

# Marketing Communication of Small and Medium Enterprises in Vietnam

**Le Thuy Huong**

National Economics University, Hanoi, Vietnam

## ABSTRACT:

Currently, small and medium enterprises are facing many difficulties in advertising activities. Meanwhile, a successful advertising campaign is an extremely important factor for effective sales. The management of Marketing communication in Vietnam needs to renew its views, thinking and management methods from traditional to modern; need to learn from other countries' experiences in communication management; clearly identify the current situation of media development and communication management, thereby proposing urgent and long-term solutions to develop the media industry and improve the efficiency of communication management. Therefore, it brings certain changes in the field of marketing communication. Especially, the trend of information digitization along with the development of artificial intelligence has opened up many solutions to help small and medium enterprises in Vietnam improve communication efficiency. In this article, the author outlines some solutions that can help small and medium enterprises in Vietnam find effective ways to communicate Marketing in the new era.

**Key word:** Marketing communications; Small and Medium Enterprises, Marketing; Vietnam.

---

Date of Submission: 07-06-2022

Date of Acceptance: 22-06-2022

---

## I. Introduction

In Vietnam, the number of small and medium-sized enterprises accounts for the majority in most industries and fields. According to the 2021 economic census data of the General Statistics Office, Vietnam has about 683,590 enterprises, of which small and medium enterprises account for 98.1%. Of which, there are approximately 8,500 medium-sized enterprises, 114,100 small enterprises and 385,300 micro enterprises (GSO, 2021). This industry has too many direct competitors. These enterprises themselves have weak competitiveness and have to compete too harshly with enterprises of the same type and size. Marketing communication activities become stereotyped, blurred, creating little breakthrough in communication.

The fact that there are too many small and medium enterprises in all fields makes production and business activities in Vietnam fragmented and the competitiveness of enterprises is very limited. One of its causes is the weakness in marketing communication of small and medium enterprises. Marketing communication activities including: Advertising, PR, promotion, personal selling and direct marketing all contribute significantly to the competitiveness of businesses. Small and medium-sized enterprises have many reasons to justify the weakness in communication such as lack of capital, expensive communication costs, difficult to measure communication effectiveness, etc. However, one thing can be confirmed, if Without good communication, it is difficult to compete at the present time.

In the industrial revolution 4.0, information is digitized and transmitted very quickly, creating favorable conditions for small and medium enterprises to implement effective communication programs. This is both an opportunity and a challenge for small and medium-sized businesses because if they can quickly grasp the trend and come up with unique and new communication programs, small and medium-sized enterprises will It is entirely possible to achieve unexpected results. On the other hand, if you are slow to grasp the trend, you will become lagging behind other businesses and will be eliminated.

## II. Theoretical basis

### *Concept of Marketing*

According to Philip Kotler, “marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating, offering, and exchanging products of value to others” [Kotler,

2015]. Or it is said that “marketing is the activities and process of working with markets to carry out exchanges to satisfy the needs and wants of the parties to the exchange process”. Thus, marketing is a form of activity by people (including organizations) to satisfy needs and wants through exchange.

Marketing means human activity that takes place in relation to the market, to turn latent exchanges into reality with the aim of satisfying human needs and wants. If one party is more actively seeking exchange than the other, then we call the first party a marketer and the second party a prospect. A marketer is someone who looks for resources from another person and is willing to offer something of exchange value. Marketers look for a response from the other side to sell or buy something. In other words, the marketer can be a seller or a buyer.

#### *Concept of Marketing communication*

There are many concepts of communication, but can be understood in a traditional way, communication is the process of transmitting information from one person to another directly or through other means, devices. be informed.

According to Philip Kotler, "marketing communication is the activities of transmitting information, indirectly or directly, about information related to products and the business itself to customers and public objects in order to persuade they believe in the business as well as the product and buy the product of the business”.

Marketing communications is part of the marketing mix. The essence of marketing communication is the use of media to transmit contact information to the market and target customers in order to announce the availability of the product, persuade and remind customers to continue using the product.

According to Larry Percy, “marketing communication is the planning and execution of all types of advertising and sales promotion for a given brand, service or business to meet a common set of communication objectives. communication or more specifically the group that supports a single unit”.

Thus, marketing communication is a special case of communication, which is communication activities directed at information, persuading recipients and customers to believe in products, businesses, and brands for them to love. like, buy, and use the company's products and brands.

### **III. Some objective factors affect marketing communication activities of small and medium enterprises in Vietnam**

#### *Large enterprises with the advantage of large marketing communication budgets completely overwhelm small and medium enterprises*

Based on the number of employees, total revenue, total capital of small and medium enterprises, it is clear that these enterprises are very weak in marketing and especially lack capital to carry out traditional activities. pine. Meanwhile, large enterprises spend a lot of money on communication activities. This is a difficulty for small and medium enterprises because their communication information is completely overwhelmed by the communication messages of large enterprises.

Vinamilk is a big business and Vinamilk's communication costs are also huge. In 2016, revenue and gross profit from business activities of Vinamilk reached VND 46,965 billion and VND 22,336 billion, respectively, and profit after tax reached VND 9,364 billion. To achieve such a level of revenue and profit, Vinamilk had to spend 2,074.5 billion VND for advertising and market research costs and more than 6,947 billion VND for promotion, display and introduction service costs. product. Equivalent to about 25 billion VND per day. By 2021, Vinamilk will also spend VND8,446 billion on advertising and promotion activities (Vinamilk, 2021).

In 2021, Sabeco's advertising and marketing expenses will reach more than 1,065 billion VND (equivalent to more than 3.5 billion VND per day). Meanwhile, Habeco also spends 559 billion dong on advertising and marketing (equivalent to 1.5 billion per day).

Meanwhile, small and medium enterprises usually only spend very limited on marketing communication activities. For a medium-sized enterprise, the revenue is about 200-300 billion dong, if they spend 10% on communication, the annual communication cost will only reach 20-30 billion dong, the number is too meager to make a sudden change in the current situation. scene of large enterprises launching a series of attractive communication programs.

**Table 1. Typical communication activities of some enterprises**

STT	Enterprise	Amount spent for media (billion VND)	Notable media activities
first	Vietnam Milk Joint Stock Company (Vinamilk)	8.446	- Sponsoring charities: + Tall Vietnam Dairy Fund with Vinamilk + Fund of 1 million trees for Vietnam + Scholarship Fund -Vinamilk - Nurturing talents Vietnamese children. - Advertise on television in prime time, internet, newspapers. - Vinamilk launched the Green Farm eco-farm system in 2021.
2	Hanoi Beer-Alcohol-Beverage Joint Stock Corporation (Habeco)	612	- Activities of gratitude for the day of war invalids and martyrs; - Participating in funds: Fund for the Poor, Fund for Sea and Island Support, Fund for Victims of Agent Orange; - Advertise on television, internet, press; - Sales promotion activities.
3	Saigon Beer - Alcohol - Beverage Joint Stock Corporation (Sabeco)	1.065	- Participating in charity funds, giving gifts in many provinces/cities. - Customer appreciation activities. - Advertise on television, internet, newspapers. - Sales promotion activities.
4	Quang Ngai Sugar Joint Stock Company	164	- Building houses of gratitude for the poor with the Vinasoy brand. - Giving children's Tet gifts with the brand name Fami; - Giving gifts to Agent Orange victims and poor children; - Advertisement; - Promotion.
5	Binh Tien Consumer Goods Production Co., Ltd (Biti's)		- Animated production - The dragon and the granddaughter in 2021. - In 2021 launching Biti's Hunter Version proudly inspired by the success of the U23 men's football team in the Asian U23 Championship in Changzhou (China) - favored by customers - the national double comedy. - The product introduced by singer Hien Ho in the latest MV in 2021 creates a hot-trend among young people.

(Source: Financial statements for 2021 of surveyed enterprises)

*High cost of marketing communication*

Marketing communication costs are one of the costs that account for the largest proportion in the cost structure of businesses. The most prominent communication activities are advertising on television, internet, event organization, sponsorship... These activities are very expensive.

Currently, to advertise 30 seconds on television at peak hours, businesses have to spend tens of millions, sometimes up to hundreds of millions of dong. For example, if a business wants to advertise 30 seconds in the program -100 million 1 minute! on VTV3 will have to spend 120 million dong, 20 seconds advertising in the program - Proud Melodies! on VTV1 will have to spend 67, 5 million VND... The cost of advertising on television is too high compared to the capacity of small and medium enterprises. This forces them, if they want to advertise on television, to find time frames and channels with lower costs, which means much less effectiveness. For example, advertising at noon on VTV2 only costs about 7 million VND for 30 seconds of advertising [4]. However, at this time frame, most viewers watch news or feature films on VTV1, VTV3 or other pay TV channels (VTV, 2022).

Small and medium-sized businesses often find advertising on the internet through online newspapers, movie websites or through social networks. The forms of advertising on the internet are very diverse, businesses can choose to advertise in the way of continuous display or click-based advertising... the cost is lower than advertising on television. However, it is not easy to design an attractive banner ad in the allowed area and still convey the full content of the message.

Event- or sponsorship-style PR programs are also costly. In addition, when performing PR, businesses must also accompany an advertising program to achieve maximum PR effectiveness. This is also the reason why small and medium enterprises hardly do PR.

**III. Some mistakes in marketing communication of small and medium enterprises in Vietnam**

*Most small and medium enterprises in Vietnam have not paid enough attention to marketing communication*

Small and medium enterprises in Vietnam consider marketing communication as an activity to do, if they have enough budget, they will do it. Small and medium-sized businesses do not determine a marketing communication budget from the beginning, but often do it by feeling. This is a serious mistake. Marketing communication is not a must-do activity but a must-do activity if the business wants to survive and develop long-term. If small and medium-sized enterprises wait until they have an abundant budget to do so, the number

of customers who know about the business, come to the business, and consume the products and services of the business will be very limited, and they There will never be enough budget to do marketing communications. Marketing communication is an investment activity of the business, investing in the brand itself and the value of the business. This cost will not be lost but it accumulates in the brand value, it will be recovered and generate great profits in the future.

Making a one-time advertisement is a sign of not paying enough attention to marketing communications. Many businesses know that they need to advertise, but are afraid of spending too much, so they put the cost into a single implementation (such as a one-time advertisement on television). One of the important principles of advertising is repetition often and at the right time. One-time advertising has almost no meaning, customers will quickly forget because customers are exposed to an extremely large amount of information every day. The message that the business gives is quickly discarded by the selective attention and selective memory of the customer. Marketing communications need to be done repeatedly to maintain customer attention and awareness .

*Small and medium-sized enterprises in Vietnam have not focused on marketing communications, leading to waste and inefficiency.*

Marketing communication activities include 5 steps: Step 1 - Identify target customers; step 2 - Define communication objectives; step 3 - Design the message content; step 4 -Select media; step 5 - Evaluation of effectiveness (GSO, 2021). If the target customer identification step is not good, the whole marketing communication process cannot be effective as desired by businesses. Small and medium enterprises in Vietnam often ignore or do not perform well this first step. Each set of customers will have different reactions to the same marketing communication program of the business.

Small and medium-sized enterprises must clearly define who they want to target, through which communication channels they receive effective information, what will affect the customer's buying motivation... To do this For this, small and medium-sized businesses need marketing experts to do the work. But the reality is that most small and medium-sized businesses do not have enough human resources with marketing expertise to perform.

*Small and medium enterprises in Vietnam prefer to apply promotions compared to other marketing communication activities*

If large enterprises are very fond of advertising and PR combined with promotions and spend a lot on advertising and PR, small and medium-sized businesses almost only prefer promotions. The reason that small businesses love promotions is the short-term benefits that promotions bring. Consumer psychology always likes promotions. Promotions bring a spike in customer numbers and it helps to skyrocket the business's revenue. Meanwhile, advertising and PR programs cost more but do not bring immediate effects. Communication activities by advertising and PR contribute to building the brand of the business, its effectiveness will be brought in the future.

As David Ogilvy writes in *Confessions of an Advertising Master*, "Advertising is a tool to build a brand, and promotion kills a brand." Many small and medium-sized businesses fall deeply into promotions and get caught in a trap of their own making. Customers will only wait until businesses offer promotions to buy, when there is no promotion, the revenue is very low. In addition, when small and medium-sized businesses race to promote, the market will become chaotic and provoke retaliatory marketing programs from large enterprises.

*Marketing communication activities in terms of form and content*

Small and medium enterprises in Vietnam consider marketing communication to be the work of marketing intermediaries. When entrusting marketing communication activities to marketing intermediaries, small and medium enterprises have wasted costs but the efficiency is not high. Marketing intermediaries can build a promotional clip or write a PR article for the business in a very professional way, but they do not have a complete understanding of the business's customers as well as the advantages and limitations. of the product or service the business provides. So the best result that marketing intermediaries can help small and medium businesses achieve is to get customers to pay attention to the business's media messages. According to the AIDA model, if it only makes customers pay attention to the business's communication messages without affecting customer psychology, it will only achieve one out of four requirements of marketing communication (4 these requirements include: attract attention, create interest, arouse desire, promote buying behavior (VTV, 2022).

Some businesses can implement multiple communication programs but make the mistake of inconsistent communication. Sometimes this happens because the business hires different marketing intermediaries to run the communication programs. Customers may become confused when receiving different information from the business's communication messages. The message that businesses want to deliver to customers must be consistent with each other and consistent with the business's product development strategy. Enterprises do not

necessarily have to implement too many communication programs, but it is important that the content of these programs need to be consistent to be effective.

*There is no effective coordination between marketing communication policies and other marketing policies of the business*

This mistake can be encountered in any business. The principle of implementing marketing at the enterprise is to effectively coordinate marketing policies in which product policy is the focus and pricing, distribution, and promotion policies revolve around the policy. enterprise products.

Most small and medium enterprises in Vietnam do not have a specialized marketing department. The unprofessional planning of marketing strategies and policies leads to poor coordination between the marketing policies of enterprises and low communication efficiency.

#### **IV. Industry 4.0 creates opportunities for small and medium enterprises in Vietnam to have breakthroughs in marketing communication**

*The trend of information digitization makes it easier for small and medium businesses to reach customers*

The industrial revolution 4.0 will change the way of production and business to all areas of people's lives. One of the most prominent trends of Industry 4.0 is information digitization. All information in the world can be digitized and put on the internet. Today, social networks like Facebook, Zalo... make digitization of information possible by anyone, anytime and anywhere.

Vietnam currently has about 97 million people, of which about 60% are internet users, ranking 16th in the world in terms of internet users. According to a report regarding users' online behavior published in 2021 by HootSuite and We Are Social, Vietnamese people use the internet on average 5 hours 42 minutes a day (GSO, 2021). The Internet helps connect businesses with customers anywhere, helping businesses remove the distance in terms of space and time to get to know customers as well as create and maintain relationships with customers. Thus, instead of having to choose high-cost means of communication such as television, small and medium enterprises in Vietnam can communicate through social networks with high efficiency. If small and medium enterprises can take advantage of this opportunity to change the way they communicate, the competitiveness of small and medium enterprises will be significantly enhanced. In addition, small and medium enterprises must also be aware that the digitization of information requires businesses to provide transparent and accurate information because information verification is now very simple. Customers in the market will link together in sharing consumer information.

*Artificial intelligence supports businesses to do marketing communication*

The development of artificial intelligence is opening a lot of business solutions in the future. For small and medium-sized businesses, they have the opportunity to apply artificial intelligence to assist in doing simple things in marketing communications. For example, businesses can collect information about customers, classify customers into groups, then artificial intelligence will continuously help businesses collect information about customers' buying behavior, Analyze this information to support marketing communication decisions.

In addition, artificial intelligence can directly communicate with customers to a certain extent. For small and medium enterprises, this cannot be too demanding due to the cost issue of building suitable artificial intelligence. However, at the normal level of communication with customers, sending automated communication messages to customers is within the capabilities of small and medium enterprises. In cases where building artificial intelligence is beyond the capabilities of some small and medium enterprises, they can choose an organization that studies consumer buying behavior to get useful information for them. the media.

#### **V. Some solutions to help small and medium enterprises improve the effectiveness of marketing communications in the era of industrial revolution 4.0**

*Enterprises need to consider marketing communication as a must*

Businesses need to consider marketing communication as a must. Small and medium-sized enterprises in Vietnam must have the mindset that marketing communication is spending money to make money. It is as important as the production or sales activities of the business.

Determine your marketing communications budget from the outset to ensure adequate resources to fulfill your business' communication goals.

Communication programs must be repeatable and consistent with each other. If the business hires a marketing intermediary to communicate, the business needs to directly participate and supervise that activity. Because the business itself is the one who knows best about the compatibility between the communication program and its key customer base.

*Implement communication to the right audience*

It is necessary to clearly define the target customers, to find the most suitable communication solutions to reach their target customers. For example, when communicating with women, you can use communication channels such as Marketing and Family magazines, women's magazines, online shopping sites... or if you want to communicate to the elderly, you can use channels. radio, newspaper, outdoor advertising ... both cost savings, high efficiency by reaching the right target customers.

*The form of communication is of course important, but the content of the communication is equally important*

It does not have to be expensive to create effective and breakthrough communication programs. It is important that the form and content of communication are suitable for the media audience.

Content marketing communication needs to mention the benefits that products and services of the business bring to customers. Communication messages need to be brief but directly impact on customers' buying motivation and promote the buying process.

*Creative Communication*

Most of today's corporate communications are stereotyped in old, boring ways. To really make customers pay attention, it is necessary to have unique and novel communication activities. Small and medium enterprises need to get rid of the idea of imitating other businesses from the content of the message to the form of communication. All imitations only make customers judge as objectionable and boycott the message.

As an example in Vietnam, in 2019, Vietnam Airlines imitated Vietjet Air to conduct an in-flight fashion show to attract customers - A program that Vietjet Air did in 2012. Vietnam Airlines also had a fashion show. Flashmob dance program is similar to a previous activity of Vietjet Air. However, most customers believe that if they only imitate in such communication, they will only get negative results (VTV, 2022).

If you refer to the way of large enterprises, sometimes they do very effective communication with little cost. For example, the fashion house Dolce & Gabbana hires older models over the age of 70 to advertise teen clothing. Or another fashion brand, Prada, used to cause a fever when using the image of a scowling cat as a fashion advertising poster... such creative communication techniques help the owners of these fashion brands earn profits. huge profits (VTV, 2022).

Small businesses can also communicate creatively like the way Mobile World does in Vietnam in the period 2015 - 2020. At that time, the new Mobile World was established with a capital of only about 2 billion VND, to implement a With impressive communication activities, business leaders decided to give flowers to couples on Valentine's Day February 14, 2020. In the context of florists trying to profit from selling flowers on this day, Mobile World gives free gifts to couples and makes a very good impression. The creative point is that before in Vietnam, no business has generously given flowers to customers on Valentine's Day. The cost for this communication activity is about 10 million VND. In 2021, Mobile World spends more than 100 billion on advertising activities of Dien May Xanh supermarket chain. The leader of this business self-evaluated the activity of giving flowers to customers on Valentine's Day 2020 with a cost of 10 million VND as impressive as the company's 100 billion VND communication program (VTV, 2022).

This approach is suitable for small and medium-sized businesses, when they do not have a large budget for communication, new and unique communication programs will be very useful. The problem is that small and medium-sized businesses have to take measures to promote creativity in communication.

*Communication catches up with the trend of society*

Communication based on hot-trends in society, especially with young people, will create remarkable and outstanding communication activities.

In 2020, KFC in Euro produced a promotional video simulating Neymar's kick in a match at the 2020 Euro. This video quickly attracted a lot of viewers by the Brazilian player's foul. It became a hot topic at the time.

Or in Vietnam, a watch distribution company called Xwatch has made a promotional video in the style of the movie - Underground Storm- a famous movie on Vietnamese television in 2022 (VTV, 2022). Quick promotional video quickly shared in Vietnam and this brand is known more by just one promotional clip on Youtube channel.

Communication that imitates competitors should not be done. But communication according to the hot-trend of society should be used by small and medium-sized businesses to improve the effectiveness of marketing communications.

## **VI. Conclusion**

Any change in marketing environment factors brings both opportunities and challenges for businesses. The opportunity that the industrial revolution 4.0 brings to small and medium enterprises in Vietnam in implementing marketing communication is huge. In order to survive and develop, small and medium enterprises

in Vietnam need to take advantage of this opportunity to change the way they do marketing communication, thereby improving their competitiveness in the market. Today, implementing unique and novel marketing communication programs, targeting the right customers will be an effective solution for small and medium enterprises in Vietnam.

## **VII. REFERENCES**

- [1]. Ngo Minh Cach (2010), *Marketing Textbook*, Financial Publishing House.
- [2]. Cyr, D. (2008), Modeling Website Design across Cultures: Relationships to Trust, Satisfaction and E-loyalty. *Journal of Management Information Systems*, Vol. 24, No. 4, pp 47-72.
- [3]. Nguyen Van Dung (2009), *Marketing communication design and management*, Labor Publishing House .
- [4]. David Ogilvy, *Confessions of an Advertising Master*, Industry and Commerce Publishing House.
- [5]. GSO - General Statistics Office of Vietnam (2021), *Results of the Economic Census 2021* .
- [6]. Bitis's (2022), *Annual Report 2021*.
- [7]. Habeco (2022), *Annual Report 2021*.
- [8]. Nguyen Bach Khoa and Cao Tuan Khanh (2011), *Commercial Marketing*, Statistical Publishing House.
- [9]. Mishra, S. & Muralie, S. (2010), "Managing Dynamism of IMC: Anarchy to Order", *Journal of Marketing & Communication*, Vol.6, Issue.2
- [10]. Ho Thi Thuy Nga (2012), "*Marketing communication on corporate image of small and medium-sized real estate brokers in Hanoi*", Master thesis, Thuongmai University.
- [11]. Philip Kotler, *Marketing Fundamentals*, Stats Publisher.
- [12]. Sabeco (2022), *Annual Report 2021*.
- [13]. Tran Dinh Thang, Nguyen Minh Nhat (2018), Marketing communication activities of small and medium enterprises in Vietnam during the industrial revolution 4.0; *International Conference on Small and Medium Enterprises in the context of industrial revolution 4.0*.
- [14]. Vinamilk (2022), *Annual Report 2021*.
- [15]. VTV (2022), *VTV TV advertising price list in 2021*.