



Take Aim at the Right Targets

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Beginning in the 1970's, Asia came to be seen as a potential economic region, and foreign capital started flowing into Asia. The pioneers among these emerging Asian economies were known as the Four Asian Tigers: Singapore, South Korea, Hong Kong and Taiwan, in the early throes of industrialization.

Since then, other Asian tigers have been emerging and Vietnam is the latest "tiger" economy in which foreigners now wish to invest. Although Vietnam might be considered a "small tiger" as George W. Bush mentioned in the 2006 APEC Summit in Vietnam, it is growing fast (an average of 7% GDP growth for the last 5 years: Economist.com), so Vietnam will become a mature economy in the not so distant future, and FDI is flowing into the country at a brisk pace ever since Vietnam joined WTO.

In fact, there are already some productive foreign firms operating in Vietnam and a quick look at the 2008 Golden Dragon Awards 2008 (*Vietnam Economic Times*) for the most successful foreign firms in Vietnam includes many multinational firms that we are familiar with such as AIG, Cannon, Citi, Coca-cola, Ford, Honda, HSBC, JVC, Kimberly-Clark, KPMG, PWC, Manulife, Mercedes-Benz, Prudential, Samsung, Toshiba, Toyota and Unilever, etc.

Actually, there are many more foreign firms operating than just award-winning firms mentioned above and stiff competition is arising from fast-growing, major Vietnamese firms. Many sizable state-owned companies are now privatizing, and are becoming more competitive and "strategy-conscious" about sustainable growth in the "blue ocean" of Vietnamese markets.

What do these all facts imply for SECOR Asia? When opportunities abound, remembering to focus on the right segments is important.

Stories of successful foreign firms will attract even more foreign firms to Vietnam and the increased competition will force leading foreign firms to create new strategies, thereby teaching Vietnamese firms the importance of differentiated strategies.

It is always a huge challenge to build a new business in a new market: let's take aim at the right targets.