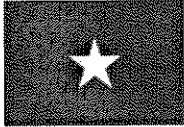


Example 8

Vietnam



Presented by:



The Outlook for a DVD
and Video Rental Store

Recent Sales History

In 2000...

- Ownership of VCRs is almost non-existent
 - only 1.68 VCRs sold per 1000 households
- Very low rate of television ownership
 - only 13.02 color TVs sold per 1000 households
- Cinemas currently control the market
 - 217 cinemas throughout the country

Recent Sales History

TV and VCR ownership in 2002...

- 36.5% of households have a color TV
 - 92% of these televisions are owned by citizens of Ho Chi Minh City
- 1.8% of households have a VCR
 - approximately 5% of the VCRs are also located in Ho Chi Minh City
- Less than 1% of households throughout the country own DVD players

Environmental Influences

Demographics...

- Population: 81,098,416
 - Age structure:
 - 0-14 years.....35%
 - 15-64 years.....60%
 - 65 + years.....5%
- Population growth rate: 1.43%

Environmental Influences

Demographics...

- Ethnic groups:
 - Vietnamese.....85-90%
 - Chinese.....3%
- a small portion of the population also includes Hmong, Thai, Khmer, Cham, and mountain groups
- Religions: Buddhism, Hoa Hao, Cao Dai, Roman Catholics, Islam, and Protestant

Environmental Influences

Economic Health...

- Inflation is 4.5%, down from almost 700% in early 90's
- GDP real growth rate is around 8.5% per year
- Foreign investment is often directed toward services
- "Doi Moi" (1986) economic reform plan has worked well and continues to improve economy

Environmental Influences

Economic Health...

- Current unemployment rate of 25%
- Average annual income is \$325 per person
- Continually facing a trade deficit
- Received \$2.4 billion in grants in 1997 and is still struggling

Environmental Influences

Political Environment...

- Looking for foreign investment and very open to world economy
- Still working on economic reform
- Attempting to move from Communism to Socialism
- No current legislation that would have major impact on proposed business

Environmental Influences

Technological Environment...

- Those who can afford technology usually go for the highest quality (for example, brand names such as Sony)
- Possible media opportunities:
 - television commercials
 - radio commercials

Environmental Influences

Competition...

- No video or DVD rental stores yet
- Satellite/cable TV
 - Currently 36 local stations
- Cinemas

Environmental Influences

Other influences...

- Tariffs for electronic parts and components are relatively low
- Some imports are banned if considered offensive to Vietnamese people, lifestyle, or morals
- Property rental rates

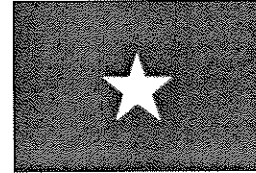
Estimated Industry Forecast

- The need for a video and rental store is likely to increase, but at a very slow rate
- It would be wise to look into starting a store in Ho Chi Minh City in 5 to 10 years
- Most other cities are not ready for a rental store now or any time soon in the future

Recommendations

- Now is not an appropriate time to enter Vietnam
- It should be considered in another 5 to 10 more years
- When the time to enter Vietnam is appropriate, the target market should be those currently in age group 0-14 years.

THE END!



The Economic Improvements **Resulting from “Doi Moi”**

The inflation rate went from nearly 700% to approximately 4%.

Vietnam is growing rapidly with an annual GDP near 8%.

Foreign investment has tripled.

Domestic savings have greatly increased.

The economic model went from centrally located to market-oriented.

The quality of life has significantly improved.

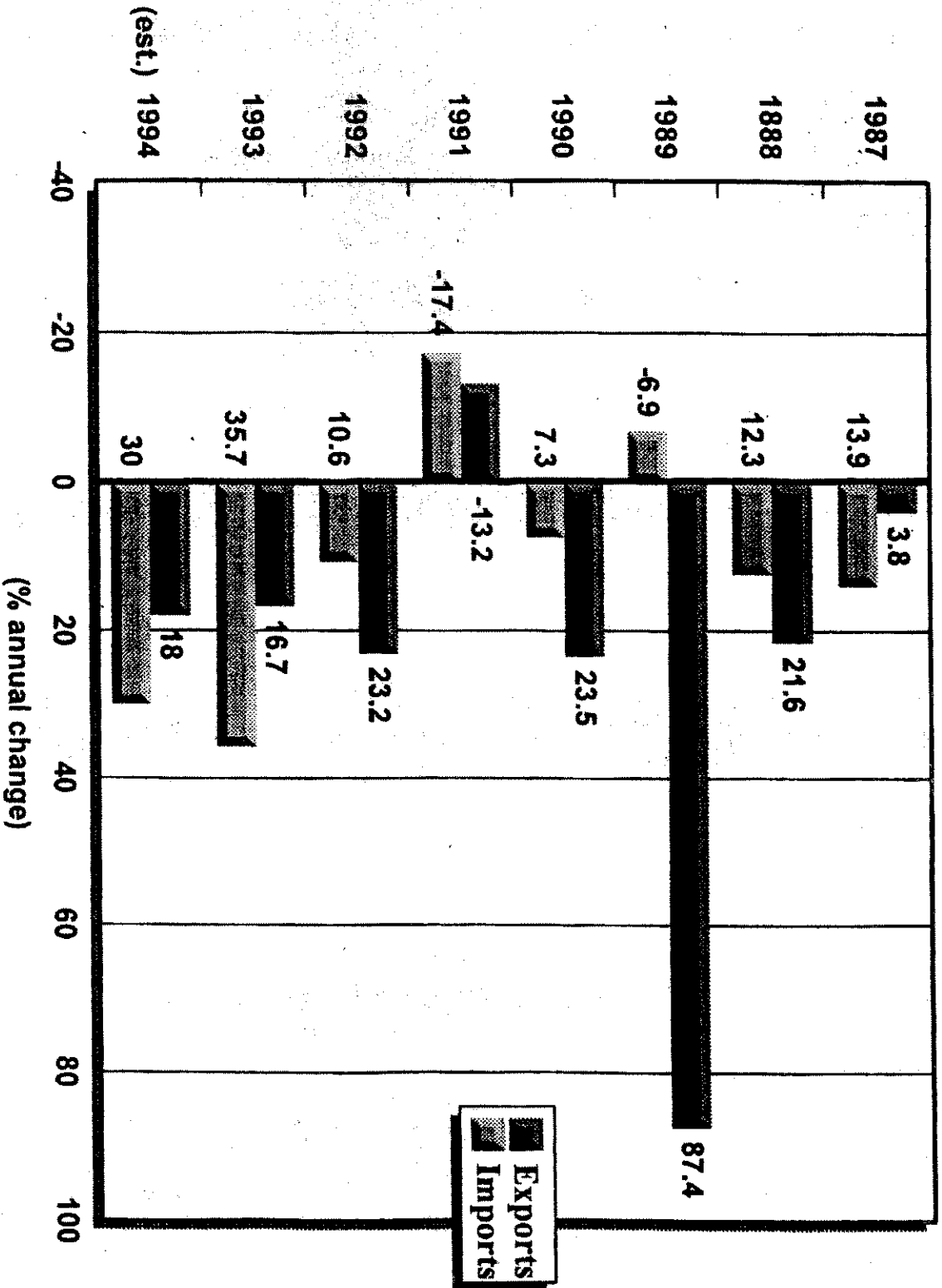
From 1994 to 1997, per capita income increased by 170%.

Poverty has decreased a significant amount.

Vietnam's entrance into the global market has increased foreign aid.

Although there was a major period of economic growth during the early 90's, it has slowed down in recent years.

Growth of Vietnam's Foreign Trade



Source: Statistical Publishing House, Hanoi.

HANDOUT #2

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