

# SOME MEASURES TO PUSH UP MARKETING ACTIVITIES IN HCM IMPORT-EXPORT COMPANIES

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**A**fter the economic renovation, many companies, especially ones operating in HCMC, have paid a lot of attention to the marketing activities. So to sum up these activities is a helpful way to push them up.

## I. MARKETING ACTIVITIES OF HCMC IMPORT-EXPORT COMPANIES

### 1. Achievements

- In the past five years, HCMC exported US\$3,345.6 million worth of goods with an annual increase of 20%. Particularly, the visible exports increased by 15.47% every year.

- The structure of export goods has changed remarkably. In the period between 1991 and 1993, from 36% to 39% of HCMC exports were agricultural products; from 24% to 26% were manufactured and handicraft products; the remainder were forestry and sea products. In the past two years, the manufactured products represented from 28% to 36% of HCMC exports.

There were many causes of these achievements, one of them was the effect of marketing activities.

### 2. Shortcomings

#### a. Market research:

- The target markets for HCMC's staples haven't been determined yet.

- Main markets for HCMC exports are surrounding countries. But there are only intermediate markets.

- Import-export companies haven't paid enough attention to and carried out systematically the process of collecting information about market.

#### b. Goods for export:

- Most export companies haven't had a reasonable product assortment or staple products of their own. They usually try to export anything they can. This situation leads to the keen competition for customers, sources of supply, etc.

- Most of export agricultural products are of unfinished ones therefore their prices are low.

- Some companies have tried to include handicrafts and manufactured products in their exports, but they have to pay attention to many problems (such as market, product quality, consumers' taste...) before they can do it successfully.

- Package and design need more attention of export companies. Many export goods have no brand name.

#### c. Product pricing:

The process of pricing in export companies is very simple. They are usually fixed on the basis of:

- Costs and target profits of the company, or

- Selling price of equivalent products offered by other companies.

Based on these factors, the company fixes prices for export goods. These prices could change as the market prices change.

In the past few years, because of bad information service, many companies couldn't predict the rise in prices of various products in the world market so they could make only little profit. According to the HCMC Service of Trade, in exporting coffee in 1994, a profit of some US\$300 million slipped from the grasp of HCMC ex-

porters. Of 140,000 tonnes of coffee exported, around 20% had been sold at a high price (US\$3,000 per tonne), the remainder were sold at US\$1,500 per tonne. In rice exporting business, many companies had had sale contract with foreign buyers when they had no reliable supply. When the price of rice in the world market rose, their buyers wanted them to deliver but they failed to do so and had to pay damages.

#### d. Advertising and sales promotion:

Most export companies haven't invested in this activity. Their outlay on advertisement was small. Advertising message was poor. Many companies considered keeping trustworthiness as the best advertising way, but the trustworthiness wasn't strong enough to attract potential customers. There were too few companies who put an advertisement on foreign newspaper or took part in international trade fairs.

#### e. Marketing department:

Most export companies have no marketing department or were short of personnel trained in marketing. Generally, marketing activities of export companies are monotonous and produce little results.

## II. SOME MEASURES TO PUSH UP MARKETING ACTIVITIES OF HCMC EXPORT COMPANIES

### 1. Organizational aspect

- To establish the marketing department by using two following methods alternatively:

- + To set up a separate marketing



department under the direction of the director.

+ To set up a marketing section within the commercial department. Thus, this department will have two sections: marketing and commercial ones.

The second method seems appropriate to Vietnam export companies. A big company such as Saigon Trading Corporation can establish the marketing department.

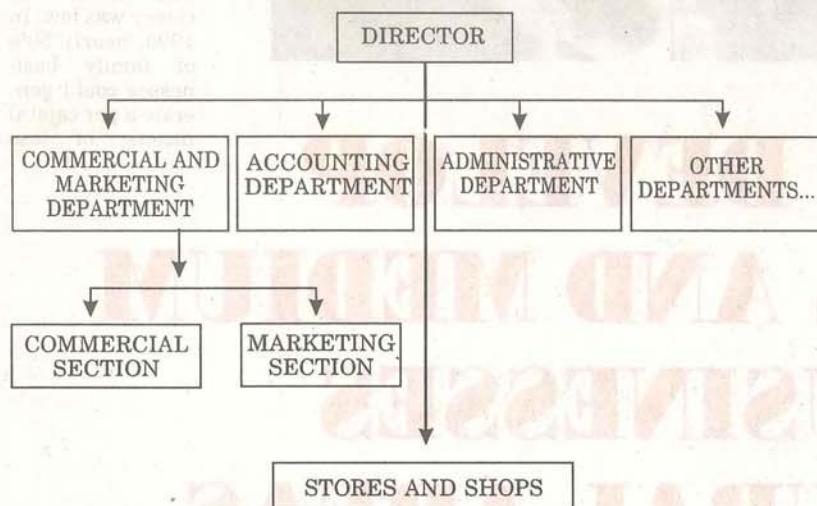
#### 4. Pricing

- The marginal cost pricing could be used for markets where there is no anti-dumping policy.

- Fixing FOB, CIF, CFR... prices based on retail prices at target markets after taking away all commissions and profits for middlepersons.

- HCMC export companies usually export goods at FOB prices, but they had better sell at other prices such as CIF, CFR... if need be.

### ORGANIZATION OF A COMPANY WITH A MARKETING SECTION



#### 2. Choosing target markets

Although the more markets we have got or the more products we sell the better, but the target markets and staple products should be defined, so from now until 2000, export companies should decide what product will be sold to what market; the existing markets should be developed and new markets should be found out.

#### 3. Product assortment

- Export companies had better defined staple products and in the long term, think of specializing in selling these staples instead of selling too many products as they did at present.

- To look for reliable supply and buy new equipment with a view to obtaining high and stable product quality.

- Export goods should be standardized and appropriate to different tastes, climates, customer's habits and market conditions.

- All export goods should have brand name and trade mark.

- Package must be improved. Bar code or number code should be printed on package.

#### 5. Distribution

- Export companies had better think of a distribution network which could reach final customers instead of sell goods to intermediate markets.

- Besides importation of goods, export companies could act as import commission agents for foreign companies.

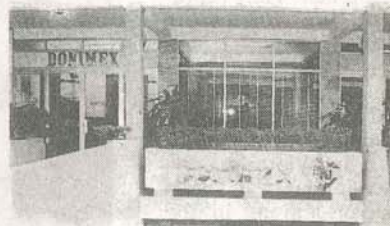
#### 6. Sales promotion

- To allocate annual outlay for advertisement and sales promotion.

- To try to use all advertising techniques (placing ads on TV, radio, papers; making commercial hand-outs; taking part in local and foreign trade fairs....)

- To ensure product quality, delivery time or payment.

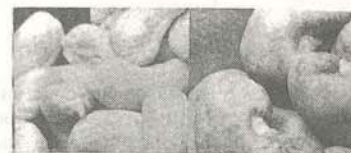
What mentioned above are some basic measures to perfect the marketing activities of import-export companies. These measures can be applicable and helpful on the condition that companies realize the role of marketing activities in their business performance. The directorate must realize this problem first and be determined to push up these activities.



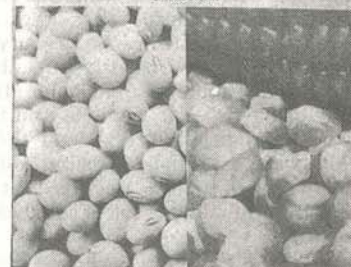
Rubber



Coffee



Cashewnut



Soy-Bean

Corn