

**I**n production and business, brand management is usually regarded as a special area in marketing management. In multinational corporations, the brand manager and brand director are often independent positions from the marketing department. In the globalization trend, since the 1980s, the process of incorporating or transferring a series of well-known corporations in the international market has led to some marketing specialists' acknowledgement: the market future will be wars to win market shares and thus to find how to possess famous brands.

**Table 1: Estimated Value of some Brands by Interbrand (Financial World, 1995)**

Rank	Brand	Value (US\$ bil.)	Rank	Brand	Value (US\$ bil.)
1	Coca Cola	39.0	11	Intel	9.7
2	Malboro	38.7	12	Gillette	9.6
3	IBM	17.1	13	Pepsi-Cola	7.8
4	Motorola	15.3	14	G-E	7.4
5	Hewlett - Packard	13.1	15	Levi's	6.9
6	Microsoft	11.7	16	Frito-Lay	6.9
7	Kodak	11.6	17	Compaq	6.8
8	Budweiser	11.3	18	Bacardi	6.5
9	Kellogg's	11.0	19	Campbell's	5.9
10	Nescafe	10.3	20	Pampers	5.9

Source: Jean Noel Kapferer, Les Marques, Les Editions d'Organisation, 1996, p.20

Regarding academic research activities, specialized studies on brand management are regularly published on international journals including the *Journal of Brand Management*, *Journal of Marketing*, *International Journal of Advertising*, *Asia Pacific Journal of Management*, etc. Manual books on brand management are compiled by many European and American authors in different approaches. In the meanwhile, the textbooks of brand management are provided mainly for MA programs in schools of business administration.

#### DEMAND FOR BRAND MANAGEMENT

In Vietnam, the demand for brand management is given different attentions by many enterprises. Regardless of brand activities in the South before the national unification day, since the 1980s after the Regulations on Brands were promulgated following Decree 197/HĐBT on December 14, 1982, the brand certification No 01 was granted to the Electric Engineering Plant under the Ministry of Engineering and Metallurgy, for its manufactured electric fans and motors. Also within the framework of the centrally planned mechanism, the following developments were the interactive process between competent governmental bodies and enterprises in various economic sectors with a view to improving step by step the understanding about the necessity for using and registering trademarks in production and business. In this period, while most of state-run enterprises only registered or/and used trademarks nominally, many non-state businesses, especially small ones faced the pressure of trademark registration for protection, in terms of administration, legislation and competition. In this period, a series of foreign brands of goods were registered in Vietnam to open the gate for their appearance in local markets. As a result of the fact, not a few legal conflicts on brands between local

# BRAND MANAGEMENT IN VIETNAM

by ĐÀO MINH ĐỨC





businesses and between them and foreign counterparts.

In late 1980s and early 1990s, the trademarks of many Vietnamese enterprises became blooming in local markets along with the transition from the centrally planned mechanism into the market economy. At the same time, some subjective shortcomings in brand management and strategy of some prominent companies were arising, especially in foreign-invested and state sectors. It is not forgotten that once the advertisements on television have guided how to pronounce some famous trademarks of foreign beverage but unsuccessfully. This has reduced impression of products and spending decision of consumers and thus lost market shares of the products when the competition pressure increased sharply. A state-owned toothpaste company has made great efforts to enhance its product quality and enjoyed advantages in the subsidization period to expand its market shares. Afterwards this enterprise has transferred its brand valued at US\$10 million – the ever first and highest price in the process of brand exploitation in Vietnam – to a foreigner. This transfer also included the whole distribution network of the enterprise. However, this enterprise has strengthened its position difficultly in the market. Some joint ventures in cosmetic and beverage industries, when licensed to use famous brands of foreign partners (P&G, Coca-Cola) as a part of their development strategy, have made favorable conditions for foreign partners to penetrate and exploit the local partner's distribution channels. On the other hand, the joint venture's capital was overused for advertising to disseminate those brands – they will be returned to the brand owners after a specific time of licensing. In reality, the joint ventures have rapidly lost their capital and the Vietnamese partners with their poor financial position have been required to transfer most of their ownership to foreign partners too soon before the termination of joint venture contracts.

The following statistics from the Vietnamese Department of Industrial Property will illustrate the registration and utilization of trademarks in Vietnam.

**Table 2: Certificates of Trademark Registration Issued in the 1981-1999 Period**

Year	Number of certificates issued to Vietnamese	Number of certificates issued to foreigners	Total
1981-1989	380	1,170	1,550
1990	423	265	688
1991	1,525	388	1,913
1992	1,487	1,821	3,308
1993	1,395	2,137	3,532
1994	1,744	2,342	4,086
1995	1,627	2,965	4,592
1996	1,383	2,548	3,913
1997	980	1,506	2,486
1998	1,095	2,016	3,111
1999	1,299	2,499	3,798
Total	13,338	19,657	32,995

Source: Industrial Property Activities in 1999, Department of Industrial Property. P.41

#### WHAT IS BRAND MANAGEMENT?

On the job advertisements in recent years, brand managers have been sometimes required and the job is more or less similar to marketing activities. It is obvious that in the next integration stage, the local business environment will be internationalized. To capture and adapt oneself to measures of brand management becomes an increasingly urgent problem to Vietnamese enterprises. But what is brand management?

In my opinion, in the process of academic development, studies on trademarks have pursued two rather independent trends. First, in a legal view, trademark is seen as an object of industrial property. In this approach, the first attention is paid to the process of determining the owner-





ship for brands, measures to protect the exclusiveness of brands and the transfer of ownership. The conflicts, violations, and prosecutions have led to deeper researches on the nature and extend of ownership, the rights of use and disposition for trademarks as well as the specification of extent of violations, losses to brand owners and corresponding compensations. Second, in a business view, the priority is given to marketing activities for trademarks, the positioning and exploiting of brands in the target market shares, brand advertisements, formation of brand loyalty and determination of the brand economic value. In reality, there are at least three consulting activities of trademarks taking place almost independently: logo and trademark design, industrial property, and brand marketing. Here, according to professional habits which separate the legal aspect from the business aspect of trademarks, it is neglected that although legal regulations still have the forecasting function, they do not aim mainly at establishing new economic relations but adjust those relations which have already arisen naturally. As a result, when learning specific legal regulations, the researcher may comprehend rules of business through their adjustment extent. In turn, the contradictions arising in the competition process always boost the development of concerning legislation.

As for enterprises, each trademark is in fact only an object which requires integrative concept and management. In the business process with success and failure in the market, the exchange of idea with different advisors more or less makes enterprises feel perplexed and thus diminishes significantly the competence of capturing and applying trademarks effectively in competition.

In the current official legal terms, beside the term "trademark" - a special mark that is placed on a particular brand of article or commodity to distinguish it from similar goods and services sold by other producers in the market and the term "business name" to differentiate enterprises, there is also the term "brand of goods" used in regulations on announcement of goods quality. At the same time, in the campaign "Vietnamese high-quality commodities" in recent years, the media have often used the term "trade-name" rather than "trademark" when referring to the product prestige of a business. In addition, there are also various terms concerning trademarks including "logo", "name of commodity origin", "copyright" and "name of geographical origin" whose meanings may not be understood consistently and exactly. While waiting for the standardization of commercial terms concerning trademarks, the above-mentioned concepts require rather plain differentiation to an extent with a view to helping determine their relations and facilitate the specification of activities, plans, programs and marketing campaigns related to trademarks. For example, when referring to Kinh Đô "tradenname", does it imply the Kinh Đô Limited Company or Kinh Đô brand for all of its confectionery? When designing an advertisement campaign for the Kinh Đô "tradenname", does it mean to advertise the company or build the prestige for Kinh Đô brand or disseminate the quality and prices of confectionery manufactured by Kinh Đô? The ambiguity of meaning may more or less perplex related sides and reduce the efficiency of advertising messages.

At present, in the legal aspect, the issues on trademarks require appropriate attentions of businesses in all scale of production with a view to avoiding regrettable troubles. Nevertheless, in the economic aspect, another problem is when an enterprise must undertake proper investments in building the prestige and value for its brand. Do retail shops on a small street need to carefully choose a brand for themselves? Should the businesses, which manufacture only simple consumer goods, need to place

the trademarks on their products? What are similar and different signs between trademarks of commodities and services? Is it necessary to have the post of brand manager in a company and what is his (her) work? Can the enterprise leadership recognize enough values of trademarks in business?

In my opinion, to solve the above-mentioned questions completely as well as contribute to the establishment of a theoretical basis for brand management of Vietnamese enterprises in the following period, it is indispensable to study and systematize concepts on trademarks into a uniform methodological system including at least four basic steps as follows: (i) the basis for choosing and designing trademarks, (ii) the legal protection of commodity brands, (iii) the enhancement of values of trademarks, and (iv) the strategy to exploit trademarks.

First, the choosing and designing of trademarks are not only activities of designers. Although they are discovered and designed in a minute of haphazard inspiration, they must be a part of business style of an enterprise to become well known in the long run. It is a must to define general principles of relations among the business name, logo, strategy, brand and criteria to choose trademarks as well as the Vietnamese cultural aspect in the selection of trademarks.

The aspect of industrial property of trademarks will provide brand managers with basic legal principles in the determination of the ownership or the use right for trademarks in domestic and foreign markets. Although it is a part - commonly the first part - in the process of brand management, the role of "winning first market shares" and preventing legal risks is sometimes a decisive factor to the whole of investment course.

The initial value of a brand is nearly empty, however it may have an artistic value and implies costs of design, test, and registration. How should the trademark be advertised and positioned? What are values of the brand asset? How are they managed? Are there characteristics and individual principles of trademarks used for industrial and farm products, food, hi-tech commodities, services, retail shops and electronic commerce? These are essential questions to Vietnamese enterprises in their initial generation of brand assets.

The strategic problems always have been reached from many different angles with a common target (in business) at sharpened competition edges which are crucial and defensible in the long run. To learn the strategy of famous trademarks in competition stages in different markets has a very important meaning in assisting the enterprise to test and plan its investments and business plans including the management of trademarks, licensing and transferring trademarks in franchising business.

The bindings of the ASEAN Free Trade Area and multilateral and bilateral trade agreements already or to be signed by the country and others will force local enterprises to face requirements to acquire strategic understandings about their foreign rivals in the market, in which trademarks are always key instruments to win in the competition ■

## REFERENCE

- Notice of patents and brands, Department of Patents, No.1, 1984.
- Activities of Industrial Property in 1999, Department of Industrial Property, 1999.
- Jean Noel Kapferer, *Les Marques, capital de l'entreprises*, troisième tirage, 1966.
- Wally Olins, *Corporate Identity, Making Business Strategy Visible through Design*, Harvard Business School Press, 1989.
- Joel K. Broustail, *Cours de stratégie des entreprises*, ESCP-AIT, 2000.