

# **The Project of Marketing Communication Campaign for RD Winery of RD Group**

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Master thesis  
2014

 Tomas Bata University in Zlín  
Faculty of Management and Economics

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**Tomas Bata University in Zlín**  
**Faculty of Management and Economics**  
**Department of Management and Marketing**  
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# **MASTER'S THESIS ASSIGNMENT**

(PROJECT, ARTWORK, ARTISTIC PERFORMANCE)

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Thesis Topic: **The Project of Marketing Communication Campaign  
for RD Winery Wine Brand of Rang Dong Group**

## Thesis Guidelines:

### Introduction

#### I. Theoretical part

- **Compile the theoretical information about marketing communication.**

#### II. Practical part

- **Complete the analysis of current marketing situation and marketing environment in Rang Dong Group.**
- **Prepare the project of new marketing plan for next years 2014-2016.**
- **Submit the project to risk and cost analysis.**

### Conclusion

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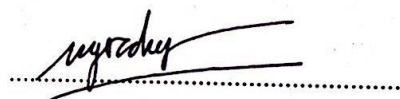
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## **ABSTRAKT**

Cílem této diplomové práce je vytvořit projekt marketingové komunikace pro postarat loajalitu zákazníků "Make The Moment Speciální " - speciální akce na 20/12/2014 na podpora na vánoce a prodeje lunární Nový rok , který je zvláštní čas pro sezónní produkt jako vína na trhu Vietnamu . Na druhou stranu , je to kombinace mezi třemi velkými marketingovými aktivitami , které jsou Patron program najít loajalitu zákazníků , "Make The Moment Special" událost jako poděkování od "RD Winery" společnosti svého klienta nakonečné s pečovatelskou službou, pro zákazníka před a po,"aby v okamžiku, kdy zvláštní" události. Teoretická část popisuje pojetí marketingové komunikace a integraci na trhu - ing komunikaci . Analýza představuje současnou marketingovou komunikaci "RD Winery", která je v závěrečné části rozpracovány do rozsáhlé komunikační kampaně s cílem podpořit program loajality zákazníků na speciální roční době.

Klíčová slova : integrace marketingové komunikace, marketingová strategie, marketingový mix, PESTEL analýza, Porterova analýza, Ansoff matice, SWOT analýza, IFE, EFE analýza, SPACE matice, CPM, komunikační kampaň .

## **ABSTRACT**

The aim of this master thesis is to create a project of marketing communication for take care loyalty customer "Make The Moment Special"- special event on 20/12/2014 for the promotion in Christmas and Lunar New Year's sales, which is the special time for seasonal product like wine on Vietnam market. On the other hand, it is the combination among three big marketing activities which are Patron Program to find loyalty customer, "Make The Moment Special" event as an acknowledgements from RD Winery to their customer and finally taking care service for customer before and after "make the moment special" event. The theoretical part describes the conception of marketing communication and integrate marketing communication. The analysis presents the current marketing communication of RD Winery, which is in the final part elaborated into an extensive communication campaign in order to promote the loyalty customer program at the special time of the year.

Keywords: integrate marketing communication, marketing strategies, marketing mix, PESTEL analysis, Porter analysis, Ansoff Matrix, SWOT analysis, IFE analysis, EFE analysis, SPACE matrix, CPM, communication campaign.

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# CONTENTS

<b>INTRODUCTION .....</b>	<b>10</b>
<b>THEORY .....</b>	<b>11</b>
<b>1 THE GENERAL THEORY ABOUT MARKETING COMMUNICATION.....</b>	<b>12</b>
<b>1.1 THE MARKETING COMMUNICATION .....</b>	<b>12</b>
<b>1.2 THE ROLE OF MARKETING COMMUNICATION .....</b>	<b>12</b>
<b>1.3 HOW MARKETING COMMUNICATION WORK .....</b>	<b>12</b>
<b>1.4 STEPS IN DEVELOPING EFFECTIVE MARKETING COMMUNICATION .....</b>	<b>13</b>
<b>1.5 CUSTOMER’S MAKING A PURCHASE STAGES .....</b>	<b>13</b>
<b>1.6 CHANGING IN MARKETING COMMUNICATION ENVIRONMENT .....</b>	<b>14</b>
<b>1.7 NEW MARKETING COMMUNICATION TRENDS.....</b>	<b>15</b>
<b>1.8 SETTING THE INTEGRATE MARKETING COMMUNICATION (IMC) .....</b>	<b>16</b>
1.8.1 THE NEED FOR INTEGRATED MARKETING.....	16
1.8.2 THE INTEGRATE MARKETING COMMUNICATION (IMC).....	17
1.8.3 THE INTEGRATE MARKETING COMMUNICATION PROCESS.....	17
1.8.4 THE NATURE OF EACH INTEGRATE MARKETING COMMUNICATION TOOL ..	19
1.8.5 PRODUCT LIFE CYCLE (PLC) AND THE TOOLS OF INTEGRATE MARKETING COMMUNICATION.....	22
1.8.6 INTEGRATE MARKETING COMMUNICATION STRATEGIES .....	22
<b>ANALYSIS .....</b>	<b>25</b>
<b>2. ANALYSIS OF THE CURRENT STATE OF MARKETING COMMUNICATION.....</b>	<b>26</b>
<b>2.1 INTRODUCTION ABOUT VIET MY GENERAL INVESTMENT CORPORATION.....</b>	<b>26</b>
2.1.1 NAPA VALLEY.....	26
2.1.2 RD WINERY .....	27
2.1.3 FUTURE VISION AND STRATEGIC OBJECTIVES TO 2018 .....	28
<b>2.2 ANALYSING MARKETING OPPORTUNITIES .....</b>	<b>29</b>
2.2.1 PESTEL ANALYSIS .....	29
2.2.2 FIVE FORCES FRAMEWORK .....	37
<b>2.3 EVALUATION OF CURRENT MARKETING STRATEGY OF RD WINERY.....</b>	<b>47</b>
2.3.1 RD WINERY CURRENT MARKETING ACTIVITIES.....	47
2.3.2 WHICH MARKETING STRATEGY RD WINERY IS FOLLOWING?.....	52
2.3.3 SWOT ANALYSIS .....	54
1.3.4 EVALUATION OF THE SWOT ANALYSIS .....	58
<b>3 THE PROJECT OF MARKETING COMMUNICATION FOR INTRODUCING A CUSTOMER LOYALTY PROGRAM “MAKE THE</b>	



<b>MOMENT SPECIAL” FOR REGULAR CUSTOMER IN CHRISTMAS AND NEW YEAR 2015.....</b>	<b>67</b>
<b>3.1 MARKETING MISSION, VISION AND OBJECTIVES OF RD WINERY .....</b>	<b>67</b>
<b>3.2 TARGET MARKETS.....</b>	<b>69</b>
<b>3.3 COMMUNICATION STRATEGY .....</b>	<b>70</b>
<b>3.4 MARKETING MIX OF THE PRODUCT .....</b>	<b>70</b>
3.4.1 PRODUCT.....	70
3.4.2 PRICE .....	75
3.4.3 PLACE .....	80
3.4.4 PROMOTION.....	82
<b>3.5 ACTION PLAN .....</b>	<b>83</b>
<b>3.6 RISK ANALYSIS OF THE PROJECT .....</b>	<b>95</b>
<b>3.7 EVALUATION OF THE PROJECT EFFICIENCY .....</b>	<b>98</b>
<b>CONCLUSION .....</b>	<b>101</b>
<b>BIBLIOGRAPHY .....</b>	<b>102</b>
<b>LIST OF ABBREVIATIONS .....</b>	<b>105</b>
<b>LIST OF FIGURES .....</b>	<b>106</b>
<b>LIST OF TABLES .....</b>	<b>107</b>
<b>APPENDICES.....</b>	<b>108</b>

## INTRODUCTION

In past decades, marketers perfected the art of mass marketing: selling highly standardized products to masses of customers. In the process, they developed effective mass-media communications techniques to support these strategies. Large companies now routinely invest millions or even billions of dollars in television, magazine, or other mass-media advertising, reaching tens of millions of customers with a single ad. Today, however, marketing managers face some new marketing communications realities. Perhaps no other area of marketing is changing so profoundly as marketing communications, creating both exciting and anxious times for marketing communicators.

The service for which I am going to create the project of integrate marketing communication is loyatly customer program for RD Winery which include three main activities. The first, Patron Program with RD Winery's Patron Card for customer who buying RD Winery at any distributors. The second, taking care service for customer before and after "Make the Moment Special" event with email marketing in conjunction with visiting customer , and finaly, "Make the Moment Special" event- the main point of this loyatly customer program with brochure, feast's menu and backdrop are designed in the same business style and image.

I intend creating this project for the Christmas and Lunar New Year 2015 sale. Due to the fact that wine is seasonal product in Vietnam wine market, and it specially strong consumption in this time of year.

## **I. THEORY**

# 1 THE GENERAL THEORY ABOUT MARKETING COMMUNICATION

## 1.1 The marketing communication

Marketing communication is the efforts of company in the information activity, convince, remind and encourage customer buy their product, as well understand more about their business.

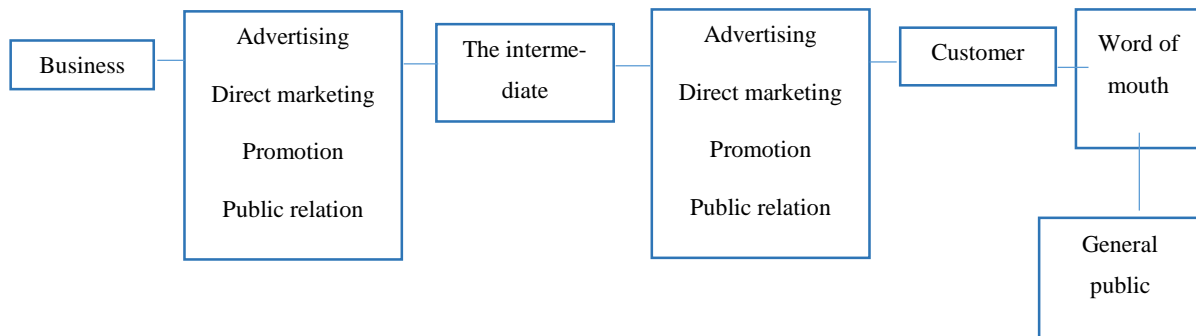


Figure 1: The marketing communication channel (our source)

## 1.2 The role of marketing communication

Marketing communications is an essential part of marketing. A great product or service means little if nobody knows about it. Marketing communications give information and regular information for the target customer, the intermediary distribution, the presence of the company's products on the market. It is also encourage customers to buy products faster and more. On the other hand, customer can compare the product's difference between this organization and other producers. Through the marketing communication tools, organization can persuade customers to choose products business or remind them about the existence and benefits of the product so they can maintain market.

## 1.3 How marketing communication work

No one model can explain how marketing communications work. The AIDA model was an early attempt to explain how an advertising's target audience might pass through a number of steps, with attention being the first and most importance one

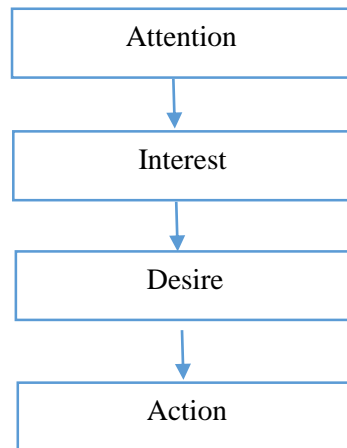


Figure 2: AIDA model ( Kelly and Hyde, 2002)

#### 1.4 Steps in Developing Effective Marketing Communication

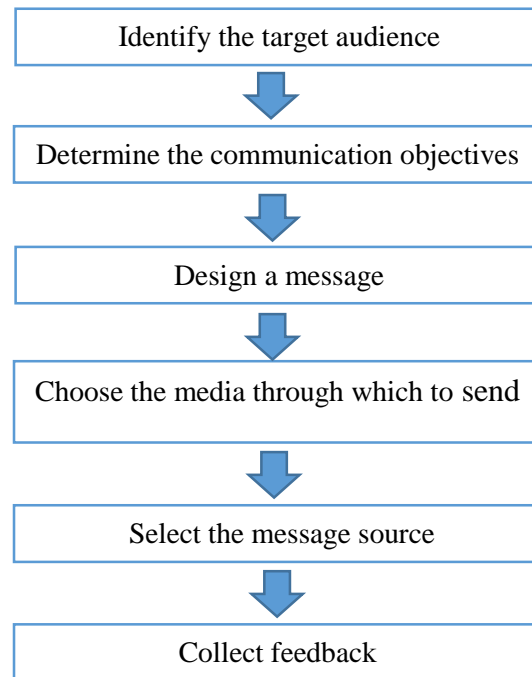


Figure 3: Steps of marketing communication (Philip Kotler and Gary Armstrong, 2012)

#### 1.5 Customer's making a purchase stages

The stages consumers normally pass through on their way to making a purchase. These stages include awareness, knowledge, liking, preference, conviction, and purchase (see Figure below).

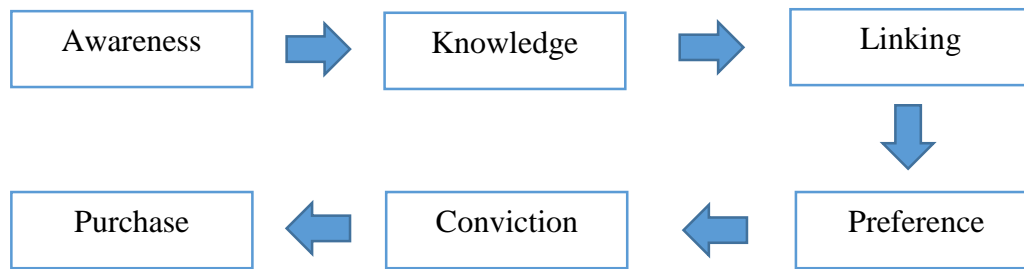


Figure 4: customer's making a purchase stages ((Philip Kotler and Gary Armstrong, 2012)

The marketing communicator's target market may be totally unaware of the product, know only its name, or know only a few things about it. Thus, the communicator must first build awareness and knowledge.

## 1.6 Changing in Marketing communication environment

In past decades, marketers perfected the art of mass marketing: selling highly standardized products to masses of customers. In the process, they developed effective mass-media communications techniques to support these strategies. Large companies now routinely invest millions or even billions of dollars in television, magazine, or other mass-media advertising, reaching tens of millions of customers with a single ad. Today, however, marketing managers face some new marketing communications realities. Perhaps no other area of marketing is changing so profoundly as marketing communications, creating both exciting and anxious times for marketing communicators

Several major factors are changing the face of today's marketing communications.

First, consumers are changing. In this digital, wireless age, they are better informed and more communications empowered. Rather than relying on marketer-supplied information, they can use the Internet and other technologies to find information on their own. They can connect more easily with other consumers to exchange brand-related information or even create their own marketing messages.

Second, marketing strategies are changing. As mass markets have fragmented, marketers are shifting away from mass marketing. More and more, they are developing focused marketing programs designed to build closer relationships with customers in more narrowly defined micromarkets.

Finally, sweeping advances in communications technology are causing remarkable changes in the ways in which companies and customers communicate with each other. The digital age has



spawned a host of new information and communication tools - from smart- phones and iPods to satellite and cable television systems to the many faces of the Internet (e-mail, social networks, blogs, brand Web sites, and so much more). These explosive developments have had a dramatic impact on marketing communications. Just as mass marketing once gave rise to a new generation of mass-media communications, the new digital media have given birth to a new marketing communications model.

### **1.7 New Marketing communication trends**

Although television, magazines, newspapers, and other mass media remain very important, their dominance is declining. In their place, advertisers are now adding a broadselection of more-specialized and highly targeted media to reach smaller customer segments with more-personalized, interactive messages. The new media range from specialty cable television channels and made-for-the-Web videos to Internet catalogs, e-mail, blogs, cell phone content, and online social networks. In all, companies are doing less broadcasting and more narrow casting.

Some advertising industry experts even predict that the old mass-media communications model will soon be obsolete. Mass media costs are rising, audiences are shrinking, ad clutter is increasing, and viewers are gaining control of message exposure through technologies such as video streaming or DVRs that let them skip past disruptive television commercials. As a result, they suggest, marketers are shifting ever-larger portions of their marketing budgets away from old-media mainstays such as 30-second TV commercials and glossy magazine ads to digital and other new-age media.

In the new marketing communications world, rather than old approaches that interrupt customers and force-feed them mass messages, new media formats let marketers reach smaller groups of consumers in more interactive, engaging ways. For example, think about television viewing these days. Consumers can now watch their favorite programs on just about anything with a screen on televisions but also laptops, cellphones, or iPods. And they can choose to watch programs whenever and wherever they wish, often with or without commercials. Increasingly, some programs, ads, and videos are being produced only for Internet viewing.

Despite the shift toward new digital media, however, traditional mass media still capture a lion's share of the promotion budgets of most major marketing firms, a fact that probably won't change quickly.

Thus, rather than the old media model rapidly collapsing, most industry insiders see a more gradual blending of new and traditional media. The new marketing communications model will consist of a shifting mix of both traditional mass media and a wide array of exciting, new, more-targeted, and more-personalized media. The challenge is to bridge the “media divide” that too often separates traditional creative and media approaches from new interactive and digital ones. Many advertisers and ad agencies are now grappling with this transition. In the end, however, regardless of whether it’s traditional or digital, the key is to find the mix of media that best communicates the brand message and enhances the customer’s brand experience.

## **1.8 Setting the Integrate Marketing Communication (IMC)**

### **1.8.1 The Need for Integrated Marketing**

The shift toward a richer mix of media and communication approaches poses a problem for marketers. Consumers today are bombarded by commercial messages from a broad range of sources. But consumers don’t distinguish between message sources the way marketers do. In the consumer’s mind, messages from different media and promotional approaches all become part of a single message about the company. Conflicting messages from these different sources can result in confused company images, brand positions, and customer relationships.

All too often, companies fail to integrate their various communications channels. The result is a hodgepodge of communications to consumers. Mass-media advertisements say one thing, while an in-store promotion sends a different signal, and company sales literature creates still another message. And the company’s Web site, e-mails, Facebook page, or videos posted on YouTube say something altogether different.

The problem is that these communications often come from different parts of the company. Advertising messages are planned and implemented by the advertising department or an ad agency. Personal selling communications are developed by sales management. Other company specialists are responsible for PR, sales promotion events, Internet or social network efforts, and other forms of marketing communications. However, whereas these companies have separated their communications tools, customers don’t. Mixed communications from these sources result in blurred brand perceptions by consumers.

Today, more companies are adopting the concept of integrated marketing communications (IMC). Under this concept, the company carefully integrates its many communications channels to deliver a clear, consistent, and compelling message about the organization and its brands.

### 1.8.2 The Integrate Marketing Communication (IMC)

As defined by the American Association of Advertising Agencies, integrated marketing communications "... recognizes the value of a comprehensive plan that evaluates the strategic roles of a variety of communication disciplines advertising, public relations, personal selling, and sales promotion and combines them to provide clarity, consistency, and maximum communication impact." [1]

### 1.8.3 The Integrate marketing communication process

Shannon and Weaver's simple model of communication (1958) shows the various stages of the communication process.

Two of these elements are the major parties in a communication—the sender and the receiver. Another two are the major communication tools—the message and the media. Four more are major communication functions—encoding, decoding, response, and feedback. The last element is noise in the system.

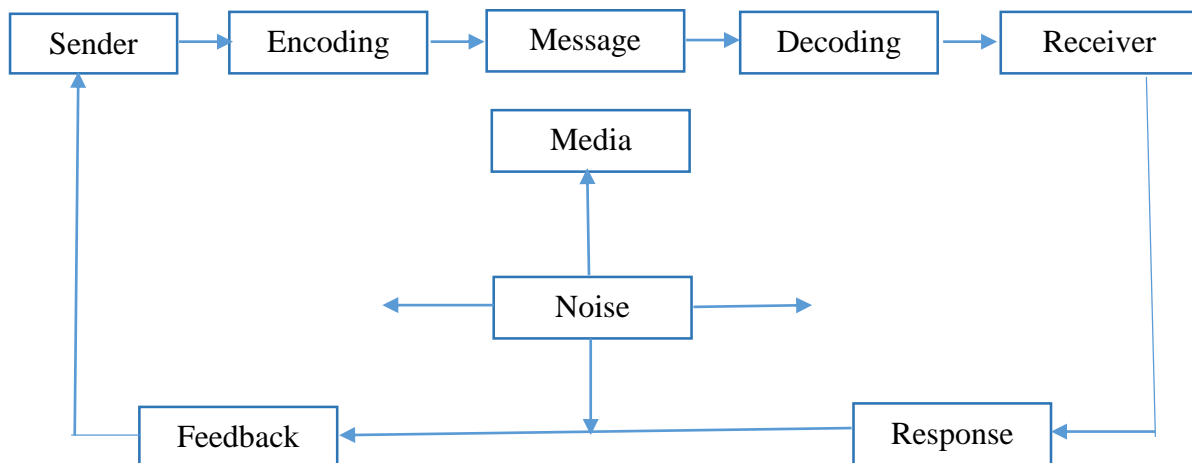


Figure 5: The integrate marketing communication process (Fill and Yeshin, 2001)

- Sender: The party sending the message to another party.
- Encoding: The process of putting thought into symbolic form

- Message: The set of symbols that the sender transmits
- Media: The communication channels through which the message moves from the sender to the receiver
- Decoding: The process by which the receiver assigns meaning to the symbols encoded by the sender.
- Receiver: The party receiving the message sent by another party
- Response: The reactions of the receiver after being exposed to the message
- Feedback: The part of the receiver's response communicated back to the sender
- Noise: The unplanned static or distortion during the communication process, which results in the receiver getting a different message than the one the sender sent the consumer is distracted while watching the commercial and misses its key points.

Integrated marketing communications involves identifying the target audience and shaping an well-coordinated promotional program to obtain the desired audience response. Too often, marketing communications focus on immediate awareness, image, or preference goals in the target market. But this approach to communication is too short sighted. Today, marketers are moving toward viewing communications as managing the customer relationship over time.

Because customers differ, communications programs need to be developed for specific segments, niches, and even individuals. And, given the new interactive communications technologies, companies must ask not only “How can we reach our customers?” but also “How can we let our customers reach us?”

Thus, the communications process should start with an audit of all the potential touch-points that target customers may have with the company and its brands. For example, someone purchasing a new cell phone plan may talk to others, see television ads, read articles and ads in newspapers and magazines, visit various Web sites for prices and reviews, and check out plans at Best Buy, Walmart, or a wireless provider's kiosk or store at the mall. The marketer needs to assess what influence each communication experience will have at different stages of the buying process. This understanding helps marketers allocate their communication dollars more efficiently and effectively.

For a message to be effective, the sender's encoding process must mesh with the receiver's decoding process. The best messages consist of words and other symbols that are familiar to the receiver. The more the sender's field of experience overlaps with that of the receiver, the more effective the message is likely to be. Marketing communicators may not always share

their customer's field of experience. For example, an advertising copywriter from one socio-economic level might create ads for customers from another level - say, wealthy business owners. However, to communicate effectively, the marketing communicator must understand the customer's field of experience. This model points out several key factors in good communication. Senders need to know what audiences they wish to reach and what responses they want. They must be good at encoding messages that take into account how the target audience decodes them. They must send messages through media that reach target audiences, and they must develop feedback channels so that they can assess an audience's response to the message.

#### 1.8.4 The Nature of Each Integrate Marketing Communication Tool

Each promotion tool has unique characteristics and costs. Marketers must understand these characteristics in shaping the Integrate Marketing Communication.

	<b>Advertising</b>	<b>Sales pro- motion</b>	<b>Public Rela- tions</b>	<b>Personal selling</b>	<b>Direct Mar- keting</b>
<b>Clout</b>	Low	Low	Low	High	High
<b>Costs</b>	High	Medium	Low	High	Medium
<b>Credibility</b>	Low	Medium	High	Medium	Medium
<b>Control</b>	Medium	High	Low	Medium	High

*Table 1: The Nature of Each Integrate Marketing Communication Tool (Philip Kotler and Gary Armstrong, 2012)*

##### *Advertising.*

Advertising includes broadcast, print, Internet, outdoor, and other forms.

Advertising can reach masses of geographically dispersed buyers at a low cost per exposure, and it enables the seller to repeat a message many times. For companies that want to reach a mass audience, TV is the place to be. Beyond its reach, large-scale advertising says something positive about the seller's size, popularity, and success. Because of advertising's public nature, consumers tend to view advertised products as more legitimate. Advertising is also very expressive; it allows the company to dramatize its products through the artful use of visuals, print, sound, and color. On the one hand, advertising can be used to build up a long-term image for a product (such as Coca-Cola ads). On the other hand, advertising can trigger quick sales.

Advertising also has some shortcomings. Although it reaches many people quickly, advertising is impersonal and cannot be as directly persuasive as can company salespeople. For the most part, advertising can carry on only a one-way communication with an audience, and the audience does not feel that it has to pay attention or respond. In addition, advertising can be very costly. Although some advertising forms, such as newspaper and radio advertising, can be done on smaller budgets, other forms, such as network TV advertising, require very large budgets.

#### *Personal Selling.*

Personal selling is the most effective tool at certain stages of the buying process, particularly in building up buyers' preferences, convictions, and actions. It involves personal interaction between two or more people, so each person can observe the other's needs and characteristics and make quick adjustments. Personal selling also allows all kinds of customer relationships to spring up, ranging from matter-of-fact selling relationships to personal friendships. An effective salesperson keeps the customer's interests at heart to build a long-term relationship by solving a customer's problems. Finally, with personal selling, the buyer usually feels a greater need to listen and respond, even if the response is a polite "No thank-you."

These unique qualities come at a cost, however. A sales force requires a longer-term commitment than does advertising - advertising can be turned up or down, but the size of a sales force is harder to change. Personal selling is also the company's most expensive promotion tool, costing companies on average \$350 or more per sales call, depending on the industry. U.S. firms spend up to three times as much on personal selling as they do on advertising.

#### *Sales Promotion.*

Sales promotion includes a wide assortment of tools - coupons, contests, cents-off deals, premiums, and others - all of which have many unique qualities. They attract consumer attention, offer strong incentives to purchase, and can be used to dramatize product offers and boost sagging sales. Sales promotions invite and reward quick response. Whereas advertising says, "Buy our product," sales promotion says, "Buy it now." Sales promotion effects are often short lived, however, and often are not as effective as advertising or personal selling in building long-run brand preference and customer relationships.

#### *Public Relations.*

Public relations (PR) includes press releases, sponsorships, special events, and Web pages



PR is very believable - news stories, features, sponsorships, and events seem more real and believable to readers than ads do. PR can also reach many prospects who avoid sales people and advertisements - the message gets to buyers as “news” rather than as a sales-directed communication. And, as with advertising, PR can dramatize a company or product. Marketers tend to under use PR or use it as an afterthought. Yet a well-thought-out PR campaign used with other promotion mix elements can be very effective and economical.

#### *Direct Marketing.*

The major forms of direct marketing include personal selling, direct-mail marketing, catalog marketing, telephone marketing, direct-response television (DRTV) marketing, kiosk marketing, new digital direct marketing technologies, and online marketing

Direct marketing has become the fastest-growing form of marketing. According to the Direct Marketing Association (DMA), U.S. companies spent \$149.3 billion on direct marketing last year, 54 percent of the total dollars spent on advertising. In 2009, an investment of \$1 in direct marketing advertising expenditures returned, on average, an estimated \$11.65 in incremental revenue across all industries. Put another way, these expenditures generated an estimated \$1.2 trillion in direct marketing sales, which is about 8 percent of total sales in the U.S. economy. The DMA estimates that direct marketing sales will grow 5.3 percent annually through 2013, compared with a projected 4.1 percent annual growth for total U.S. sales. [2]

Direct marketing continues to become more Web-oriented, and Internet marketing is claiming a fast-growing share of marketing spending and sales. For example, U.S. marketers spent an estimated \$23 billion on online advertising last year, 16.2 percent of all media expenditures and more than twice as much as they spent only four years earlier. These efforts generated nearly \$300 billion in online consumer spending. [3]

Direct marketing is less public: The message is normally directed to a specific person. Direct marketing is immediate and customized: Messages can be prepared very quickly and can be tailored to appeal to specific consumers. Finally, direct marketing is interactive: It allows a dialogue between the marketing team and the consumer, and messages can be altered depending on the consumer’s response. Thus, direct marketing is well suited to highly targeted marketing efforts and building one-to-one customer relationships.

### 1.8.5 Product Life Cycle (PLC) and the tools of Integrate Marketing Communication.

Characteristics of the market	Marketing communication tools
<p>Introduction</p> <p>Clients are not aware of product characteristics and are not aware of the benefits of the product</p>	<p>Information about the existing products, create product understanding, stimulate customer demand for the original. Emphasis offers, product display, product introductions, advertising and public relations, promotions, product trials</p>
<p>Growth</p> <p>Customers already know about the benefits of products, selling products and have more intermediaries should participate in distribution channels</p>	<p>Stimulating demand for competing brands. Focus advertising, public relation, promotional reduction. Intermediate distribution can also participate in promotion activities</p>
<p>Maturity</p> <p>Stronger competition, sales fell more than phase development.</p>	<p>Advertising Promotions stronger.</p> <p>Strengthening the sales force to support advertising , promote sales, maintain profit</p>
<p>Decline</p> <p>Product sales and declining profits. New product better than the competition</p>	<p>Product sales and declining profits. New product better than the competition.</p> <p>The promotion activities are reduced. Promotions for consumption, avoid backlog. Customer retention in public relations</p>

**Table 2:** *Product Life Cycle (PLC) and the tools of Integrate Marketing Communication. (our source)*

### 1.8.6 Integrate Marketing Communication Strategies

Marketers can choose from two basic marketing communication mix strategies: push promotion or pull promotion. Figure bellow contrasts the two strategies.

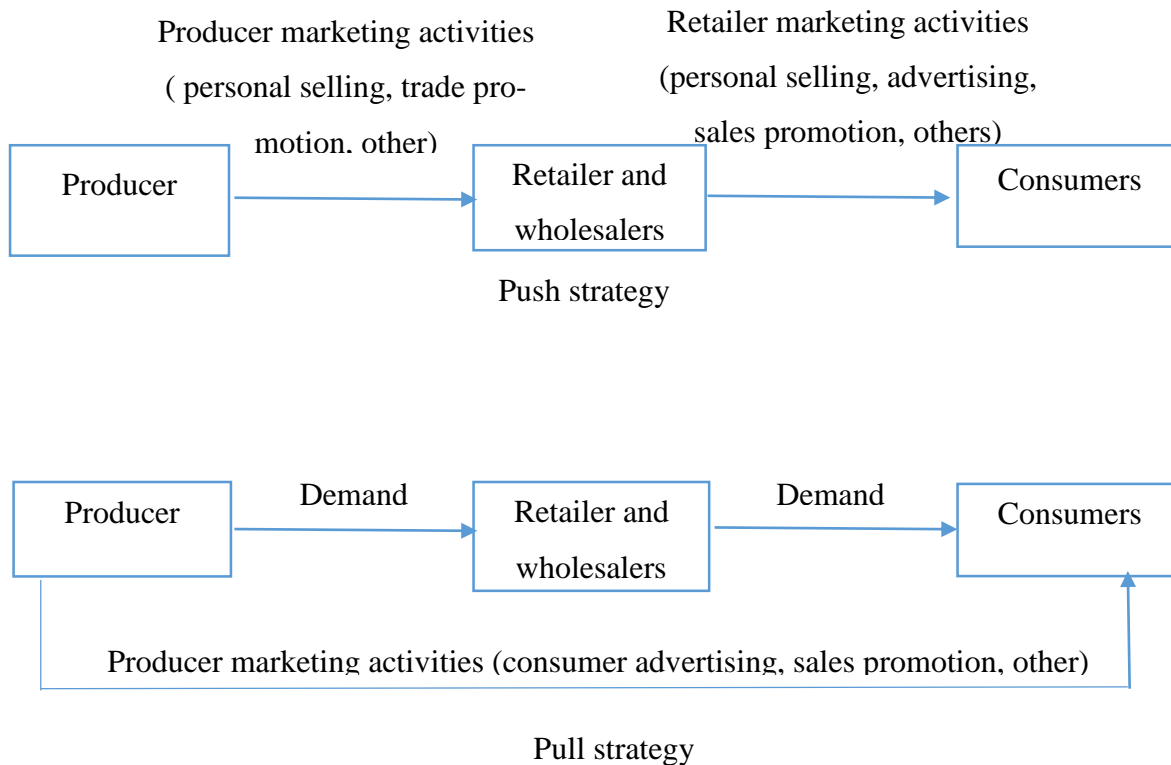


Figure 6: Integrate Marketing Communication Strategies (Philip Kotler and Gary Armstrong, 2012)

The relative emphasis given to the specific promotion tools differs for push and pull strategies.

#### *Push strategy*

A push strategy involves “pushing” the product through marketing channels to final consumers. The producer directs its marketing activities (primarily personal selling and trade promotion) toward channel members to induce them to carry the product and promote it to final consumers.

#### *Pull strategy*

Using a pull strategy, the producer directs its marketing activities (primarily advertising and consumer promotion) toward final consumers to induce them to buy the product. Thus, under a pull strategy, consumer demand “pulls” the product through the channels.

Some industrial-goods companies use only push strategies; some direct-marketing companies use only pull strategies. However, most large companies use some combination of both. In recent years, facing a tight economy and slumping sales, many consumer-goods companies have been decreasing the brand-building pull portions of their mixes in favor of more push.

This has caused concern that they may be driving short-run sales at the expense of long-term brand equity.

## **II. ANALYSIS**

## **2 ANALYSIS OF THE CURRENT STATE OF MARKETING COMMUNICATION**

### **2.1 Introduction about Viet My General Investment Corporation**

Viet My General Investment Corporation is a member of the Rang Dong Group – one of the biggest Vietnam private group in the infrastructure construction field. Viet My General Investment Corporation was established on 24/02/2011 and start official business from 2012 with the number of employees is 50 people, located in 19 Truong Dinh St, Ward 6, Dist 3, HCM City, Vietnam.

Rang Dong Group- father company of Viet My General Investment Corporation buy a winery in Napa Valley, named it RD-Winery and give it for Viet My General Investment Corporation start business. Viet My General Investment Corporation produce their wine product on Napa Valley, USA by RD- Winery, after that they import and sell it directly to customer on their market.

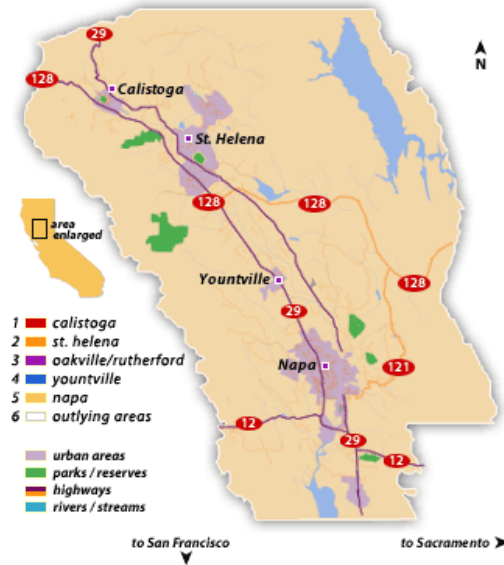
#### **2.1.1 Napa Valley**

Napa Valley is a part of California - American, is the best wine quality production in the world which was experts recognized since 1976 as Napa Valley wine bottle won championships in Paris Wine Tasting Competition.

Napa Valley is also known as wine regions as "small area, low yield, high quality". The vineyard area where only 1/8 compared to French Bordeaux and annually produces just 4% of California wine than the whole region. However, 80% of the production is consumed in the domestic U.S. Therefore, it doesn't have a lot of Napa Valley products on the international wine market.

Napa Valley is also one of the premier travel destinations in the world. Breathtaking views abound at every turn – mustard in the late winter, picturesque rolling hills planted with vineyards year-round and wineries of every stature dot the landscape.





Picture 1: Napa Valley map (Wikipedia, 2008)

### 2.1.2 RD Winery



Picture 2: RD Winery in Napa Valley (our source)

RD Winery is a winery in the Napa Valley, address at 3 Executive Way, Napa California 94558 is a member of the California Wine Association. RD Napa Valley wine using material from Napa Valley vineyards high quality standards AVA (American Viticultural Areas) of the U.S. Winery vineyard harvested annually to produce wine, wine producers to sell at local Napa area for tourists all over the world travel to the Napa Valley. A quality business products directly to Vietnam. Grapes are harvested, brought to alcohol production plant, the manufacturing process

through the various stages of technical. It will take 40 days to import wine go by sea from California to Vietnam

Do customs procedures , tax payments and taken to Castle RD preservation of wine , then the distribution of Viet My General Investment Corporation established groups in charge of each sales channel is responsible for the introduction and delivery for customers through channels that the group responsible

- Wine shop group
- Supermarkets group
- Restaurants, hotels group
- Businesses, entrepreneurs, CEOs of companies and associations Group

To bring "original" taste of the RD-Napa Valley wine to the final customer, wine after was imported, it is put in wine cellar in RD Wine Castle in Phan Thiet, Binh Thuan. Here, wine is to stay a few months in standard conditions of temperature, humidity, light restriction in accordance with standard storage wine before hitting the market.

In the North market of Vietnam, Napa Valley introduce Napa 55, 66, 77, 88, 99, which has bottle Napa 88 cabernet gold winner, Napa 99 Merlot won the silver award competitions, wine tastings Taster's Guide International Wine Judging.

This is the original imported wines bottled under the upper-middle segment, country liquor brewed from Napa Valley grapes and import stamp on the bottle. Each brand has three lines of Cabernet Sauvignon, Merlot, Syrah tastes and meet the diverse needs of consumers.

In the year 2012-2013, scope of Viet My general investment corporation business is Vietnam market and can be expanded to Asian countries. There are currently 146 agents throughout the territory of Vietnam, 64 restaurants and 47 supermarkets also selling RD - Napa valley.

On the other hand, revenue of this company reached 12 billion VND (600,000 USD) in 2012 and 26 billion VND (1.3 million USD) for 2013

### **2.1.3 Future vision and strategic objectives to 2018**

- Vietnam is one of Southeast Asia country which population is 90 million people, is the national alcohol consumption greatly on top of Asia. All the famous beer company in the world were present in Vietnam such as Hennessy, Chivas, Jonnie Walker, Remy and etc.

- Nowadays, Vietnamese have great demand for consume wine by country growing, human life is increasingly high, think about health and integration with international.
- The amount of wine consumption in Vietnam is about 30 million liters yearly and an annual increase about 10-15 % compared with the previous year. Therefore the wine market is well developed futures.
- The objective of Viet My General Investment Corporation is to reach 10-15 % of total consumption in Vietnam market until 2018.
- Total revenues should reach 300 to 500 billion VND (15 million USD to 25 million USD).
- Viet My General Investment Corporation will expand their market to Southeast Asia and China in 2016.
- Advantage of Viet My company is a member of Rang Dong Group - winery owners in the U.S. and is the first group and only to this point have owned wine company, therefore they can change the nature quality or designs to suit with each country that they want to enter.
- Competitive price due to their direct deliver product to consumer.

## 2.2 Analysing marketing opportunities

### 2.2.1 PESTEL analysis

Wine like everything now is affected by world interest, the speed and openness of communication, politics, political correctness, currency fluctuations and international pressures.

#### *P – Political*

Vietnam became a member of the World Trade Organization (WTO) in January 11, 2007 and has agreed to a range of tariff and quota reductions. However, tariffs are still high for many food and beverage products, particularly alcoholic beverages.

The following import duties and taxes are currently payable on imported wine, with alcoholic strength by volume not exceeding 15%:

- Import duty of 65%.
- Special Consumption Tax of 20% (based on CIF price + import duty).
- VAT of 10% (based on CIF price + import duty + special consumption tax).

The current import duty of 65% applied to wine, with alcoholic strength by volume not exceeding 15%, will be reduced to 55% in 2012 when Vietnam comes to the final round of WTO accession.

Draft "Draft Law amending and supplementing a number of articles of the Law on Special Consumption Tax" of the Ministry of Finance to the Government, is expected to be applicable from July 1, 2015. In 16 groups of goods - subject to special consumption tax: Wine, beer, non-alcoholic carbonated soft drinks, the tax rate will be applied as follows:

20 degrees or higher alcohol tax from 50% to 65% below the 20 Wines of tax rate from 25% to 35%; Beer tax rate from 50% to 65%, non-alcoholic carbonated soft drinks tax rate is 10 %.  
[4]

History also have an important role for Vietnam viticulture. The area was first cultivated for viticulture during the French colonial rule of the region in the late 19th century. The region's tropical climate was ill suited for the type of *Vitis vinifera* that the French colonists were used to and the wine industry turned its attention to fruit wine production. The late 20th century saw renewed focus on the development of *Vitis vinifera* with the assistance of flying winemakers from regions like Australia. In 1995, a joint venture with Australian winemakers started an aggressive planting scheme to reintroduce international grape varieties like Cabernet Sauvignon and Chardonnay to land that was until recently littered with landmines left over from the Vietnam war.

#### *E – Economic*

##### Economy in development.

Vietnam is a development success story. Political and economic reforms (Doi Moi) launched in 1986 have transformed Vietnam from one of the poorest countries in the world, with per capita income below \$100, to a lower middle income country within a quarter of a century with per capita income of \$1130 by the end of 2010. Vietnam has already attained five of its ten original Millennium Development Goal targets and is well on the way to attaining two more by 2015.

Improving per capita income has fuelled Vietnam's domestic consumption, which has been a solid growth driver despite external economic turbulences over recent years. AC Nielsen ranks Vietnam as having the highest growth rate in the consumer goods sector in Asia in 2012, up by

23% compared to India's increase of 18% and China's rise of 13%. Domestic consumer demand is expected to continue to benefit from the combined effects of favorable demographics, greater urbanization, a rise in disposable incomes and consumer leverage

Vietnam is playing a more visible role on the regional and global stage, having successfully chaired the 2009 Annual Meetings of the Boards of Governors of the World Bank Group and the IMF, and carried out the Chairmanship of the Association of South East Asian Nations (ASEAN) in 2010

#### Vietnam Wine Market Structure

Vietnam has experienced remarkable economic growth over the last decade and, with 87 million consumers and retail sales up 20 per cent year on year, is an attractive export market with increasing opportunities for foreign wine producers to get their products onto Vietnamese shelves.

Vietnam is both consumer and producer country where demand should develop, and particularly red wine due to the French paradox.

With regard to alcoholic beverages, beer remains the dominant drink of local Vietnamese people with annual consumption per capita around 18 litres in 2006 and expected to reach 28 litres in 2010. The local production of beer was 2 billion litres in 2010 and expected to reach 4 billion litres in 2020.

Overall wine consumption is still very small and is estimated at less than 0.30 litres per capita, with the size of the total wine market being around 25.2 million litres. It is estimated that the market is made up of approximately 10 percent champagne and sparkling wine, 70 percent red wine and 20 percent white wine

#### Economic Potential

The Vietnamese economy is projected to be one of the fastest developing economies in Asia, largely propelled by having: [5]

- One of the youngest demographic profiles in Asia with high trainability; nearly 70% of the country's approximately 90 million people are under 30 years of age
- The highest projected real GDP growth in the region over the next 5 years with average growth of 7%
- One of the world's leading markets for consumer confidence with retail sales growth of 24% in 2011 and real consumer expenditure accounting for 64% of GDP in 2012 (Source: World Bank)

- Structural reforms that have improved Vietnam's business environment and have supported growth in foreign and private investment
- A generous endowment of natural resources including oil, minerals and productive land
- Political stability and openness to foreign direct investment

*S – Social*

#### Vietnam population and demographic trend overview

Vietnam has the third largest population in Southeast Asia, with nearly 70% belonging to the working age group (15-60). Vietnam's demographic presents an excellent opportunity for the rise in domestic consumer demand and is expected to persist through the next 30 years. There are other trends allied to these demographic realities that could result in structural changes in the consumer market, including: greater demand for convenience foods, greater focus on quality and health aspects of products, consolidation and greater preference for branded products, and demand for new products and variants.

Resveratrol, the famed antioxidant found in grape skin, stops fat storage. Studies show that moderate wine drinkers have narrower waists and less belly fat than liquor drinkers. Downing a glass can boost your calorie burn for a good 90 minutes.

The food and beverage sector is a critical focal area as it is underpinned by the rising living standards of Vietnamese families and is underpenetrated in comparison to Asia-Pacific peers. On a per capita basis, spending on packaged foods and beverages in Vietnam is still relatively low compared to its emerging market peers, demonstrating the significant growth potential of the market.

I expect future growth to be driven by the continuing change in urban consumer lifestyle as they place a higher importance on convenience, safety and health. In addition, rising consumption of branded FMCG products in rural Vietnam will drive market growth as rural consumers have better access to products backed by higher levels of disposable income

#### Markets trends base on customer behavior

Market trends in Vietnam also indicate that wine consumption is likely to increase. Despite the price of a bottle of wine being higher than that of a carton of beer, more affluent local consumers are changing their preferences, with shifts in consumer behaviour apparent in large urban centres such as Ho Chi Minh city, Hanoi and Danang



Vietnam is not one market with one profile. For example, Hanoi and Ho Chi Minh have very different consumer cultures; selling strategies that work in the south may not be as successful in the north. Building a brand proposition that encompasses a western flavour while still appealing to the local market is also a critical success factor in Vietnam.

Generally speaking, urban Vietnamese consumers are status driven and desire Western brands that are modern and new - the same trend is apparent in the wine consumer market. The local population is extremely receptive to advertising and, once captured, tend to show strong brand loyalty so even limited advertising budgets can go a long way in this part of the world. One market researcher noted that 18 percent of sales in the modern retail sector are as a result of advertisements and promotions.

The majority of Vietnamese do not drink grape wine because they have not acquired a taste for the wine. Vietnamese who do drink wine mainly drink the traditional rice wine. It is estimated that locally produced wines (around 6 million litres) account for around 25 percent of the total wine. Imported wine is perceived as a luxury product in Vietnam and demand for it largely comes from expatriates and tourists. Only a small number of Vietnamese from the middle to high income groups drink imported wine. Vietnamese that have acquired a taste for wine generally prefer old world wines and red wine from Bordeaux is the most popular. However, new world wines (Chile, Australia, Argentina, USA...) become more and more popular because of their structures and their volumes alcohol. While wine is not usually consumed at home. Vietnamese consumers who have acquired the taste consume imported wine while they are socialising, entertaining or dining during the week.

Until recent years, major consumers of wine in Vietnam were Western expatriates, tourists and returned overseas Vietnamese, however, the real long-term growth of the Vietnamese wine industry lies in the local population. The culture is rapidly moving towards Western-style cuisine and as Vietnam's standard of living continues to improve we are seeing unprecedented growth in the demand for imported wine.

Jim Cawood of VINO, a distributor based in Ho Chi Minh City, says that while the overall market is still based around tourists and the ex-patriate community, it's growing at the rate of 30% to 40% a year. "Vietnamese customers have an average spend that's better," he says.

The changing role of women is partly responsible.

A lot of young professional women now have important managerial positions and they do business with foreign clients. It's not culturally acceptable for them to go to karaoke bars and get plastered, and the foreign businessmen don't like it either. But to have a glass of wine is acceptable.

### *T – Technological*

#### Vietnam viticulture

In other parts of the world viticulture has existed for thousands of years, but in Viet Nam it has just begun to be developed in recent years. Since its economic value is superior to that of other crop plants, areas under grapes in Viet Nam have quickly increased since the early 1990's when only table grapes were the main article of commerce from grape cultivation

French colonists planted their vineyards in the highlands areas around the Ba Vi mountain range near Hanoi. Modern viticultural techniques have produced some successful results with aggressive pruning and the adoption of the pergolas style of trellising. This Pergolas trellis has the benefit of keeping the grapevines off the ground to where some of the humidity is ventilated which reduces the risk of powdery mildew's developing. The grape bunches are shaded by the canopy of the vine which reduces the yields. [6]

Other areas with vineyard plantings include the Central highland region along the Annamite Range and the southern coastal plain of the Ninh Thuan around Phan Rang-Thap Cham where Vietnam's first commercial winery Thien Thai Winery is located.[7]

At present, the grape industry has expanded to Northern, Northeastern and the NorthWestern regions. The total planted area are about 2,500 hectares and the average yield is about 15 t/ha. Of the total grape production, 85.0 percent is used as table grapes and 15.0 percent for wine production, respectively. Vineyard management is quite intensive and often costly to growers. There are many diseases and insect problems. Grape growing, however, is a highly remunerative enterprise as the crop is easily marketable.

As of 2005, the main grape varieties planted in Vietnam are the Cardinal and Chambourcin grapes. A large form of wine production is from fruit wines made from the country's abundance of local fruits. [8]

Considering the increasing demand and the ingenuity of local farmers, the grape industry has much potential for further expansion in the years to come.

### *E – Environmental*

Vietnam is located between the Tropic of Cancer and the Equator and has a climate typical of a tropical region marked by high humidity and a rainy summer season. The topography of Vietnam is very hilly which can provide some relief from the tropical influences and also create various microclimates where viticulture could thrive. The Gulf of Tonkin, Mekong and Red Rivers also have a tempering affect on the climate. Due to the year round warmth, vineyards in the southern region of Vietnam can produce a harvest up to three times during the course of a calendar year. Some plant varieties can produce fruit from new cuttings within a year of their planting.[9]

#### *L – Legal*

According to the Australian Trade Commission's latest update, opportunity areas in the Vietnam wine industry include white and red wines, rosé, dessert wine, sparkling wines, cask and bulk wine for local bottling and the hospitality industry. Although currently the Vietnam import tax for wine remains high, upcoming import tax cuts as part of Vietnam's commitment to the World Trade Organisation are expected to benefit domestic consumers, giving them a wider choice of reasonably priced imported goods

Circular 43/2003/TT-BVHTT regulations only allow ads with wines have an alcohol content below 15 °. And the wines from 15 ° or more is advertised only within the boundaries of the wine production business, inside the store, but alcohol consumption agents to ensure that outside corporate boundaries stores, agents can not read, hear or see no tendency According protect the health of consumers,

The Vietnam Beer Alcohol Beverage Association (VBA) aims to set the highest standards for ethical behaviour and industry responsibility. As such, It aims for all commercial communication to be responsible, appropriate and sensitive to the social and cultural environment in Vietnam. More significantly, this code serves to help VBA avoid irresponsible beer brand communication - the kind that can be misconstrued as encouragement or excuse to misuse of beer.

The decree of the Industry and Trade Ministry 197/TB-BCT of 2011, regulating, amongst other things, wine import to Vietnam was abrogated by the same Ministry, with circular 301/TB-BCT dated 28 December 2012. In order to try to fight the incoming of counterfeited products to Vietnam, easily possible by land from neighbouring countries, the decree allowed the import of such products only by sea through the international ports of Hai Phong in the north, Danang in the centre and Hochiminh City in the south. When the decree came into force, it caused a lot

of administrative difficulties, beside an increase in importation cost and the following adjustment of mark-up on the imported merchandise. From 1st January 2013 wine can thus enter Vietnam by air, as well as by sea, through all ports and airports of the country [10]

The Decree No.94/2012/NĐ-CP on wine production business which was issued on November 12th 2012 by the Prime Minister of Vietnam.

This Decree takes into effect from January 1st 2013.

According to the Law, except the provisions at Article 12 of this Decree, only wine products with legal brands shall be consumed in Vietnam. Such products must have their brands in proper line with regulations on brand. As for export wine, it's necessary to make brand name for goods in accordance with requirements of importers as long as those requirements do not mislead the nature of goods and do not violate Vietnam laws as well as importers ones.

Wine produced for sales at home and wine imported to consume in Vietnam must be stamped on their packages as stipulated by the Ministry of Finance (excluding producing wine by traditional manual methods for selling to the enterprises licensed to produce wine for further

Imported wine products may include finished bottle or can or barrel wine products for immediate uses and wine in the form of semi-finished and ancillary materials for making up finished wine in Vietnam. Imported wine must acquire legal documents according to current laws and acquire standards of imported wine stamping as provided in Article 15 of this Decree. Imported wine must have brand as provided in Article 14 of this Decree and other regulations of relevant laws.

Only enterprises occupying business registration certificate of wine products distribution are capable of importing wine directly and may take responsibilities for imported wine quality and safety. Those who import semi-finished wine products and ancillaries to make up finished wine products are only allowed to sell wine for enterprises attaining Certificate of wine production. Enterprises with Certificate of industrial wine production are allowed to directly import or assign imported semi-finished wine products and ancillaries to make up finished wine products.

Imported wine must be registered at the competent agency of Vietnam prior importing and must be granted "Notifications of result certification on goods eligibility for import" with each cargo as provided by the law. [11]

Government policies for viticulture development

The Government of Viet Nam has issued several general policy directives for development of fruit crops all over the country, including grapes. These policies include encouraging farmers to change crop planting composition to diversify agriculture and farm products, providing loans to farmers at low interest rates, and constructing new water reservoirs as well as main channel systems for agricultural production.

In recent years, Viet Nam Agriculture and Rural Development Ministry has made initial investments for research and agriculture extension including surveys on grape cultivation techniques for farmers, forming agro-extension models for planting new varieties, as well as IPM programmes. These investments are, however, too small in comparison with the grape growers' needs, especially on production techniques.

Since Ninh Thuan province was re-established in 1992, the provincial authorities have affirmed that the development of viticulture is one of the key tasks in its socio-economic programme. Hence, they have begun to show their concern for the development of viticulture by investing more for research on variety collections, surveying the suitable areas for grapes, and building wineries for processing, etc. However, these investments are still insufficient in comparison with production needs. [12]

### Electronic Commerce

Electronic commerce remains underdeveloped in Vietnam. Development has been hampered by the low number of Internet subscribers, concerns about data protection and data privacy, limited bandwidth and other problems with the Internet infrastructure, limitations in the financial services sector (including few credit cards users), and regulatory barriers. The 2006 Law on Electronic Transactions gave legal standing to electronic contracts and electronic signatures and allocated the responsibilities of parties with respect to the transmission and receipt of electronic data. [13]

#### **2.2.2 Five forces framework**

Helps to identify the attractiveness of Vietnam wine industry in terms of competitive forces and understand the strength of current competitive position, and the strength of a position RD Winery are considering moving into.

*The threat of entry (Barriers to entry)*

#### Barrier from Political

In November 2006, Vietnam became a member of the World Trade Organisation (WTO), which required the country to reduce its trade and investment barriers including, tariffs, subsidies, non-tariff barriers (NTB's), investment restrictions and improve recognition of intellectual property rights (IPR) this has established a very strong framework for countries to trade with Vietnam.

#### Barrier from Custom of Vietnamese people

As for beverages, tea (called *tra* by the locals) is the most common drink in Vietnam. As a matter of fact, most Vietnamese prepare an amount of tea that is enough to last for an entire day. Tea is also served before and after every meal. Most Vietnamese prefer green tea, but there are also black, fermented teas that can be purchased in urban areas. While tea is the drink of choice for most Vietnamese, the country also grows and sells coffee. Coffee, or “*caphe*,” is a famous Vietnamese drink that is made by mixing French-roast coffee and condensed milk. It can be served hot or cold, depending on preference. During hot and exhausting days, Vietnamese would drink *soda chanh* or lemon soda. Coconut milk can also be purchased from street vendors and drunk straight from husk of a young coconut. Vietnamese are also fond of *Cà phê sữa đá* (iced coffee), *Nước Sâm* (iced ginseng), *Sữa đậu nành* (soy milk) and *Soda sữa hột gà* (a concoction of iced soda with egg, milk and sugar).

Of the various Vietnamese drinks, Snake Wine or *Rượu rắn* is the most intriguing. Made by bottling venomous dead snakes that are immersed in rice wines, Snake Wine is not for the faint of heart or the weakest of stomachs. Nonetheless, the alcoholic beverage is believed to have restorative and invigorating properties.

#### Barrier from Vietnam Wine Distribution Channels

Vietnam's distribution channels are highly fragmented with many retail outlets carrying small quantities of wines only in the key urban centers. Also, many of these companies tend to be strong regionally rather than nationally. Only licensed importers are permitted to import wines into Vietnam. Vietnam has a number of wine and spirits importers but only a handful of importers are experienced enough and have the capability and expertise to import and distribute wines in Vietnam. No information is readily available about these importers. Apart from a few multinationals that import their own wine portfolio, most of these wine and spirits importers are small businesses.

In principle, the distribution channel for imported wines is quite simple and commonly has two levels only. Wines are imported directly by the importers/traders themselves if they are licensed to do so, or through other importing companies on a fee-based basis, which ranges from 2-3% over the total contract value. Wines are then priced by importers/traders and distributed to hotels, restaurants, supermarkets and retail wine shops which normally get 10- 20% commission over the fixed price on each bottle sold. Some high-end restaurants and hotels buy wines from traders/importers at a certain price and then price the wines at value they want.

Hand-carried and smuggled wines are mostly traded through retail shops. Premium and/or famous brand wines are mostly consumed at high-end restaurants, hotels and resorts, or retailed directly to home consumers via wine showrooms of the importer. Medium, low end quality and reasonably priced wines are distributed at wine retail shops, supermarkets and normal restaurants. Currently there are about 50 main distributors in Vietnam, of which 30 are located in Ho Chi Minh City and the remaining ones in Hanoi.

#### Barrier from Vietnam's Social Problems

Both foreign and domestic firms have identified corruption in Vietnam in all phases of business operations as an obstacle to their business activities. The lack of transparency, accountability, and media freedom, along with widespread official corruption and inefficient bureaucracy, remain serious problems.

Competition among government agencies for control over business and investments has created confusing and overlapping jurisdictions and overly bureaucratic procedures that in turn create opportunities for corruption. Inadequate accountability systems contribute to these problems. With the assistance of the United States and other donors, Vietnam is in the process of implementing a public administration reform program and continuing to enhance transparency. The United States will continue to work with Vietnam to support administrative reform efforts and promote greater transparency. [14]

#### *The threat of substitutes*

#### Vietnam Beer Market

- Trends

In 2012, beer in Vietnam continued to be a potential market for both domestic and foreign players despite the fact that Vietnam was one of countries that has the highest total volume

beer sales in Asia. Strong demand for beer was stimulated by increasing numbers of Vietnamese consumers who have a habit of drinking beer when socialising, especially in building good relationships with business partners. In addition, towards the end of the review period, the leading players such as Sabeco and Vietnam Brewery Ltd constantly advertised its products in the public media ranging from television, newspapers, magazines, advertisements at foodservice outlet to encourage consumption.

Many foreign players already had a plan to invest in this category through mergers and acquisitions. For example, in 2012, SAB Miller, Kirin Brewery Company Ltd, Asia Pacific Breweries Ltd and Asahi Breweries Limited all showed an interest in acquiring shares of Saigon Alcohol Beer & Beverages Corp (Sabeco).

- Competitive landscape

Saigon Alcohol Beer & Beverages Corp (Sabeco) continued to lead beer sales in Vietnam, holding a total volume share of 48% in 2012. Over the review period, the company constantly increased its volume share despite the more intense competitive environment in beer. The success of Sabeco was due to its good set of strategies from production, distribution and marketing activities. In terms of production, the company constantly employed high technology to increase its annual production to respond to increasing consumer demand. In term of distribution, the company was able to build a good relationship with distributors, retailers, and foodservice operators. In term of marketing activities, Sabeco continuously executed promotions and marketing campaigns to build brand awareness as well as to encourage new consumers to try its products.

- Vietnam beer consumption by Geography:

Below is a chart we put together in 2009. The numbers haven't been updated since but what we have here shouldn't be far off.

Key change is the addition of Larue and Sapporo as significant brands consumed in HCMC.

Despite the lower total volume average growth rate, beer will continue to grow strongly in line with improvements on disposable household incomes and living standards. In addition, Vietnam's young adult population is another factor that contributes to increasing demand for beer.

According to Japan's Sapporo beer producer, Viet Nam is Asia's third-largest beer market after China and Japan in a fast-growing market. [15]



- Prospect of Vietnam Beverage Market

Vietnam has huge potential for beverage industry to develop in the long run. Taiwan's Uni-President Group-the largest shareholder of Tribeco Saigon-has assumed responsibility for Tribeco's trademark, always considering it worthwhile to expand business operations with a focus on five key commodities such as instant noodles, snacks, flavouring powder, seafood, and now beverages. Similarly, Vedan has recently launched Thien Tra product line on the market.

Coca Cola has decided to invest US\$300 million in developing new brands. PepsiCo Vietnam and Suntory (Japan) have agreed to set up a joint venture in the beverage sector. Suntory will buy 51 percent of PepsiCo Vietnam's shares. PepsiCo's popular brands include Pepsi Cola, 7-UP, Sting, Mirinda, Tropicana, Twister, Lipton, and Aquafina.

According to statistics from the Vietnam Alcohol, Beer, and Beverage Association Vietnamese people annually consume dramatically less bottled water and non-alcoholic beverages than their Philippine neighbours. As per capita income continues to rise and living standards improve, the beverage sector is expected to see its revenue growing by 20 percent per year.

Tan Hiep Phat Company has a design capacity of 1 billion litres per year across a wide range of products. Recently, Tan Hiep Phat began construction on two beverage factories with a total capacity of 1.550 million litres per year in Quang Nam and Ha Nam provinces.

In mid August this 2012, Quang Ngai Joint Stock Company inaugurated a Vinasoy soya factory in Bac Ninh province's Tien Son industrial park. The first phase of the factory will enter operation in May 2013 with a design capacity of 1 billion canned products per year.

The project is one of the five largest soya factories in the world. Quang Ngai Sugar Joint Stock Company has launched two beverage trademarks-Fami and Vinasoy. Vinasoy already claims 80 percent of soya milk market shares and ranks fourth in the globe in terms of packaged soya products with a total revenue of VND1,200 billion in 2011. The company aims to earn around VND2,000 billion in revenue from these two trademarks.

The non-alcoholic beverage market includes commodities like carbonated soft drinks, green tea, mineral water, fruit juice, and milk. Consumer demand for these products is growing but with different tastes.

Dozens of trademarks owned by both local and foreign companies-such as Real Leaf (Coca Cola), Vfresh (Vinamilk), Lipton Pure Green (Pepsi), C2 (URC), and Anatu (Bidirco) are still struggling hard to corner the beverage market.

The more threats of substitution there are, the less attractive the industry is likely to be. As you can see, outside large potential from Vietnam beer market, it also have a lot of choice for customer in the field of soft drink. If we tell that customer choice wine and not beer for you healthy, it can have opportunity for wine market but in the field of healthy drink, it is also have many attractive other choices. However, wine is also an potential market for investors because the ability to get profit and the change in the behaviour of customer, especially Vietnamese young people and business man, who always want a glass of wine instead of a bottom of softdrink for the conservation with their partner.

#### *The power of buyers*

Imported wine is perceived as a luxury product in Vietnam, and demand for it largely comes from expatriates and tourists. Only a small number of Vietnamese from the middle to high income groups drink imported wines. This is because these groups of consumers generally prefer spirits such as vodka, cognac, brandy and whiskey to wine. However, Vietnamese that have acquired a taste for wine generally prefer old world wines, particularly red wines. The most popular wine in Vietnam is Bordeaux, which is synonymous with wine. Vietnamese consumers who have acquired a taste for wines consume imported wine while they are out socialising/entertaining or dining during the week. In line with growth in incomes, rising affluence in urban centers, the larger expatriate business community and emerging tourist cities, demand for wine is expected to increase over the next five years. This trend reflects the prestige associated with drinking wine compared with beer and spirits, in addition to the perception that wine is healthier.

The presence of more and more highly-regarded brands of wine from Old World countries like France and Italy as well as from New World ones, like Chile, Australia, United States of America, South Africa, Argentina and New Zealand has demonstrated how much wine producers are interested in this promising market.

<b>Level</b>	<b>Price Range (in VND)</b>	<b>Price Range (in USD)</b>
<b>I</b>	50,000.00-125,000.00	2.63-6.50

<b>II</b>	125,000.01-250,000.00	6.50-13.10
<b>III</b>	250,000.01- 350,000.00	13.10-18.30
<b>IV</b>	350,000.01-500,000.00	18.30-26.20
<b>V</b>	500,000.01 +	26.20+

*Table 3: Price Structure (Euromonitor International, 2008)*

As a part of a market study conducted by Euromonitor, 56 wines were selected from store shelves. Of these, 30 percent of all wines were priced at Level II price range. The majority of wines in this category are still red (10), still white (4), and rose (3). At price Level I, nine out of 13 wines were still red wines. At price levels III and IV, out of 13 samples, seven were of still red wine, three of still white wine, and three of rose. At price level V, six out of 13 samples were of still red wine, four of champagne, and three of the still white wine. This trend shows that while the Vietnamese enjoy wines that are reasonably priced, they are willing to try high-quality and high-priced wines.

#### *The power of suppliers*

RD Winery doesn't need suppliers because they supply their product directly to distributors

#### *The extent of rivalry between competitors in the industry*

The popular Vietnam imported wine are from Chile, France, Italy, Spain, Australia and the U.S, wine producing inside the country include Dalat Wine in the South market and Thang Long Wine in the North.

#### Local producers

##### *Hanoi Liquor Co Ltd (Halico)*

Halico produces alcoholic drinks in Vietnam in both wine and spirits, but it is especially strong in spirits. In 2006 Halico produced just over 10 million liters of wine and spirits and expected to produce 15 million liters of wine and spirits in 2007.

The company is the largest spirits manufacturer in Vietnam, with its key brands being Hanoi Lua Moi (New Rice), Hanoi Nep Moi (New Sticky Rice), and Vodka Hanoi, a form of non-

flavored vodka. In 2006 Halico controlled almost 41 percent of the spirits in Vietnam, largely due to the popularity of its flagship brand, Hanoi Lua Moi.

The company has products in both still light grape wine and sparkling wine. However, its presence in wine remains low in this highly fragmented environment, and the company has not yet managed to accrue a quantifiable volume share in wine.

By investing in modern product line technology and diversifying its products, Halico is aiming to meet increasing customer demands and serve all segments in spirits and wine. Halico will not only concentrate on its traditional market in the Northern Vietnam, but also plans to expand to central provinces, southern areas, Laos and Cambodia markets. Additionally, Halico will export its premium brands to Korea, Japan and Taiwan as well as expect to enter the U.S. market in the next few years. [16]

#### *Lam Dong Foodstuffs JSC (Ladofoods)*

Ladofoods is in a good position to perform well over the forecast period, especially with the increasingly favorable image of red wine and its health benefits. The company is likely to also focus on its “traditional” spin to red wine, to add to the unique positioning for its Dalat brand.

The export market has yet to become a focus for the company – instead, it is set to intensify its promotional efforts for wine sales in the domestic market. That said, in July 2007 Ladofoods negotiated with French strategic alliance P&P Import & Export Co to establish the Dalat France Wine JV in order to grow grapes as well as produce and trade wine in Vietnam.

Ladofoods is mostly famous for its wine products, with specialties in producing and trading varieties of Dalat red wines, Dalat white wines, Dalat strawberry wine, Dalat mulberry wine, Dankia wine, Lemon liquor, Dalat whiskey, Dalat rum, and Aviva wine coolers. Its grape varietal is Cardinal, which is grown in Ninh Thuan province. The wine processing technology employed by Ladofoods comes from Italy and Germany, thus its wine products meet international standards. All products from Ladofoods, including wine and non-alcoholic products such as soft drinks and spreads, are manufactured at its factory located in Dalat city. The winery of Ladofoods had annual production capacity of three million liters in 2006, and the company aims to upgrade its capacity to five million liters per annum in 2010. In the alcoholic drinks category, Ladofoods concentrates mostly on wine. The company has a presence in both grape wine and local non-grape wine sectors, although its share of non-grape wine is very small. Its key products include still grape wines, sparkling, strawberry, mulberry,

and mixed-fruit wines. Still grape wine, particularly still red wine, accounts for the largest amount of sales. Ladofoods' products are mainly sold in Southern Vietnam, particularly in Ho Chi Minh City. [17]

#### *Thang Long Liquor Co*

Thang Long Liquor Co is one of the largest producers (distributors) of wine in Vietnam, falling behind Ladofoods in 2005. The company's key brands include Thang Long fruit wine, Thang Long Still Grape Wine, Thang Long Dry Wine, Thang Long Sparkling Wine, and Thang Long Vodka. All of Thang Long's products are manufactured locally, and the majority of its sales occur through off-trade outlets in Northern Vietnam. Thang Long Liquor Co. has a grape wine manufacturing factory in Ninh Thuan province. It has also built a winery with annual production capacity that is expected to reach 10 million liters in 2010 in Ninh Thuan province, for the production of cardinal, shiraz and saw-blanc grape varieties. Thang Long Liquor Company's strongest presence is in Northern Vietnam, followed by the Central Vietnam. The company's share in South Vietnam is rather low due to its weak distribution network and a lack of effective marketing activities. The widespread presence of local wine companies coupled with a growing presence of Australian still red and white wine brands, such as Jacob Creek have hindered the company's development in the South.

Although its product types were continuously diversified and their prices were economically positioned (retail prices were just only from VND 17,000 to VND 36,000 per Thang Long bottle), its brands still face competition from counterfeit wines.

In order to improve its competitiveness, Thang Long has decided to invest more capital in production technology, to ensure its product quality, to demonstrate care for the environment by setting up a new winery in Ninh Thuan, and train farmers there to ensure the good quality of shiraz and sauvignon blanc grape varieties. It has also focused on branding by launching some marketing campaigns aimed at health conscious consumers for the company's products made from tropical fruits. [18]

#### *Da Lat Wine.*

As with most other Asian countries, wine is not the first commodity that comes to mind when thinking about Vietnam. However, Dalat, with its cool central highland climate and strong French heritage, is an anomaly that producing artichokes, asparagus, strawberries and most recently- wine.

Unlike its more sophisticated brethren in France, Northern California and South Africa, *Dalat wine* uses table grapes from nearby Phan Rang - a Vietnam's main grape-growing region. Nguyen Van Viet who has been with his wine company since 1999 explains that Vietnam has a limited history with wine. The French introduced an elite wine culture pre-1954, and during the past decade, due to the improvement in living standards, more people fond of traveling overseas and being exposed to foreign wines.

With this in mind, Nguyen considered how Dalat wine could produce a European-style wine similar to traditional Vietnamese wines that any family could afford. Today, his company produces 1.5 million liters of wine a year, including a Superior Red (all grape, 11% alcohol), Strong Red (grape/mulberry blend, 16% alcohol) and even a sparkling white.

In the meantime, Dalat Wine is just one more good reason to visit Vietnam. If visitors make it to Dalat, they usually use dinner at Maison Long Hoa, a genteel establishment run by a Vietnamese Francophile. Classical rather than tinny pop plays over the stereo, hearty Vietnamese food offers comfort against the chill outside, and - along with the strawberry wine made by the owner's wife – Dalat wine vintages top the wine list.

According to the Vietnam Beverages Association, there are approximately 10 wine producers in operation in Vietnam with a total annual capacity of approximately 4.5 – 5 million litres. However, their market share is quite limited in comparison to their foreign rivals who have built up brand awareness and have a good reputation for quality and consistency. Vietnamese wineries such as Da Lat Winery, which makes some of the best locally made wines, can only penetrate the lower market segment with prices ranging from US\$ 2 to US\$ 5. In addition, the wine producers in Vietnam are mostly confined to a few regions like Ninh Thuan and Binh Thuan provinces, and the grapes do not seem to be of a quality for making premium wines, according to some experts. Recently Da Lat Winery had to import grapes and wine inputs from France to produce better quality wine. [19]

### Imported wine

While there are small local wine industries in the region the vast majority of wine consumed is imported.

French and Chilean wines dominate the market both for brand recognition and market share. In 2008 they had a combined market share of around 54 percent. Though the French producers are still the strongest players and have continued to enjoy steady growth in value in recent

years, their market share has steadily declined due to many new entrants into this market, particularly those from Chile, Australia, USA, South-Africa and Argentina. A wide variety of Chilean wines are available in the market, including sparkling, red and white wines, and local consumers prefer Chilean red wines to wines from other parts of the new world.

Like any emerging market, selling into the Vietnam is both an opportunity and a challenge for exporters. Modern Vietnam has a dynamic and well-educated population, and is unique in its history, culture and business environment. Yet despite the potential benefits, Vietnam is known as one of the toughest markets for conducting business. Many international organisations have learned the hard way that business models which worked in other parts of Asia will not necessarily work in Vietnam.

Traditional distribution channels are expanding with an ever increasing range of wine available for purchase in restaurants, supermarkets, hypermarkets and local wine stores.

Finding a suitable wine distributor in Vietnam can pose challenges: as a developing economy Vietnam has limited infrastructure and somewhat fragmented distribution channels (although these are improving steadily). Traditionally Australian wine exporters have used Australian or joint-venture companies who specialise in distribution and marketing to handle their products, however, if foreign company are selling into the local market, choosing a local agent to directly distribute and market its products to the local stores is the more logical choice.

## **2.3 Evaluation of current marketing strategy of RD Winery.**

### **2.3.1 RD Winery current marketing activities**

#### ***Direct Marketing.***

The major forms of direct marketing include personal selling, direct-mail marketing, catalog marketing, telephone marketing, direct-response television (DRTV) marketing, kiosk marketing, new digital direct marketing technologies, and online marketing

In VietMy General Investment Corporation, direct marketing is still lack of power. They has just business for 2 years regards with marketing in Vietnam not so develop in additions organization usually doesn't have enough focus on it or willing to pay more money. All of reasons leads to this result.

In VietMy, direct-mail marketing, direct-response television (DRTV) marketing, kiosk marketing, new digital direct marketing technologies are so strange for them as well as vietnamese marketers.

However, VietMy General Investment Corporation has try to best for their catalog marketing with professional design. “Make the moment special” catalog for year 2014 is designed with actors and actress are famous models combine with space of RangDong Wine Castle where put RD Winery Products. In a party with RD wine, waiters, conversation between them, make reader feeling luxurious, shall fade, some things very business and lead them to the thinking that this product is for business, for their meeting in business and it is necessary for their business, too. Combine with memory effect for picture inside procedure, bring feeling classical, vintage to customer as the history of this brand – RD Winery.

In “Make the moment special” catalog for year 2014 also provides detail information about product range for colour, taste, year produce, smell, which food suit with this. Base on the fact that, wine is not use usually in Vietnam and Vietnamese doesn’t have good knowledge about wine tasting so this information is very useful. On the other hand, in this procedure have a picture which three man are walking along the castle with a suitcase in their hand. Actually, if look at longer, customer can easily realize the suitcase is wine box. In my opinion, this is a very smart marketing way. “A product with high quality, luxury and is present in the best polite and convenience way so why it can’t be my chosen?” Business is still one more time be product image.

**Public relations (PR)** includes press releases, sponsorships, special events, and Web pages

#### *Press releases*

In condition of wine marketing in Vietnam, Pr is the form used most due to its effective. VietMy General Investment Corporation is not out of the circle. This company have a lot of press releases in Vietnam famous papers such as Thanh Nien, Tuo Tre, Dan Tri, Doanh Nhan Thanh Pho and etc. It usually tell about the Napa Valley which beautiful landscape, highest quality grape, wonderful climate for grow up of vineyards, the history of wine maker, introduce about RangDong Wine Castle, and finally is information about the events.

#### *Sponsorship*

VietMy General Investment Corporation usually sponsor for many programs. It is showed in the list below



- Golf Championship 2/6/2012 in Sealinks golf, Phan Thiet, Mui Ne.
- Seventeen salon: “Celebrating America Independence Day” Event 4/7/2012
- Seminar “Culture and cuisine key attraction for Vietnamese tourism” – 18/8/2012
- The Imperial Vung Tau Hotel\_ Vung Tau City
- Tennis Saigon Entrepreneur 25/8/2012
- Lady luxury 2013
- New Collection of Designer Vo Viet Chung

Their sponsorships regards with sport events such as golf and tennis, where they can find potential is entrepreneur as well as sponsor for beauty rewards – lady luxury or famous designer Vo Viet Chung. All of this help RD Winery can introduce who are they, build customer awareness and customer database. It is very necessary for other marketing communication tool such as email marketing or telephone marketing because of customer database, information about name, address, title of work, hobbies, contact information.

#### *Special events*

For 2 years doing business, VietMy General Investment Corporation has celebrated some special events such as Wine Tasting in one five start restaurant in Vietnam for 600 customers. It is Wine Tasting Party on Sep 29th 2013. In additions, this company also the owner of Napa Night in Hochiminh City and Hanoi capital.

Organizing *product launch event* for the retail distribution as wine shops and supermarkets, with the choice of venue for suit luxury brand leading Napa Valley-USA. RD winery has 4 big event since the products had been in Vietnam in October 2012 which was held in White Place HCMC, Sealinks Mui Ne City, Sheraton Hotel Hanoi, Ho Chi Minh Ly Club. Each event invited about 200 to 300 customers is an enterprise specialized in the wine business so they understand about wine RD designs and quality products at the event. In programe, RD Winery always creates clearly benefits for customer so that they accept selling RD Winery product immediately. After four times organizing product launches to distributors, Viet My General Investment Corporation found that it is very effective, the customer has accepted to put RD Winery on their business systems. Up to now, RD Winery has 150 shop and 47 suppermarkets distribution RD Winery products in the country.

On the other hand, RD Winery has celebrate three big event more, as below:

- Grand Opening In Ha Noi
- Event 22/06/2013
- California Wine 22/10/2012

#### *RD Winery Castle*

In addition, the company also has a first and only one wine castle in Vietnam, the castle was built in Sealinks city- the top 5 star resort of Vietnam tourist, this is the pub where the security standards of thermal temperature, light, humidity before hitting the market, where tourists visit and wine tasting.

Not only tasted tangy drink, wine to Castle RD, as you are taken back to medieval Europe with the large square, dome no less ancient and elegant luxury. The soaring watchtowers spread fresh view of the green space of the Sea Links City and Mui Ne bay panoramic dreaming.

The castle consists of three space basement display just wine products originating from Napa Valley California, both with panoramic exhibition area of the production line and bottling wine; spent doing ground floor area wine, and a wine supermarket offers 3 free specialties; rooftop orchid garden is unique and enjoy the excellent coffee bar and relax.

#### *Webpage*

Customer can access this link <http://www.rdwinery.com/> to visit RD Winery Website. It is build suitable with law of Vietnam Government for wine product. If customer want you access the website they had to give their age via choose “year of birth” but the accurate for this not so high because it depends on the honest of visitor. In this website have english version and vietnamese version, with music or customer can turn off it if they do not really want to listen. This website provide information about Napa Valley, RD Winery product range, news and events, contact information. It is designed with the red ruby colour for the flatform and immagine wine bottle for process loading make an strong impress to visitors. On the other hand, this website has some technique problems such as, slow download information or picture, lack of take care from staff for this website for update. In comparision with other winery in vietnam, they don't have fomal website like RD winery and they just provide some thing via other webpage and it is an advantage of RD Winery.

#### *Sales promotion*

Sales promotion includes a wide assortment of tools - coupons, contests, cents-off deals, premiums, and others - all of which have many unique qualities

#### *Coupons*

VietMy General Investment Corporation have program for customer who own Amcham member card (10 percent discount), Eurocham member card (10 percent discount), HSBC visa and master card (10 percent discount), Yersin member card (5 percent discount) for year 2014.

As the general director of Viet My General Investment Corporation Mr Thieu Nguyen Van, in the end of May of this year they will opening the first wine supper market in Vietnam, where will display and distribute RD Winery product, as a milestone for development of this company and customer who visit it will give a gold or silver card base on their purchase and this card also have discount value for the next business.

Personal selling is the most effective tool at certain stages of the buying process, particularly in building up buyers' preferences, convictions, and actions.

VietMy General Investment Corporation have training program for waiter and waitress in their corporate hotels and restaurants. In this course, VietMy will hire a wine expert to teach about the way of open and taste wine, the way to recognize type of customer, who have excellent knowledge about wine or just a person want to show their power. The expert will talk about history of wine, leads to best condition for graph development, Napa Valley and finally introduce RD Winery to waiters and waitresses. In this course, RD winery is free for tasting and finish this course, each member will have a certificate about wine knowledge, it can help this waiters and waitresses be more confident when sales one bottom of RD Winery to customer and their job.

Sale teams in RD Winery is strong and with their relationship, the customer database more and more expanded. In additions with the working environment encourage them devote more by the wage and profit policy.

#### *Direct marketing to small distributors*

The current marketing strategy for RD Winery is *direct marketing to small distributors such as shop and supper market* on the whole country in the role of Rang Dong supply it directly to distributors not an importer.

#### *Marketing to restaurants*

Marketing to restaurants in the whole country, display RD winery in this restaurants, and it is also appear in big restaurant's or hotel's menu book to have good market share and future growth targets of 50 to 70 percent of annual sales.

Throughout the month of January 2013, Parkview restaurant at New World Hotel would be introducing RD- Napa Valley wine during their special wine of the month promotion. The brand Napa 55 Syrah is pairing very well with the lavish lunch and dinner buffets featuring a tasty array of both Asian and International favorites.

**Advertising** includes broadcast, print, Internet, outdoor, and other forms.

Bannel to hang on the lamppost on the way to restaurant. Bannel is designed follow the same style with procedure and it make recognize brand system so well.

### 2.3.2 Which marketing strategy RD Winery is following?

In this part, I want to use Ansoff Matrix to find possible strategy and base on the true of which strategy RD Winery are using, we can assessing about their marketing strategy.

Which strategy RD Winery should follow base on Ansoff Matrix?

The Ansoff Matrix has four alternatives of marketing strategies; Market Penetration, product development, market development and diversification.

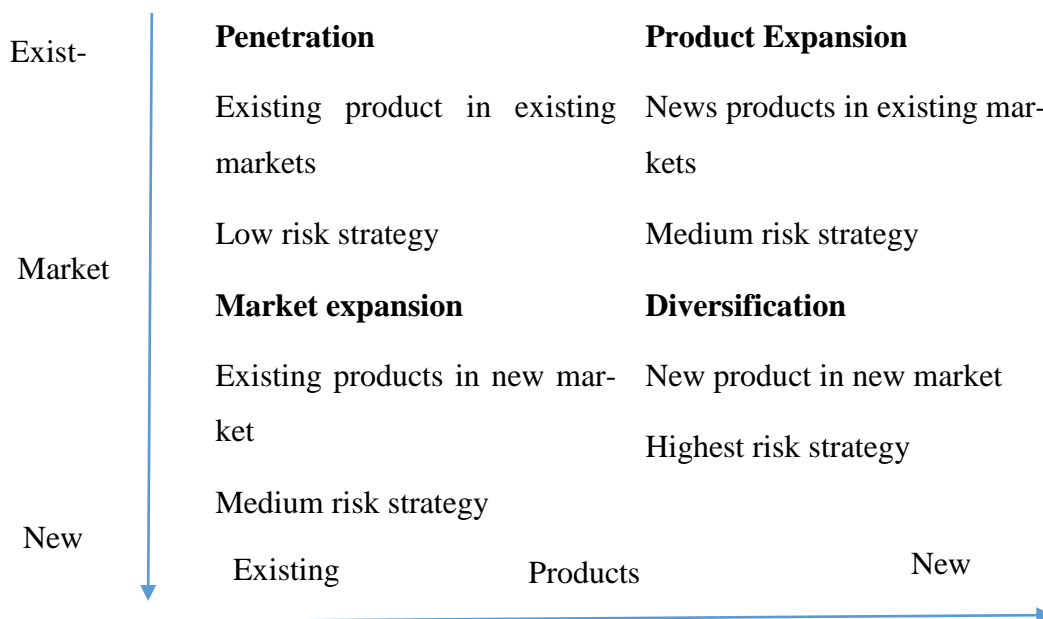


Figure 7: Ansoff Matrix (Igor Ansoff, 1957)

In the vertical, wine market is not a new market in Vietnam, it has existed for many year. The area was first cultivated for viticulture during the French colonial rule of the region in the late 19th century. The region's tropical climate was ill suited for the type of *Vitis vinifera* that the French colonists were used to and the wine industry turned its attention to fruit wine production. The late 20th century saw renewed focus on the development of *Vitis vinifera* with the assistance of flying winemakers from regions like Australia. In 1995, a joint venture with Australian winemakers started an aggressive planting scheme to reintroduce international grape varieties like Cabernet Sauvignon and Chardonnay to land that was until recently littered with landmines left over from the Vietnam war.

In the horizontal, products. RD Winery is the first time appear in Vietnam's wine market, the first brand was bought by Vietnamese people in Nappa Valley, USA. It is totally new with customer

From point of view, the best strategy RD Winery should follow is **product expansion**. As the theory, the company should do:

- Finding new uses for the product.
- Changing pack size.
- Adapting existing products.

By doing so, it can appeal more to the already existing market. We can see what they had done with this strategy via their current marketing activities.

By doing so, it can appeal more to the already existing market. We can see what they had done with this strategy via their current marketing activities.

*Persuading current customers to make more use of RD Winery products attractions:*

- By offering reduced entrance fees when visiting Rang Dong Winery Castle
- By issuing yellow and silver cards for frequently customer

*Converting non-users into customers + Poaching customers from competitors:*

- By promoting the wine taste service in supermarket, it helps customer know exactly what they will buy and as an evidence for quality of product
- By building wine supermarket to make the product become more familiar with Vietnamese

- By product launch event, combine wine with food and make customer or our retailers satisfy and by word of mouth, more potential customer and customer from competitors will find RD Winery.
- By training for sale people and restaurant employee so that they can have enough knowledge and ability to consult customer about RD Winery and wine culture.
- By advertising on social media network (facebook, youtube, website etc), it gives more information about product to more types of customer, help market have a detail look for RD Winery products and also help Viet My General investment corporation builds their reputation on the market.
- By trying to persuade the visitors that RD Winery Castle in particular is suitable for display and preservation this import wine.
- By media clipping, as Vietnam's law, we can just give information via PR article talk about Napa Valley with high quality grapes, or social event, sponsorship for some sport and fashion programe.

This strategy is safe - no need to invest too much in advertising, launching new products/services, etc. However, in this case it is not very useful as the primary goal is to entice MORE customer

### 2.3.3 SWOT ANALYSIS

#### *Opportunity*

O1- Improving per capita income has fuelled Vietnam's domestic consumption, which has been a solid growth driver despite external economic turbulences over recent years

O2- Domestic consumer demand is expected to continue to benefit from the combined effects of favorable demographics, greater urbanization, a rise in disposable incomes and consumer leverage

O3 - Vietnam is playing a more visible role on the regional and global stage

O4 - Economic Potential, The Vietnamese economy is projected to be one of the fastest developing economies in Asia,

<http://www.masangroup.com/masanconsumer/en/vietnam-food-beverage>

O5 - Vietnam's demographic presents an excellent opportunity for the rise in domestic consumer demand, greater demand for convenience foods, greater focus on quality and health aspects of products, consolidation and greater preference for branded products, and demand for new products and variants.

O6 - The culture is rapidly moving towards Western-style cuisine and as Vietnam's standard of living continues to improve we are seeing unprecedented growth in the demand for imported wine.

O7 - The changing role of women is partly responsible.

O8 - Vineyard management is quite intensive and often costly to growers. There are many diseases and insect problems

O9 - The topography of Vietnam is very hilly which can provide some relief from the tropical influences and also create various microclimates where viticulture could thrive.

O10 - The Vietnam Beer Alcohol Beverage Association (VBA) aims to set the highest standards for ethical behaviour and industry responsibility. The decree of the Industry and Trade Ministry 197/TB-BCT of 2011, regulating, amongst other things, wine import to Vietnam was abrogated by the same Ministry, with circular 301/TB-BCT. Only wine products with legal brands shall be consumed in Vietnam. Wine produced for sales at home and wine imported to consume in Vietnam must be stamped on their packages as stipulated by the Ministry of Finance. Imported wine must acquire legal documents according to current laws and acquire standards of imported wine stamping as provided in Article 15 of this Decree. Imported wine must have brand as provided in Article 14 of this Decree and other regulations of relevant laws. Only enterprises occupying business registration certificate of wine products distribution are capable of importing wine directing and may take responsibilities for imported wine quality and safety.

O11 - Vietnam has huge potential for beverage industry to develop in the long run

O12 - According to the Vietnam Beverages Association, there are approximately 10 wine producers in operation in Vietnam with a total annual capacity of approximately 4.5 – 5 million litres. However, their market share is quite limited in comparison to their foreign rivals who have built up brand awareness and have a good reputation for quality and consistency.

O13 - Modern Vietnam has a dynamic and well-educated population, and is unique in its history, culture and business environment. Yet despite the potential benefits, Vietnam is known as one of the toughest markets for conducting business.

### *Threats*

T1 - High Tariffs (import duties and taxes are currently payable on imported wine, with alcoholic strength by volume not exceeding 15%:

- Import duty of 65%.
- Special Consumption Tax of 20% (based on CIF price + import duty).
- VAT of 10% (based on CIF price + import duty + special consumption tax).

And also have ability increase from 25% to 35% in 2015 according to “Draft Law amending and supplementing a number of articles of the law on special Consumption Tax” of the Ministry of Finance to the Government.

T2 - With regard to alcoholic beverages, beer remains the dominant drink of local Vietnamese people with annual consumption per capita around 18 litres in 2006 and expected to reach 28 litres in 2010. The local production of beer was 2 billion litres in 2010 and expected to reach 4 billion litres in 2020.

T3 - Overall wine consumption is still very small and is estimated at less than 0.30 litres per capita, with the size of the total wine market being around 25.2 million litres. It is estimated that the market is made up of approximately 10 percent champagne and sparkling wine, 70 percent red wine and 20 percent white wine

T4 - Spending on packaged foods and beverages in Vietnam is still relatively low compared to its emerging market peers,

T5 - Vietnam is not one market with one profile. (different between region culture)

T6 - The majority of Vietnamese do not drink grape wine because they have not acquired a taste for the wine.

T7 - Only a small number of Vietnamese from the middle to high income groups drink imported wine.

T8 - Demand for wine is seasonal. The highest demand occurs around the year-end festive season; during the Tet festival (Lunar New Year) around February every year, Christmas holiday, and New Year celebration. Some retailers state that between 60 and 70 percent of the wine sales occur during this period. Demand is generally low during other periods of the year



T9 - Circular 43/2003/TT-BVHTT regulations only allow ads with wines have an alcohol content below 15 °. And the wines from 15 ° or more is advertised only within the boundaries of the wine production business, inside the store, but alcohol consumption agents to ensure that outside corporate boundaries stores, agents can not read, hear or see no tendency

T10 - The Government of Viet Nam has issued several general policy directives for development of fruit crops all over the country, including grapes.

T11 - Electronic commerce remains underdeveloped in Vietnam.

T12 - Vietnam's distribution channels are highly fragmented with many retail outlets carrying small quantities of wines only in the key urban centers.

T13 - Only licensed importers are permitted to import wines into Vietnam. Vietnam has a number of wine and spirits importers but only a handful of importers are experienced enough and have the capability and expertise to import and distribute wines in Vietnam. No information is readily available about these importers.

T14 - The non-alcoholic beverage market includes commodities like carbonated soft drinks, green tea, mineral water, fruit juice, and milk. Consumer demand for these products is growing but with different tastes.

T15 - Imported wine is perceived as a luxury product in Vietnam, and demand for it largely comes from expatriates and tourists. Only a small number of Vietnamese from the middle to high income groups drink imported wines.

T16 - The wine producers in Vietnam are mostly confined to a few regions like Ninh Thuan and Binh Thuan provinces, and the grapes do not seem to be of a quality for making premium wines, according to some experts. Recently Da Lat Winery had to import grapes and wine inputs from France to produce better quality wine.

### ***Strength***

S1 - Marketing advantage of Viet My General Investment Corporation about RD winery is known by customer is presents of RD Winery

S2 - Viet My is a membership of Rang Dong Group( the owner of RD Winery in Nappa Valley, USA) so customer is very believe about quality, package, price is suit with what they can take

from this product and especially they guarantee that product provide accurate information, in time as customer requirements.

S3 - As an employer, Viet My should be able to adjust to match the quality and especially ensure adequate supply of goods, on time, at the request

S4 - As an employer should be able to adjust the quality to match the majority of consumer comments as quickly as possible

S5 - In addition, the company also has a first and only one wine castle in Vietnam, the castle was built in Sealinks city- the top 5 star resort of Vietnam tourist, this is the pub where the security standards of thermal temperature, light, humidity before hitting the market, where tourists visit and wine tasting

### ***Weakness***

W1 – Lack of experience in wine marketing

W2 – Social marketing is still simple and not much people follow, not so professional

W3 – Website is simple, not much information (just about RD collection, some event picture, simple, lack of information for customer). It also have problem, sometimes can't see enough information, slow and the music sometimes make visitors feel uncomfortable

W4 – Depend so much on the import policy of Government, specially is tax and import condition. It leads to risky business environment.

W5 – Viet My general integrate corporation has just established for 2 years, and the first company in Vietnam bought a U.S Winery, import their product from U.S to Vietnam, so it requires huge efforts to exit on the market without experience from other companies and highly competitive from inside producers such as Da Lat Winery or Thang Long Winery, as well as imported wine from Chile, France and etc.

### **2.3.4 Evaluation of the SWOT analysis**

For comparison of strengths and weaknesses with opportunities and threats I have used the Plus-minus matrix. By a sum of plus and minus values we will get areas designed for our attention.

	S1	S2	S3	S4	S5	W1	W2	W3	W4	W5	Sum	No
O1	--	-	+	0	-	--	--	--	+	++	-14	11
O2	--	-	0	0	0	--	-	-	0	+	-11	10
O3	--	-	-	-	-	0	0	0	+	+	-9	9
O4	--	-	+	+	+	-	0	0	+	+	+7	5
O5	0	+	++	++	+	-	-	-	0	--	+1	7
O6	+	++	++	+	0	+	+	+	0	+	+10	2
O7	0	--	--	--	--	0	+	+	0	++	-4	8
O8	--	++	+	++	0	0	0	0	+	++	+7	4
O9	--	--	+	--	--	0	0	0	+	++	-4	8
O10	+	0	0	0	0	+	+	+	+	+	+6	6
O11	++	0	++	+	+	+	0	0	+	+	+9	3
O12	++	0	+	+	0	0	0	0	0	++	+6	6
O13	+	++	++	++	+	+	+	+	0	++	+13	1
T1	0	0	-	--	0	0	0	0	++	+	0	11
T2	0	0	0	0	0	++	+	+	+	0	+5	7
T3	+	+	+	++	+	+	+	+	0	+	+10	4
T4	+	+	+	+	0	0	0	0	0	+	+5	7
T5	+	0	++	++	+	++	++	++	0	++	+14	1
T6	0	0	++	++	0	+	++	++	0	++	+11	3
T7	+	+	++	++	+	++	+	+	0	++	+13	2
T8	+	+	++	++	+	+	+	+	0	+	+11	3
T9	0	+	0	0	++	++	+	+	0	+	+8	6

<b>T10</b>	0	0	+	++	0	++	++	++	0	++	+11	3
<b>T11</b>	0	0	0	0	-	0	0	0	+	+	+1	10
<b>T12</b>	++	+	+	0	++	+	++	++	0	++	+13	2
<b>T13</b>	+	+	0	0	0	++	-	-	0	++	+4	8
<b>T14</b>	0	0	0	+	0	0	0	0	0	++	+3	9
<b>T15</b>	+	+	++	++	++	0	0	0	0	++	+10	4
<b>T16</b>	++	+	++	++	0	0	0	0	0	++	+9	5
<b>Sum</b>	+6	+8	+25	+21	+7	+14	+12	+12	+11	+42		
<b>No</b>	5	3	1	2	4	2	3	3	4	1		

Table 4: Plus-minus matrix for SWOT analysis (our source)

### Most important strengths

**S3** – Ability to adjust to match the quality and supply goods on time at the request

**S4** – Ability to adjust the quality to match the majority of consumer comments as quickly as possible

**S2** – Reputation from Rang Dong - mother company of VietMy and also the owner of RD Winery

### Most important weaknesses

**W5** – Lack of experience in management

**W1** – Lack of experience in wine marketing

**W2** – Social marketing is still simple and not much people follow, not so professional

**W3** – Website is simple, not much information (just about RD collection, some event picture, simple, lack of information for customer). It also have problem, sometimes can't see enough information, slow and the music sometimes make visitors feel uncomfortable

### Most significant opportunities

**O13** - Vietnam is known as one of the toughest markets for conducting business.

**O6** - The culture is rapidly moving towards Western-style cuisine and as Vietnam's standard of living continues to improve we are seeing unprecedented growth in the demand for imported wine

**O11** - Vietnam has huge potential for beverage industry to develop in the long run

### Most feared threats

**T5** - Vietnam is not one market with one profile. (different between region culture)

**T7** - Only a small number of Vietnamese from the middle to high income groups drink imported wine.

**T12** - Vietnam's distribution channels are highly fragmented with many retail outlets carrying small quantities of wines only in the key urban centers.

**T6** - The majority of Vietnamese do not drink grape wine because they have not acquired a taste for the wine.

**T8** - Demand for wine is seasonal.

**T10** - The Government of Viet Nam has issued several general policy directives for development of fruit crops all over the country, including grapes.

### EFE matrix

	External factor	Weight	Rating	Weighted score
<b>Opportunities</b>	O1- Improving per capital income has fuelled Vietnam's domestic consumption	0.01	3	0.03
	O2 – continue domestic consumer demand	0.01	3	0.03
	O3 - Vietnam is playing a more visible role on the regional and global stage	0.01	3	0.03

	O4 - The Vietnamese economy is projected to be one of the fastest developing economies in Asia	0.01	3	0.03
	O5 - the rise in domestic consumer demand, greater demand for convenience foods, greater focus on quality and health aspects of products, and etc	0.01	3	0.03
	O6 - The culture is rapidly moving towards Western-style cuisine and as Vietnam's standard of living continues to improve we are seeing unprecedented growth in the demand for imported wine.	0.1	4	0.4
	O7 - The changing role of women is partly responsible.	0.01	3	0.03
	O8 - Vineyard management is quite intensive and often costly to growers. There are many diseases and insect problems	0.01	3	0.03
	O9 - The topography of Vietnam is very hilly which can provide some relief from the tropical influences and also create various microclimates where viticulture could thrive.	0.01	3	0.03
	O10 – more policy to control wine market	0.01	3	0.03
	O11 - Vietnam has huge potential for beverage industry to develop in the long run	0.1	4	0.4
	O12 - local producers market share is quite limited in comparison to their foreign rivals	0.01	3	0.03

	O13 - Vietnam is known as one of the toughest markets for conducting business.	0.1	4	0.4
<b>Total</b>		0.44		1.62
<b>Threats</b>				
	T1 - High Tariffs	0.01	2	0.02
	T2 - With regard to alcoholic beverages, beer remains the dominant drink of local Vietnames people	0.01	2	0.02
	T3 - Overall wine consumption is still very small and is estimated at less than 0.30 litres per capital	0.01	2	0.02
	T4 - Spending on packaged foods and beverages in Vietnam is still relatively low compared to its emerging market peers	0.01	2	0.02
	T5 - Vietnam is not one market with one profile. (different between region culture)	0.1	1	0.1
	T6 - The majority of Vietnamese do not drink grape wine because they have not acquired a taste for the wine.	0.04	1	0.04
	T7 - Only a small number of Vietnamese from the middle to high income groups drink imported wine.	0.1	1	0.1
	T8 - Demand for wine is seasonal.	0.05	1	0.05
	T9 - Circular 43/2003/TT-BVHTT regulations only allow ads with wines have an alcohol content below 15 °. And the wines from 15 ° or more is advertised only within the boundaries of the wine production business, inside the store, but alcohol con-	0.01	2	0.02

	sumption agents to ensure that outside corporate boundaries stores, agents can not read, hear or see no tendency			
	T10 - The Government of Viet Nam has issued several general policy directives for development of fruit crops all over the country, including grapes.	0.04	1	0.04
	T11 - Electronic commerce remains underdeveloped in Vietnam.	0.01	2	0.02
	T12 - Vietnam's distribution channels are highly fragmented with many retail outlets carrying small quantities of wines only in the key urban centers.	0.01	1	0.01
	T13 - Only licensed importers are permitted to import wines into Vietnam.	0.04	2	0.08
	T14 - Consumer demand for non-alcoholic beverage market is growing but with different tastes	0.04	2	0.08
	T15 - Imported wine is perceived as a luxury product in Vietnam	0.04	2	0.08
	T16 – Poor quality from local grape	0.04	2	0.08
<b>Total</b>		0.56		0.78
<b>Total weighted</b>		1		<b>2.4</b>

Table 5: EFE Matrix of RD Winery (our source)

### IFE matrix

	Internal factor	Weight	Rating	Weighted score
--	-----------------	--------	--------	----------------



<b>strengths</b>	S1 - Marketing advantage of Viet My General Investment Corporation about RD winery is known by customer is presents of RD Winery	0.05	3	0.15
	S2 – Reputation from Rang Dong - mother company of VietMy and also the owner of RD Winery	0.1	4	0.4
	S3 – Ability to adjust to match the quality and supply goods on time at the request	0.15	4	0.6
	S4 – Ability to adjust the quality to match the majority of consumer comments as quickly as possible	0.1	4	0.4
	S5 – the first owner wine castle in Vietnam	0.05	3	0.15
<b>Total</b>		0,45		1.7
<b>Weaknesses</b>	W1 – Lack of experience in wine marketing	0,15	1	0.15
	W2 – Social marketing is still simple and not much people follow, not so professional	0,1	1	0.1
	W3 – Website is simple, not much information (just about RD collection, some event picture, simple, lack of information for customer). It also have problem, sometimes can't see enough information, slow and the music sometimes make visitors feel uncomfortable	0,1	1	0.1
	W4 – Depend so much on the import policy of Government, specially is tax and	0,05	2	0.1

	import condition. It leads to risky business environment.			
	W5 – lack of experience in management	0,15	1	0.15
<b>Total</b>		0.55		0.6
<b>Total weighted score</b>		1		<b>2.3</b>

Table 6: EFE Matrix of RD Winery (our source)

**SPACE MATRIX**

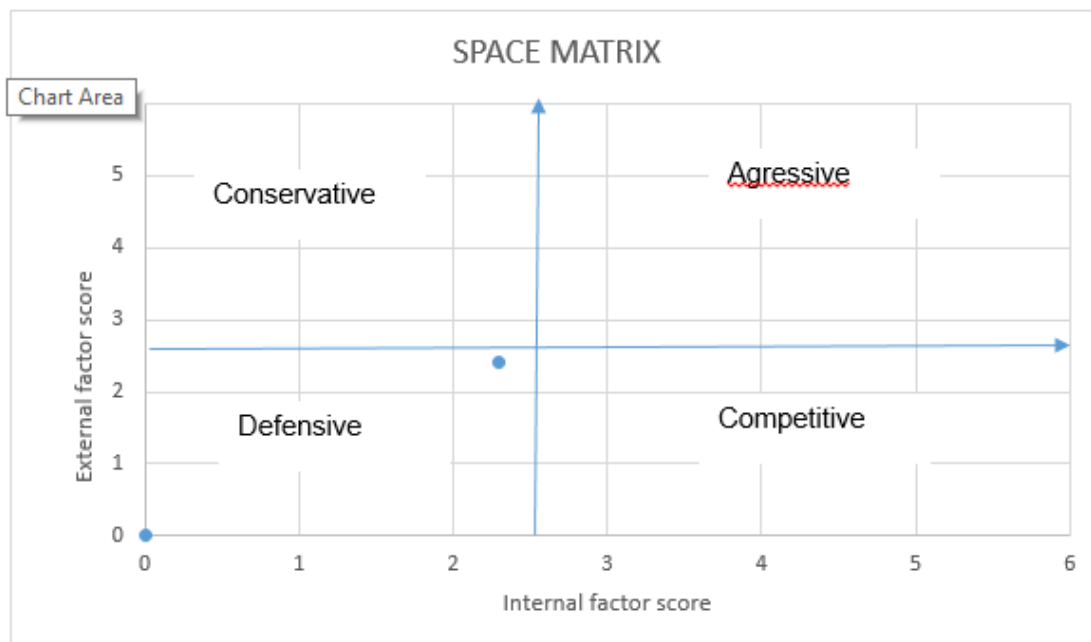


Chart 1: SPACE MATRIX of RD Winery (our source)

**Suggested strategy is defensive.**

### **3 THE PROJECT OF MARKETING COMMUNICATION FOR INTRODUCING A CUSTOMER LOYALTY PROGRAM “MAKE THE MOMENT SPECIAL” FOR REGULAR CUSTOMER IN CHRISTMAS AND NEW YEAR 2015**

The aim of the master thesis is to compile a project of marketing communication for introducing a new customer loyalty program “Make the moment special” for regular customer of RD Winery.

The resource was the executed analysis and its main outcomes that define problems, which stem from the current state of marketing communication of the RD Winery with the seasonal consumption feature.

The proposed project will contain the following subheadings:

- ✓ Marketing missions, visions and objectives,
- ✓ Target markets,
- ✓ Communication strategies,
- ✓ Marketing mix of the product,
- ✓ Action plans,
- ✓ Time analysis of the project,
- ✓ Cost analysis of the project,
- ✓ Risk analysis of the project,
- ✓ Evaluation of the project efficiency.

#### **3.1 Marketing mission, vision and objectives of RD Winery**

**The mission** for RD Winery in VietMy General Investment Corporation – “Generating a Step Change” through sustainability, quality, partnership and innovation.

**The vision** for RD Winery in VietMy General Investment Corporation - To become the iconic wine brand in Vietnam’s wine category and to be popularly loved and trusted in the community of Vietnamese wine drinkers next 5 years.

A vision for RD Winery in VietMy General Investment Corporation should seek to:

- ✓ Develop RD Winery as an excellent, strong and viable wine option through loyalty customer program “Make the moment special”, the main aim of this project is make a brand image in customer, RD Winery is a product specially for business and it worth to

beside customer in the special time of year - the wonderful time for building and maintaining relationship.

- ✓ Ensuring maximum economic benefit for VietMy General Investment Corporation
- ✓ Contributing to the creation of a vibrant, healthy and sustainable future for customer when choosing RD Winery

To achieve this vision, a variety of marketing, product development and organizational initiatives will need to be implemented.

The **key objectives or goals** are:

- ✓ Promoting a “must chosen” wine by creating business image for the customer,
- ✓ Establishing effective management and organization.

### **Key objective I - Promoting a “must chosen” wine by creating business image for the customer**

Our aim is to raise the level of interest in the RD Winery, and establish it as a desirable and exciting brand which customer aspire to taste. To achieve greater impact we will need to become more focused and selective. Vietnam wine market is now too big and too diverse. It is possible for wine market as an underground market, the marketing war not as loud as the war on "red ocean", but does not mean that competition between firms alcohol less intense part. How to be must chosen wine in the eyes of customer?

The answer is the business image for the customer. It needs to stimulate interest in shop, supermarket, hotel or restaurant where display and direct purchase combine with customer loyalty program “make the moment special”, providing an unrivalled experience for the customer. Final target is put business image in customer head.

### **Key objective II - Establishing effective management and organization**

Actually, wine marketing is still strange and new for Vietnamese marketer, many of them are trying to find the most effective way and avoid legal risk. Due to the fact of Circular 43/2003/TT-BVHTT regulations only allow ads with wines have an alcohol content below 15 °. And the wines from 15 ° or more is advertised only within the boundaries of the wine production business, inside the store, but alcohol consumption agents to ensure that outside corporate boundaries stores, agents can not read, hear or see no tendency. So it need to establish effective management and organization to manage and make everything in the control. One

more thing, for integrate marketing communication campaign, unification is the most important factor of successful so management and organization is very important.

By the way celebrate a loyalty customer program to create business image, it can be possible. The first reason, it is totally follow the law. Most of RD Winery have 14.5° alcohol and it allow ads not include several white wine with 15 and 15.5°. The seconds, as the result of Ansoff matrix for the currently marketing strategy of RD Winery, the strategy they are following is product expansion – new product in existing market so it very necessary to have customer loyalty program for remind customer about out exist and make opportunity to find new ones base on worth of mouth from our loyalty customer. If we do it effective, it is a big change for expand reputation and brand image in customer eyes. Finally, the result of Space matrix give us the answer for suggest strategy. Defensive strategy are suggested, organization should take care of customer least a competitor takes them away. So loyalty customer program can help RD winery take care their customer before their main competitor – Chile wine do this.

### 3.2 Target markets

VietMy General Investment Corporation target markets for RD Winery include all of the business man and women, trader or anyone earn by doing business. From business's perspective they could be placed in the following order of priority:

- ✓ Business man from Vietnam. This market includes those staying and doing their business in Vietnam, similar with custom and culture of wine in vietnam.
- ✓ Business man from other country. This market includes those staying and doing their business in vietnam, but not similar with custom and culture of wine in vietnam. The reason can be they were born in another country and come to vietnam just for business.

In additions, there are some other factor can consider when define target market for “make the moment special” loyalty customer program, as bellow:

- ✓ Base on geography, mainly business from big city such as Ha Noi, Da Nang and Ho Chi Minh city
- ✓ Base on age, all of customer of RD Winery are older than 18 years old and have permit for drinking ancohol
- ✓ Base on gender, RD winery have some special product range for man and women.
- ✓ Base on the purpose of purchasing: for drink, for material of cooking, for sale it to another person or organization, especially restaurant and hotel

### 3.3 Communication strategy

The communication strategy more closely expands set strategic objectives of marketing communication and should correspond with the defined mission of the organization. For our organization, the VietMy General Investment, it is the “pull strategy”.

- Advertising in the mass media ( newspapers , television , Internet , radio , brochures)
- Event ( event ) as loyalty customer program “ Make the moment special” to make the need for customer
- PR ( public relation ) to create a good relationship with the media to introduce them objectively about products / services to customers and consumers .
- To use the test ( drink , eat , go try ... ) to customers but not to sell products during “make the moment special” loyalty customer program, making customer demand is increasing , as to have a product or service that immediately .

Through marketing tool, the goal of RD Winery is how to entice impact , attention , create the necessary demand , stimulating the desire to have the right product / service that service in the customer's mind . And when there is demand, customers will look to the intermediate level (shop, supermarket, restaurant ) to purchase wine.

### 3.4 Marketing mix of the product

#### 3.4.1 Product

My product is intangible service, customer loyalty program called “Make the Moment Special” for customer who have history purchase with our product – RD Winery

**Feature of the product:** the loyalty customer program of RD Winery includes three main activities include Patron Program, taking care customer service before and after event and “Make the moment special” event.

#### Patron Program

- ✓ Purpose: to create customer data base and the flat for finding loyalty customer for “make the moment special” event
- ✓ Start from: 01/05/2013 at the same time of opening RD wine market – the first wine market in Vietnam
- ✓ Who can join?
  - Individual: Anyone who buy RD Winery product at any distributors shop, restaurant, hotel, supermarket and RD wine market.
  - Organization: hotel, restaurant, supper market or shop which is business partner of RD Winery

## ✓ Detail of Patron Program

In Patron Program, customer will free register by their ID card for Vietnamese people and Passport number for foreigner to receive a member card\*. In this way, RD Winery is easily have private customer information and make rich for their database. With customer is organization, it will be also free register by the leader or itself organization.

Earn point system:

Earn point is calculated directly from the total payment amount on the bill, with conversion coefficient is 10.000 vnd equal to 1 point. As the measurement, if customer buy one product of RD Winery they can get the point as bellow

he or	Product's name	Capacity	cohol conte	Original	Price	Point
<b>NAPA VALLEY USA</b>						
1	Napa Valley 55 - Cabernet Sauvignon	75cl	14,5%	USA	358.000	36
2	Napa Valley 55 - Merlot	75cl	14%	USA	319.000	32
3	Napa Valley 55 - Syrah	75cl	14%	USA	319.000	32
-						
4	Napa Valley 66 - Cabernet Sauvignon	75cl	14,5%	USA	493.000	49
5	Napa Valley 66 - Merlot	75cl	14,1%	USA	460.000	46
6	Napa Valley 66 - Syrah	75cl	14%	USA	460.000	46
-						
7	Napa Valley 77 - Cabernet Sauvignon	75cl	14,5%	USA	638.000	64
8	Napa Valley 77 - Merlot	75cl	14,7%	USA	605.000	61
9	Napa Valley 77 - Syrah	75cl	14,5%	USA	605.000	61
-						
10	Napa Valley 88 - Cabernet Sauvignon	75cl	14,5%	USA	825.000	83
11	Napa Valley 88 - Merlot	75cl	14,5%	USA	770.000	77
12	Napa Valley 88 - Syrah	75cl	14,5%	USA	770.000	77
-						
13	Napa Valley 99 - Cabernet Sauvignon	75cl	14,5%	USA	1.078.000	108
14	Napa Valley 99 - Merlot	75cl	14,9%	USA	990.000	99
15	Napa Valley 99 - Syrah	75cl	14,9%	USA	990.000	99
-						
16	Sonoma County - Chardonnay	75cl	15%	USA	303.000	30
17	Sonoma County - Sauvignon Blanc. 2008	75cl	15,5%	USA	303.000	30
18	Sonoma County - Sauvignon Blanc. 2009	75cl	15,4%	USA	303.000	30
19	Sonoma County - Semillon. 2009	75cl	15,4%	USA	303.000	30

Table 7: Earn Point System for RD Winery's Patron Program (our source)

If customer want to buy gift box, they also have ability get more points

<b>GIFT BOX</b>			-
1	Paper box 55	120.000	12
2	leather box 66, 77, 88, 99	200.000	20
3	1 bottom leather box (new)	210.000	21
4	2 bottoms leather box - 2013	250.000	25
5	4 bottoms leather box	350.000	35

*Table 7: Earn Point System for RD Winery's Patron Program (our source)*

With customer have Amcham Member Card, Eurocham Membercard, HSBC Visa and Master Card, Yersin Member Card (HCM), when buying RD Winery they will be have discount as they know before but the point for patron program will be calculate base on the price without discount. It aims to bring the highest benefit for RD Winery customer.

Deadline of Patron program will be the end of November, 2013. RD Winery will chose 200 customer with highest point for event "Make the moment special"

### **Taking customer care service before "Make the Moment Special" event.**

#### ✓ **Email marketing**

Sending email to remind customer before at least 48 hours before the event

#### ✓ **Press release**

**On newspaper:** at least 4 to 6 weeks before the event

- Tuoi tre: a half of page 26.0 x 18.5, black and white
- Thanh nien: a half of page 25.5 x 18, black and white

**On online paper:** at least 3 to 4 weeks before the event

- Saigon entrepreneur:
- Deponline (dep.com.vn)

### **Event "Make the moment special"**

- ✓ Time: 20/12/2014, at the Christmas and New Year 2015
- ✓ Who can attend?
  - Regular customer who are defined purchase frequently and have premium card, it can be corporate organization such as hotel, restaurant, supermarket or company.
- ✓ Features of participants:
  - Individual: rich, famous, power, high individual, busy, have wine passion or not. It regards to their attention ability with "make the moment special".
  - Group: participants may be group's vice gerent, have group's thinking, low individual. Beside sale RD Winery they can also sale others wine and of course, they have deep knowledge about wine (wine material, taste, smell, year of production and etc). Especially, if they are restaurant's vice gerent, they will understand so well about the combination between wine and food, which food is the most suitable for this red wine.

From the features of participants lead to the way to serve them in this event must be polite with luxury space, sophisticated combination of food, wine and music.

- ✓ Number of participants: **200**



- ✓ Purpose: Put RD Winery as a necessary gift for business people at the special time of this year by business image
- ✓ Place: RangDong Wine Castle, Phan Thiet, Binh Thuan

### Detail of event

- ✓ **Etiquette**
  - 16:00 – 17:00: pick up customer, take them visit Napa Castle, after that go to Sealinks City restaurant, drink water and enjoy Flamenco music
  - 17:00 – 17:05: opening program
  - 17:05 – 17:10: Speaking of RD Winery's representative
  - 17:10 – 17:15: Speaking of loyalty customer's representative
  - 17:15 – 17:20: speaking of wine expert about RD Winery should be the best chosen of business man in the special time of this year. (focus on high quality – imported wine from U.S; professional business image from the baggage, bottle design, label, colour and design, custom of Vietnamese)
  - 17:20 – 17:25: Showing clip "Napa Valley – The Legendary"
  - 17:25 – 17:30: Napa Collection Catwalk
  - 17:30 – 17:40: Policy statement of RD Winey promotion
- ✓ **Feast**
  - 17:45 – 20:00: Buffet, wine tasting, flamenco
  - 20:00 – 20:30: Game show" "Best taster", attendees will receive 01 glasses of wine from organizer, taste and guess what they are drinking, wine grape of nothing, smell and taste? Attendees with correct answer will receive gifts is package of 01 bottles of wine ( the type they are correct answer)
  - 20:30 – 21:00: Take pictures and give door gift.
- ✓ More information

### Door gift:

- Wine sample
- Thank handwritten letter\*
- RD Winery brochure

Three of this have to put on a luxury design bag, convenience for customer moving.

RD Winery's thank handwritten letter and RD Winery's Patron Card\* will be include in appendix part

### Customer newsletters

Using picture and information from “make the moment special” event, publish it on RD winery’s website. The aim is providing information for who concern about RD Winery promotion policy. It can be also by **Brochure and catalogue**.

### Taking customer care service after “Make The Moment Special” event.

#### ✓ For individual customer

#### Email marketing

- Email them detail information about the statement promotion policy of RD Winery for loyalty customer. Because during the event, have ability customer just focus on building relationship with their partner and finding new corporations and lack of interest on our activity so it is necessary to send them RD Winery’s promotion one more time. Beside, attach a questionnaire\* about the feeling of customer about the event and RD Winery quality, the ability of chosen it as their gift in business and etc.

\*Questionnaire will be include in expenditure

- In the long term, base on the customer data base have from this event, add with worth of mouth effect form RD Winery’s loyalty customer, VietMy General Investment Corporation can use email to sent a congratulatory letter on special days such as birthdays, holidays, or even a few of the important events that your customers know. This will make customers feel they are more interested, then they will gain great sympathy for RD Winery.

#### ✓ For organization customer (hotel, restaurant, supermarket, shop)

Make customer visit. Look, ask, and listen.

- Come and see RD Winery are using
- Ask questions about what they like and do not like
- Ask them what the most satisfied
- Ask what they most dissatisfied
- Ask them about what they want to change and how to change it
- Ask about the services they receive after sales
- Observe the operation
- Ask if they will buy the product

- Ask them if they are introduced to one another now
- Write down or record what they all say

### 3.4.2 Price

All of price are calculated based on the exchange rate (02/04/2014):

$$1 \text{ USD} = 21079 \text{ VND}$$

#### Patron Program

- ✓ RD Winery's Patron Card

Type: It is a plastic card with design for individual and organization customer

Size and shape: Plastic cards have the ability to be printed and then cut into virtually any size and shape that a consumer desires, but there are certain sizes that are considered to be standard. There are international standards for plastic card sizes which are described by the following formats:

$$3.370 \times 2.125 \text{ in (85.60} \times 53.98 \text{ mm)}$$

This is the most commonly used size for plastic cards as it is the standard for banking cards, credit cards, loyalty cards, gift cards, and is even used as the size for driver's licenses in many countries. This size is also referred to as simply credit card size.

#### Partner for RD Winery Patron Card - Ho Viet Phat Printing Design Production Co, LTD

- Introduction

Ho Viet Phat Printing Design Production Co, LTD is now a pioneer in innovative printing technology, manufacturing and plastic card applications.

- Vision - Orientation

Ho Viet Phat Printing Design Production Co, LTD (<http://www.thenhua.info/>) always pay attention to technological solutions in plastic card manufacturing innovation and constantly proud to bring our customers the best quality products .

Ho Viet Phat Printing Design Production Co, LTD provide solutions and related services to industry best card for RD Winery requirement.

#### *Fee for printing high quality plastic card*

- Quantities: 1000 pcs
- Price: 1000 VND/PCS or 0,047 USD/PCS for empty card

- Extra services (for customer signature on the behind of RD Winery Patron Card, embossing customer name, barcode on the card): 1000 VND/PCS or 0,047 USD/PCS
- Total cost for one RD Winery Patron Card: 2000 VND or 0,094 USD
- Total fee for RD Winery Patron Card: 1000 pcs x 2000 vnd = **2.000.000 VND = 95 USD**

**Brochure, catalogue, which give to customer on RD Winery Supermarket and others distribution places and thank handwritten letter for door gift at the end of event.**

Partner: Future Printing Company Vietnam (FOM)

#### Introduction

Future Printing Company Vietnam (FOM) (<http://inantuonglaiviet.com/>) was established by the professional designers enthusiastic. Future Printing Company Vietnam, we always take care of your brand image by the brand is the most valuable asset that you have been after many difficulties in the market building. It is the mission of our pride.

At the Company's Future Printing Vietnam, their team has extensive experience in all stages of the creative process from planning, creative design, printing, production program. From developing a successful brand to create an innovative brand regardless of your requirements are, we have done our job well.

Over the years the activities of key personnel we have a lot of experience working in the field of applied art, design artists, industrial arts, website development. Many awards for creativity was achieved by artists and designers. We understand the value of brand and cost effective solution for creating innovative and increase brand value and identity of your brand. So we're always ready for the same experience with you.

Price:

- ✓ **Brochure**
  - Type 21 x 29.7cm: 1460 VND/ PCS = 0.069 USD/ PCS
  - Quantity: 3000
  - Total amount of money: 3000 x 1460 = **4.380.000 VND =208 USD**
- ✓ **Catalogue**
  - The number of pages per catalogue: 68
  - The number of catalogue: 200
  - Amount of paper: 80 gsm

- Print cover: 12 percent
- Total number of pages: 13600 pages
- Price: 425 VND/ PAGE or 0,02 USD/ PAGE
- Discount price: 340 VND/ PAGE or 0,016 USD/ PAGE
- Total price: **4.624.000 VND or 219 USD**
- ✓ **Thank handwritten letter (include paper and envelope)**
  - Type: 10 x 15 cm
  - Number of thank handwritten letter: 200
  - Total Price: **530.000 VND or 25 USD**

### **Taking customer care service before “make the moment special” event.**

#### ✓ **Press release**

**On newspaper:** at least 4 to 6 weeks before the event

- Tuoi tre:

A half of page 26.0 x 18.5 black and white with price **26.000.000 VND or 1233 USD** [20]

- Thanh nien:

A half of page 25.5 x 18 black and white with price **20.000.000 VND or 949 USD** [21]

**On online paper:**

- Saigon entrepreneur:

PR articles and images: under 800 letter + maximum 5 pictures with price **7.680.000 VND or 364 USD** per articles [22]

- Deonline (dep.com.vn)

Right banner 1 (300 x 250): **25.000.000 VND or 1186 USD** per week [23]

**Cost for “Make the moment special” even in Sealinks City Restaurant**



NAPA VALLEY  
USA

## RD WINERY - NAPA VALLEY

VietMy General Investment Corporation

19 Trương Định str, Ward 6, District 3,  
HCMC.

Tel: 08 3930 5999 - Fax: 08 3930 2950

### MENU FOR "MAKE THE MOMENT SPECIAL" EVENT

GROUP	RECIPE NAME	MEASU- RING	TRAY	DRINK
<b>SOUP</b>				
1	Crab Meat Mushroom Soup	x2		
2	Seaweed Soup scallops			
<b>APPETIZERS</b>				
1	Sausager germany	x2	long tray	Napa 55 Merlot or Napa 77 syrah
2	Bread and butter			
<b>SALAD</b>				
1	Green vegetables, tomatoes, cucumber slices	x 1,5		
2	The types of sauces and vege- tables cut grain			
3	Squid and thailand style salad			Napa 55 Syrah
<b>CHICKEN AND DUCK</b>				
1	Suted break duck with Abalon souce			Napa 55 Cebernet Sauvignon
2	Roasted chicken with criped sticky rice			Napa 66 Cebernet
<b>PORK</b>				
1	Korean barbecue pork ribs and fried mushrooms needle	x3		Napa 66 Syrah, Napa 99 Syrah, Napa 77 Cebernet
<b>LAMB</b>				
1	Steak	x3		Napa 99 Cebernet Sau- vigion, Napa 99 Merlot
<b>SEAFOOD</b>				
1	Seafood spaghetti with tomato sauce	x3		Napa 66 Merlot Napa 88 Syrah

HOT RECIPE				
1	Beef with green pepper sauce	x3	rectan- gular chafing	Napa 77 Merlot
2	Stwed beft with red wine			Napa 88 Merlot
3	Veal curry			Napa 88 Cebernet Sauvignon
DESSERT				
1	Tropical Fruits	x3		
2	Terramisu cake			

**Note:**

- Well prepare of wine, soy sauce fully enclosed
- Kitchen department set up dish, fork, spoon suit with every recipe
- Each item will be set up in two line buffet

*Table 8: Menu for the “Make the moment special” event (our source)*

### Door gift

Wine sample – Napa Valley 99 - Cabernet Sauvignon

- Price for one bottom Napa Valley 99 – Cabernet Sauvignon: 359.333 vnd
- Quantity of door gift: 200
- Total amount of money:  $359.333 \times 200 = 71.866.667 \text{ VND or } 3.409 \text{ USD}$

### Taking customer care service after “make the moment special” event.

- ✓ **Email marketing**

Partner: Zetal mail- email marketing for business

Contact Information

JSC ZETA technology ITC

- Address: No. 103, Nguyen Truong Truc Bach, Ba Dinh, Ha Noi
- Tel: 04-6328-6024 / 091-808-4029
- Website: <http://zetamail.vn/>
- Email: [support@zetamail.vn](mailto:support@zetamail.vn)
- In the short term

After the event: Service Packs for search marketing campaigns and potential customers.

Based on the amount of email RD Winery send, unlimited time for using the service.

Package: 5000 emails x 40 VND/ email or 0,0002 USD/ email = **200.000 VND / package or 9 USD/ package**

- In the long term

Package Customer care contacted. Selecting the appropriate service pack number to contact customer care marketing plan, JSC ZETA do not charge per email sent, you only have to pay a monthly fee based on the number of contacts in the list of contacts

Package for 1000 contacts for one year: **1.999.000 VND or 95 USD**

### 3.4.3 Place

- ✓ Patron Program



Where customer can free register for their RD Winery member card. VietMy General Investment Corporation will sum up customer information which is collected from distributions below, and make RD Winery member plastic card and sent it to customer by post via the address when customer register.

RD Winery supermarket, shop

- ✓ “Make The Moment Special” event

### **VENUE - RD Winery Castle – Sea Links City for customer visit**

RD Winery Castle is placed inside Sea Links City - a world level complex resort including a 18-hole world class golf course beside a beautiful beach and one of the most challenging links style golf course in Asia, 315 Sea Links Beach Villas harmoniously blend among the stunning golf course, 5-star Sea Links Beach Hotel offering 188 rooms with luxury & spacious rooms, private balcony with daybeds, modern equipment & premium bathroom amenities.

Furthermore, the Tours & Tastings at **RD Wine Castle** introduce to customer the memorable and exotic excursion for passionate travelers and wine connoisseurs. RD Wine Castle Tours are led by knowledgeable Wine Guides, featuring with exotic journey taking visitor to explore the castle. In addition, visitors will have the opportunity to enjoy the world famous wines of Napa Valley California, experienced the subtle secret of the world of wine with its bottling and production process.

RD Wine Castle offers 3 layers of experience for visitors with the following amazements:

Basement:

- ✓ An exhibition of diversified Napa Valley bottled wine varieties
- ✓ An on-site with overall vision of distilled and assembled process of fine wine

Groundfloor

- ✓ Great Wine Tastings for connoisseurs – Wine shops & Mail for 3-region specialties
- ✓ Souvenir shop for cute and handy wine accessories

1st Floor

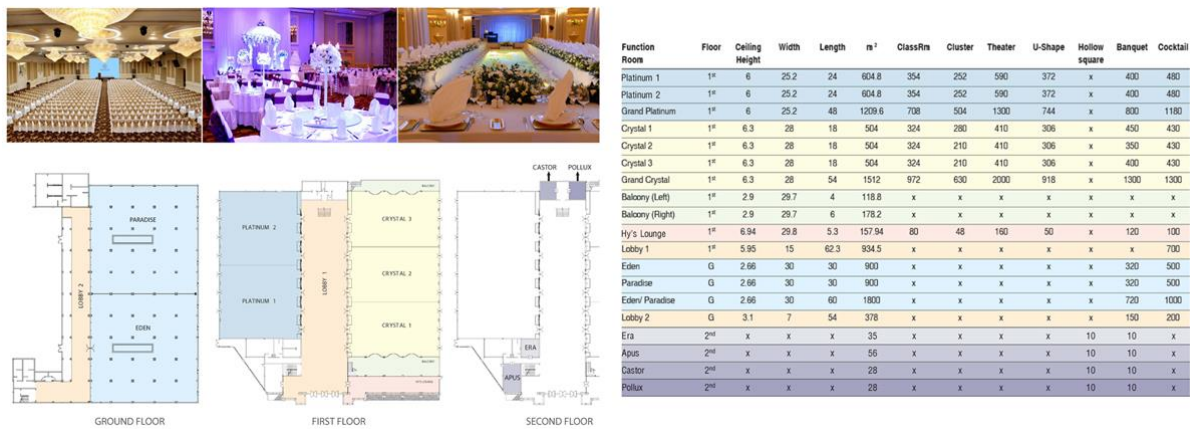
- ✓ Landscaping orchard and Café Bar outstretching your view to the whole area.
- ✓ Café Bar for friendly gathering & peaceful moments.

**Sealinks City Restaurant for the feast and etiquette**

Sealinks City Restaurant is a premier conference center, is managed and operated by a team of enthusiastic and experienced of Rang Dong Group

With luxurious architectural style, sophistication and quality professional services, Sealinks City Restaurant is considered the ideal location for the conference solemnly, cultural events, spectacular entertainment and luxurious banquets.

The total area of over 24,000 m2 gives Sealinks City Restaurant open space with two spacious main hall is the Grand Platinum European-style elegance, luxury and Grand Crystal with splendid space carries the shadow of a unique opera. Two Eden and Paradise lobby on the ground floor is designed with shimmering lakes reminiscent of romantic Venice.



Picture 3: Sealinks City Restaurant (our source)

### 3.4.4 Promotion

- ✓ Advertising

From my primary research is seen that people do read the local newspaper Thanh nien or Tuoi tre and that they also read about local events. This would give a good opportunity to promote my package on a local level. This way of promotion is less expensive than for example TV promotion, (which can target a wide range of market segments and has a better effect).

An inexpensive way is advertising through leaflets, flyers and handouts. This can be delivered by hand or distributed as newspaper or magazine inserts.

- ✓ Internet

This is very cheap, sometimes even a free way of advertising. Again, based on my primary research, people would use the Internet to find information about product before go to the buying decision.

Email marketing is also an effective tool for inform information to customer, take care of them and get information about the satisfaction of our customer.

✓ Public relations

It is the process of communicating a specific message to its stakeholders (in this case, the business) so as to achieve favourable publicity. The objective is to plan and control news to get good publicity and avoid bad publicity.

Public relations involve:

- Keeping the media informed of “make the moment special” event, providing press releases, stories, facts, photos.
- Lobbying: persuading journalists, TV presenters etc. to write or mention the package.
- ✓ Sales promotion

It refers to the techniques and methods used by a business to sell more of its products.

The attractions can cooperate with accommodation and transport services and offer the visitors who will buy the package some sort of loyalty cards or offers.

### **3.5 Action plan**



## RD WINERY - NAPA VALLEY

NAPA VALLEY  
USA

### ACTION PLAN FOR LOYALTY CUSTOMER PROGRAM

Order	Content	Detail	Time	Person in charge	Notes
<b>Design / Printing</b>					
1	Preparing content for designs	backdrop, member card, small menu, brochure, thank handwritten letter, catalogue, flyer	1 week 02/06/2014 - 07/06/2014	Design department	Mr Hung - Vice Marketing manager responsible for following
2	Design for "Napa Collection Catwalk"		1 week 02/06/2014 - 07/06/2014	Marketing department	
3	Design brower		3 days 09/06/2014 - 11/06/2014	Marketing manager Ms. Dan Pham	General Director - Mr Thieu Nguyen Van responsible for final decision
4	The small menu on the buffet line	designing and printing	2 weeks before the event 06/12/2014	Marketing department	Mr Hung - Vice Marketing manager responsible for following
5	RD Winery member card	designing and printing sending to customer by post	6 months 01/06/2014 - 30/11/2014	Ho Viet Phat Printing Design Production Co, LTD	

6	Printing brochure, thankhandwritten letter, catalogue		4 weeks 02/06/2014 - 29/06/2014	Future Printing Company Vietnam (FOM)	
7	Stage's Backdrop		2 weeks 02/06/2014 - 14/06/2014	Advertising co. Vietnam footsteps	
8	Flyer sent through the mail program and A5 users located in the villa and reception		1 week 02/06/2014 - 07/06/2014	Marketing department	
<b>Patron Program</b>					
1	Collection customer information		6 months 01/06/2014 - 30/11/2014	Ms. Thuy - marketing department	Marketing manager Ms. Dan Pham responsible for following
2	Contact with print partner				
3	Send it to customer by post				
<b>Taking customer care service before and after "Make the moment special" event.</b>					
1	Technology	Includes LED screens, sound, light, space frame system hangs lights, stage gates	2 days before the event 17/12/2014 - 19/12/2014	An so vang company	Mr. Hung - Vice Marketing Manager responsible for following
2	Email marketing	Sent email to customer	2 days before and after event 17 --> 19/12/2014 and 22--> 24/12/2014	Mr. Truc - IT Department	Marketing manager Ms. Dan Pham responsible for following
3	Send brochure, catalogue to customer		4 weeks before the event 20/11/2014	Ms. Hanh - marketing department	
4	Press release, contact with wine expert	Content editor, supervised and keep contact with paper representator (for both online paper and new paper)	5 weeks before the event 15/11/2014		

5	Make customer visit	<p>Come and see RD Winery are using, Ask questions about what they like and do not like, what the most satisfied, what they most dissatisfied, ask them about what they want to change and how to change it, about the services they receive after sales.</p> <p>Observe the operation, Ask if they will buy the product</p> <p>Ask them if they are introduced to one another now</p> <p>Write down or record what they all say</p>	2 days after the event 22/12/2014	Restaurant, hotel and supermarket sale departments	
<b>Event "make the moment special" 20/12/2014</b>					
1	Estimated program costs.	<p>Cost for patron program, taking customer care service before and after</p> <p>"Make the moment special" event, "Make the moment special" event</p>	1 week 02/06/2014 - 07/06/2014	Ms. Thanh - Accountment Department	General Manager Mr Thieu Nguyen Van and Marketing manager Ms. Dan Pham responsible for following
2	Photography & Camcorders for document		20/12/2014	IT	Mr. Hung - Vice Marketing Manager responsible for following
3	Etiquette	Tutorial attendees cellar tour party	20/12/2014	Reception	Marketing manager Ms. Dan Pham responsible for following
		Tasting customer service support in the party	20/12/2014	Reception	
		Picking	20/12/2014	Reception	
		Contact sound, light, wine expert, MC	2 days before the event 17/12/2014	Mr. Cong - Marketing Department	

			- 19/12/2014		
		Flower decoration and flowers delegates	19/12/2014	Mr. Lan - Human resource Department	
		Preparing clip "Napa Valley - The Legendary"	18/12/2014 - 19/12/2014	Mr. Truc - IT Department	
		Preparing contents for promotion of RD policy Winery	30/06/2014	Mr. Hung - vice marketing manager	
4	Feast	Choose background music for dancing, background music for welcome drink and serve at the feast	14/12/2014 - 17/12/2014	Mr. Lan - Human resource Department	Marketing manager Ms. Dan Pham responsible for following
		20 tables, 10 round tables, 8 cloth ribbon, 200 napkins, tablecloth, 20 sets of spices, dishes, spoons 2100 sets, 20 jars of paper towels	19/12/2014	Ms. Hanh - marketing department	
		Prepare according to the service menu and number of guests expected	19/12/2014	Tasting	
		Tasting Support for gameshow "Best taster" serving customers in night party	19/12/2014	Sale department	
		Preparing and Supporting doorgift	19/12/2014	Mr. Lan - Human resource Department	

Table 9: Table of Action plan for RD Winery's loyalty customer program (our source)

#### TIME ANALYSIS OF THE PROJECT

For implementation of the marketing communication of the loyalty customer program, it is necessary to create a time plan for realization of which activities should be paid more attention than others. I have used the CPM (Critical Path Method) method, which is able to determine a critical path of planned activities, where are no time allowances possible.

In the table below there are stated individual activities leading to the customer loyalty program



## RD WINERY - NAPA VALLEY

**VietMy General Investment Corporation**  
**19 Trương Định str, Ward 6, District 3,**  
**HCMC.**  
**Tel: 08 3930 5999 -**  
**Fax: 08 3930 2950**

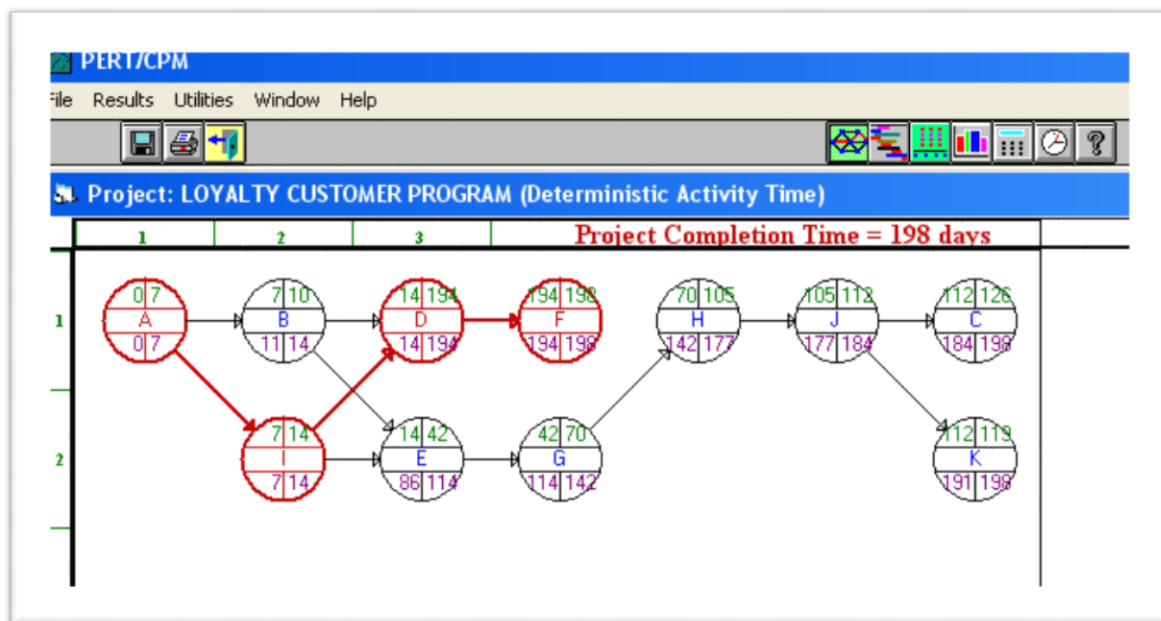
### TIME ANALYSIS OF THE LOYALTY CUSTOMER PROGRAM

Activity	Activity Description	Detail	Period	Prior Activity
A	Designing procedure, RD Winert member card, catalogue, hand written letter, flyer, "Napa Collection Catwalk", customer's opinion vote		7 days	–
B	Design brower		3 days	A
C	Preparing and printing the small menu on the buffet line		14 days	J
D	Printing and sending RD Winery member card to customer	Collection customer information	180 days	B, I
		Contact with print partner		
		Send it to customer by post		



E	Printing brochure, thank handwritten letter, catalogue		28 days	B, I
F	Email marketing		4 days	D
G	Send brochure, catalogue to customer		28 days	E
H	Press release		35 days	G
I	Estimated program costs.		7 days	A
J	Preparing for etiquette of "Make the moment special" event	Picking customer	7 days	H
		Contact sound, light, wine expert, MC		
		Preparing flower decoration and flowers delegates		
		Preparing clip "Napa Valley - The Legendary"		
		Preparing contents for promotion of RD policy Winery		
Choose background music for dancing, background music for welcome drink and serve at the feast				
K	Preparing for feast of "Make the moment special" event	work with restaurant to prepare according to the service menu and number of guests expected	7 days	J
		Tasting Support for game show "Best taster" serving customers in night party		
		Preparing and Supporting doorgift		
		Make customer visit after the event		

Table 10: Time analysis for RD Winery Loyalty Customer Program (our source)



Picture 4: CPM analysis result of RD Winery customer program (our source)

According to the WinQSB program, the total time of the realization of promotional materials is 198 days. There is one critical path, on which are the following activities: **A-I-D-F**

#### COST ANALYSIS

The cost analysis is built up by the summary of costs of all marketing activities with the emphasis on their importance. All advertising services were calculated according to the Price part of Marketing mix for Loyalty customer program as presented previous part.

The cost analysis determines the budget from two points of view. The first one takes down the costs of all proposed activities, the second one then presents only the calculation of important activities.



NAPA VALLEY  
USA

## RD WINERY - NAPA VALLEY

### ESTIMATE COST FOR LOYALTY CUSTOMER PROGRAM

In order	Detail	Unit	Quantity	Price	Cost (VND)	Cost (USD)	Note
	<b>General cost</b>				<b>404.094.047</b>	<b>19.170</b>	
01	Buffet cost	person	400	500.000	200.000.000	9.488	
	<b>Wine (barrel)</b>						
02	California- chardonnay 2007	barrel	5	1.029.600	5.148.000	244	
	Napa - Cabernet Sauvignon	barrel	5	2.031.276	10.156.380	482	
	<b>Tasting wine (bottle)</b>					0	
03	Napa 55 - Cabernet Sauvignon	bottle	5	119.333	596.667	28	
	Napa 55 – Merlot	bottle	5	119.333	596.667	28	
	Napa 55 – Syrah	bottle	5	119.333	596.667	28	
	Napa 66 - Cabernet Sauvignon	bottle	5	119.333	596.667	28	

	Napa 66 – Merlot	bottle	5	119.333	596.667	28	
	Napa 66 – Syrah	bottle	5	119.333	596.667	28	
	Napa 77 - Cabernet Sauvignon	bottle	5	119.333	596.667	28	
	Napa 77 – Merlot	bottle	5	119.333	596.667	28	
	Napa 77 – Syrah	bottle	5	119.333	596.667	28	
	Napa 88 - Cabernet Sauvignon	bottle	5	119.333	596.667	28	
	Napa 88 – Merlot	bottle	5	119.333	596.667	28	
	Napa 88 – Syrah	bottle	5	119.333	596.667	28	
	Napa 99 - Cabernet Sauvignon	bottle	5	119.333	596.667	28	
	Napa 99 – Merlot	bottle	5	119.333	596.667	28	
	Napa 99 – Syrah	bottle	5	119.333	596.667	28	
04	Mineral water	bottle	200	5.000	1.000.000	47	<b>01 bottle/guess</b>
05	Sound and light		1	6.000.000	6.000.000	285	
06	Artillery fire	pcs	10	80.000	800.000	38	
07	MC	person	1	700.000	700.000	33	
08	Wine expert	person	1	2.000.000	2.000.000	95	
09	Door gift- Napa Valley 99	bottle	200	359.333	71.866.667	3.409	

10	<b>Gift for game show " Best Taster"</b>						
	Napa 55 - Cabernet Sauvignon	bottle	1	119.333	119.333	6	
	Napa 66 – Merlot	bottle	1	119.333	119.333	6	
	Napa 77 – Syrah	bottle	1	119.333	119.333	6	
	Napa 88 - Cabernet Sauvignon	bottle	1	119.333	119.333	6	
	Napa 99 – Merlot	bottle	1	119.333	119.333	6	
	Sonoma County - Sauvignon Blanc. 2008	bottle	1	119.333	119.333	6	
11	<b>Printing</b>						
	Plastic RD Winery member card	pcs	1.000	2.000	2.000.000	95	
	Backdrop (3*6m)	pcs	1	594.000	594.000	28	
	Brochure	pcs	3.000	1.460	4.380.000	208	
	Catalogue	pages	13.600	340	4.624.000	219	
	Thank handwritten letter	pcs	200		530.000	25	
12	Press release						
	Thanhnie paper	article	1	20.000.00 0	20.000.000	949	
	Tuoitre paper	article	1	26.000.00 0	26.000.000	1.233	
	Saigon entrepreneur	article	1	7.680.000	7.680.000	364	

	Deponline	article	1	25.000.000	25.000.000	1.186	
13	Email marketing					0	
	Short term	Package	1	200.000	200.000	9	
	Long term	Package	1	1.999.000	1.999.000	95	
14	Flower				3.750.000	178	
15	Redundancy costs incurred				40.409.405	1.917	<b>10% of general cost</b>
	<b>Total cost</b>				<b>444.503.451</b>	<b>21.088</b>	

Exchange rate (02/04/2014): 1 USD is equal to 21079 VND

Buffet cost for 400 customers has included cost for 200 extra guess go with them.

*Table 11: Estimate cost for RD Winery loyalty customer program (our source)*

The budget of VietMy General Investment Corporation for RD Winery's Marketing activity is usually high. Due to the fact that, they are newcomer on the market with weighted main competitor Chile wine - a famous wine brand in Vietnamese customer mind so to change it, with high quality wine from US, which factor RD Winery is lacking now just marketing. They have to create a lot of marketing activities to let customer know about them, want to tasting and changing their perception about high quality wine product. Among them, in my opinion, word of mouth is the best way for viral. If VietMy General Investment Corporation can successful celebrate loyalty customer program with three small parts inside, patron program, taking care customer service after and before "Make the moment special" event and "Make the moment special" event, they will satisfy their currently customer and this customer can introduce RD Winery to their business partners. On the other hand, with email marketing taking care customer service, thank handwritten letter is as promise from the leader and employee of VietMy General Investment Corporation for the best quality customer service. In addition, press release with information about famous wine production – Napa Valley, procedure to produce RD Winery product, which awards RD Winery has achieved, all of them will make customer's desire for tasting a glass of RD Winery. In conclusion, this amount is reasonable and suit with target of VietMy General Investment Corporation.

### **3.6 Risk analysis of the project**

The main risk of this project, I can list it as below:

- (1) Risk from macroeconomic environment, law with tax policy with high rate and high ability in changing
- (2) Risk from organization itself, employee competence, interoperability inside VietMy General Investment Corporation
- (3) Marketing activity plan of main competitor (Chile wine)
- (4) The effective of email marketing strategy
- (5) The number of customer joining the event
- (6) Thread substitutes product – beer
- (7) Risk from corporate partner
- (8) Image's homogenization in marketing tools (brochure, flyer, press release, thank handwritten letter and etc)

Table 12. Risk analysis of the project. (own source)

Risk	Impact rate			Probability of occurrence			Result
	Low (0,1)	Middle (0,4)	High (0,7)	Low (0,3)	Middle (0,5)	High (0,7)	
(1)			X		X		0,35
(2)		X		X			0,12
(3)		X		X			0,12
(4)		X			x		0,2
(5)			X			X	0,49
(6)		X			x		0,2
(7)	X			X			0,03
(8)			x	X			0,21

Intervals of the risk analysis:

- Low risk: 0.00 – 0.07

- Middle risk: 0.12 – 0.21

- High risk: 0.28 – 0.49

Three risk groups are defined based on the risk analysis. For each of them it is necessary to take relevant measures that eliminate the risk.

### High risk and measures to take

1. Risk from macroeconomic environment, law with high rate's tax policy and high ability in changing

Measures to take: this type of risk is out of hand of company management ability but VietMy General Investment Corporation can use some of their strength to overcome and make it become does not big problem by the ability can change price of product. Because, RD Winery is directly imported from US, VietMy General Investment Corporation can set price by themselves

2. The number of customer joining the event



Measures to take: set up promotion policy for customer who attend this party, it is discount 30% on price for organization customer and 20% for individual customer for their decision chosen RD Winery as their gift in Christmas and Lunar New Year 2015. On the other hand, contact with restaurant in the case of fewer or more customer in this event, prepare two others plan in case have problem with the number of customer

Middle risk and measures to take

1. Risk from organization, employee competence, interoperability inside organization

Measures to take:

- Manage each day
  - Learn to talk to employees like a performance coach, always ask “what do I need to talk about with this person? How and when and where should manager talk with this person?”
  - Focus on concrete actions within the direct control of the employee, tell them exactly that’s expected of them? Give concrete direction, goals and deadlines
  - Track performance at each step
  - Make a point of talking with best people to find out what they really want or need
  - Solve small problem before they turn into big problem
2. Marketing activity plan of main competitor (Chile Wine)

Measures to take: The main feature of Chile Wine is long history business in Vietnam wine market so they just sell their product base on reputation and pay not much intention on marketing activities. To manage this risk, Viet My General Investment Corporation just need to put more investment on Marketing activity to let customer know about RD Winery and take care customer with the best service combine with high quality product, it will lead to the bigger market share in the future

3. The effective of email marketing

Measures to take: the effective of email marketing campaign depend on more different factors, need a clearly commitment from the partner, who responsible for email marketing on this project about the number of mail will be read, the rate of spam ability, the estimate email marketing effective result of this event from the partner company.

4. Threat of substitutes product – beer

Measures to take: Base on the habit of Vietnamese customer, in Lunar new year they usually chose beer as gift for new year but recently, they also change. Wine is also a solution and the potential of this market is expanding. To manage this risk, marketing activities should be more strong and focus on the profession business image by using integrate marketing communication.

#### 5. Homogenization in marketing tool

Measures to take: To have an effective integrate marketing communication need the uniform message of marketing communication tools.

Low risk and measures to take

#### 1. Risk from corporation partner

Measures to take: keep contact with them, make a detail contract, training for employee about the object, target, goal, deadline for each partner.

### **3.7 Evaluation of the project efficiency**

The first thing VietMy General Investment Corporation will want to know when they are invest on this customer loyalty program is how much it sells, and to whom after this event . Buyer behaviour metrics are based on what buyers actually do; for example how many people buy RD Winery, what they buy (which particular brands, Napa 55, 66, 77, 88 or 99 and which type of each brand), how many items they buy ( just one, or bulk purchase), when they buy the product (every week, every month or just on the special time of year as Christmas or Lunar New Year), what other brands they buy ( Chile's wine, France's wine or Da Lat winery and etc), at what price, from which retailer, and so on.

In RD Winery loyalty customer program for year 2014 project, I use scanned data. For more detail, consumer use RD loyalty customer cards, and the system automatically records their purchases at the checkout in store.

Some behavioural metrics that are used daily by marketers and marketing analyse include sales, market share, market penetration, average purchase frequency, share of category requirements (SCR), solely (100%) loyal customer, defection rate, and customer complaints and recommendations. Among of them, sales, market penetration, average purchase frequency, customer complaints and recommendations are what I intend using for measuring the effect of loyalty customer program project. On sales, I will focus on revenue dollars,

units sold, weight of volume sold and number of purchase occasions. This will be the quantitative measurement for result of the project. Market penetration is measure how many customers bought RD Winery's product in the period after "make the moment special" event and in the Christmas and lunar new year 2014. Penetration is usually calculated as a percentage of the total number of customer who bought from the product category in that particular time period. A brand's penetration score depends on the time period – the longer the time period, the more people had the opportunity to buy the brand so it is a time- dependent metrix. Wine is a seasonal consume product in Vietnam market and it is very easy to understand if after this event we will have high penetration score. It means, this result can come from the habit of customer not the effect of our loyalty customer program. To know exactly, we can compare it with the index of penetration score in 2013, we will find the answer. I will use average purchase frequency to make the disadvantage of penetration smaller. Average purchase frequency is another number, it give us information about how often the customer who bought RD Winery during the period, bought it during that same period. This metric is the first of number of metrics that are often used to describe the behavioral loyalty that customers display towards brands. It's considered a loyalty metric because it counts repeat- buying of the brand. Finally for behavioural metrix is customer complaints and recommendations. By giving them a small paper at the end of "Make the moment special" event, in this paper will have some questions about the customer feeling, collection customer information more detail about their wine flavor, which RD Winery's product they like best, what will they intend to buy, what will they do after this event and so on. Via this paper, I can have the net promoter score of my customer. Net promoter score is a measure of customers' claimed willingness to recommend a company's product to other. It does not measure actual recommendations but only claimed willingness to recommend, so in effect it is an attitude measure asking if the customer is happy enough with the brand that they would recommend it. It does not measure willingness to give negative word – of –mouth.

To get more information about what consumers think and feel about RD Winery's product and its service, I will use memory metrics. This metrics describe information that consumers have in their memories in relation to RD Winery. The primary source is consumer surveys – the small number at the end of the event's party. In general, the most using memory metrics by marketing managers include brand awareness, brand image associations, mental availability, attitude, customer satisfaction and service quality, intention to buy a brand in the future. As a medium size company, I think brand awareness, attitude and customer satisfaction

and service quality are the tools I want to use for measuring the result of my project. Brand awareness reflects how many customer know the brand, that is, whether they have any brand information in their memories and how easily this brand-related information comes to mind. In three major types of brand awareness (the top-of-mind; unprompted awareness; prompted awareness) RD Winery is in the third level – the lowest level. It means RD Winery just a brand consumers recognize when they are prompted with either the brand name ('have you heard of RD Winery?') or when being shown a logo or packaging for that brand.

In addition, with customer information after the event and patron program, I can also use customer profile metrics for measuring the result of my project. Customer profile metrics describe customer, and are used to help marketers identify and reach all the different buyers in a brand's category. For individual customer, they include such metrics as a customer's gender, age or income, for organization customer, the descriptive metrics are things such as industry type, size of company, and office location. The profile of the category buyer provides a very useful benchmark against which to compare the brand's customer profile.

In the take care customer service after "Make the moment special" event, our marketing employees will come to distributors to collect information as I present on the product of Marketing Mix part. Public relations agencies can provide information on RD Winery press releases.

## CONCLUSION

The aim of this master thesis was to create a project of marketing communication as an acknowledgement to RD Winery's loyalty customer and selling wine at the special time is Christmas and Lunar New Year 2015. The product of this marketing communication campaign called "Make the moment special". This is intangible service which three critical activities Patrons program, "Make the Moment Special" event and taking care customer service before and after event.

The theoretical part describes the conception of marketing communication with an emphasis on the integrate marketing communication. The analysis presents the current marketing communication of RD Winery, which is in the final project part elaborate into an extensive communication campaign in order to promote the loyalty customer program.

The communication campaign of RD Winery is based on catalog, brochure to give useful information about the promotion program for loyalty customer program on Christmas and Lunar New Year 2015, Patron Program with RD Winery's Patron card, as well as backdrop, thank handwritten letter, menu for the "Make the moment special" event are designed in the same image with business style, as well as press release, website are also update newest information about RD Winery's loyalty customer program.

The catalog, brochure, thank handwritten letter, RD Winery's Patron Card, press release are the main promotional material, which are not the same image as previous events of RD Winery and the aim is try to make another sign of RD Winery in customer mind about this special event.

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## **LIST OF ABBREVIATIONS**

VND Viet Nam Dong - Vietnam's currency

USD US Dollar's – US's currency

PCS Pieces

**LIST OF FIGURES**

Figure 1: The marketing communication channel (our source).....	12
Figure 2: AIDA model ( Kelly and Hyde, 2002) .....	13
Figure 3: Steps of marketing communication (Philip Kotler and Gary Armstrong, 2012).....	13
Figure 4: customer’s making a purchase stages ((Philip Kotler and Gary Armstrong, 2012).....	14
Figure 5: The integrate marketing communication process (Fill and Yeshin, 2001) .	17
Figure 6: Integrate Marketing Communication Strategies (Philip Kotler and Gary Armstrong, 2012) .....	23
Picture 1: Napa Valley map (Wikipedia, 2008).....	27
Picture 2: RD Winery in Napa Valley (our source).....	27
Figure 7: Ansoff Matrix (Igor Ansoff, 1957) .....	52
Chart 1: SPACE MATRIX of RD Winery (our source).....	66
Picture 3: Sealinks City Restaurant (our source) .....	82
Picture 4: CPM analysis result of RD Winery customer program(our source) .....	90
Picture 5: Thank handwritten (our source) .....	109
Chart 2: VietMy General Investment Corporation’s human resource organization.	110
Picture 6: Menu of “make the moment special” event (our source).....	113
Picture 7: RD Winery’s Patron Card (our source).....	114

## LIST OF TABLES

Table 1: The Nature of Each Integrate Marketing Communication Tool (Philip Kotler and Gary Armstrong, 2012).....	19
<b>Table 2:</b> Product Life Cycle (PLC) and the tools of Integrate Marketing Communication. (our source).....	22
Table 3: Price Structure (Euromonitor International, 2008).....	43
Table 4: Plus-minus matrix for SWOT analysis (our source) .....	60
Table 5: EFE Matrix of RD Winery (our source).....	64
Table 6: EFE Matrix of RD Winery (our source).....	66
Table 7: Earn Point System for RD Winery’s Patron Program (our source).....	71
Table 7: Earn Point System for RD Winery’s Patron Program (our source).....	72
Table 8: Menu for the “Make the moment special” event (our source) .....	79
Table 9: Table of Action plan for RD Winery’s loyalty customer program (our source) .....	87
Table 10: Time analysis for RD Winery Loyalty Customer Program (our source) ...	89
Table 11: Estimate cost for RD Winery loyalty customer program (our source).....	95
Table 12. Risk analysis of the project. (own source).....	96

## **APPENDICES**

P I DESIGN OF THANK HANDWRITTEN LETTER

P II VIETMY GENERAL INVESTMENT CORPORATION'S HUMAN RESOURCE ORGANIZATION

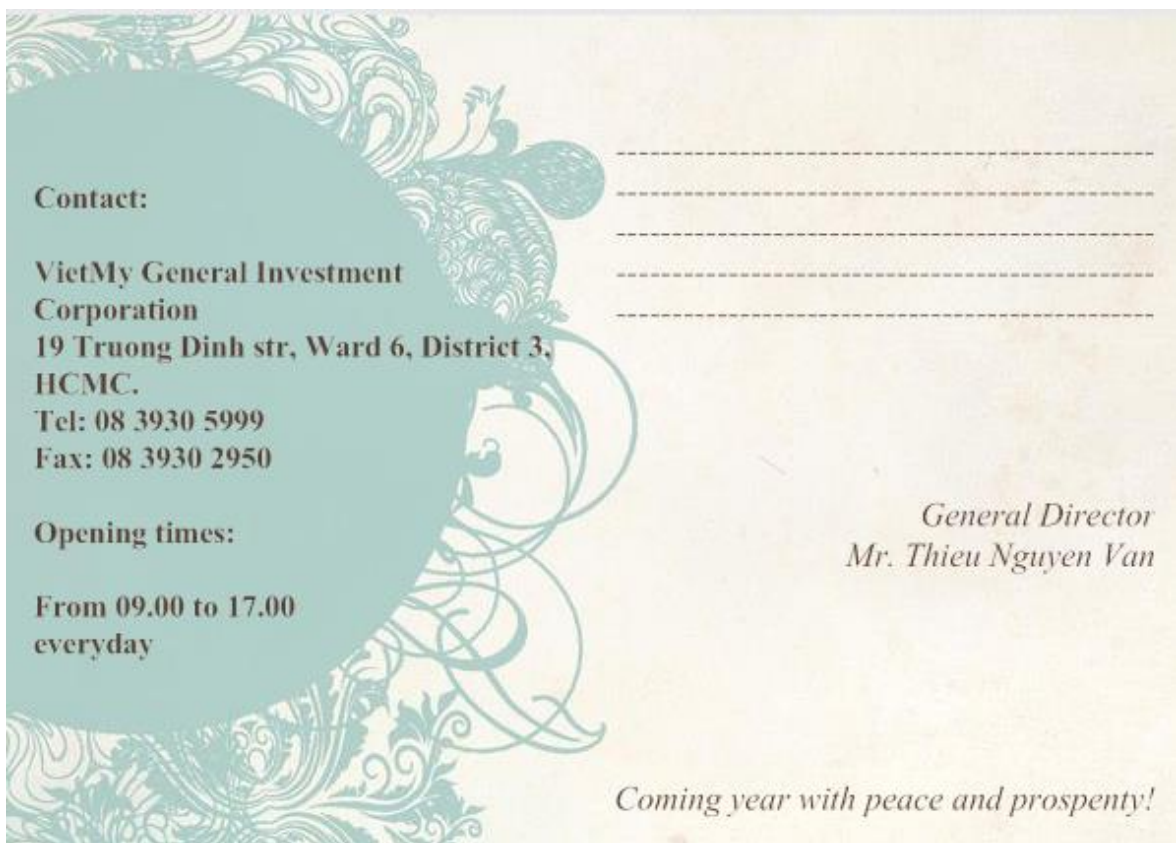
P III DESIGN OF "MADE THE MOMENT SPECIAL" MENU

P IV DESIGN OF RD WINERY'S PATRON CARD

P V RD RESTAURANT

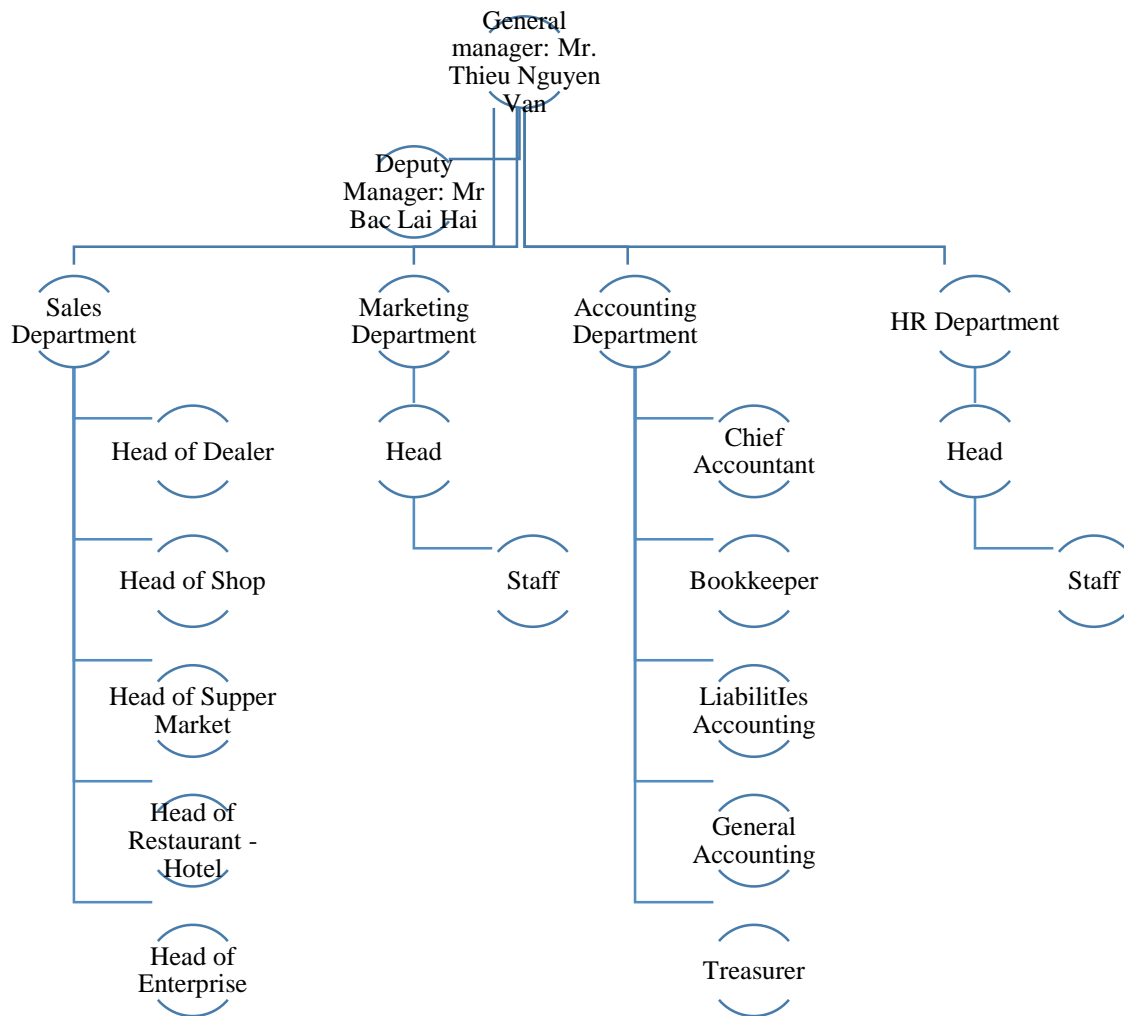
P VI RD WINERY'S DISTRIBUTOR TYPIFY

**APPENDIX P I: THANK HANDWRITTEN LETTER**



Picture 5: Thank handwritten (our source)

## APPENDIX P II: VIETMY GENERAL INVESTMENT CORPORATION'S HUMAN RESOURCE ORGANIZATION



*Chart 2: VietMy General Investment Corporation's human resource organization*

**APPENDIX P III: MENU FOR “MAKE THE SPECIAL MOMENT”  
EVENT**



*SOUP*

*Crab Meat Mushroom Soup*

*Seaweed Soup Scallops*

*APPETIZERS*

*Sausager Germany*

*Bread and butter*

*SALAD*

*Green vegetables, tomatoes, cucumber slices*

*The types of sauces and vegetables cut grain*

*Squid and thailand style salad*

*CHICKEN AND DUCK*

*Suted break duck with Abalon souce*

*Roasted chicken with eriped sticky rice*

*PORK*

*Korean barbecue pork ribs and fried mushrooms  
needle*

*LAMB*

*Steak*

*SEAFOOD*

*Seafood spaghetti with tomato sauce*

*HOT RECIPE*

*Beef with green pepper sauce*

*Stwed beft with red wine*

*Veal curry*

*DESSERT*

*Tropical Fruits*

*Terramisu cake*



*DRINK*

*Napa 55 - Cabernet Sauvignon*

*Napa 55 – Merlot*

*Napa 55 – Syrah*

*Napa 66 - Cabernet Sauvignon*

*Napa 66 – Merlot*

*Napa 66 – Syrah*

*Napa 77 - Cabernet Sauvignon*

*Napa 77 – Merlot*

*Napa 77 – Syrah*

*Napa 88 - Cabernet Sauvignon*

*Napa 88 – Merlot*

*Napa 88 – Syrah*

*Napa 99 - Cabernet Sauvignon*

*Napa 99 – Merlot*

*Napa 99 – Syrah*

*Mineral quarter*

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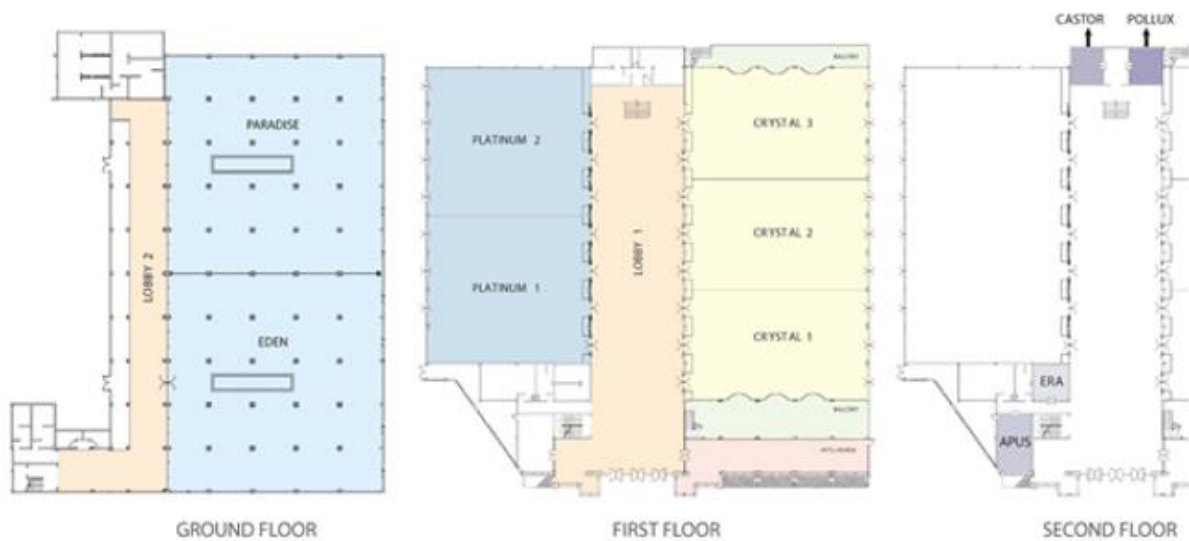
Picture 6: Menu of “make the moment special” event (our source)

## APPENDIX P IV: RD WINERY'S PATRON CARD



*Picture 7: RD Winery's Patron Card (our source)*

## APPENDIX P V: RANG DONG RESTAURANT



Function Room	Floor	Ceiling Height	Width	Length	m <sup>2</sup>	ClassRm	Cluster	Theater	U-Shape	Hollow square	Banquet	Cocktail
Platinum 1	1 <sup>st</sup>	6	25.2	24	604.8	354	252	590	372	x	400	480
Platinum 2	1 <sup>st</sup>	6	25.2	24	604.8	354	252	590	372	x	400	480
Grand Platinum	1 <sup>st</sup>	6	25.2	48	1209.6	708	504	1300	744	x	800	1180
Crystal 1	1 <sup>st</sup>	6.3	28	18	504	324	280	410	306	x	450	430
Crystal 2	1 <sup>st</sup>	6.3	28	18	504	324	210	410	306	x	350	430
Crystal 3	1 <sup>st</sup>	6.3	28	18	504	324	210	410	306	x	400	430
Grand Crystal	1 <sup>st</sup>	6.3	28	54	1512	972	630	2000	918	x	1300	1300
Balcoony (Left)	1 <sup>st</sup>	2.9	29.7	4	118.8	x	x	x	x	x	x	x
Balcoony (Right)	1 <sup>st</sup>	2.9	29.7	6	178.2	x	x	x	x	x	x	x
Hy's Lounge	1 <sup>st</sup>	6.94	29.8	5.3	157.94	80	48	160	50	x	120	100
Lobby 1	1 <sup>st</sup>	5.95	15	62.3	934.5	x	x	x	x	x	x	700
Eden	G	2.66	30	30	900	x	x	x	x	x	320	500
Paradise	G	2.66	30	30	900	x	x	x	x	x	320	500
Eden/ Paradise	G	2.66	30	60	1800	x	x	x	x	x	720	1000
Lobby 2	G	3.1	7	54	378	x	x	x	x	x	150	200
Era	2 <sup>nd</sup>	x	x	x	35	x	x	x	x	10	10	x
Apus	2 <sup>nd</sup>	x	x	x	56	x	x	x	x	10	10	x
Castor	2 <sup>nd</sup>	x	x	x	28	x	x	x	x	10	10	x
Pollux	2 <sup>nd</sup>	x	x	x	28	x	x	x	x	10	10	x

## **APPENDIX P VI: RD WINERY'S DISTRIBUTOR TYPIFY**

### **Shop**

1. AnhNgocSon – 157 Ham Nghi, District 1
2. HoangHai – 149 Ham Nghi, District 1
3. ThaiDuong1 – 54 Ham Nghi, District 1
4. Dung – 67 Ho Tung Mau, District 1
5. Thanh Ba Sau – 100 Pasteur, District 1
6. NgocSy – 185 Cong Quynh, District 1
7. Tan Mai – 207 Le Thanh Ton, District 1
8. Chau Lan – 83 Ho Tung Mau, District 1
9. Linh Xuan Canh – 77 Ham Nghi, District 1
10. Thai Duong 2 – 158 Vo Thi Sau, District 1
11. Khanh Sang – 55 Nguyen Thong, District 1
12. Ngoc Van Anh – 376 Nguyen Trai, District 1
13. Kim Giai – 177 Nguyen Tri Phuong, District 1
14. Trung Tam – 179 Nguyen Tri Phuong, District 1
15. Ha My Xuan – 184 Hai Thuong Lan Ong, District 5
16. DoanDung – 572 Le Hong Phong, District 10
17. Minh Yen – 140 Nguyen Van Troi, Phu Nhuan District
18. Thanh Thanh Tam – 205 Nguyen Van Troi, Phu Nhuan District
19. Minh Phuong Trung – 347 Hoang Van Thu, Tan Binh District
20. Shop 341 – 341 Hoang Van Thu, Tan Binh District
21. Bao Ngoc – 327 – 329 Hoang Van Thu, Tan Binh District

### **Restaurant**

1. Que Nha – 01 Cong Truong Quoc Te, District 1
2. Samba – 17/19 Le Thanh Ton, District 1
3. Sphin'x – 115 Ho Tung Mau, District 1
4. Mask – 03B Ton Duc Thang, District 1
5. Maxim's – 13-15-17 Dong Khoi, District 1
6. Carmen – 08 Ly Tu Trong, District 1
7. Ngoc Yen – 193 Nguyen Thai Hoc, District 1
8. Nhan sushi – 62 Ngo Duc Ke, District 1
9. Daily – 27B Nguyen Dinh Chieu, District 1
10. Huong Xua – 86 Vo Van Tan, District 3
11. Restaurant system Ashima
12. Restaurant system Ba Con Cuu
13. Restaurant system Sumino

### **Hotel**

1. NewWorld – 76 Le Lai, District 1
2. Sendona Suttas – 65 Le Loi, District 1
3. Sapphire – 32A-34 Bui Thi Xuan, District 1
4. Caravelle – 19-23 Cong Truong Lam Son, District 1

## **Supper market**

1. Smart – 45 Nguyen Hue, District 1
2. An Phu – 43 Thao Dien, District 2
3. One Mart – 62 Ly Chinh Thang, District 3
4. Sasco – TanSonNhat International Airport, Tan Binh District
5. Central Mart – 92 Nguyen Huu Canh, Binh Thanh District
6. Premium – R4-47 Bui Bang Doan, District 7
7. Lottle Mart system
8. Maximart system

