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## ASIA FOCUS : BY INVITATION

### Doing business successfully in Vietnam

***Learning the culture and insights into products can help steer new investors away from common pitfalls***

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As Thai businessmen continue to look at Vietnam as a destination to invest, experts warn that doing business in the country that is just opening up its doors can be a double-edged sword.

Doing it right means you have hit a jackpot but landing on the wrong footing can send shivers through your business. As one who has been involved with Vietnam for a long time, I am writing this as a piece of advice for all entrepreneurs who are looking at Vietnam as their investment destination.

Doing business in Vietnam can be easy or difficult, depending on the nature of your product, your business skills, and your awareness of its culture, working and consumption habits and laws.

Many factors need to be considered when looking into ways of starting and running a successful business in the country. Among the issues that have to be kept in mind are as the country's colonial past and consumer behaviours.

Vietnam was ruled for 1,128 years by China and occupied for another 85 years by France. Then, it engaged in a war with the United States for 18 years. The country managed to be reunited on April 30, 1975 and began opening itself to investment again in 1986 through the Doi Moi ("renovation") policy.

Know your strengths Among the key issues that need to be looked at, and one that any businessman should ask himself, is what the strengths or uniqueness of your product are and how best to market it.

Without this knowledge, competing with local products can prove to be an uphill task.

For instance, many Thai businessmen may have noticed that energy drinks such as Red Bull from Thailand sell exceptionally well in Vietnam, with high margins. But few know why.

The truth is Vietnamese consume energy drinks like soft drinks and, unlike in other countries including Thailand, there are no warnings of their dangers, such as the effects on pregnant women or of excessive daily consumption.

Energy drinks are so popular that the people there drink them first thing in the morning instead of coffee. Local companies are also aware of their huge potential but have failed to compete. Although their products are cheaper, the tastes and packaging do not appeal much to the Vietnamese.

Rush to get patents Patenting your products is vital in Vietnam. If you are slow in doing this, your product brand name and trademark might get copied and patented by someone else before you know it. If this happens, you will no longer be able to market your products. You might need to waste money and time talking local pirates into giving up the patent or you may even have to change the product brand name, which makes it more difficult to market your products.

You can contact the Thai Commerce Ministry directly to patent products or ask a consultant to do it on your behalf.

Although patented products are protected under Vietnamese law, the litigation process is rather costly. Product owners often take their own action to trace and seize pirated products.

Thai products pirated commonly in Vietnam include Tiffy cold pills and Red Bull energy drinks.

Their way is my way After more than 10 centuries under the Chinese rule, the Vietnamese have inherited various cultures and traditions from China.

Actually, the Vietnamese language has its origin in Chinese, which can be witnessed at ancient places. More than 60% of the Vietnamese language used today is old Han Chinese.

As well, Vietnam maintains its tradition of celebrating the New Year on the same day as that observed by China.

In the 17th century, a French missionary adopted a system of using Roman letters to mimic the sounds of the Vietnamese language for better communication with the local people.

Vietnamese respect Confucius and observe his teachings, which stress the importance of families and sons, and pay high respect to senior citizens.

Armed with this knowledge, a shrewd businessman will try to not only meet and visit his customer, but also pay respect to the senior members of his family on special occasions.

A final tip: colours regarded as auspicious to Vietnamese are red and bronze.

This is the first of the three-part series by Wittaya Supatanakul, Bangkok Bank Plc's adviser on Vietnam affairs. He was the general manager for Bangkok Bank's Ho Chi Minh City's branch before becoming the adviser on the bank's Vietnam strategy.

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