CAPTURING THE VIETNAMESE CONSUMER MARKET

BUSINESS SWEDEN

Business Sweden in Vietnam
February 2018
AGENDA

- Executive Summary
  - Vietnam Retail Market
  - Opportunities for Swedish Companies
  - Key Success Factors
SUMMARY OF VIETNAM'S CONSUMER MARKET

**EXECUTIVE SUMMARY**

**VIETNAM’S RETAIL SECTOR IS GROWING QUICKLY, DRIVEN BY CHANGING LIFE STYLES & BEHAVIOUR**

**IMMATURE YET FAST GROWING RETAIL MARKET**

- Vietnam is SEA’s fastest growing retail market, However, the retail market is immature with 1% of sales done through modern trade. Modern trade stores are slowly gaining traction.
- The large dominance of traditional trade puts significant requirements on investments in distribution network and educating partners on how to sell the product in professional ways.

**INCREASING LIVING STANDARDS DRIVES AND CHANGES CONSUMPTION BEHAVIOUR**

- Increasing consumption of non-food products: Clothing, footwear, health goods and medical services are the most consumed products promising high growth in future. However, F&B is still by far the largest spending category.
- Consumers care more about health when making purchasing decision (e.g. Organic & all-natural foods are attracting more consumers). Domestic brands are also gaining acceptance.

**BUYING BEHAVIOURS DIFFER BETWEEN URBAN AND RURAL, AND AMONG REGIONS**

- Rural consumers rely a lot on word of mouth to make decisions, whereas urban consumers are generally more educated and rely on more sources for information, including social media.
- Consumers in the South are generally more open and willing to try new products than those in the North. This needs to be careful considered in market entry strategies.
- Southern Vietnam is generally preferred as a “launch market”
OPPORTUNITIES EXIST IN BOTH B2B AND B2C FORMS

OPPORTUNITIES FOR SWEDISH COMPANIES

1. WESTERN/ NORDIC STYLE FAVOUR
   - Increasing Westernization especially in younger generation has encouraged consumption of fashionable clothing, footwear, cosmetics and accessories - those that help young consumers to express their individualism
   - UMA and JYSK have proved to be successful in offering Nordic style furniture and home decoration in the local market

2. DEMAND FOR SAFE AND ORGANIC/ NATURAL PRODUCTS
   - Increasing living standards and numerous safety scandals in various product categories is resulting in an increased health consciousness and awareness among consumers
   - There has been increasing demand for safe baby products, including baby formula, baby foods, toys made from wood vs. from plastic, etc.

3. SOLUTIONS FOR RETAIL STORES
   - The number of retail stores in Vietnam in general is growing steadily in alignment with retail value growth
   - Various international retail brands have plan/show intention to open new stores in Vietnam (e.g. IKEA)
   - These imply needs for retail store development in all aspects (e.g. light system, surveillance camera, retail furniture, etc.)
DIVERSE PRODUCTS AT LOCAL PRICE DISTRIBUTED VIA WELL TRAINED DISTRIBUTORS ARE KEY TO SUCCESS

OVERVIEW OF BEST PRACTICES FOR CONSUMER GOODS BUSINESS IN VIETNAM

LOCALISATION AND CUSTOMIZATION

Local manufacturing:
Foreign products are perceived to have high quality and favoured by Vietnamese. However, product price needs to be locally adjusted and brands that have local manufacturing tend to be successful.

Tailoring products and sales efforts by income groups and region.

LONG-TERM INVESTMENT

Immature consumer market with dominance of General Trade means that a long term view is needed in order to succeed.

Time and investment needed to access market
Need to build wide distribution network

EXTENSIVE MARKET ENGAGEMENT

Invest in distribution and educating distributors is critical to succeed

Diverse product portfolio to quickly penetrate the market and reach different consumer segments

INVESTMENT IN PEOPLE

It’s essential to have well-educated resources

Qualified resources are usually quite expensive in terms of salary, but are critical in order to receive good advice and succeed in the market.
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VIETNAM’S RETAIL MARKET IS THE FASTEST GROWING IN SOUTH EAST ASIA

SOURCE: EUROMONITOR INTERNATIONAL, INTERVIEWS

THE HIGH GROWTH PROVIDES GREAT OPPORTUNITIES TO ENTER THE VIETNAMESE RETAIL MARKET
GROWTH IN VIETNAM’S GDP PER CAPITA INCOME & EXPENDITURE DRIVES GROWTH OF RETAIL MARKET

GDP PER CAPITA, 2010 - 2020, KUSD

HOUSEHOLD INCOME AND EXPENDITURE

- Vietnam’s middle class & rich segment is growing by 88% between 2010 – 2020
  - The growing middle class presents significant opportunities for international FMCG firms
- Southern Vietnam is wealthier than the North – this may impact market focus and strategies

- Consumer spending is forecasted to increase BUSD 217 in 2020 – in line with income per capita
  - There is a gap between rural and urban areas in consumer expenditure. However, the gap is slowly closing as rural areas are developing
  - In terms of spending patterns, urban households spend more on discretionary items

HOWEVER, INCOME LEVELS STILL LAG BEHIND THOSE OF OTHER MAJOR ASEAN COUNTRIES

SOURCE: EUROMONITOR INTERNATIONAL, INTERVIEWS

* MONTHLY HOUSEHOLD INCOME FROM USD 833
VIETNAM IS A RELATIVELY IMMATURE RETAIL MARKET – TRADITIONAL TRADE (GT) TO REMAIN MAIN CHANNEL

STORE-BASED RETAILING AS A % OF TOTAL RETAILING, 2015 - 2020

Vietnam 2015: 98.8% (73% Grocery retailers)  
Vietnam 2020: 97.7% (71% Grocery retailers)

Singapore 2015: 94.4% (27% Grocery retailers)  
Singapore 2020: 89.7% (20% Grocery retailers)

Majority of grocery purchase is still made in stores
- There has been a slow shift from store-based to non-store purchase (i.e. general trade to modern trade) due to the slow emergence of e-commerce

THE HIGH SHARE OF TRADITIONAL RETAIL PUTS HIGH DEMAND ON DISTRIBUTION NETWORK REACH

SOURCE: EUROMONITOR, BUSINESS SWEDEN ANALYSIS
DOMINANCE OF GT DEMANDS LARGE INVESTMENTS IN DISTRIBUTION NETWORK & EDUCATION TO SUCCEED

CHALLENGES FROM DOMINANCE OF TRADITIONAL TRADE

- Dominance of general trade requires various distribution tiers, including regional distributors and many sub-distributors
- Reaching out to traditional retail stores requires a vast distribution and logistics network
- Higher logistics costs and logistics challenges
- Extensive network to reach end consumers
- It is hard to manage product display in grocery stores
- There is high prevalence of fake products in General Trade, which poses a risk to both consumers and brand owners
- Difficulty in showing products in a professional way
- Prevalence of fake products

SUCCESSFUL CASE IN ADDRESSING DISTRIBUTION CHALLENGE - DISTRIBUTION SET-UP OF TH MILK

TH milk has emerged as the third largest player in the market

**Traditional Trade**
- 161,397 stores
- Employs persons on-site at distributors
- Products sold even in the most remote places
- Higher logistics costs and logistics challenges

**Modern Trade**
- 8,699 stores
- Offers favorable discounts & promotion
- Shelves are always stocked with TH products
- Employs persons on-site at retailers

**“Introduction” stores**
- 200 stores
- Promote TH milk’s concept of “clean milk”

- Total investment: USD 1.2 billion (2009 – 2020)
- Establishment year: 2009
A NUMBER OF MODERN RETAIL CHAIN STORES HAVE EMERGED – MAJORITY ARE FOREIGN OWNED

MAJOR MT CHAINS IN VIETNAM & STORE (SUPERMARKET/HYPERMARKET) NETWORK AS OF NOVEMBER 2017

<table>
<thead>
<tr>
<th>No.</th>
<th>Store brand*</th>
<th>Owner</th>
<th>No. of stores</th>
<th>Expansion plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Saigon Union of Trading Cooperatives</td>
<td>92</td>
<td>130 by 2020</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Central Group (Thailand)</td>
<td>34</td>
<td>7 new stores, starting from 2016</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Aeon Group (Japan)</td>
<td>4</td>
<td>2 new malls/ year</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Nhat Nam JSC</td>
<td>26</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Vincommerce (Subsidiary of Vingroup)</td>
<td>74 (vs. 28 at the end of 2015)</td>
<td>100 stores by 2018</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Lotte Group (Korea)</td>
<td>13</td>
<td>60 by 2020</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>TCC Group (Thailand)</td>
<td>19</td>
<td>5 new stores/year in 2018 - 2020</td>
<td></td>
</tr>
</tbody>
</table>

* IN THE ORDER OF MARKET SHARE RANKING (% RETAIL VALUE EXCLUDING SALES TAX, EUROMONITOR 2015) ** 30% OWNED BY AEON *** VINMART’S NETWORK EXCLUDES NETWORK OF CONVENIENCE STORE (VINMART +)

SOURCE: BUSINESS SWEDEN ANALYSIS

OVERVIEW – DISTRIBUTION CHANNELS - CONSUMER SPENDING – TRENDS - DEMOGRAPHICS – REGIONAL CONCENTRATION
BASIC GOODS SUCH AS F&B IS DRIVING CONSUMER SPENDING; HEALTH GOODS, CLOTHING ALSO GROWING

TOP CONSUMED PRODUCTS, CONTRIBUTION TO TOTAL SPENDING ON CONSUMER GOODS AND SERVICES

<table>
<thead>
<tr>
<th>Product</th>
<th>CAGR (Spending value) 2016 - 2022</th>
<th>2022 Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food and non-alcoholic beverages</td>
<td>6.0%</td>
<td>68%</td>
</tr>
<tr>
<td>Health goods and medical services</td>
<td>5.5%</td>
<td>8%</td>
</tr>
<tr>
<td>Clothing and footwear</td>
<td>6.0%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Spending on non F&B products grows at the same pace as F&B
- Improved living standards enable Vietnamese consumers to spend more on goods that are essential for staying healthy as well as improving personal appearance

BUSINESS IN THOSE POTENTIAL PRODUCTS WILL LIKELY BE FRUITFUL FOR SWEDISH COMPANIES

SOURCE: EUROMONITOR, BUSINESS SWEDEN ANALYSIS
In addition to higher income that enables consumers to take high-quality foods, there is better awareness of healthy living that drives demand for clean/organic foods.

Healthy foods for babies and infants drive demands for organic products, especially when food scandals are widespread and more threads from genetically modified food.

Mid-lifers and late-lifers (age 45+) accounts for nearly 1/3 of total population. Life expectancy is longer as a result of higher living standard.

Rising demand for self-care medical devices to closely and easily monitor personal health.

Food supplements for the elderly are also on the surge.

Clothing and footwear are among categories that local consumers indicate a strong preference for domestically produced products over those manufactured in China.

Local designers and Made-in-Vietnam shops are gaining wide acceptance.

Mango, Uniqlo, GAP are among many foreign brands that have factories in Vietnam. Those are also favourite brands of Vietnamese consumers.
E-COMMERCE & MODERN RETAIL ARE GROWING WHILE LOCAL PRODUCTS BECOMING MORE ACCEPTABLE

KEY TRENDS WITHIN THE VIETNAMESE RETAIL SECTOR

1. Consumers find fulfillment and a sense of accomplishment through their shared experiences.
   - Products that relate to those experiences are successful.

2. Good nutrition is important when buying baby food.
   - Organic & all-natural foods are also an important purchase consideration.

3. Young generation expressing individualism.
   - Use of social media to build network and express identity.

4. Westernization in younger generation.

5. Urbanization drives modern retail growth.

6. Increased internet usage drives e-commerce.

- 48% of the population currently uses internet.
- 74% of internet users are 15 – 34 years old.
- Double urban population between 2009 – 2020, to 35 mn ppl.
- People in urban areas switching from shopping in the wet markets to modern retail channels.
- Government’s campaign “Vietnamese consume Vietnamese’s products”.
- Chinese products’ scandal driving local consumers to switch local products.
VARIOUS DEMOGRAPHIC FACTORS IMPACT THE VIETNAMESE RETAIL MARKET

FACTS ABOUT VIETNAM’S DEMOGRAPHICS

- **Current young population**: (60% of the population being below 35) but starting to age
- **Rapid urbanisation**: From 2010 to 2020, the population in urban areas will increase by 35%. By 2020, the urban population will reach 35 million
- **GDP per capita**: is still quite low compared to neighboring countries (22% of Malaysia's 37% of Thailand’s)
- **Non-discretionary spending**: is growing faster than discretionary spending, driven by F&B
- **Middle class & rich segment**: is growing by 88% between 2010 – 2020, Southern Vietnam is wealthier than the north
- **Expenditure and spending patterns**: differ depending on urban/rural areas

**Source**: BUSINESS SWEDEN ANALYSIS
VIETNAM HAS A YOUNG POPULATION WHICH IS GRADUALLY URBANIZING

VIETNAM’S AGE DISTRIBUTION AND URBANIZATION

- Vietnam has a young population, but as birth rate slows, it’s expected to gradually age
- Young population is receptive to western lifestyles and brands, the ageing population in combination with westernized lifestyles is expected to lead to increase in demand for elderly care and health care products and services

The growing population in urban areas, along with infrastructure constraints, and changing lifestyle patterns as more people move to cities, is likely to be a major driver for the growth of modern retail and e-commerce solutions

SOURCE: EUROMONITOR, VIETNAM GENERAL STATISTICS OFFICE
THE PURCHASE BEHAVIOUR VARIES BETWEEN NORTH AND SOUTH VIETNAM AND URBAN & RURAL AREAS

6 MAJOR CITIES IN VIETNAM

- Hanoi
- Hai Phong
- Danang
- Nha Trang
- HCMC
- Can Tho

- 22% population live in 6 major cities
- Retail expenditure of 6 biggest cities account for over 42% of the country

- Brand loyal
- Passionate about luxury brands
- Open to new products
- Embrace change
- Rely on recommendations from retailers & commercials
- Less educated

SOUTHERN VIETNAM IS A PREFERRED POINT OF ENTRY FOR NEW BRANDS AND PRODUCT LAUNCHES

SOURCE: CITIES’ STATISTICS OFFICE
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Vietnamese consumers are very keen on and well demanding for international brands.

**Import Value of Home Décor and Furniture, MN Euro**

- **CAGR 11 – 15: 14.4%**
- **CAGR 11 – 15: 40.9%**

<table>
<thead>
<tr>
<th>Year</th>
<th>Home decor</th>
<th>Home furniture (wood and wooden products)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>620</td>
<td>240</td>
</tr>
<tr>
<td>2012</td>
<td>632</td>
<td>193</td>
</tr>
<tr>
<td>2013</td>
<td>777</td>
<td>247</td>
</tr>
<tr>
<td>2014</td>
<td>928</td>
<td>301</td>
</tr>
<tr>
<td>2015</td>
<td>1214</td>
<td>1187</td>
</tr>
</tbody>
</table>

**Example International Apparel, Footwear and Accessory Brands with Stores in Vietnam**

- Mango
- Zara
- Pull & Bear
- H&M
- Charles & Keith
- Nine West
- Daniel Wellington
- Uniqlo
- Forever 21

**New Brands Coming to Vietnam**

"Vietnam ranked 3rd in the world in terms of the number of consumers who are keen on using branded premium products" - Nielsen

"There are about 200 foreign fashion brands in Vietnam, accounting about 60% market share" – Vietnam Association of Retailers
THERE IS AN INCREASING DEMAND FOR SAFE FOOD & BABY NUTRITION PRODUCTS

SALES OF BABY FOOD, MILLION USD

<table>
<thead>
<tr>
<th>Year</th>
<th>Milk formula</th>
<th>Dried baby food</th>
<th>Other baby food</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>1166.8</td>
<td>82.8</td>
<td>7.5</td>
</tr>
<tr>
<td>2017</td>
<td>1194.6</td>
<td>96.6</td>
<td>8.1</td>
</tr>
<tr>
<td>2018</td>
<td>1213.8</td>
<td>111.7</td>
<td>8.7</td>
</tr>
<tr>
<td>2019</td>
<td>1238.4</td>
<td>126.8</td>
<td>9.4</td>
</tr>
<tr>
<td>2020</td>
<td>1264.5</td>
<td>241.6</td>
<td>10.0</td>
</tr>
<tr>
<td>2021</td>
<td>1288.6</td>
<td>256.0</td>
<td>10.7</td>
</tr>
</tbody>
</table>

CAGR
- Milk formula: 2%
- Dried baby food: 7%
- Other baby food: 8%

COMMENTS
- Given rising living standards, children are those who receive the best care in every household
- Baby products, especially baby food is growing strongly
- Demand for milk formula, especially growing-up milk and imported brands are in high demand
- Modern life makes parents to have less time spent for cooking. Consequently, consumption of dried baby foods is expected to surge.
  - HiPP and HENZ for baby are becoming very well-known in this segment
- Imported baby foods, especially those are from Western countries are widely perceived as having premium quality
- Wide spread of scandals relating to imported food from China and of genetically modified foods urged families to seek for products from the US, Europe and Australia
- Western imported baby products in other categories are also on the rise

SOURCE: EUROMONITOR, BUSINESS SWEDEN’S ANALYSIS
AS THE RETAIL INDUSTRY IS GROWING, NEW STORES ARE GRADUALLY OPENING

NEW RETAIL STORES TO OPEN:

31,000 retail stores to open between 2015 - 2020

COMMENTS

- Around 31,000 retail stores will open between 2015 and 2020
- Majority of outlets are for grocery retail but non-grocery stores are growing strongly
  - Apparel & footwear and electronics & appliance stores have the fastest growth

NEW STORE OPENINGS PRESENT OPPORTUNITIES FOR SWEDISH RETAIL SOLUTIONS PROVIDERS

SOURCE: EUROMONITOR, BUSINESS SWEDEN'S ANALYSIS
OPPORTUNITIES EXIST FOR VARIOUS SWEDISH COMPANIES WHO OFFER RETAIL SOLUTIONS
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BEST PRACTICES FOR CONSUMER GOODS BUSINESS IN VIETNAM

- **Localisation and customization**
  - Local manufacturing: Foreign products are always perceived to have high quality and favoured by Vietnamese. However, in order to reach the mass of customers, product price needs to be locally adjusted. One way is to have production takes place in Vietnam
  - Made-in-Vietnam products have gained more interest from local consumers in recent years
  - Tailoring products and sales efforts by income groups and region due to different behaviours and habits

- **Be prepared for long-term investment**
  - Vietnamese consumer market is still immature, especially the retail channel. Thus it will be a matter of time and effort to penetrate the market
  - Consumers, especially those in the North tend to be reluctant to new products. It takes time to approach new customers

- **Extensive market engagement**
  - Invest in distribution and educating distributors: Strong distribution strategy is essential given poor the habit of using traditional trade channel with a huge number of mom and pop stores. For those companies that do not have office in Vietnam, having experience distributors with large network to deal with local activities (e.g. distribution, marketing) is critical to succeed
  - Diverse product portfolio also helps to quickly penetrate the market

- **Investment in people**
  - To succeed, it is essential to have well-educated resources. Such resources are not available without careful training and investment. Furthermore, qualified resources are usually quite expensive in terms of salary. It is however well-worth investing in such executives, as staff with lower qualification may be expensive in the long run in terms of missed opportunities and potential risks.

SOURCE: BUSINESS SWEDEN'S ANALYSIS
UMA HAS GROWN FROM A SMALL BUSINESS TO A WELL KNOWN WESTERN STYLE FURNITURE RETAILER

PROFILE OF BUSINESS

- **Type of business:** Vietnamese company
- **Founders:** 2 Swedish and 1 Vietnamese
- **Establishment year:** 2006
- **Network:** 15 stores (9 in Hanoi & 6 in HCMC)
- **Channel:** Store and online

DESCRIPTION OF THE CASE

- Offering furniture, home decoration products and design services
- Design studio for the brand in Vietnam
- Grown quickly with 15 stores after 10 years of establishment, far exceeding its competitors like Nha Xinh
- Successful in generating a rather high-end brand image at affordable price to local customers

KEY SUCCESS FACTORS

1. **Western style and standard**
   - Western style furniture has been much in demand by expatriates and young Vietnamese
   - UMA entered the market very soon and at the right time offering the right products that were still rare at that time

2. **Local price**
   - 85% of products are produced by local manufacturers using Swedish designs and following quality standards. This helps reduce product price and thus can target a wide range of customers

3. **IKEA experience**
   - As IKEA has not yet officially been in Vietnam, UMA’s replication of IKEA’s business has successfully attracted urban Vietnamese people, especially young generations and those who studied abroad by whom IKEA is very well-known

OFFERING TRENDY PRODUCTS AT AFFORDABLY LOCAL PRICE SEEM TO BE PRACTICALLY FRUITFUL
A NORWEGIAN PAINT MANUFACTURER WENT FROM 1 TO 20 MUSD IN TURNOVER IN THREE YEARS

PROFILE OF BUSINESS

- **Type of business:** 100% foreign-owned company
- **Total investment:** MUSD 16,1
- **Establishment year:** 1998
- **Offices:** Hanoi, Hai Phong, Da Nang, Binh Duong
- **Sales:** MUSD 8 (2015), MUSD 12 (as of Jul 2016)
- **Factory:** Binh Duong Province
- **Capacity:** 25 million litre/year

DESCRIPTION OF THE CASE

- **Revenue:** MUSD20 2016 (e.)
- **Local general manager substituted by foreigner in 2013**
- **New factory in 2 years to expand production**

KEY SUCCESS FACTORS

1. **Management**
   - International management resources
   - Hard to find suitable local managers with suitable skills, qualifications & ethics

2. **Logistics/distribution**
   - Strong and clear logistics/distribution strategy is essential given poor infrastructure
   - Slow goods transportation to be expected

3. **Brand awareness**
   - Worth investing to educate clients
   - Vietnamese people’s purchasing decisions tends to be based on brand familiarity

4. **Dealer and staff training**
   - Invest in dealer/distributor and staff training
   - Training both in basics as well as technical knowledge of product may be needed
   - Incentives should be provided

INTERNATIONAL MANAGEMENT SKILLS, WELL-TRAINED LOCAL STAFF/DISTRIBUTORS CRITICAL FOR SUCCESS

SOURCE: BUSINESS SWEDEN'S INTERVIEW
ABBOTT IS THE LARGEST FOREIGN BABY FORMULA BRAND IN VIETNAM

PROFILE OF BUSINESS

- **Type of business:** Foreign company
- **Establishment year:** 1995
- **Nutrition product lines in Vietnam:** Baby formula (Similac, Pediasure, Grow), Adult formula (Ensure, Glucerna),
- **Sales:** MUSD 230 (2016) for baby formula

PERFORMANCE

<table>
<thead>
<tr>
<th>Year</th>
<th>Grow (Abbott)</th>
<th>Pediasure (Abbott)</th>
<th>Similac (Abbott)</th>
<th>Nutifood</th>
<th>Dielac (Vinamilk)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>2.8%</td>
<td>3.4%</td>
<td>3.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>5.6%</td>
<td>5.7%</td>
<td>7.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>16.8%</td>
<td>3.5%</td>
<td>5.7%</td>
<td></td>
<td>7.6%</td>
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<tr>
<td>2016</td>
<td>3.5%</td>
<td>5.7%</td>
<td>7.6%</td>
<td>9.3%</td>
<td>21.2%</td>
</tr>
</tbody>
</table>

LARGE DISTRIBUTION NETWORK AND STRONG DURABLE PR/AD HELP ABBOTT MAINTAIN COMPETITIVENESS

- Abbott acquired 3A distribution company in 2012 to leverage this company’s resource of more than 2,100 sales staff, aiming at strengthening its presence in Vietnam
- 3A had been Abbott’s exclusive distributor for 18 years before the acquisition, responsible for distributing and marketing
- Abbott Fund has donated more than 10.2 MUSD for various social programs relating to nutrition and healthcare in Hanoi, HCMC and other provinces
- In return, Abbott pays much less on advertisement compared with its peers
- Besides baby formula, Abbott also offers adult formula for elderly people and pregnant women that its peers have introduced much later

**SOURCE:** EUROMONITOR, BUSINESS SWEDEN
SANOFI IS PERCEIVED AS OFFERING INTERNATIONAL QUALITY DRUGS AT LOCAL PRICE

PROFILE OF BUSINESS

- **Type of business:** 100% foreign-owned company
- **Initial investment:** 96 BVND (~4.3 MUSD)
- **Establishment year:** 1994
- **Offices:** Hanoi, HCMC
- **Sales:** 85.8 MUSD (2013)
- **Factory:** 3 factories in HCMC

DESCRIPTION OF THE CASE

- No. 1 player in the market
- Large product portfolio supplied by both imports and local production
- Targeting both key channels (i.e. hospitals and pharmacies)
- Locally produced products with foreign brand

KEY SUCCESS FACTORS

1. **Global brand with good price**
   - Many drugs are produced in Vietnam and are therefore cheaper than imported products whilst still being perceived as having the quality of imported/invented drugs. This gives Sanofi a competitive advantage in the local market

2. **Local manufacturing facility**
   - One of few multinational pharma companies having factory in Vietnam
   - The company keeps launching new drugs in Vietnam

3. **Diverse product portfolio**
   - In Vietnam, Sanofi offers a wide range of both OTC and prescription drugs, from consumer medicines to drugs for special treatment. This helps strengthen its competitiveness with local manufacturers who mainly produce OTC drugs

TAKING ADVANTAGE OF WESTERN BRAND IMAGE - HIGH QUALITY - DIVERSE AND ECONOMICAL OFFERINGS ARE KEY

SOURCE: BUSINESS SWEDEN
BUSINESS SWEDEN SUPPORT SWEDISH COMPANIES’ REVENUE GROWTH IN APAC

150 locally-anchored growth experts...
..with a well-spread footprint in APAC...
..driving growth for Swedish companies

15 Offices
20+ markets
150 Growth experts
500+ Projects performed yearly
50% Local team
95 Companies housed in our facilities

Companies who work with us perceive us as:

<table>
<thead>
<tr>
<th>MARKET EXPANSION</th>
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<tbody>
<tr>
<td>Market Entry</td>
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<tr>
<td>Market Growth</td>
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<td>Customer Segmentation</td>
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<td>Sales Channel Optimization</td>
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<td>M&amp;A and Alliances</td>
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<th>PUBLIC AFFAIRS</th>
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<tbody>
<tr>
<td>Market Access Strategy</td>
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<td>Stakeholder Analysis and Engagement</td>
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<td>Government-to-government business promotion</td>
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<tr>
<th>SALES ACCELERATION</th>
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<tbody>
<tr>
<td>Bus. Development &amp; Sales Execution</td>
</tr>
<tr>
<td>Partner Search &amp; Selection</td>
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<td>Sales &amp; Partner Management</td>
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<tr>
<td>Mega Deals (Tender Support)</td>
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<tr>
<th>BUSINESS INCUBATION &amp; OPERATIONS</th>
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<td>Establishment assessments and incorporation</td>
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<tr>
<td>Recruitment and Operational support</td>
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<tr>
<td>Office Space, Finance and HR Back Office</td>
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CONTACT US

BUSINESS SWEDEN IN VIETNAM

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