

# An Analysis of Consumer's Need and Behavior in Purchasing Garment in Vietnam

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**Abstract**—The paper focuses on the facts that what customers truly desire about garment products and the reason why they, in majority, tend to choose Chinese garment to purchase. Detailed analyses on Vietnamese garment industry's weaknesses as well as strengths depending on the result of the survey are also written down so that right actions will be decided in order to help local garment in this rivalry.

Some solutions are suggested by analyzing the opportunities and challenges with which Vietnamese garment meet hence there will be great chance for local garment products in satisfying its resident customers. The real target of Vietnamese garment industry is to affirm its position not only within local market but also in the world's market with the general brand name "made in Vietnam".

There are quite a number of issues which Vietnam's industries generally and garment industry privately need to alter; however, the three main things to garment enterprises are considered as "material, design and prices".

**Index Terms**—Garment industry, material, design and prices.

## I. INTRODUCTION

The research specially focuses on analyzing the consumer behavior with their opinion, thought and current demand in order to help Vietnamese garment business compete against Chinese one in Vietnam's market. After making comparison between enterprises' and consumers' consideration about garment products, not only the weaknesses of Vietnam's garment business but also the wishes coming from the customers are found.

At the present, Vietnamese garment industry is considered weaker than its main Chinese rival in its own market but all local garment enterprises have been step by step improving their production in order to meet customer's demand so that Vietnam's garment will recover its position at least in its own market.

There are quite a lot of issues which Vietnam's industries in general and garment industry in private need to alter; however, the main thing is that how garment enterprises understand consumers and are able to satisfy their need. Throughout the research, the issues that lead Vietnamese garment businesses to the failure in competing against imported Chinese garment are analyzed in detail thanks to the interviews' result from both two sides known as enterprises and customers. The main goal of this research will be fulfilled by finding the key answers so that they help local enterprises compete against

Chinese rival.

## II. CONTENT

### A. The Development of Vietnamese Garment Industry

Since the aim of the topic is to help Vietnamese garment recover its domination before its mainly current rival Chinese in its local market, to understand deeply Vietnamese garment industry's history is definitely necessary. From this knowledge, the research partly figures out which are its strong and weak points at the first place as well as is aware of what have led to these strengths and weaknesses.

After the peaceful revolution in October 1954, communist party and government of Vietnam decided to restore fiber, textile, dye factories, especially those in Nam Dinh province and new enterprises in the North such as 8/3, Dong Xuan, Vinh Phu, Hai Phong textile and garment and so on [1].

In the period of time from 1956 to 1958, there were 2 garment enterprises in the North with a low output around thousands products, mainly it was for off-the-peg clothes to satisfy domestic demand. In the South, industrial garment business was found in 1971 with six garment enterprises with the purpose of exporting [2].

From 1955 to 1975, the time when Vietnam was still under the two part separation, textile and garment industry in the North was developed mainly in Nam Dinh province, Ha Noi capital, Hai Phong city, Vinh Phu province [3]. In the South, it was gathered in old Sai Gon such as Cho Lon, Tan Binh, Thu Duc, Bien Hoa and in the Middle, it was known with Da Nang, Quang Nam and in the area of Mekong Delta, it concentrated in Dong Nai, Long An, Tien Giang, etc.

According to a report written down by the National Assembly Chairman of Vietnam, Nong Duc Manh which was public in the web page of Taiwanese government's International Trade Commission, Ministry of Economic Affairs (MOEAITC), after the whole country unification (30/4/1975), Vietnam's textile and garment industry had gained new advantages so as to develop the economic scale, sorts of product and its quality. Textile and garment industry took over all enterprises with quite modern technology from the southern provinces and invested to projects building new manufactures with large size on the whole national scale in order to ensure to last the cooperation between all productive units such as Ha Noi fiber, Vinh, fiber, Hue fiber, Nha Trang fiber, Minh Khai fiber, Hoang Thi Loan fiber and so on together. Besides, so many garment enterprises were founded after the code 19/5 to support and encourage investors and founders to establish textile and garment factories.

Thanks to that, even though in 1980s Vietnam encountered

crisis, textile and garment industry still developed firmly and maintained to produce products to meet customers' need and carried out the three five-plans (1976-1980, 1981-1985, 1986-1990) in order to ensure the balance of input materials, output products and people's and national defense's demand [4].

Entering into innovative and integrative period, textile and garment industry has still retained an important position in Vietnam's economy with its necessary contribution in making use of labor source and stabilizing social life as well as contributing to the exporting turnover. Currently, textile and garment business is using more than two million labors and keeping density over 10 percent and won exporting quota [5].

It is obvious to understand the fact that Vietnamese garment's history created the basic foundation for the further development of this business as people have seen it so far. Whether this foundation helped Vietnamese garment become well-known or not, it patently proves the thing that Vietnamese garment has its own root in this industry.

#### B. Labor Source with Unqualified Ability and Low Productivity

At present, the biggest advantage of Vietnamese and garment industry is the rich of labor source with cheap labor cost. However, the reality in garment competitive market proves that this is no longer the key element to competitive competence but labor productivity. According to the current evaluation, Vietnamese garment industry's labor force is still weak in both quality and lacking skill with which most enterprises encounter the same problem, given standard and ability to get used to high technology.

In general, about the aspect of added value received from labor source, Vietnam nearly is at the last level in comparison with competitors. While Hong Kong has the rate of added value in trained labor 7.9 percent and untrained labor 22.6 percent, Vietnam is in much lower rate with 1.2 percent and 9 percent.

Added value of labor source from different countries

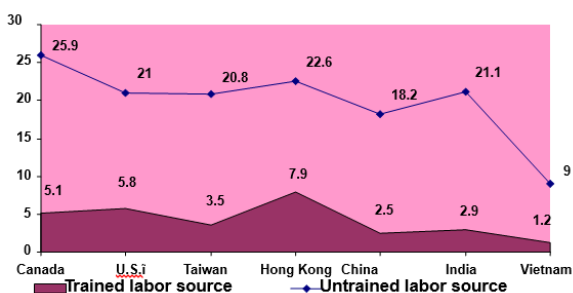


Fig. 1. Source: WTO's research.

#### C. Out-of-Date Equipment and Technology with Low Productivity in Usage

According to the evaluation of United Nations Organization, Vietnam's technical level is 2 out of 7 in the world and the equipment is considered as 2 or 3 generation backward [6].

There are not so many local mechanical manufactures plus most of them meet the lack of ability. These manufactures can just produce replaced spare parts with small equipment such

as unrolling fabric machine, checking fabric machine, desiccating machine, cutting fabric machine and so on and so forth.

##### 1) Material

Purchasers can depend on material element in order to choose and purchase garment product since, to most of them, this factor decides whether a set of clothes causes inconvenient feeling to user or is long-wearing. According to Ruigrok and Wagner in their article printed in 2003, a number of people tend to think that clothes' material which they are wearing not only show their taste of fashion but create their own comfortableness [7]; on the other hand, to some other people, to choose different materials to wear is to help them keep in touch with the fashionable trend. Moreover, in case purchaser understands well about clothes' material, it shows that they are knowledgeable about fashion [8].

To look at other aspect of material, it is also considered as a part of supply chain in the outbound logistics section with collecting raw material. The majority of raw materials which Vietnam's garment industry is using mostly proceed from China. Mister Nguyen believed this causes Vietnam's garment industry some disadvantages. Firstly, it seems harder for local government verifying the imported material's quality. Secondly, textile and garment industry cannot control the importing cost. Thus, raw material can decide the price as well as the quality of a set of clothes. Local garment industry currently is on its way to surmount these difficulties but it takes time and capability for the modification and innovation [9]. According to Vinatex, known as The Vietnam National Textile and Garment Group, the self-providing rate of accessories in Vietnam is much lower than China. That means local garment's material and accessories lack the source of supply. The diagram below shows the real comparison.

##### D. Design and Price in General

The quality of garment products nowadays has been improved but it has been so good and equal as to be expected in general. The products' price is still higher than other countries' products around 10 to 15 percent and China around 20 percent. With such a quality standard and price situation like this, Vietnamese garment products evidently encounter severe competition and customer's dissatisfaction [10].

Another limitation is that design competence of local enterprises is still weak and yet it has just been noticed recently thus it cannot stand for any specific feature of Vietnamese clothes. Although the feature of clothes is vogue, Vietnam's products usually do not have various designs therefore it causes the poor in form and disappointment in local customers. Moreover, Vietnamese garment also cannot keep pace with the world's fashion trend so it is not able to compete against those being quickly sensitive in this matter.

Another weak point in approaching market is the weakness in delivering products. Vietnamese enterprises have not still created their own consuming product channels in both domestic and foreign markets. Most of Vietnam's enterprises have not had representative offices and stores to introduce their products in foreign countries except for exporting products through middle countries and foreign delivery channels and foreign retailers.

##### 1) Design

This element does make a very important role in both selling in inland and exporting. It is called the “key” to lead to the success to lifting garment exports [11]. This does not mean Vietnam is lacking concentration on this matter but if the local garment, according to the majority of customers, has much more choice than it does at the present it could be easily to compete against exporting garment from China. In the matter of the fact, domestic products are not multiform, new and modern hence it is hard in order to attract customers’ attention. Main things which cause it poor in design can be named as colors, models and meaning of each set of clothes [12]. Not only do they catch customers with the first glance of eyes but they attractively convince their mind to buy also. Basically, Chinese garment with its various designs is leading the competitive advantage within Vietnamese market.

## 2) Price

One of the main reasons why such a lot of local consumers have been looking for Chinese garment in order to buy is because of the price, according to the Goto’s consideration, a Japanese reporter. He assumed that the group of purchasers who pay attention to cost price is young adults [13] and they are also considered as those who are willing to purchase clothes with reasonable price since they have to face with the high pressure of living expenses. The price definitely is an element for most of them to have decision-making [14].

It is reckoned that Vietnamese garment products have higher price than the others because of the high cost production but the quality is not ensured officially to be standardized and the design which is the first element to attract customer’s attention is still poor. This leads to the failure of Vietnam’s garment in winning local customer’s belief [15].

## E. Expectation: “Made in Vietnam” Trade Name

Last year, Vietnamese garment industry was quite successful in building and affirming local brand, developing stable brand and making an image in customers’ consciousness in both local and foreign areas. Some enterprises with various brands were able to export their products to foreign markets. For instance, Viet Tien brand could export its garment goods to Pakistan, Cambodia and Laos. In Cambodia, when Viet Tien had just expanded its general agent nearly one month, there were dozens of Cambodia’s retailers wishing to be its agencies. In 2010, Viet Tien was having new plan of opening agents in Thailand, Malaysia, Indonesia and Singapore along with building and spreading brand name. Mister Nguyen Khac Phong known as Senior Sale Executive of Viet Tien garment Company representative provided information of the previous achievements which company deployed and harvested.

Some products such as towel, fiber and textile fabric with Vietnamese brands also won the prestige in the world’s market [16]. A real example for this is products from Song Hong Company which specialist Tran Thi Khanh Ha is one of members in the company’s long term project. Not only do local consumers have awareness about Vietnamese garment’s brands but also those from foreign markets gradually consider Vietnamese garment as reliable products to purchase. Hence the rate of exporting garment products rises with every passing day. Especially, towel as one of kinds of product

needs satisfy the severe technology in requirement. At present, Vietnam is the second biggest country in the world to export towel mostly in America’s, Euro’s and Japan’s markets [17].

To domestic market, such a lot of enterprises used to do outwork in the past to export; now they focus on design, brand, image in order to approach different customers throughout the country with the unique target of defeating China’s garment products. In 2009, the income from domestic market of enterprises belonging to group of Vietnamese Garment Corporation increased 26 percent in comparison with the same period last year. For example, Viet Tien gained 600 billion Vietnam Dong with the increase more than 150 billion Vietnam Dong in comparison with the year of 2008; Nha Be gained 300 billion, May 10 gained over 100 billion and Phuong Dong gained nearly 100 billion, etc. Vinatex also built up figure research bureaus in standard measurement of Vietnamese people so as to produce suitable products with customer’s need and demand from that [18]. This is the way which has been applied from other developed garment industries around the world and they gained success as a result. Besides, garment industry has also operated designing fashion contests within student environment with the purpose of discovering young talents. To Nguyen Khac Phong from Viet Tien garment Company, this would create motivation to encourage young potential designers to create new design for garment and build up Vietnam’s garment brand name. Thanks to this, a majority of resident consumers now switch to use “made in Vietnam” garment products.

In 11/2009, Vietnam officially became the sixth member of Asian Fashion Federation (AFF) [19]. This is advantageous condition in learning from and cooperating with country members having developed fashion industry in Asian area in order to help fashion industry in particular and garment industry in general develop quickly in the near future. It is also the opportunity to affirm “made in Vietnam” brand name and creates more chance for exporting garment products.

## III. CONCLUSION

### Target of improvement

It is possible to say that Vietnamese garment industry is on its way of developing and innovating in order to keep pace with its competitors in Vietnam’s market. The unique target for the future of the brand “made in Vietnam” become well-known throughout the country and in the world. It is on the way of winning against itself in innovating and developing the design and material along with reasonable price.

A conclusion section is usually required. Although a conclusion may review the main points of the paper, do not replicate the abstract as the conclusion. A conclusion might elaborate on the importance of the work or suggest applications and extensions.

## APPENDIX

**AFF:** Asian Fashion Federation

**MOEA/ITC:** International Trade Commission, Ministry of Economic Affairs

**Vinatex:** The Vietnam National Textile and Garment Group

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