Current Situation of Building Brand Strategies of Vietnam Textile and Apparel Enterprises and Application of Lessons Learned From Coach

Author Details:
Tran Nguyen Doan-University of Economics - Technology for Industries, Vietnam
Correspondence: Tran Nguyen Doan, 456 Minh Khai, Hai Ba Trung, Ha Noi

Abstract:
The objective of the article is to analyze the situation of Coach branding and analyze the situation of Vietnamese textile enterprises. From there, the author gives lessons to develop and build brands for Vietnamese textile enterprises.

Keywords: Building brand strategies, Coach, Vietnam

1. Introduction

Vietnamese people are famous for their ingenuity and craftsmanship. In order to develop that strength, right from 1954, after the peace was restored, the North was completely liberated, our Party and Government paid attention to creating conditions for investment in development, renovation and construction. a series of large-capacity factories such as 8-3 Textile, Nam Dinh Textile, May 10 ... and a series of cooperatives and craft production groups. In 1975, after the country was completely unified, a series of new factories were invested to build such as Hanoi Yarn, Soi Vinh, Hue Yarn, May Viet Tien, Nha Be Garment ... However, in this period, the garment industry. Vietnam still has many limitations due to the centralized mechanism of the economy. Enterprises only produce according to the norms assigned by the state without competition. Products produced mainly serve the needs of domestic consumption and export to Eastern European countries.

Textile is a light industry producing consumer goods that attracts a large number of workers in society. On the other hand, training workers in the garment industry does not take much time and costs, does not require too much capital investment or modern modern technology but the capital recovery cycle is fast. Therefore, for a long time, the textile industry has always attracted many individuals as well as organizations to invest in opening workshops, producing and trading this item. However, after a long time of operation, the names of Vietnamese textile enterprises have not been widely known in the world. About 30% of businesses have been known to many importers by different degrees through regular import and export relations. However, even when Vietnam's textile and apparel products are always in the top 5 of textile and apparel exporting countries, consumers around the world hardly remember any textile brand of Vietnam. The main reason is that Vietnamese enterprises mostly process outsourcing for foreign brands. Exporting products with Vietnamese brand name to end-users is still a far-off target for domestic enterprises.

The main reason for this situation is that Vietnamese enterprises have insufficient financial capacity and have not really paid attention to branding and product branding abroad. And foreign-invested enterprises in Vietnam are not interested in branding in Vietnam but mainly using the brand of the parent company in foreign countries.

Early branding has become one of the top priorities of businesses in the fashion industry in the world. Famous and successful brands will bring high profits, win the trust and loyalty of consumers, thereby attracting investors to invest capital. Building and developing a brand is not simply a matter of putting the brand name and logo on a product or service, it is a process of coordinating all management activities and building a brand business strategy. fruit to expand and develop brand as well as consumer market and customer loyalty.

It can be said that at the present time, Coach's position compared to Vietnamese textile enterprises is far different. Coach has influence in the world fashion market with their brand power, while Vietnamese businesses have just stopped at pure outsourcing. However, the starting point of Coach from 1941 was just a small workshop with a few handcrafted workers, so what made it successful? That's because brand awareness is
shaped very early in the minds of managers right after starting the company, plus the ability to identify and serve target customers is extremely good. All business activities and strategies revolve around capturing psychology and meeting the needs of the target customers, thereby gaining brand loyalty from them. Even when beginning a repositioning strategy to change the market segment, Coach also aims to serve existing customers first, then attract potential customers later.

The lesson for Vietnamese businesses is firstly to raise the awareness of the importance of branding in the minds of leaders. After that, it is to identify the target market and customers that businesses target and focus on serving well with the core values they have. In the end, it should not bring the bell to beat the country but forget the domestic market. It was Coach from the beginning that took American style as the foundation for the design style and brand image, and finally won the hearts of consumers around the world.

2. Overview of brand, Coach branding

2.1. Trademark

Firstly, if we approach the direction of analyzing the relationship between products and brands, it can be divided into two main views: traditional and synthetic views.

Traditional view, for example according to the American Marketing Association, "A brand is a name, words, symbols, design drawings, designs ... or a combination of the above factors to identify a product or service of a manufacturer and to distinguish it from competitors' products (Bennett 1995, page 27). So in this traditional view, a brand is only a component of a product, with the main function of distinguishing its product from competitors' products, considering the brand as an object. tangible substances, which are easily identifiable through specific symbols and words.

But by the end of the 20th century, there were many changes in brand attitudes. Many researchers believe that this view cannot explain the role of brands in the fiercely competitive world economy. From that, forming an integrated perspective on the brand. This point of view states that "a brand is not just a name or a symbol, it is much more complex." It is a set of attributes that provide the target customer with the values they require "(Davis 2002). Thus, in this view, the product is a part of the brand, mainly providing benefits and functional value to serve consumer needs. Product views are part of a brand that is increasingly accepted by researchers and practitioners (eg Aaker 1996). The reason is that consumers have two needs that need to be met: the first is the functional need and the second is the psychological need. So the product itself can only meet the needs for functional benefits, and the brand itself can satisfy both. (Hankinson & Cowking 1996). Moreover, according to the concept of Stephen King - WPP Group once stated “Products are what are manufactured in the factory, the brand is what the customer buys. Products can be imitated by competitors but the brand is the company's own property. Products can quickly become outdated but brands, if successful, will never be outdated "(Aaker 1991, page 1). Therefore, the brand has gradually replaced the product in the marketing activities of the business. Thus, in this new view, the brand is invisible, cannot be seen and held, but can only be visualized in the mind.

Secondly, the approach is to analyze brand development orientation based on business interests or customers' perceptions. There are 2 different points of view here. But first, it is necessary to analyze the purpose of brand development, there are many different purposes, but the main focus is to create brand equity. There are many different definitions of this value, but it can be briefly understood that "brand value includes the added value added to the brand's products" (Farquhar 1989: page 7). “This part of value is seen as a link between what happened to the brand in the past and will happen in the future” (Keller, 2003), or “brand value is a storehouse of profits and future cash flows come from past marketing investments for brands "(Ambler, 2003).

The first view is inclined to the financial value of the brand generated in the business operation, which brings profits to the business, so that the brand development should be oriented in the interests of the business. Firm based brand equity "(According to Farquhar et al 1991; Haigh 1999). However, this concept is not consistent
with the trend of competition in the market because it is quickly realized that the financial value of brand equity is the result of the customer's acceptance of the brand. Customers who love and support the brand will receive the value of this intangible asset.

Therefore, the second concept is that brand development should be based on the consumer perception of "Consumer based brand equity" (Aaker 1991; Yoo and Donthu 2001; Keller 1993; Pappu et al., 2005). This new concept is more in line with the trend of development and fierce competition in the market, because it enhances the perception and taste of customers for the brand and that is the decisive factor for the development of market share, as well as profitability for a brand.

In Vietnam, many businesses are still unclear about the use of two terms brand or brand because of the inconsistency in the translation of the two concepts existing in English, which are "trademark" and "brand" - The two objects are considered to have a close relationship with the brand. According to Vietnam's Intellectual Property Law No. 50/2005 / QH11 states, "A protected trademark if it satisfies the following conditions is called a trademark:

- A sign is visible in the form of letters, words, drawings, images, including holograms or a combination thereof, expressed in one or more colors;

- Ability to distinguish the goods or services of the trademark owner from the goods and services of another subject.

However, these two conditions are not enough to turn a brand into a true brand, if it does not meet such factors as quality of goods and services, how to treat customers and with the community, the true effects and utilities brought about by the company's goods and services, the customers' awareness of their products and brand loyalty….

2.2. Brand Coach

Coach Inc. is known around the world as a luxury fashion brand specializing in handbags, suitcases, briefcases, shoes and other accessories. An important product line and plays a key role in Coach Inc's business activities is handbags (including handbags and shoulder bags, hand purses, sport bags, etc.), backpacks, electric bags Phones and iPods, watches and many other products. To see the value of the Coach brand, it is essential to learn the history of formation and development process of the business.

The history of Coach formation is associated with the 1941 figure - the year the company was founded. At that time, the company was just a small family-owned factory in a loft in Manhattan, New York, named Gail Manufacturing Company. Formerly, the company had only 6 workers who made small leather items and made entirely by hand.

Thanks to catching up with the development trend of each period of fashion, Coach has quickly gained great profits. For example, in 2001, the company launched a fashion collection that became a symbol of the brand in the world fashion community, called the Coach Signature Collection. The collection includes all designs featuring a pair of Cs facing together, bold strokes. The collection is said to have been created at a time when the movement to use capital letters of the brand name as a vignette logo became fashionable.

In 2014, the company underwent a major change in its management team. Victor Luis has held the position of CEO in place of Lew Frankfort, who has been the CEO since 1995.

In Q1 2014, Stuart Vevers officially became the company's Creative Director, leading the design team in New York. Vevers was formerly the Creative Director of Loewe, a brand of LVMH Group (MC.PA) (LVMUY).

On May 4, 2015, the company completed the acquisition of luxury shoes brand Stuart Weitzman. The performance of Stuart Weitzman is incorporated in the Coach's income statement from 4/5/2015.
On July 11, 2017, the company completed its acquisition of Kate Spade & Company
- a company that owns the famous accessory-ready-to-wear brand - worth $ 18.5 per share, total acquisition value of $ 2.4 million.

After the acquisition of Kate Spade and Stuart Weitzman, Coach officially changed the company name to Tapestry Inc. in 2018.

Up to this point, Coach Inc (now Tapestry Inc.) has been operating in the fashion industry for 77 years, with more than 20,000 employees worldwide and achieved sales of more than 3,230,468,000 products sold. As of 2018, the company has more than 1,000 stores around the world that are directly operated and managed, as well as stalls in department stores, shopping malls and wholesale agents.

In addition, their online stores have reached over 20 countries globally and across 5 continents.

Coach products - it's a special blend of classic American fashion style and the unique dynamic spirit of New York, combining these two elements, the brand's products are welcome because there People get the perfect combination of fashion fad and product's functionality, practical and skillfully made, bringing great value to users.

Leading the market with increasing brand recognition around the world - Coach is one of the world's leading brands in high-end handbags and fashion accessories. The brand's long-term reputation and image is built and sustained through an explosion in the number of products, sales distribution channels and international brand operating markets of the brand.

Customer loyalty - Coach customers have a very strong connection with the brand. Coach's mission every day is to always try to maintain and foster relationships with customers through strengthening and strengthening the love and loyalty of customers for the brand.

Continuous improvement - customer-centric: the company always listens to its customers through rigorous consumer psychology and consumer research. To truly understand globalization and its related impact on the brand's business, the company needs to understand the local situation in each specific market, learn about its customers. Each region we sell products to. Coach always anticipates how customers' needs will change and find ways to meet that demand through new jobs and creating consumer appeal in each product.

Coach's successful brand building and development process is a lesson for Vietnamese textile enterprises to follow. Although the starting point of Coach and Vietnam's textile and garment industry is not similar, Vietnamese businesses can still try to gradually improve their position in the global textile and apparel value chain to build brands. for yourself in the future.

3. The reality of branding of Vietnamese textile enterprises

According to a survey conducted on 40 large textile enterprises in Vietnam, only 3 units have formed long-term branding strategies, the rest of the enterprises only have promotional activities. hegemony. Awareness of brand value of Vietnamese enterprises is not deep and comprehensive.

Therefore, branding strategy is often confused with smooth marketing, or a good name, an impressive slogan, an eye-catching logo design symbol ... Long-term strategy and inadequate investment have caused many businesses to be short of capital, making the process of building the strategy unfinished and lack of durability. Because Vietnam has not built a brand yet, although Vietnam is currently ranked at 16/153 textile exporting countries in the world, the export turnover is considered to be large, but the net profit is very low. Part of the reason is that although Vietnam's textile and apparel products are of high quality, they do not have a strong brand in the export market, so the price is lower than competitors such as India, Malaysia or China.
In fact, many Vietnamese business leaders still overlook the investment in intangible assets such as brand and brand value. For them, it is more beneficial to invest capital in tangible assets, for example, to buy more factories, land, machinery, technology ... to increase production and gain more profits. Those sources of income and profits are easier to see and stimulate people to invest than to invest money in vague, abstract concepts like brands. For that reason, the ratio of capital investment for brand building and development activities is very low. Of the 40 units surveyed, the unit using the highest branding resources accounted for 4% of the revenue, the rest only spent resources from 0.1 to 1% of annual revenue. (Source: Vietnam Textile and Apparel Association). According to experience with fashion industry in the world, normally the fund used to build and promote the brand image accounts for at least 10% of the revenue. (Vietnam National Textile and Garment Group, 2018).

In general, the brand building in our country's garment industry is spontaneous, not yet long-term strategic, and does not link brand strategy with product production strategy. If Coach from the beginning has shaped its brand mission to bring a brand that is American style, quality and different from soft price to serve middle-class customers, then textile enterprises Vietnam is still struggling to determine its vision and mission. Even well-known enterprises in the garment industry in Vietnam such as Viet Tien, May 10, Nha Be ... have not built a mission statement for themselves. Businesses are also confused in choosing the appropriate brand model for each product category. Therefore, when branded products are sold to export markets, it is often difficult.

In general, textile enterprises often use a common label for all products on all domestic and foreign markets, except for a few large enterprises such as Viet Tien, May 10, etc. brand name for its garments, helping customers identify the quality of each type of garments. The current way of building and developing a brand is mainly to inherit the history of the company's name and rely on simplification or abbreviation in English to create a symbol for the company and product. Some Vietnamese garment companies find it difficult to keep their original brand names when exporting to the US market such as VIEX, GARCO 10, TC TEX, Phong Phu TEXCO. The trademarks of these companies have been registered by other companies with US authorities. Under the laws of this country, these companies are still very slow in making birth certificates for their brands.

4. Conclusion

Vietnamese businesses need to take the initiative in input materials to be able to handle FOB level I and II orders. This needs planning in the short and long term.

Similar to Coach, Vietnamese textile enterprises need to come up with an integration and linking strategy to develop together. Coach is different from our textile and apparel businesses in that: Coach is a business brand based on the model of a manufacturer without a factory, only the value of brand assets and final consumers, the production stage is complete. all outsourcing. Therefore, the strategy of vertical integration is appropriate. But our country's textile and garment industry is still at a production level, has no famous brand and has not reached the final consumers in the world, so it is necessary to have a vertical integration strategy about rear to prepare for production.

In the short term, garment enterprises have not yet been able to prepare domestic raw materials, so they still have to rely on imports. Therefore, in order to ensure a stable supply of raw materials and supplies, Vietnamese businesses need to have close relationships with foreign suppliers. To do this, the government and Vietnam Textile Association should do the following:

Firstly, it is necessary to establish an information network of foreign raw material suppliers so that Vietnamese enterprises can easily access, especially for special or difficult-to-find materials, the quality must be reliable. dependable, delivery time must be guaranteed.

Secondly, the government needs to promote trade promotion and cooperative relations with the partner country government to strengthen the linkages between Vietnamese enterprises and foreign suppliers.
Thirdly, in order to avoid pressure from suppliers, Vietnamese businesses need to improve their position in the relationship with suppliers, which requires the important role of the Textile Association in representing, voice for businesses.

In the long run, in order to fulfill FOB and ODM orders well, Vietnam's textile and garment industry must necessarily produce raw materials to ensure orders. This both helps businesses be proactive in price as well as the quality and time to prepare input materials, while helping to increase the added value of Vietnam's textile and garment industry. However, the construction and development of raw materials and accessories for the textile and garment industry requires a huge investment in capital, technology, especially the ability to manage effectively. Therefore, in order to solve this problem well, there should be:

+ The support of the Government in calling for foreign investment. In order to attract FDI, the government should have appropriate preferential policies, for example, tax reduction for foreign-invested enterprises producing in the fiber and fiber industry, along with the roadmap of market liberalization, to ensure fair competition among businesses of all kinds.

+ Regarding the fiber segment, it is advisable to invest in businesses with the potential to produce cotton yarn with good cost management and high-end long fiber manufacturing enterprises. Regarding cotton yarn, Vietnam is currently the largest cotton exporter to the Chinese market for two reasons: firstly, this product is currently well sold in China due to meeting the demand for raw materials. Raw materials for spinning and weaving factories in China, second transit time and import tax rates of Vietnam's cotton yarn are better than competitors such as Pakistan and India.

In the case of synthetic fibers, long fiber manufacturers in Vietnam are not performing at the same scale as those in China, but high-end yarns such as recycled yarn and short yarn made from Chips technology Spinning will have a chance to grow in the short and medium term, because in China enterprises producing yarns with Direct spinning technology, want to change technology will take some time. As for the short yarn, yarn manufacturing enterprises in Vietnam mainly process from fiber to yarn for domestic demand, basically unable to compete with short yarn imported from China, so invest in This segment does not bring high efficiency.

In addition, when joining the CPTPP, enterprises in the bloc must meet the rules of origin "from yarn onwards", this rule is generally understood as all stages of textile production. from yarn forward, including spinning, weaving and dyeing, cutting and tailoring must be done within the CPTPP. Enterprises that meet the above requirements will be eligible for preferential tariff treatment. Therefore, with the participation in Vietnam's CPTPP, this can be considered a push for Vietnamese textile enterprises to invest heavily in weak and weak stages to meet the requirements of rules of origin. In particular, there will be many FDI enterprises taking advantage of the opportunity to invest heavily in fiber and fabric in Vietnam to benefit. For example, many foreign investors have set up factories in Vietnam during 2014-2015. In 2014, the number of projects was 83 with a total investment of 1.64 billion USD; in 2015, there were 110 projects with total investment of 2.03 billion USD. With this trend, in the coming time, foreign investors will continue to pour capital and technology into Vietnam to enjoy preferential treatment from the CPTPP. In general, this trend will help Vietnamese businesses have the opportunity to discuss and learn from FDI enterprises to overcome the weakness from supporting industries and the supply of fibers and fabrics at Vietnam will be more abundant.

Thus, when proactively taking an important link in the upstream, Vietnamese enterprises were able to handle FOB I and II orders.

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