.

Concerning consumer confidence index, Vietnamese were considered as the most optimistic people in the world, reported in January 2011. During the global economic downturn, Vietnam’s consumer confidence used to be among the highest of the 55 countries monitored by Nielsen (Vietnamica 2011). However, the first half of 2011 tells a different story, the inflation and price increases have brought a decline in Vietnam's consumer confidence levels. Consumers are trading down to less expensive products. Confectionery, health and beauty products and beverages were deemed to be the categories most likely to be affected by changing consumer purchase patterns. Besides, inflation and recent dong devaluations remained the top concerns. However, despite their concerns, 90% of business leaders still expect to see double-digit growth in their businesses (Thanh Nien News 2011). This is probably because the inflation only affects the poor group, spending habits remain stable in the above average and high-income groups who largely constitute to the consumption power.



### 3 RESEARCH METHODOLOGY

*Research* has been defined in many different ways. An easy way to understand research is that research is “what people carry out in order to find out things in a methodical way, thereby increasing their knowledge” (Saunders, Lewis, & Thornhill 2009, 5). Another definition which is more exhaustive given by Johnson (1994), she defines research as “A focused and systematic enquiry that goes beyond generally available knowledge to acquire specialized and detailed information, providing a basis for analysis and educatory comment on the topic of enquiry”. Both of these viewpoints explain well the concept and they also cover the key characteristics of a research. (Saunders et al. 2009, 5).

The research in this thesis contains the above mentioned characteristics:

***Focused:*** From the beginning of this research, three research questions were precisely set up to decide exactly what the researcher wants to do. Those research questions have to be answered to achieve the main objective of this research, identifying the Vietnamese consumer demand for smoke alarms.

***Systematic:*** The approach to the research problem of this thesis is structured and organized. Firstly, literature reviews was conducted in purpose to convey what knowledge and ideas have been established on this topic. Second, collecting own data. After that, data will be analyzed. Finally, the conclusions will be made based on data analysis and existing knowledge.

***Goes beyond generally available knowledge:*** this characteristic is the highlight of this research. As emphasized in the introduction, smoke alarms have never been actively marketed to the consumers in Vietnam although it is shown that the number of fires increases all the time. All companies in fire safety sector in Vietnam target buildings, businesses and organizations as their customers. Although residential fires make up a significant percentage of total fires in Vietnam, households are not introduced to this device. This study is to conduct a marketing research in which the consumers will be exposed to the promotion of smoke alarms

to find out whether this product can be marketed in Vietnam at the moment from the business point of view.

*A basis for analysis and educatory comments:* The analysis primarily bases on the interpretation of the data collected during the research. In the next sections, data collection and research methods employed in this study will be clearly presented.

### **3.1 Research Data**

Data, or information, are what every research project needs to obtain to meet the research objective. There are two types of data: secondary data and primary data. Both types of data are utilized in this thesis.

#### **3.1.1 Secondary Data**

Secondary data are existing and available data collected by others. These data have already been collected for some other purpose (Saunders et al. 2009, 256). For example, a person doing research on exchange rate risk management can take information from international firms' annual financial statement for analysis.

Secondary data are useful not only for solving the research problem, but also to better understand and explain the research problem. It has been recommended that all research should start with secondary data (Ghauri & Gronhaug 2010, 90). In most research we need to begin with literature review. Secondary data can be obtained from various sources including books, journal articles, and online data sources.

In this thesis, the secondary data are collected for an exhausted understanding around the research topic, reflected in the theoretical chapter. In addition, secondary data are also used for solving the research problem such as, facts about accidental fire in Vietnam, current situation about fire safety business in Vietnam, and Vietnamese culture, economy and consumers.

### 3.1.2 Primary Data

In contrast with secondary data, primary data are data collected by the researcher himself for his own project. Primary data are selected in situations when secondary data are not available or cannot answer the research questions, we must collect the data that are directly relevant and fit for our purpose. For example, a company wants to measure the level of customer satisfaction on its service, the company's customer database cannot answer the research questions and the only way to solve the problem is to interview those customers who have experienced the company's service. However, it is undeniable that collecting primary data takes time and is often costly and depends greatly to the willingness, ability and honesty of respondents (Ghauri & Gronhaug 2010, 99-100).

Nevertheless, it is not about a choice between secondary data and primary data. The matter is about solving the research problem. If we want to know about consumer's attitude, motivation and buying behavior for particular product, only primary data can help us to answer these questions (Ghauri & Gronhaug 2010, 100). Likewise, the research questions of this thesis are to know about Vietnamese consumers' willingness to purchase smoke detectors and what motivates them, thus the research objective is achieved based mainly on primary data. There are numerous ways of gathering primary data, which will be explained in the next subchapter. Moreover, the data collection method employed in this study will be presented.

## 3.2 Data Collection

The particular technique used to collect data is termed *research method* and it should not be confused with the term *research methodology*. Research methodology is the approach that a researcher uses to investigate a matter with specific components such as methods, techniques and tools. It is a philosophical foundation on which the research is based (White 2003, 20).

Once the data is collected through primary sources, the research has to decide what kind of data collection methods to use (Ghauri & Gronhaug 2010, 100). There are two main methods: *quantitative* and *qualitative methods*.

### 3.2.1 Quantitative Methods

Quantitative methods are those which emphasize on facts, numbers and frequencies rather than on meaning and understanding. With this type of method, the results are given statistical values and the researcher uses statistical technique, such as SPSS and Excel programs to analyze the data (White 2003, 24). Quantitative methods are very often used for hypothesis testing. For example, a researcher want to test the truthiness of the statement “ money cannot buy happiness”, he can assess this by, for instance having a number of people to answer questions such as their income and satisfaction level of their lives or specific of questions about happiness.

A typical technique for quantitative method is *survey* which can be carried out with interviews or questionnaire. Although interviews are mostly used for qualitative method, it is however possible to code numerically the findings from interview. A questionnaire is about a series of questions, each one providing a number of alternative answers from which the respondents can choose. (White 2003, 49-50)

### 3.2.2 Qualitative Methods

Qualitative methods are ways of collecting data which are concerned with describing meaning, rather than withdrawing statistical conclusion. They provide a more in depth and rich description. The researchers only use non-mathematical procedures when interpreting data (White 2003, 25). Qualitative research is used to gain insight into people's attitudes, behaviors, or perception. Qualitative methods are useful for exploratory research - research conducted for a problem that has not been clearly defined, because they help establish hypotheses for explaining the problem (Ghauri & Gronhaug 2010, 106). This thesis is an example of exploratory research. The researcher tries to indentify the consumers' demand for smoke

alarm products since the product has not been actively introduced to them and it serves the sake of business opportunity.

There are numerous techniques of the qualitative method but the most widespread are *interview* including personal and focus group interviews, *observation*, and *case study*.

- Interviews in the qualitative approach should refer to in-depth interviews in which the interviewer directs the conversation with unstructured questions and allows the interviewee to speak their minds.
- Observation is regarded as activities taken by the researcher to record what the subjects do and say in real-life situation. “Observation is a good method to use in the area of business. It lends itself to different situations and is popular with students on industrial placement” (White 2003, 34). There are two ways the observation can be carried out: participant observation and non-participant observation. This study employs participant observation where the researcher becomes completely involved in the situation which is being researched.
- A case study looks intensely at a participant or group and draws conclusions only about that participant or group and only in that specific context. Researchers do not focus on the discovery of a universal truth, instead, emphasis is placed on exploration and description (Colorado State University, 2009)

### **3.2.3 Multiple Methods – Combining Qualitative and Quantitative Method**

Both quantitative and qualitative techniques can be used in one single research. This choice is increasingly supported within business and management research (Saunders et al. 2009, 151). Tashakkori and Teddlie (2003) stated that multiple methods are useful if they provide better opportunity to answer the research questions (Saunders et al. 2009, 152). For example, if you want to know about students’ opinion about their University, conducting a face-to-face interview with open questions (qualitative method) is the best way to have an insight into what students think about their University. However, using this approach cannot reach

out to large number of students as it is time consuming. The multiple methods can be applied by conducting in-depth interviews with a number of students, and a structured or semi-structured questionnaire is developed afterwards to be sent out to all the students. By doing this, you get the feel for the key issue before using a questionnaire as it gives you the confidence that you were addressing the most important issue. Using both quantitative and qualitative methods in the same study is also termed *method triangulation*. “For the majority of undergraduate business dissertations, the use of variety of data collection technique should be encouraged, and method triangulation is perhaps the best one to use” (White 2003, 67).

In this thesis, both quantitative and qualitative methods are utilized to meet the research objective and provide a reliable result. The research problem is to identify the consumers’ demand for smoke alarm products in Vietnam. The main investigated subject is the Vietnamese consumers. However, consumers’ demand and buying behavior are also affected by the external environment. For example, the demand for a certain product arises from the problem recognition – internal reason or it arises from external impact such as advertising or social acceptance. In addition, the reason for consumers to buy a product lies in motivation. The motivation can be the consumers’ needs and wants or the force to buy the product because of the applied legislation. In this research, besides the consumer, parties related to the marketing of smoke alarms to Vietnamese households are the companies in fire safety sector and the City Fire Department. All research methods will be thoroughly discussed in the empirical study

#### **3.2.4 Sampling**

With any form of research such as surveys, it is impossible to get responses from all members of the population involved. For instance, in this research, the Vietnamese consumers are studied; it is obviously not possible to question over 89 million people. Instead the research has to be based on a sample which is a subset from a larger population. But first, the population of interest must be identified.

The population chosen in this study is the consumers in Ho Chi Minh City. Ho Chi Minh City is the largest city in Vietnam and is the economic center of Viet-

nam. The consumption demand of Ho Chi Minh City is much higher than in other provinces and 1.5 times higher than that of Ha Noi - the capital city of Vietnam (The Financial Times Ltd 2011). Moreover, in a Nielsen (2009) research about Ho Chi Minh consumers and Ha Noi consumers, the consumers in Ho Chi Minh City are early adopters. Therefore, a sample from this population is more relevant for business research, because if the decision is made to market a new-to-consumer product, Ho Chi Minh City should be the first preferred market.

The sampling technique used in this research is convenience sampling which is good for explorative research or pilot testing. The questionnaires were not sent to people via email because using emails for contacting at personal level is not functioning in Vietnam. The choice was to be in public places such as super market and ask people to stop by to answer the questionnaire. Another way was done by the researcher handing the questionnaires to people at their homes in the area where she happened to be.

### **3.2.5 Validity and Reliability**

Validity and reliability concern about the credibility of research findings. The research findings are not expected to literally answer the “how do you know?” questions. “All you can do is reduce the possibility of getting the answer wrong” (Saunders et al. 2009, 156). This lies in a good research design and the two emphases on research design are *reliability* and *validity*.

The four threats to reliability are:

- Participant error: the time at which the research is carried out may have an impact on the research results.
  - Participant bias: interviewee does not answer honestly for certain reason.
  - Observer error: different researchers have different ways of conducting a research.
  - Observer bias: data are differently interpreted by different researchers.
- (Saunders et al. 2009, 157)

In addition, the threats to validity are:

- History: events occurring at the same time or right before the research may affect the respondents' opinions.
- Testing: The belief that the result will have a certain effect makes that the respondents may perform differently.
- Instrumentation: a respondent behaves according to instruction.
- Mortality: participants dropping out of studies.
- Maturation: events happening during the research period.

(Saunders et al. 2009, 157)

Reflecting those obstructions in this thesis, the research findings are considered to be valid and reliable. On the participant side, the research was carried out in front of a super market. Super markets in Vietnam is not usually where people go to buy their daily groceries, it is experienced more as a recreational place. People go there with friends and family for window-shopping, drinking coffee, playing games, of course they also purchase but the purchased products are usually clothes, shoes, and decorative products. Food and other grocery products are daily bought in a traditional open market and small grocery shops which are around their neighborhood. So people are there in their leisure time and for recreational activity. They are not in a bad mood or an over-excited state of mind which would have an impact on their answers. In addition, people are not implored to participate in the survey: the researcher politely asked for participation, so it is up to the respondents to take part. The analyses are based closely on the collected data and theories.

Biases caused by history, instrumentation, mortality, and maturation do not exist in this research. However, the testing bias exists as the questionnaires are handed out from the researcher to the respondents. The subject is about safety and naturally people want to show that they take safety seriously. To encourage honesty in their answers, the participants were informed that this is an anonymous survey and the researcher also prepared a folder where they could mix their responded papers



after finished. In that case, the respondents did not need to be afraid that their answers will be read right after they handed back to the researcher.

Moreover, using various research methods can also strengthen the validity and reliability of this study. The conclusion of this thesis will not be based on the survey findings alone. As mentioned earlier, after collecting the data from the questionnaires, a cross-examination was conducted in which consumers' responses in real-life situations were recorded and it is believed to be valid data.

In summary, most of the threats above have been aimed to minimize and therefore, this research can be established as valid and reliable.

### **3.2.6 Limitations**

The research results would be more generalized if the population from other parts of Vietnam besides Ho Chi Minh City was covered. However, time and budget allow the researcher to cover a broader population. Nevertheless, Ho Chi Minh City is still the most suitable place for a sample to be drawn in this research as justified earlier in the sampling technique.

In addition, more communication tools could have been applied in the marketing scheme through which consumers were exposed to the promotion of smoke alarms. Seeing how consumers respond to several communication stimuli would provide an even better opportunity to answer the research questions. However, this would have demanded more financial resources, which was not reasonable for the researcher. Therefore, the research findings cannot be generalized for all companies who want to explore the opportunity of marketing smoke alarms to consumers in Vietnam.

## **4 EMPIRICAL STUDY**

In this chapter, the collected data are presented, and the data are analyzed to reveal the findings of this research. The chapter will start with essential information about the Vietnamese market. After that, the current situation of the fire safety equipment market in Vietnam is introduced. The concern about the negligence in household's fire safety was emphasized and why smoke alarms have not been marketed to consumers. The last section of this chapter devotes to demonstrating consumers' responses to the marketing of smoke alarms.

### **4.1 Current Situation of Fire Safety Equipment Market in Vietnam**

Safety and security equipment is a growing market in Vietnam. The demand is largely tied to the development of foreign-invested construction and property projects as well as growing interest by the government in safety standards. The Vietnamese security market spent some US\$90 million in 2007, in which security equipment accounted for some 40%. This figure was seven times greater than two years earlier. The market is forecasted to develop further in coming years. Security devices include surveillance cameras, alarming systems, fire alarms, metal sensors, luggage scanners, door bells and satellite positioning systems. (U.S. Commercial Service 2011).

The security market in Vietnam consists of two components: civil purposes and military purposes. Many civil projects spend much on security and safety equipment such as banks, commercial centers, supermarkets, and domestic and foreign-owned enterprises. Big companies need camera systems and employee card systems to manage the workforce. Besides, they also have a high demand for alarming system, fire alarms and asset protection devices (Vietnam Chamber of Commercial and Industry, Oct 2008).

The smoke alarm market in Vietnam is very diverse. There are various kinds, brands, origins and prices. The prices fluctuate from VND 200,000 to VND 950,000. As the main customers are companies, smoke alarms are always sold to-

gether with other equipment such as annual alarms, alarm bells, fire alarms, and control panels to create complete fire alarm system.

#### **4.2 Negligence in Households Fire Safety**

The safety and security sectors have indeed gained their attention in Vietnamese market which is a positive sign. Companies offer fire safety equipment to new construction and property projects. Those are the number one customers because the big contract values and the high demand (several firms have bid for the building contract, one of the criteria to win the contract is the commitment to the safety standards). Next to this category are public buildings such as hotels, restaurants, offices, factories, markets etc. The consumer market is overlooked.

In order to have a good understanding of fire safety in households, the first data collection step was to conduct an interview with the Ho Chi Minh City Fire Department of Vietnam. The interview took place in March 2011 and it was positively received by the deputy director-general of Ho Chi Minh City Fire Department. He expressed his enthusiasm by explaining that this interview was supposed to be attended by another officer, however, he was very glad to see that someone initia-tively cares about household fire safety, thereby he would like to attend the inter-view himself. The researcher prepared nine questions (see Appendix 1). The first five questions were about the current situation of accidental fires in the country and particularly, Ho Chi Minh City. The rest of the questions were about fire safe-ty regulations applied in Vietnam and the approach to enhance people's awareness about fire safety, moreover if there are difficulties in having the citizens' collabo-ration in the fight of reducing fires. The answers were written down.

Based on the interview, in the past few years, an average of fire cases each year is 1,700-1,900 in which Ho Chi Minh City constitutes 1,000 and residential fires ac-count for around 45-50% of total fires. The main causes of fires are electrical breakdowns, cooking, and worshipping which was explained in the introduction. The fact that the number of fires has been steadily rising results in both objective and subjective elements. The objective reason is the economic growth; people have high demand in using various products that serve conveniences and life style

typically electronic products. When these equipment are run at the same time since the electrical system in the house has worn out. It leads to electrical break down which is one of the main causes of fires. “After all, it is the people’s negligence” said the officer. In addition, the subjective explanation is people’s low awareness of safety. “When people’s safety awareness increase, the number of fires will lessen” emphasized, the officer.

According to the interview, fires frequently happen during the night time. In addition, the risk of fires is much higher in old houses in residential areas, which impedes the fire fighting. In Vietnam, there is a great deal of “hẻm” - narrowed streets where hundreds of houses are located close to one another (see Figure 10). The fire truck cannot approach in such streets and fire hoses are not long enough because fires can happen in houses that are located at the end of the street. In those situations, it takes long time and enormous effort to put out the fire and it might already have spread to other houses nearby. Reflecting the two facts, smoke alarms are necessary for Vietnamese households. They are activated when a fire happens while people are asleep, and the earlier people discover the fire, the better the chance to stop it before it gets out of hands. Figure 10 also shows the difficulty of fighting a fire that occurred in a house located deeply in “hẻm”.



**Figure 10.** Houses in “Hẻm” and the Danger in the Event of Fire (VTC News, 2010).

However, there is no fire safety regulations applied to households. “It is not practical to enforce certain fire safety rules upon households since a lot of households still have low incomes” stated the officer. He also said that perhaps rules can be implemented if there is support from the government. The Fire Department at the moment mainly encourages people to apply fire safety by propaganda. “It takes time, people will gradually pay attention to fire safety” said the interviewee. Nevertheless, when he was asked whether the Fire Department could encourage people to install smoke alarms, the deputy director-general thought that would be difficult as it is very costly and the whole installing process is complicated.

### **4.3 Explanation for the Overlook of Consumer Market**

Although there is no fire safety requirements applied to households, it does not mean they do not need protection. A complete fire alarm system fits for companies’ and buildings’ fire safety purpose. However, among fire safety equipment, smoke alarms are simple and effective enough for households’ fire safety.

In order to find out the answers for whether smoke alarms have been marketed to consumer and households, interviews with companies in fire safety sector were conducted. It was very difficult to ask for the permission to an interview from the companies. The researcher had tried to contact over ten companies but all of them refused to attend and the common reason was that they were busy. In the end, with the assistance of an officer from the Fire Department, two interviews with two of the biggest companies in fire safety area were arranged in April 2011. It can be understood that companies in Vietnam are still not familiar with this type of interviews and therefore they are quite reserved to attend such events. In addition, relationships and connections are very crucial in Vietnam regarding organizing meetings for business or other matters. Vietnamese refuse to work with people they do not know personally. Therefore, it is not surprising that interviews with companies in fire safety sector might not have become a reality without the help of an officer from the Fire Department.

To prepare for the interview, five questions were set for an understanding of the situation of the smoke alarm market in Vietnam and whether the companies already have included or plan to include consumers to their target customers for the smoke detector products (see Appendix 2). With the presence of the officer from the Fire Department at the time of interviews, the two managers from both companies were quite comfortable and open with the questions. It is important for the validity of the data if the interviewees in some degree trust the interviewer so that they provide true and thorough information. In this case, the interviewer was not an acquaintance of both companies, but through the officer, the creditability was established. The answers from the interviews were written down.

The interviews found that although they are two of the biggest companies in the fire safety sector and had launched smoke alarms to the market in the late 1990s, they have not yet marketed smoke alarms to households. The reasons were: there are no fire safety requirements for houses, it will cost and people do not want to pay, fire distinguishers are encouraged in houses but people are still not equipped with them, people have low awareness of safety, and “to sum up, there is no demand” stated the manager of one company.

According to the interviews, the factors considered in marketing this product to consumers are first of all consumers must be propagandized with fire safety and the effectiveness of installing this device. Secondly, the price has to be designed so that it is affordable to them and thus, governmental support is necessary. The manager from one company emphasized that the demand must be high (a big amount can be sold) in order to think about marketing this product to consumers.

From the companies’ perspective there were four main motivations for consumers to buy smoke alarms. The primary motivation is fire occurrence, for instance when people experienced fire or saw fire happening in their neighborhood, they start to buy the fire distinguishers. Secondly, they are obligated to install smoke alarms by law. Besides, safety awareness is significant, they need to be aware of protecting themselves and their property. Finally, low price is a good motivation as well.

#### 4.4 Consumers' Responses to the Survey

Data collected from the Fire Department and companies in the fire safety business in order to have knowledge of current situations of fires, the main causes of fires, implicit and explicit danger of fire that people are not protected from, and why smoke alarms have not been promoted to them. The purpose of these interviews was to find the answer to whether there is genuinely a problem to which a solution should be offered. Based on the information collected from the interviews and a deep understand of the Vietnamese housing system (a lot of old houses which are very close to each other and locate in small streets) and living habits such as cooking with gas stoves, worshipping, in-door smoking, and negligence of electrical maintenance, the conclusion is that smoke alarm is crucial for household fire safety in Vietnam. In general, protecting one's life is objectively and fundamentally vital. Safety need is a basic need that comes right after the first level of need: physical needs. However, as has been indicated, Maslow's hierarchy of need does not entirely apply in different cultures. Consumer motivations are rooted in the dynamics of social life and the satisfaction at different need levels is also culture bound. Vietnamese consumers appear to have a bigger need for social status and self-esteem satisfaction than physical and safety satisfaction. The fire safety companies have not yet marketed smoke alarms to consumers because they do not think there is a demand, but that is an assumption, not a fact for which this research is done.

To sum up, there is a problem to which a solution should be offered. The next question is whether the consumers will recognize the problem and so desire for the solution. In other words, will Vietnamese households realize the need for safety after they have been explained about the dangers they are exposed to in the event of fire, and therefore become motivated to buy smoke alarms? The answer is looked for in this chapter.

Firstly, *personal in-depth interviews* (qualitative method) will be carried out with seven persons before designing a questionnaire. There are five open questions to gain a deep understanding about the consumers' awareness of smoke alarms, rea-

sons of not having smoke alarms installed and their willingness to purchase smoke alarm for their safety (see Appendix 3). The in-depth interviews were used when forming the questionnaire in which the options are as close as possible to the respondents' perspective, preventing bias in designing questionnaire.

After that, a *semi-structured questionnaire* is designed to be sent out to a large number of people (quantitative method). The questions are the same as those used in the interviews but the respondents can choose their answer among the options (see Appendix 4). Besides, the questionnaire remains with five questions. The questionnaire was kept short and concise in order to encourage the respondents to answer and prevent inaccurate and incomplete answers caused by frustration from answering to a long questionnaire.

After receiving the responses, the data was analyzed and evaluated to reflect the current situation about how aware the people are of smoke detectors, why they do not have smoke alarms installed and what would be the reasons to have one. The findings helped the researcher to get an idea of consumers' opinions on the device, safety, and what factors help the purchasing decision.

#### **4.4.1 Face-to-face Interviews**

In-depth interviews with carried out with seven persons separately. The first question was to know whether they have heard about smoke alarms before. Three persons said that they have some knowledge about such device. However, they do not have them installed in their houses because they do not find it necessary, "there is no need", stated one person. Another reason was because their home condition is average and small, "I think these devices are only suitable for big, high-class and modern houses". In addition, one person explains that Vietnamese people in general do not have the custom of thinking about safety and using such device. Those who did not know about smoke alarm, they were told about it and showed a certain degree of interest.

When people were asked if they think smoke alarms are a necessity for fire safety in every household, six people said yes and one person said no. Her reason was



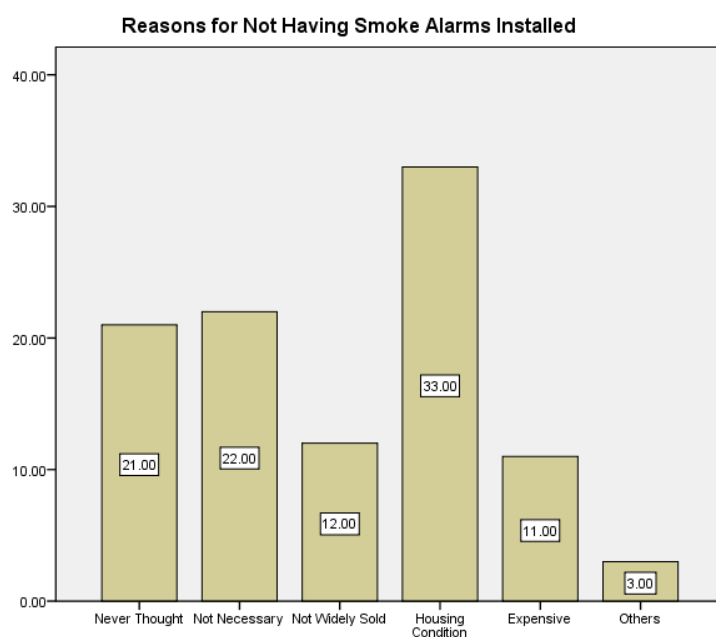
that smoke alarms are just secondary for household fire safety, “most important thing is that we have to be careful so a fire will not happen”, she explained. She also thought that she would not purchase smoke alarms because the reason given above and it would annoy her if the device often give a false alarm from cooking. The rest answered that they would install smoke alarms for their homes if its price is affordable and if their house was bigger and modern.

#### **4.4.2 Results Based on the Questionnaire**

The questionnaire was developed after the face-to-face interview. The survey was done in public places and lasted for six days. It was carried out in May 2011. The researcher chose to be in two different super markets and people were asked to attend the survey when they walked by. The conducting time was between 5 pm and 7:30 pm which is the most crowded time of the day. Besides, people are more open and relax during the evening time as they had got off work and the temperature is much cooler compared to the day time. The research was carried out from Tuesday to Thursday in each super market when respondents are in their neutral stage of mind. Mondays or weekends may have an impact on the respondents' mood, for instance being overstressed or overoptimistic, which could affect the answers. Respondents were very hesitating when they were asked for attending the survey, because public surveys are not popular in Vietnam. However, after a short explanation about the survey and why it is being conducted, most of the respondents did not show any reluctance while answering the questionnaire. The minority of the respondents was considered to be timid and they expressed their concern that they might give wrong answer. These respondents were explained about the nature of the survey in which their opinions are asked for, and that there are no right or wrong answers. In the end, the number of responses was 153.

More than half of the respondents stated that they know about smoke alarms, which is unexpected. It can be understood that the respondents may assume that they know about smoke alarms because the name says what the device is about. The knowledge about smoke alarms was not measured because it may not be effectively collected through a questionnaire, for instance, the “how much you know

about smoke alarms” question may be answered shortly as “from a friend”, “have heard about it”, or “they are placed in hotels”. Such information will not be helpful anyway. The objective was that the respondents will receive accurate information about smoke alarm and most importantly its usefulness and the value it offers in the end. Therefore, data about smoke alarms was attached in the questionnaire and the respondents were eventually educated about smoke alarm and the importance of having it. Both of the option “yes” and “no” for the first question were led to the information about smoke alarm. If the answer was “yes” the respondent was asked to check up with information about smoke alarms from the next page of the questionnaire. If the answer was “no” the respondent was invited to read the explanation of smoke alarm from the next page of the questionnaire.



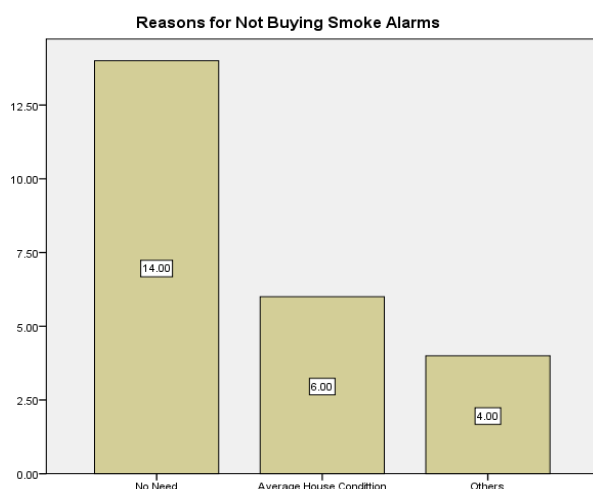
**Figure 11.** Reasons for Not Having Smoke Alarms Installed.

Those who answered that they know about smoke alarms were asked why they do not have smoke alarms installed in their houses. In this question, the respondents could choose several answers. Figure 11 indicates that the housing condition (small and average class, not high-class and modern) was most chosen by the respondents as the reason of not having smoke alarms installed. The second popular explanation is that the respondents find it unnecessary to have smoke alarms installed; however they did not provide the information of why they find it unneces-

sary. Another reason which was frequently preferred is that they just never thought of that. Besides those three most common reasons, “the devices are not widely sold” and “they are expensive” were also the explanations for why they are not installed in people’s homes. Moreover, a few respondents gave some different thoughts such as “would not think such accident will happen”, and the lack of information about the product.

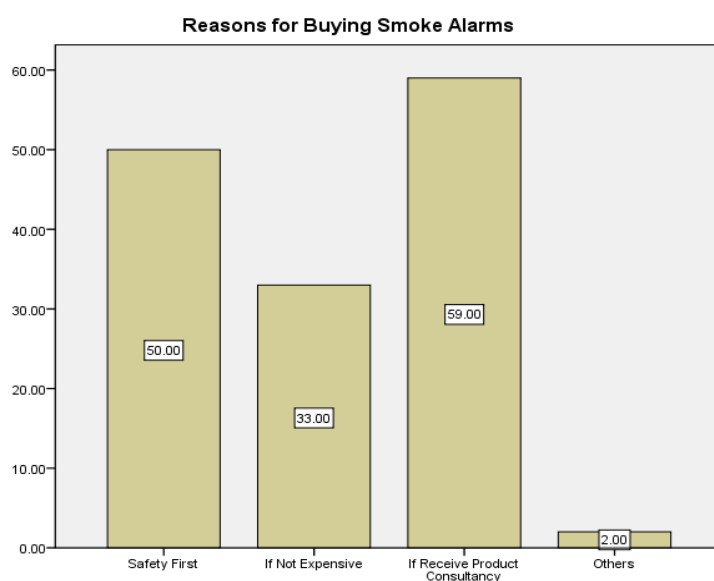
All respondents were asked for their opinion of whether they think that smoke alarms are necessary for fire safety in every household after having read the description of smoke alarm attached in the survey. 130 out of 153 respondents chose yes as their answers to this question. This is a very positive response. However, it can just be an ordinary response as safety is basically considered to be the “right” thing, and it is not difficult to say yes to what you think is right. Therefore, in the next question, respondents were asked if they would personally buy smoke alarms for their homes. The response is again very positive, 84% of all respondents answered they would buy smoke alarms.

Only 24 out of 149 respondents (4 respondents already had smoke alarms installed, thus they are excluded to answering this question) chose “no” as their answers. Figure 12 shows that the reasons they picked for not buying smoke alarms are: “there is no need”, “housing condition is average” and other thoughts such as “if they can afford” and “working-class people do not need this product”.



**Figure 12.** Reasons for Not Buying Smoke Alarms.

Figure 13 indicates that the majority answered that they would buy smoke alarms if they receive product consultancy. This alternative comes first with the highest frequency, 59 times. It indicates that people are interested in the product and they need further information to make a decision. The second common reason for buying smoke alarms is safety comes first. This either shows that Vietnamese people started to care about safety, or it again might be chosen because it sounds “right”. “If it is not expensive” has the least votes among three options.



**Figure 13.** Reasons for Buying Smoke Alarms.

To sum up, the survey demonstrates that almost no household in Vietnam have smoke alarms installed. The reasons are first of all that people do not know about this device. Those who have some ideas about smoke alarm think that this product is not for small and average condition houses. Besides, they also never thought of the solution of having smoke alarms for their safety in the event of fire. People also find it unnecessary to have it. This reason may have a connection with the housing condition. People may find smoke alarms unnecessary because they possibly think that smoke alarms are only needed for big and modern houses, buildings, or offices.

However, after having known about smoke alarms and how significant it is in protecting people’s lives when combustion occurred, the majority think that this de-

vice is necessary for fire safety in every home. People also show a tendency of buying smoke alarms for their homes and the primary motivations are if they can seek advice about the product and besides, safety is crucial.

#### **4.5 Consumers' Responses to the Marketing of Smoke Alarms**

The information achieved from the survey provides a glimpse of what consumers' opinions about the idea of having smoke alarms installed. It is very useful yet it is not enough to make a marketing decision for this product in Vietnam. Making a decision of whether this product can be marketed in Vietnam at the moment needs further study, because there is great deal of investment once the decision is made, thus data need to be thoroughly collected. Therefore, a cross-examination is conducted. The consumers need to be exposed to the promoting of smoke alarms; this is when their reaction and behavior will be measured for real. A company is established by the researcher to approach the consumers through its marketing scheme. People's reactions and behaviors will be observed in the level of interest and curiosity, and their ultimate actions will be measured in the amount of replies (emails or calls to the company for further consultancy on the products) and products sold. This section will first of all explain the marketing scheme of the company created to approach the consumers. After that the approach of consumers will be presented. In the end of this section, the results of the approach will be analyzed.

##### **4.5.1 Create a Marketing Scheme**

A marketing scheme was built in which the marketing elements were analyzed, such as product, price and promotion.

The first element of marketing, *product* was analyzed in two levels: (1) whether what company offer meets the consumers' needs and wants, (2) the innovative factor of the product – whether this product is new to the consumer.

Firstly, smoke alarm serves fire safety purposes. From the previous parts, smoke alarms have been proved to be a solution to Vietnamese household fire safety

from both an objective point of view and a consumer point of view. That satisfies the “need” element. The “want” element still needs further investigation.

In the second level of product analysis, the company needed to identify if smoke alarm is considered to be a new product. The identification would help the company to develop a suitable marketing communication plan. Schiffman and Kanuk theory (2010) was applied to identify a new product. Thereby, the company used the *consumer-orientation approach* to identify a “new” product. In this approach, a “new” product was based on the consumer’s perception of the product, rather than on physical features or market realities. According to this, smoke alarm is a new product; as the survey revealed only 15% have an idea of what a smoke alarm is. Besides, this product is a “new” product as well according to the market-oriented definition, which says a product is considered new if it has been purchased by a relatively small percentage of the new potential market. The target market is consumer market and smoke alarms indeed have not been bought by Vietnamese consumers.

Tidd and Bessant theory (2010) was applied to evaluate a new product’s likely acceptance, the five characteristics below need to be looked into:

*Relative advantage* – Vietnamese households have not been using any devices that protect themselves in the event of fire. Smoke alarm is an absolute solution.

*Compatibility* – From the company’s point of view, smoke alarm is consistent with the consumers’ present needs and practices. The number of residential fires has risen in the past few years, and having smoke alarms installed in houses is very simple, there is no special requirement. However, the company task was to make the consumers realize the need and the simplicity of having smoke alarms installed.

*Complexity* – Smoke alarms are used by simply being mounted in the ceiling or high up in a wall. Batteries are replaced when hearing the warning. However, explaining how the device works technically can be very complex. The uncertainty

avoidance may drive people to question the technical aspects of the product and the company has to be prepared to satisfy them.

*Trialability* –To avoid uncertainty, people may ask to try the product. The test can be done by pressing the test button on the smoke alarm so they can hear how it sounds. If they want to make sure that it will sound when smoke exists, that can also be arranged.

In summary, the product meets the present needs but the consumers' demand for it still need to be identified. Besides, this product is new to Vietnamese consumers. After analyzing the product characteristics finds that the product has relative advantage, it is not complex and easily be tested. The only matter is making the consumers realize the need and the simplicity of having smoke alarms installed.

In developing the *price* for the product, the company ultimately analyzed the *consumer-product relationship* which means it tried to answer these questions: How does the product benefit consumers? What does it mean to them? In what situation do they use it? Does it have any special psychological or social meaning to them?

Firstly, the product offers safety solution. It could save people's lives in the event of fire. However, the company has to convince the consumers to see that benefit. At the moment, as shown by the survey, this product feels luxurious and distant to the consumers. People do not see themselves have it because they think it has to go in line with the housing conditions. Somehow, the product is not seen as primarily serving the safety purpose but instead, it is for decoration. Another explanation is that people may think smoke alarms are very expensive and by saying their housing condition is not suitable for the product, meaning their economic situation do not prioritize an exclusive product.

In addition, the product ultimately proves its utility in the occurrence of fire which does not happen every day, hence, consumers do not see the urgent need for it. The product should have a psychological meaning to them i.e. they should feel safer and more secured with it. However, safety is still not the biggest concern in their daily life.

To sum up, at the moment the company attempted to make people realize that fire safety is very important yet it is undemanding and inexpensive. Therefore, the price was set not to be the cheapest but still very affordable compared to what consumers can find in the market. The price for a smoke alarm set by the company was VND 250,000 (around \$12, or €8.5). Setting a low price also means the company would face the problem of perceived quality. However, for a new product that has not yet a demand for, low price is still a better way to approach consumers. Later, if smoke alarms become a familiar product to consumers and many companies begin to target consumers, the pricing strategy could be changed.

There are numerous communication tools in the *promotion*. The most suitable tools, concerning the target market, product, and resources, were: brochure advertising, direct marketing and personal selling, and sales promotion. The promotion plan was designed based again on the *consumer-product relationship* discussed earlier. The company identified the stages the customers go through before, during and after purchase and select the right communication tools that are right for each stage.

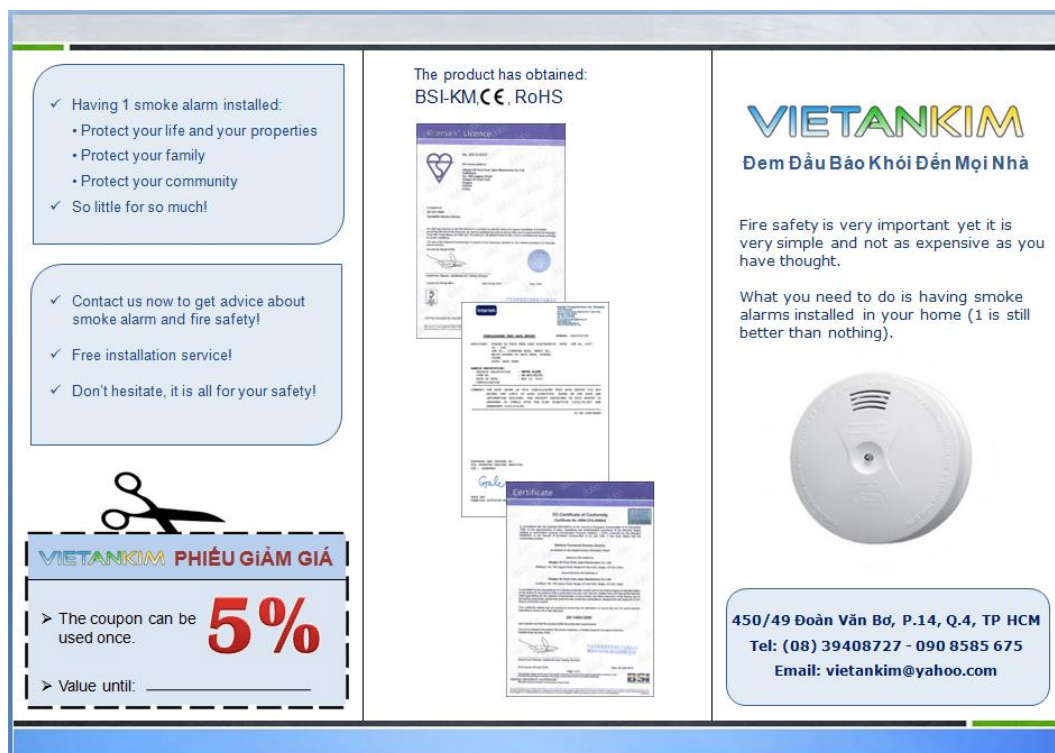
The stages the customers go through are:

Attention → Interest → Desire → Action (Purchase)

- Advertising was used for the first two stages to create consumer' awareness and interest.
- Direct marketing and personal selling will be effective in the second and the third stage.
- Sales promotion was used for the action

Brochure advertising was chosen because it is inexpensive and it is still possible to reach to a large audience. Printed brochures were handed to people in public places. The brochure contained information about the common causes of residential fires, danger of fire, fire safety advise and product description. Contact information and an offering of free product consultant and installation were also emphasized in the brochure.



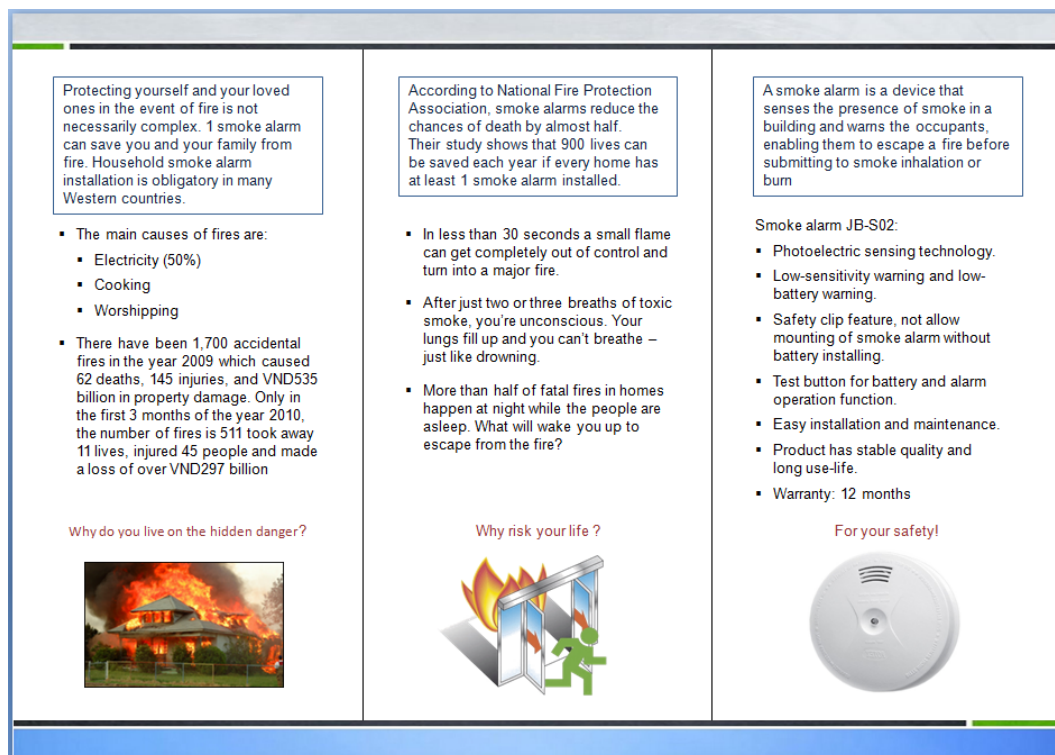


**Figure 14.** The Outer Side of the Brochure.

The size of the brochure was A4 and it was folded 2 times, so it becomes neat and orderly. Figure 14 shows the outer side of the brochure. The company tried to deliver the message that practicing fire safety can be very simple and not costly at all from the first contact. Consumers would come to know the existence of smoke alarm and its benefit. In addition, the company's contact information and an offering of free product consultant and installation were also emphasized. Consumers will as well found the coupon which could be used to get 5% discount when purchasing smoke alarms.

The inner side of the brochure contains information about the main causes of fire and statistical data of residential fires. There is also an alert of implicit and explicit dangers of fires. Besides, the benefit of having smoke alarms installed is informed in detail. Product information is presented in the end (see Figure 15).

(Notice that the original brochure is in Vietnamese)



**Figure 15.** The Inner Side of the Brochure.

Both personal selling and direct marketing were integrated to reinforce the impact on consumers, which means we came to people's homes (direct marketing) and presented the product to one or two members of the household, answered their question and persuaded them to make decision (personal selling). One of the challenges was to make people aware of the present danger of home fires and to make them realize the need of having smoke alarms installed in their homes. Presentation and demonstration of the product as well as good arguments and reasons why a prospect need smoke alarms was prepared, for instance:

- People's lives are in danger when fires occur while they are asleep which happens frequently according to statistics.
- Besides protecting lives, properties can also be protected if combustions are discovered early, as the consumers seem to be more concern about their belongings.
- Smoke alarms are made regardless of the sizes and conditions of houses but for protecting the occupants' lives in the event of fire.

- In fact, old houses or houses with poor conditions need smoke alarms the most. Fires are likely to happen in such houses as everything is worn out, for example electricity and water system have not been checked and repaired for a long period of time, and housing items are old which are combustible.
- Due to the infrastructure in Vietnam, homes are located in very tiny streets where fire fighting is a challenge. Thus, equipping smoke alarms and also a fire extinguisher in every home will make the community much safer.
- A fire can go out of hand after a few minutes and people's lives are at risk counting in seconds.

The brochure was left behind to remind people about the product, especially when they could not make decision the first time. Besides, the brochure contained all the information and arguments which the sales person might not communicate in the first place. It was also for the purpose of having more people to get to contact with the information about smoke alarms. For example, the family members could see the brochure and discussion could be brought up again within the family, or the neighbors/friends might visit and happen to know about the product.

In addition, the consumer analysis was applied. As discussed in 2.4.1, Peter and Olson (2010) identified the three elements included in the consumer analysis are: consumer affect and cognition, consumer behavior, and consumer environment. Any of them can have an impact on and influence one or more of other elements. In this case, the *consumer environment* will influence *consumer affect* and *cognition* and so lead to *consumer behavior*. This means that the product would be promoted in areas where a fire has occurred. A fire that happens in the neighborhood (environmental factor) would make people in that area become concern for their and their family's safety (cognitive and affective factors). Introducing smoke alarms (another environment factor) at this moment expects overt behavior from the consumers, such as enthusiastic discussion about the product and making a purchase.

Total service was offered to lessen consumers' uncertainties so that decision making is easier. Consumers do not need to be concerned about how they can get the alarms up in the ceiling because they may not have ladders or drillers. Installation service was offered free of charge. In addition, with the coupon cut from the brochure, they will get a 5% discount in price. The coupon was valid in fourteen days since the date of receiving the brochure. This would give the incentive to make the decision quicker.

Marketing Mix Analysis			
Product	Price	Place	Promotion
<p>The product meets the present needs.</p> <p>The product is new to Vietnamese consumers.</p> <p>The main task is to make consumers realize the need and the simplicity of having smoke alarms installed.</p>	<p>Affordable. The price is set as VND 250,000/psc (around \$12, or €8.5).</p>	<p>Direct: door-to-door selling</p>	<p>Brochure Advertising</p> <p>Direct marketing and personal selling</p> <p>Free product installation service, and price discount coupons.</p>

**Table 3.** Summary of the Marketing Mix Anaalysis for Smoke Alarm Product to Consumers.

The table above sums up the marketing scheme created to approach the consumers. The results of the approach will be analyzed in the next section.

#### 4.5.2 Result Analysis of Household Visits

Firstly, the brochures were handed to people in public places such as super markets and on the street. A total of 250 brochures were delivered. The expected rate of response is 5%. 200 houses were visited but the number of successful approach is 79. In addition, 12 houses were successfully approached in the area where a fire occurred. The whole process lasted for four weeks in June: the brochure distribution took one week and visiting people's homes needed three weeks' time.

First of all, there was no response from the brochure distribution. In the field observation, only 40% of the visited households accepted the researcher to approach. The rest of the house, people did not open the door or they said they were busy and do not have time for listening. Many people refused the approach by saying “I am not buying anything”. However, for households that were successfully approached, the consumer behavior was divided into five different categories: (1) *Attitudes* – what kind of attitude consumers have towards the salesperson (the researcher) and the product being promoted. (2) *Showing interest* – how curious consumers are about the new solution, whether they are interested in listening to the salesperson. (3) *Involving in discussion* – the degree to which consumers are involved in the discussion about the product and its utility. (4) *Objections* – the reasons for which consumers do not want to buy the product. (5) *Positive responses* – the degree to which people like the product and show intendancy to purchase it. (6) *Actions* - the amount of products sold, and the degree to which people contact the company for further consultancy if they did not make decision the first time being approached.

Around 70% of the consumers who were being approached showed suspicious attitude towards the salesperson. They were quite reserved and somewhat uncomfortable with the situation. This happened more with the above average-high income households than with the low-average income houses. It could be understood that the ones with more money are naturally more protective over their properties, and as they think if there is a fraud, they are a better target. However, many people became more relaxed after the first 5 minutes. On the other hand, some maintained their suspicion throughout the conversations.

There were a few people who were showing a positive attitude. When receiving the appreciation from the salesperson, they express the sympathetic: “you must understand that nowadays, there are a lot of frauds who disguise themselves to steal from people who believe”, said one person. Another opinion was that people do not have a good impression on the door-to-door selling, because products sold this way are bad quality from unknown companies. It seems that people have formed a negative concept of door-to-door selling. They either felt doubtful or bo-

thered. This directly affect the product being promoted, it may not get an opportunity to be talked about.

94% of the consumers who were being approached said that they have not heard about such device. However, only 12% showed interest about smoke alarms after listening to the introduction. The rest had neutral reaction. Those were interested in the product paid attention to the presentation and raised questions. The majority thought that the price of the smoke alarm is not expensive at all. People somehow expected the price is much higher. However, people were more interested about the product as it is something new than they were interested in having it. The technical aspects of the product were questioned mostly. For instance: “how much smoke is required to make the alarm go off”, “what is it made of”.

Nearly half of the prospects were involved in the discussion with the salesperson. However the discussion was not about should they have smoke alarms installed, instead they gave an opinion about the promotion of this product. “This product is useful, but the education level of Vietnamese people is still not high enough to think about buying this product”, said a person. Several people in the low-average income area thought that for working class people, safety does not come as a high priority, and therefore this product should be sold to high-income households. On the other hand, a man from the high-income household stated: “Instead of selling this, you should sell security systems and anti-thief devices would be more effective”. A man in the same area even said that this product would not bring much benefit for him as he has insurance. Hence, if a fire occurred, he is entitled to the compensation of the property damage. He did not think about the fact that his life is not insured and protecting lives is the ultimate purpose of smoke alarm’s invention. Some people also advised that if the smoke alarms are shown in mass media for a period of time, then it might have people's attention. A woman also shared her though about the difficulty of marketing this product to households at the moment: “If smoke alarm installation is made obligatory, I'm not sure everybody practices. Therefore, it is difficult to convince people right now”.

People analyzed in general that the promotion of smoke alarms would not be effective at the moment to imply that they are not interested in having the product.

As it is in the Vietnamese culture that people do not want to be straightforward, a direct “no” can be expressed differently.

However, when facing the decision of whether they should buy this product, people indicated numerous reasons for not purchasing smoke alarms. The most common reason was that they find it unnecessary because it is just a house to live, not companies or offices, or there is always a family member at home so a fire will be discovered anyway. Besides, their housing condition is just average, not that modern or luxurious to install smoke alarms. A person said that smoke alarm is not necessary for her because her family is tiny with few members.

People did not seem to understand the product and its purpose. Otherwise, they would not give such objections. The researcher understood that consumers need to be given with significant information to have a sense of the product’s utility and the reason of having it. Though that has been done by coming to their homes introducing and explaining the product, however the visit could not last as long as it needed together with the unenthusiastic attitude towards door-to-door selling, it did not appear to be efficient. Besides, it was difficult to point out the facts for why smoke alarms are necessary, which were prepared in the marketing plan in 4.5.1. It is considered to be inappropriate. It is a taboo in Vietnam to tell about catastrophes: people do not want to hear about disasters because it might bring them bad luck and unwanted tragedy.

Another common reason was that they have not seen anybody used smoke alarms, and that they would install if everybody else does. This again proves the ordinary behavior of “following others” among Vietnamese consumers.

Positive responses were received from the homes where a fire has happened in the area. People were listening enthusiastically and showing appreciation for the product. However, most of them could not make the decision right away. The reasons were that they need to consider it, or discuss with their families.

Seven smoke alarms were sold, two of which to the houses where a fire had happened in the neighborhood. All of them were sold directly in the first place. The rest did not contact the company for further information.

To sum up, although it was thought that door-to-door selling was to be a suitable approach for bringing this product to consumers, it however did not prove success. Consumers have shaped a negative attitude to door-to-door selling because of both objective and subjective reasons such as people are afraid of thief under disguise, or because several frauds had happened in the past therefore people do not want to be lured to buy some bad product. Thus, consumers either prevent sales person to approach or they are highly suspicious in discussions. The majority did not show interest in the new solution for fire safety. The reason for not buying smoke alarms was primarily because consumers do not find it necessary as they do not see that this product is for households. In addition, 250 brochures were delivered and those were left behind after the approaches did not receive any feedback. This to some degree indicated that the product does not have the consumers' interest. Moreover, the amount of products sold was too small to show that there is a desire for it. Another interesting fact is that consumers were surprised over how inexpensive the product is, but it did not appear to be a motivation for trying the product. It again explains that the consumers still do not see the need for this product.

Compared to the findings from the survey, findings from the marketing implementation showed a contradiction. The survey results showed consumers have positive opinions about safety and would implement the idea of protecting themselves. It also indicated that people were eager to know more about smoke alarms and personal product consultancy will help them make decision. However, the field observation results showed a different story as just analyzed. Consumers were optimistic when they are asked for opinion about the product as a safety solution. Nevertheless, when facing the pressure of buying it for real, consumers indicated that they do not truly desire the product.



## 5 CONCLUSION

The whole thesis was about conducting a marketing research to identify the Vietnamese consumers' demand for smoke alarm products. The paper begins with the background information of the research, what motivates the researcher to conduct a study on this topic. Smoke alarms have been proved to be the most effective equipment for household fire safety. It makes the difference between life and death in the event of fires. Therefore, in developed countries, smoke alarm installations have become obligatory. The number of deaths and property damages in Vietnam has risen lately for various reasons. This number could be dramatically reduced if the devices are equipped in people's homes. Thus, marketing smoke alarms to Vietnamese consumers developed into a topic of interest. In order for the marketing of smoke alarms to become reality, the consumer demand for the products must be defined, which is the research objective. The three research questions were posed from the start to be answered after the completion of the research.

### 5.1 Analytical Framework

In order to be able to answer to the main research objective, a comparison of some key theoretical concepts with the empirical results is now made. From the theoretical perspective, it is important to understand consumer needs, cultural factors, consumer decision making and new product acceptance (see Table 4). These key concepts help to analyze the empirical results in order to identify the Vietnamese consumer demand for smoke alarm products.

First of all, Consumer need in Vietnam does not follow the Maslow's hierarchy of needs. The Vietnamese consumers appear to have a bigger need for social status and self-esteem satisfaction than physical and safety satisfaction. The empirical study indicates that the consumers refused to buy smoke alarms mainly because they do not find it necessary. As can be seen that the price was not an impediment, in fact consumers think it very affordable, much cheaper than they could imagine. However, it could not motivate consumer to buy the products, simply because they do not see the need for it. With VND 250,000 the consumers can buy a T-

shirt, dining out in a street restaurant with two persons, three beers in a bar, one hour facial massage. These products and services are the consumer purchasing priorities according to the latest survey of MasterCard Worldwide (2011). Consumers see value in them and they are willing to do exchanges. Smoke alarms offer the value of safety, and according to this study, it does not appear to attract consumers.

<p><b>Consumer Need</b></p> <p>Social status and self-esteem needs come before physical and safety needs among Vietnamese consumers. Smoke alarm products do not have the consumers' attention</p>	<p><b>New Product Acceptance</b></p> <p>Smoke alarm products do not qualify the compatibility characteristic. It is not perceived as a household product.</p>
<p><b>Culture</b></p> <p>Being proactive in protecting oneself and one's belongings has not yet become a common behavior in Vietnamese culture.</p>	<p><b>Consumer Decision Making</b></p> <p>Factors affect a decision making are:</p> <ul style="list-style-type: none"> <li>•A fire occurs</li> <li>•The influence of family members.</li> </ul>

**Table 4.** Summary of the Empirical Results Analyzed in Four Concepts.

While evaluating the consumer acceptance of a new product, the first characteristic needs to be looked into is *Compatibility*. As discussed in 4.5.1, from the company's point of view which based on data collected from the Fire Department and the features of smoke alarms, the product was seen to be consistent with the consumers' present needs and practices. Nevertheless, from the consumers' viewpoint which was shown from the empirical results, smoke alarm products appear to fail the compatibility characteristic. The consumers ultimately do not perceive this product as a household product. Smoke alarms are thought to be needed only for commercial buildings, offices and factories, and thus it is not practical to have them used for homes.

Besides, in general, protecting one's life is basically imperative. The product serves safety and life protection in the event of fire which does not appear to happen, from the consumers' perspective. From the empirical result, the respondents

did not find smoke alarms necessary because they generally do not think a fire will happen. Being proactive in protecting oneself and one's belongings has not yet become a common behavior in Vietnamese culture. For example, people started to buy alarm lock for their scooters or security equipment such as cameras, alarm padlock for their homes after they got robbed. Property loss may cause safety awareness in people and behavior can be changed. However, waiting till fire occurs in your own home to take an action might be a little too late for redemption.

What factors do affect the decision making then? According to the consumer decision making model presented in 2.3.3, whether it is an extensive decision making, a limited decision making or a routine response, it first of all must start with problem recognition. The consumers do not recognize the problem; therefore the need to seek a solution does not emerge, not until a fire occurs. Three products were sold after approaching twelve houses in the area where a fire happened. This number somewhat indicates that fire accidents affect the decision making. Nevertheless, why only three? The three households that could take decision of purchasing the product after 20-30 minutes discussion had one thing in common. There were at least two family members at the time of approaching, and they were all involved in the discussion. Thus, the second factor that affects the decision making is the influence of family members. Consumers need to discuss and have approval from the family members to make a purchasing decision.

In conclusion, the analysis of the empirical results concerning the four concepts: consumer need, culture, consumer decision making and new product acceptance indicates that at the moment Vietnamese consumers do not have demand for smoke alarm products.

## **5.2 Recommendations for Fire Department**

From the society perspective, fire safety is not only an individual matter but concerns also the community at large. Numerous fire cases in Vietnam that combustion started at one house and spread out to several houses because the firefighting activities face various challenges. Therefore, the government may need to take a

serious look into household fire safety before the citizens do. Four years ago, when the regulation of wearing helmets while travelling with scooters was for the first time put into force. The following year, the number of deaths caused by traffic accidents significantly dropped. In the beginning of the implementation, the majority was not willing to follow. There were several debates about whether it is necessary to wear helmets. People were very reluctant to apply the law because they thought wearing a helmet is inconvenient, and frequently people rather paid if they were stopped by officers than wearing a helmet. However, the law is there to stay, and eventually wearing helmets has become a habit. It is not something to discuss anymore but rather common sense. In contrast to the previous time, people now feel strange not to wear a helmet while travelling with bikes or scooters.

Making smoke alarm installations in households obligatory at the moment may be extreme, as the majority still does not know about the device. Thus, using mass media to promote smoke alarms first will make people familiar with it. It can be as simple as mentioning smoke alarms in every article written about residential fires. This will naturally make people actively search for smoke alarm information if a fire has happened in the neighborhood. Since consumers indicate certain interest on smoke alarms, companies will be encouraged to market this product to them. The researcher had a discussion with the officer from the Fire Department after the research. It was then discovered that even the officer did not quite understand the simplicity of smoke alarms. Like everyone else, he also thought that this product is not suitable for households because it must go along with the whole fire alarm system and so require a good infrastructure. However, after a thorough explanation, the officer realized the idea and promised that he will look into it and may plan a smoke alarm installation campaign.

### **5.3 Recommendation for Companies in Fire Safety Sector**

From the business perspective, companies need to sell what consumers want rather than what they want. Thus, although what the company tries to offer is believed to serve a great purpose, it is not adopted because consumers simply do not see the need, and therefore they are unwilling to pay for it even though it does not take any risk. In general, Vietnamese consumers do not show the demand for

smoke alarms at the moment. Changing that is possible, but it will be costly and may lead to unprofitable business.

Although the empirical results indicate there is no strong desire for smoke alarms among Vietnamese consumers, the business opportunity is still there because this fact is believed to be changed in the future caused by the external influences. As mentioned in the research limitations, the research was exploratory in nature and conducted with limited economic and timely resources. So, further marketing research could help to determine the business opportunities. The following contains recommendations for companies who would like to continue exploring the issue in the future.

First of all, door-to-door selling is not recommended as it proved to be an inefficient method and having somewhat negative effect, shown as the lack of trust from consumers. Instead some other communication tools can be used is public relations. For instance, the company can have an article written about itself and the smoke alarms. The researcher was trying to evaluate the effectiveness of the message communicated in the brochure afterwards to find some objective reasons for why there was no feedback from the brochure delivery. A journalist, who is working for a media company at the moment, was asked for his opinion about the content and the level of influence it has on Vietnamese consumers. The thought was that consumers might not respond to the message because they are not moved by statistical information. According to the Hofstede's cultural dimension, masculine cultures tend to be ambitious and need to outshine. Feminine cultures are considered to be spiritual and find helping other is essential. Vietnam scored average on this dimension which means harmony and development of sympathy for people who are in trouble are significant. The issue of whether statistics or stories have bigger impact on people based on different cultures was overlooked. Therefore, the message can be designed differently. The demonstration should be on a particular true story which tells about a disaster that accidental fire caused to a family, and that a smoke alarm would have prevented the tragedy to happen. Such a message might communicate better as it would be interpreted differently by the consumers, and they would feel connected and sympathized.

In addition, companies could conduct an advertising clip to be shown on TV, on the company's webpage, or uploaded on various social media. If the content is interesting enough, it will not take long before ending up on well-known electronic journals. Vietnamese consumers enjoy watching advertising and find them interesting and entertaining. The humor, the theme song and catching slogan constitute the success of an advertising clip. Such advertising could preposition smoke alarm to be not as serious as it is, but instead hip and trendy. If safety value does not attract Vietnamese consumers then it can be made to be seen differently, for example creating a trend that having smoke alarms at homes is "cool". The core attribute of smoke alarm would still be safety, but it would also provide additional value, that is social acceptance. Thirdly, companies could cooperate with the fire departments or other government authorities to arrange certain campaign promoting smoke alarms. Ho Chi Minh City is divided into seventeen districts and each district is divided into numerous wards. Each ward has a representative officer who usually arrange meeting and gather the ward citizen to propagate certain issue. A meeting about fire safety could be arranged by the officer and the representative of the company could come to give presentation about smoke alarms. In this way, the message would be reinforced by the prestige of the government authority.

Finally, if the consumers' demand for smoke alarms starts to arise, the companies would probably need to pay attention to product's origin and price strategy. In the interviews with two companies in fire safety sector, the manager of one company remarked that the price of a smoke alarm needs to be as cheap as possible to encourage consumers to buy. However, the study did not prove that price is an issue but the consumer need. Moreover, as discussed in 2.5.4, price and product's origin tell a product's quality is a common assumption among Vietnamese consumers. Therefore, if the product price is set to be lowest might motivate consumers to buy from the competitors. Products imported from China are possibly as of good quality as those from other countries, they however need to be proven in several ways such as the certificates possessed, for instance CE mark, ISO certificate and other quality measurements, in order to convince the consumers for its quality. In con-

trast, products from Japan, USA, Korea or Singapore are automatically assumed to be high quality.

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## **APPENDIX 1**

### **FIRE DEPARTMENT INTERVIEW QUESTIONS**

1. How many fire cases in Vietnam the last 3 years and the results in property damages, injuries and death? What is the residential fires' proportion of total fires?
2. Has the number of residential fires increased in the past few years?
3. The main causes of residential fires.
4. Is there any particular time of the day when fires are likely to happen?
5. Fires frequently happen in which kind of houses?
6. What fire safety legislations that have been enforced already? Is there any legislation applied for households?
7. What are problems the Department facing in the fight of reducing fires?
8. What are the approaches employed in getting households apply fire safety?
9. Is the regulation that smoke alarms should be installed in every home a good idea?

## **APPENDIX 2**

### **FIRE SAFETY COMPANY INTERVIEW QUESTIONS**

1. When were smoke alarm products launched by the company?
2. Who are buying smoke alarm products from the company?
3. Have the company marketed this product to households?
  - a) Yes. What was the result?
  - b) No. Why not?
4. Does the company plan to target houses with smoke alarm products in future? When should it be, then? And what factors does the company consider in marketing this product to households?
5. What factors will have a good influence on fire safety awareness in houses, particularly having smoke alarm installed?

## **APPENDIX 3**

### **CONSUMER INTERVIEW QUESTIONS**

1. Do you know about smoke alarms?
2. Do you have a smoke alarm installed in your home?
3. Why don't you have a smoke alarm installed in your home?
4. As you have known about smoke alarms, do you think they are necessary for fire safety in every household?
5. Would you buy smoke alarms for your home?

## APPENDIX 4

### SURVEY QUESTIONNAIRE

This questionnaire surveys citizens' opinion about smoke alarm products. The survey's content is confidential.

***Gender:***

1. man
2. woman

***Q1: Do you know about smoke alarms?***

1. Yes (Please check up with the information in the next page)
2. No (Please read the explanation of smoke alarm in the next page, and skip Q2 and Q3)

***Q2: Do you have a smoke alarm installed in your home?***

1. Yes (If you choose this option, answer question 4 only)
2. No

***Q3: Why don't you have a smoke alarm installed in your home?*** (You can choose more than 1 option)

1. Because I never thought of that
2. Because I don't think it necessary

Please, state your reasons: .....

3. Because it is not widely sold
4. Because my home condition is just average, not high-class and modern
5. Because it is expensive

6. Others: .....

***Q4: As you have read smoke alarm information attached in this survey, do you think they are necessary for fire safety in every household?***

1. Yes

2. No

Please, state your reasons: .....

***Q5: Would you buy smoke alarms for your home?***

1. Yes (You can choose more than 1 option)

a) Because “safety first”

b) If its price is reasonable

c) If I can get direct product consultancy

d) Others: .....

2. No

a) Because I don't think it necessary

Please, state your reasons: .....

b) Because my home condition is just average, not high-class and modern

c) Others: .....

***Thank you sincerely for your contribution!***

#### **Smoke Alarm Information Attached in This Survey:**

A *smoke alarm* or also called *smoke detector* is a device that senses the presence of smoke generated by flames in a building and warns the occupants, enabling them to escape a fire before submitting to smoke inhalation or burn. According to



National Fire Protection Association of USA, smoke alarms reduce the chances of death by almost half. Their study shows that 900 lives can be saved each year if every home has at least 1 smoke alarm installed.



Above is a picture of a smoke alarm (the device is installed high up on the wall or the ceiling)

***Thank you for your interest. Please, continue with the survey.***

