**Example 8**

**Vietnam**

*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 5.5% 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.

Handout #1
Bibliography


Sources

www.marketresearch.com/product/display.asp?SID=87
www.d.umn.edu/jvileta/mktresearch.html#forecasts
www.d.umn.edu/~jvileta/ibr/ibr_vhtml#vietnam
www.countryreports.org/content/vietnam.html#econ
www.vneconomy.com/vn
www.asianinfo.org/asianinfo/vietnam/pro-economy.htm
www.louisville.edu/libraryekstrom/govpubs/international/vietnam.economy.html
www.cgtd.com/global/presviet.html
www.vietnamembassy-usa.org/economy/
www.countrywatch.com/cw_country.asp?vcountry187
www.economist.com/countries/vietnam
www.newnations.com/headlines/vn/html
www.business-in-vietnam.com/vn_portland2.htm
www.asiamarketresearch.com
www.vietnamesebussiness.com
www.vnbd.com
