

Vietnam: Southeast Asia's Hottest Franchise Market

**U.S.
COMMERCIAL
SERVICE**
*United States of America
Department of Commerce*





Franchising in Vietnam- AGENDA

- ***Welcome and Introduction*** – Brent Omdahl, CS Atlanta
- ***The Vietnamese Market- A View From the Top*** – Yasue Pai, Commercial Attaché Hanoi & Ha Anh, Commercial Specialist
- ***Key Legal Considerations*** - Fred Burke, Managing Director Baker & McKenzie Vietnam
- ***Best Practices for Establishing your Brand in Vietnam-*** Bill Edwards, President EGS LLC
- ***The Vietnamese Partner Perspective-*** Sean Ngo, F&B Director, the MESA Group
- ***Question and Answers***



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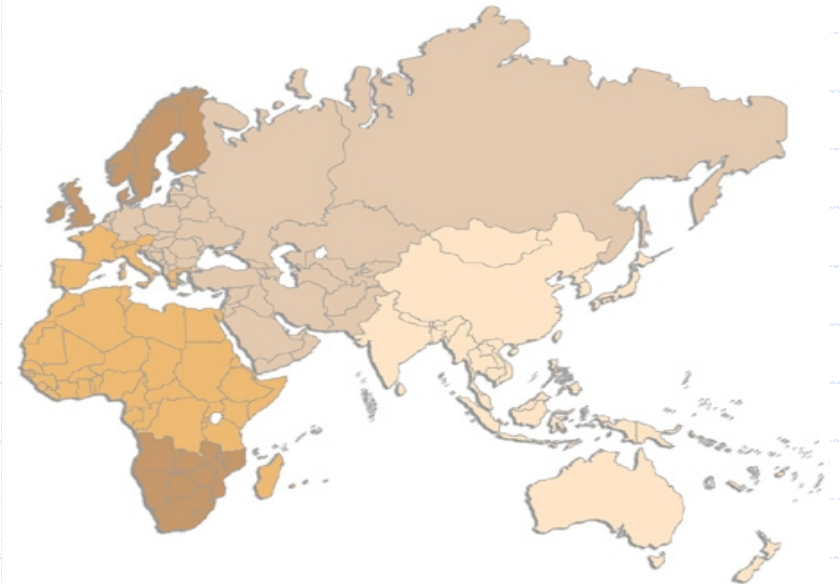
Who We Are

- **William Edwards, CFE**
 - 39 years of international experience, lived in 7 countries and worked on projects in 66 countries
 - Master franchisee in 5 countries
 - US franchisor international operations & development senior executive
 - Has taken two US franchises into Viet Nam in the past 2 years
- **EGS**
 - Take US franchisors global, such as: Carl's, Jr.®, Denny's®, FranNet®, Golf Etc., Molly Maids®, Mr. Handyman®, Right At Home®, Rita's Italian Ice®, Round Table Pizza® and Two Men and A Truck®
 - EGS Principals have 110+ years of international experience
 - EGS also has 30 Associates on the ground in 25 countries



Factors To Consider When Deciding Which Countries To Franchise Into

- Rule of Law
- Country Stability
- Intellectual Property Protection
- Good GDP Growth = Investors
- Clear Market Differentiation
- Potential to Achieve An Acceptable ROI



GlobalVue™ - How Countries Compare

'1' Is Best, '4' Is Worst

Country/Region	Expected 2011 GDP Growth	Legal Concerns	Ease Of Market Entry	Ease Of Starting A Business	Political Risk (Stability)
Brazil	1	2	2	3	1
India	1	2	3	3	2
Indonesia	1	3	2	3	2
Singapore	1	1	2	1	1
Urban China	1	2	2	2	2
Australia	2	2	3	1	1
Malaysia	2	3	3	3	2
Mexico	2	2	2	2	3
Middle East Region/GCC	2	2	2	3	2
South Africa	2	2	1	2	2
South Korea	2	3	2	1	2
Viet Nam	2	2	1	3	2
Canada	3	2	2	1	1
Germany	3	2	3	1	1
United Kingdom	3	2	2	1	1
USA	3	2	1	1	1
Japan	4	2	2	1	1
Spain	4	2	2	1	1

Country Ranking: 1 is good, 2.5 is fair, 4 is worst

'The Economist', Heritage Foundation, World Bank, Fraser Institute, World Economic Forum, EGS GlobalTeam™



Most Desired Franchise Type By Country

'1' Is Highest Desire, '4' Is Lowest Desire

Country Or Region	Education	Food	Retail	Service
Australia	2	3	2	1
Brazil	3	1	1	1
Canada	2	2	2	1
India	2	1	1	2
Indonesia	2	2	2	3
Japan	2	2	2	2
Malaysia	2	2	2	2
Mexico	2	2	2	2
Middle East Region/GCC	2	1	2	2
Singapore	1	2	2	2
South Africa	1	3	2	2
Spain	3	3	3	2
Turkey	2	2	1	2
United Kingdom	3	2	2	2
Urban China	1	1	2	2
USA	2	2	2	1
Viet Nam	1	1	2	2

Based on a survey of 40 franchise professionals in 25 countries



Vietnam

Foreign food and service franchises starting to enter Vietnam

Laws and regulations are favorable for foreign brands

Extremely pro-US

Rapidly growing, aspirational middle class consumer market likes Western brands

Carl's, Jr., Domino's and Round Table Pizza have entered this market in the past 12 months



Viet Nam: Franchising Opportunities

- **High desire for Western brands, especially US franchises**
- **Lots of opportunity in many sectors - little competition**
- **Fast growing middle and upper class consumer base**
- **Clear, consistent franchise/licensing regulations**
- **English widely spoken in the merchant class**
- **Focus on food, children's education and management training**
- **Capital is available**
- **USCS staff are franchise savvy and very helpful in Hanoi and Ho Chi Minh City**



Viet Nam: Franchising Challenges

- **Market new to franchising - very fast growing and evolving business structure**
- **Consumer class still fairly small compared to other Asian markets**
- **Licensing process can take a long time: Central bank approval needed to pay fees and royalties**
- **Hard to find qualified licensees - Due diligence can be difficult**
- **Small number of major cities for franchises**
- **Economy and currency can vary widely**
- **Food sourcing at a high quality level**

