

# Distribution in the Strategy to Enter The Cambodian Market of the Bình Diên Fertilizer Company

by MEcon. NGUYỄN THỊ THUỲ LINH



**D**istribution activities of Vietnamese companies in Cambodia include the following practices:

- Selling goods to Cambodian importers
- Selling goods to major traders at border towns
- Opening outlets or branches in Cambodia
- Assigning a Cambodian company as the sole agent.

Generally, Vietnamese companies have secured firm footholds in the Cambodian market whatever practices they took. They are controlling a 60% market share and won trust in their brand names.

Besides efforts made by companies, the two governments have recently tried their best to promote trading between the two countries. Official delegations from HCMC and Phnom Penh have had more regular meetings. Especially, the two Deputy PMs have met each other in HCMC and many contracts and agreements have been exchanged between companies from both sides. These facts are favorable conditions for strategies to expand the market shares of Vietnamese companies.

Looking at the situation from the aspect of long-term competition,

however, the distribution network should be reorganized in order to maintain the existing advantages for Vietnamese companies. In this article, I don't have an ambition to analyze all shortcomings and strengths of distribution activities carried out by Vietnamese companies but discuss here some achievements in the distribution strategy taken by the Bình Diên Fertilizer Company.

Realizing opportunities to sell fertilizer in Cambodian market which is similar to the domestic one, Lê Quốc Phong, Director of the Company, visited Cambodia in 2002 to make researches on the potentials for his products and looked for a long-term partner. In that year, only 20 tons of Bình Diên fertilizer were sold to Cambodia, but this figure rose to some 7,000 tons in 2003 and 40,000 tons in 2004. He expects to export over 70,000 tons to Cambodia in 2005. This is really a long step toward controlling the market for fertilizer in this country. This success comes from a distribution strategy through selected partners acting as selling agents for the Company.

Besides increases in the total sales, the company's distribution strategy also gained the following achievements:

- The selective distribution strategy allows the Company to control strictly the distribution process and provide customers and end-users with necessarily technical assistance.

- By ensuring the product quality and making the best use of ability of selling agents, the Company could establish its brand name in the Cambodian market.

- The Company is facing an opportunity to expand its market geographically. The process of covering a wider area could help limit unnecessary competition within its distribution network.

- The Company has produced a line of products that could compete effectively against its counterparts from Thailand, Indonesia and Malaysia.

- Cooperative relations among members of the distribution network is beefed up. This is one of factors that ensure future developments.

- Achievements in entering and controlling a foreign market by the Bình Diên Company could be seen as valuable lessons for other companies to establish their footholds in any market with similar features. ■