

pany business strategy and the brand vision. High management must study the uniformity of the company's orientation and all employees must understand long- and short-term targets of the company, including financial and strategic ones, thereby identifying the ideal time for achieving brand-based contact that could affect the sales. The time plan for contact through the brand name is usually as follows:

- The first 18 months: Building awareness, retrospection and understanding of the brand name.

- The second 18 months: Feeling results of the contact efforts.

- The next 12 months: Gaining loyalty from customers.

d. Reorganizing and determining tasks for the marketing department: With a new branding strategy the company could create a brand-based culture among departments and beef up commitment of the company to customers. All departments and resources of the company are concentrated on the commitments of the brand name to customers. The brand name is managed via all departments.

e. New training courses in universities: One of major causes of the situation is the absence of subjects relating to customers, such as customer behavior and brand management, in business administration schools, which leads to limited resources for the brand management. To help future experts understand customers - a basis for an effective development of the brand name - business universities must introduce these subjects. In addition, all employees working in all departments should take training courses in the brand management in order to take part actively in working out the branding strategy for the company.

# Lack of Branding Strategy in Most Vietnamese Companies

by HỒNG PHÚC

**Most Vietnamese companies fail to develop a proper awareness of their brand names with the result that they meet with difficulties in building, developing and maintaining their brand images.**

**T**hese difficulties come from the fact that the legal infrastructure is not open and fair enough to help companies take a proactive approach when building their brand names. For example, the Corporate Income Tax Law limits expenditure on marketing, advertising and sales promotion to 7% of the production cost, which raise a high barrier to their effort to develop the brand name and make customers remember it. Other difficulties are high cost of the branding campaigns, violations of intellectual property, competition from faked products, lack of necessary experts in working out and carrying out the branding strategy, etc.

In the past few years, some companies have paid attention to this aspect and made proper investment in this task. However, most of their efforts are not professional and consistent. The branding strategy is not well devised and positioned, which leads to poor efficiency and performance. In current situation, lack of attention to brand name as an intangible asset, failure

to determine target market and customer groups and doubt about value generated by brand names are main obstacles to investments in the building and development of brand names.

Lê Quốc Chí, Director of the Center of Technologies against Faked Products, says that the intellectual property is still new in Vietnam and both the public and business circle know very little about it. Most small enterprises in particular paid no attention to development and protection of their intellectual property. Most of them don't care of investments in brand names. And these investments, if any, are very small because of lack of necessary human resource and fund. It's understandable because 90% of Vietnamese companies are of small and medium sizes with limited financial strengths.

Đỗ Thắng Hải, Deputy Director of the Trade Promotion Department under the Ministry of Trade, said, "At present, many companies haven't paid attention to the protection of their intellectual property, and brand names in particular. Some directors and managers may be aware of this problem but they decided not to register their brand names because they thought it was costly and unnecessary. This decision leads to the fact that some Vietnamese brand names have been registered in foreign markets by foreign parties."

As for the public attitude towards this aspect, some surveys show that the brand name is a basis

and decisive factor for customers to make decision when selecting goods and services. The main reason is that the brand name makes them feel confident about product quality, necessary information about their right and the use of the product, and help them save time and avoid unnecessary risks.

## 1. What is the branding strategy to Vietnamese companies?

According to Đỗ Thắng Hải, it's about time Vietnamese companies worked out overall branding strategies that include the following factors: developing full realization of the role of brand names within the company; devising a branding strategy based on market researches; registering brand names on the domestic market and foreign ones if exported; improving the product quality and developing distribution channels.

In addition, companies should position their brand names in the mind of customers. To achieve this aim, they should carry out market researches and identify their target customer groups.

The branding strategy for the Aqua-fresh toothpaste for example, identifies three targets "freedom from tooth decay, white and beautiful teeth and good breath." And the paste when put on a brush comprises three colors suggesting three targets. The Green Tea P/S toothpaste has the green color typical of tea leaves. Volvo makers realize that in any market there are always persons who prioritize the safety so

they position the Volvo car as the "safest automobile."

The most reasonable positioning strategy, according to Philip Kotler, is to stress the total value the customers receive in comparison with money they spend, thereby developing a strategy to make customers aware of the total value.

Companies have also to create connections with the brand name. This image is a combination of organized links in form of specific image or mental picture that consumers carry in their mind. The problem is that many companies couldn't identify these links and know how to create them. That is why their brand image is weak and couldn't go into consumers' mind.

## 2. Entering the market with brand names

Most multinationals enter new markets using their brand names. In Vietnam for example, although the market of fuel isn't open to foreign companies, such brand names as Mobil, Shell, etc. have been present in advertisement and gas stations. When the market is open to foreign competition, their brand images have

produced impressions in the mind of consumers, which help expand their market shares. The building of a network of fuel distribution by these foreign fuel suppliers is, in fact, an act of beefing up their brand image. So we can say that many companies start their business by building brand names before selling their products or services.

A famous author specializing in consumers' behavior writes, "Consumers' loyalty is not invariable." When the competition is keener and keener, and the market is changeable, the company may lose their advantage in the eyes of customers if it fails to take care of its brand image within a short time. The act of reminding customers of the brand image doesn't necessarily concentrate on the brand names, the company should employ all factors included in the brand name, such as color, picture, sound or symbol, etc. that could appear on any media (outdoor signs, poster, etc.).

At present, Vietnamese companies could be divided into two groups according to their attitudes towards the development of brand name: ones who pay al-

most no attention to the protection of brand names, and ones who think registration and protection of brand names are costly. In fact, an expense of some thousands of dollars on registration of brand names in certain markets is not too big, even to small- and medium-size companies. They should adopt a branding strategy at large scale from the beginning of their businesses.

## 3. Building the brand name doesn't mean advertising

Many Vietnamese companies are still confused about the implementation of the branding strategy and an advertising campaign for a brand name. "Advertising is only a part of the program to build and develop brand names of a company," Đỗ Thắng Hải said. "Advertising aims at repeating a clear message of the brand image and positioning it in the mind of consumers. If the company fails to identify target customers and position their brand image, its advertising campaign couldn't gain high efficiency."

A survey conducted by the CTM Co. reveals that customers of different edu-

cation levels and cultures will choose different media for information they need. Thus, for different target customers, the company should select the right media in order to ensure good results for its advertising campaign. For example, the producer of the detergent Omo not only advertise the product on TV and the press, it also gains publicity by launching sales promotions or giving gifts to buyers, engaging in various events, sponsoring social programs, or raising funds for poor pupils from each pack of Omo sold. Its brand image is thus established in the mind of consumers and affects favorably the buying decision of consumers.

When all domestic markets are open to foreign competition, the lack of branding strategy will certainly prevent local companies from succeeding in competing against foreign rivals even if local consumers want to support them. Local companies should pay proper attention to this problem because the domestic markets will be soon integrated into the regional and international ones. ■



Photo by Huỳnh Th