

In recent years, the Vietnam garment industry has developed well, but many big companies paid too much attention to foreign markets and their products supplied to the domestic market are poor in design, type... so their market shares in the domestic market are small. In foreign markets, they have to compete with one another for quota or customer and ran into a lot of troubles in doing business. This situation produced bad effects on their economic performance and workers' lives.

In order to develop this industry more stably, supply more jobs to our abundant labor force, the garment companies should pay attention to both foreign and domestic markets, make the best use of their equipment and capacity to satisfy the diversified requirements of customers.

According to statistics in late 1993, the population of Vietnam is approximately 71 million people, its birth rate is between 1.5 and 2.0 per cent. This population, along with foreign tourists and workers, constituted a big domestic market for garment industry.

If a person needs three suits clothes every year, then the domestic market will consume 420 million garments (3 x 2 x 70 million). The real demand could be bigger and it will increase at the same rate as population and personal income.

The market demand for garment can be divided into many segments: evening dress, everyday clothes, Sunday clothes, working dress, formal wear... The demand will vary with age, occupation, sex, race, income, time...

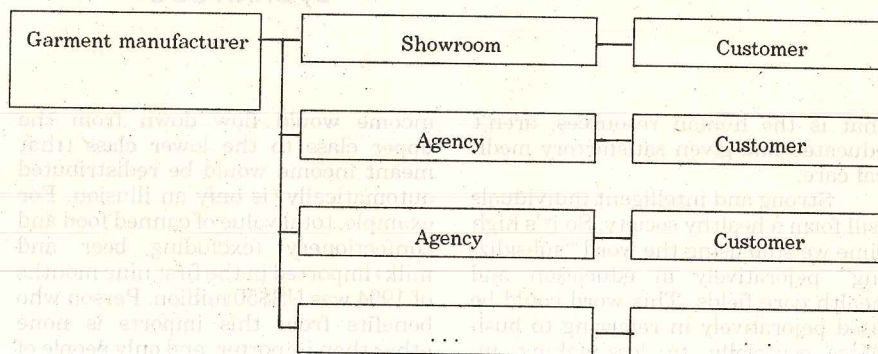
Basing on available equipment and technology, each company had better choose one segment or two which they can satisfy customers' demand best.

I. HOW CAN GARMENT INDUSTRY PENETRATE AND DEVELOP THEIR DOMESTIC MARKET?

In order to penetrate and develop the domestic market, garment companies should pay attention to the following works:

1. Marketing

Since the market economy has been formed in Vietnam, many garment companies didn't carry out marketing program in the domestic market for lack of interest. Now they have to carry out various marketing campaigns in order to gather information about their target segments; the following are essential information:



- The customer's opinion about material, design, type...
- The most acceptable price of each item.
- The customer's estimate of Vietnam ready-made clothes.
- The market demand for each item in a certain period.

Many methods can be used: direct interview, phone interview, letter, gathering information in fashion centers... The selected methods should be appropriate to groups of customers

and based on well-prepared questionnaires.

Basing on marketing information, garment companies could decide on design, quality, quantity... of their products according to the market demand. This means the company should supply what the customers need, not what they produce as they did in the subsidized economy.

2. Expanding distribution channel.

In order to send products to user quickly, and reduce cost, the manufacturer should update information about market demand and expand distribution channels as indicated in the following figure:

3. Carrying out promotional campaigns

Promotional campaign is the attempt to communicate with customers to sell a product, to help customers have knowledge about design, quality, price, sale conditions of a product and to encourage them to buy it.

The promotional mix comprises advertising, sales promotion and publicity. Selecting the right tool and time to carry out the campaign depends on customer's demand at a certain period, capacity and prestige of the manufacturer...

Particularly, in advertising, the manufacturer should pay attention to content of advertising message. This message should tell customers about distinctive features and price of the product, and company's condition of sale...

An advertisement should be true. All exaggerated statements can only produce counteraction. In selecting mass media, target customers should be paid full attention to: Who do we want to send message to? Are these mass media within their reach? Do they read or listen to our message?...

4. Making offer

Selling is very important to companies. They can only succeed in selling when they can supply various product lines meeting customer's demand. The

SOME MEASURES TO DEVELOP THE DOMESTIC MARKET FOR GARMENT INDUSTRY

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company also needs a salesforce of high quality and sufficient knowledge about selling job.

The customers of garment industry are from all walks of life. They have different demand, taste, income, buying motive... Salespersons should have profound knowledge about types of customers so they can recommend products to customers. The salespersons have to gain considerable knowledge about company's products and competitors.

Thus, selecting and training the salesforce should be carried out carefully. The salesforce comprises sales representatives, salespersons, agents...

An appropriate incentive scheme is needed to encourage the salesforce to increase the amount of goods they sell.

Goods could be sold directly through various outlets (company's showrooms and shops). In these outlets, goods can be sold directly to customers (personal selling) or by telephone, especially with loyal customers.

The company had better develop a network of agencies and encourage them to sell company's products. Agencies can help the company sell goods more quickly, reduce selling cost and storage goods, or gather information about customer's demand in time...

5. After-sales service

Although garment is less complicated than hi-tech products but it also needs after-sales service. Supplying this service, the company could build long lasting relations with customers. This service may include: offering additional items (a tie or gloves matching a shirt or dress...), phoning the customers to ask if there is anything to be repaired, or if the customers are content with the products; sending new samples to loyal customers; sending questionnaires in order to collect opinions about certain products...

What mentioned above are some measures to develop the domestic market for garment industry. But carrying out these measures needs a lot of conditions.

II. CONDITIONS FOR DEVELOPING THE DOMESTIC MARKET FOR GARMENT INDUSTRY

In Vietnam nowadays, garment products come from many sources. The garment industry can't penetrate and develop their domestic market easily, so the following conditions are needed:

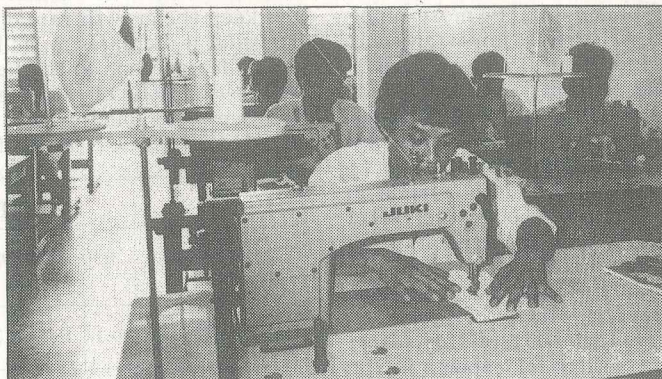
1. Strict law

The Vietnam garment industry is

competed by foreign garments imported from Hong Kong, China, Thailand... Particularly, a great amount of outdated garments has flooded the domestic market.

Importation of garments can help Vietnam garment manufacturers learn about foreign tastes, designs, standards... in order to improve their product quality. But garment imports should be controlled by strict quotas and Vietnam garment industry needs also to be protected against foreign competition.

Thus, the government and lawmakers should take strong measures to deal with lots of garment goods im-



ported illegally to Vietnam in order to protect domestic industries, and garment industry to be precise. These measures could be as follows:

- Re-exporting lots of smuggled garments after confiscation: They can't be sold in the domestic market in order to bring money to the national budget.

- Refusing outdated garment sent to Vietnam as an aid. We can't be a dustbin for other countries. We are poor, but we can't receive anything from foreign countries. We must receive aid selectively.

- Giving incentives to the customs personnel in order to help them do their tasks better and keep firm their morals.

2. Protective tariff

The tax on imported goods which can be made locally should be studied carefully. The customs and related government bodies should work out a protective tariff. The government should combine efforts of various departments and garment companies and put an end to the difficult situation of garment companies where their complaint fell on deaf ears.

3. Well-trained managers and laborers

Most Vietnamese managers were trained to do business under the subsidized mechanism. When the market economy was formed in Vietnam, they have taken refresher courses to im-

prove their knowledge about business management in the market economy but they can't bear comparison with managers of developed countries. So a lot of opportunities have been missed.

Training Vietnam managers in management is one thing we should pay attention to. Experience is precious, but it can't take place of scientific knowledge of management which is a decisive factor in doing business.

The skill of laborers is also a problem for us to ponder over.

Many tailors have got great skill at making high-quality garments which are as good as, or even better than, foreign garments. But laborers in garment factories or makers of ready-made garment usually lack such skill. In many contests of tailoring skill, only a few laborers won the title "golden hand". This imposes limitation on the development of the garment industry. So many foreign investors said that Vietnam labor force was abundant and of low price but also of low skill.

Making designs is also one of weaknesses of the garment industry and many companies didn't pay enough attention to it whereas it is very important to the existence and development of the garment industry.

Thus, besides skilled laborers, the garment companies need teams of well-trained designers. New types of garment should be created continuously. Imitating foreign designs can't help Vietnam garment products get a firm foot in the foreign market.

4. Sources of raw materials

Raw materials can help with enhancing value and beauty of a product. Local raw materials for the garment industry aren't produced enough and they aren't appropriate to making high-quality garments. Maybe Vietnam textile industry can't (or need not) satisfy the demand of garment industry. So most raw materials for garment industry should be imported and this leads to a high production cost and selling price.

Thus, the garment industry should combine with the textile and design companies in order to develop more quickly.

In short, in the market economy, the garment industry has a bright future. It can create jobs and increase the national income. Penetrating and developing the domestic market for this industry is a suitable and feasible strategy at present situation ♣