

Business Information on Vietnam

By Terence O'Neill

Executive Briefing: Vietnam's importance in the international business landscape is established, yet its market can still be difficult to break into, especially for smaller American businesses. A range of resources have been developed to facilitate market entry. This piece shares findings from recent research on the business information environment in Vietnam, focusing on resources for both remote research and direct business facilitation.



Vietnam has been growing in economic power and importance to the United States and American businesses, gaining a reputation over decades as a contributor to supply chains and as a market for goods and services. Despite its distance, the United States is the number one purchaser of goods from Vietnam and the ninth largest importer to Vietnam (World Bank 2013). Even with this established importance, many American businesses are unsure of how to approach Vietnam.

Here, we discuss briefly important constraints as well as corresponding services available to those interested in the Vietnamese market. The findings are the product of broader research into the flow of business information in Vietnam, and builds from more than twenty interviews with Vietnamese and American experts, including business people, academics, and associated professionals. These interviews took place in the twin economic poles of Hanoi and Ho Chi Minh City, in addition to the city of Da Nang and within the United States.

Constraints

Two common constraints on international trade are knowledge of legal and cultural systems, and the development of relationships. Despite its position of having the world's 57th largest economy, Vietnam also ranks 99th in Ease of Doing Business, reflecting its struggles to provide accurate and transparent information. My interviews indicated that the Communist Party of Vietnam is working to gradually conform to international legal standards and to provide business relevant information. Nevertheless, the available sources need to be sifted and put into context, which is difficult for smaller companies.

Forming relationships is also time intensive. It's said in Hanoi, "Your family is your contract"; when you know the street where someone's grandparents grew up, formal legalities aren't necessary. Likewise, many Vietnamese are reticent about forming work partnerships with people that they do not know, including foreigners. "It's about developing the relationship, and the business will come," said one business development expert.

Though developing knowledge and relationships is a foremost challenge for American businesses, a number of responses are available.

Knowledge

A number of international business information databases seek to synthesize data on Vietnam and present information and analysis so that business-people can benefit. While data is available directly from the Vietnamese government, there are a number of fee-based sources available that synthesize and analyze the data for business professionals. What follows is a brief profile of four premier international business information resources.

Euromonitor Passport GMID

Passport GMID provides data and analysis on consumer spending. Their information is the product of a variety of in-country and international data sources, checked against surveying, and finally confirmed by in-person checks on products, prices, and placement. Due to this selective scope, the number of analyst reports concerning Vietnam is relatively low, but well focused on the consumer market. This resource also provides access to a great selection of data.

Economist Intelligence Unit

From the same outfit as "the Economist" magazine, EIU focuses on policy and social climates for business. This analysis is the result of partnerships with information providers, such as Bureau Van Dijk, but also the development of in-country contacts. The most opaque about their data-gathering practices, EIU reports are nevertheless considered a standard for forecasting and risk-assessment.

ISI Emerging Markets Information Service

EMIS is diverse in its sources, curating national and international data and forecasters, though with far less in-house analysis. EMIS has a greater focus on company profiles, has coverage across industries, and provides direct access to Vietnamese news sources.

Business Monitor International

Of these four databases, Business Monitor International is most comprehensive, encompassing the foci of the other three sources mentioned here. Business Monitor International cites in-country sources, outside experts such as Bloomberg, and their own in-country surveying.

Relationships

In addition to knowledge, many businesses will need assistance in progressing through the stages of active engagement with the market as well. Private companies and the American government can help build these bridges.

One possibility is to hire a large international firm long established in Vietnam, such as HSBC (financial services) or Baker McKenzie (law). These companies know the country's regulations and can facilitate connections between potential partners. Law firms in particular have a history of translating laws and making them clear to expatriate clients.

On a smaller scale, and often with commensurately cheaper services, many smaller matchmaker companies facilitate locating a factory, finding an agent for retail, or developing another collaboration dependent upon a reliable on-the-ground partner. These companies offer wildly different services from one another.

With offices throughout the United States as well as in the main cities of Vietnam, the U.S. Commerce department and its associated loan financing programs work with American businesses to facilitate international business. From finding customers to securing financing, the government works to facilitate international trade.

Conclusion

To realize the great business potential for collaborating with Vietnamese firms and markets, United States businesses need to develop both knowledge and relationships. This persistent and recognized need is being met by a variety of private and public services. An effective internationalization plan would involve focused, effective knowledge development, as well as partnerships with firms and government agencies with a strong and established in-country presence.

References

The World Bank Group. "Vietnam" Doing Business In. Sourced on July 28, 2014 at: <http://www.doingbusiness.org/data/exploreeconomies/vietnam/>

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