

Trung Tran  
**Promoting the export of textiles and garments to the  
Finnish market**

The case study of Vietnam textile and garment group

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## Thesis abstract

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Author: Trung Tran

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Recently, Finnish companies have been interested in the Vietnamese market due to stable quality and affordable prices. The purpose of the study is to explore the recent context of promoting textile exportation by Vinatex to the Finnish market. The author interviews Vinatex's managers to inquire into possible challenges and their trend in textile exportation to the Finnish market and the selection of secondary data. The author shows and analyses information relating to the Finnish market and the recent strategies of the firm in view of different opportunities and threats while coming to the market. Then, the author interviews managers to gather detailed information about the recent context of promoting the textile exportation of Vinatex to the Finnish market. Next, the author gives out solutions to enhance the efficiency of promotional measures taken by Vinatex to boost their export activities.

Keywords: Vietnamese textiles, Finnish textiles, textiles, garments

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## Abbreviations

OECD: Organization for Economic Co-operation and Development

VITAS: Vietnam Textile & Apparel Association

ISO: International Organization for Standardization

Vinatex: The Vietnam National Textile and Garment Group

US: United States

SWOT: Strengths, Weaknesses, Opportunities, and Threat

FOB: Freight On Board

WTO: World Trade Organization

ATC: Agreement on Textiles and clothing

PR: Public Relations

UK: United Kingdom

SEO: Search engine optimization

VND: Vietnam Dong

R&D: Research and Development

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# 1 INTRODUCTION

## 1.1 Background of study

The industry of garment and textiles today has played a significant part in Vietnamese economical situation in which its export revenue is in gradual increase nowadays in Europe particularly in Finland market. Following Vietnamese Custom statistics, Vietnamese garment exports kept the high exports ranking in the first 3 months of 2012, rising by 10.6% compared to last year's same time in which the exports volume to Finland market improved to 19%. By this impressive performance, Vietnamese garment and textiles makes the continuous conquer to the export turning point of 2.5 billion USD in 2012, achieving the target of the industry's highest ranking revenue of the nation. (Vietnam Textile and Apparel Association, 2012)

The market of Europe particularly Finland has been the large textile and garment importer of the world, serving as promising marketplace with high level of need. As stated by Finland Department of Foreign Affairs in its report, the Finland textile and garment commodities consumption between 1989 and 1993 improved by 15%, reaching 88 billion USD. Then in 1994 the country's consumption kept the continuous increase of 10% compared to the same period in 1993. It is said that the Finland consumption now reaches around 205 billion US dollars. The nation stated to spend approximately 65 billion US dollars on importing commodities of textile and garment annually. The fact that Vietnam got the official access to the World Trade Organization (WTO) in 2006 positively affects Vietnamese export activity to Finland which is considered in more convenience thanks to the European discriminatory rule avoidance. Until now there is 5.4 billion dollar exports volume on average from Vietnam to Finland. Among the entire 65 billion US dollars of Finland textile and garment product import annually, Vietnam makes up about 5% ranking the second highest in garment export nations (Ministry for Foreign Affairs, 2012). Nev-



ertheless, in Finland market, the industry of Vietnamese garment has faced up with many rivals coming from other nations like India, China or Pakistan which share the similar duty ratio and plentiful material. Thus it is necessary for the Group to attach its importance on products' brand highly appreciated in terms of quality and production prestige. Moreover, European especially Finland customers always prefer something new and in impression, that is the reason why commodities of textile and garment wanting to earn the competitive advantage need to have regular alter in terms of style, material, color as well as pattern. In addition, it is significant to notice that Finland consumers prefer buying commodities on sale, resulting in the decrease of 60% in garment commodity price in about 10 years; therefore, the consumers here are likely to seek for products with high quality and low expense. Vietnam is nowadays regarded among the favorable marketplaces for Finland companies due to the appropriate price as well as sound quality. (Statistic of Finland, 2012)

Meanwhile Vietnamese Textile and garment group (Vinatex) which was established in 1995 acts as the core industry of national economy. Proposing tactics or growth, Vinatex included itself the production sector for building a developing industry of Vietnamese garment. In reality recently the Group has been in successful completeness of this task. In order to become among the regional and international leaders, Vinatex attempted to expand its operation specifically in the aspect of exports of textile and garment. Furthermore, in the duration of 16 years of growth, the Group has earned its domination locally then gradually assured its status in global marketplace. Among the potential markets, Europe especially Finland market often makes up the high density, becoming the potential target to promote this Group's export operations. (vinatex.com, 2012)

With all the targets above, the author chooses the research topic of *“Encouraging textiles and garment product export to Finland market – the case of Vietnamese group of textile and garment”* in order to seek for the suitable way to encourage the garment and textile product export to Finland market.

## 1.2 Research significance

Vinatex has played a significant part in the operation of export in Vietnam. As a result, this dissertation aims at analyzing the context of the Group export in Finland market which has been one of the Vietnam's biggest and most attractive market place. Depending upon the research results, the writer shall recommend several ways to encourage the Group exporting activity particularly and Vietnamese garment and textile industry generally.

The Garment and Textile industry is considered to be the significant earnings generator for the economy. It plays a critical part in the country export drive, in particular in the WTO integration process. Moreover, the sector is seen as one of the leading industries following a broad-based export-oriented development strategy. The development of garment and textile sector has an impact on Vinatex's productivity and performance. In spite of being a late-comer than the textile industry, the garment sub-sector has gained much more successes than its counterpart during recent years. The last decade experienced a contradictory picture between these two sub-sectors. According to the General Statistics and Customs (2007), within the last ten years, the average growth rate of the garment sub-sector was 14.5 percent higher than that of textile area. The difference of the development between the two sub-sectors has a negative impact on garment manufacturing firms: 70 percent of the materials and accessories are imported for garment production.

Vietnam garment products have been credited and favored by consumers worldwide. There has been a dramatic rise in the industry's export turnover from less than USD 1.89 billion in 2000 to about USD 7.5 billion in 2007 and estimate to reach USD 9.5 billion in 2008. According to Just Style.com (2007), the export growth has been strongly stipulated since 2000. It could be seen through the industry's growth rate of 40 percent and 33 percent in 2002 and 2003 respectively. This rate has stipulated Vinatex's average growth level by 15-17 percent annually.

Moreover, Vinatex contributes itself in job generation. It currently employs more than 120,000 workers, accounting for 5 percent of the total employment in the garment and textile industry. The average salary of VND 1.7 million (approximately USD 110) per month, 5 percent higher than that of 2006 (Vinatex, 2006). According to Vinatex (2007), the number of employees is likely to double in the next five years, which promises the high potential job creation. Together with garment and textile area, Vinatex has developed a variety of service sectors, such as real estate, financial investment, education, logistics and supermarket chains nation-wide. The expansion of operations ranges is a positive motivator to improve the number of total employees and solve unemployment problem in the society.

### **1.3 The aim and objectives of study**

The dissertation aims at examining the context of garment and textile export operation of Vietnam with the case study of Vinatex, from that understanding Finland market so as to provide suggestions for developing textile and garment export activity into Finland market in the future.

In order to gain the study's aim, there are 3 research questions as follows:

1. What are considered the promoting channels and instruments used by Vinatex in Finland market?
2. How is the promotion channels and instruments' efficiency used by Vinatex in Finland market?
3. What are the measures to encourage textile and garment export activity in Finland market?

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## **1.5 The study structure**

**Chapter 1 – Introduction** gives information on the fundamental industry of textile and garment, indicating the significance of Vinatex in the Finland market. Moreover, the chapter mentions study's targets, questions along with significance.

**Chapter 2 - Literature review** provides several concepts on encouragement including major background of encouragement instruments as well as the elements having effects on global marketing encouragement.

**Chapter 3 – Finnish textile industry** gives general information on the Finnish textile industry, characteristics of its market, and other information relating to rule and legislation.

**Chapter 4 - Research methodology** shall offer the study's tactics, design as well as paradigm. Furthermore, way of data gathering, model for collecting data and ethical concerns are referred in this part.

**Chapter 4 - Case study results – Vietnam textile and garment group** stresses the critical analysis on elements having influence in Vinatex operation of textile and garment export to Finland and its exporting context. In addition, the SWOT matrix shall be applied to recommend the methods for promoting the Group exports.

**Chapter 5 - Conclusions and recommendation** supplies summary on Vinatex operation, offering suggestions of promoting the export activity of Vietnamese textile and garment commodities into Finland market.

Generally this chapter provides the background knowledge and the significance of the thesis topic, along with the objectives as well as study structure, contributing readers with the initial introduction about the research, and then other chapters below shall give deeper study on this topic.

## **2 LITERATURE REVIEW**

Researching products will make companies to understand the importance of advertising the life cycle of product. This will support the budget for the campaign. Additionally, researching products also help enterprises create a fact advertising message.

Market study: each region of market will have different customs, languages, etc, so an advertising program can be suitable for this market, but cannot be successful in other markets, if this program is not enhanced accordingly.

Customer study: This component is really crucial because the clients are who make the decision to purchase or not purchase this product. Furthermore, to get all of information about the clients' needs, the advertising has to study the habit of clients in receiving information relating to products and their reaction to the advertising program. According to (Kotler & Keller, 2009, 538- 539), activities of advertising conducted efficiently will be an efficient equipment to lead to success of business in the marketplace.

### **2.1 Promotion mix**

#### **2.1.1 The definition of promotion-mix**

Commercial promotion is considered the operation to encourage the company's commodities sale in the marketplace generally and targeted market particularly. The promotion aims at selling all the enterprises-created commodities in the marketplace context of competition.

According to Armstrong& Kotler (2005, 399), the total marketing communication mix of a company tremendously affects the firm's activity, serving as the important role inserted to the manufacture which uses promotion-mix's tool to pursue company's advertising and marketing goals.

### 2.1.2 Major promotion-mix elements

According to Armstrong & Kotler, (2005, 399) trading encouragement operations aims at communicating with consumers to announce, convince and make them remember the enterprise's goods and brand. As a result, companies have to employ tactics for promoting so as to achieve their aims, involving several elements which are advertisement, public relations (PR), personal selling, fairs and exhibitions and promoting sales.

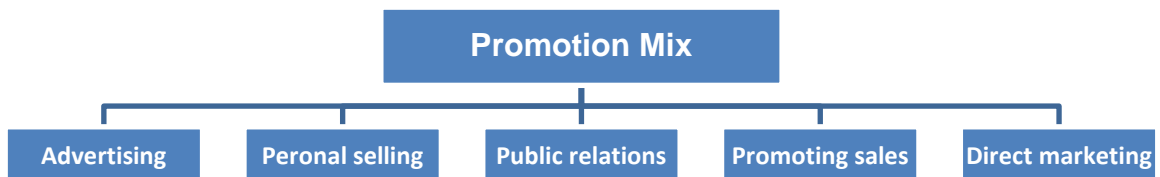


FIGURE 1: The elements of promotion mix

## 2.2 The elements of promotion mix

### 2.2.1 Advertising

To promote products and services consumption, enhance loyalty and consolidate market's competitive advantage, advertising activities are composed of actions of introducing and spreading company's goods and brand. Belch, (1995, 4).

According to Cateora,(2009, 464) advertisement acts as an instrument for marketing and enhancing sales, playing an important part in large number of enterprises, in which constitutes the most significant measurement of promoting in encouragement assistance methods. Furthermore, the products volume that enterprises sell will improve gradually thanks to advertisement. Generally it serves as a signifi-

cant tool to help companies to gain marketing's strategic aims including revenues, operation's power and safety.

Media outlet	Advantages	Disadvantages
Television	Wide geographic coverage;	High cost; brief message; limited segmentation
Radio	Repetition; flexibility; prestige	Brief message, highly segmented audience
Newspaper	Immediacy; low cost; flexibility; segmented audience, mobility	Limited life
Direct mail	Tailored to individual communities; ability to refer back to ads	High cost; consumer resistance; dependence on effective mailing list
Magazines	Selectivity; intensive coverage; speed; flexibility; opportunity to convey complete information, personalization	Flexibility is limited
Internet	Selectivity; quality image reproduction; long life; prestige; two-way communication; flexibility; link to self-directed entertainment	Poor image reproduction; limited scheduling options; difficult to measure effectiveness

TABLE 1: Comparison of advertising media (Kurtz, 2011, 540)

The fund raiser for promoting operations makes up a big percentage of marketing expenses and improves because of market's expansion. Walter Thompson (USA); Saatchi Garland Compton (UK), Young Rubicam, Dentsu (Japan) are considered among the biggest advertisement center worldwide. (Wikipedia, 2012)



It is clear that advertisement serves as communicating method of sending production information to consumers so as to direct and promote the service and product consumption. In order to establish the advertisement program, it is regarded vital to follow the following factors which are: setting advertising objectives, setting the advertising budget, developing advertising strategy and evaluating advertising campaigns. Armstrong & Kotler (2005, 408)

### **2.2.2 Public relationships**

Public relation involves activities have purpose of holding on the relation between the public classes and company via contacting directly and maintaining a routine basis with the system to receive the assistance of many public classes, to improve the repute and prestige of the company in the market. Belch (1995, 16)

Public relations of companies has many aims, consisting of propagandizing favorably for companies, making a beautiful picture for the enterprises and solving the bad stories, rumors spread in the society. Armstrong & Kotler (2005, 428)

It cannot deny that resolving the public relations plays a very crucial role in business activities of company. The public relations' nature is the relation between company and customers, sale teams, individuals and institutions that impact on the business activities of the firm. These activities' efficiency may be exposed directly or can develop in a long term. Albaum & Duerr (2005, 526-527)

The contact of business operations outside is various and has the below major forms: regular and irregular client conferences with the intermediate distribution (agent, retail and wholesale), visiting clients, holding on and contacting with companies or institutions and individuals that have social repute and power such as diplomats, politicians, athletes, artists, keeping good relations with the propaganda and media in order to improve the impact of the company. Belch (1995, 521-531)

### 2.2.3 Expo and Fair

These activities are significantly to appeal experts, companies and clients who concern the business sector of firm. This will create the capacity to link cooperation and business among manufactures, between manufactures with clients and distributors to build believable sale team. From these exhibition activities, companies can have opportunities to sign economic contracts to produce and consume products.

Moreover, companies also can evaluate the reputé of their products in the market, attitude and acceptance of clients to products of company. The main forms of exhibition activities consist of:

**Fairs:** Companies can engage in the domestic and international markets in two kinds: Specialized Fair and General fair.

General fair exhibits various products of industry or a group of industries. It is taken place periodically in a certain region. Through general fairs, companies have a big chance to appeal many classes of clients as well as to contact and sign valuable contracts.

Specialized fair exhibits many products of a certain field or group of field. The capacity for attracting in specialized fair is not much but it appeal specially companies to each area. For companies which need to gain results, it is necessary to focus on the stages including collecting products for display, choosing kinds of fairs, preparing the favorable for employees to reach the aim given.

**Digital economy's expo:** this expo can be taken place by general and specialized fairs. Companies participating in this activity aim to advertise and introduce commodities and services, study market and investigate the capacity of consuming commodities via signing contracts among developing career of sector.

Stores for introducing products: This type is opened by companies in order to advertise new products or traditional products to clients. It is applied popularly. To appeal clients, companies need to conduct the similar function at promoting sale

and advertising and open showrooms of products. Firms should concentrate on the position of art galleries and shops of commodities and other kinds of advertising, sale art and sale team to enhance the effectiveness of this activity. (Wikipedia, 2012)

#### **2.2.4 Personal selling**

Private selling is an equipment to promote directly trade with clients. Sale cost is expensive, usually utilized for valuable commodities or while wanting to have the belief of clients for products. For personal sales, it is important to train sale employees because they are the representations of companies. Staffs have to be trained comprehensively speech, gesture, dress, attitude, offering knowledge, introduction and ability of reacting quickly to bad situations. Sellers may make the message to be suitable for the needs, provide the advertising on time, which can affect the recipients' 5 senses. (Czinkota & Ronkainen, 2010, 586), (Armstrong & Kotler, 2005, 442-443)

According to Armstrong & Kotler (2005: 456-458), not most of sales utilize a same process. But generally, there are seven stages for the sales process to follow: prospecting and qualifying, preapproach, approach, presentation and demonstration, handling objections, closing, and follow-up.

**Prospecting and qualifying:** This is the first step of selling process which locates new customers often referred to as prospecting involves the search for and qualification of potential customers. The salesperson must follow those who may become customers and those who need the product or service.

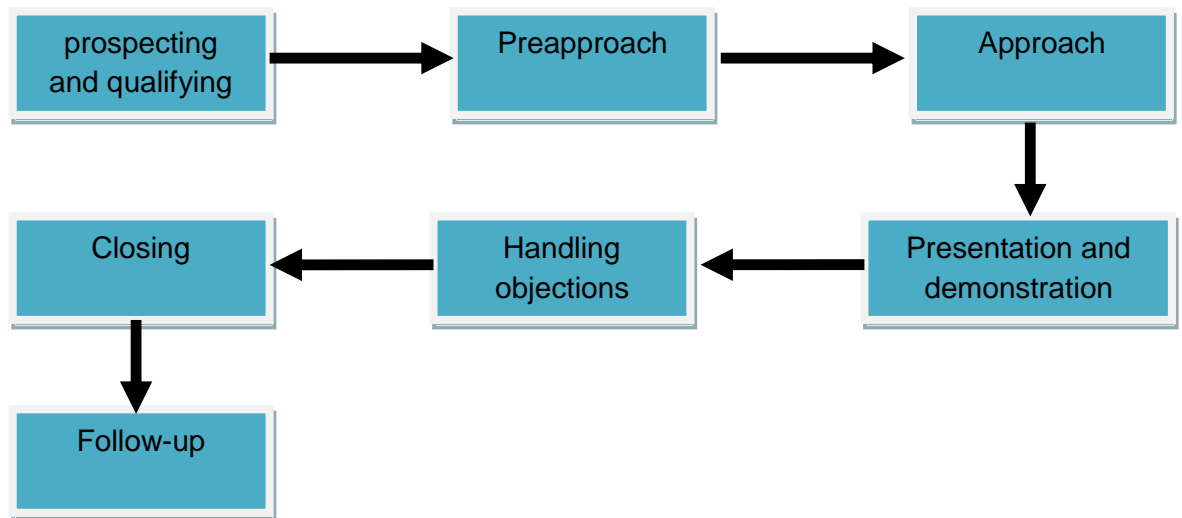


FIGURE 2: Major steps in effective selling (Armstrong & Kotler, 2005, 456)

**Preapproach:** At this stage, the salesperson should gather information on the prospect and then find the best way to approach him or her.

**Approach:** From this step the salesperson must start off the relationship with the customers by meeting and greeting them.

**Presentation and demonstration:** At this stage, the salesperson demonstrates the capabilities of the products and shows the buyer how the product solves the customer's problems.

**Handling objections:** At this stage, the salesperson gives a possible solution to solve the customer's problem or needs of the potential customer.

**Closing:** This is the most difficult task for salesperson buy getting the buyer's commitment. The salesperson should know how to indentify closing signals from the customer through customer's reaction.

**Follow-up:** At this stage, the salesperson needs to maintain customer loyalty, to ensure customer satisfaction and generating repeat sales. (Armstrong & Kotler, 2005, 456-457)

In modern marketing, to win the rivals, each company should select a correct and quick recommendation from the clients and market. The individual selling will support much because it provides favorable conditions for establishing direct relation between the purchasers and sellers to exchange information.

### 2.2.5 Promoting sales

The activities of promoting sale have an important role, present direct relationship between clients and companies. This is where shows the implement and marketing art of firms. Thus, the activities of promoting sale at sale place need to care and concentrate properly. (Czinkota & Ronkainen, 2010, 388-389)

According to Thelma (2007, 169) there are 3 types of sale promotion strategies which can define by: “push”, “pull” or a combine of the two

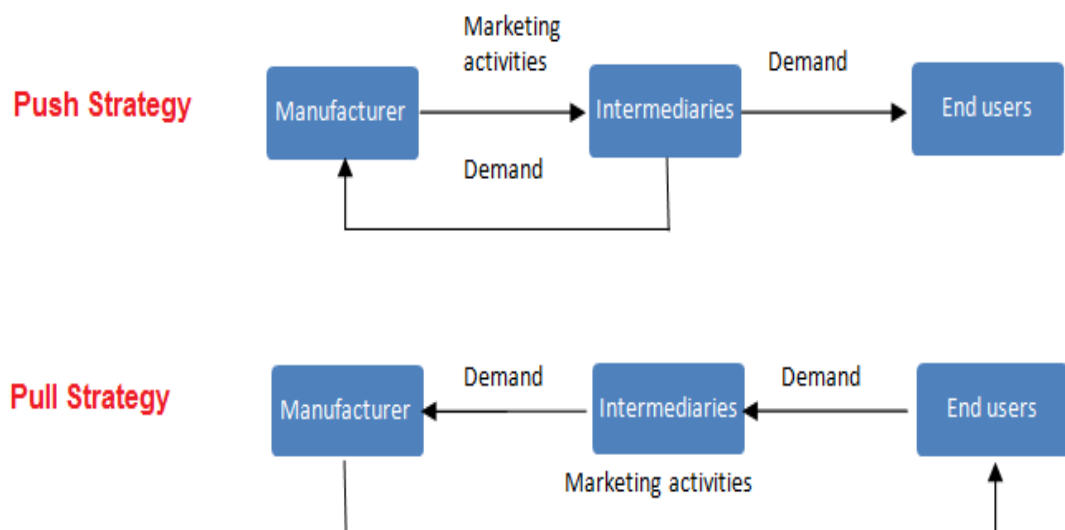


FIGURE 3: Push and pull promotional strategy (Thelma, 2007, 169)

A “push” strategies is used which comes from effort of promotions and personal selling by convinced trade intermediary channel member to push product to end-customer through distribution channels. The product is promoted through a reseller. Wholesalers/ retailers are persuaded to carry a brand, promote a brand in advertising, and/or push brand to final customers. These strategies mostly are used for low-end products. To achieve the objectives of this strategy there are typical tactics should be introduced such as: better offer, competitive prices and discounts.

A “pull” strategy is an effort to get buyers to pull the product from producer from the marketing channel. The marketing communication effort on consumers is focused to stimulate interest and demand for the product in their target market. This strategy is more appropriate for high-end products, of a special design, and need to have more expenditure on advertising than a push strategy. The objectives of this strategy are to encourage consumers to try a new product, keep them away from the competitors’ products and build consumer relationships. In this strategy samples, coupons, cash refunds and point-of- purchase are used. Thelma (2007, 169 -170)

At sale place, the below activities need to focus on:

### **Collecting positions to open shops**

Positions to open shops have to meet the inquiries such as convenience for transportation of commodities, having lots of clients and various trade activities to assure hygiene inquiries and cultural aesthetic, being consistent with the features of business commodities, being convenient for organizing the sale.

### **Displaying commodities**

This will affect the purchase of clients, so it needs the art. When exhibiting the commodities, it should ensure that it is easy to seek, collect, be appropriate with the features of every kind of commodities, promote purchase and be convenient.

Moreover, it is essential to arrange correctly the commodities when exhibiting to improve appeal and aesthetic value.

### **Decorating stores**

In order to design a comfortable space for store with plausible coordination, raise arts and attract clients, overall inquiries of the art furniture of the shop are creating favorable psychology for appealing clients, highlighting commodities, creating beautiful impression with clients. In addition, the coordinate light, color in shops, equipments in the layout of store, etc, also should be paid attention. Sale employee is the representation of the firms, thereby; companies need to focus on the collection of the sale and promotion of the art of sale. Sale staff's art react their awareness of the magnitude of the client, the business commodities and the market's particular situation.

Besides that, companies also utilize many techniques for promoting sales including gift, coupons, etc. These techniques are various and it can be adapted to every kind of characteristics of company and market.

### **2.2.6 Direct marketing**

The concept of direct marketing came out in the last century's the 90s and is utilized popularly in business to set up, develop and maintain relationships with clients via many channels including telephone, brochure or leaflet, referral, fax and selling directly via the Internet, radio and television.

Direct marketing is defined as the routine marketing communications' a system together with interaction of an amount of media in order to make the exchange reaction or transact positively from clients when are less constrained by time and space. Or it can be understand as the communication between object and subject as well as the exchange and interaction of information between purchasers and sellers. Therefore, it is easy for companies to assess the efficiency of their communication. There are many specific activities of communication to express direct

marketing to customers such as: order mail attracted by product list that may be collected and ordered, direct mail to advertise companies and products. The purpose of every direct marketing program is positive and direct reaction behavior of client to programs. Armstrong & Kotler (2005, 459), Czinkota & Ronkainen (2010, 388-389)

Direct marketing provides lots of benefits to companies and clients. For clients, direct marketing helps save time of shopping, provides various products to purchase for their new style, go beyond the space obstacles, purchase the most satisfied products without the participation in traffic in unfavorable conditions. For companies, direct marketing help to seek the fact orders for every item, obtain quickly information of clients; achieve the goal with better effectiveness of communication and lower cost. Otherwise, before the competition, it may assure the personal secret and the capacity to “invisible” strategy. The capacity to measure the reaction of the target clients is the direct marketing’s biggest advantage, thereby; supporting companies assess the efficiency of every direct marketing program. (Armstrong & Kotler, 2005, 459). The firm can inform the program to be successful or failure via suitable policies for every client group or product category and every market region. Last but not least, direct marketing helps to utilize most effectively resources, particularly being consistent for companies which must decrease structure, medium and small companies or firms belong to the separate market segments with specific market. (Belch, 1995, 4-6)

Nevertheless, there are some shortcomings of direct marketing involving inquiry of first investment for the database construction, the trained human sources and physical conditions with professional qualifications to meet the inquiries. Moreover, clients do not receive conditions in the direct marketing. Direct marketing also may not enhance effectiveness in the first stages but needs the time for clients to get used and adapt in the situation of markets consisting of most clients with daily purchasing behavior, purchasing at the market and only basing on their experience after utilizing products. (Belch, 1995, 457-459)



Direct marketing permits customize offerings, create ongoing relationship directly with customers, preserve privacy and constantly make adjustments for improvement in the response rates. Thelma, (2007, 204)

Examples of direct marketing are:

- Card deck advertising
- Direct response television advertising
- Catalogue marketing
- Direct mail

### **2.2.7 Internet marketing**

The Internet's explosion and electronic commerce's boom blurs gradually distance as well as geographical border of space in transactions of business. From that, there are many new chance of business opened for companies and individuals. (Chaffey, 2006)

Internet marketing belongs to marketing at low cost. These days, the information technology's development is applied for the companies, the number of Internet users is increased significantly in the whole of Vietnam as well as in the globe, infrastructure of the Internet is developing and access speed is also improved much. This will create lots of business chance for enterprises via the Internet. It can say that Internet marketing's application is no boundary. There are a narrow range existing between sales and business. Low cost and quick trade are two of the benefit of this form.

Utilizing Internet marketing may support company to seek and permit potential clients and recent clients in the domestic and international nations who like the service/ product. (Chaffey, 2006, 16). These advantages consist of appealing new potential clients in international markets, contacting recent clients and potential clients according to a cost-efficient method to increase reputability and credibility in the development, making a beautiful image of a firm, promoting services/ products fast

and economically, appealing partners and network management of partner and offering news as well as other vital documents of firm for media positioning.

Recently, lots of firms choose internet export channel (a vital channel of transactions consists of a big share in Finland market as well as over 40 other nations) to expand market and diversify business activities. Only with some simple studies, enterprises can seek easily information in relation to partners, potential clients and introduce their product.

According to Chaffey (2006, 373) tools of Internet marketing which export companies may utilize are:

### **Website**

If an export firm want to take benefit of demand of Internet users which is rising, its website has to be easy to utilize, easy to seek and easy to understand. Their sites should own a clear strategy in terms of content to appeal potential and recent clients, the media, partners and other relative parties to seek easily what they want.

English is business's language. However, it is convenient for potential and current clients in important target areas if they can understand the advantages of your service and products in their language. But a website translated merely into English is not sufficient. The website with local language should note the target users' cultural matters and reflect matters of each culture such as images and colors, how utilizing the website. The firm needs to maintain and update a site with several languages in full manpower and time. Albaum & Duerr (2005, 22-24)

### **Search engine optimization (SEO)**

It is vital for potential customers to seek you online. Google can use SEO campaign to optimize and Bing or Yahoo can do that if they look at website with many languages, search with combination at the localization process's the starting. For local SEO, it is not essential to translate the English search terms. In terms of local language websites, the IP address's location may also impact on the results of search. Chaffey (2006, 376)

### **Social media**

There are still controversies around social media's value for industrial and commercial firms. It surely operates in some regions of industrials, but it entails a sure mindset and the method of controlling what people say for companies.

### **Online marketing**

It is necessary to focus on copy laws or the basic design that are employed in the world although they are only a simple ads

### **Virtual Exhibition**

This is an interesting new method, promising to appeal easily audience in the world because it creates good initial impression. But the firm should evaluate highly the effort and time which are entailed to make a virtual event. The direct marketing's value at trade shows is usually ignored. This presents that the event will exchange valuable data and offer virtual network.

## **2.3 Components impacting multinational marketing promotion**

### **2.3.1 The differences in terms of language**

Language is the most important factor of communication of people, thereby; the multination firms need to focus on the difference of language in activities of promoting marketing. However, troubles from the differences of language cannot be resolved completely although there are language professionals. The reason is that the language is mainly the thinking and culture's guise, sometimes; different communities will have different culture and thinking.

Because of that, the multinational companies have lots of troubles in translating the name-brand of slogan, product, brochures and ads content into a foreign language. In the process of translation, the firm has to change the content's tone which may become a new content in many situations. An ads or slogan may create a high effectiveness in a language but it can have negative meaning or make the receivers feel uncomfortable in another different language. Because of that, a lot of firms identify the requirement in translation which is not only correct, but also to express the right idea of the hidden connotation in the content Belch (1995, 623-624). A typical instance of translating well is the Philips' slogan: "Let's make things better".

Another good instance is Gillette. The enterprise made the decision in changing product's name TracII into Gil because its study presents that "Trac" is "brittle" in the Roman original language. According to Rodney S. Mills - Gillette International's vice president. The reason for that change is that "we want to make our target customers - the men - know that Gillette's razor is extremely tough to beard but soft to the skin and not easily broken."

### **2.3.2 Differences of culture**

Culture is a complicated, deep and wide category; differences of culture between many cultures are various, so this segment only mentions several main differences, considers them as an instance for the multinational firms in the process of communication practices of marketing to develop and contact the most efficient communication programs. Isobel (1997, 350 - 352)

Examined the ways in which cultural differences challenge or disrupt managerial interactions in international markets and in which individuals and organizations can circumvent or overcome these challenges. National culture had a powerful influence on people's interpretations, understandings, and assessments of co-workers. Cultural values can affect decision making, managerial style, interpersonal trust, teamwork, and the role of women in the workplace. The

authors explore the values of power distance, uncertainty avoidance, individualism versus collectivism, and masculinity.

If any components which are utilized in ads including images, colors, words, sounds, actions, etc, are not researched carefully, they can cause the unanticipated adverse impacts. The reason is that these components are used in dissimilar methods by each culture Albaum & Duerr (2005, 109 - 114). For instance, Muslims' the white dress is referred as reverence and purity's a symbol, but it is usually utilized in the funeral by several other cultures.

Another example is that Chilean people only focus on price when purchasing coffee, but the Germans only concern the quality of coffee and ignore the price. This instance shows that consumption of a nation has development's different levels.

And the case of Amoco is a typical instance. This enterprise is delicate in the characteristics of taste perception and traditional symbol of the regional people. When the firm conducted the first ads for its products in 1982 in China, it undertook 7 different ads; every ad is to describe the product's certain aspect. Every ad used the Chinese people's favorite color such as yellow, strong red and purple because they know that purple symbolizes quality, red symbolizes life and yellow symbolizes the brilliance and glory in China. In addition, the moon image also utilized in two of seven ads by Amoco because the moon is concerned as good luck under Chinese people's opinion.

### **2.3.3 Differences of society**

Society and historical prejudices cause attitudes' differences to communication-promotion involving advertising, and it also effect to consumers buying behavior. Domestic's consumers differ to foreign consumers, and consumer in each country is not the same with every other country Albaum & Duerr (2005, 107 -108). For instance, most of European administrators evaluate highly efficiency of promotional activities but they also show deeply concern in relation to the impacts being able to make ads for values of society. The matter for the nation cannot be valid for

other nations. Clients in Norway and Germany like to analyze ads' the literary aspects than clients in Spain. It also indicates that more than average of people in Norway and Finland showed that ads is essential, meanwhile, less than average of French and of Danish also have the same idea. (Doing business in Europe, 2012)

#### **2.3.4 Difference of economy**

The conditions of economy affect importantly activities of communication. Standard of living, urbanization, industrialization and level of developing economy influence significantly the specific operational promotion-communication activity of the nation Albaum & Duerr (2005, 100 -101). For instance, media such as satellite TV, cable TV, the Internet, etc, is modern and various in many developing nations because of the economic development's dissimilar conditions and other causes including distributed market (specifically costs of communication may be more expensive than other nations). Families and individuals' discretionary income impacts on clients for its advertising and products. An amount of household and private products are referred as being common in some nations but may be referred as being luxury in other nations. Together with other multinational economic components, all of components indicated above need to focus on because they have the capacity to impact on the content and structure of the message of advertising and the communication's utilized means.

#### **2.3.5 Legal differences**

Local laws and regulations make lots of difficulties for promotion and communication activities, particularly the material's content, the media and practices of promotion-communication allowed. For instance, when entering the French market, Paytex had to face many troubles in promotion-communication activities because the law of this place does not allow selling and giving product samples at home. Therefore, the firm has to change promotion-communication strategy through im-

proving exhibition at the shop because here samples are permitted to donate. Albaum & Duerr (2005, 118 -119)

### **2.3.6 Competition's difference**

The competition of nation, region and globe impacts significantly on promotion-communication of the firm, in which particular concern's the competitive factors const of competition's stiff level, the competition's the scope and the main rivals competitive reaction strategies. According to Belch (1995, 698-699) competition's impacted aspects involve frequency; cost of communication's other mean, the way and form of conduction of the promotion-the communication mix strategy.

### 3 TEXTILE INDUSTRY IN FINLAND

#### 3.1 Finland's textile industry in general

The production of textiles in Finland is very small and mostly it comes from small or medium sized firms. In 2010, the production of textile and apparel in Finland was only 821 million Euros, was lowest compare with other countries in EU.

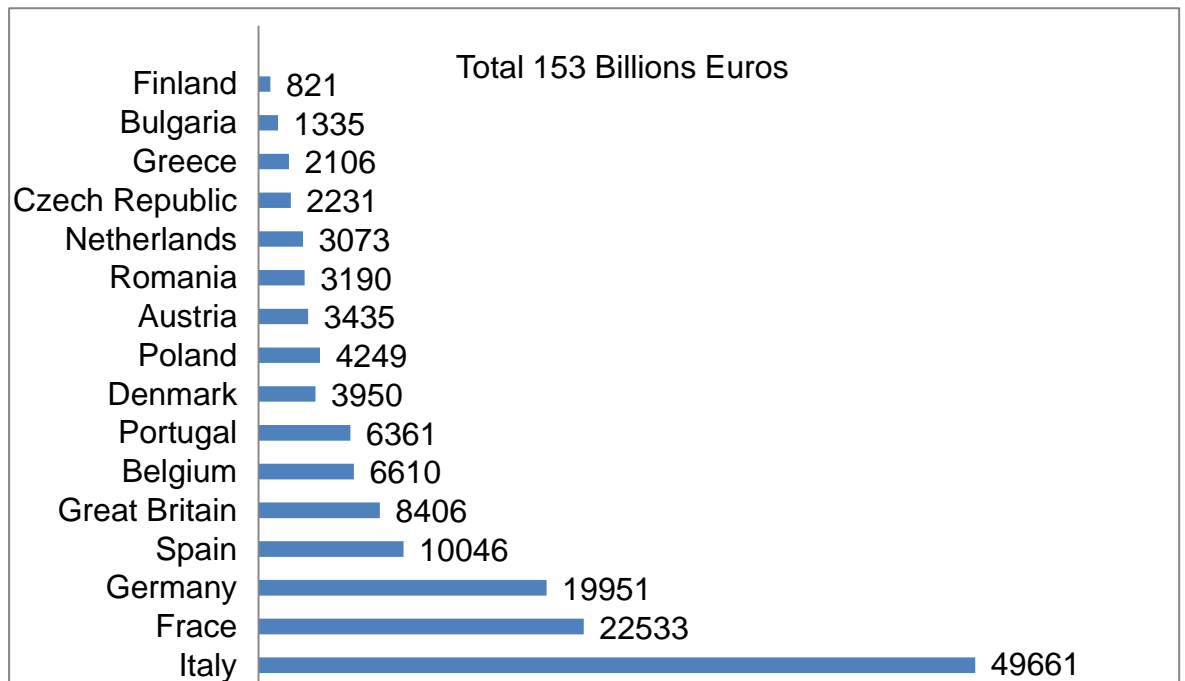


FIGURE 4: Production of textile and clothing in EU (million Euros), 2010

Source: Finatex/National Center of Statistics, 2010

Even the actual textile and apparel production is decreasing in Finland, but the turnover of the Finnish textile industry has grown continually during the past decades.



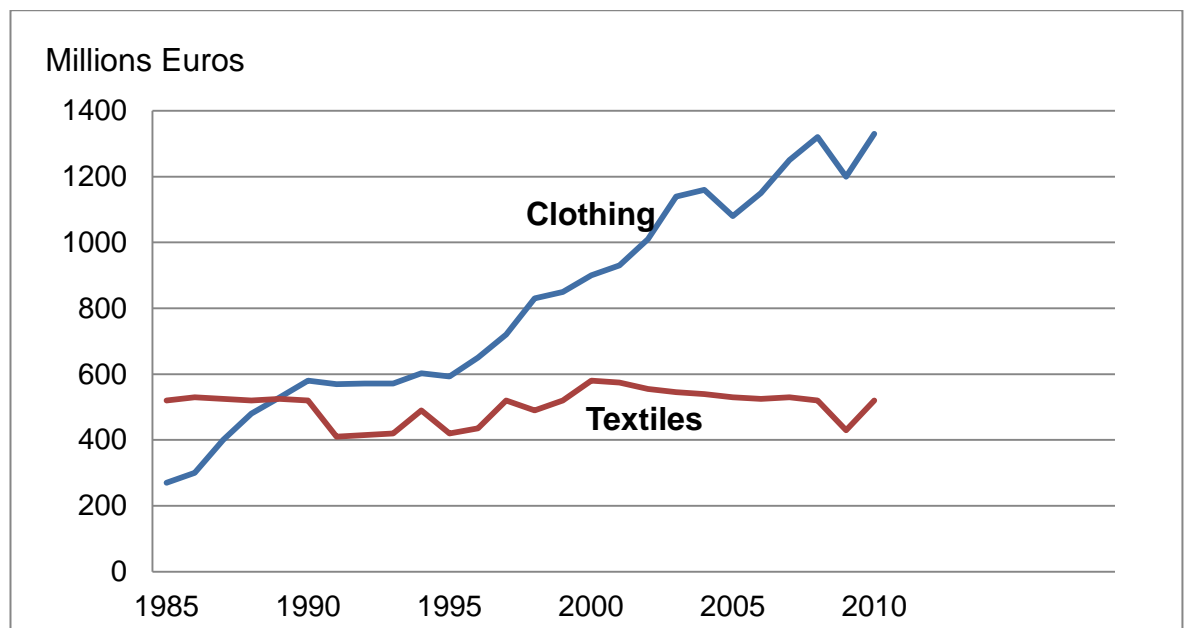


FIGURE 5: Import of textile and clothing (million Euros), 1985-2010

Source: Finatex/National Center of Statistics, 2010

Finnish clothing manufacturers have significant market shares in various types of outdoor clothing with very precise requirements. These include clothes for skiing, hiking, hunting and tobogganing. The industry concentrates in professional and work clothing that adds to safety and productivity, as well as daily fashion. The Finnish textile and clothing industry's products combine technical properties with elements of Nordic design and high commercial quality.

### 3.2 Characteristic of Finnish customers regarding textile.

**Climate:** Finland locates in northern Europe with huge changes in climate from season to season. With long and cold winter there is a big demand, very precise requirement of outdoor clothing. With this typical characteristic can big advantage for exporter of warm textile products. Moreover, exporter need to focus in professional and work clothing which adds to safety and productivity, along with daily fashion. (Website of Finn partnership, 2012)

**Quality:** Finns are used to high technology and high quality, and remember that existing competition. Therefore, the high commercial quality and properties of Nordic design need to be combined in the export products. Every product when entering Finland must have name of the country of origin in any official language, preferably Finnish and all products need to meet requirements for marking, labeling, and/or testing requirement. According to Custom and point of sale regulations require that all textile goods and readymade clothing have a Finnish label, name and contents of the product. (Website of Finatex, 2012)

**Style:** The product design should suit with its market and the manufacturers must take into consideration that the Finnish style can be totally different compared to the manufacturing country. It is recommendable to get used to with other competitor in the market and the products need to focus on its specific customer, segment (price, age, gender). (Website of Finn partnership, 2012)

**Size:** The sizes of products must match with Finnish sizes. Clothing sizes. There is recommendation that the foreign manufacturer cooperates closely with the Finnish importer and follows the guidelines and instructions of the importer in these matters. (Website of Finatex, 2012)

Finnish Standard Women's Sizes

Sizes	Chest	Waist	Hip
34	80	64	88
36	84	68	92
38	88	72	96
40	92	76	100
42	96	80	104
44	100	84	108
46	104	88	112
48	108	92	116
50	112	96	120
52	116	100	124
54	120	104	128
56	124	108	132
58	128	112	136
60	132	116	140

Finnish Standard Women's Sizes

Sizes	Chest	Waist	Hip	Crotch
46	92-96	78-83	96	81
48	96-100	83-88	100	82
50	100-104	88-93	104	83
52	104-108	93-98	108	84
54	108	98	112	85
56	112-116	103-108	116	86
58	116-120	108-113	120	87
60	120	113	124	88

TABLE 2: Finnish Standard size chart

Source: Finnish Business Partnership Programme, 2012

### 3.3 Suitable trade channels

In the Finnish Textile market, textile can be characterized as buyer's market. Textile products come from all over the world as well as manufactured in Finland. It covers with very wide range of choice from cheap to expensive products and to an average to high-income customer. Therefore, the exporter from foreign country, especially from developing country like Vietnam will have to go through Finnish

importer, purchasing agency, import wholesaler. It can not generally say stated which channel is the best.

**Retailer:** There are few largest retailers In the Finnish market for clothing and home textiles are: S-Group is a Finnish retailing organization, which has 22 regional cooperative all around Finland (Department stores Sokos and Prisma hypermarkets); Kesko is a Finnish multi-industry company, its main function which including trading goods and purchasing products (Anttila department stores and hypermarkets and Kodin Ykkönen K-Citymarket) and Stockman is a Finnish listed company which takes part in retail trade activities in Finland (Stockman department stores, Lindex and Seppälä fashion chains). Besides that in the Finnish clothing market there are many fashion chains like: Swedish chains H&M, KappAhl and Finnish Halonen, and Moda .Within home textiles the there are biggest and high reputation names are Marimekko and Finlayson. Furthermore, there are a lot of small shops in Finland which can also provide business opportunities. (Wikipedia, 2012)

**Purchasing Agents – importing companies:** companies come from developing countries can contact and trade directly to customers. But this will be difficult and require a lot of work o carry out this relationship. Providers from developing countries also can trade with agents or importing companies. This is traditional way and they still make very importance role in the trade of textiles and clothing. The commission agents can represent products from manufacturer or exporter to the buyer or potential customer. And with wide net of contacts and knowledge of the target market it will make the products enter into the market much easier. Most purchasing agents work on a 15% percent commission based on FOB prices. From the Finnish Foreign Trade Agents' Federation ([www.agenttiliitto.fi](http://www.agenttiliitto.fi)) foreign provider can find many agents work on textiles and clothing products. There are larger importers, wholesaler, and trading houses which belong to the Federation of Finnish Commerce ([www.kauppa.fi](http://www.kauppa.fi)). (Doing Business in Finland, 2012)

### 3.4 General legislation for Trade Promotion and Advertising in Finland

In EU the laws, there is the Directive, which against misleading advertisements, pressure selling and unfair advertising. To children there are certain rules on advertising also point out. The Directive is difference from one member state to another which was established to gain objective criteria regarding truth in advertising. Under the Directive, misleading advertising is defined as any "advertising which in any way, including its presentation, deceives or is likely to deceive the persons to whom it is addressed or whom it reaches and which, by reason of its deceptive nature, is likely to affect their economic behavior or which for those reasons, injures or is likely to injure a competitor.". Member state also can create own protection under its national laws. (Website of European commission, 2012)

The EU's Audiovisual Media Services Directive lays down legislation on broadcasting activities allowed within the EU, which is providing less detailed but more flexible regulation. And it modernizes TV advertising rules to better finance audiovisual content.

E.g.: Duration:

- Advertising and teleshopping spots may not take up more than 20% of any given hour of broadcasting time.
- Teleshopping windows must last at least 15 minutes and be clearly identifiable.

## **4 RESEARCH METHODOLOGY**

### **4.1 Strategy of research**

The author wants to concentrate on the case study that is Vietnam garment and textile group and gain this thesis's two objectives which are to examine the context of exporting garment and textile into the Finland market and mention the solution of promoting the exportation of garment and textile into the Finland market. On the authority of Eriksson & Kovalainen (2008, 115-116), case study was referred as a research of one instance of a specific kind. In this research, Vietnam garment and textile group plays crucial role in Vietnamese industry's development which needs to concentrate on and develop in the future.

In the research, qualitative approach is utilized in order to prove the empirical research. According to Yvonne (2006, 58-59), qualitative approach is a strategy of research which underlines more words than numerical data and generates theories out of collecting data. Furthermore, qualitative method is described by Bryman & Bell (2007) as the study tactic that emphasize words more than statistic figure as well as delivering concepts out of collecting data. The author would utilize semi-structure interview together with open questions to get more particular information relating to textile export promotion of Vinatex into the Finland market, detailed efficiency of the recent promotion equipments of the firm at the Finland market, from which to give solutions to enhance these equipments' performance. In general, the above two methods shall make the study gain the thoroughly deep analysis into the situation of promoting the export of textile and garment products of Vinatex to Finland market.

### **4.2 Research design and paradigm**

The research design concentrates only on the problem of research. It helps the author to follow a tight process in data collection and analysis Saunders, Lewis &

Thornhill (2009, 136-138). In the research, the author utilizes case study to look for the questions of research. A case study's first benefit is that it gives much more particular data than what is available via other approaches, for instance surveys. Case studies also permit one to show information gathered from multiple approaches (for example, interviews, surveys, observation and document review) to give the comprehensive story. In the research, the author utilizes the design of case study to gather the particular data in relation to the external and internal environment of business, from which the author analyzes Vinatex's SWOT in the Finland market and proposes the solutions of promoting importations and exportations of Vinatex. Moreover, case study is considered the research of example or certain kind of event. As stated by Bryman & Bell (2007), case study involves analyzing a sole example in a detail and intensive way like a sole enterprise, a sole place, an individual or a sole circumstance. Generally, case study is related to the deep examination of a sole example; therefore, it matches with the previously stated objectives of the study.

### **4.3 Data collection**

In order to gain the research objectives, primary and secondary data are utilized in this research.

According to Saunders, Lewis & Thornhill (2009, 136-138), secondary data are data gathered and recorded by someone else prior to (and for purposes other than) the current needs of the researchers. Secondary data usually historical, already assembled, and do not require. The author will select the secondary data from many sources of information such as Vietnam garment and textile group, Vietnam-Department of foreign Affairs, VCCI and earlier research. Moreover, the Internet can be the helpful tools for seeking valuable data, for instance, there are various websites to seek information about garment and textile industry such as: [www.vietnamtrade.gov.vn](http://www.vietnamtrade.gov.vn), [www.viendetmay.org.vn](http://www.viendetmay.org.vn), [www.vinatex.com.vn](http://www.vinatex.com.vn).

Besides that, utilizing information from secondary data has both benefit and shortcoming. According to some independent pieces of study which have been conducted, the strong benefit of secondary data is to save lots of money and time. Additionally, the secondary data also provides much the author the secret and sensitive information which the interviewees cannot support. Thus, the secondary data is essential for this research.

Nevertheless, there are some shortcomings of the secondary data. The data gathered for a specific aim cannot be suitable with objective of the author. Moreover, the research also cannot examine the primary data. Consequently, together with utilizing the secondary data, the author also seeks valuable information from primary data. Saunders, Lewis & Thornhill, (2009, 268-272)

Primary data will be selected through collecting information from two vice general managers who are in charge of Vinatex's specific business and affect strongly Vietnamese garment and textile industry due to their knowledge. In addition, the author will provide the questionnaires to interview Vinatex's five experts to gain their assessment and forecast in this industry. According to Saunders, Lewis & Thornhill, (2009, 320-321), the authors should use open-ended questions to ask participants in order to gather the data. Furthermore, the questions also should be prepared carefully to obtain the aim which is to seek the useful and exact information for this research.

In the research, because of the limitation of access of the researcher to the respondents and the topic's the professional knowledge, the authors undertake semi-structure interview to select the data.

#### **4.4 Framework for data analysis**

The thesis has a purpose of seeking the recent context of promoting textile exportation of Vinatex into the Finland market. The author interviews Vinatex's managers to inquire the complications and their trend in exportation of textile into the Finland market as well as to collect secondary data. The author analyzes and indi-



cates information in relation to the Finland market and recent strategies of the firm to show its threats and chances when coming into the market. Next, the author interviews managers in order to select particular information about the recent context of promoting textile exportation of Vinatex into the Finland market. From that, the author provides the solutions in promoting efficiency of promotional equipments in Vinatex's textile exportation into the Finland market.

#### **4.5 Ethical issues**

On the authority of Yvonne (2006, 527-530), everyone should follow the ethics in order to assure that their relationship and behaviors with other ones do not impact negatively on research activities. In addition, ethical relates to all stages of study process, for example, seeking data sources, selecting data, analyzing data and reporting the results. All used data will be concerned in the detailed references to avoid the plagiarism. Several specific data will permitted by Vietnam garment and textile Group. Furthermore, the research will rely on believable sources that avoid any pressure.

## **5 RECENT CONTEXT OF PROMOTING EXPORTATION OF VINATEX**

### **5.1 The components impacting on Vinatex's exports to the Finland market**

#### **5.1.1 Multinational environment**

##### **Economic environment**

Finland is one of the most powerful economies in the EU in particular and the world in general. Finland took part in the European Union in 1995. From that, its growth rate has been one of the largest of OECD nations and it also leads national performance's various indicators. EU is the very powerful association where state members can gain many advantages in terms of goods movement and policy planning. For example, being the member of EU, state members' products can freely move to other countries in the organization to be traded, so do the enterprises. Additionally, even people themselves can go through other nations in EU without any difficulties to earn their jobs, making money or even settling down. Yet there exist some disadvantages when accessing EU as all the countries have the equal right in everything, so the competition among them is higher, the nation's goods and companies have to struggle to survive in this environment.

International trade of Finland is developing. It exports mainly electrical and optical equipment, chemicals. Especially, Finland is one of the highest nations of meteorological tools (weather stations, weather balloon launchers,) in the world. Besides that, Finland also has many thriving corporations such as Nokia, Stora Enso, and Neste Oil.

Meanwhile, Finland imports mainly foodstuffs, textile yarn, petroleum and petroleum products.

Together with USD, EUR is a strong currency in the world and it is quite stable.

Moreover, Finland's infrastructure systems, communication systems, transportation systems, have developed.

(CIA-The World Factbook, 2012)

These above favorable conditions will support the developing nations like Vietnam to have the chances to enter into Finland and increase multinational trade transactions for Finland.

### **Political Environment**

Finland is a parliamentary representative democratic republic with multi-parties. Finland's the President is the leading of state and can veto decisions of parliamentary.

In Finland, there are few tensions between the Swedish-speaking minority and the Finnish-speaking majority. However, in general, Finland also has a stable politics and help companies peace of mind when having economic relationship with Finland. The two cultures have been in harmony for long time, so contributing to the strong integrity in the community. This point is considered one of the most important elements that enable enterprises to invest or do business in Finland as the more stable the politics in the target market, the more consolidated the business' operation is.

(CIA-The World Factbook, 2012)

### **Legal environment**

Finland law includes various states which have dissimilar legal systems, thus, Finland's law is complicated. It is difficult for new nations entering the private market like Vietnam to understand Finland's law. The validity of Finland's law is high, so Vietnamese companies are very easy to violate but they do not know due to lack of the knowledge and experience.

(The World Bank, 2012)

### **Social environment**

Finland is the large market for consumption. The consumers of Finland are interested in shopping and most of their income is spent for consumer. This will stimulate domestic manufacture and import growth.

In terms of habit of Finland consumer, the Finland consumers like to purchase and believe in reputable distributor, system reseller because they ensure the quality of commodities and after-sale services. Hence, for new companies entering the Finland private market, they must choose the reputable distributor.

The Finland consumers are impacted much on the first impression for the product, so a product with a bad impression is very difficult to sell. Thus, it is very important to create the first impression for products.

(The World Bank, 2012)

### **Technological environment**

Finland is one of nations having modern technology in the world. Together with the development of the Internet in Finland, e-commerce is affecting increasingly domestics and international business transactions.

In an environment with high technology, modern Finland technology standards for imported products are also strict and it is a barrier for the commodities of Vietnam entering into the Finland market. In fact, the more modern the technology in Finland, the more the country requires for the exported goods from Vietnam which is in this case the products of Vinatex. The newly innovative technology brings about both advantages and disadvantages. Regarding the strong points, advanced technology makes Finland more easily check with the products' quality and also making it easy to goods trading in the EU in specific and in the world in general. About the weak points, modern technology creates barrier for Vinatex commodities as the nation enhances the products' quality and taxes that are considered a bit ob-

stacles for Vietnamese goods in general and Vinatex garment and textile products in specific.

(The World Bank, 2012)

### **5.1.2 Policies and Mechanisms of the State**

Together with policies to promote exports, garments and textiles are concerns as one of the important export fields of the nation. Thus, government makes favorable conditions such as credits, tax incentives, etc for developing the garment and textile industry. The special economic leverage is the bid in expanding relations of economy as well as supporting specific export extension for textile industry.

In 2007, Vietnam joined the World Trade Organization (WTO). This brings many opportunities to Vietnam in developing the economy, extending the world's view, learning from the larger nations, etc. In addition, when engaging in the WTO, the companies of economy are entitled to the same privileges as other nations. This will lead to fairer competition.

With a strong step, enterprises are integrating increasingly into regional economy in particular and in the world economy in general in order to seek chance to entering the multinational private market.

In current years, the agencies of government also support positively for companies to joining multinational private market, for instance, the export bonus, the export support fund's establishment, the preferential tax when they want to borrow capital to extend manufacture. Furthermore, oversea agencies of government also aid companies in the procedure's completion to establish a representative office to serve abroad, offer information relating to price, the private market, and social-economic features. (The General Statistics of Vietnam, 2011)

### **5.1.3 Competitors**

Mentioning rivals in the market when the company has its plan to export its products to global marketplace, there include both international competitors and local ones indeed.

#### **The international competitors**

In the Finland market, garment and textile of Vietnam has to face the growing fierce competition from the main garment and textile manufacturing nations in the area such as China, India, Cambodia, and Malaysia. It can say that China and India are two of main international competitors. Their products have advantages relating to price, quality and good form.

In terms of China, it is confirming increasingly its superpower status, impact on each nation and the world. Chinese products are various, cheap, beauty.

Meanwhile, because Vietnam engages in the market more slowly, so they do not have enough knowledge and experience about the Finland market. A shortcoming of Vietnamese garment and textile industry is that it cannot meet the demand concerning raw materials for manufacture. This leads to that the price of Vietnamese products is often higher than other rivals, specifically 7-10 % in comparison with China. Those are big component influencing the competition of Vietnamese commodities.

(The General Statistics of Vietnam, 2011)

#### **The domestic competitors**

Besides the above international opponents, the firm also has to suffer from competitive pressures from domestic companies. Recently, Vietnam has more than 190 textile companies, in which there are 70 sewing companies and 120 textile firms. Otherwise, there are over 800 limited firms, joint stock enterprises, and private businesses which operate in the textile field, in which over 200 firms exporting garment.

These above mass rivals prove the fierce competition between domestic companies with famous names such as May 10, An Phuoc garment, Viet Tien garment.

These enterprises mainly produce and trade garments with a relatively huge scale and their commodities are various, the price is competitive while their brands attract much attention and love of clients. Thereby, it can say that competitiveness is fiercer in comparison with overseas and domestic.

(Vietnam Textile & Apparel Association, 2012)

## **5.2 Vietnam garment and textile group's general information**

Vietnam textile and garment group (Vinatex) was set up on 29-4-1995 according to company state law. Vinatex is a corporation with the parent firm namely Vinatex, 120 subsidiaries and research offices, joint stock enterprises and training institution. Moreover, Vinatex also has its retailers, wholesalers as well as finance to assist for garment and textile industry. These days, Vinatex is the most competitive and the largest group in Vietnam with a number of industrial manufactures achieved 2 billion USD in 2011 consisted of closely 18% Vietnamese textile and garment industry's total exportation. The Group has over 130,000 employees with the medium wages being 3 million VND/ a month. Comparing between 1995 and 2011, the total industrial manufacture raised 5.6 times, the turnover of exportation increased 5.4 times, total sales fell up 6 times, the medium wages increased 5.4 times and total asset raised over 4 times. In addition, with the aim of being one of top ten largest Groups in the globe in 2015, Vinatex concentrates on creating the relationship with multinational partners and certain markets. In fact, Vinatex has trade relations with over 400 Groups from 65 nations. Nevertheless, Vietnam Garment and Textile Corporation faces difficulties in expanding and developing such as limitation of making strong brand, lack of human sources having good quality.

(Vietnam National Textile & Garment Group, 2012)

### 5.3 The context of exportation of Vietnam garment and textile group through the years

In a long period, Vinatex usually reaches the top position in the textile industry and gains the huge success in business activities, particularly in activities of exportation:

Year	Export turnover of Vinatex (million USD)	Turnover of garment and textile industry in Vietnam (million USD)	Export turnover of Vinatex/ total industry (%)
2008	452.8	7,780	5.82
2009	498.4	9,100	5.47
2010	1,639.1	9,090	18.03
2011	2,000.3	11,200	17.86

TABLE 3: The percent of exportation of Vinatex

Source: Vinatex's annual report, December 2011

The export turnover of Vinatex in 2008 was 452.8 million USD and in 2010 it achieved 1,639.1 million USD. This number of 2010 raised 261% comparing with 2008 and consisting of 18.03% turnover of Vietnam garment and textile industry. In 2011, the export turnover of Vinatex was 2000.3 million USD and this amount raised 22% comparing with 2010 and included 17.86% turnover of Vietnam garment and textile industry.

Thus, the export turnover of Vietnam rose 4.4 times from 2008 to 2011 and consisted of higher turnover. This leads to the important role of Vinatex in Vietnamese industry.



The category of exported commodities of Vinatex into international markets is diverse and concentrates on textile products such as socks, towels, etc, garment products including jackets, jeans, T-shirts, etc and other products involving threads, zippers, buttons.

Category	2009	2010	2011
Export turnover	452,8	1.639,1	2.000,3
Garment products	307,8	1.121,4	1370,2
Textile products	123,2	447.5	552,1
Mechanical products	1,95	3,26	4,81
Other products	19,85	66,94	73,19

TABLE 4: Export turnover of category of commodities of Vinatex (Unit: million USD)

Source: Vinatex technical department, 2011

The above table indicates that garment products' turnover consisted of 67% of total and raised more and more. Garment products exported in 2010 increased 293.6 % in comparison with 2009. This commodity in 2011 kept going up 22.1% comparing with 2010. The next is textile which included 27% and the turnover rose strongly over the years. The third is mechanical products which achieved 4.81 million USD in 2009 and rose 1.1.4 times achieved 4.81 million USD in 2011. Generally, most of exported commodities increased dramatically through the years. This proved Vinatex's the stable development.

## 5.4 The context of exportation of Vietnam garment and textile group into the Finland market

### 5.4.1 Vietnam garment and textile group's export turnover into the Finland market

The Finnish market is an attractive market for Vinatex. After participating in WTO, export activities of Vietnam are more benefit due to cancellation of the whole quota regulation by ATC agreement. Because of that, Vinatex can export freely to Finland with low tax according to the MFC regulation and without any discrimination. Hence, export turnover of Vinatex in Finland market is relatively larger in the current period; particularly the turnover consisted of 55% of total export turnover in 2009 and 2010.

Year	Total export turnover (USD)	Export turnover to Finland market(USD)	Density (%)
2009	498.400.000	226.400.000	45,43
2010	1.639.100.000	894.900.000	54,59
2011	2.000.300.000	1.135.600.000	56,77

TABLE 5: Export density of Vinatex into Finland market (FOB price)

Source: Report of Vietnam textile and garment year 2009 - 2011

As above table, the export turnover in 2010 to Finland market was 894,900,000 USD included 54.59% total export turnover and rose 4 times more than 2009. In 2011, this number increased 1.3 times in comparison with 2010 achieved more than 1 billion USD consisted of 56.77%. To summarize, the export turnover into Finland market had raised dramatically through the years due to concentration of Vinatex on various sources for activities in Finland market.

#### 5.4.2 The categories of commodities exported to Finland market of Vinatex

Vinatex exports mainly knitting and garment which are significant commodities of this Group into Finland market.

Item	Unit	2009		2010		2011	
		Quantity	Turnover (USD)	Quantity	Turnover (USD)	Quantity	Turnover (USD)
Jacket	1000 pcs	4.327	68.385.386	14.135	290.895.194	14.313	317.961.665
T- shirt	1000 pcs	4.132	32.505.833	17.787	162.788.575	19.026	205.623.684
Jean	1000 pcs	4.739	38.623.285	19.625	197.983.836	21.115	258.765.900
Knitting	1000 pcs	8.567	45.630.021	21.802	140.784.284	30.966	229.923.354
Sweater	1000 pcs	60	456.428	72	534.598	75	765.436
Other clothes	1000 pcs	3.477	35.285.687	9.987	84.991.180		95.868.520
Fiber	Ton	16	38.789	38	86.435	41	90.873
Fabric	1000 m	236	497.384	380	951.564	400	1.644.568
Towel	1000 pcs	710	4.977.187	2.118	15.885.143	3.139	24.956.000
Total			226.400.000		894.900.000		1.135.600.000

TABLE 6: The category of commodities exported into Finland market of Vinatex

Source: exporting report of Vietnam textile and garment group, 2009 - 2011

In 2009, the economy had to face many difficulties, but the result of export was still good. Specifically, the major product being Jacket achieved nearly 69 million USD, that was higher 1.8 times and 2.1 times in comparison with Jean (38,623,285 USD) and T-shirts (32,505,833 USD) respectively. Moreover, knitting- the group's another advantage reached 8,567,000 pcs – a highest point of export with 45,630,021 USD of turnover. The other commodities, however, achieved a low number of export turnover, but they also diversify the products of Vinatex.

In 2010, because of recovery of economy, the export activities of Vinatex were better. The commodities such as T-shirts, Jackets, Knitting and Jeans increased quickly and played the crucial role in process of exportation. Specifically, the export turnover of Jackets rose 4.3 times in comparison with 2009 achieved 290,895,194 USD. Jeans increased 5.1 times more than 2009 achieved 197,983,836 USD. Other commodities including fabric, fiber improved slightly.

In 2011, Jacket had 317,961,665 USD of the export turnover, which increased 4.5 times and 1.1 times in comparison with 2009 and 2010 respectively. In addition, the Knitting, Jean, T-shirt and other garment both rose in this year. For instance, T-shirt achieved closely 33 million USD in 2009 and then it raised 5 times more than 2010 (162,788,575 USD); this number continuously went up 6.3 times in 2011 comparing with 2009 and achieved nearly 259 million USD. To reach these positive results, Vinatex putted much investment into modern technology to improve commodities' quality and quantity, from that; they will make the certain brands. Otherwise, the fiber reached a low turnover of export, but it still develops. In 2011, its export turnover was about 91,000 USD that went up 2.3 times and 1.05 times higher than 2009 and 2010 respectively.

Generally, Vinatex's export activities to Finland market were actually good, that enhancing and developing over the years. Export commodities' category increased dramatically.

### **5.4.3 The major channel of export to Finland market of Vinatex**

Each enterprise which aims itself to international market needs to propose the exporting channel of its own to boost up its product expansion then penetrating and gaining foothold in the target marketplace. The more effective the exporting channels are, the more and quickly the company earns achievement in the market. Vinatex in this case is not an exception.

These days, Vinatex has a purpose of exporting with the FOB form. Nevertheless, this form has lots of problems due to the loose link between garment and textile enterprises and logistic firms. The distribution is conducted in normal as following diagram:

Before 2006, to export goods into Finland market, Vinatex mainly exported into the third nations including Singapore, Korea, Hong Kong, etc, according to entrusted export form because Finland's regulation and law were very strict in quota and tariff. This method would help Vinatex decrease risks in exporting into Finland market, but it also forced Vinatex to rely on the other nations and did not have the direct relation with the market. Thereby, Vinatex could not receive any feedback from clients and market. After participating in the WTO, it is easier for Vietnam textile and garment group to export into Finland market. These days, the Group can export in direct way to imported companies of Finland and then the importers would transfer the commodities to retailers and shops. Lastly, Finland clients would purchase the garment. This channel would lead to higher benefit and reduced cost for Vinatex. Moreover, export activity of Vinatex would be more efficient and faster due to certain market and competitive price. Particularly, Vinatex could determine and go beyond the disadvantage to make the company better.

## **5.5 SWOT analysis**

From analyzing Vinatex's internal and external environment, the author conducts SWOT analysis, from that to provide solutions for promoting textile export of Vinatex.

	<p>Strengths (S)</p> <ol style="list-style-type: none"> <li>1. Cheap and qualified labour.</li> <li>2. Good financial conditions</li> <li>3. Invested marketing activities</li> <li>4. Modern manufacture technology</li> </ol>	<p>Weaknesses W)</p> <ol style="list-style-type: none"> <li>1. Incapacity to manufacture high-end clothes.</li> <li>2. Weak brand name in Finland market.</li> <li>3. Weak capacity of R&amp;D.</li> <li>4. Product design is limited</li> </ol>
<p>Opportunities(O)</p> <ol style="list-style-type: none"> <li>1. Finland does not apply a quota.</li> <li>2. Expenditure and income of apparel of Finland is high.</li> <li>3. The Finland market is multi-racial</li> <li>4. Hosiery in the Finland is increasingly common.</li> </ol>	<p>SO</p> <p>Commodities' diversity</p>	<p>WO</p> <p>Utilize the mark of Finland producers and retailers.</p>
<p>Threats (T)</p> <ol style="list-style-type: none"> <li>1. a lot of rivals</li> <li>2. Geographic distance</li> <li>3. Quota relied on the amount of commodities imported into Finland</li> <li>4. Foreign investment law was still limited</li> <li>5. Raw materials' poor quality</li> </ol>	<p>ST</p> <ol style="list-style-type: none"> <li>1. Make a difference in comparison with products of opponents.</li> <li>2. Strengthening the promotion.</li> </ol>	<p>WT</p> <p>Enhance quality of exported garment.</p>

## **5.6 Findings from survey**

Relied on interviewing managers of Vinatex, the author sums up the below important points of garment and textile exportations of Vinatex into Finland market.

### **5.6.1 Evaluation of trends and needs of Finland garment and textile market**

Recently, Vietnamese commodities have chances to export into Finland market because the Finland clients want to go out of the Chinese market. Trends of purchasing garment and textile in Finland are increasing; more than 49% Finnish people can spend increasingly in fashion clothing. The consumer trends in Finland have changed. They like environmentally friendly products such as products made from fabric artificial materials. Thus, garment and textile companies have to note this when exporting the Finland market. (Federation of Finnish Textile and Clothing industries, 2011)

### **5.6.2 Troubles in promoting textile and garment exportation of Vinatex to the Finland market**

The biggest complication of Vinatex when exporting into Finland market is that Vinatex does not a strong product brand to attract attention of clients. When the products of a firm cannot a famous brand, although they have a good quality, they still face troubles in entering the market.

Indeed, it is essential to have the government's supporting policies for building Vinatex's brand as well as Vietnam's brand. Additionally, Vietnamese companies have to combine together to create big brand. Groups or huge corporations owned by the State have to be pioneer in the sector. This will constrain the unfair competitiveness among companies when building brand and the auxiliary manufacture firms will receive benefit from the main brands.

### **5.6.3 Evaluation of efficiency of tools of promoting export in the Finland market**

As a lot of other garment and textile export firms, Vinatex focus increasingly on the magnitude of promoting trade in the import neighborhood and product sale in the multinational market, particularly in global trend of increasingly intense competitiveness. Recently, the mix equipments of promotion utilized by groups significantly consist of advertising, promoting and engaging in exhibitions and fairs in the Finland market.

Together with advertising's forms, implementing advertising activities will give new companies chances such as increasing export value, appealing new clients, changing clients' behavior (changing from outsourcing to utilizing export of the Group), creating trust from clients, enhancing the company's image and protecting share of market, etc. Understanding this, Vinatex has undertaken lots of multinational advertising activities which may not create thorough and high effectiveness as predicted but bring much benefit to Vinatex.

Recently international advertising activities of Vinatex is on the authority of its own decisions limited because the Group does not have adequate sources to rent international advertising firms or regional advertising enterprise who have knowledge and understand the Finland market. Also because of this reason, there are not actually systematic program of advertising of the Corporation.

It presents that recently there is a large gap between the right awareness and conduction of Vinatex. The evidence is that the investment for advertising is not appropriate with the magnitude determined; the budget for advertising is low; promotional employee's level is still weak; so the equipments and programs of advertising are poor and there are not any breakthroughs and innovative ideas.

Because the recent clients of Vinatex in Finland market are mostly the industrial clients with huge orders, so matter of promotional activities and price is necessary. Hence, at the present, Vinatex has undertaken many promotional activities for



multinational consumers including conducting seasons of fashion show, incentives for huge orders, introducing new commodities, etc.

Together with Expo, trade fair is the oldest method to promote consumption or sales in the globe. From this way, these Groups have chance to introduce and contact with more clients. Furthermore, the cost of the fair is often lower than activities of promotion and even the Group may receive orders in the fair time (decreasing costs of negotiation and transaction), especially the fair is a good way to test reaction of client to new commodities of the Group though permitting the clients to try the sample commodity and recommend.

In summary, Vinatex's trade promotional activities conducted in current years such as trade shows, promotional shows, multinational advertising, etc, enhance partly the image of brand of Vinatex together with results of operation of the Group in the Finland market. However, if Vinatex invests more into both material and human resources and suit with their magnitude, result will be better than recent levels.

#### **5.6.4 The promotional equipments which the Corporation concentrates in Finland market**

Initially, concentrating on online sale channels

Vinatex produces significantly garment and textile products for exportation to an amount of Asia nations, European nations and US. Nevertheless, several products of the firm are not famous in Finland market. They appreciate the capacity of exporting products into Finland and consider this market as an important market in the future.

Because the firm exports via a regional distributor in Finland market, the firm will attract clients by intruding and promoting firm and its products at website and will enhance the website to advertise the products as experts' suggestion. The firm expects that it can reach Finland market through online promotion and sales in near future.

Secondly, improve promotion of products on fairs

According to the managers, to promote products of Vietnam in Finland market, firms should engage in the annual fairs in Finland. Particularly, when engaging in fairs, it is essential to identify the aim which is to introduce products and seek clients or partners to sell the products; it should take a small number of quality products which can export into the market along with their promotional materials and catalogs to retail. Besides that, the firm also should prepare a list of potential clients to invite them to visit company's booth.

Moreover, the firms need to provide the essential information relating to delivery, quality, payment and logistic.

To clients at the fair. After finishing the fair, firms should check and classify the list of customers to deal and contact; agree and negotiate to the terms; send sample products to clients; concentrate on dealing with potential clients to set up a system of distribution.

Participating in the fairs will bring the chance to companies in seeking clients, developing in foreign market, setting up long-term steady trade contractions as well as cooperation with main clients in a large market as Finland, exchanging between Vietnamese garment producers and the main retailers and importers of Finland, learning lessons and experience from fashion designers, apparel and textile enterprises in the globe as well as in Finland.

## **6 CONCLUSION AND RECOMMENDATION**

With the use of case study and qualitative methods application, the research findings support the theories mentioned previously and the objectives which are finding the instruments for promoting Vinatex products in Finland market, how efficient Vinatex's encouragement instruments are in Finland and recommending the ways to encourage textile and garment export activity in Finland.

### **6.1 The solutions for promoting textile exportation of Vinatex to the Finland market.**

#### **6.1.1 Solutions for market development.**

Developing market will enhance the power and position for the industry to enhance multinational competition. Extending export market is necessary within the integration period. The extension of market is in relation to product development. To extend our export market to the Finland market, the firm should:

Put investment into the innovation of technology to improve old technology, higher productiveness to suit new products. Technology is the key component of production to identify the win-lost between competitors. These days, when cheap labor loses its benefit, it must focus on the other factors such as labor's quality, technology. One of the firm's shortcomings is to miss modern technology to be possible to create dynamic flexibility, specialize in manufacture, initiative in manufacture and business.

**Marketing and Prices:** Price is one of the reasons of declined competition of the firm's products in comparison with products of competitors. Reducing cost is essential to decrease the price of raw materials, for example, to seek the resource of cheap raw materials to ensure thereby the decrease of production costs. The enterprise should find out suitable norms of consumption to save supplies. Decreasing costs of exportation is implemented by conducting faster procedures for declin-

ing costs of shipping, costs of handling, costs of storage and customs procedures. Marketing and promotional matters need to be synchronized. It is essential to the innovation of market to be suitable every market segment and strengthen promotion of trade activities. The firm can enhance trade activities through engaging in more global trade fairs to introduce clients about commodities and set up marketing department as well as invest into research activities and training of marketers.

Promoting market research is to seek deeply the needs of clients and market. Recently, the market study is not complex and misses professional human sources. Main activity of the firm is recently researching via the Internet, so the press and workshops do not have practical knowledge. It is essential to focus on this work through setting up a group which specializes in researching the Finland market, creating more good opportunities for employees to go to Finland for conducting market survey as well as investigate the needs of clients directly. The firm can establish the representative offices in Finland to support in researching market and finding clients. The Finland market research and assessment will facilitate the firm in segmenting market and accessing to each client with dissimilar collection criteria, from that to get the changes of market timely in order to change suitably strategy and raise competition for the products of firm.

### **6.1.2 Solutions for product**

It is vital for the firm to enhance export products' quality and raise product's competition. To conduct this, the production's process must be managed according to regulation and system of supervision to minimize shortcomings and mistakes. It is necessary to eliminate products which have bad quality because good products will bring high reputation for the firm.

Additionally, the firm has to have various products to be suitable for the changing tastes and needs of clients. Recently, the firm one focuses on manufacture in an amount of products with low technology, simple form, style and material. These days, when fashion's issues are attracting increasingly attention of clients, a prod-

uct needs innovation and stylization. The disadvantage is that the firm cannot design its products which are able to persuade and guide the market. It is essential to have various products and concentrate on technology, it is essential to invest into design in order to exploit market demand's maximum and update the suitable technology. Design and material has to match together to make the product's superiority.

Brands need a long time to form, so developing a brand is not easy. The developing nations' most of products have to be utilized in other famous brand names. When competition's level between suppliers is increased, clients will have a trend of choosing products which match with their requests relied on the brand. Well-known brand means that its products are prestigious, trendy and luxury. Products with good brand will make clients more confident when wearing. In terms of the well-known brand, the firm's products need to be registered on international market, just to ban faked goods. These days, due to the franchise's forms, many products having good quality are not inferior to brand-name commodities that are registered for utilizing under other well-known name brands.

### **6.1.3 Setting up channels of distribution and promoting brand**

Reorganizing distribution channels is necessary to develop business. Recently, most of products of firm are exported via an intermediary to come into the Finland market because it does not any channels of distribution in the Finland market. To decrease dependence on intermediaries, the firm should set up channels of distribution for its products when making and building brand is popular with clients. When clients know much about Vinatex, everyone will focus on the product of the firm, from that to create the impression in the mind of clients. The firm can persuade the main distributors in Finland to accept the commodities of firm or utilize overseas Vietnamese people to transfer to clients, from that to create increasingly close relationship with clients.

#### **6.1.4 Strengthen activities of promoting trade**

The firm should push trade promotion for the products of firm on display in the commercial center, this is advertising's a good form at low cost. Creating relationships with association of garment and protection of the Finland clients is necessary to gain the chance to develop the product. Particularly, the firm can utilize the below marketing equipments to promote the brand of Vinatex in the Finland market:

##### **Trade fair**

The trade fair of fashion is one of the traditional marketing equipments to approach the global customers. Generally, the amount of providers of garments is usually higher than the purchasers, while the amount of multinational purchasers visiting trade fairs is often lower than the sellers. Hence, it is very complication for the textile company to attract multinational buyers' attention. Nevertheless, to engaging in trade shows, the most vital matter is combining collecting information, fashion trends' knowledge, competitors and client tastes at the fair. Engaging in trade fairs can include three stages: before, throughout and after the fair.

##### **Before the fair**

To take part in trade fairs in effect, the firm should prepare carefully. In terms of the preparation of engaging fairs, Vinatex should conduct the below steps:

- Select all essential information relating to the fair, involving the products which are showed, the fair's repute, the fair's theme and exhibition firms to determine whether it is suitable with company or not. The firm may contact the Vietnam Textile and Apparel Association (VITAS), the fair's organizer or seeking information on the Internet.
- Determine the items of business which the enterprise wants to show at the fair.

- Determine the size, location of booth of firm as well as prepare for designing booth and showing product at the booth. The firm can lease a professional design for booth. The other vital matter is that its booth should be suitable with the booth theme and design of other Vietnamese garment and textile companies joining the fair to create the whole impression for Vietnamese firms' all general private booths.
- Prepare profile of company and catalogs of product in soft and print copy. The firm also has a CD of this information.
- Prepare business cards.
- Prepare one team which can speak English fluently to take part in the business fair.
- Carry a digital camcorder and camera.

#### **Throughout the fair**

- Show your business products on the authority of the prepared design.
- Often utilize English in our booth
- Exchange business cards with other partners and clients, introduce your company's products, speak to potential clients and give them profile of company and catalogs of product.
- The firm can study from its competitors by visiting and taking pictures of products as well as booths of competitors.

#### **After the fair**

- Send email to thank potential clients because of their visitation and remind them about the potential relationship of business.
- Draw lessons from the organizers, companies as well as exhibitors.

## **Website**

E-commerce is more vital in multinational business activities. Both buyers and sellers are seeking the cost efficiency and convenience when transacting through the Internet. The enterprise can get information about garment and textile on some websites such as <http://www.alibaba.com>, <http://www.textileserver.com>, <http://www.importers.com>, <http://www.apparelbids.com>. Otherwise, the firm also surf other interesting websites involving <http://www.vietrade.gov.vn> of the Vietnam Trade Promotion Agency, <http://www.vietnamtextile.org.vn> of VITAS.

## **Contacting directly with clients**

Contacting directly with the clients is beneficial marketing equipment. To contact directly can be through email or meet face –to- face with customers. In terms of transactions through email, the firm needs to note that:

Firstly, it has to conduct study on each target clients on the authority of their purchase (bought directly, via agents or other buying institutions) to meet their requests (about quality, price, ISO, design) the firm can seek information of clients through contacting VITAS and surfing their websites.

Secondly, the email of firm has to be prepared and sent to the correct purchasers. The method of contact has to be professional. In terms of content of email, the firm can mention a summary of company such as: products, history, certification of quality, design ability, production ability, recent clients and contacts. The enterprise can send email with attached images of products to attract more clients' attention. The enterprise should also have brochures of products under business's quality standards such as business records to introduce to companies. Moreover, when sending email to potential clients, the firm can ask them that they need to receive the documents or not. The business can meet directly clients when engaging in trade fairs or appoint clients for a direct meeting. When going to the meeting, the enterprise should carry particular things, for example: firm profile, business



cards, samples and catalogs of products. After meeting, the company should thank customers.

## **6.2 Limitation**

During the research procedure, multiple challenges have been recognized and confronted. However, the study is incapable of handling all of them and some unsolved issues are seen to need more researches and studies on those. The problems include the debatable understanding of the customer demand, export and import activities in practice. There are several factors that impact either positively or negatively the trade between Vietnam exporters to Finnish importers such as: different environment, culture, language and communicational practices are needed to be focused on. There are also many other external, unmanageable factors that effect the process of export and import for textile and garment from Vietnam to Finland such as: inflation rate, exchange rate and current global economic crisis.

It is really hard to seek for a model which might adopt in various social culture such as the promotion channel and marketing tools that the writer mentioned in chapter 2. The author often thinks about the element of social culture that might have influence on the model validity. Culture gap could make the similar saying various meanings while stated by diverse people. Therefore, the writer tries to give the marketing instruments the most validity as she can, yet it is still considered the disadvantage of the research.

Another criticism of the research is relevant to the practice that the paper was dependent upon the information supplied by the secondary data mostly. Despite the writer's best controlling the context and minimizing the study's restriction by carefully choosing the data collection and analysis, and so on, it is still not possible to insure that there are no errors created all the way through this procedure.

For recommendations for future study, the factors of environmental and cultural diverse, as well as social and language changes need to be paid attention to so as to gain a much more comprehensive study.

### **6.3 Conclusion**

With the textile industry's the magnitude; it is a vital field in the nation's economy. It not only meets everyone's beauty needs but also brings opportunities of jobs to workers, complete well tasks of both economy and society. These days, when Vietnam becomes one of members of the WTO, there are many chances for textile industry to develop. Although Finland is a huge market for textile and garment, but this country also has its tight regulations, high requests about imported products' design, quality, materials, etc. Therefore, it is not easy for an enterprise to want to sell its products in this huge market. Products must satisfy clients' aesthetic requests and design type while production ability of company is worse than exporting and importing nations. Furthermore, the enterprise needs to enhance its promotional equipments to make and promote brand of Vinatex to the Finland market.

Vinatex's export turnover contributes about 18 percent to the industry's turnover (Vinatex, 2007). It indicates an important role of Vinatex to the industry as well as the motivating contributor to the national economy. The Group has been the locomotive for the industry, which stipulates the sector to be the top export turnover earner among all Vietnamese goods. The total export turnover of USD 7.5 billion in 2007, with the growth rate of about 40 percent in the past five years, has been an inevitable proof. As estimated, the segment has contributed about 17 percent to the GDP in 2006 (Bao Minh, 2007). Right from the early development phases of the garment industry, technology has been considered as an important investment. At present, 90 percent of the machinery of the garment production has been modernized and the automatized. Because of its great efforts, there has been a rise in its productivity as well as the improvement of the quality to meet both domestic and foreign market.

The integration into the WTO in January 2007 has brought about more favorable conditions for the industry with lower taxes and the elimination of export quotas (Just Style.com, 2007). This opportunity has widely opened a huge export market without any quotas and lower tariffs for Vinatex.

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