

Instant food like instant noodle came into being in 1958 with the forms of package following the invention of a Japanese engineer, Mr. Monofuku Ando. The production of this item saw a rapid growth in the 1980s. In the meanwhile, rice-based instant food was also produced. At present, some 80 countries use various packages of instant noodle. The world consumption amounted to 43 billion packages in 1997 and the figure is estimated to double in 2001. Recently, 80 executives from the nine world's biggest instant noodle producers have met in Bangkok to boost the consumption to 100 billion packages in the next ten years. Mr. Monofuku Ando, the chairman of the international packed instant noodle producers' association, has highlighted the target of "diffusing this Asian traditional food over the world and paying special attention to those countries that are not yet familiar with the Asian food".

In this trend, Vietnam has exported its instant food and attained promising results.

1. Facts of Vietnamese instant food exports

Thanks to state open policies, the four biggest food companies including Vifon, Miliket, Colusa and A-One have invested hundreds of billions of đồng in technological innovation. They try to create their own flavor without using chemicals. Vietnamese instant food has so far been shipped to over 20 countries, even the hard-to-satisfy markets like the U.S., Japan, Australia... Their total export earnings of US\$60-70 million in 1998 show their good prospect. According to experts in the food export sector, instant food will attain the same success as rice. However, the sector remains following deficiencies:

- The companies have not yet penetrated into potential markets. They have not paid full attention to the systematic collection of information.

- They have not yet tapped advantages of rice-based instant food.

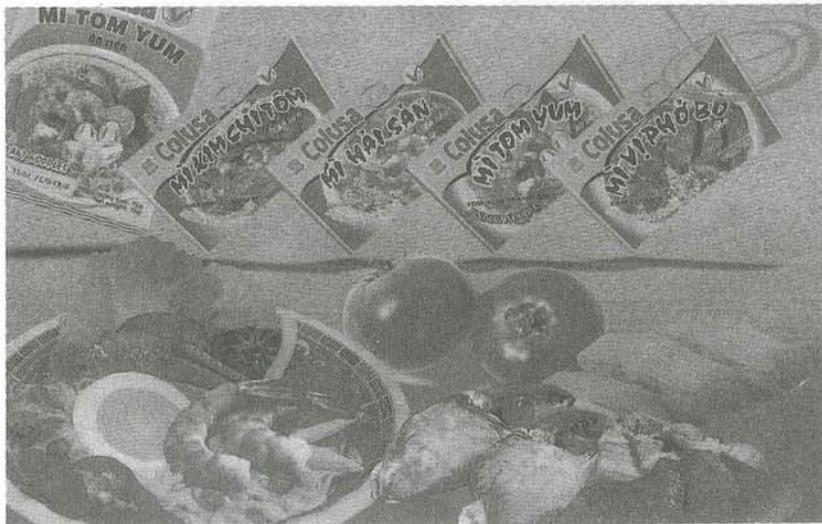
- Product pricing is still simple and not strategic.

- Distribution channels are not appropriate.

2. Some strategies for the export of Vietnamese instant food

FOR EXPORT OF VIETNAMESE INSTANT FOOD

by MEcon. ĐẶNG TÂN CƯỜNG



name instant food

a. Product strategy:

We are proud of Vietnamese traditional food and use it for our strategy to enter the world market. We should not forget the Thai lesson: they have diffused their Tom Yum traditional taste over the world and produced food with this taste and affirmed their foothold on the world market.

b. Entry strategy

We know overseas Vietnamese are now living over the world. They always want to eat traditional food. They are just consumers for Vietnamese instant exports. In the meantime, the companies also aim at Asian-origin customers because they often use rice-based food. Then, we will market our food to users with various nationalities.

At present, the leader in this area is the state-owned Vifon Company. It has investigated to enter the Northern American markets. The company has shipped its first batch of instant phở to the U.S. (the importer is an overseas Vietnamese) since late 1995. The product was free for trial use. The Vifon's export sales from the U.S. reached US\$1,208,320 in 1997 and the earning faces an annual growth rate of 15%.

c. Distribution strategy

Distribution is always the backbone of a marketing mix. It determines the company's success. In fact, Vietnamese enterprises should sign contracts with foreign companies to save costs. When choosing partners, they should take into account their financial strength, relations, devotedness, personnel skill, favorable conditions and equipment.

The partners act as an exclusive distributor of the company. They enjoy the exporter's privileges and manage the distribution to agents in the foreign country. This practice has following advantages:

- the exporter can save costs of market management;
- the exclusive distributor understands thoroughly many issues concerning goods export and circulation;
- the market survey will be conducted easily, agents' activities are regularly supervised and the company will get reports about the market situation when needed;
- the distributor on behalf of the company will settle the matters of opportunities and legislation fastest;
- the fake goods will be stopped and the company's reputation fortified; and
- the foreign trader's experience will be fully tapped to boost the company export activities ■