Marketing strategy of food for new entry in overseas markets : The case of Japanese Wagyu beef in the Vietnamese market

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TRAN THANH THU

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2017

DEDICATION

DEDICATED TO MY RESPECTED

PROFESSOR SUSUMU FUKUDA

AND

ASSOCIATE PROFESSOR MASAHIRO MORITAKA

Who have fostered my dream to become an enthusiastic teacher

Who contribute all of the time and effort to supervise my study in Japan

Who encourage me to chase the career path in academic study

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Fukuoka, 10th August 2017

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SUMMARY

Strategic marketing expresses the dual flows of information and benefits along to vertical marketing channel with the primary focus on the role of consumers. Hence, an investigation into consumer behavior becomes the key factor of the successful marketing strategy, especially in the context of introducing a brand at the new oversea markets. The introduction marketing strategy calls for the consideration of information in diffusion process since the market potential is a function of consumer adoption. Furthermore, the asymmetry in consumer perception due to the previous entrant brands put pressure on the new entrant brand in launching the appropriate positioning advertising program. Previous studies in New Industrial Organization theoretically analyzed the market with two brands. However, how to position a brand in the consumer perception in the market with more than two brands using advertising strategies is still questionable. Moreover, the marketing transaction between the firms and the customers at the host markets closely depends on the interaction of the local distributors. Extant literature on organizational buying behavior usually concentrated on the role of purchasing agent. Even though the theoretical model for organizational buying indicated the integration of all related partners in purchasing decision, the empirical studies on this topic seem to be spare.

This thesis, through examines the marketing strategies for JPW at the entrant stage in the Vietnamese market, focuses on the marketing strategy to introduce food to overseas markets. Particular attention is paid to answer the question of how consumers and distributors along the physical distribution channel for JPW constitute their adoption behavior for JPW.

The study on consumer behavior concentrates on the role of information about JPW in consumer decision processing through three questions: (1) the impacts of brand information on consumer preferences for JPW at introduction stage; (2) whether or not the marketing agencies can enhance the private adoption for JPW through increasing brand information in advertising; (3) what positioning strategy is the most effective at. The ordered logit, the linear regression, and the SEM are constructed for three questions respectively. Brand information is important for JPW since prior knowledge is the driving force of consumer preference for JPW. The impacts of information on consumer preference vary with the content of information. The brand clarification, which expresses the core values of JPW brand (Wagyu beef made in Japan), can generate the highest economic added value for JPW while the brand comparison, which indicates the similarity of JPW to Kobe beef, reduces the price premium for JPW.

The study on distributor behavior investigates the decision-making process of the local distributors when selecting beef suppliers. The analytical hierarchy process and the analytical network process were used to analyze the determinants of supplier selection of the restaurants. The findings indicates that the most important factor for the master chef is the menu adaptation while buying price is the highest priority of purchasing managers. The internal conflict is minor due to the dominance of the master chef during the buying process of the restaurants.

The findings of this study provide the managerial recommendations about marketing strategies for firms when introducing high-end products/brands at a new market. Two major issues should be considered before launching a marketing program including the particular characteristics of a high-end product and the distance from firms to consumers. The consumer marketing strategy illustrates the critical of positioning advertising on a new brand in the perception of the consumers. Firms should position the new product/brand as a distinction from the existing brands in consumer perception at the introduction, and consider carefully the me-too strategies. Moreover, the first trial plays the crucial role in enhancing the private adoption for a new product/brand. The marketing program at the introduction should be built to efficiently diffuse information about a new product/brand as well as motivate the exploratory need for the first trial. The focal informant group consists of the young urban customers at upper-middle income class. To enter successfully into the distribution system, firms should establish separate sale force strategy for each potential buyer from their requirements for vendor selection. Besides an appropriate pricing policy, increasing market information on characteristics of products, the producers, and the suppliers is an efficient alternative to enhance the adoption of distributors for the new product/brand.

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CHAPTER 1

INTRODUCTION

1.1 Background

In ongoing efforts to reform an economy, the Japanese Government raised an ambitious goal of exporting 1 trillion Yen worth of agricultural products by 2020. The agricultural sector has made intensive attempts to promote food "Made in Japan," "Made of Japan," and "Made from Japan" at overseas markets to support this objective. Japanese Wagyu beef (JPW), one of the excellent examples of Japanese foods, is famous all over the world for its flavor, tenderness, and marbling. It becomes the symbol of Japanese traditional local cuisine and can produce a broad range of flavors and tastes, which are suitable for not only Japanese recipes but also Western cooking-style. The data of Trade Statistic of Japan indicated that apart from China and America, ASEAN has become one of the third largest importing partners of Japan. Among ASEAN markets, addition to traditional importing partners as Thailand and Singapore, Vietnam, Philippine, and Myanmar have become attractive destinations of Japanese exporters due to the significant increase in GDP per capita and efficient movement of economic mechanism towards global integration in those countries.

At Vietnamese market, after the official importing approval in April 2014, the value of Japanese beef was doubled in only one year. However, to perform successfully at the Vietnamese market requires Japanese marketers to understand the host market coherently. Since the response of consumers in each market is different from others, specific marketing strategies based on consumer culture and reaction to the global brand for certain consumption pattern, is in need (Steenkamp, 2001; Keillor et al., 2001). Moreover, the driving force of the successful exporting performance is to identify the competitors and to grasp the proper market segments (Cooper and Kleinschmidt, 1984). Hence, compared with the long historical domination of Australian and American beef in the Vietnamese market, it is important for JPW to approach from the right step about marketing strategies along distribution channels for selective beef.

1.2 Problem statement

Marketing is defined as the performance of business activities that direct the flow of goods and services from producers to consumers or users. This definition expressed the mutual relation between producers and consumers/users through the flow of products. Integrative perspective expands this concept to the marketing channels, at which behavior of partners is considered in a vertical and horizontal marketing system. The dual flows of information and benefit along to vertical distribution channels indicate two main considerations. The first is the key point of consumers in marketing channels as a source of economic added value for organizations. The second is the importance of information about a product and its related antecedents since the linkages of all members are motivated by these stimuli.

The economic importance of information has been indicated in a buck of studies. Theory of advertising expressed the signal role of advertised information in the markets, not only for consumers but also for industrial firms. Scholars on consumer behavior modeled individual buying behavior as a process of information input and output. Information also serves as anchors of vendor selection or order making in industrial buying behavior. Due to market imperfection, in reality, it is necessary for firms to examine the role of information in marketing system to achieve superior performance. This requirement becomes crucial at introduction stage since information impacts would be exaggerated via diffusion process at an entire market.

The marketing strategy at the global market is efficient if and only if it is developed from synthesizing marketing environment and competitor analysis. Being the last entrant beef brand at the Vietnamese market, JPW has to struggle with a lot of difficulties at the introduction stage. One of the largest barriers for JPW during the introduction phase is the misunderstanding of the

Vietnamese market about Japanese beef and Kobe beef, which is ingrained into the subconscious of most of the partners, especially end users. Due to the most leading quality of Kobe beef, consumers and distributors considered Japanese selective beef is Kobe beef. Moreover, the problem of counterfeit Kobe beef became out-of -control of the government, distributors, and consumers, since there were no official market and distribution channels for Kobe beef from April 2014 to the past. The other obstacle for JPW stemmed from the long lasting domination of Australian beef at Vietnamese market. Even though Wagyu beef is originated from Japan, Australia has been popular at this market with Wagyu beef. Consumers failed to recognize the origin of pure Wagyu beef and considered Australia as the original country of Wagyu beef. These issues put exporting marketers under pressures of correcting brand information and directing consumer behavior. It also calls for the rational marketing communication by which the brand enters into consumer cognitive process via the appropriate alternatives.

Since the economic added value of agricultural products comes from the interaction of all the members in the value chain, it is principal to enhance the adoptive behavior of all stakeholders in the marketing channels of JPW. The riskiness of exporting premium brands closely relates to the behavior of local importers and distributors in the distribution system. Hence, understanding the determinants of buying behavior of local stakeholders along marketing channels for JPW is a key factor for the successful introduction.

This study attempted to examine the role of information about brand JPW during the introduction stage at the Vietnamese market in the vertical marketing channel. The clear understanding of brand information would be referential sources for consumer advertising program of beef exporters from Japan. Moreover, it could provide Japanese beef exporters with particular positioning strategies at the retail market to big competitors from Australia and America. The investigation on purchasing decision process of distributors would be useful implications for sale force strategies in business-to-business marketing when exporting JPW to the Vietnamese market.

1.3 Objectives of the study

The general objective of this study is to understand the beef market structure of HCMC and the entrant strategies for JPW exporters. Furthermore, it provides a comprehensive understanding of the behavior of members along the vertical distribution channel for JPW at the introduction phase in the Vietnamese market. At the consumer level, this study focuses on impacts of three advertising scenarios including brand distinction, brand differentiation, and brand similarity on consumer preference for JPW. From distributor's perspectives, the purchasing decision process is examined via analytical network process. The study would trigger the effective advertising strategies and sale forces program for beef exporters from Japan to the Vietnamese market.

Specifically, this study aims at the following points:

- To examine the Vietnamese beef market structure
- To indicate the competitive strategies along exporting channels for JPW at the Vietnamese market
- To understand the beef purchasing pattern of the Vietnamese consumers
- To investigate the impacts of information about JPW on consumer behavior at introduction stage of JPW
- To explore the buying behavior of restaurants for beef at the Vietnamese market

1.4 Hypothesis development

Since this study attempts to clarify the behavior in vertical marketing system for JPW, hypotheses are developed for each partner along the vertical distribution channel of JPW. At a macro level, the main hypothesis is about the relevant competitive strategies when exporting high-end beef brand (JPW) to less developed markets. Micro-marketing strategies specialize into the impact of brand information on the behavior of consumers and distributors in foodservice in the Vietnamese market. Regard to consumer behavior; the main hypothesis emphasizes that providing brand information influences on consumer preference for the new entrant brand. Furthermore, the effect

of brand information was classified in a long-term period and a short-term period through the preference change of experts (repetition consumers) and novices (newly informed consumers). In the light of information asymmetry, this study hypothesizes that providing more brand information could positively affect to consumer preference for the new entrant brand. Moreover, the magnitude of impacts depended on how new entrant brand is positioned in consumers' perception by ads compared to competitive brands.

The main hypothesis of the study on distributors' behavior is about sale force strategies for JPW based on the internal conflict in beef supplier selection at beef restaurants in the Vietnamese market. This study considers that brand information could be relevant to local restaurants at introduction phase while Japanese restaurants in vertical chain pay high attention to reasonable buying price. Moreover, sale forces should be concentrated on the master chefs, who directly manage the quality, usage, and information related to products at restaurants. The hypotheses of this study were illustrated in general through the conceptual framework in figure 1.1, and the specific hypotheses are developed in each chapter for the particular research objectives.

1.5. Justification of the study

The justification of this study derives from needs for marketing strategies for new entry into overseas markets. Scholars indicate the necessary of understanding the host markets when exporting, however, there exist the call for studies, which deal with particular marketing situation. This study concerns with marketing strategies to effectively introduce new beef brand at overseas market via a case study of JPW in the Vietnamese market

First, it provides the comprehensive understandings of beef market structure and exporting channels for beef exporters to the Vietnamese market. Previous studies on the beef market in Vietnam seemed to be rare since most of the scholars have focused on beef cattle production or dairy farm management. Hoang (2013) was one of few researchers investigated the beef market of HCMC. However, this study just provided the descriptive data of beef supply and demand instead of examining beef suppliers, distribution channels, and circulation of beef in the marketing system. Hence, a clear understanding of the Vietnamese beef market structure could become a vital source for market conduct at the macro level as well as a successful exporting performance at the micro level.

Second, it deals with the question of promotional strategy for JPW at the introduction stage. The investigation on the behavior of partners in vertical marketing channel could trigger relevant strategies in both business-to-consumer and business-to-business marketing situation. At the consumer level, this study concentrates on the importance of brand information at introduction stage in less developed markets with information asymmetry. Even though a lot of extant studies have investigated the role of information in the beef market, there could be a lack of research on the efficacy of brand information at introduction stage of a new entrant beef brand. Moreover, most of the previous studies on information in beef markets were conducted in the developed markets with differences in market structure and consumption pattern. Our findings from consumer perspective would enable Japanese beef exporters to outline effective promotional programs to compete with existing beef brands in the Vietnamese market.

At the business level, this study attempted to explore the determinants of organizational buying behavior in the Vietnamese beef market. Vendor selection is a traditional topic of business buying behavior; however, most of the research on this issue has paid high attention to the role of purchasing managers and the impacts of buying contracts. This study provided a comprehensive investigation on decision process making of partners in an organization and how they deal with the private benefit conflict in making a final buying decision. Results from this examination could be a vital source for sale strategies, especially the relevant sale forces to successfully perform in the business-to-business marketing of the Vietnamese market.

1.6 Limitations of the study

This study consists of three main limitations. The first shortage stemmed from the scope of the study. The marketing approaches were adopted in exporting context to investigate the relevant

entrant strategies for exporters at host markets. The main findings were achieved from the behavior of the partners along current vertical marketing channel in food service. We acknowledged the existence of a horizontal marketing system as well as the possibility of direct consumption in this market. However, these considerations would be studied further in future research.

The second limitation was about the methodology to extract information effect in adoption the process of consumers. This study adapted field experiments with three pieces of information and three random levels of price for Japanese Wagyu beef. Even though we attempted to reduce the potential bias via setting actual interview context, financial encouragement, and visual illustration, it calls on future effective methodologies to measure the impact of information on consumer behavior. Moreover, since this study investigated the impacts of information using the cross-sectional data, there was a lack of time series evidences.

The last point was from the limitation of the case studies on organizational buying behavior. This approach enabled us to deep understand the decision process of partners in a restaurant as buying beef. We tried to diversify the characteristics of restaurants and the role of respondents in a restaurant; however, the lacking number of cases prevented us from the statistical conclusion. We believe that future studies would deal with this limitation.

1.7 Data collection for the study

This study included three sub-studies in Vietnamese beef market from January 8th, 2015 to October 12th, 2016. We collected primary data for each sub-studied as in the table 1. The secondary data of beef import were achieved from Vietnam Custom- Ho Chi Minh office. Data of beef consumption were extracted from FAOSTAT and the World Bank database.

1.8 The structure of the thesis

This study includes eight chapters. Chapter 1 is the introduction of the study with the background, problem statements, main hypotheses, and justification of the research. The theoretical background and methodology are presented in chapter 2. Chapter 3 presents the methodologies and research design for the study. In chapter 4, the overall beef market structure of HCMC and the relevant competitive exporting strategies are outlined for Japanese Wagyu beef. Chapter 5 investigates the demand for information on country-of-origin and price in food service at HCMC market. In chapter 6, the impacts of brand information on consumer preferences would be clarified as well as the advertising strategies and promotional program at introduction stage of Japanese Wagyu beef. Chapter 7 provides the deep understanding of buying decision making at restaurants via the case studies. The benefit conflicts in organizational decision-making would be examined in this chapter. The thesis ends with Chapter 8, which summarizes the main findings of previous chapters and presented the policy implications for beef exporters, distributors, the consumer association, and the Vietnamese government.

Table 1.1 Primary data collection for the study

No	Date	Source	Methodology
1	01/08/2015 ~01/15/2015	Specialist opinion (Beef importers; beef wholesalers; distributors; and processors)	Direct interview; case study
1	04/12/2015 -06/2015	Distribution system at retail market (Shopping malls; Specialty shops; restaurants and hotels)	Direct interview
2	07/2015	Consumers- Pilot study	Convenience and probability sample; direct interview
2	08-09/2015	Consumers at restaurants	Direct interview; random sample
3	02-04/2016	Restaurants –pilot study	Direct interview; case study
3	09-10/2016	Restaurants: Chefs and managers	Direct interview; case study

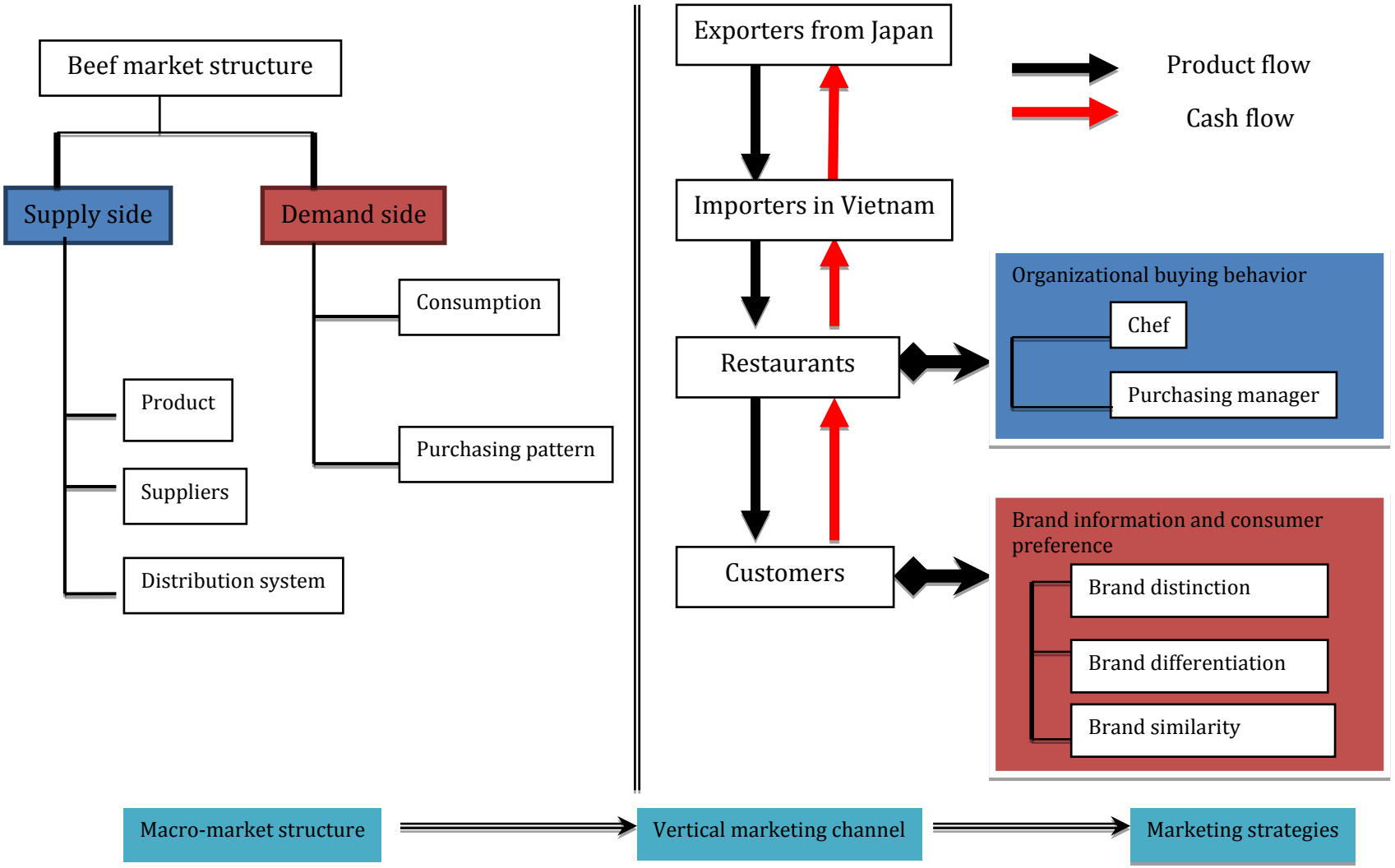


Figure 1.1 The framework of the study

CHAPTER 2

THEORETICAL FRAMEWORK

This chapter will provide the basic theoretical backgrounds and review relevant previous studies on marketing strategies, consumer buying behavior, and organizational buying process. The first part of this chapter is about marketing strategies at corporate and strategic business units. In the second part, the relation between product lifecycle and relevant marketing strategies will be presented. The buying behavior of consumers and organizations are respectively introduced in the part 3 and part 4 of this chapter.

2.1 Focal concepts of marketing management

2.1.1 Marketing revolution and the marketing concepts

The current existence of marketing as a science has been a resulted of the revolution of six competing theoretical concepts including the production concept, the product concept, selling the concept, the marketing concept, the customer concept, and the societal marketing concept. Each theory is developed relevant to the characteristics of society and economy of a particular period.

The production concept assumes that consumers prefer an inexpensive product with high availability. Production-oriented firms focus on high production efficiency, low costs, and mass-distribution. This concept is used in developing countries or a context of market expansion. The product concept expresses the role of a product as a consuming solution with an assumption that consumers will interest in high quality, performance, or innovative features. The product-oriented business focuses on making superior products with innovation over time. However, the great attention to product features could lead to the marketing myopia (Theodore Levitt, 1960).

The selling concept assumes that consumers typically show buying inertia or resistance and must be coaxed into buying. This idea rests on the understanding that the purpose of marketing is to sell more stuff to more people more often for more money in to make more profit (Bruce I. Newman, 1999). This concept indicated the method of profit making is through mass sale volume with the major determinants including selling and promoting. However, it does not consider the side effects of customer reaction in the purchasing process.

The marketing concept, based on the client's value, focuses on making right product for customers instead of finding customers to fit products. This concept indicated that being more efficient in creating, delivering, and communicating superior customer value to target markets compared to competitors is the driving force of fulfilling organizational objectives. While selling concept stands on the sellers' viewpoint, marketing concept expresses the importance of customers in organization value creation (Levitt, 1960). The marketing concept departs from a well-defined target market focus on customer needs, cooperate all activities affecting customers, and make a profit through the customer satisfaction.

The customer concept becomes practical attention of firms nowadays with the assistance of technology and digital development. Customer concept starts from individual customer fit marketing program to expand profit via fostering customer loyalty and retention. Firms with customer-oriented marketing concentrate on separate offers, services, and message to individual customers through value chain management.

The societal marketing concept calls for the balance between organizational objectives and social responsibility of a firm in marketing practices. This concept also indicated one alternative to make profit is to adapt social and ethical responsibility (Costance L. Hays, 2001).

Thus, a comprehensive definition of marketing should be considered both from the corporate perspective and society perspective. American Marketing Association offers: "marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives." This definition investigated marketing as a set of activities that trigger added value to consumers and consequently increase the value of a firm. At a corporate scope, marketing is considered as a part of firm correlation and cooperation with the final goal of creating more values to stakeholders in a market.

Kotler (2003) expanded this concept to fit marketing with the requirements from modern societies when defining marketing from both social and managerial perspectives. The former specialized into the role of marketing in improving living standard whereas the latter is about to achieve business goals at the firm level. As a societal process, marketing satisfies the need and want of individuals and groups by creating, offering, and freely exchanging products and services of value with others. At the firm level, marketing is partly considered as the art of selling products. However, selling is not the only major role of marketing, especially in the context of globally integrated markets. Drucker (1973) indicated the goal of marketing is to offer the product or services fitting the customers through a well understanding of the customers. Thus, customers, who are ready to buy products/services, should be the precursor of marketing.

2.1.2 The marketing transaction and marketing management

Economists consider the market as a mechanism by which buyers and sellers exchange a particular product or product class. The importance of each player in a particular market depends on its bargaining power to the other player. Kotler (2003) indicated that marketers viewed a market as a set of buyers for a particular industry. Figure 2.1 summarized the major transaction between the sellers and the buyers from the marketing viewpoint. The customers exchange money to get their desirable goods/services with the sellers. The dot lines indicated the information flow between two parties via product exchange. The sellers attempt to inform about products to the buyers through communicating strategies, in consequence, customer reaction becomes the input information for marketing of the sellers. The parallel structure of marketing system expresses the majority of the buyers in creating value for the sellers. Moreover, it could be seen that along with physical products or services; information has a major role to play in marketing management since the feedbacks from the market are the input stimuli of the industry.

Marketing management occurs when at least one party to a potential exchange thinks about the means of achieving desired responses from other parties (Kotler, 2003). It is impossible for marketers to satisfy the entire markets, thus, identifying and clustering buyers in groups based on their preferences and requirements are the main tasks of marketers (Wind & Cardozo, 1974; Boone & Kurtz, 2001; Zikmund & d'Amico, 2001). The target markets are a set of segments with the greatest opportunity. Focusing on the target segments enables firms to efficiently allocate the resources through marketing effort on a selected part of the total market (Zikmund & d'Amico, 2001). Moreover, it generates the competitive advantages when a firm can develop distinct value proposition to satisfy the consumer need (Hutt & Speh, 2010). For each targeted segment, marketing agencies develop a market offering, which is positioned in the perception of the target buyers as delivering some core values. Thus, Kotler (2003) defined marketing management as "the art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value."

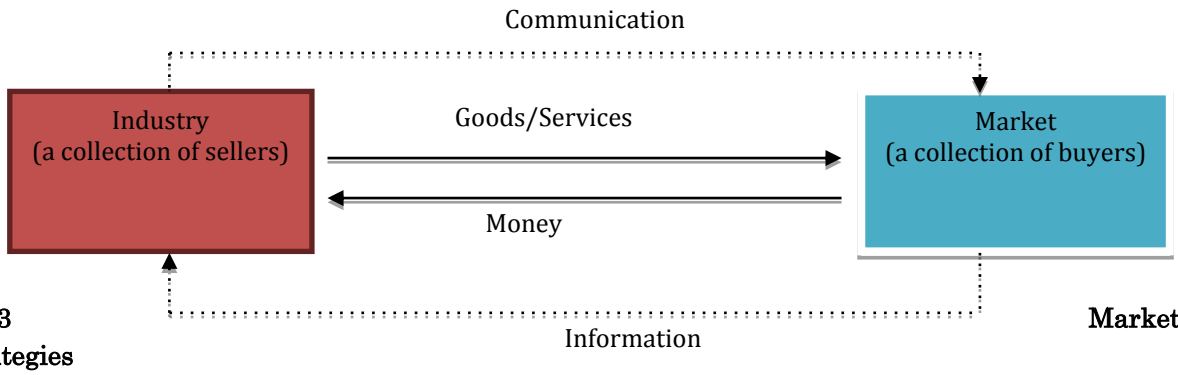


Figure 2.1 A Simple Marketing System;
Source: Kotler, Marketing management, 14th Edition, Prentice Hall (2012)

2.1.3 Marketing strategies

Marketing strategy refers to the behavior of organization in a marketplace. At a narrow scope, marketing strategy answers the question of where to compete and how to compete for a firm. Varadarajan (2011) defined marketing strategy as an umbrella term which comprises many strategic concepts, spanning from broad and comprehensive to narrow and focused marketing behaviors directed at consumers, customers, competitors, and other key constituencies in the marketplace". This

American Marketing Association (2008) broadened the concept of marketing strategy, as "the behavior of a firm in making a decision and doing an action to create and deliver value to customers as well as to communicate with their clients is the focal point of marketing strategy".

Marketing strategy at corporate level refers to how a firm chooses a business. A corporate can construct a portfolio of business. A business strategy refers to how a particular business in a firm's portfolio chooses to compete in a marketplace. A comprehensive description of the drivers and the outcomes of marketing strategies could be seen in the figure 2.2.

2.1.3.1 Marketing industry structure

Marketing defines the market structure as the characteristics of competitive space that make the influence on marketing strategy and tactics (Cote, 2011). This perspective is different from the economic viewpoint since it focuses on the managerial implication of market structure. There are five frameworks to examine this opinion of marketing about industry /market.

The first is the model of Porter (1979; 2008). Porter reviewed the attractiveness of industry from five factors including existing competition, buyers, suppliers, substitutes, and potential competitors. These determinants will affect how the economic added value of the industry is divided into a long-term period (Porter, 2008). Firms should analysis five forces of the industry since it enables companies to make pricing policies, investment policies, and the decision of entry or exit from the industry.

The second framework is the marketing environment, which is used to understand the key factors of firms' success or limitation (Cote, 2011). This framework expands the five-factor model of Porter with the consideration of macro condition, the trend in economics, and the evolution of technology. The marketing environment consists of the task environment and the broad environment. The task environment includes the immediate actors involved in producing, distributing, and promoting the offering. The broad environment consists of six components: demographic environment, economic environment, natural environment, technological environment, political-legal environment, and a social-cultural environment.

Leidecker & Bruno (1984) expressed the importance of finding the critical successful factors since these factors significantly impact on the strategies and focal resources of firms.

The successful performance of a company in a particular industry is a function of consideration of the relationship with related stakeholders. Since stakeholders are key members to provide resources to

firms, stakeholder analysis enables a company to develop appropriate strategies to leverage these relationships in its performance (Freeman, 1984).

The last framework is the network relationship (Gulati, Nohria, & Zaheer, 2000) since the global integrated context defines an industry as a network of firms rather than a set of individual firms. The strength of network relationship becomes the key factor of successful performance in the global context.

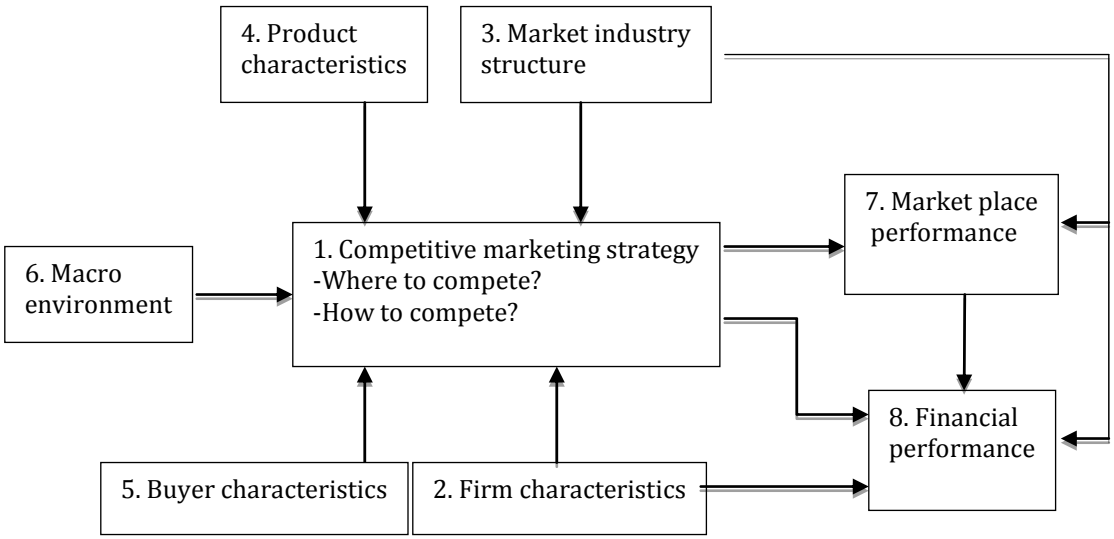


Figure 2.2 Marketing strategy: drivers and outcomes

Source: Varadarajan (2011) in Marketing Strategy, Willey & Son

2.1.3.2 Marketing mixed strategy

Marketing program consists of numerous decisions on the mix of marketing tools to use. The marketing mix is the set of marketing tool the firm uses to pursue its marketing objectives in the target market. McCarthy (1996) named four broad groups the four Ps marketing: product, price, place, and promotion. 4Ps represent the sellers' viewpoint of marketing tools available for affecting buyers. However, the central point of a mixed program is a consumer. Marketing mix strategy should be developed with strong consideration of customer value to integrate and maintain the long-term relationship with customers. Lauterborn (1990) suggested responding four Cs from customers' perspective including customer solution, customer cost, convenience, and communication.

2.1.3.3 Corporate and division strategic planning

The business portfolio evaluation model

(1) Boston consulting group approach

The growth-share matrix consists of four cells with a specific type of business: question marks, stars, cash cows, and dogs. Question marks state that business that operates in high-growth markets but has low relative market shares. The main question is whether or not pumping money into this business to keep up with growing market share. Stars corner indicates the market leaders in high-growth market. In such business, a firm should remain the present performance and prevent it from competitors' attacks. Cash cows express the period of mutual business with market leader, economies of scale and higher profit margins. Dogs is the business at weak market shares in low-growth markets. The company should consider whether or not to remain such business for potential performance.

The SBU life cycle indicates the movement of business from one position to other position. The ideal cycle is starting with question marks, moving to stars, cash cow and ending at dogs.

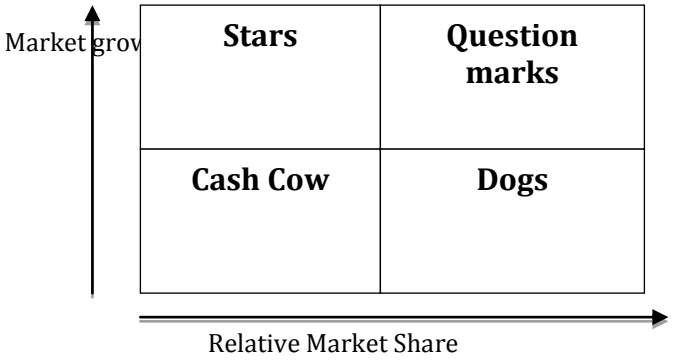


Figure 2.3 The Boston Consulting Group's Growth-Share Matrix (Kotler, 2003)

(2) The general electric model

The growth- share approach, advanced by General Electric, provided multifactor portfolio matrix for business strategy. In following this model, each business is rated by two major dimensions including market attractiveness and business strength. Companies enter attractive markets with business strength would produce outstanding results. In order to evaluate two dimensions, strategic planners must identify the determinants of each item and combine them to form the overall index. In practice, the GE matrix consists of nine cells, which fall into three zones: invest/grow; selectivity/earnings; and harvest/divest. The main task of marketing manager is to forecast the position of business in a period of five years via examining product life cycle, competitors, and economic environmental changes. The firm's purpose is not only creating and maintaining demand but also cashing out of the business and allowing demand to fall.

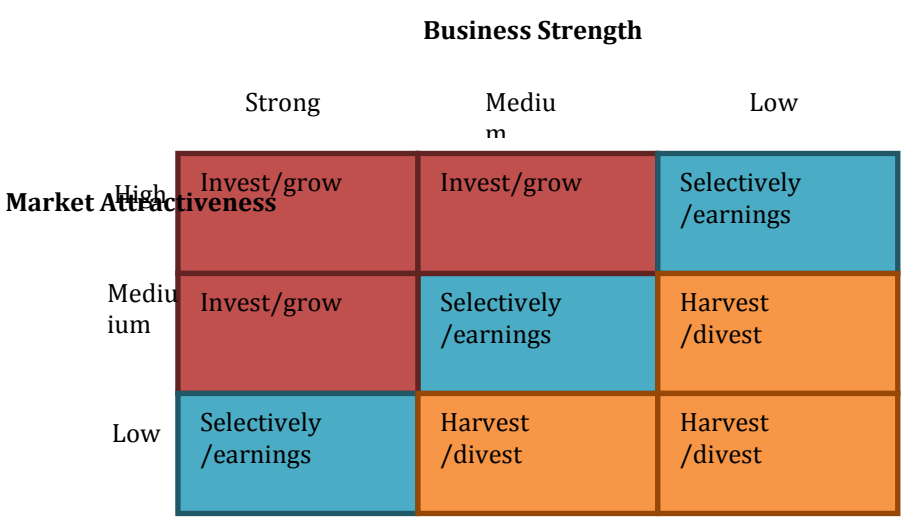


Figure 2.4 Market Attractiveness-Competitive Portfolio Classification and Strategies

Source: George S. Day, Analysis for Strategic Marketing Decisions, 1986, West Publishing Company, pp.202. Reproduced from Phillip Kotler, Marketing Managent, 2001, Prentice Hall Publishing, pp.96

(3) Arthur D. Little strategic condition model

This model, developed by Arthur D.Little in the late 1970s, is a matrix with two dimensions, environmental assessment, and business strengths. The environmental assessment is measures by industry life cycles, which consist of Introduction, Growth, Maturity, and Decline. In term of business

competitiveness, a company will categorize its business in one of five cells: dominant, strong, favorable, tenable, and weak (Mason, 2010).

(4) The Shell directional-policy model

This model was developed to analyze the organizational qualitative determinants for corporate planning. Similar to the GE matrix, this model constructed 9 –cell matrix with two dimensions, firm competencies, and sector prospect. The strategic plans from this model are independent of financial forecast. While GE model attempts to keep balance between growth and maturity period, this model tends to concentrate on the leader domain (Bank, 2011)[i].

(5) The Ansoff's matrix of business expansion

In order to expand business performance, companies follow three steps including identify opportunities to achieve further growth from current business (intensive growth); related to current business; and unrelated to current business. At the step of intensive growth, Ansoff (1957) constructed a comprehensive matrix for strategic planning. The procedure starts from review of existing products and current occupied markets (Market-penetration). Next is the question of whether or not firms can develop new market for current products (Market-development). After that, firms should consider the probability of innovation at current markets to satisfy potential needs. At the bottom right cell, firms consider the mixed strategy, which develop new product at new market.

	Current products	**New products**
Current markets	1. Market penetration strategy	3. Product-development strategy
New markets	2. Market-development strategy	(Diversification strategy)

Figure 2. 5 Ansoff's Product-Market Expansion Matrix

Source: Strategies for Diversification, Igor Ansoff, September-October 1957.

Harvard Business Review

Business unit strategic planning (at business unit level)

One of the focal points of business strategic planning is SWOT analysis, by which firms can recognize the market opportunities and potential challenges. Marketing opportunity is defined as an area of buyer need or potential interest with possibly profitable performance. Environmental threats consist of all dangers to sales or profit purposes. Threats could be examined into two dimensions, namely seriousness and probability of occurrence. The combination between opportunities and threats forms a matrix of business's overall attractiveness: ideal business, speculative business, mature business, and trouble business.

Strategy in Porter's studies is defined as the creation of a unique and valuable position involving a different set of activities. In term of strategic formulation, Porter (1980) has presented three

competitive strategies: overall cost leadership, differentiation, and focus. Firms would fail at markets when they do not persuade a clear strategy compared to competitors. Cost leadership focuses on the cost advantages as a firm could provide its customers with lower price than the competitors. Firms with capacity to obtain the lowest production cost and distribution costs seem to be relevant to this strategy. Differentiation emphasizes the superior market performance obtained from the distinction in customer value. Firms could become outstanding if they can cultivate their strength from customer's viewpoint. Focus strategy is reasonable for firms at one or some niche market segments. Firms should be the pioneers at the niche segments and chase cost leadership or non-price strategies to dominate these markets.

2.1.4 Marketing strategies at introduction stage

Most of product life cycle follows the bell-shaped curve or S-shaped curve. There are four stages in a product life cycle: introduction, growth, maturity, and decline (Rogers, 2003). Introduction is the period when a new product is introduced to the market. At this stage, profit is nonexistent because of high introduction expenses. Growth is a period of rapid market acceptance and significant profit achievement. At mature period, the sales growth becomes slow down because products are accepted by most of the market. The profit is declined or stable since the intensity of competition. The decline period, sale is in downward trend and profit falls.

The characteristics of the introduction stage consist of:

- The lack of retail distribution system
- Small or negative profit
- Promotional cost dominated the sales revenues due to: cost to inform the potential consumers; cost to motivate the product trials; cost to establish the retail outlet system.
- Focus on high-income consumers
- High price due to high cost

The early entrant firm can obtain the pioneering advantages. However, these advantages are frangible in several cases when the later entrant firms can cross over the early entrant firm.

2.2 Consumer buying behavior

2.2.1 Models of consumer buying behavior

2.2.1.1 Engel-Kollat-Blackwell (EKB) Model of Consumer Behavior

Engel, Kollat, and Blackwell introduced the EKB model of consumer behavior in 1968. This model examines the interrelationship between the different stages of the decision making process concerning various variables from both internal and external sources.

The consumer buying process in EKB model consists of five parts including the information input, information processing, decision-making stages, decision process variables, and internalized environment influences. At the first stage, consumers will receive the information through the different kinds of stimuli. The stimuli could come from the marketing sources (marketing efforts of firms) or the non-marketing sources (family, friends, or other referrals). After obtaining the information from various stimuli, a consumer comes to the information processing stage. The information processing stage consists of two major processes, attention, and repetition. A stimulus, which can achieve the attention in consumer's mind becomes the information cue, and integrates into memory set of the consumer. Through the repetition of the information, the consumer retains the information in the short-term memory and transfers it to the long-term memory for later usage.

The impact of information in the information processing stage depends on three factors. The first is the importance of information. The second is the relevance of information. The last is the current understanding of consumers about the information. When input information is inadequate and insufficient, consumers tend to search for more information or integrate more input information before coming to the next stage, decision process stage.

The decision process stage starts with the problem recognition. Depending on the importance of purchases, consumers perform the searching behavior. The importance of purchase is affected by the kinds of problem: extensive problem versus routinized problem, the characteristics of product category, the involvement of consumers in purchase, and the perceived risk of consumers in making purchase. The consumers first use the internal memory of the product category or a set of brands. When the internal sources of information are not sufficient enough to make the decision, the consumers search for external sources of information. This activity of consumers could be influenced by the environment factors. At the second step of the decision processing stage, the consumers will evaluate the alternatives, and form the belief and attitude toward the alternatives. The attitude formation will result into the purchasing intention. The choice and purchasing behavior are affected by other determinants including motivates, personality, lifestyle, and psychographics. The post purchasing outcomes, which could be positive and negative will become the input information for the next purchase process. The satisfaction will be stored as the experience into consumers' memory while the dissatisfaction of purchase can influence on the further search behavior for the next purchase to ensure that consumers make the right decision.

There are two limitations of this model. The first is about the validity of the model in practice. Since this model comprises a number of factors, it should be adjusted depending on the contextual variables. The goal of any consumer behavior model is to help firms plan the effective marketing strategies from understanding how consumers make their purchases. Thus, this model should be investigated from viewpoints of marketing strategists. The second limitation of this model is about the clarification of impact of each factor on each stage in a whole process. Since this model views buying process is a circle of information input and output through the determination of consumers, it is very difficult to classify the effect of each factors at each stage of the buying process.

2.2.1.2 The Engel-Kollat-Miniard (EBM) Model of consumer behavior

This model was introduced in 1986 after the modification of the EBK model. This model was different from the previous model by three characteristics. First, this model comprises four stages of buying process including information input, information processing, decision process, and variables influencing on decision process. Second, this model grouped the general motivating influences and internalized environmental influences in one group named variable influencing decision process. Last, this model explained elaborately the information processing of the consumers. Instead of the simple approach as the EBK model, the information section consisted of five stages: exposure, attention, comprehension, acceptance, and retention. The information in different stimuli became the input for the information processing. The hierarchy of cognition starts from attention to perception, acceptance, and ends at retention into the memory. At the last step, the information integrates into the short-term and then into the long-term memory for the future usage. After the problem recognition, the consumers search for information to choose the alternatives. The consumers evaluate information based on the internal knowledge and the role of information in purchase before conducting the further search for external stimuli.

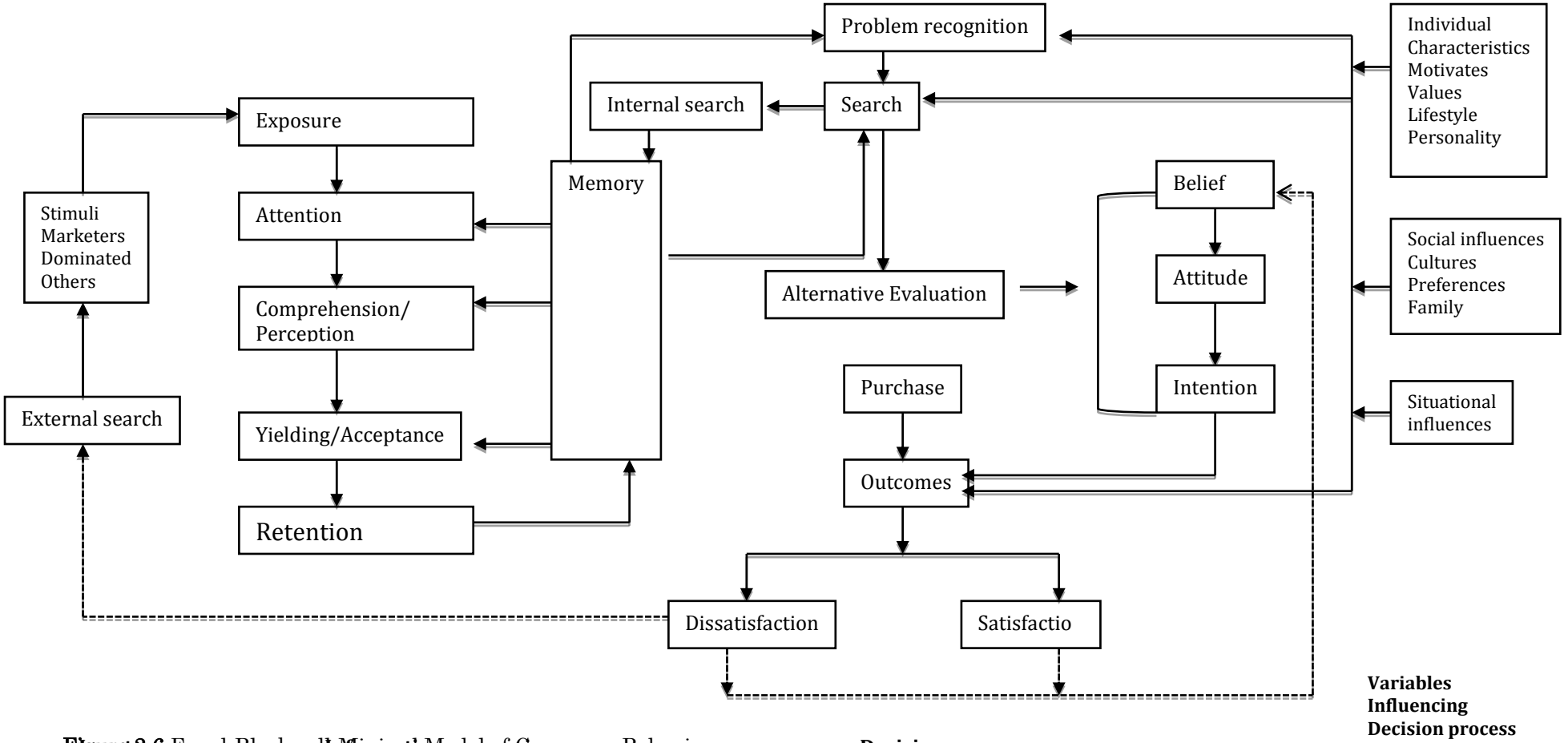


Figure 2.6 Engel-Blackwell-Miniard Model of Consumer Behavior

Source: Engel, J.F., Blackwell, R.D., and Miniard, P.W., Consumer Behavior, 5th Edition, CBS College Publishing, The Dryden Press, 1986, pp.35

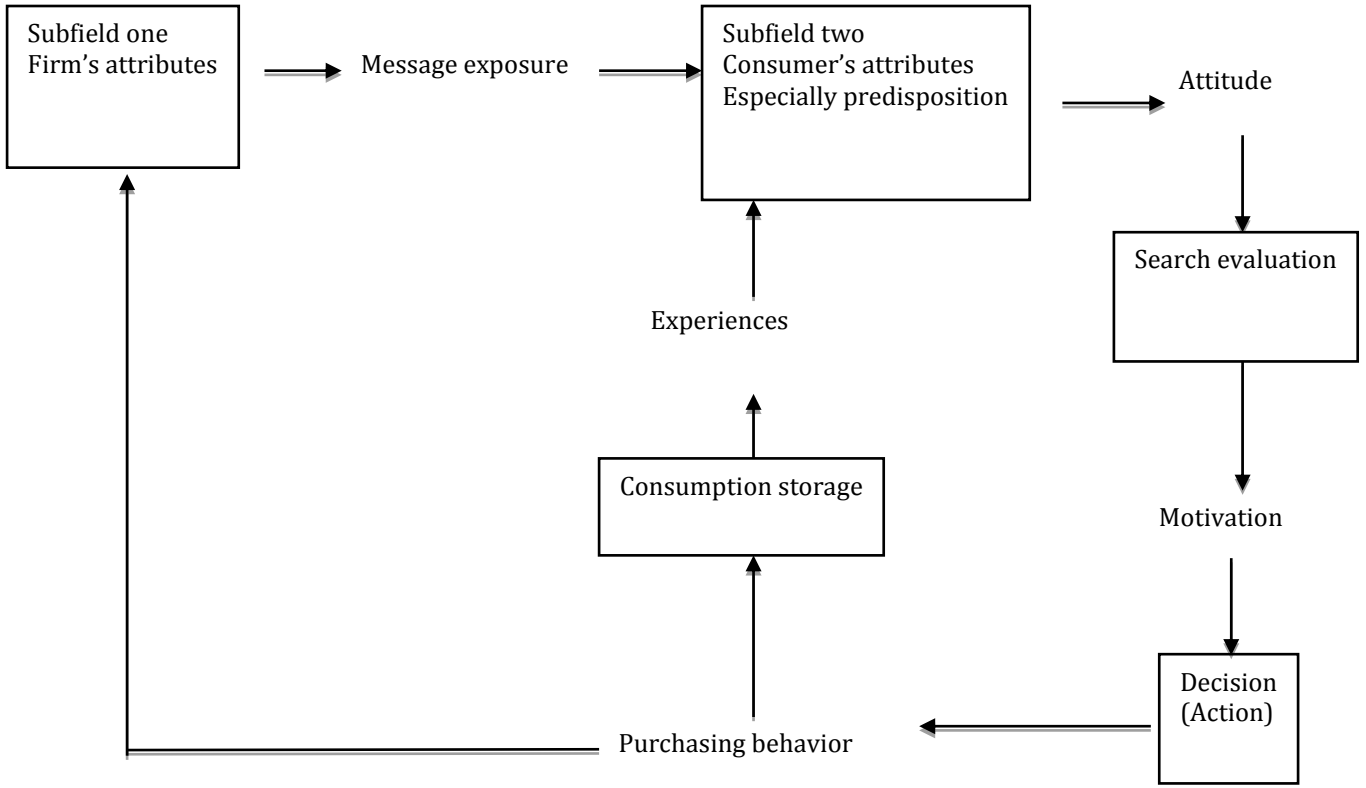


Figure 2.7. Nicosia Model of Consumer Decision Processes

Source: Nicosia, Francesco M., Consumer Decision Processes, Engelwood Cliffs, N.J., Prentice Hall, 1966, p. 156.

2.2.1.3 The Bettman's Information Processing Model of Consumer Choice

Bettman introduced the model of information processing of consumer choice in 1979 with the focus on the information process occurring within a consumer. In this model, a consumer plays the role of the host of information. The consumer can obtain a lot of information as well as a large database of stored information from the learning process, the experiences, and other sources. However, due to the limitation of information process capacity, the consumer tends to use a part of available information and the simple rule to make purchasing decision. The main elements of the information processing include motivation, attention, information acquisition and evaluation, decision process, and consumption and learning process. The limitation in information capacity makes direct influences on the attention, information acquisition, and decision process.

Regarding the information acquisition and evaluation, the consumer considers the type of information and the quantity of information for making choice decision. The memory can provide the consumer with internal information. When the consumer feels that the internal source is not sufficient enough for the further decision, he acquires more information from the external search. Moreover, he gives attention and becomes receptive to information. In contrast, when the consumer recognizes that he has enough information for making decision, he does not integrate more information and come to the stage of decision process.

The second next stages are similar to the previous model of consumer behavior. The learning process occurs after the purchasing and the experience becomes the input information for the next purchasing.

The outstanding feature of this model is the appearance of the scanner and interrupts mechanism for each component of the model. The scanner and interrupts act indicates the behavior of the consumer concerning to the adequacy of current information in his database. When the consumer realizes that he has enough information in the database, he stops searching more information from external sources and the switch off mode in active. On the other hand, the consumer will search and integrate more information if the current perceptual database is insufficient to perform the purchasing decision.

2.2.1.4 The Howard -Sheth model (1969)

Howard and Sheth proposed the model for buying behavior of the buyers (both for organization and individual) in case of repeating purchases. There are four crucial elements of this model: input information, perceptual constructs, learning constructs, and outcomes. Similar to the previous model, input information could be seen in a various stimuli in three clusters including significative stimuli, symbolic stimuli, and social stimuli. The significative stimuli indicate the information about the physical attributes of a brand/ product while the symbolic information reflects the position of a brand/a product in consumers' perception.

The main focus of this model consists of perceptual constructs and learning constructs. The perceptual formation concerns with how consumers process the input information. This model was different from the previous model with the concept of stimulus ambiguity. The stimulus ambiguity is a result of the misunderstanding the claims from the environment of the consumers, the perceived uncertainty, and the lack of meaningfulness of information. In such situation, the consumers need for more information and tend to search the external sources. However, due to the overt search, the consumers can generate the perceptual bias for information to match it with the established beliefs, experiences, trust etc.

The learning constructs are similar to the decision process of the previous model, which starts from motivation and ends at intention to purchase a specific product/brand. The post purchase

outcomes also attend into this stage as learning from post purchase. The outcomes of responses include a set of five components: attention, brand comprehension, attitude, intention, and purchases. At this stage, the consumers showed the response for a specific brand/product instead of a set of alternatives as in the perceptual stage. This model examined the buying process of consumers through an integrative approach with the consideration of stimulus ambiguity and perceptual asymmetry. The search for more information and the conclusion for information were affected by the perceptual bias of consumers. The main limitation of this model comes from the validity of this model in practice as well as the difficulties in measuring the variables.

2.2.1.5 The Nicosia's model of consumer decision process (1966)

The model of Nicosia focused on the decision process of a consumer when buying a new product. The model was presented by the flow chart, in which each component serves as an input to the next. This model expressed the consumer decision process in relation to the marketing agencies. The marketing agents can make influence on the consumers through the marketing programs while the response of consumers to these marketing efforts could become the input for marketing agents.

For the new product, the marketing agencies communicate with the potential customers to promote the unfamiliar product. At the first block, marketers can affect to consumers' attitude through marketing communication. The claims about the firm's attributes influence consumer's perception, predisposition, and attitude toward firms, and the firm's offering. In addition to the marketing efforts, the internal characteristics of consumers can impact on the consumer's attitude. At the second stage, consumers come to the search and evaluation of information cues from previous stage. The consumer searches for information about criteria in his decision-making. The need for criteria depends on the experiences, the learning, and the availability of the consumers. This block generates the motivation for the next stage of purchasing. As a result, the consumer will buy the particular product from a chosen retailers/sellers. Similar to three previous models, the purchase stage leads to the consumption experience and feedback, which can be positive or negative. The positive experience (satisfaction) can reinforce the consumer's reposition with the product/brand. In contrast, the negative experience with a product can reduce the evaluation about the product/brand and result into no further purchase. The feedback after purchase of the consumers becomes the information input for the marketers to modify the strategies later. Hence, the firm communicates with consumers through the marketing claims and the consumers react through a purchasing action. Two parties in one exchange process influences on each other through the flow of information and product.

This model integrates the prior knowledge of the consumer into consumer behavior. The flow charting approach indicates that knowledge formation is the first step of a whole process. Consumers will move from step by step to interact with a particular brand or product. This model considers the consumer behavior, not only for understanding consumer buying process but also for making the marketing strategies to match this process. Likewise other models of consumer behavior, the validity of this model is questionable. The variable measurement of this model is not clearly defined. Moreover, this model ignores the existence of need in consumer's mind when going straight to the marketing stimuli.

2.2.2 The general consumer buying behavior models

The revolution of marketing from production concept to customer concept demonstrated the importance of consumers in organizational added value. The successful relationship between producers and consumers derives from the understanding of consumer buying behavior. Emerging from the mid-to late-1960s, marketing theorists developed consumer-buying theories from interdisciplinary theories including psychology, sociology, social psychology, anthropology, and

economics. Economic perspective views consumer behavior as a rational decision maker to maximize the utility from purchasing goods and services. Psychological opinion indicated other factors as mood, context, and emotion of individual decision -making process. The combination of various viewpoints triggers comprehensive understandings on consumer decision making for marketing theory.

An economic view- the economic man model

To be rational in the economy, a consumer has to awareness of all available product alternatives, capability to evaluate alternatives based on the cost-benefit approach, and ability to make a choice of the best alternative.

Simon (1965) criticized this approach due to some reasons People are limited by their skills, habits, and reflexes

(1) People are limited by their existing values and goals
(2) People are limited by their knowledge

The economic model is often rejected as too idealistic and simplistic since consumers act in imperfect word and not only for economic benefits.

A passive view

This model is opposite to the economic perspective as considering that consumers are impulsive and irrational decision makers. Firms could impact consumers by hard promotional efforts. To some extends, this point of view could be relevant; however, this model intensively concentrates on the role of marketers. Consumers basically act as equal and independent thinkers when making their own purchases.

A cognitive view

This approach treats consumers as thinking problem solvers who make decision from seeking and evaluating information of selected brands and retail outlets. The information processing indicates the limitation of information in consumer purchasing-decision; hence, consumers base on shortcut decision rules and learning effort to form their preferences and purchasing decisions. The problem-solving viewpoint emphasizes marketing as solution exchange by which consumers' goal could be satisfy with a specific goods/services. Goal setting becomes especially important in a context of new product introduction since adoption is facilitated by information availability.

An emotional view

This school of thought considers consumer-purchasing decision as a function of emotional factors as mood or feelings. In this manner of thinking, consumers focus on their current emotion instead of heavily relying on prior purchase information. Since consumption is a solution to satisfy the current emotion, this view also examines consumers as rational decision makers. Mood is the important factor of consumer decision-making and defined as a pre-existed feeling state. Mood could be the precursor of specific purchasing situation. Emotion is defined as a response to a particular marketing situation, and usually leads to intension and action.

A comprehensive model of consumer decision-making process

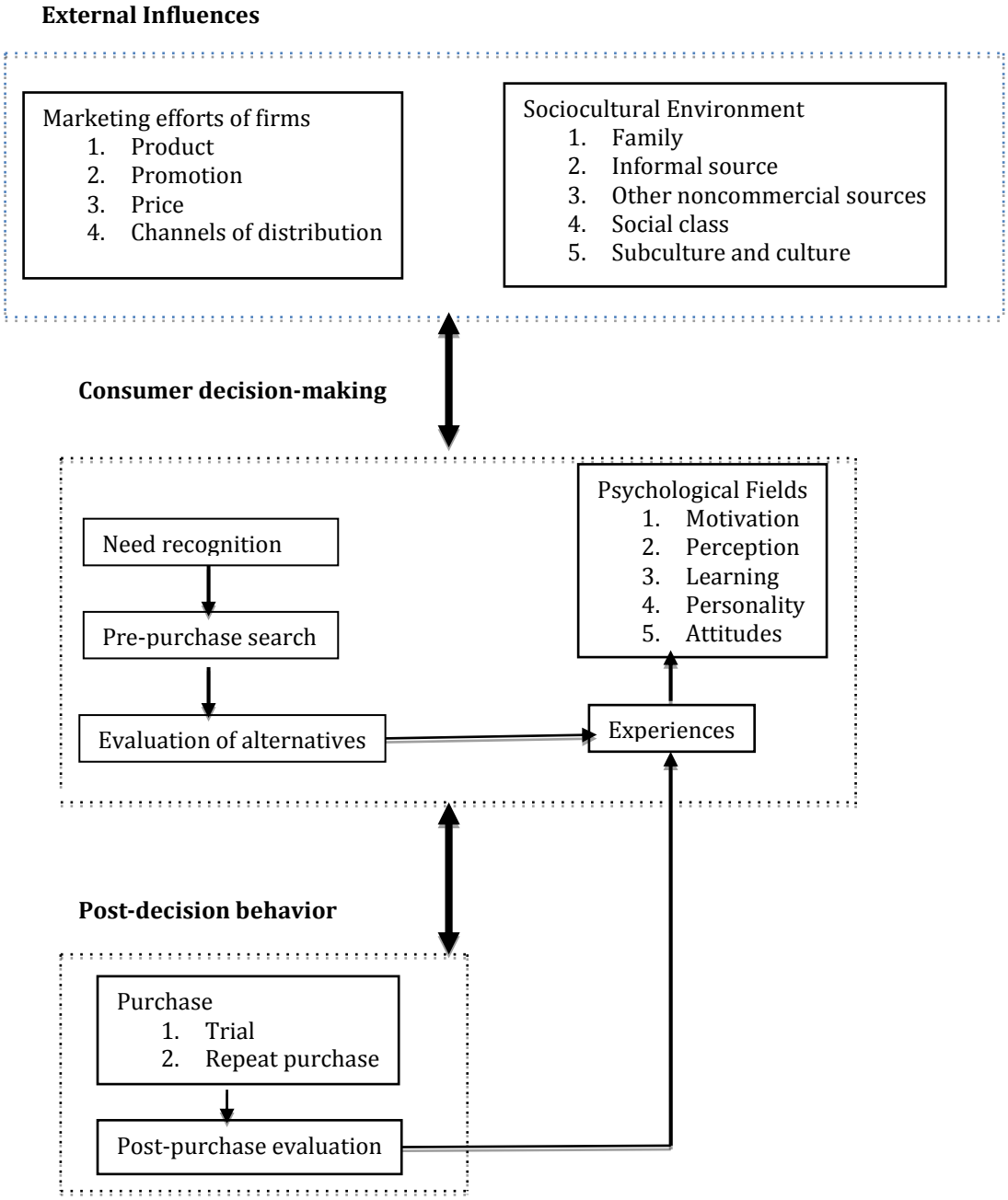


Figure 2.8 A simple Model of Consumer Decision Making
Source: Consumer behavior, Schiffman and Kanuk, Nine ed. 2007, Pearson Prentice Hall

The process of consumer decision-making can be considered as three integrative stages including the input stage, the process stage, and the output stage. The input stage indicates the external factors of consumer decision-making. It consists of marketing efforts from the firms with a focus on 4Ps and the socio-environmental impacts. The process stage of the model specializes into the way that consumers make purchasing decision. The combination between external stimuli and psychological components shapes the individual purchasing behavior. The output stage of consumer decision-making model shows post-information outcomes: purchases and post purchases evaluation. Information gained from this stage becomes the experience input for the next purchasing process stage as well as external stimuli at the input stage.

2.3. The model of consumer behavior toward food and agricultural products

2.3.1 The conceptual model of consumer behavior for food

Based on the standard model of consumer behavior, previous studies developed the particular model for consumer behavior when purchasing food and agricultural products. Advanced by Pilgrim (1957), food perception is an outcome of three factors including physiological factors, sensory attribute perception, and environmental impacts. Sphepherd (1990) developed the Pilgrim's model for food acceptance and behavior with consideration of the interaction among some factors. Steenkamp (1997) constructed a comprehensive model for consumer buying behavior toward food and agricultural product.

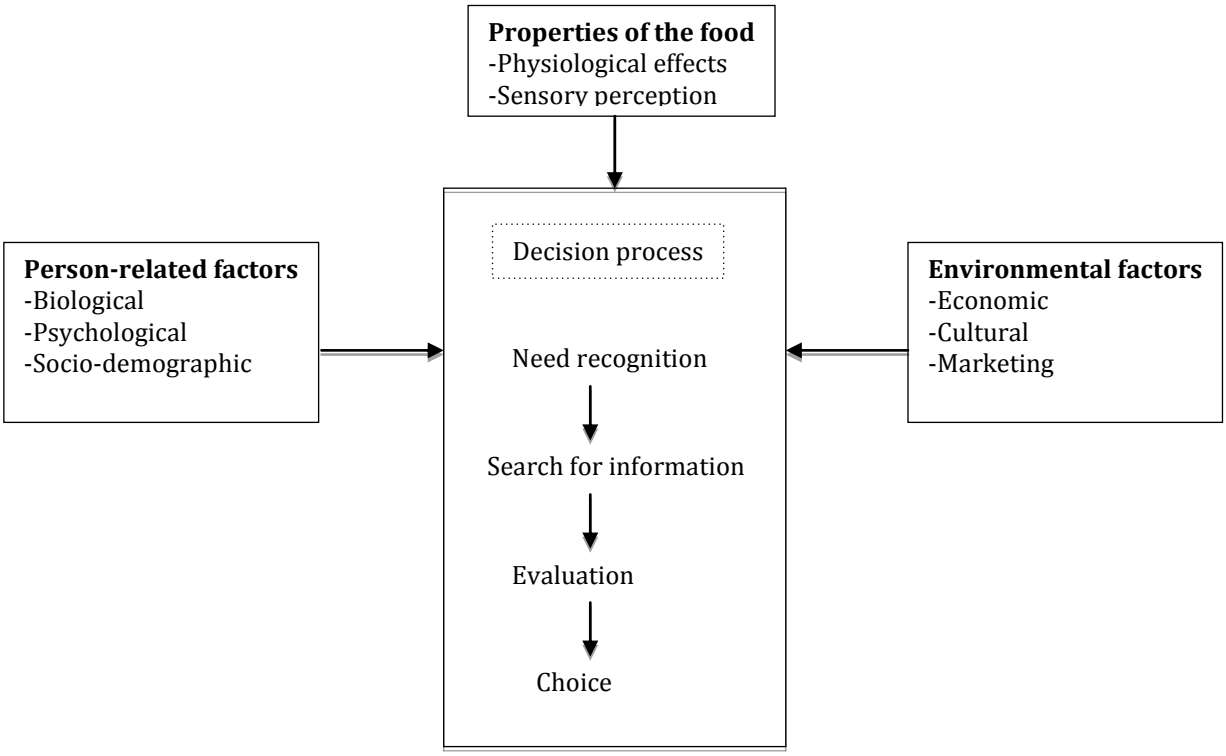


Figure 2.9 Conceptual model for consumer behavior toward food

Source: Steenkamp (1997) in Agricultural Marketing and Consumer Behavior in a Changing World, Kluwer Academic Publishers

2.3.2 The process of consumer buying behavior for food

The process segment focuses on the question of how consumers make decisions. The psychological field indicates the impacts of internal factors on the decision-making process. Specifically, this approach considers a consumer as an individual black box and examines the aspects of decision process including what is the need and want; the awareness of available alternatives; information seeking behavior prior purchase; and the evaluation of alternatives.

Need recognition is the first period of the decision process for food. A need arises as consumers face with particular problems. One example is the dissatisfaction with the current food due to its experienced quality does not match the expected quality of customers. There are a lot of factors influencing the need for food of consumers. New product experience is one of the main driving forces (Steenkamp, 1997).

Next, pre-purchase research starts from the moment consumers recognize the needs be satisfied with consumption. At this phase, consumers achieve information via a vast number of sources. Information cues could be received from an internal source and external source. Consumers make their decision based on the combination of their own sources and external stimuli. Usage experience is one major internal source for food products (Steenkamp et al., 1986a) since the external sources for information about food are limited. Knowledge of product category affects the search efforts of consumers, as well as the confidence of purchasing decision. Another factor could affect information seeking behavior is the perceived risk of purchasing food. Perceived risk from consumer perspective consists of six groups: functional risk (when a product fails to perform as expectation); physical risk (the related risk from products); financial risk (the risk that a product is not worth as its cost); social risk (the risk that poor product choice may result in social embarrassment); psychological risk (the risk that poor product choice may harm to consumer's image); time risk (the waste of time for product searching when it does perform well as expectation). Risk perception serves as a motivation of information seeking prior final purchases.

The next step in this period is the evaluation of alternatives. To evaluate available alternatives, consumers base on two kinds of information. The first is a list of potential brands. The second is a set of criteria that consumers use to form their estimation. To evaluate alternatives, consumers base on important attributes of a brand. How consumers use attributes to evaluate food depends on the characteristics of a product. Steenkamp et al. (1994) indicated processing, taste, and marbling content as the main criteria for buying meat. AGB/Europanel (1992) investigated the importance of a set of criteria in buying decision of consumers in Europe and stated five big factors: product quality, price, brand name/reputation, freshness, and guarantee.

Consumers require a guarantee from food suppliers to reduce the purchase risk and enhance the confidence in their final buying decision. A brand name is one indicator of guarantee. Labeling is another method to bring customers with guaranty (Steenkamp 1986; Van Trijp et al., 1996). Country-of-origin can impact on how consumers evaluate food. Brand credibility, which constitutes from perceived quality, risk, and information cost could affect this step (Ederm & Swait, 2004). Consumer evaluation rules generally are classified into compensatory and non-compensatory strategies. The former rule allows consumers keep balance on their evaluation via trade-off mechanism. In contrast, the non-compensatory rules do not allow an advantage in one attribute compensate for a disadvantage in other attributes.

Attitude formation is an important segment in the buying process for food. Attitude toward a food is a combination of two components, formation of perception and integrate perception. Perception on the evaluative criteria consists of three sequential steps: descriptive, informative, and inferential perception (Fishbein & Ajzen, 1975). The direct observation (food trial) can lead to the descriptive perception. The informative perception occurs when consumers accept the information about food from external sources. The inferential perception is the last stage of perception formation. Cues play the importance roles in inferential perception formation since they bring consumers the senses prior purchase. Steenkamp (1989) indicated the major cues in perception formation: brand name, store name, country of origin, price, and physical aspects of a food product.

Making a choice is the last stage in the buying process for food products. In general, the product with the most positive attitude will be chosen as the final outcome of a decision process. However, a buck of factors can make an influence on the food choice of consumers. One important driver is the tendency to diversify the food consumption of consumers. Vantrijp (1995) developed the three-factor models including the instrumental value, the hedonic value, and the variety value of a food product. The study of Faison (1977) showed three reasons of variety seeking behavior for food: the boredom of current food, the attribute satiation, and the large curiosity.

The model of consumer purchasing ends with two activities including purchase and post-purchase evaluation. Regarding purchase behavior, it consists of three kinds: trial purchases, repeat purchases, and long-term commitment. Buying a minor quantity of a product at the first time is a trial, which expresses the exploratory behavior of consumers through direct use. Repeat purchase occurs when a trial brand can satisfy the consumers after the trials. Repeat purchase is one indicator of brand loyalty, which indicates the willingness to use in repetition with a larger volume of consumers for a particular brand/product. Post purchase period is an important phase to reduce the uncertainty or ambiguity of the selection. At the post purchase period, three outcomes could be happening based on the difference between expected value and the experience value from a brand or a product. The neutral feeling is the result of the balance between performance and expected value. When performance is greater than expectation, satisfaction can be obtained. The last was negative disconfirmation of expectation when performance failed below the expected value. Depending on the actual outcomes of post purchase, consumers will use the experience for the judgment in the next purchasing process.

2.3.3 Marketing factors in the model of consumer behavior for food

(1) Branding: One important way to generate the economic added value for a food product is branding. A strong brand can improve the imaging quality; enhance the brand awareness, brand loyalty, and positive brand associations (Aaker, 1991).

(2) Country-of-origin: Country of origin serves as an informative cue in the decision process of consumers since it is one of the alternative's attributes. However, country of origin can bring the benefit to food marketers when it expressed the match between a product category and the particular country (Roth & Romeo, 1992). Country of origin in a long-term perspective is considered as the indicator for the reputation of producers from a particular country in the global market of agricultural products.

(3) Advertising: Food marketers should consider advertising as a method to strengthen the brand quality in consumer perception of food. Moreover, the retail environment should be paid enough attention since modern consumers are influenced by attractive store imagines (Steenkamp, 1997).

2.4 Diffusion process and consumer behavior

2.4.1 The determinants of diffusion process

The diffusion process is about how innovations spread and become familiar with the market. Diffusion is the process by which the acceptance of an innovation (a new product, new service, new idea, or new practice) is spread by communication (mass media, salesperson, or informational conversations) to members of a social system (a target market) over a period of time. There are four principals of this process: the innovation, the channels of communication, the social system, and time.

Five product characteristics that could make influence on the consumer acceptance of a new product include (1) relative advantage; (2) compatibility; (3) complexity; (4) trial ability; (5) observability. Relative advantage is the degree to which potential adopters perceive a new product as superior to the existing substitute products. Compatibility reflects whether or not the innovation fits the existing needs, values, and practices of consumers. Complexity is an indicator of the consumer's difficulties in understanding and accessing an innovation. The complexity is very important for the high-technology products since the technological complexity was the most consideration of innovators for high-tech products (Higgins & Shanklin, 1992). Trial ability states the degree to which an opportunity of trying a new product can be obtained. Since consumers can trial the new product, it is easy for them to evaluate and adopt the new product. The trial

program depends on the product category. The durable goods are difficult to try without the later buying commitment while the household goods marketers develop the free sample launch to give the consumers direct experience with a new product. However, even though the potential consumers have direct experiences with a new product, how the attributes of a new product can be observed, imagined, and described (Observability) impacts the diffusion rate of a new product.

2.4.2 The multistage process of consumer adoption

There are five stages in the adoption process of consumers: awareness, interest, evaluation, trial, and adoption. At the first stage, consumer is exposed to the product innovation through the input information about this innovation. The stimuli about the innovation could come from the marketing sources or non-marketing sources. However, it leads to the second stage of interest eventually. At this stage, consumers will search for more information about innovation before evaluating the innovation. When the consumer feels that the innovation fit his need, he comes to the trial stage, at which the consumer starts purchasing with a limited basis. Similar to the post purchasing feedback in consumer behavior model, the outcomes of trial can be positive and negative. Next, these outcomes will lead to the rejection or adoption of the consumer for a new product. The flowcharting approach of consumer adoption stage is criticized to some extent. First, consumers play the passive roles in the market of new product when no stage for need or problem recognition. Second, the evaluation stage can occur at many stages instead of after interest formation. Third, even though consumers decide to adopt the new product, the learning process can continue after adoption. Schiffman and Knuk (2007) developed the enhanced model of consumer adoption as the following figure:

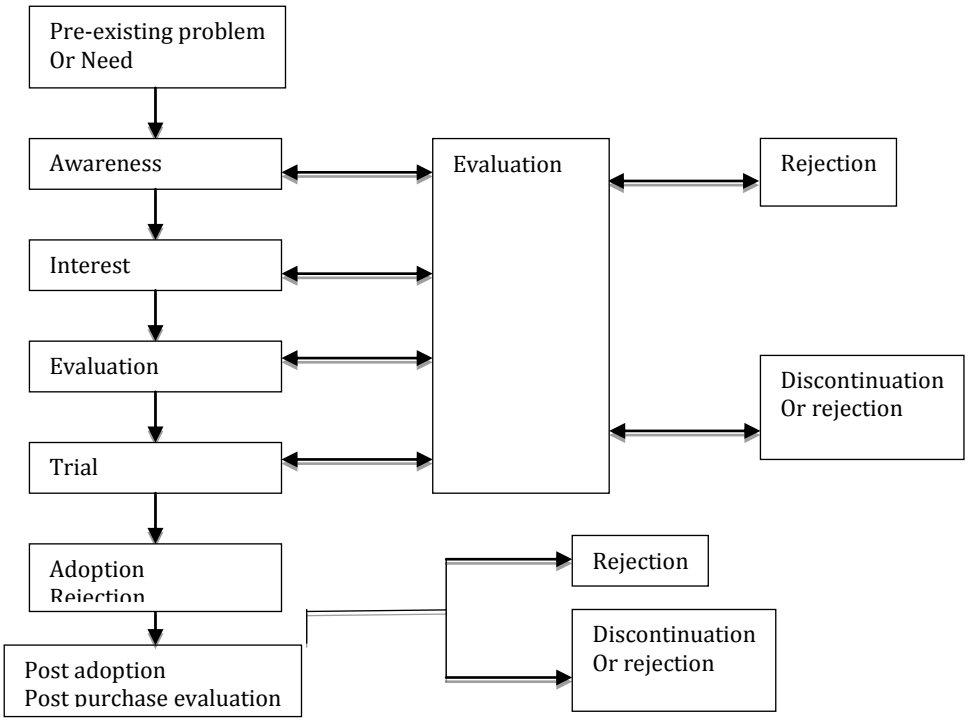


Figure 2.10 An enhanced adoption Process model
Source: Schiffman and Kanuk, Consumer Behavior, Nine ed. 2007, Pearson Prentice Hall

2.5 Organizational buying behavior model

2.5.1 Theory on organizational buying

The business market consists of all the organizations that acquire goods and services used in the production of other products or services that are sold, rented, or supplied to others (Kotler, 2003, p.216)

The business markets have several characteristics that different from the consumer markets: *Fewer buyers; Larger buyers; Close supplier-customer relationships; Inelastic demand; Volatile demand; Professional purchasing through trained purchasing agents*; *Multiple sales calls; Direct purchasing; Reciprocity: Duality of relationship*; *Leasing*

Buying situation: Three types of buying situation include the straight rebuy, modified rebuy, and new task (Robinson, 1967).

Straight rebuy is a buying situation in which the purchasing department reorders on a routine basis. The buyer chooses from suppliers on an "approved list". The out-suppliers attempt to offer something new or to exploit dissatisfaction with a current supplier. Out-suppliers try to get a small order first and then enlarge their purchase shares over time.

Modified rebuy: The modified rebuy is a situation in which the buyers want to modify product specifications, price, delivery requirements, or other terms. The modified rebuy usually involves additional decision participants on both sides. The in-suppliers become nervous and have to protect their positions while the out-suppliers see an opportunity and propose a better offer to gain the business.

New task: the new task is the buying situation in which a purchaser buys a product or service for the first time. The greater the cost or risk, the larger the number of decision participants and the greater information gathering, and long time to complete the decision (MacQuiston, 1989).

New-task buying process: awareness, interest, evaluation, trial, and adoption (Ozanne & Churchill, 1971). The effectiveness of communication tools is different at each stage. At the first stage, mass media are most important; salesperson for the second one, and technical source are the most important factor at the evaluation stage. At the new-task situation, the buyer has to do: product specification, order quantities, acceptable suppliers, and the selected suppliers. The new task situation is the marketer's great opportunity and challenge.

The participants in the business buying process

Purchasing agents are influential in straight-rebuy and modified-rebuy situations while other department personnel are more influential in new-buy situations.

The buying center is composed of "all those individuals and groups who participate in the purchasing decision-making process", who share some common goals and the risks arising from the decision."(Webster & Win, 1972). There are seven roles in the purchases decision process:

(1) Initiators: Someone requests that something be purchased
(2) Users: those use the product or services. In many cases, the users initiate buying proposal and help define the product requirements
(3) Influencers: people who influence the buying decision. They often help define specifications and also provide information for evaluating alternatives. Technical personnel are important influencers.
(4) Deciders: People who decide on product requirements or on suppliers
(5) Approvers: People who authorize the proposed actions of deciders or buyers

(6) Buyers: people who have formal authority to select the supplier and arrange the purchase terms. Buyers may help shape product specifications, but they play the major role in selecting vendors and negotiating.
(7) Gatekeepers: People who have the power to prevent sellers or information from reaching members of the buying center.

The main questions for business marketers:

(1) Who are the major decision participants?
(2) What decisions do they influence?
(3) What is their level of influence?
(4) What evaluation criteria do they use?

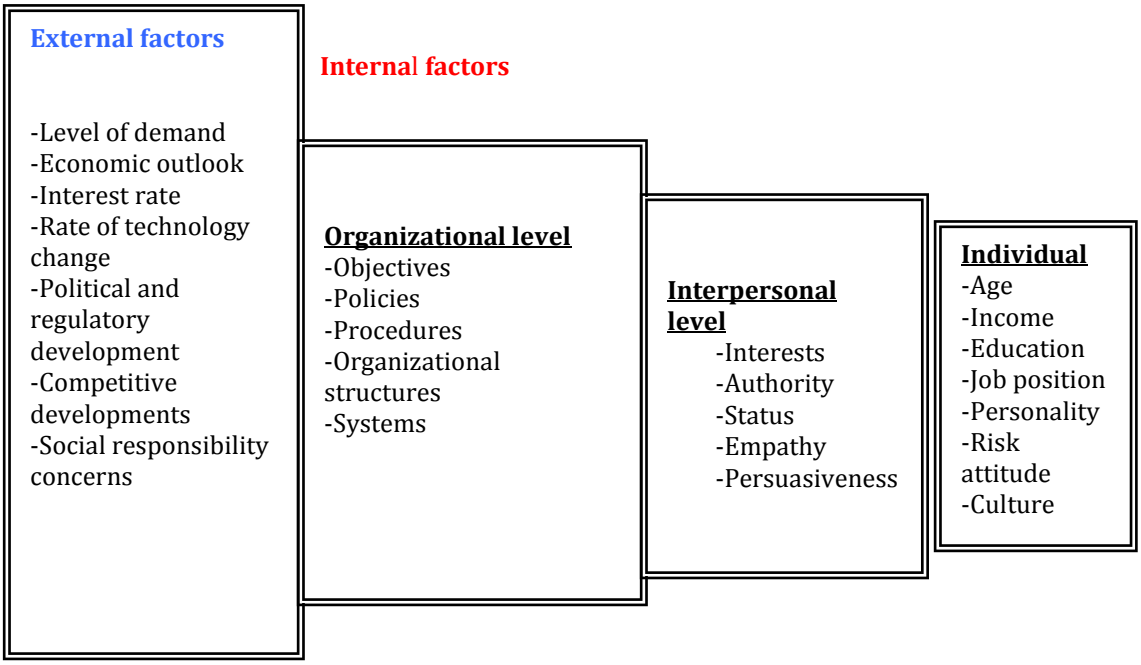


Figure 2.11 Major determinants of industry buying behavior *(Webster and Win, 1972)*

2.5.2 The buying process

The purpose of buyers is to gain the high ratio between perceived benefits to costs-the greater perceived value. There are three organizational orientations (Anderson & Narus, 1998)

(1) Buying orientation: the purchasers' focus in short-term and tactical. Buyers are awarded on their ability to obtain the lowest price from suppliers for a given level of quality and availability.
(2) Procurement orientation: the buyers obtain two purposes including quality improvement and cost reduction through long-term contracts with strategic suppliers.
(3) Supply chain management orientation: The role of purchasing is broaden to the whole chain from raw materials to the end-users to optimize the performance of each linkage.

The type of purchasing processes

There are four product-related purchasing processes (Kraljic, 1993):

(1) **Routine products**: these products have low value and cost to the customers and involve little risks. Customers will seek the lowest price and emphasize routine ordering.

(2) **Leverage products**: These products have high value and cost to the customers but involve little risk because the intensity of competition. The suppliers need to show that its offering minimize the total costs of customers

(3) **Strategic products**: These products have high value and cost to the customers but contain high risk for suppliers. The customers want a well-known and trusted supplier and will be willing to pay more than the average price. The supplier should develop the strategic collaboration with customers.

(4) **Bottleneck product**: The products have low value and cost to the customers but they involve some risk. Customers will want a supplier who can ensure the stable supply. The supplier should focus on the delivery and tracking system as well as supporting team.

The supplier selection

The final decision of supplier selection is make after supplier evaluation based on some criteria. Lehmann and O'Shaughnessy (1974) indicated that the importance of each attribute in vendor selection varied by the product related purchasing situations. The main factors could be price, supplier reputation, product reliability, service reliability, and supplier flexibility. Among a buck of determinants, price is the key factor that purchasing agents use to select suppliers (Mullin, 1997).

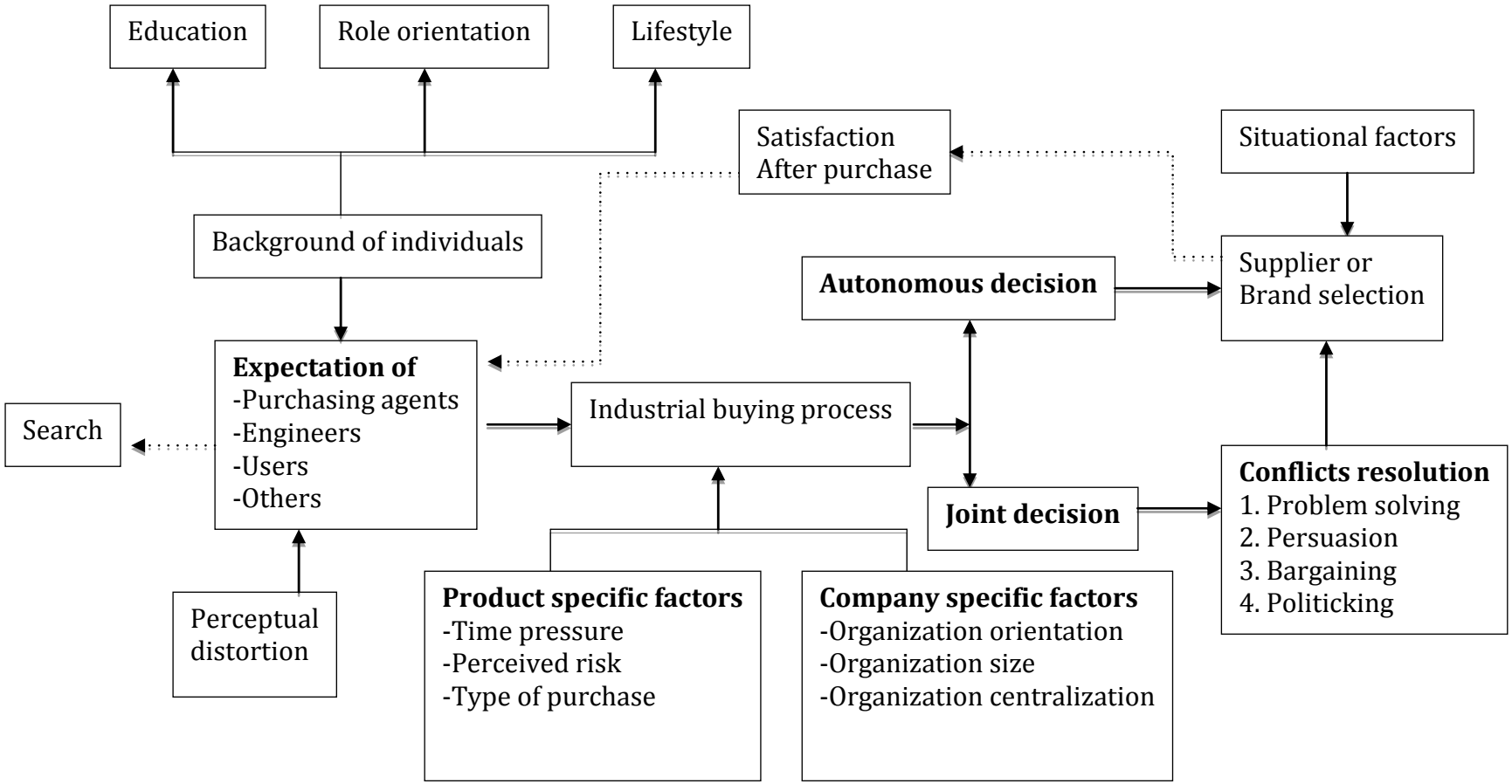


Figure 2.12 An integrative model of industrial organization buying behavior *(Sheth, 1973)*

CHAPTER 3

METHODOLOGY AND RESEARCH DESIGN

This chapter presented a comprehensive explanation of methodology, research design, survey conduction, and questionnaire. Since this study investigated the behavior of all members in the distribution channels for Japanese Wagyu beef three sub-studies were constructed for each objective.

The first sub study was about beef market structure and exporting channel competition for Japanese Wagyu beef in Ho Chi Minh City market. This study played the exploratory role at the macro level; hence, the data were mainly collected from the direct interviews with the specialists in beef industry of the Vietnamese market. For this study, the focal methodology consisted of descriptive statistics and case study's investigation.

The second study was about the importance of brand information at the introduction phase of Japanese Wagyu beef in the Vietnamese market. This sub study investigated the impacts of various kinds of information on consumer preference for Japanese Wagyu beef at early stage. The data in this study were obtained from the consumer survey with self-administered questionnaire at the beef restaurants in HCMC. In the second sub study, the experimental approach was applied to examine the change in consumer preference due to providing more brand information to the market. Two methodologies were applied. First, the logistic regression was run to study the effects of three kinds of information on consumer preference for JPW. Next, the path analysis model was adopted to detect the influence of each kind of information on the change in consumer preference for JPW.

The last study focused on the buying behavior of the beef restaurants in the beef market of HCMC. This study used Analytical Hierarchy Process (AHP) and Analytical Network Process (ANP) to investigate the buying behavior of each partner in a restaurant. Since the main purpose of this sub study was suggesting the sale strategy for JPW at introduction stage, the in-depth interviews with chefs and purchasing managers of some beef restaurants were conducted.

3.1 Beef market structure and exporting channels for JPW in HCMC

3.1.1 Data

(1) Primary data

The primary data collection for this sub study was conducted from October 2014 to January 2015 from the direct interviews with beef suppliers, importers, and distributors in HCMC and from direct visiting at beef retailing stores (traditional butchers, modern supermarkets, and restaurants). Regarding to the direct interviews with beef specialists [1], the case studies were conducted with the directors of beef importing companies (five directors) and the directors of beef distributors (5 directors). One interview took around 2 to 3 hours. The detail profile of each company was provided in Appendix of this thesis.

(2) Secondary data

The Vietnam Customs, Ho Chi Minh City office branch, provided the secondary data. Data consisted of the quantity, and CIF price for imported beef cuts from 2010 to 2015.

[1] We used this term to indicate beef wholesalers, beef distributors, and beef exporters.

3.1.2 Methodology

From the secondary data, the general context of beef market in HCMC was outline through descriptive statistics. We calculated the total volume and total value for each year in the period from 2010 to 2015. The structure of imported beef cuts was examined by country-of-origin (e.g. Australian beef, American beef, Japanese beef…), type of beef cuts (e.g. tenderloin, strip loin, rump, etc.), and kind of beef (frozen beef cuts, and chilled beef cuts), importing alternative (beef cattle and beef cuts).

From the primary data, the structure of beef market in HCMC was outlined at the macro level. We focused on the flow of beef cuts from the importers to the end-users through multiple distribution channels. Since the data were subjective estimation with the impact of personal experience, our results could be bias to some extent. However, the findings could be the vital source for the future investigation and policy making since there was no previous study on this topic in the Vietnamese market.

3.2. Brand information and consumer preference at the introduction stage of JPW in HCMC

3.2.1. Data

The second sub study used the primary data from the consumer survey at the beef restaurants in HCMC. From the first study, the current distribution channel for JPW was indicated. Since the second sub study focused on the marketing strategies for JPW merely, we paid high attention to the particular channel of JPW.

At the introduction stage, JPW was considered as the luxury beef in the beef market of HCMC; hence, it has been usually consumed at the high-grade beef restaurants. The data of the consumer study was collected at beef restaurants from immediate level in the urban area of HCMC. Beef restaurant in the second study was defined as a restaurant from immediate level[2] with beef as the main courses on the menu.

Since this sub study emphasized on the importance of brand information at early stage of JPW in the beef market of HCMC, the respondents had to fulfill some requirements of basic knowledge about dinning out at beef restaurants and imported beef brands at food services outlets. To ensure these requirements, three screening questions were applied first to select the relevant objectives of the study as in the figure 3.1

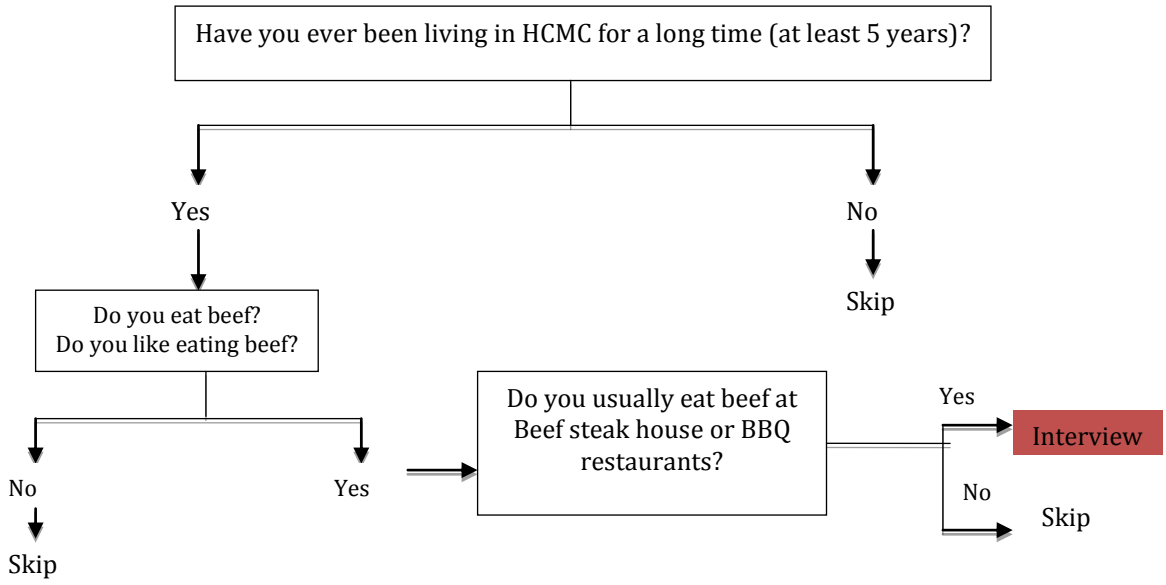


Figure 3.1 Three screening questions for respondent selection

[2] There is no official ranking system for restaurants in Vietnam. We based on the classification of Vietnam National Administrator of Tourism. The immediate level is from 3-star rank.

This study focused on the downtown places with a large number of beef restaurants; hence, we stratified the sample by district and the number of restaurants in each district as in the table 3.2 and the table 3.3.

Table 3.1 The distribution of beef restaurants by location in HCMC

District	The number of beef restaurants	Proportion
District 1	708	36.93%
District 3	166	8.66%
District 7	139	7.25%
Tan Binh	142	7.41%
Binh Thanh	140	7.30%
District 2	51	2.66%
Phu Nhuan	49	2.56%
Go Vap	47	2.45%
Total	**1,917**	100%

(Source: Foody.vn, data accessed on August 2015)

Table 3.2 The description of the collecting locations for the second sub study

District	Characteristics	The Collecting locations
1	The political and economic center of HCMC	14/32 points Beef restaurants located on the main streets with a large umber of hotels, luxury cafes, office towers, international schools, and department stores.
3	Next to the district 1. The center of HCMC with the residences of the high-income class	4/16 points Beef restaurants located on the main crowded streets.
7 and 2	The new emerging districts in HCMC with the huge foreign investment; luxury residences for very high income class, department stores, and entertain centers	Beef restaurants located near department stores and luxury residences.
Tan Binh, Phu Nhuan, Go Vap, Binh Thanh	The center of the South of HCM. The most important role in transportation and historical development.	Beef restaurants located near shopping centers.

Table 3.3 The number of respondents by district

District	The number of beef restaurants	The intentional number of respondents	The final number of respondents
District 1	14	234	249
District 3	4	60	70
District 7	4	50	30
District 2	2	20	20
District Tan Binh	3	50	35
District Binh Thanh	1	50	35
District Phu Nhuan	1	20	15
District Go Vap	1	16	26
Total	**30**	**500**	**480**

At each location, we randomly collected the data in front of the high-grade beef restaurants every day per week at lunch (from 11 am to 2pm) and dinner (from 6pm to 10pm).

3.2.2 Research design and interview process

To investigate the importance of brand information in personal adoption for Japanese Wagyu beef, the questionnaire consisted of two parts. In the first part, we investigated the impacts of information about country-of-origin and price on the consumer innovativeness at the food service outlets. This part included the general questions for beef in dinning out situation.

In the second part, we focused on the consumer preference for Japanese Wagyu beef with great consideration of brand information. Japanese Wagyu beef is one of excellent examples of Japanese food with salient features as tenderness, marbling, nice texture, and sweet flavor. "Wagyu" in Japanese means Japanese beef cattle. Alternatively, only Japan - the primary origin of Wagyu beef can provide markets with full-blood Wagyu beef. However, other beef exporting countries as America and Australia also produce Wagyu beef under the same brand name "Wagyu" and utilize the benefit from original features of Japanese Wagyu beef. The situation of Japanese Wagyu beef becomes more complicated with the population of Kobe beef globally. Basically, in case of cattle sire, Kobe beef and Japanese Wagyu beef have the same ancestor- Japanese Black cattle. The geographical difference in feeding location (Kobe versus Japan) establishes the plausible distinction in the brand equity.

The brand name "Japanese Wagyu beef" is officially appeared in the Vietnamese market after importing approval from April 1st 2014 of the Vietnamese government. However, up to the present, Kobe beef has been the most famous beef brand from Japan in Vietnam. The pilot study on consumer behavior in May 2015 indicated the amazing result of Kobe beef knowledge at the individual level. Approximately 90% (in the total of 630 respondents) reported that they knew Kobe beef and around 30% have eating experience of this beef. The problem of Kobe beef becomes increasingly serious due to three reasons. The first is the opportunistic behavior of the local importers and distributors when they provide customers with counterfeit Kobe beef at the price of Kobe beef. Secondly, due to the outstanding features of Kobe beef, word-of-mouth widespread its characteristics so efficiently that most of the Vietnamese consumers perceive authentic Japanese beef is merely Kobe beef[3]. The last comes from the warning message of the Vietnamese government about the counterfeit Kobe beef in the market due to the cheating behavior of the local suppliers. As results, beef from Japan was prohibited from importing into the Vietnamese market until 1st April 2014.

[3] In particular, when asking respondents about Japanese beef, they persist it must be Kobe beef.

Based on the actual situation, three kinds of information about Japanese Wagyu beef were used in the study. Information 1, which explained that Wagyu is original Japanese beef, acts as a brand clarification or non-comparative information. Information 2, by indicating the major difference between Japanese Wagy beef and Australian Wagyu beef, is called brand differentiation or differentiated comparative information. The last information, affirmed that Kobe beef is one kind of Japanese Wagyu beef is brand similarity or similar comparative information.

Table 3.4 Three kinds of information applied in the second sub study

(1)	Content	"**Wagyu** beef **("WA" means Japan and "GYU" means cow)** is original **Japanese** beef *(Source: Ministry of Agricultural, Fishery and Forestry, Japan)*
	Focus	Brand distinction
	Core value	Authentic Wagyu beef made in Japan
	Type of Ads	Non-comparative ads
(2)	Content	Due to the salient features of Japanese Wagyu beef, in the mid 1990's Australia ***first imported*** full-blooded Wagyu bulls ***from Japan*** and Black Angus cow from the United States to begin ***their Wagyu crossbreeding program***. Hence, ***only Japan*** can provide markets with ***Wagyu beef of full-blooded Wagyu.*** *(Source: Australian Wagyu Association)*
	Focus	Brand differentiation
	Core value	Full-blood Wagyu beef only from Japan
	Type of Ads	Comparative ads: country-of-origin
(3)	Content	**Kobe** beef is one kind ***of Wagyu*** beef from cattle raised in Hyogo Prefecture, Japan. *(Source: Ministry of Agricultural, Fishery and Forestry, Japan)*
	Focus	Brand similarity
	Core value	Kobe beef is the beef from Japanese Wagyu beef cattle family
	Type of ads	Comparative ads: kind of beef, Kobe versus Wagyu

To understand the influences of brand information on the consumer decision-making at the introduction phase, this tried to simulate the purchasing situation as actual as possible. After three screening questions (Figure 3.1), a respondent was taken to the table in a beef restaurant (in some case, a cafeteria nearby) and interviewed directly. To reduce the bias of field experiment and hypothetical method, the interviewer briefly explained the purpose of the survey and strictly followed the designate questionnaire in information providing as well as time constraint for each task in the experiment.

The behavior of each respondent was observed through two phases. First, a full menu with five beef alternatives was introduced to consumers. At brand level, only brand name and price were provided to prevent respondents from information overloading problem. The price in this study was the average retailing price in beef restaurants for each 100-gram tenderloin portion. For

Japanese Wagyu beef, three price levels were used in the sample including 500,000 VND; 650,000 VND; and 800,000 VND while keep the price of other beef items at the constant levels.

First, the customer was asked to rank each alternative basing on their preference by using 5-point Likert scale (1= extremely not prefer; 5= Very prefer). The first task took 15 minutes. After that, three pieces of information were randomly provided to a respondent by interviewers. No more explanation rather than the original information from the questionnaire was informed. After 15 minutes, the research question was repeated and consumers also had 15 minutes to fulfill.

To understand the impact of three kinds of information in relation to other determinants, total sample were divided into three groups randomly by applied information. In each group of information, three levels of price of Japanese Wagyu beef were studied randomly. In summary, by the combination of three levels of price and three pieces of information, 9 codes of questionnaire were applied in the sample randomly.

For each type of information, the level of self-reported knowledge was considered by asking the respondents' knowledge of the information. Due to the absence of the information about Japanese Wagyu beef in the market as a result of the new introduction, the Yes/No question was constructed instead of the self-evaluated questions or the objective knowledge questions.

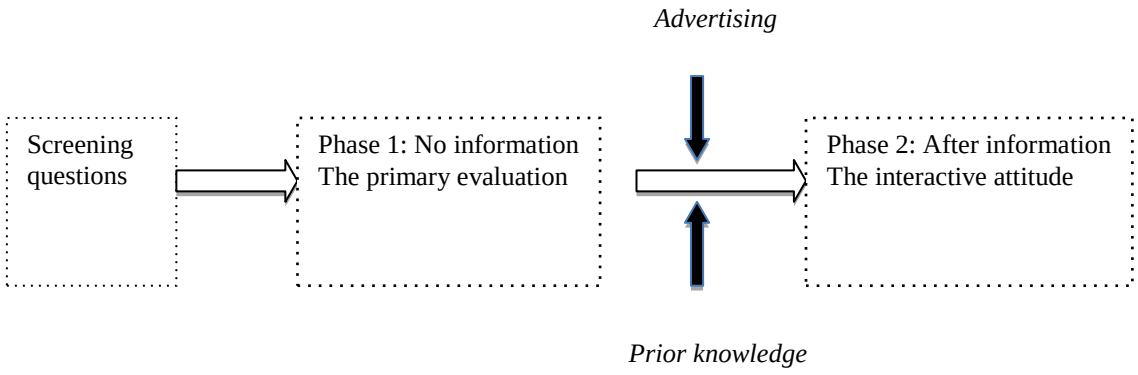


Figure 3.2 The summary of methodology in the second sub study

3.2.3 Methodology

(1) The impacts of need for country-of-origin and price concern on consumer innovativeness for beef at food service outlets in HCMC

To investigate the influences of the need for country-of-origin information and price concern on the consumer innovativeness toward beef at the restaurants, a SEM was constructed to test the hypotheses. Since information demand is a derived demand (Kihlstrom, 1974), this study hypothesized that increasing the information availability could enhance the personal adoption for a new beef brand. Especially in the purchasing situation as dinning out at restaurants, consumers

(2) The importance of brand information at the introduction stage of JPW

To examine the importance of brand information at the introduction phase of JPW, the consumer utility function was constructed with main predictors including subjective knowledge about JPW

and eating experience of JPW. The importance of brand information was expressed through the impacts of prior brand knowledge and eating experience on consumer preferences for JPW.

The subjective knowledge about JPW was measured for three kinds of information shown in the table 3.4 by the Yes/No question. We applied the ordered logit model to study the impacts of brand information on the consumer preference for JPW at the introduction. To deal with the problem of endogeneity between subjective knowledge and usage experience of JPW, the data were recorded by combining respondents with knowledge and experience in one group named "Innovators" and respondents with prior knowledge and no eating experience in a group called "Potential adoption".

(3) The impact of brand information on personal adoption for JPW

There were two studies to investigate the impact of brand information on individual adoption toward JPW. The first study used the multiple regressions with no intercept. The underlying hypothesis was that no further provided information about JPW, no change in the consumer preference could be observed. The second study was a focus on consumer behavior for the high-grade beef brands through a path analysis.

3.3 The buying behavior of the beef restaurants in HCMC

3.3.1 Data

The study on the buying behavior of the beef restaurants in HCMC was conducted at three high-grade beef restaurants in the big food chains in HCMC. The data were collected by the in-depth direct interviews with chefs/purchasing managers of five beef restaurant from 19th September 2016 to 7th October 2016. Since this study specialized into the internal conflict in beef purchasing between chefs and purchasing managers, we used the Analytical Network Process (ANP), and Analytical Hierarchy Process (AHP) to investigate the behavior of each partner when making beef vendor selection for their restaurant. The interview took from 2.5 to 4 hours. The questionnaire was divided into three parts: the general selection, the individual selection, and the internal conflict consideration.

Table 3.5 The characteristics of the restaurants in the third sub study

Number	Restaurant	Company/ Corporation	Focal beef	Interview
1	Kobe BBQ	Clover Trading	Kobe beef	Master chef; Purchasing manager
2	Duc Bao	Van Thinh Phat	Australian beef	
3	Amigo		Australian beef; Australian Wagyu beef	Master chef; Purchasing manager
4	Boomarang Bistro Saigon	Boomarang Ltd.,Co	Australian beef	Master chef
5	Ichiba Sushi Vietnam	-	Japanese Wagyu beef	Manager

3.3.2 Methodology

We asked each respondent to rank the pairwise comparison using the scale from 1 to 9. The matrix of selection was calculated for each partner in a restaurant. The weight of each item in the beef buying decision was indicated at individual level (for a master chef/a purchasing manager) and at aggregate level (for all master chefs/all purchasing managers).

Regarding to beef supplier selection, a set of five beef brands was introduced: Australian beef, American beef, Australian Wagyu beef, Japanese Wagyu beef, and Kobe beef.

When making beef supplier selection, each partner follows his/her own strategy respect to the optimal utility. For master chef, the main considerations included menu adaption, customer reflection, retail price on menu, and benefit from suppliers (discount rate on each order). For purchasing manager, the primary considers were buying price, rate of return of new beef item, total profit margin, and benefit from suppliers.

CHAPTER 4

BEEF MARKET STRUCTURE AND COMPETITIVE EXPORTING CHANNELS FOR JAPANESE WAGYU BEEF IN VIETNAM

Introduction

With a huge population of around 90 millions of people, a continuous increase in GDP per capita and a significant improvement in living standard, Vietnam has become a promising host country of many exporters, especially in the food industry. From the aggregate data of OECD (2016), it is rational to conclude that the importance of beef in the intake of Vietnamese has increased considerably in 5 years recently. After reaching the same level as the World in 2012, the beef consumption of Vietnamese has been an upward trend and accounted for 9.6 KG/capita in 2015 (compared with the World at 6.6 KG/capita).

Despite the majority of beef, there is an absence of research on the beef market structure of Vietnam. Most of the previous studies paid high attention to the beef cattle production or dairy farming operation. Research on beef market, especially the distribution system and the flow of imported beef is spare from the extant literature. Hence, the primary purpose of this chapter is to provide a comprehensive understanding of the beef market structure in Vietnam. We focused on the situation of the beef market in HCMC since this city is the most dynamic market for imported beef in Vietnam.

Investigation of the beef market in Vietnam has a major role to play for the JPW exporters because of three reasons. First, it triggers the general context of the beef market in Vietnam. From this background, JPW exporters can understand the main structure of the beef market, the flows of the products, the competitors, and the competitive intensity of each market segments. Second, the findings from the study on the beef market will be the vital source for the exporting firms in identifying and selecting the relevant commercial partners in the Vietnamese market. Using the local importer distribution system or establishing the private distribution system in the destination market is a tough question of any exporter. Last, understanding the macro beef market structure is the starting point of effective positioning strategies at the introduction stage for JPW. We assumed that JPW exporters decided to enter in the HCMC market; hence, we did not examine the question whether or not to enter in HCMC. The principal consideration of the study is about the relevant marketing strategy at the introduction stage of JPW at the HCMC market.

Literature review

4.1 Overview of economic and social conditions in Ho Chi Minh City

4.1.1 Geographic condition

Ho Chi Minh City, located in Southeast of Vietnam, is a major area connecting Mekong River Delta to Central Highland and others in Vietnam. With 50 km far from East Sea, on the conjunction of marine routes from North to South and from East to West, Ho Chi Minh City is central of Southeast Asia. This city is not only a transport conjunction connecting provinces in Southern Key Economic Zone but also the international gateway. Ho Chi Minh City has a system of seaports and airports with the largest capacity in Vietnam such as Saigon port with the operational capability of 10 million tons per year and the Tan Son Nhat airport with a dozen of

international routes. Having a lot of geographic advantages, Ho Chi Minh City is known as "the Pearl of Far East," the convergence of many ethics and cultures.

4.1.2 Residential characteristics

(1) High proportion of working population

According to Ho Chi Minh statistical office, Ho Chi Minh City is the most crowded city in Vietnam with the population of 8.0477 million in 2014. The result of the census in 2009 indicated the advantage in the labor force since the rate of working-age groups including 15~29, 30~44 and 45~59 are 31.51%, 26.10%, and 13.09% respectively.

(2) Most of the population lives in the urban area

As shown in data of Ho Chi Minh statistical office, the rate of city-dwellers in the total population is around 80%. This figure in 2009 is 83.6% and 81.88% for 2014.

(3) Average life expectancy is getting higher

Due to rapid change of living standard and social health-care system, people in Ho Chi Minh City tend to be longevity with the average life expectancy in the urban area at around 75 years old.

4.1.3 Ho Chi Minh City–an economic hub of the nation

Ho Chi Minh City is the most dynamic economic area in Vietnam with the highest rank in the growth rate of economic. There is a significant increase in Gross Domestic Products (GDP) of Ho Chi Minh City during the period from 2009 to 2014. In 2014, GDP calculated at the current price of this city was 852,523 billion VND, two times higher than 2009. The growth rate of GDP from 2009 to 2014 maintains at about 9%. Ho Chi Minh City contributes approximately 30% to national GDP as the key economic zone in the South of Vietnam. Besides, Ho Chi Minh City enjoys the highest GDP per capita in Vietnam. According to statistic, GDP per capital of this city in 2014 is 5,100 USD and the ambition for the next five-year period is 8,000 USD.

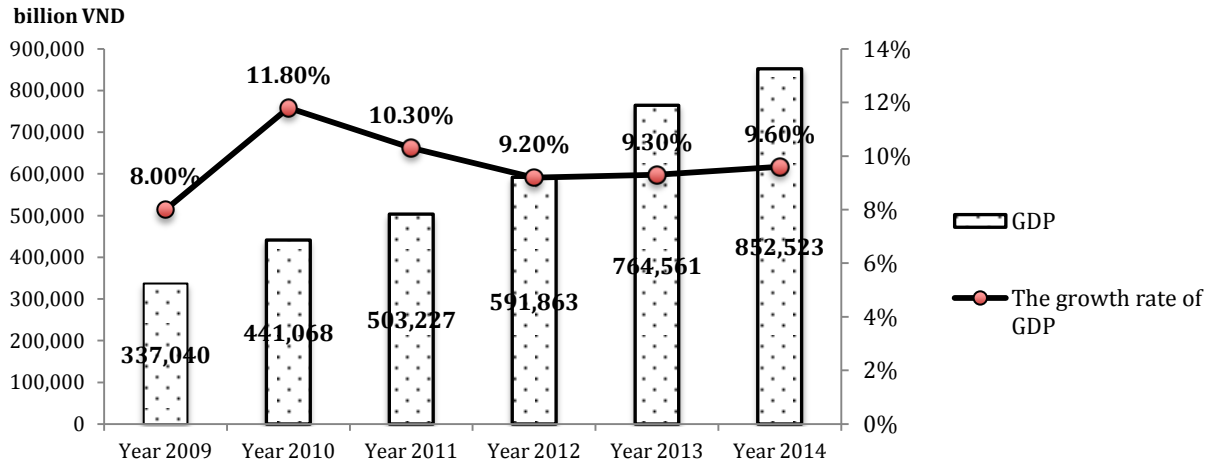


Figure 4.1 GDP caculated at current price and the growth rate of GDP of Ho Chi Minh City 2009-2014

Table 4.1 GDP per capita of Ho Chi Minh City from 2010 to 2016

Unit of measure: USD

Criteria	2010	2011	2012	2013	2014	2015
GDP per capita	2,800	3,000	3,600	4,513	5,100	5,538

(Source: General Statistical Office of Vietnam)

Regardings to trade and services, the retail sales of goods and services in Ho Chi Minh City in the period from 2009 to 2013 accounted for about 23%~25% of the total value of Vietnam while the data for Hanoi city was around 11.19%, Da nang city and Can tho city was 1.87% and 1.97% respectively.

Figure 4.2 The proportion of revenue from retailing goods and services in some metropolitans from 2009 to 2013

Furthermore, Ho Chi Minh City is an attractive economic area with the largest amount of money from foreign investors. The number of FDI (Foreign Direct Investment) approved projects in Ho Chi Minh City accumulated until 2013 is 491 projects with value up to 1,983.1 million USD, accounted for 8.67% of a total in Vietnam.

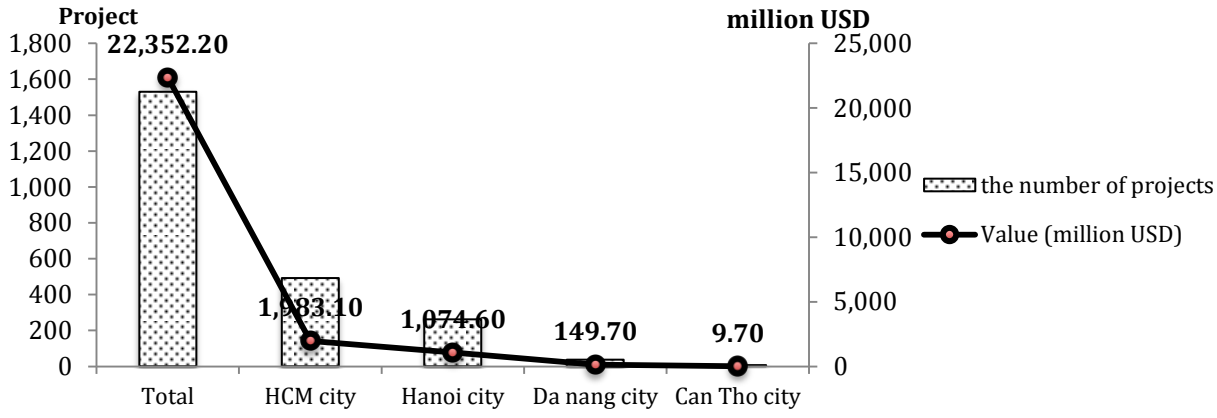


Figure 4.3 The number and value of approved FDI projects accumulated until 31/12/2013 in major cities.

4.1.4 Ho Chi Minh City- the center of tourism and culture in Vietnam

Due to geographic advantages, a temperate climate with two seasons and history in 300 years, Ho Chi Minh City has become a center of tourism and culture of Vietnam. From 1990 up to the present, tourism revenue of Ho Chi Minh city has accounted for about 28% to 30% of the total value in Vietnam. As a result of opening policies, the number of foreign tourists in Ho Chi Minh

has gone up dramatically. Setting out to 180,000 people in 1990, this figure in 2013 reached 4,109,000 people, occupied 55% of the total number of international tourists in Vietnam. Also, the tourism revenue including transportation, hotels, and restaurants in 2013 is 83.191 billion VND, took 44% of total tourism revenue in Vietnam

4.1.5 The pros and cons for beef business in Ho Chi Minh City

4.1.5.1 Advantages

(1) Take benefits of favorable natural conditions for supply and logistic management

(2) Take benefit of the macro-economic environment. According to Vietnam Chamber of Commerce and Industry, Ho Chi Minh City is one of the highest Province Competitive Index cities in Vietnam.

(3) With the biggest population, Ho Chi Minh City has an enormous potential retail market for beef. It could be seen from an increasing demand for modern supermarkets and shopping malls, both in the central areas and in the suburban areas.

Modern consumers visit shopping centers not only for shopping but also for entertainment and enjoyment.

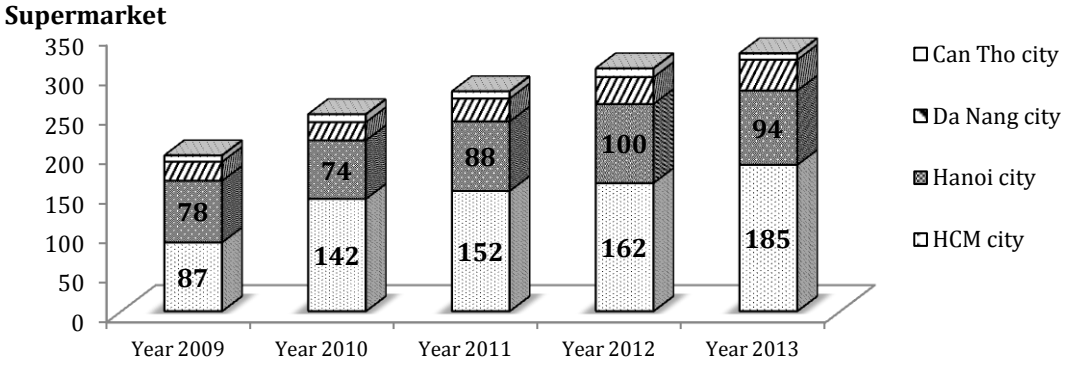


Figure 4.4 The number of supermarkets in some big cities from 2009 to 2013

(4) As a result of the increase in living standard and education, consumers pay high attention to quality and safety of foodstuff. They tend to focus on the healthy lifestyle to remain and expand the life expectancy.

(5) There is a big opportunity for the high-quality product because Ho Chi Minh City becomes the most attractive destination for international business and tourists in Vietnam. Along with an increase in the number of travelers, daily expenditure of each visitor gradually goes up in the same period.

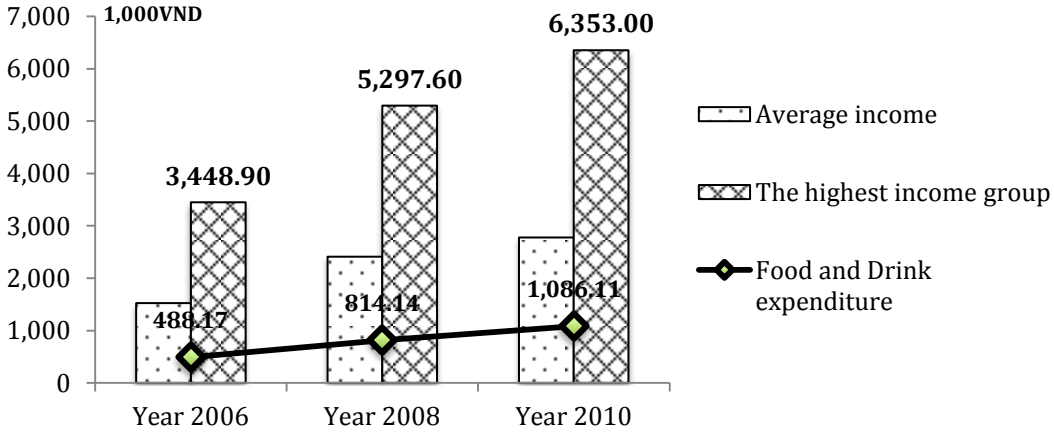


Figure 4.5 Food expenditure per month in Ho Chi Minh City from 2006 to 2010

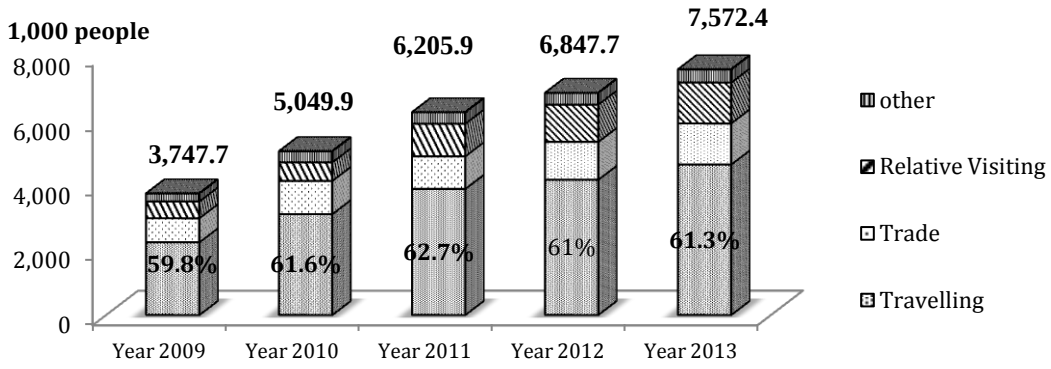


Figure 4.6 The number of foreign visistors by purposes in Vietnam from 2009-2013

4.1.5.2 Disadvantages

(1) Lack of the strict authority regulations, the quality management, the origin transparency, and the sanitary conditions of beef, especially in the traditional retail markets. Consumers mainly evaluate the beef quality and identify country-of-origin based on the sensory characteristics and their belief into the reputation of beef suppliers.

(2) Lack of consumer law since there are no authorized mechanisms to support users to struggle with risk in beef purchasing at retail markets as price fluctuation, beef disease, unassured quality beef, and counterfeit beef.

(3) Information about the country-of-origin, the quality of the imported products, and the distribution of imported beef cuts is not transparent and uncertificated. Since product benefits are not commensurate with price, consumers tend to reduce their belief in not only beef products on the market but also the Government operation in the beef market.

4.2 Beef market structure in Ho Chi Minh City

4.2.1 The demand side

4.2.1.1The considerable change in demand due to the socioeconomic variables

The upward trend in GDP per capita of HCMC in 5 years recently can be seen as a driving force of demand shift. As the result of income substitution effect, there is a gradual increase in beef consumption, from 2.21 KG/capita in 2004 to 3.46 KG/capita in 2012 (Hoang, 2013).

Moreover, the improvement of living standard and the education system lead to the enhancement of consumers' perception of food quality and safety. To minimize risk in purchasing animal products due to the lack of authorities' regulation, consumers tend to pay closer attention to product origin, quality certificate, and seller's reputation. The widespread of food scandals and cheating behavior of salespersons in traditional markets causes the change in choosing beef suppliers and purchasing places. Urban consumers seem to prefer modern retail stores (e.g., supermarkets and food chain stores) to the butcher shops in wet markets and of course, seem to choose imported beef with quality certification in the former. This tendency also can be observed in other new open markets such as Malaysia or Thailand in ASEAN (Agriculture and Agri-food Canada, 2010).

The increase of supermarkets and other modern retail stores alternatively stems from the improvement in market structures and urbanization. In 5 years, the number of supermarkets in HCMC is doubled (from 87 in 2009 to 185 in 2013) and always ranks the first position in Vietnam. This trend creates the modern purchasing pattern in which city dwellers enjoy shopping time rather than goods purchasing. The new consuming habit offers a lot of opportunities for food services sector such as restaurants, fast-food chains, cafeteria, and ready-to-eat meals.

One of the most important features of beef demand in HCMC market is the integration of culinary culture in purchasing behavior. The influence of Western lifestyle can be seen as the growing number of steakhouses in HCMC and the change in beef characteristics such as tenderness, aroma, and redness. However, in 5 years up to the present, the invasion of Korean and Japanese culture in HCMC is one of the main reasons for the significant increase of grill restaurants (BBQ) and Japanese style restaurants. The strongest impact of culture on purchasing habit can be observed in the younger with upper income and high education.

Briefly, the main shifters of beef demand are economic improvement and culture integration, especially culinary culture. Modern consumers become sensitive with beef quality and safety and prefer shopping places that are more reliable as a method of risk reduction.

4.2.1.2 The latent need for high-grade beef brands at food services outlets

Regarding the purchasing pattern of consumers in HCMC, this part aimed at discovering the main consumption tendency when eating beef in food service outlets. The outlined hypothesis was that urban consumers considered accepting high-grade beef instead of regular beef when dining out. An exploratory factor analysis using a principal axis factoring extraction method and Promax rotation was conducted to investigate this hypothesis.

The data for this part obtained from the research question of the first phase in the second sub-study. We used consumer preference for Australian beef, American beef, Australian Wagyu beef, and Kobe beef to examine the latent tendency in beef purchasing pattern of customers in HCMC.

Table 4.2 Correlation matrix of beef item preference

	American Beef	Australian Wagyu Beef	Kobe Beef
Australian Beef	0.577***	0.233***	0.070
American Beef		0.383***	0.182***
Australian Wagyu Beef			0.410***

**** Correlation is significant at the 0.01 level (2-tailed).*

The Kaiser-Meyer-Olkin measure of sampling homogeneity was about 0.6, indicating that the data could be relevant to factor analysis. In addition, the significance of Bartlett's test of sphericity (p-*value* $< .01$) pointed out that the correlation between the variables was sufficient to apply factor analysis. Applying the Kaiser-Guttman retention criterion of eigenvalues greater than 1.0, a two-factor solution was derived. These two factors accounted for 51.8% of the total variance. Table 4.3 presented the pattern matrix with a promax rotation.

Table 4.3 Pattern matrix and factor correlation for principal axis solution

Category	Factor 1	Factor 2
Australian Beef	**0.771**	−0.112
American Beef	**0.772**	0.088
Australian Wagyu Beef	0.108	**0.665**
Kobe Beef	−0.120	**0.643**

As a commonly used rule, factor interpretation is made based on variables with factor loadings greater than 0.4 (Ford, MacCallum, & Tait 1986). Thus, the model with two factors may be seen as the most reasonable solution. Factor 1 named "normal beef preference" (eigenvalue = 1.955), accounted for 37.8% of the variance, and consisted of 2 items (Australian beef and American beef). Factor 2, "high-grade beef preference" (eigenvalue = 1.092) accounted for 13.99% of the variance and included 2 items (Australian Wagyu beef and Kobe beef).

The results from the factor analysis seemed to be consistent with the conclusion of a transforming tendency in beef demand in new emerging markets, where the urban consumers with considerable

increases in income afford a promising market for imported beef with high quality and food safety (Hubacek et al., 2007; Gale & Huang, 2007; Gandhi & Zhou, 2014). The two factors in this model could be seen as a two-route attitude when eating beef in restaurants, namely "normal beef preference" or utilitarian need, and "high-grade beef preference" or expressive need (Maclnnis & Jaworski, 1989). The moderate correlation between the two factors (Pearson coefficient =0.454) could be a result of the integration of culinary culture in purchasing behavior of Asian consumers (Pingali, 2007).

4.2.2 The supply side

Despite the aggressive effort of the Vietnamese government in enhancing the capacity of the livestock industry, beef production is a particular challenge for the Vietnamese farmers, especially in the context of global market liberalization and integration. About 90% of the number of cattle comes from the household farms while the data for commercial producers is only 10%. The lack of resources, including land, capital, labor force, and management, prevents small producers from profitable beef operation (Huyen et al., 2011). Burns et al. (2002) illustrated the beef genetic and breeding strategies as the key points in livestock improvement. Additionally, upgrading the farmer's ability in raising beef cattle, operating production cost and market accessibility will bring small producers closer to the commercial orientation. However, it takes lots of time and effort to fulfill the fragmentation in producing areas and farmers' perception. As the results of these absences, the beef cattle population of domestic producers decreases significantly while the visible and latent demand dramatically soar up. The number of beef cattle in HCMC dropped from 32,124 heads in 2009 to around 24,000 heads in 2010 and remained at this level up to the present. The shortage of domestic supply provides gold opportunities to foreign players to penetrate HCMC market.

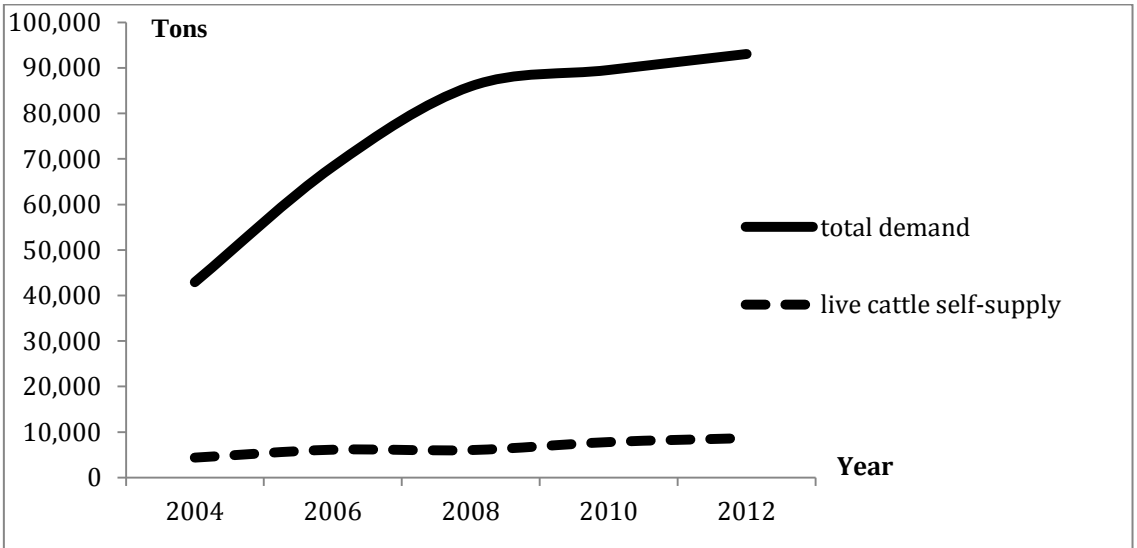


Figure 4.7 Beef demand and supply in HCMC (*Source: Hoang, 2013)*

4.2.2.1 Products

(1) By imported alternative

The beef suppliers in Ho Chi Minh City provides consumers with various kinds of beef products. Regarding to country-of-origin, there are two kinds of beef: the **local beef** and the **imported beef**.

The local beef, also called Vietnamese beef, is supplied by producers in the suburban areas of Ho Chi Minh City and provinces in the Southeast zone as Dong Nai province, Long An province, and Binh Phuoc province. It is fresh beef cut being provided directly from the local slaughters. However, due to policy focusing on the expanding herd of dairy cows, there is a significant decrease in the Vietnamese beef supply.

The imported beef accounts for 70% of the beef market, varies by the importing method. Beef is imported into HCMC in two types: beef cuts/ carcass and the whole beef cattle. In term of importing the beef cuts, there are two kinds of product including chilled beef cuts (fresh beef) and frozen beef cuts.

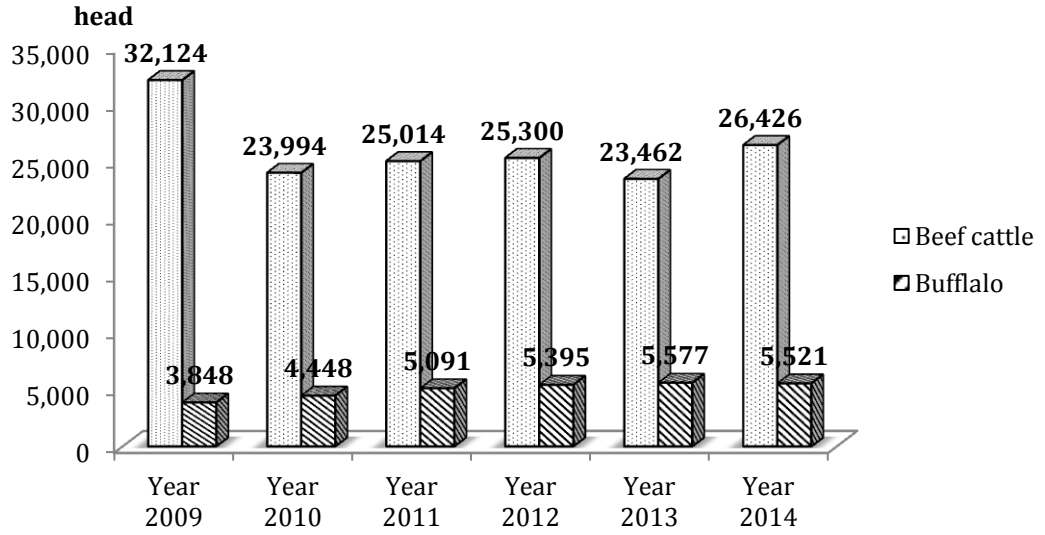


Figure 4.8 The number of beef cattle and buffalos in Ho Chi Minh City 2009-2014

The chilled beef is transported by airplane with the small quantity while heavy containers carry the frozen beef with huge volumes. Depending on the preference of importers, the frozen beef can be slaughtered beef cuts or beef carcass.

In the case of the whole beef cattle, the main exporting markets as Thailand, Laos, and Australia have supplied the beef cattle. Live cows from Thailand and Laos are imported by transporting across the border gates (Xa Mat or Lao Bao border gate) while Australian beef cattle are transported to Ho Chi Minh City by boards during nine days. The Australian beef cattle are fed in specific farms for two weeks before slaughter. This kind of beef is fresh. Due to the high requirements of infrastructure from the Australian suppliers, there are few companies having sufficient financial resources to import the whole beef cattle to the Vietnamese market.

Due to the eating habit of the Vietnamese, trimmings and organs of beef cattle are imported into HCMC besides the beef cuts. Importers of the chilled beef cuts and frozen beef specialize in some beef cuts in high demand as tenderloin, cube roll (rib eye), strip loin (sirloin), rump and knuckle to reduce importing risks and ensure the quality of imported beef.

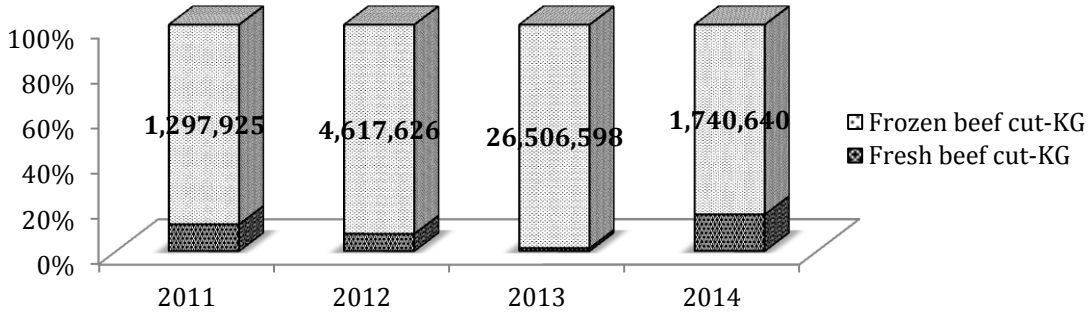


Figure 4.9 The volume of imported beef cuts in Ho Chi Minh City 2011-2014

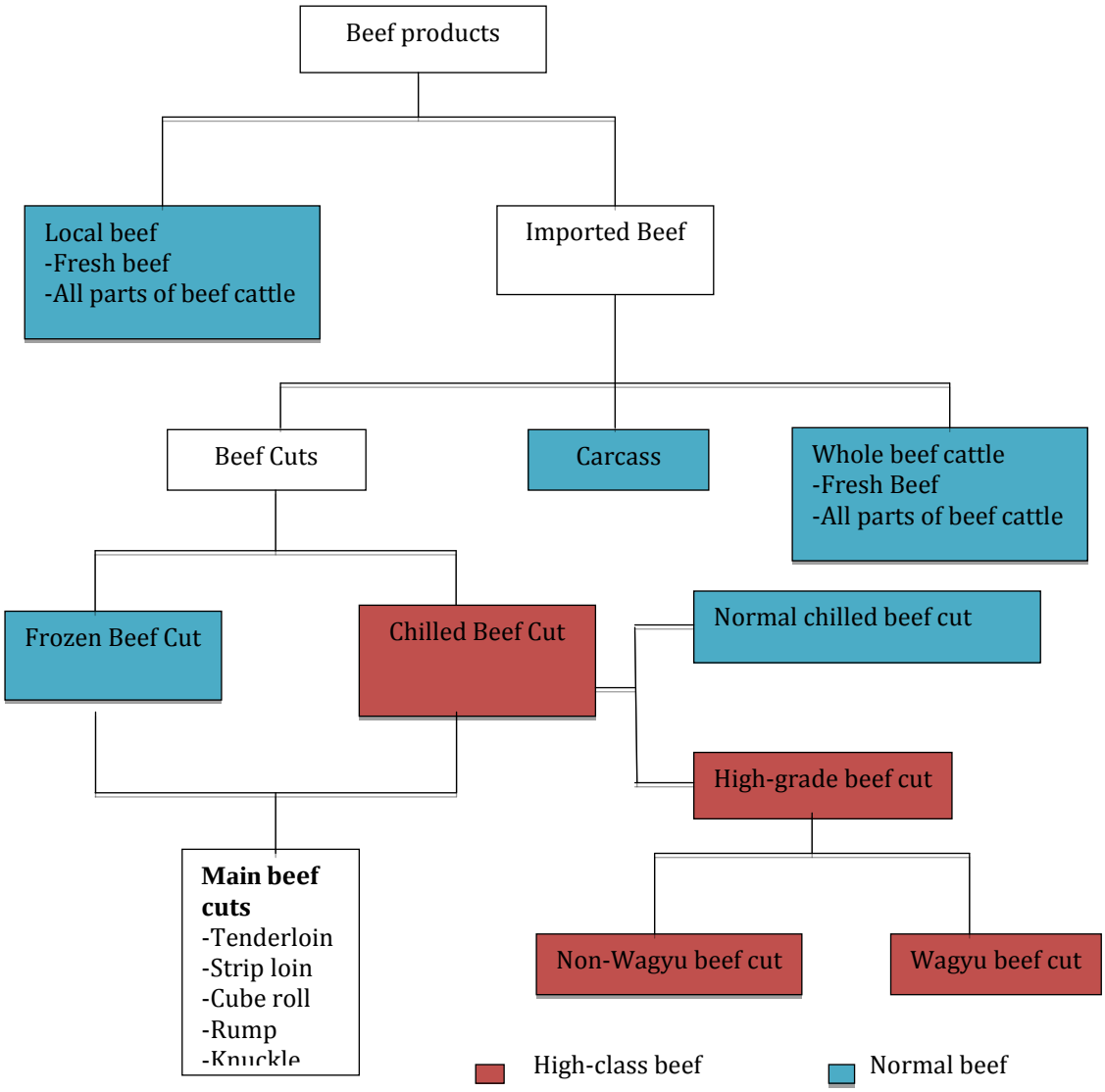


Figure 4.10 Beef product classification in the beef market of Ho Chi Minh City

Table 4.4 Structure of Australian fresh beef cuts by volume from 2011 to 2014

Unit of measure: KG

Years / Beef cuts	2011		2012		2013		2014	
	Volume	**Proportion**	**Volume**	**Proportion**	**Volume**	**Proportion**	**Volume**	**Proportion**
Tenderloin	35,817.36	23.57%	49,155.75	26.91%	50,273.33	23.63%	57,411.44	20.69%
Strip loin	27,090.82	17.83%	34,283.54	18.77%	39,337.78	18.49%	42,443.70	15.30%
Cube roll	33,557.50	22.09%	39,854.03	21.82%	51,476.47	24.19%	70,576.69	25.44%
Rump	10,063.80	6.62%	20,405.22	11.17%	16,317.13	7.67%	24,426.84	8.80%
Others	45,409.49	29.89%	38,956.62	21.33%	55,379.60	26.03%	82,618.90	29.77%
Total	**151,938.97**	100%	**182,655.16**	100%	**212,784.31**	100%	**277,477.57**	100%

Table 4.5 Structure of Australian fresh beef cuts by value from 2011 to 2014

Unit of measure: USD

Years / Beef cuts	2011		2012		2013		2014	
	Value	**Proportion**	**Value**	**Proportion**	**Value**	**Proportion**	**Value**	**Proportion**
Tenderloin	819,492.20	41.39%	952,992.12	40.81%	948,103.11	38.72%	1,165,796.45	34.33%
Strip loin	600,586.02	30.33%	498,805.27	21.36%	411,383.63	16.80%	474,147.62	13.96%
Cube roll	362,581.99	18.31%	531,657.88	22.77%	626,010.45	25.56%	883,831.46	26.03%
Rump	182,394.56	9.21%	134,983.81	5.78%	103,088.66	4.21%	172,018.18	5.07%
Others	14,945.22	0.75%	216,743.01	9.28%	----------	--------	699,986.48	20.61%
Total	**1,980,000.00**	100%	**2,335,182.08**	100%	**2,448,855.94**	100%	**3,395,780.19**	100%

(Source: Author's calculation from the secondary data of Vietnam Customs)

(2) By quality

In term of beef quality, beef in the market of Ho Chi Minh City can be classified into two clusters: regular beef and luxury beef. The normal beef is used for daily consumption with a reasonable price. This kind of beef cuts can be sold in many retail basements, from beef stalls in the wet markets to the modern shopping malls, with various choices relevant to the eating preference of the Vietnamese consumers.

The luxury beef or premium beef with extremely high price, approximately six or seven times higher than the normal one is Wagyu beef. Wagyu beef is imported as fresh beef cuts by the airplanes. Most of the Wagyu beef cuts are Tenderloin, Cube roll, and Strip loin since they are usually used for premium steak houses or high-grade grill restaurants.

In Ho Chi Minh City market, Wagyu beef is classified by its characteristics including marbling content, color, flavor, and country-of-origin. The most frequency beef cut is 5~6 marbling score (in the Australian ranking system) or A3~A4 (in the Japanese classification system) because of the reasonable price and suitable taste for the Vietnamese consumers.

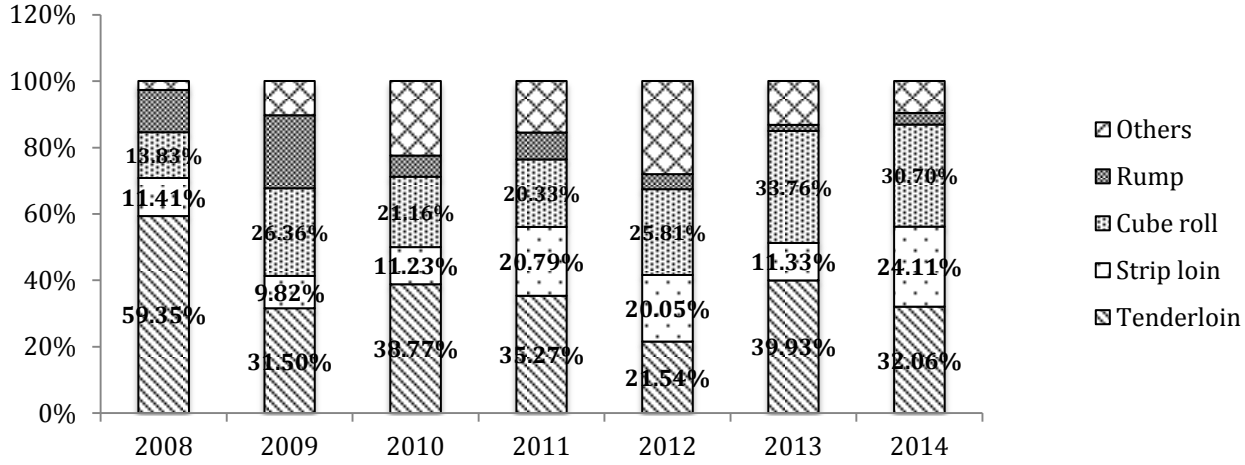


Figure 4.11 The structure of Australian Wagyu beef cuts by volume from 2008 to 2014

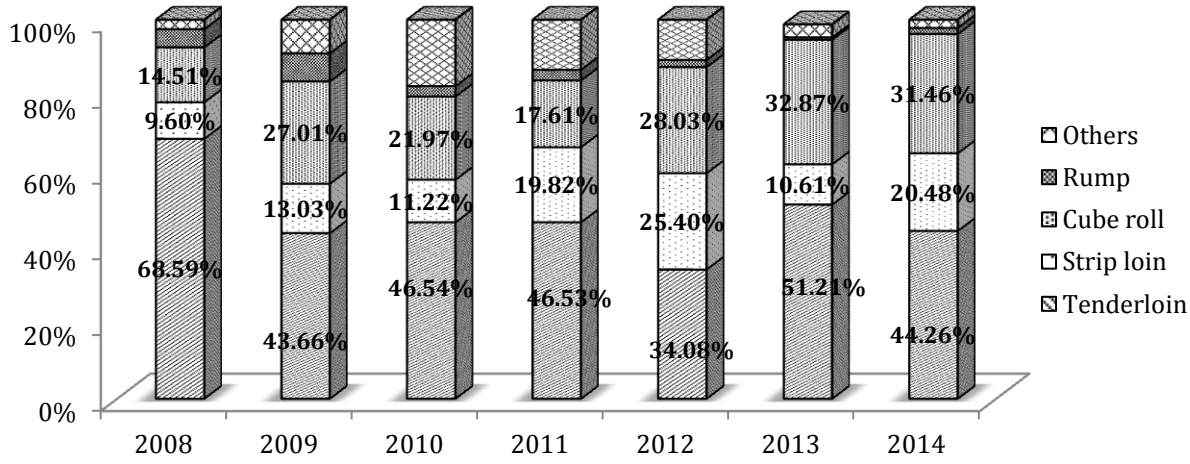


Figure 4.12 Structure of Australian Wagyu beef cuts by value from 2008 to 2014

(3) By country-of-origin of the imported beef

Most of the imported beef in the beef market of Ho Chi Minh City comes from Australia. Following Australia, New Zealand and America are the second fresh beef exporters in value into Ho Chi Minh City. The big difference between Australia and other exporters is about the kinds of imported products. While New Zealand or America supplies box-beef with specific beef cuts, Australia provides consumers with two types of products including beef cuts (frozen and chilled

beef) and fresh beef from directly imported whole beef cattle. Other exporting countries with the less amount including Canada and Brazil, Argentina and Japan.

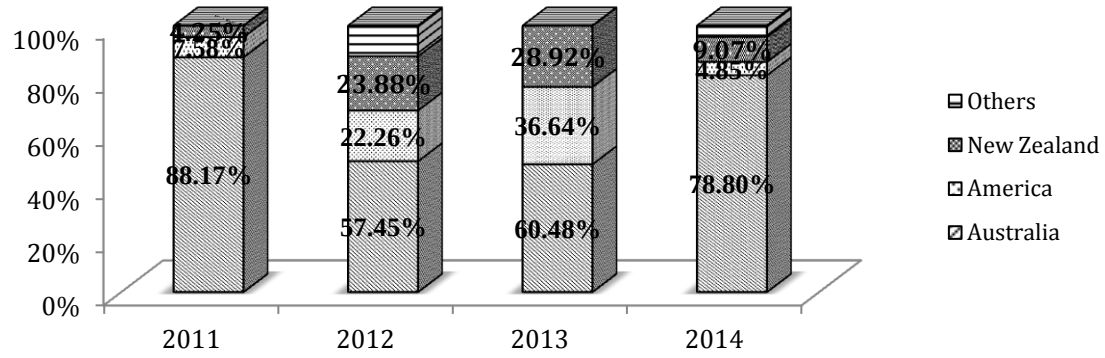


Figure 4.13 Structure of fresh beef cuts in value by country in Ho Chi Minh City 2011-2014

In term of beef cattle imported directly into Vietnam, from 2011 to the past, Thailand, Laos, and Cambodia were the leading suppliers. However, since 2012, after Australian beef cattle officially were imported in the Vietnamese market, due to its competitive price and quality, Australia enjoys the first rank in the market for imported whole beef cattle.

Wagyu beef in Ho Chi Minh market, as shown in the data of Vietnam Customs, mainly supplied by the Australian exporters. In 2008, Classical Fine Food Company imported Wagyu beef from Australia under the Customs declared name Kobe beef. From June 2014, besides Australia, with an increase in the number of Japanese beef, Japan has become a beef exporting country to Vietnam market.

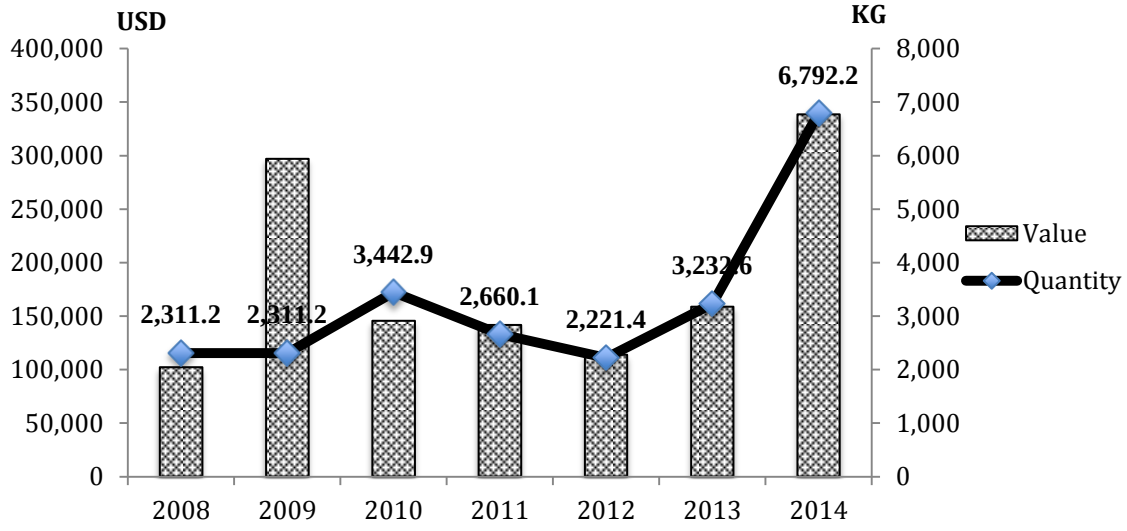


Figure 4.14 Wagyu beef in Ho Chi Minh City Market in 2009-2014

Table 4.6 Japanese beef (included Wagyu) in HCMC market from 06.2014 to 06.2015

Importer	Volume (KG)	Value (USD)
Chef Meat Vietnam		
	2,723.90	138,983.06
Clover Trading co., LTD		
	430.00	24,644.75
HANASHO Vietnam		
	281.30	21,992.00
Nippon ham Vietnam		
	101.10	7,248.80
Total	**3,542.30**	**192,868.61**

(Source: Vietnam Customs and the author's survey)

(4) Buffalo meat- one of the substitue products

Besides beef, Vietnamese also use meat from buffalos as a daily foodstuff. By importing method, buffalo meat in Ho Chi Minh market can be classified into frozen buffalo meat and fresh buffalo meat from imported whole cattle. Fresh buffalo meat comes from live buffalos imported directly from Laos, Cambodia, and Thailand because the primary purpose of the herd of local buffalos is agricultural producing and transporting. India mostly provides frozen buffalo meat. This kind of meat is imported with large volume at the low price (average price at border gate is 2.8 USD to 3.5 USD per kg). In practice, for instance, in spontaneous markets and restaurants, it is very difficult for consumers to classify beef and buffalo meat because they look like after some additives. Therefore, some salespersons get profit by deceiving consumers.

Table 4.7 Frozen buffalo meat imported from India 2011 to 2014

Criteria	2011	2012	2013	2014
Quantity (kg)	8,285,930.00	187,502,831.90	433,197,888.20	214,352,466.45
Value (USD)	22,807,511.30	694,723,833.53	1,516,192,609.00	758,546,541.88

(Source: Vietnam Customs)

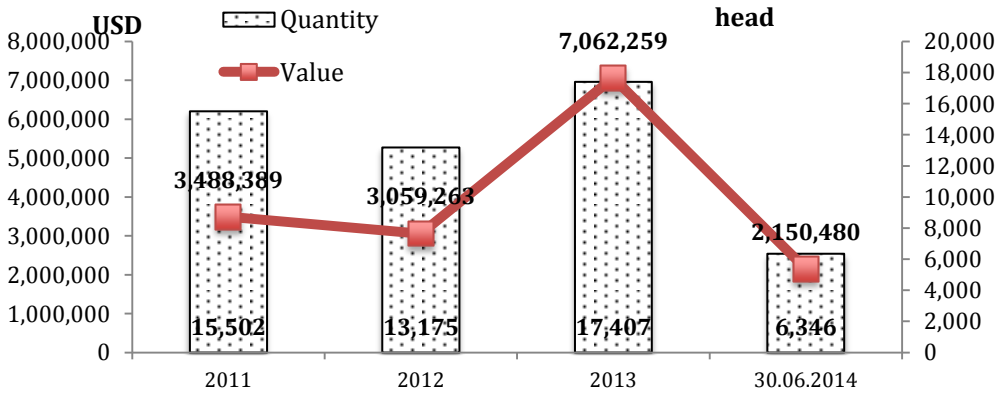


Figure 4.15 Imported buffalos as whole cattle in Vietnam from 2011-30/06/2014

4.2.2.2 Physical distribution channels

In order to clarify the distribution of beef products in HCMC, this study indicated characteristics of distribution channels for four kinds of beef including the imported beef cuts, the imported whole cattle, the local beef, and Wagyu beef.

(1) Physical distribution channels of the imported beef as beef cuts

Partners and flow of product

Imported beef cuts can be sold to end-users through various level of the supply chain. Consumers can directly buy it from beef importers/primary wholesalers or beef retailers. In practice, since the consumers tend to buy this kind of beef from the retail stores, the volume of beef cuts sold through the 0-level chain is insignificant. Most of the volume of imported beef cuts are provided to consumers by the 2-level chain. According to the interviews with the direct beef importers in Ho Chi Minh City, the 2-level chain has accounted for 68% of total volume of imported beef cuts in the HCMC beef market. After flowing from the importers/primary wholesalers to the secondary wholesalers, beef is directly distributed to end-users by the retailing network.

Semi-wholesalers can be classified into three groups: the trading companies, the processors, and the whosale supermarket (METRO Cash & Carry Vietnam). Acting as a middle man in the beef market, the trading companies buy beef products from the direct importers and re-distribute to the beef retailers to make profits. The processing companies usually provide beef cuts for the retail supermarkets. Beef cuts from primary importers are classified, divided and packed it according to requirements of retailers by the processors. Approximately 30% of the total volume of the imported beef cuts is provided to hotels, restaurants, and retail supermarkets through 1-level chain. Hotels and restaurants, especially steak houses or grill bars, are the main purchasing partners in this chain. Due to the limitation of selling volume for individuals, a group of consumers buy a large volume to take advantage of the wholesale-price.

METRO Cash & Carry Vietnam is the only one wholesale supermarket in this chain. This company has its own slaughtering, processing, and distributing systems for beef. Due to the strong advantages of infrastructure and financial resources, METRO can provide customers with various kinds of high quality imported beef cuts.

Table 4.8 The imported beef cuts in METRO on 12/1/2015

Criteria	Type of beef cuts	Price included 10%VAT (VND/kg)	Importer/Primary wholesaler
Australian grass fed beef	Aus. beef cube roll slice	359,900	NGUYEN ANH Ltd., Co
	Aus. beef strip loin slice	339,900	NGUYEN ANH Ltd., Co
	Aus. beef cube roll	299,900	NGUYEN ANH Ltd., Co
	Aus. beef strip loin	279,900	NGUYEN ANH Ltd., Co
Australian grain fed beef	Aus. * YG* beef cube roll	549,000	MINH PHUONG trading and service Ltd., Co
	Aus. *YG*tenderloin	849,900	MINH PHUONG trading and service Ltd., Co
	Aus. *YG*strip loin	429,000	MINH PHUONG trading and service Ltd., Co
	Aus.*YG*rump	259,900	MINH PHUONG trading and service Ltd., Co
	Aus.*YG*knuckle	249,000	MINH PHUONG trading and service Ltd., Co

(Source: Beef market own survey in Ho Chi Minh City)

Table 4.9 Imported Wagyu beef in Ho Chi Minh City market from 2009 to 2014 Unit of measure: Value-USD Quantity-KG

Criteria	2009		2010		2011		2012		2013		2014	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Classical Fine Food	**2,169.04**	**290,608.52**	**2,465.86**	**103,685.58**	**1,987.48**	**107,973.84**	**1,458.30**	**74,257.87**	**1,559.27**	**72,143.99**	**3,707.02**	**195,262.77**
Australian Wagyu	1,284.84	48,146.52	2,465.86	103,685.58	1,987.48	107,973.84	1,458.30	74,257.87	1,559.27	72,143.99	3,707.02	195,262.77
Kobe Beef	884.20	242,462.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Hao private enterprise	**142.18**	**6,109.33**	**977.06**	**41,719.67**	**672.62**	**33,736.80**	**763.05**	**39,568.14**	**1,673.30**	**86,599.45**	**1,942.83**	**97,642.21**
Australian Wagyu	142.18	6,109.33	977.06	41,719.67	672.62	33.74	763.05	39,568.14	1,673.30	86,599.45	1,942.83	97,642.21
Moc thuy Ltd., Co											**476.20**	**8,546.81**
Australian Wagyu	–	–	–	–	–	–	–	–	–	–	476.20	8,546.81
Clover Trading Co., LTD	–	–	–	–	–	–	–	–	–	–	**149.90**	**10,673.54**
Japanese Wagyu	–	–	–	–	–	–	–	–	–	–	149.90	10,673.54
Others	–	–	–	–	–	–	–	–	–	–	**516.26**	**26,242.02**
Australian Wagyu	–	–	–	–	–	–	–	–	–	–	516.26	26,242.02
Total	**2,311.22**	**296,717.84**	**3,442.92**	**145,405.25**	**2,660.10**	**141,710.64**	**2,221.35**	**113,826.00**	**3,232.57**	**158,743.44**	**6,792.21**	**338,367.34**

(Source: Author's calculation from the secondary data of the Vietnam Customs)

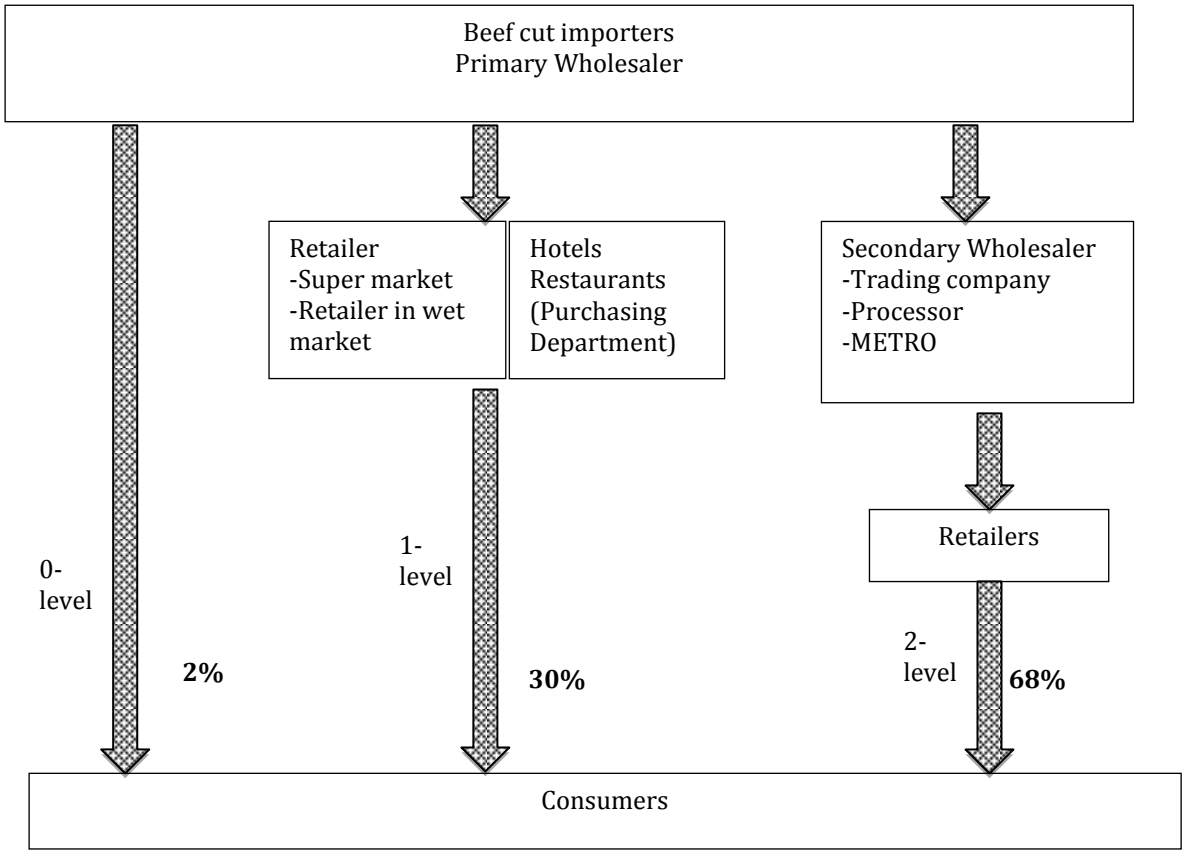


Figure 4.16 Physical distribution channels of imported beef as beef cuts

Types of product

Most of the imported beef cuts in the Ho Chi Minh City market are frozen beef cuts with the proportion around 85% to 90% since chilled beef cuts are imported by the airplanes with special guaranty condition, high price, and a short life cycle. High-grade hotels and restaurants mostly consume the chilled beef cuts for premium beef steak or beef grill menu. Australian suppliers usually slaughter imported beef cuts because the local importers prefer boxed-beef with assured quality from the exporters. However, some importers with the power distribution network and financial strength select importing beef carcass and slaughtering by their machines. The beef cut importers also provide the market with a large volume of buffalo meat from India at much lower price.

Storage and transportation

After the Customs clearance, the imported beef cuts are kept in specifically frozen warehouses. Except for some big importing companies, most of the importers, secondary wholesalers hire storage system of logistic companies due to strict guaranty regulations for imported beef cuts, especially for the chilled beef.

Regarding transportation of the importers, two supply methods are depending on the type of customers and beef buying volume. In general, the secondary wholesalers usually take products at the warehouses of importers by themselves because of high purchase volume for each order while the merchants can deliver beef for hotels, restaurants, retail supermarkets or individual consumers. There are two kinds of transporting including a motorbike for up to 100 kilograms and a small truck with maximum capacity of 1.25 ton.

(2) Physical distribution channels of imported beef as live beef cattle

Partners and flow of product

From 2011 to the past, beef cattle in the Vietnam market are mostly imported from Thailand and Laos through the border-gates such as Lao Bao(Quang Tri province) and Xa Mat (Tay Ninh province) at three weight levels including 190kg~210kg, 210kg~250kg and above 250kg. However, from 2012 up to the present, due to a decrease in the number of live bovines from Thailand and Laos, Australia has become the primary supplier of whole beef cattle for the Vietnamese market. Because of high requirements of financial ability and infrastructure for importers, there are three companies in Vietnam being able to import whole beef cattle. Trung Dong Ltd., Co (sieuthithitbo.vn), the official importer, is the monopolist of whole beef cattle at the market in the Southern zone of Vietnam.

After carefully selecting beef cattle at Australian farms under control of importers and consultancy of suppliers, the herd of beef cattle is transported by boards during 9~10 days. All electronic data about imported whole cattle are accessed through ID system of each beef cattle.These beef cattle are slaughtered by the importers or other local slaughter houses after two weeks fed in particular farms of the importers.

Approximately 50% of imported whole cattle beef is provided by the 2-level chain, from the importers to the secondary wholesalers and then supplied to the end-users through retailing distribution. Hotels and restaurants consume 32% of a total by directly buying from the importers/primary wholesalers. This kind of beef is also sold in big retail supermarkets like Big C, Maximark and Co.op Mart with the share nearly 15%. Around 3% of the total imported volume is directly supplied to consumers.

Types of product

Beef from imported whole beef cattle has two outstanding characteristics including fresh and being imported. Because being slaughtered in Vietnam, all beef cuts and organs of beef cattle are available in the market. This kind of beef can be suitable not only for fresh meat eating-habit but also for satisfying an increasing demand for the imported beef of the Vietnamese consumers.

Storage and transportation

The rest of beef after directly distributing at the slaughtering houses is frozen in the warehouses of the importers. Similar to the case of the imported beef cuts, whole beef cattle importers also lease the warehouse system of logistics companies. The whole cattle importer shares same characteristics with the beef cut importers described above in term of transporting methods.

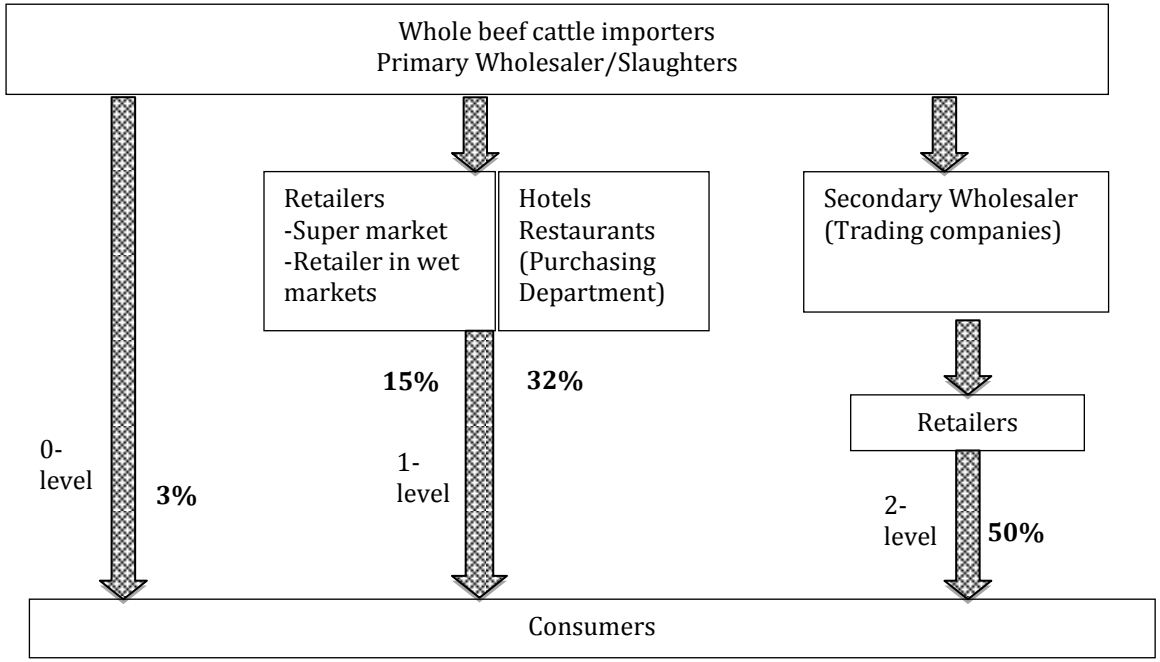


Figure 4.17 Physical distribution channels of the imported beef as whole beef cattle

Table 4.10 Whole beef cattle imported into the Vietnamese market from 2010 to 30.06.2014

Criteria	2010		2011		2012			2013			30.06.2014		
	Volume	Value	Volume	Value	Volume		Value	Volume		Value	Volume		Value
	Head	1,000 USD	Head	1,000 USD	Head	Ton	1,000 USD	Head	Ton	1,000 USD	Head	Ton	1,000 USD
Thailand	29,295	4,847	9,891	1,476	35,468	–	5.6	48,720	–	12,421.7	21,036	356	7,155.6
Laos	2,715	482	4,003	621	4,449	–	0.68	–	–	–	–	–	–
Cambodia	–	–	–	–	37	–	0.006	–	–	–	–	–	–
Australia	–	–	–	–		1,219	2,426.5	–	22,068.7	46,548.3	12,854	14,662.6	42,851.5
Total	**32,010**	**5,329**	**13,894**	**2,097**	**39,917**	**1,219**	**6,319.8**	**48,720**	**22,068.7**	**58,970**	**33,890**	**15,018.6**	**50,007.1**

(3) Physical distribution channels of Wagyu beef

Partners and flow of product

Wagyu beef, one kind of the chilled beef, is imported by the airplanes with a small volume for each time (about 100 kg/one order). According to one of the biggest direct beef importers in Ho Chi Minh City, the amount of Wagyu beef accounts for approximately 15% of total imported chilled beef.

Due to its prominent quality and extremely high price, main buyers of this beef are luxury hotels, premium restaurants and resorts in tourism centers. These buyers usually get product from the importers/primary wholesalers by the straight orders. Recently, because of an increase in living standard, consumers from the upper middle income class to the high-income class in urban areas with high attention to lifestyle tend to prefer this beef. Therefore, the number of individual consumers is on the upward trend.

In Ho Chi Minh market, most of the volume of Wagyu beef is prodvided by Australian suppliers. Besides Australian Wagyu beef, Japanese Wagyu beef is official approved of importing in the Vietnamese market from March 2014 with the distinguished distribution chains. Japanese Wagyu beef importers can be classified into three kinds. The first is a representative office of Japanese Holding Company in Vietnam with trading function. In this form, before being on end-user's hand, Japanese Wagyu beef can be supplied to hotels/restaurants and trading companies as the secondary wholesalers. Most of the beef is flown by the mediated role of the secondary wholesales. The second is the Akuruhi Group (Japanese food supplier operated by VI BIEN trading and service Company Limited) with the strong distribution network covering from wholesale to retail sector. This group not only provides Japanese Wagyu beef for the secondary wholesalers or the hotels/restaurants as in case of the representative office but also distribute JPW in its retail supermarkets and restaurants. AEON Vietnam Ltd., Co is the last and the special case in term of distributing Japanese Wagyu beef in Ho Chi Minh City market. After being presented in Vietnam since 2009 at first under the format of the representative office, AEON had set up its Vietnam limited Company with shopping malls, GMS and supermarkets as core businesses. The AEON mall in Tan Phu district is the first shopping center of AEON Company in Ho Chi Minh City as well as in Vietnam.

This supermarket redistributes Japanese Wagyu beef provided by Chef Meat Vietnam Joint Stock Company located in Da nang City. Chef Meat Vietnam was found in 2013 at the same time with the anniversary of 40-year diplomatic relationship between Vietnam and Japan. It is a subsidiary of Holding Company in Japan, Chef Meat CHIGUSA with 50-year operation.

Types of product

Apart from normal beef, Wagyu beef has its own peculiar features consist of marbling score, tenderness, and sweet flavor. In Ho Chi Minh market, the importers and the purchasing managers in hotels/restaurants use the marbling score to evaluate Wagyu beef quality. Most of the imported Wagyu beef in Ho Chi Minh City market is ranked at 5 or 6 marbling score (in Australian ranking system) or A4 (in Japanese ranking system).

In term of beef cuts, Tenderloin and Cube roll are the main used cuts because these types of beef cut are the most appropriate with requirements of professional chefs in high-level restaurants in Vietnam. In retail sector, Wagyu beef is packed with small amount at around

150gr to 200gr (due to its high price) while a whole blocks with the authentic certificated stamp usually directly provided to the secondary wholesalers or the hotels/restaurants.

Table 4.11 Average CIF price of Australian Wagyu beef cuts

Unit of measure: USD/kg

Beef cut	Year	MB[4] 4/5	MB 6/7	MB 8/9
Tenderloin	2009	49.713	61.426	71.292
	2010	49.033	61.987	69.154
	2011	68.281	78.632	91.214
	2012	68.728	77.974	90.450
	2013	57.359	67.533	77.250
	2014	55.923	64.987	82.311
Strip loin	2009	35.884	–	74.045
	2010	38.487	47.204	57.394
	2011	42.346	57.920	73.243
	2012	41.990	57.430	72.629
	2013	37.900	57.502	74.851
	2014	35.593	72.080	77.760
Cube roll	2009	37.78	–	71.607
	2010	38.213	49.226	70.261
	2011	46.735	63.199	–
	2012	46.344	60.352	69.670
	2013	48.090	59.350	75.475
	2014	41.744	59.740	78.850

(Source: Author's calculation)

Table 4.12 Average CIF price of Japanse beef in Ho Chi Minh City from 06.2014

No	Type of beef cuts	USD/KG
1	Japanese Wagyu Strip loin	81.6631
2	Japanese Wagyu Rib eye	58.4714
3	Japanese Tenderloin	43.6453
4	Japanese Strip loin	54.3107
5	Japanese A4	48.072

(Source: Vietnam Customs and own survey)

[4] MB: marbling score. Based on the classification of Vietnam Custom, Australian Wagyu beef is divided into 3 groups: MB4/5; MB6/7; MB 8/9. Japanese Wagyu beef is ranked from A3 to A5.

Storage and Transportation

Because of strict regulations for storage condition, all of the Wagyu beef importers and the secondary wholesaler's lease warehouse system of the logistics companies. In the retail market, consumers can get processed product directly from the shopping malls or the secondary wholesaler's stores. For the secondary wholesalers and hotels/ restaurants, Wagyu beef is supplied by the direct importers with the requirement of initial quantity for each order.

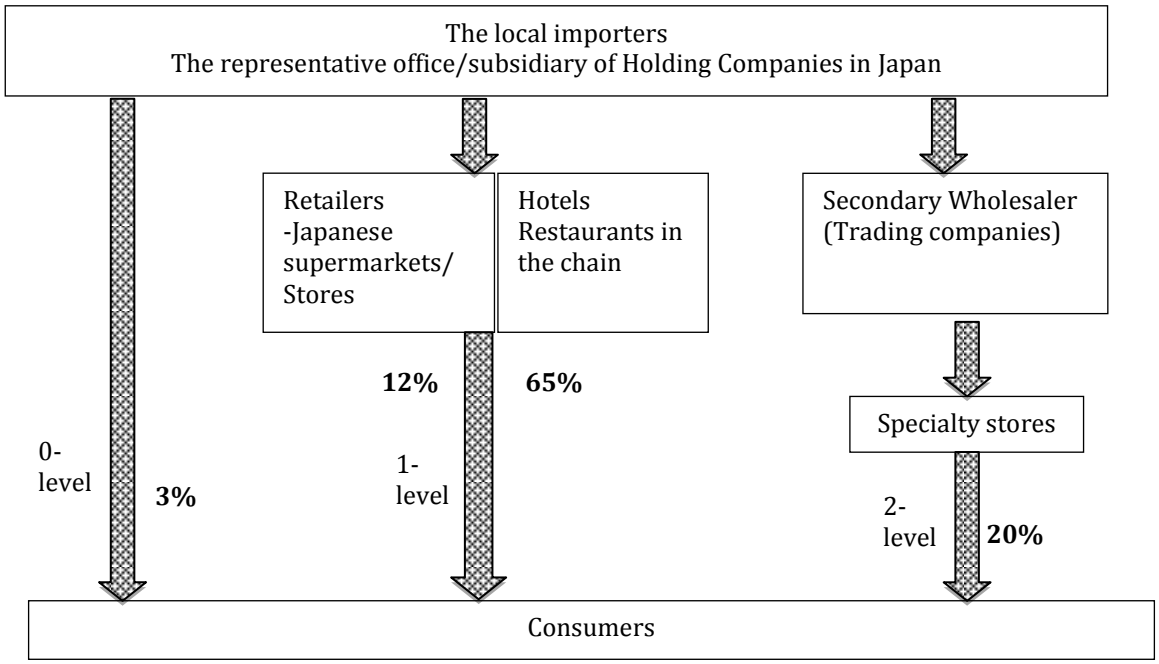


Figure 4.18 Physical distribution of Japanese Wagyu beef at Ho Chi Minh City

(4) Physical distribution channels of local beef

Partners and flow of products

Due to eating habit and shopping preferences of the Vietnamese consumers, the local beef (the Vietnamese beef) is mostly sold through the traditional markets. Based on size and volume of commodity, traditional markets in Ho Chi Minh City can be classified into three kinds namely wholesale market, retail market (medium-size) and spontaneous market in residences. There are three wholesale food markets in Ho Chi Minh City and the biggest one specialized in meat is BINH DIEN wholesale market managed by SATRA (Saigon Trading Group).

After being collected in the slaugher houses in the suburban areas of Ho Chi Minh City or the adjacent provinces (e.g.,Dong Nai, Long An, Binh Phuoc,etc.), live cows are slaughtered and provided to the market by different chains. Most of the local beef is supplied by 2-level chain, from secondary wholesalers to retailers before in hand of end-users.

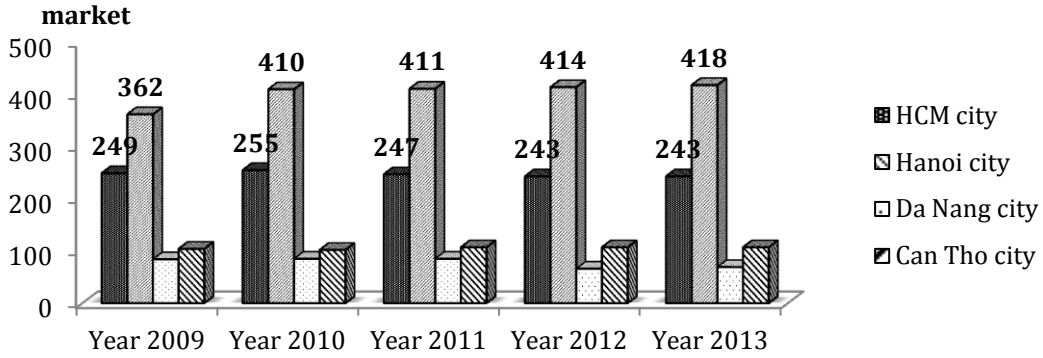


Figure 4.19 The number of traditional markets in some big cities 2009-2013

The secondary wholesaler in this chain could be a trading company or a processor. They redistribute beef to the retail supermarkets or the butchers in traditional markets. Local beef is also provided to hotels, restaurants and school canteens directly from primary wholesalers. In addition, individual consumer or retailer in spontaneous markets can get product directly with wholesale-price at food lot in the wholesale markets or the slaughter houses.

Types of product

All kinds of beef cuts and organs of beef cattle are availabe in the market to satisfy specific eating preferences of the Vietnamese consumers. Besides the Vietnamese beef , buffalo meat and Australian beef are also sold at the cheaper price. According to manager of the MINH CHANH slaughter house in Long An province, customers tend to prefer local beef to Australian one because of its color and taste. Beef of Australian imported whole cattle in Vietnam looks darker than local beef because difference of weather, water and food.

Local beef is merely certificated of sanitation and safety by authorized organization at slaughter houses. When this kind of beef is redistributed at traditional retail markets, especially at spontaneous markets, it is difficult to control origin and quality of beef. Almost all consumers shopping in the traditional markets evaluate beef quality and origin by sensory experiences. However, at the traditional retail basements, consumers can require any portion they prefer. In addition, the price in the wet market is much cheaper than the price in the supermarkets.

Table 4.13 The final wholesale-price in BINH DIEN wholesale market and METRO

Unit of measure: VND

Criteria	BINH DIEN	METRO	Difference	Rate
	Primary wholesaler/slaughter	BINHNGAN Food co., LTD supplier		
Knuckle	230,000	253,000	23,000	10%
Tenderloin	260,000	286,000	26,000	10%
Beef silverside	210,000	231,000	21,000	10%
Boneless shank	190,000	209,000	19,000	10%
Flank	135,000	148,500	13,500	10%
Brisket	150,000	165,000	16,500	10%

(Source: Own survey and METRO Ho Chi Minh)

(5) Physical distribution channels of Vietnam Meat Industried Limited Company (VISSAN)

Partners and flow of product

VISSAN, a member of the Saigon Trading Group (SATRA), is a leading state-owner company in food industry of Vietnam with 40 years in operation. This company provides the market with Australian beef, which is slaughtered from the imported whole cattle. The imported whole cattle are slaughtered using Australian-standard technology invested by VISSAN. Then this beef is distributed through multiple chains with different levels. As other wholesalers in the beef market, VISSAN directly supplies fresh Australian beef cuts to secondary wholesalers, hotels, restaurants, and school canteens by 1-level chain. However, most of the number of beef is distributed through VISSAN outlets, Co.op Mart and Co.op Food chains, Maximark, and SATRA-marts. This company takes advantages of its finance and relationship to construct a high coverage distribution network. Being a strategic supplier of Co.op Mart and Marximark, VISSAN has their own lots for their beef products in these supermarkets.

VISSAN distribution network can satisfy Vietnamese shopping habit because of three reasons. First, with numerous selling stations in neighborhoods, it is convienient for consumers to access product. The second derives from its product, Australian fresh beef which is much preferable by homemarkers. They combine food lots in the traditional market with the modern equipment, safety, and sanitation in their distribution system.

Therefore, this company becomes truthtworthy supplier for beef as well as other foodstuff. The last is their reasonable price in comparison with the beef quality and the convience in purchasing. VISSAN attends in the price stabilization program of Ministry of Finance with pledge of keeping price steady.

Table 4.14 VISSAN distribution network in Ho Chi Minh City

No	Name of distribution chain	The number of sale spots
1	VISSAN business chain store	10 stores in urban area
2	VISSAN outlet	75 outlets
3	SATRA Mart	3 supermarkets
4	SATRA Food	44 stores
5	BINH DIEN trading center	1 center
6	Co.op Mart	31 supermarkets
7	Co.op Food	18 stores
8	Maximark trading center	3 supermarkets

(Source: Own survey and VISSAN homepage)

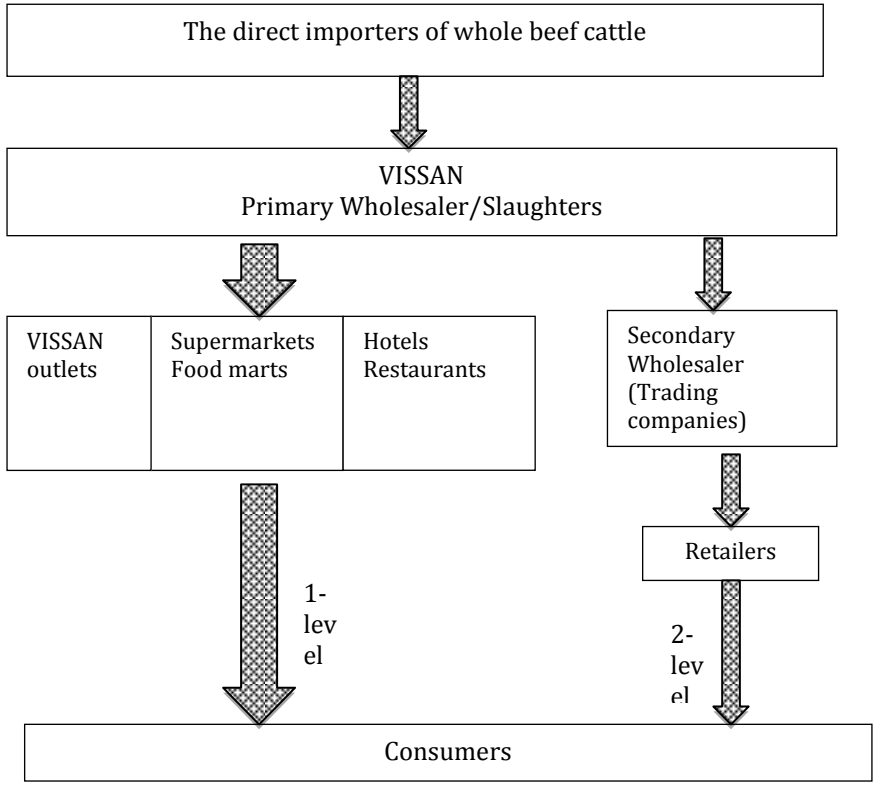


Figure 4.20 Physical distribution channels of VISSAN

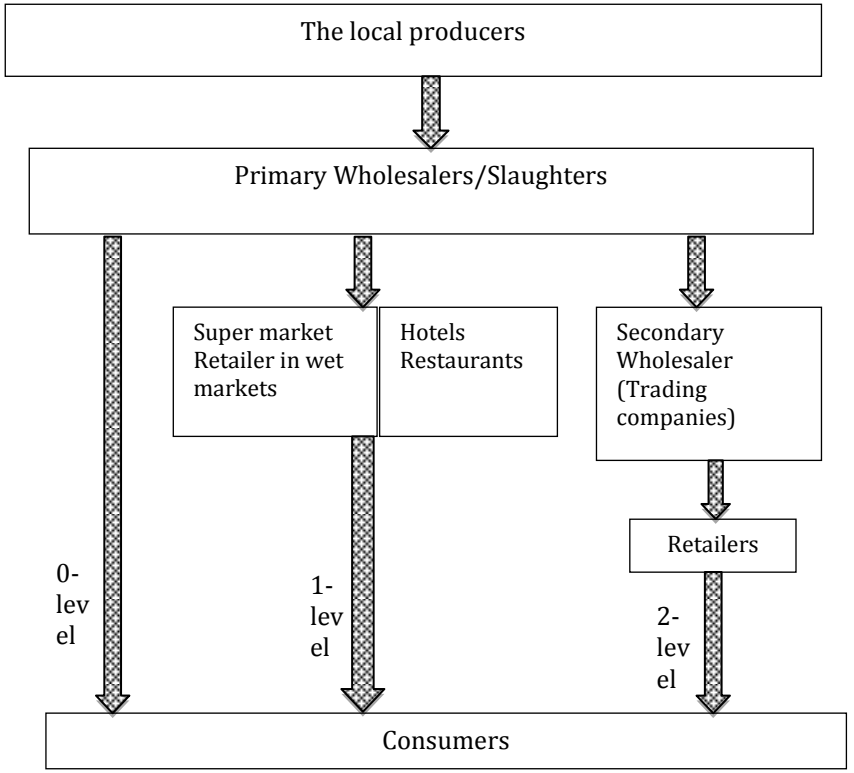


Figure 4.21 Physical distribution channels of the local beef

Types of products

This company merly provides markets with Australian fresh beef slaughtered by their slaughter lines. Diversification of products depends on the selling stations. In 10 crucial business-stores located in central districts in Ho Chi Minh City and supermarkets, there are various kinds of beef cuts as well as organs of live beef cattle. The price of each beef cut is informed by listing transparently on board. Product is classified into two kinds including packed beef cuts with fixed net weight and free-choice beef cuts. Packed beef cut is displayed in small tray with average weight from 200gr to 300gr while in customer-selective counter, buyers can ask shopkeepers for any beef cut they prefer.

In contrast with large stores and supermarkets, in SATRA food, Co.op Food, and convenient marts in the neighborhoods, there are some specific beef cuts as Tenderloin, Knuckle, or Rump. Kinds of beef product belong to characteristic of residence and consumption. On average, daily sale of each distribution spot is about 2kg~3kg.

Table 4.15 Retail price of Australian fresh beef supplied by VISSAN and Trung Dong

Unit of measure: VND/kg

Beef portion	VISSAN price (Included VAT)	Trung Dong Price (Included VAT)	Difference VISSAN-TD
Topside	280,000	308,000	-28,000
Knuckle	245,000	279,400	-34,400
Brisket Navel End	160,000	203,500	-43,500
Brisket Point End	188,000	253,000	-65,000
Strip loin	340,000	418,000	-78,000
Tenderloin	360,000	440,000	-80,000
Rump	230,000	286,000	-56,000
Chuck tender	270,000	253,000	17,000

(Source: own survey and sieuthithitbo.vn)

4.2.2.3 Multiple retail channels

(1) Direct purchasing

Most of the number of the local beef is distrubuted by the butcher shops in traditional markets due to the shopping habit of the Vietnamese consumers. Therefore, buying-selling relationship bases on belief and level of connection between consumers and salespeople. Generally, because of no certification of quality, origin and sanitation for local beef, consumers tend to get product at some close retail shops. Information about kind of beef cut, price and quality is merely imformed by saleman and most of the consumers follow except for some bargaining of new consumers.

On the other hand, the local beef sold in METRO, LOTTLE Mart and AEON mall has transparent certification of origin, quality and safety. In these supermarkets, all information about price, kind of beef cuts, origin and name of suppliers is public on boards, panels and catalogs. In free-choice counter for the fresh beef cuts, consumers can get desirable product with

advices of shopkeepers. With detail information about type of beef, price, supplier and usage on label, it is easy for consumers to choose frozen beef cuts located in frozen food space.

Normal imported-beef cuts are distributed to end-users in the supermarkets or food chain stores of VISSAN and SATRA with clear information about types of beef cut, price, origin and promotion.

Premium imported beef cuts and Wagyu beef cuts are supplied by the selective distribution networks including specialty shops, imported grocery stores, beef specialized kiosks and particular retail supermarkets. In these selling spots, consumers not only get all information about price, kind of beef cuts, origin and promotion but also receive aggressive consultancy of shopkeepers about beef recipes. However, due to the explosion of information and technology, telemarketing and Internet have become highly effective marketing channels. Almost all imported beef retailer have their own well-informed websites to make consumer purchasing more convenient and time saving. With one click on Internet buyers can get sufficient information of beef cuts, origin and comparative price and product is in their hands after one dialing or emai. In addition, through the wide spread of social media networks such as Facebook, Twitter, Yahoo and Google, it is era of customer-experience shopping. That means, consumers make buying decision based on feedbacks and advices of previous consumers. Some of wholesalers sell beef cuts directly to the end-users through worth-of-mouth or the close relationship network.

Table 4.16 Price of beef cuts in Big C and Co.op Mart by supplier

Unit of measure: VND/KG

Beef portion	Trung Dong supplier		VISSAN supplier	Price gap	Price gap	Price gap
	BIG C (1)	Co.op Mart (2)	Co.op Mart (3)	(1)-(2)	(2)-(3)	(1)-(3)
Tenderloin	352,900	336,000	360,000	16,900	-24,000	-7,100
Strip loin	349,900	315,000	340,000	24,900	-25,000	9,900
Topside	278,900		280,000			-1,100
Knuckle	259,900	233,000	245,000	26,900	-12,000	-14,900
Flank	175,900	170,000	188,000	5,900	-18,000	-12,100

(2) Indirect purchasing

Instead of buying beef cuts and make dishes directly at home, consumers can enjoy beef at various places such as hotels, restaurants, resorts and canteens. General speaking, information about restaurants, hotels and resorts is accessed by a variety of alternatives such as Internet, food magazines, lifestyle magazines, and consumer worth-of-mouth. Premium imported beef and Wagyu beef are used in the luxury hotels, fine diining restaurants or resorts while the local beef is often on the menu of Vietnamese restaurants. High end restaurants and specialized restaurants not only inform about beef cuts on menu but also offer consumers with opportunities to discover how do chef make dishes from beef in reality.

Each restaurant, especially premium restaurant has its own website with a source of information about menu, price, promotion and evaluation of previous consumers. Through customer loyalty program, they can effectively spread their imagine and reputation.

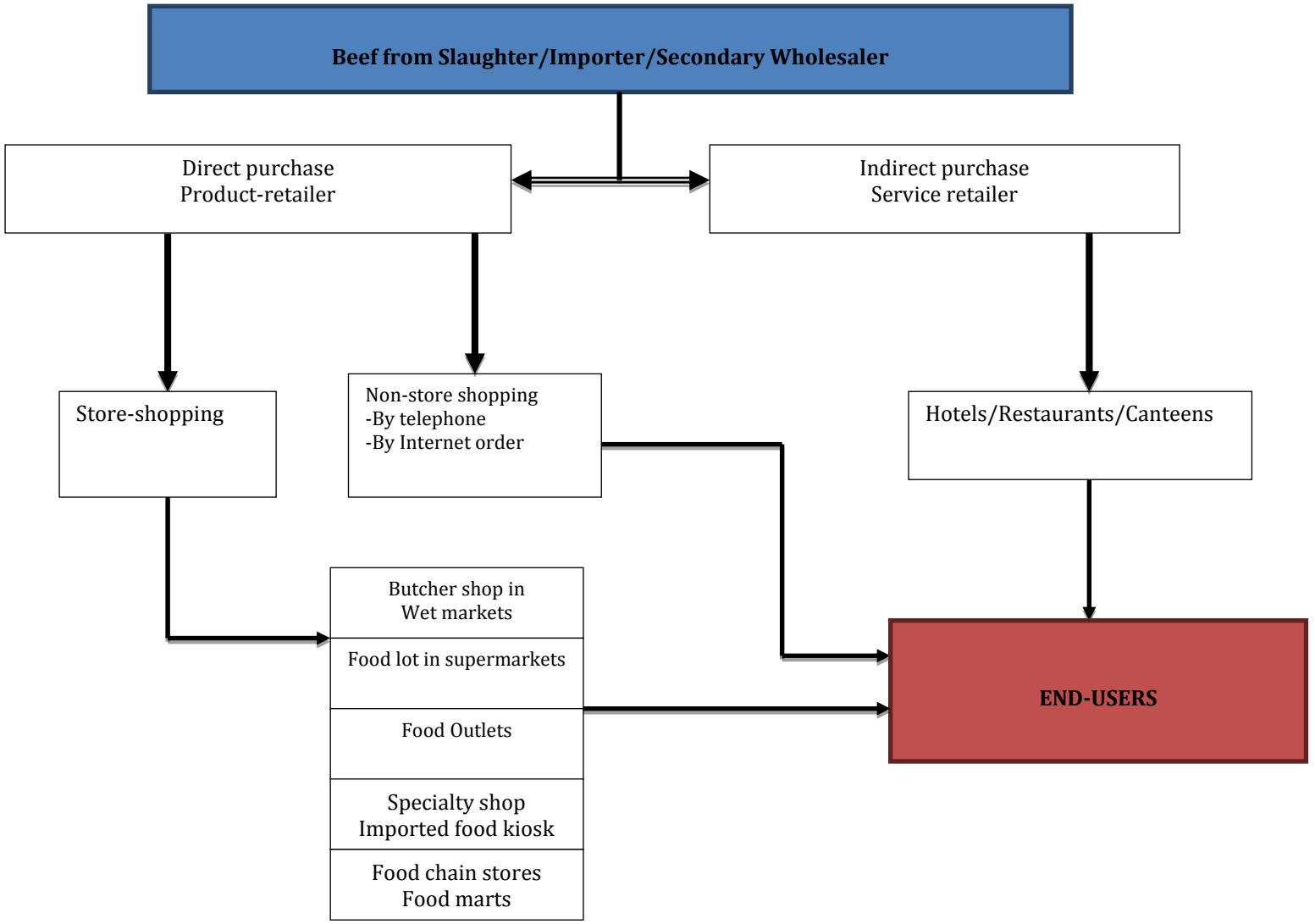


Figure 4.22 Multi channels of beef retail in the Vietnamese market

4.2.2.4 Beef in the food service-The case stuty of hotels/restaurants

Recently, the number of hotels and restaurants is increasing thank the economic development as well as tourism focusing of Ho Chi Minh City. According to the statistic of popular booking website, agoda.com, the current number of hotels in Ho Chi Minh is 944 hotels, takes 21.5% of a total in Vietnam. The total number of hotels from 3 stars in the ranking system of National Administration of Tourism is 79, account for 17% of a total number of Vietnam. Also, international integration in economics and culture is reflected in the cuisine with an enormous surge of multiple-nation restaurants in Ho Chi Minh City from France, Italy, Japan, and Korea. As shown on the website Foody.vn, Ho Chi Minh City has 3,915 establishments in food services with various levels. Most of these establishments are located in the central districts including District 1, District 5, District 7, Binh Thanh District, and Tan Binh District.

Beef plays an important role in ingredient for the main menu of restaurants especially of those specialize in beef. However, there is the difference in using beef among restaurants due to target consumers, main courses, and preferences of the chefs.

Local beef and fresh beef from imported whole cattle

Most of the Vietnamese chefs in Vietnamese style restaurants and traditional Pho restaurants tend to choose fresh beef for their main courses from beef. They often use local beef and Australian fresh beef from the imported whole cattle. Additionally, some Vietnamese style beefsteaks use local beef for consumers with the favor of local beef taste and few luxury restaurants introduce local beef through traditional dishes. Vietnamese beef is distributed to restaurants by two paths. Small size restaurants usually take fresh beef in wholesale market or slaughterhouses by themselves while beef for larger restaurants is delivery in hand by supplier's transports. To diversify menu, Vietnamese style restaurants also offer consumers with different dishes and use imported frozen beef for these.

Frozen imported beef cuts

Frozen beef cuts are mainly used in popular restaurants with different style menu such as grill bars, barbecue restaurant chains, hot pot restaurant chains, and steak houses. Statistic figure from the foody.vn indicates that in Ho Chi Minh City, the total number of steakhouses is 331 and the figure for grill restaurants is 467. Almost these restaurants use both Australian beef cuts and American ones. However, the rate of beef from two countries depends on main course and ambition of each restaurant. For example, New York Steak House, an American style restaurant, focuses on American beef while Boomerang Bistro Saigon, Australian style space prefers Australian beef cuts on the menu. Frozen whole imported beef cuts are distributed directly from importer to restaurants by supplier's transports.

Fresh imported beef cuts

Fresh imported beef and Wagyu beef are merely used in the first class restaurants by professional chefs. The high-end restaurants usually located in 5-stars hotels, landmark towers, and luxury shopping centers in central District 1 or along Saigon River with the beautiful view. In the total of 994 hotels in Ho Chi Minh City, there are 460 hotels with restaurants, and 95 hotels get Fantastic rank from users. Customers in these restaurants are mainly foreigners, high-income class Vietnamese, and businessperson. Due to the policy for developing MICE tourism (Meetings, incentives, conferences and exhibitions tourism) of Ho Chi Minh authority, the numbers of foreign

visitors are going up significantly along with an increase in choice grade hotels and restaurants.

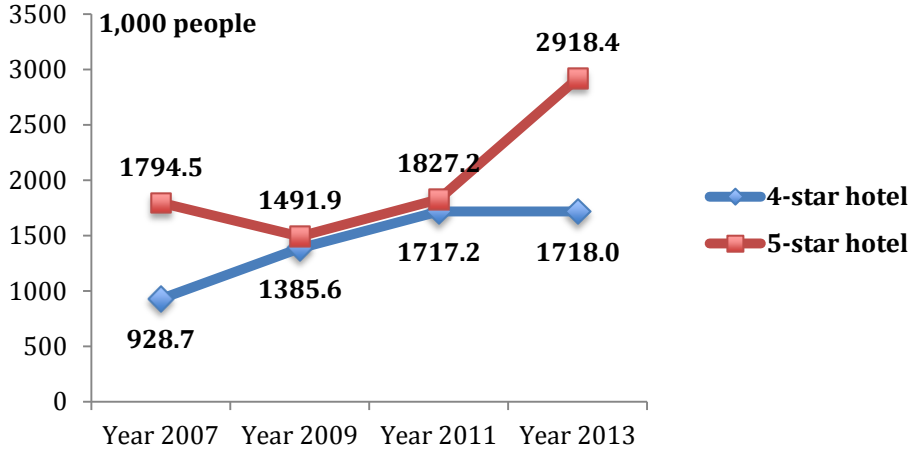


Figure 4.23 The number of foreigners to Vietnam in 4 and 5-star hotels

Most of these restaurants have Western style menu made by foreign chefs. The main courses from beef are steak and grill. They use high-grade imported fresh beef cuts get directly from primary importers for the menu. The volume of fresh beef cuts is calculated carefully by consumption as well as the reflection of consumers because raw beef is kept in frozen for three days after cutting. Upper-class restaurants use both of Australian and American beef on their menu. However, due to the long development of Australian beef trademark in Vietnam, most of them tend to choose fresh Australian beef. The price offered by each restaurant is at the same level and hardly different due to high competition among restaurants in this segment.

Table 4.17 Price on menu of X restaurant and Y restaurant

Unit of measure: VND

Type of beef	Menu	Weight	X (No VAT)	Y (No VAT)
Grain fed US premium beef	Tenderloin	200 Gr	600,000	585,000
		300gr	840,000	-
		500gr	1,320,000	-
	Strip loin	250 Gr	500,000	-
		300gr	-	810,000
		350 Gr	650,000	-
		500gr	870,000	-
	Rib eye	250 Gr	550,000	-
		350 Gr	710,000	-
		500gr	950,000	-
	Roasted bone rib eye with garlic	400gr	700,000	-
	BBQ short ribs	400gr	650,000	-
	US beef sausage	350 Gr	500,000	-

(Source: Own survey)

The first class restaurants choose Wagyu beef for their premium course with the extremely high price. Except for some Japanese restaurants, most of the dishes in restaurants at professional level make of Australian Wagyu beef. Very high-income class consumers these kinds of dishes with interest in delicacy or businessperson. Wagyu beef is ordered with the small amount because of its high price and rigorous regulations of frozen condition. Currently, there are only two big importers in Ho Chi Minh City provide Australian beef namely HAO private enterprise and Classical Fine Food Co., LTD.

Table 4.18 Price of Australian beef in the Z Restaurant

Unit of measure: VND

Menu	Weight	Grain fed Australian Premium beef (Not included VAT)	Premium Wagyu beef	
			On menu (Not included VAT)	Average CIF price
Tenderloin	200 gr	680,000	1,500,000	276,612
	300gr	950,000	2,150,000	-
	500gr	-	3,450,000	-
Strip loin	200 gr	550,000	-	-
	300gr	750,000	-	-
Rib eye	200 gr	620,000	1,400,000	205,296
	300gr	850,000	2,050,000	-
	500gr	-	3,300,000	-
T-bone	450gr	950,000	-	-
Prime rib	200gr	600,000	-	-

(Source: Own survey)

JPW is mainly used in Japanese restaurants on the special Japanese menu. Due to the misunderstanding between Japanese beef and Kobe beef, most of the consumers in Vietnam consider Kobe beef when they think of Japanese beef. Japanese beef is officially imported in Vietnam from June 2014 and is distributed in specific chains. Top-level Japanese restaurants offering JPW on the menu are located in the 5-star hotel such as LOTTLE Legend or Nikko Hotel or Japanese specific area in District 1 (Le Thanh Ton Street). Due to their special characteristics in comparison with Australian Wagyu beef, these restaurants provide consumers with their Japanese menus such as Shabu Shabu or Tepanyaki. Most of the people who have an opportunity to enjoy JPW desire to experience one more time. Besides, high-income class wants to use JPW because they think that this beef is good for health.

Table 4.19 Japanese Wagyu beef in the W restaurant in NEW WORLD hotel[5]

Unit of measure: VND

Criteria	Menu	Weight	Price
Teppanyaki meat (A la carte)	Japanese premium A5 beef sirloin	120gr	1,100,000
	Japanese premium A5 beef steak (fillet)	100gr	1,100,000
	Japanese beef steak	120gr	710,000
	Quickly grilled sliced Japanese premium A5beef	–	900,000
	Quickly grilled sliced Japanese beef	–	600,000
	Japanese Hamburger	–	400,000
Premium dinner course	Premium beef teppanyaki course	–	2,200,000
	Japanese teppanyaki course	–	1,900,000

[5] According to salespeople in Tokyo BBQ restaurant (based on Le Thanh Ton street), average consumption of Japanese Wagyu beef is 10kg per month and the most consumed dishes are Sirloin (Cube roll) steak and Premium Boneless Rib. Comparing with Australian Wagyu beef, the price of Japanese Wagyu beef is 300,000 VND-500, 000VND higher per 100gr.

Table 4.20 Beef in the food services outlets in HCMC

Types of beef / Types of restaurant	Buffalo Meat	Frozen beef	Fresh beef					Local beef
		Imported Frozen Beef cuts	Imported whole cattle beef	Normal imported fresh beef Cuts	Choice grade imported fresh beef Cuts	Wagyu beef		
						Aus.Wagyu	JP. Wagyu	
Staff canteen/ School canteen	O	O	✓					O
Vietnamese style Restaurant	✓	✓	✓	✓				O
Vietnamese style Beefsteak		O	✓					O
Foreign Beefsteak		O		O	✓	✓	✓	
Luxury restaurant		✓		O	O	✓	✓	
Grill chain restaurant		O			✓	✓	✓	✓
Japanese restaurant Korean restaurant		✓		✓	O	O	O	✓

(Source: Own survey in Ho Chi Minh City)

✓: Used
O: Mostly used

4.3 The niche market for high-grade imported beef in HCMC

4.3.1 The niche market for premium imported beef brands and the challenges for Japanese Wagyu beef

It appears to be difficult to define high-grade imported beef precisely because of the perspectives' differences. The local importers, basing on the standard of exporting country, consider high-grade imported beef with two main features: grain-fed and marbling score. For American beef, choice and selected beef are applied while Australian beef used 9 point-marbling scale. For Japanese Wagyu beef, A1-A5 is the standardized scale. On the other hand, consumers, with budget constraint and utility maximization, mainly depend on price and brand name (in case of imported goods, country-of-origin) to evaluate beef.

The economic growth leads two main changes in beef demand, the latent demand for high-grade beef of consumers from middle upper income class, and the rapid increase of food service (Linh, 2009; Agriculture and Agri-Food Canada, 2010). The subjective estimation of beef specialists indicated food service consumed about 30% of total imported beef, and most of beef products at this chain were selective beef. Hence, food service outlets become the promising distributors for high-grade beef in the HCMC beef market.

Kobe beef was considered as the most desirable beef in the Vietnamese market about 15 years ago. At that time, Kobe beef was brought into the Vietnamese market by hand-carrier and immediately became the legendary beef from Japan. In Vietnam, up to the present, Kobe beef is so popular that markets understand Japanese beef must be Kobe beef. Australian Wagyu beef has been officially imported into HCMC market from 2009 by the local importers. Due to the wide spread of Australian beef in HCMC market, when Australian Wagyu beef is supplied, consumers understand that Wagyu beef only comes from Australia.

Thus, two serious problems put pressures on Japanese Wagyu beef exporters as the new entrant brand in the HCMC market including the misunderstanding of the market about Kobe beef and the competitive advantages from the Australian exporters. These obstacles make the niche market for high-grade beef become the insensitive competition between Australian Wagyu beef and Japanese Wagyu beef (Kobe beef is not considered since no official imported data from Vietnam Customs until January 2017).

4.3.2 Wagyu beef market in HCM, the intensity of competition, and the relevant strategies for Japanese Wagyu beef

4.3.2.1 The competitive advantages of Australian Wagyu beef and Japanese Wagyu beef

During a period of 6 years (from 2008 to 2013), Australian Wagyu beef monopoly occupied in the Wagyu market in HCMC. Indicated by Vietnam Customs, there are few importers, with strong arms-length in import and distribution, playing in this niche market (about 3-4 companies). From April 2014, Wagyu beef market has become the stage of two players including Japanese Wagyu beef and Australian Wagyu beef. The participation of Japanese Wagyu beef in this domain leads to the considerable increase in the quantity as well as the value of imported Wagyu beef in HCMC. It can be seen from the figure 4.15 that the exporting value of Japanese Wagyu beef in the last 6 months of 2014 is equivalent to the total value of Australian Wagyu beef in 2013.

It is reasonable to state that Japanese Wagyu beef cannot pursue cost leadership strategy in order to compete to Australian one. Generally, Australia has strong advantages in agriculture, not only in beef production, in comparison with others in the globe. Specifically, in the HCMC market, Australian Wagyu beef can take their price advantage derived from the beneficiary tariff and the extensive distribution networks of local importers.

Table 4.21 Competitive advantages of Japan and Australia in Wagyu beef market

	Category	Japanese Wagyu beef	Australian Wagyu
Product	Characteristics	Full-blood Wagyu	Cross-breeding Wagyu
	Marbling score	A3; A4; A5	4/5; 6/7; 8/9
	Main Portion	Tenderloin, Strip loin, Cube roll	Tenderloin, Strip loin, Cube roll, Rump, Knuckle
Price	CIF price[6]	81.7 USD/1KG	72.8 USD/1KG
	Tariff	13%	7%
	Retail price[7]	50 USD/100gram[8]	37.5 USD/100gram
	Marketing cost	350 USD	255 USD
Distribution	Importers	Subsidiaries of Japanese corporations	Local importers
	Distributors	High-end hotels/ Japanese restaurants Restaurants in the chain operated by Japanese holding companies	Distribution networks of local importers
Non-price competition	Culture	Japanese culinary culture	No

(Source: Own survey)

Moreover, the prolonged participation of Australian beef in HCMC market provides Australian Wagyu beef with a momentum while the misunderstanding of Kobe beef establishes the barrier of entry for Japanese Wagyu beef. As shown in the retail report of Deloitte (2014), Consumer Confidence Index (CCI) of Vietnamese in the second quarter of 2014 reached 99 points while the data of Philippines was 120 and 123 for Indonesian. Since the impact of consumer's uncertainty becomes more serious in international markets than in domestic place, one might expect that production differentiation, strongly related to export performance, can be a relevant strategy for Japanese Wagyu beef in HCMC market (Madsen, 1989). Obviously, considering the genetic characteristics, Japanese Wagyu beef seems to be the leader in the beef market with its outstanding features and health benefits. The most importance is market adaptation in order to utilize its strength (Christensen et al., 1987; Piercy et al., 1998; O'Cass & Julian, 2002). Sasaki & Mitsumoto (2004) indicated the "Wagyu oriented" group (more marbling favorable) was the particular characteristic of Japanese consumers. Alternatively, selecting relevant physical products to consumer's taste and preference in host country can be one of the key points of exporting success. Suggestion from chefs of beef restaurants illustrates the less marbling and tenderness beef are more suitable with Vietnamese flavor. Data of Australian Wagyu beef imported into HCMC market shows the determination of tenderloin with marbling score 6/7 in Australian beef items (around 44% in 2014, Vietnam Custom).

[6] CIF price is calculated in average from the secondary data of the Vietnam Customs

[7] Retail price is on the menu of the high end restaurant

[8] Retail price of 100 gram tenderloin

However, flavor adaption is not enough to ensure the success of exporting performance in HCMC market. Piercy et al., (1998) indicated product differentiation and services after use had strong correlation with performance of exporting enterprises. The leading role of non-price competitiveness in international markets is emphasized by a bulk of previous research. However, most of the researches focus on manufacturing industry with industrial goods. In case of beef, service after purchasing such as assurance or maintenance is impossible to apply. Thus, sensory impacts appear to be the focal point of differentiation. Up to the present, no one can deny the extremely strength of the phrase "Made in Japan" in a wide range of domains. Hence, Japanese Wagyu beef can create its own alternative of tasting while Australian Wagyu beef is the same as other kinds of imported beef. This distinction will become the intangible asset of Japanese Wagyu beef in this niche market.

4.3.2.2 Japanese Wagyu beef and Australian Wagyu beef exporting channels

Regarding the distribution system of each kind of beef, it appears to be reasonable when considering in the light of Ownership-Location-International theory (OLI). Local intermediaries supply Australian Wagyu beef to the market while Japanese exporters now are trying to establish their own distribution systems. The exporting instruction of USDA (2015) and Agriculture and Agri-food Canada (2010) illustrated the importance of capable domestic distributors in successful exporting performance. Specifically, the closer relationship with parties in distributing channel, the more benefit for each member (Madsen, 1989; Reid, 1986). Using domestic distributors/agents seem to be relevant for Australian Wagyu beef rather than Japanese Wagyu beef because of three main reasons. First, due to the far distance between exporting market and home market (named psychic distance), local firms are the best choice of foreign market adaptation. Moreover, the level of product uniqueness is not strong enough to outweigh the extra transaction cost in foreign market. Last, Australian Wagyu beef can take the locational advantage brought from pioneer of Australian beef. Hence, optimal solution for Australian Wagyu beef is to cooperate with local firms.

In case of Japanese Wagyu beef, it is necessary to separate the orientation of exporting performance in short-term and long-term. Based on OLI theory (Dunning, 1999), it is rational to indicate that in HCMC market, Japanese Wagyu beef has both advantages named product differentiation, and locational benefit. The strong influence of "Made in Japan" and the salient features of Japanese Wayu beef itself will provide Japanese exporting firms with promising opportunities in long-term. Therefore, choosing the most relevant exporting channel in order to utilize its benefits appears to be the driving force of successful performance.

Previous studies in manufacturing industry (Bello and Gilliland, 1997; Brouthers et al., 1996) or services (Ekeledo & Sivakumar, 1998) concluded that strong integrated alternative such as joint venture or a wholly subsidiary is the rational choice for high-technology product due to the risk associated with domestic distributors such as product's secret information leaking; counterfeit markets, and opportunistic attitude. Therefore, high degree of control is more efficient for product with highly complexity (Anderson & Gatignon, 1986). However, apply the previous research in beef needs adjusting due to two reasons. The first reason stems from the difference of product category. Industrial goods such as computer or machineries can be standardized globally while consumer goods are influenced considerably by tastes/habits/customs in destination market (Cavusgil & Zou, 1993). Hence, considering the case of Japanese Wagyu beef in HCMC, the current mode of market-entry appears to be relevant because of market adaptation. Product uniqueness, as a coin has two sides, can become risky when distributed by local distributors. The misinterpretation or cheating behavior of domestic suppliers[9] to consumers can diminish the positive effect of this brand.

[9] Since Wagyu beef now is distributed in food services by high-grade restaurants and hotels, consumers cannot classify between final dish from Japanese Wagyu beef and Australian Wagyu beef. Calculated by the authors, the average margins rate for Australian Wagyu beef importers is 14.3% while the data for Japanese ones is 35.4%.

Additionally, with the initial story of Kobe beef in HCMC, distributing through local importers/agents can be harmful to Japanese Wagyu beef in long-term due to the misuse of intermediaries. In case of high risk, process control is more important than output control since optimal decision is made basing on trade-off between risk and returns in the future.

The current choice of Japanese Wagyu beef exporters can be relevant in the light of transaction cost and agency theory. The appearance of retail groups from Japan, along with the flow of exporting commodity in Vietnam market can be seen as the motivation of market expansion of Japanese firms (Dunning, 1999). Exporting to foreign market requires a great deal of resources, especially in case of vertical integrated mode; human resource and financial commitment push up the transaction cost of exporting firms. However, in associated with market attractiveness, transaction cost can be depreciated in a long time and benefit from future outlook can overwhelm the set out cost of firms.

Table 4.22 Exporting channel of Japanese Wagyu beef and Australian Wagyu beef in comparison

Category	**Japanese Wagyu beef**	**Australian Wagyu beef**
Exporting channel	Joint venture or full ownership subsidiaries	Local importers/agents
Model of entry	Vertical integrated marketing channel	Cooperate with foreign firms
Level of control	High	Low
Level of involvement	High	Low
Exporter's responsibility	High	Low
Investment (Capital and labor)	High	Low
Type of management	Behavior-based/Process result	Final result based
Risk	High	High

(Source: Mainly based on Ekeledo & Sivakumar (1998); Brouthers et al. (1996); Bello & Gilliland (1997); Madsen (1989); Hill et.al. (1990))

In the light of agency theory (Jensen & Meckling, 1976), due to the conflicts between exporters and local distributors, Japanese firms have to bear the agency cost in order to ensure the reputation of the brand. Thus, high-integrated mode can be the suitable solution for this problem. Nonetheless, the current alternative is possible for big corporations because it takes time and effort. More investigation is called for the small and medium size exporters from Japan, not only in HCMC but also in the globe.

Previous study also indicated the role of host market learning when exporting (Cavusgil & Zou, 1993; Bello and Gilliland, 1997; Brouthers et al., 1996; Peng & York, 2001). The more market understanding is, the deeper market penetration is. Hence, the other key point for Japanese Wagyu beef in HCMC market is marketing communication. Since the segmentation of Japanese Wagyu beef composes upper income class, less vulnerable by economic factors yet sensitive with negative information, the major risk of Japanese Wagyu beef is moral hazard or information asymmetry. Australian Wagyu beef uses local informants while Japanese Wagyu beef bases on their own broadcasters. Therefore, communication intensify with downstream members will encourage the bilateral benefit in the distribution channel.

4.4 Conclusion

This chapter provided the overview of the beef market in HCMC and the explanation about the relevant competitive strategies for Japanese Wagyu beef at the niche market for high-grade beef in HCMC. The large shortage in domestic supply and the changes in demand are key points of the domination of imported beef in HCMC. Moreover, the market segmentation is brought in the light by classification of product and consumer's need. Australian beef is the leading player in chilled/fresh beef segment while frozen sub-market belongs to America. Being a new entrant in the imported beef market, Japanese Wagyu beef becomes the main competitor of Australian Wagyu beef in the ground for the luxury beef items. Each party now is paying attention to its own relevant exporting strategy. Australian Wagyu beef maximizes their profit by using local distribution network and price competiveness while Japanese Wagyu beef takes advantages of product uniqueness and financial strength. Long-term survival requires intensive communication and cooperation of Japanese exporters with downstream members in exporting channel because of information asymmetry and moral hazard.

The findings in this chapter are the starting point for the studies in Chapter 5, Chapter 6, and Chapter 7. We focus on the current marketing channel of Japanese Wagyu beef, as well as the emerging marketing problem of Japanese Wagyu beef to conduct the further research. Due to the information asymmetry of Japanese Wagyu beef in the Vietnamese market at introduction stage, we paid high attention to the question of an effective positioning strategy through marketing communication with the downstream members in the distribution channel. Chapter 5 is about the lack of information of the imported beef in food service outlets in general. Chapter 6 examined this problem in the case of Japanese Wagyu beef at consumer adoption. Chapter 7 understood information requirements from distributors' perspectives.

CHAPTER 5

THE IMPPACTS OF THE CONSUMER NEED FOR COUNTRY-OF-ORIGIN INFORMATIONAND PRICE CONCERNS ON THE CONSUMER INNOVATIVENESS TOWARD THE NEW BEEF BRANDS IN FOOD SERVICE OUTLETS IN HCMC

Introduction

The aim of this chapter is to explore the importance of information about country of origin and price on consumer innovativeness toward beef at food service outlets in developing markets. Chapter 4 found that food service outlets were the main distributors for high-grade beef at the HCMC beef market. Currently, Wagyu exporters mostly distribute Wagyu beef through the restaurant chain. Hence, in three next chapters, we focused on the behavior of consumers and restaurants in this particular chain.

As indicated in the chapter 4, the influences of Western life style and the appearance of Korean and Japanese cultures in Vietnam lead to the emerging need for high-grade beef with different taste from the local beef or the normal beef. However, the Vietnamese consumers face a lot of difficulties in making beef purchasing because of two reasons. The first is the weakness of Vietnamese government in conducting and controlling the flow of beef in the retail market, especially imported beef. The lack of not only quality management system but also the transparency in the country of origin and price in retail basements impose riskiness on consumers. The second is the opportunistic behavior of beef sellers in the Vietnamese market. Due to the shortage of government regulations for beef products, customers have depended on their senses or butchers' reputation to select beef. They have to bear a lot of riskiness such as unsafe beef, counterfeit beef, or beef with the disease. As results, the Vietnamese consumers tend to strongly consider the uncertainty from a new beef brand and remain high resistance toward the newly imported beef brands at the introduction stage.

The shortage of host market infrastructure makes the business performance of beef exporters riskier. Hence, increasing information about beef products could be a solution for the high resistance toward a new beef brands in the Vietnamese market. This chapter investigated the impacts of information about the country of origin and price consciousness on consumer innovativeness toward new beef brands at food service outlets in the HCMC market. Since the Vietnamese consumers differentiate imported beef brands by the country of origin, this chapter selected the country of origin and price as the major external cues for consumer. The underlying hypothesis was that the need for further information on country of origin as well as price consciousness was the derived need from the emerging need for newly imported beef due to the uncertainty related to the new beef brands. Eating experience was a major determinant of the concerns about the country of origin and price, as well as the consumer innovativeness toward a new beef brand. The availability of information about the country of origin and pricing would positively impact on the innovativeness for new beef brands through enhancing personal eating experiences.

This chapter was divided into five parts. After the introduction of the research problem, the second part reviewed the relevant studies. Then, the hypotheses and the structural equation model for testing these hypotheses were presented. Next, the part of the methodology explained about the variable measurement in the questionnaire. Last were the results, the hypothesis testing, and discuss the findings respectively. This chapter ended with the conclusion and the opening for the chapter 6.

Literature review

Consumer innovativeness, a core concept in marketing, was defined by Hirschman (1980) as "the consumer's tendency to adopt new products, ideas, goods, or services." Marketing scholars usually study consumer innovativeness with the diffusion process of innovation and the product life cycle to create marketing strategies for corporations and strategic business units. Empirical studies on this topic can be divided into three main research streams (Dobre, Dragomir, & Preda, 2009). The first school of thought investigated the relationship between innovativeness and consumer personality. Alternatively, scholars tried to outline the makeup of innovators from psychological characteristics. For instance, Dobre et al. (2009) indicated that the person who adopted the first technological equipment was an opinion leader, risk tolerant, inside oriented, and independent from social norms. This individual also preferred obtaining information from mass media, was open minded, modern, and a high social status. The second stream focused on the demographic, social, and economic characteristics of innovation adopters. Adopters consist of consumers with high incomes, high levels of education, and high living standards (Labay & Kinnear, 1981; Plummer, 1971; Robertson, 1967). Robertson's study (1967) examined the relationship between adoption and culture. One outstanding empirical study on this topic by Maitland (1999) discussed the impact of cultural factors on innovation. The five dimensions of cultural variables in that study included the degree of collectivism, the gender equality, the long/short term orientation, the risk tolerance, and the power gap.

Existing studies on consumer innovativeness have strongly emphasized on corporate strategies when launching an innovative product in markets. The success of innovation in a market depends on the knowledge gap between marketing agencies and potential adopters (Rogers, 2003), it is vital for marketers to understand the need for new product information from a consumer's viewpoint when making purchasing decisions in uncertainty. However, previous studies on this topic seem to be spare since scholars paid less attention to brand familiarity, price consciousness, self-confidence, and dogmatism (Arts, Frambach, & Bijmolt, 2011).

Consumer beef purchasing behavior has been examined by a significant number of scholars since beef an important grocery item. Most of the previous studies focused on the roles of sensory characteristics and extrinsic cues in consumer's evaluation of beef quality. Some previous scholars stated the importance of intrinsic cues such as tenderness, marbling, juiciness, and flavor in customer's beef quality estimation at retail grocery stores and restaurants (Bredahl, 2004; Bredahl, Grunert & Fertin, 1998; Reicks et al., 2011). Other studies examined the role of the external cues, such as beef labeling that includes information about the country of origin (COO), price, traceability, and slaughter regimes. Both external and internal stimuli were considered as product attributes in a consumer's evaluation, emphasizing the expected quality, the actual quality, and the willingness to pay for a specific kind of beef (Bernués et al., 2003; Kim, 2008; Northen, 2000). However, previous studies on consumers' beef purchasing behavior have not considered the relationship between the need for such cues and consumer innovativeness toward beef.

Moreover, conclusions from previous research on beef purchasing behavior should be considered with caution, since most of them were conducted on consumers in the developed markets. Compared with the developed markets, the less-developed ones require different approaches, since significant beef consumption in these markets has only recently emerged. To select beef, consumers in the less-developed markets generally utilize a butcher's reputation or their shopping experiences with retail basements. Low government regulation and the lack of transparency about origin of imported beef products in developing economies impose risks on consumers when buying beef at retail markets. In food service facilities particularly, beef origin is crucial in purchasing decision, because users enjoy cooked beef instead of buying fresh beef cuts. Hence, there is a need

for further studies on the importance of country of origin in beef purchasing of consumers at food service outlets in less developed markets.

This chapter investigated the relation between consumer need for beef product information and consumer innovativeness toward the new beef brands at food service facilities in the HCMC market. This chapter focused on the role of consumer knowledge in consumer innovativeness by analyzing the impact of need for product information on innovative attitudes toward beef. The findings from this chapter were the background for the research on the marketing communication strategies for JPW in chapter 6.

The need for product information on a new beef of the Vietnamese consumers was considered concerning personal experiences in dinning out. The personal experience at food service was classified into two categories: general eating experience and professional eating experience. In the following with previous studies on beef purchasing, the professional experience was measured through tenderness, flavor, and marbling content. In term of beef product information, country of origin and price were two major external information cues for the evaluation of imported beef quality at food services outlets in the HCMC market.

5.1. Hypotheses

5.1.1 The need for new products and consumer innovativeness

Even though previous studies do not indicate the absolute concept of consumer innovativeness, this term is considered as intentional purchasing behavior (Midgley & Dowling, 1978); early purchasing or variety-seeking behavior (Steenkamp, ter Hofstede, & Wedel, 1999). These definitions describe the innovator as a consumer with early adoptive behavior for a new product than other consumers in the market. Since consumers are goal-seekers in the market, one might expect that consumers with high innovativeness have stronger interest into the innovation or high preference for the innovation. This statement could be reasonable in the following with Roger (1983): adoptive behavior was the result of multi-stage process, which began from need or problem recognition.

Previous research stream on consumer innovativeness also classified adoptive behavior for product level and for a domain-specific level (Roehrich, 2004). This part used domain-specific innovativeness, which measured the consumer intentional behavior toward new imported beef brands at food service. The hypothesis was high preference for new beef imported brands increases the consumer innovativeness toward newly imported beef brands.

H5.1: High preference for new beef imported brands increases the consumer innovativeness toward newly imported beef brands when dinning out at food service facilities in the Vietnamese market

5.1.2 The need for a new product and the need for information about a new product

There are two major considerations when launching the innovation to the market: the uncertainty of the new product and the information about the new product. Due to the information asymmetry about the new product, the success of the innovation in the market depends on how marketing agencies can reduce the uncertainties of the new product in consumers' evaluation. At the early stage of the product lifecycle, increasing product information can enhance the consumers' awareness of a new product, reduce the ambiguity of product quality, and decrease the search cost of consumers in buying process. Literature on innovation adoption also indicated that consumer perception of innovation's characteristics was a driving force of adoption (Gatignon & Robertson, 1985; Rogers, 2003). Hence, one might expect that the more preferable consumers for new products

will require more information about new products.

Regarding the imported beef consuming at food service outlets in the Vietnamese market, we focused on the requirements of information about country of origin and price in innovativeness toward imported beef brands. The information about country of origin in this study serves as an external cue for beef quality evaluation while price reflects how consumers' conscious concern about price information when buying beef at dinning out. The term in this study is different from previous studies on narrow definition of price consciousness as "the degree to which the consumer focuses exclusively on paying low prices" (Erickson & Johansson, 1985; Tellis & Gaeth 1990; Lichtenstein et al. 1993).

The role of price cue in consumer buying process is a debate between positive impact and negative role. Under the assumption of information perfection, price acts as an indicator of purchase cost. However, in reality, consumers usually do not have complete information about products and confront to the quality uncertainty of products, price could be a stimuli for product quality (Monroe, 1973). The role of price in consumer purchasing also depends on how consumers utilize this cue to make their decision. The negative role could be a result of a concern about the consistency between price paid and quality received; the relevancy of price in comparison to other reference prices; the positive respond to the seller actions. The positive role could be observed in a group of price seeking consumers, who prefer high price product in product category or prestige sensitive consumers, who consider price as an indicator of sellers' reputation.

In this study, due to the particular purchasing situation (dinning out at food service outlets) and the characteristic of the product (the imported beef brands), the hypothesis was:

H5.2 (a): When dining out at food service outlets in the Vietnamese market, consumers with stronger favor for new imported beef brands would need for more information about country of origin

H5.2 (b): When dining out at food service outlets in the Vietnamese market, consumers with stronger favor for new imported beef brands would reduce the price consciousness of beef.

5.1.3 Usage experience and innovativeness toward new beef brands

Nelson (1970, 1974) indicated that the value of information in consumer utility depended on the type of a product. For the experience goods, usage experience of individual is more valuable than external information sources since the attributes of this product is evaluated merely after purchasing. Regarding the consumer knowledge, usage experience could be one item in consumer knowledge construction. Usage experience could affect product familiarity, information integration process and consumers' decision-making confidence (Brucks, 1985; Ha and Perks, 2005; Laroche et al., 1996; Park and Lessig, 1981; Urbany et al., 1989). Hence, how consumers evaluate new beef brands might depend on their cumulative beef-eating experience, especially one's personal ability to differentiate between the origin of a variety of beef using intrinsic cues (Bredahl, 2004; Verbeke and Ward, 2006). This study hypothesized that eating experience could positively impact on the consumer innovativeness toward new beef brands at food service outlets. It also differentiated the effect of general eating experience and professional eating experience on adoptive behavior process following the hierarchy cognition of innovation (Roger, 2003). General experience reflects the familiarity of consumers with product category and purchasing situation while professional experience indicates the personalized knowledge of consumers about specific characteristics of the particular products. Professional experience also presented the high involvement of consumers in the buying process. Hence, professional experience is higher than general experience in hierarchy cognitive process.

H5.3 (a): Eating experience could positively impact on consumer innovativeness toward new beef brands when dinning out at food service outlets in the Vietnamese market

H5.3 (b): General experience could lead to professional experience of beef at food service outlets when dinning out at food service outlets in the Vietnamese market

H5.3 (c): Professional experience is stronger than general experience in explaining consumer innovativeness toward beef when dinning out at food service outlets in the Vietnamese market

5.1.4 The moderating role of usage experience on consumer innovativeness

Regarding the uncertainty of beef quality at foodservice outlets, we argued at the 3.2 that the need for information about country of origin, and price concerns were derived from the need for new beef. However, the requirements for external information can be moderated by subjective knowledge and product familiarity (Campbell and Keller, 2003; Johnson and Russo, 1984; Laroche et al., 1996). Hence, the need for information about COO and price consciousness were considered jointly with general experience and professional experience of beef when dinning out at food service outlets.

Since consumer adoption was a multi-stage process, increasing information about country of origin could accelerate the innovativeness toward new beef brands through enhancing eating experiences of new beef brands. Moreover, when eating experiences was motivated, these could reduce the concerns about the price at the first time introduction.

H5.4 (a): Increasing information about country of origin could accelerate the innovativeness toward new beef brands at food service outlets through enhancing eating experiences of new beef brands

H5.4 (b): Increasing information about country of origin could reduce the price consciousness of new beef brands at food service outlets in the Vietnamese market through enhancing eating experiences of new beef brands.

The conceptual framework of our study is shown in Figure 5.1.

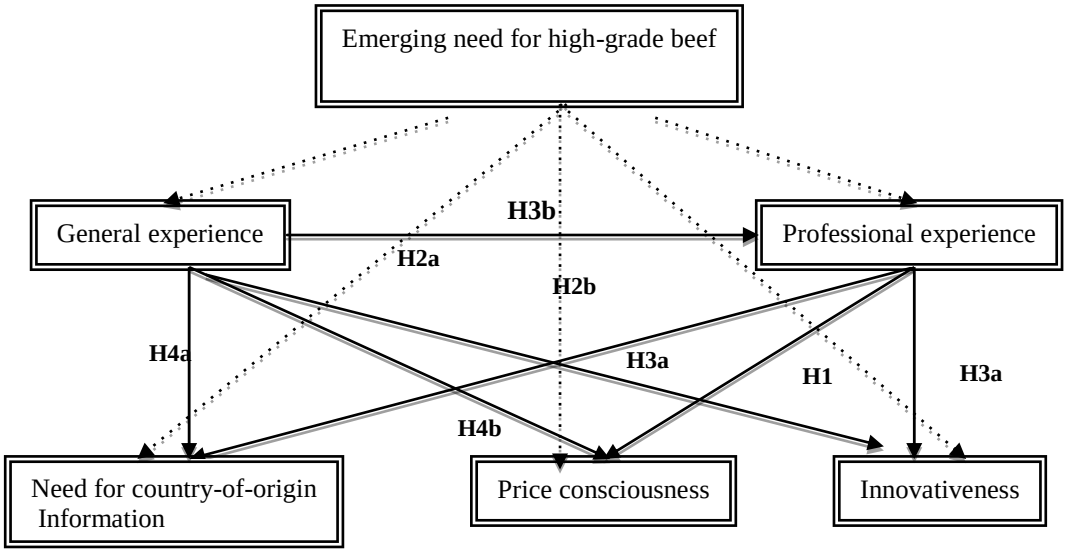


Figure 5.1. The Conceptual Framework of the Study on information and consumer innovativeness

5.2 Methodology

5.2.1 Theory of Structural equation modeling (SEM)[10]

Structural equation modeling (SEM) is a general framework that is capable of modeling complex systems of human behavior common in the social and behavioral sciences. As opposed to most

[10] This section follows the dissertation in statistics of Laura Hildreth, Iowa State University (2013).

traditional statistical methods, which emphasize the modeling of individual observations, SEM differs markedly by emphasizing the covariance of the observed variables. Consequently, SEM is an incredibly flexible method that is capable of modeling complex systems of equations that traditional methods cannot.

Under the SEM framework, a model is posited that specifies the relationships among all variables (latent and observed) resulting in systems of linear equations such that the relationships between all variables are linear. In these linear equations, variables are linked by structural parameters denoted as θ. Based on these equations, the population covariance matrix of the observed variables, Σ, can be represented as a function of the model parameters θ. Bollen (1989), defines this as the fundamental hypothesis of structural equation modeling; that is

$$\Sigma = \Sigma(\theta)$$

where Σ is the population covariance matrix of the observed variables, θ is a vector of model parameters, and $\Sigma(\theta)$ is the covariance matrix as a function of θ .

Model specification: The hypothesized relationships lead to systems of linear equations that link latent, observed, and error variables to one another using structural parameters. These structural parameters summarize the relationships among variables and can describe causal links between latent variables, observed variables, and latent and observed variables. The systems of structural equations consist of two major subsystems: the latent variable model, which summarizes the relationships among the latent variables, and the measurement model, which relates latent variables to observed variables. In this section, the notation of SEM is introduced as presented by Bollen (1989) and originally developed by J ¨oreskog (1973, 1977), Wiley (1973), and Keesling (1972).

Latent Variable Model: The latent variable model, which is also commonly referred to as the structural or causal model, is comprised of the system of equations that describes the relationships among latent variables. Latent variables are also known as unobserved variables or factors that represent hypothetical constructs or concepts and are assumed to be measured without error. Under the SEM framework, latent variables are considered to either be exogenous as their causes lie outside the model, or endogenous as their causes lie within the model.

The latent variable model for the hypothetical model can be written in matrix form as:

$$\eta = B\eta + \tau\xi + \zeta \quad (5.1)$$

On the left hand side of Equation (5.1) η, represents a $m \times 1$vector of endogenous latent variables while the $n \times 1$ vector ξ represents the exogenous latent variables. Each endogenous latent variable, η_k (k = 1, . . . m), is a function of the exogenous latent variables in ξ , the other endogenous latent variables inη , and a random disturbance term ζ_k represented in the $m \times 1$ vector ζ. It is assumed that for all k = 1, . . . m: (1) E (ζ_k) = 0; (2) $\zeta_k$are homoskedastic; (3) ζ_k are independent; and (4) η and ζ_k are uncorrelated. The homoskedasticity assumption in SEM is analogous to the homoskedasticity assumption in regression implying that for a given endogenous latent variable $\eta_k$the variance of the error term ζ_k is constant across observations (i.e. $E(\zeta_{ki}^2) = Var(\zeta_k)$ ∀ i where i denotes the ith observation).

The independence assumption mirrors the regression assumption that assumes error terms associated with the endogenous latent variable equation for η_k are uncorrelated with one another: $Cov(\zeta_{ki}, \zeta_{kl}) = 0 \forall\ i \neq l$

The structural parameters that summarize the relationships among the latent variables are found in the $m \times m$ matrix B and the $n \times n$ matrix Γ .The B matrix is the coefficient matrix that links the endogenous latent variables to one another. This matrix consists of elements β_{kj} where k denotes the row position and j denotes the column position. The element β_{kj} represents the

expected direct change in η_k associated with a one unit increase in η_j; a one unit increase in η_j; may also cause a change in η_k indirectly via other latent variables in η which can be calculated using elements in B.

The matrix Γcontains the structural parameters, that link the exogenous latent variables to the endogenous latent variables. This matrix consists of elements y_{kl} where k denotes the row position and l denotes the column position. The element y_{kl} represents the expected direct change in η_k associated with a one unit increase inξ_l where l = 1, . . . , n; ξ_l may also cause a change in $\eta_k$indirectly via other latent variables in η which are then calculated using elements in and B.

Table 5.1 The summary of the Latent Variable Model

Structural Equation for the Latent Variable Model		
$\eta = B\eta + \Gamma\xi + \zeta$		
Assumptions		
$E(\eta) = 0$		
$E(\xi) = 0$		
$E(\zeta) = 0$		
$E(\xi\zeta) = 0$		
(I − B) is nonsingular		
Symbol	Dimension	Definition
		Variables
$\boldsymbol{\eta}$	$m \times 1$	Endogenous latent variables
$\boldsymbol{\xi}$	$n \times 1$	Exogenous latent variables
$\boldsymbol{\zeta}$	$m \times 1$	Latent errors in equations
		Coefficients
B	$m \times m$	Coefficient matrix for endogenous latent variables
Γ	$m \times n$	Coefficient matrix for the exogenous latent variables
		Covariance matrices
Φ	$n \times n$	$E(\xi\xi')$ Covariance matrix of ξ
Ψ	$m \times m$	$E(\zeta\zeta')$ Covariance matrix of ζ

Source: Original source from Bollen (1989), p.14; recited from Hildreth (2013)

Measurement Model

While the latent variable model summarizes the theoretical relationships among the latent variables that a researcher has hypothesized, these relationships can only be tested if measures of the latent variables are collected such that these observed variables are proxies of the latent variables. The measurement model links the latent variables with observed variables (the terms observed variables, indicators, measures, and manifest variables are used interchangeably).

The equation for the measurement model can be written in matrix notion as:

$$x = \Lambda_x + \delta$$

$$y = \Lambda_y + \epsilon$$

x represents a vector of $q \times 1$ vector of indicators for the exogenous latent variables ξ while y represents a $p \times 1$ vector of indicator variables for the endogenous latent variables η . The structural parameters that summarize the relationships between the latent and observed variables are found in the $q \times n$ and $p \times m$ matrices Λ_x and Λ_y, respectively. The measurement errors for x_h and y_j are represented by the $q \times 1$ vector δ and the $p \times 1$ vector ϵ, respectively.

Table 5.2 The summary of the Measurement Model

Structural Equation for the Latent Variable Model		
	$x = \Lambda_x + \delta$	
	$y = \Lambda_y + \epsilon$	
Assumptions		
	$E(\eta) = 0$	
	$E(\xi) = 0$	
$E(\delta) = 0$	δ uncorrelated with $\eta, \xi, and\ \epsilon$	
$E(\epsilon) = 0$	ϵ uncorrelated with $\eta, \xi, and\ \delta$	
Symbol	Dimension	Definition
		Variables
x	$q \times 1$	Observed indicators of ξ
y	$p \times 1$	Observed indicators of η
δ	$q \times 1$	Measurement errors of x
ϵ	$p \times 1$	Measurement errors of y
		Coefficients
Λ_x	$q \times n$	Coefficients relating x to ξ
Λ_y	$p \times m$	Coefficients relating y to η
		Covariance matrices
θ_δ	$q \times q$	$E(\delta\delta')$ covariance matrix of δ
θ_ϵ	$p \times p$	$E(\epsilon\epsilon')$ covariance matrix of ϵ

Source: Original source from Bollen (1989), p.20; recited from Hildreth (2013)

All estimation methods in SEM are derived from the relationship between the implied covariance matrix of the observed variables, $\boldsymbol{\Sigma}(\boldsymbol{\theta})$, and the sample covariance matrix of the observed variables $\mathbf{S}$. The goal of all estimation methods is to use the sample covariance matrix, $\mathbf{S}$, to obtain estimates for the structural parameters in θ under the specified model such that $\boldsymbol{\Sigma}(\boldsymbol{\theta})$, is close to $\mathbf{S}$. The most common estimation method is maximum likelihood which requires distributional assumptions be made regarding the latent variables and the error terms. The most common assumption is that of

normality such that $\boldsymbol{\xi}\sim\mathbf{N}(\mathbf{0},\boldsymbol{\Phi}),\boldsymbol{\eta}\sim\mathbf{N}\left(\mathbf{0},\boldsymbol{\Sigma}_{\eta\eta}\right),\boldsymbol{\delta}\sim\boldsymbol{N}(\mathbf{0},\boldsymbol{\theta}_{\delta}),\boldsymbol{\epsilon}\sim\boldsymbol{N}(\mathbf{0},\boldsymbol{\theta}_{\epsilon}),\boldsymbol{and}\ \boldsymbol{\zeta}\sim\boldsymbol{N}(\mathbf{0},\boldsymbol{\Psi})$

Consequently, this implies that $\boldsymbol{x}=\boldsymbol{\Lambda}_{\boldsymbol{x}}+\boldsymbol{\delta}$ and $\boldsymbol{y}=\boldsymbol{\Lambda}_{\boldsymbol{y}}+\boldsymbol{\epsilon}$ are normal distributed such that $\boldsymbol{x}\sim\mathbf{N}(\mathbf{0},\boldsymbol{\Sigma}_{\boldsymbol{xx}})$ where as $\boldsymbol{\Sigma}_{\boldsymbol{xx}}=\wedge_{x}\boldsymbol{\Phi}\wedge_{x}'+\boldsymbol{\theta}_{\boldsymbol{\delta}}$ and $\boldsymbol{y}\sim\mathbf{N}\left(\mathbf{0},\boldsymbol{\Sigma}_{\boldsymbol{yy}}\right)$ where as $\boldsymbol{\Sigma}_{\boldsymbol{yy}}=\wedge_{y}(\mathbf{I}-\mathbf{B})^{-\mathbf{1}}(\boldsymbol{\Gamma}\boldsymbol{\Phi}\boldsymbol{\Gamma}'+\boldsymbol{\Psi}\mathbf{I}-\mathbf{B}=\boldsymbol{\Gamma}\boldsymbol{\Lambda}\boldsymbol{y}'+\boldsymbol{\theta}\boldsymbol{\epsilon}$

Under the normality assumption the maximum likelihood the fitting function is (Bollen, 1989):

$$\mathbf{F}_{\boldsymbol{ML}}=\boldsymbol{log}|\boldsymbol{\Sigma}(\boldsymbol{\theta})|+\boldsymbol{Tr}\left(\boldsymbol{S}\boldsymbol{\Sigma}^{-\mathbf{1}}(\boldsymbol{\theta})\right)-\boldsymbol{log}|\boldsymbol{S}|-(\boldsymbol{p}+\boldsymbol{q})$$

where log denotes the natural log and Tr is the trace of a matrix

5. 2.2 Analytical model

We constructed a SEM for the study on country of origin information, price consciousness and consumer innovativeness at food service outlets in HCMC as the figure 5.2.

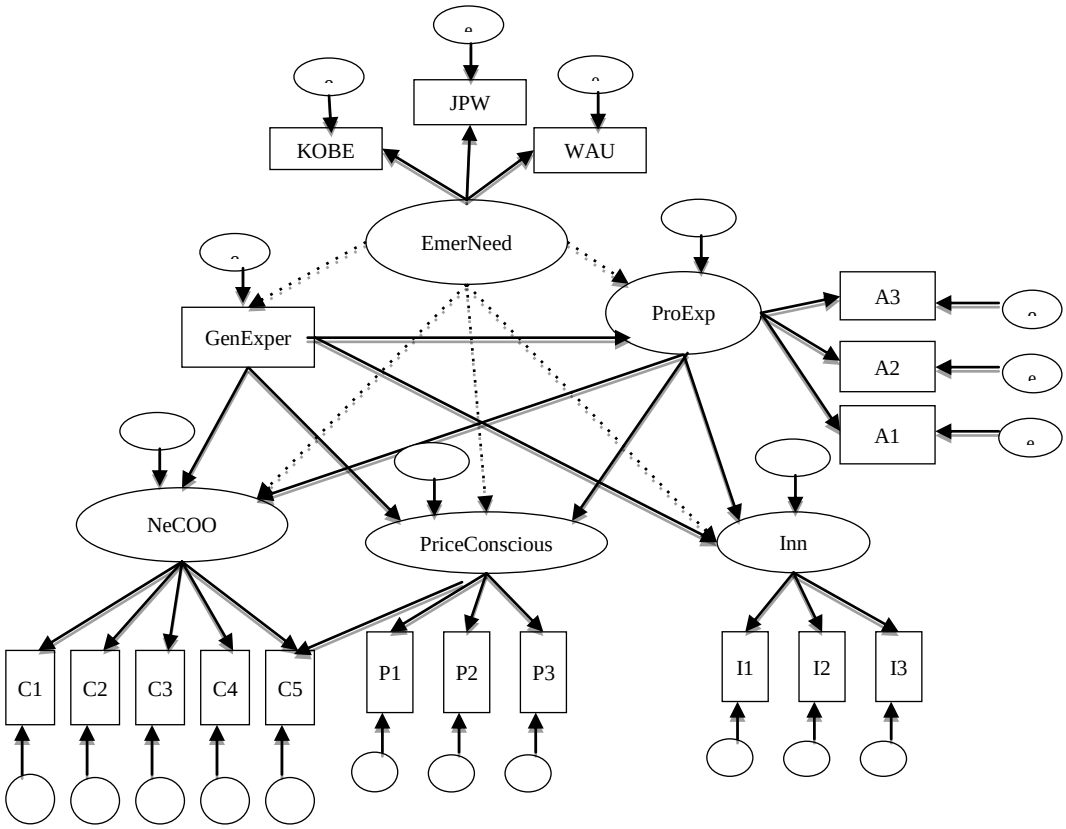


Figure 5.2. The Structural Equation Model of the study on the need for country of origin, price consciousness, and consumer innovativeness toward newly imported beef brands at food service outlets in HCMC city

In this model, the latent variables are correlated through hypothesized relationship in part 5.1.**Hypotheses.** We developed a multivariate measurement for the need for information about country of origin as well as price concerns when dinning out at food service outlets. To measure each item in the need for information about country of origin (NeCOO), price consciousness (PriceConscious), each respondent gave an individual opinion about each statement through using five-point Likert scale with 1 for completely do not agree to 5 for completely agree. Instead of asking the direct evaluation for the importance of each item, we changed the asking method to match with the Vietnamese consumers.

Regarding Innovativeness, each respondent had to confirm three statements about choosing a new beef brand at restaurants, with 1 for completely incorrect to 5 for completely correct. Since the main purpose of consuming high -grade beef in the restaurants is enjoyment and exploration, innovativeness could interchange for variety- seeking behavior or exploratory behavior.

The new beef brands at the HCMC market consist of Australian Wagyu beef, Japanese Wagyu beef, and Kobe beef; thus, the emerging need for high-grade beef was measured through consumer preference for three new beef brands.

To measure eating experience, we used eating frequency in one month as a predictor for the general experience and constructed 3 questions for the professional experience. We focused on the recognizable ability through 3 intrinsic cues of beef at food service outlets: tenderness, flavor, and marbling. A detailed explanation of variable measurement is provided in Table 5.3 below.

Table 5.3. Explanation of Variable Measurement

Endogenous Latent Variables (5=totally agree; 1=totally disagree)	
NedCOO	The need for information about country of origin at food service outlets in Vietnam
	C1= Restaurants must intend to provide customers with country-of-origin information.
	C2 = Restaurants must provide customers with country-of-origin information.
	C3 = Restaurants must have legal country-of-origin certificates for beef.
	C4 = Staff in restaurants must have sufficient knowledge about beef dishes' country of origin.
	C5 = Restaurants must provide customers with beef that has country of origin as informed by restaurants.
PriceConscious	Consumer consciousness of beef price at food service outlets in Vietnam
	P1 = The price of beef must be reasonable at the retail market.
	P2= The price of beef must be acceptable at food service outlets.
	P3 = The price of beef must be stable for a given period.
ProExp	Personal ability to evaluate beef.
	A1 = I can recognize the kind of beef through its flavor.
	A2 = I can recognize the kind of beef through its tenderness.
	A3 = I can recognize the kind beef through its marbling content.
Familiarity	Frequency of eating beef at restaurants (times/month)
Inn	Innovativeness towards new beef brands (5=completely correct; 1=completely incorrect)
	I1 = I tend to diversify my beef choices when dining out at restaurants.
	I2 = I tend to choose beef that is different from beef cooked home when dining out at restaurants.
	I3 = I tend to try new kinds of beef at a market when dining out at restaurants.
Exogenous Latent Variables	
EmerNeed	Emerging need for high-grade beef at food service (5=Greatly prefer; 1=Do not prefer)
	WAU = Preference for Australian Wagyu beef at restaurants
	JPW = Preference for Japanese Wagyu beef at restaurants
	KOBE = Preference for Kobe beef at restaurants

5.2.3. Data collection and the sample description

The data were collected from the consumer survey for the second sub-study (refer to chapter 3, part 3.2), the random direct interviews with 480 customers at beef restaurants in the urban area of Ho Chi Minh City, Vietnam from August 15th to September 25th, 2015. A beef restaurant in our study was defined as an intermediated-grade restaurant with beef as a main course on its menu.

Table 5.4. The socio-economic characteristics of the sample

Characteristics	Description	
	Value	Percentage
Age	N=480	100%
18~25 years old	63	13.13%
25~35 years old	228	47.50%
Over 35 years old	189	39.37%
Education	N=480	100%
High-school degree	80	16.67%
Bachelor degree	331	68.96%
Master/Doctor degree	69	14.37%
Household average food expenditure per month	N=480	100%
8~14 million VND	105	21.88%
14~20 million VND	192	40%
20~26 million VND	98	20.41%
26 million VND~	85	17.71%

It could be seen from the table 5.3 that the sample reflected the current characteristics of the urban customers at food service. The respondents with the age from 25~35 years old accounted for the largest share, at about 48% of the sample. Most of the respondents obtained the college or university degree and had food expenditure per month higher than the average spending in HCMC. The characteristics of our sample seem to be relevant to the purpose of the study on consumer innovativeness since high education, upper middle income, and young age constitute the psychological portrait of innovators in literature.

5.3 Results

5.3.1 Hypothesis Testing

Table 5.5. Descriptive Summary of Variables

Variable	Mean	Std. Dev.	Factor loadings
PriceConscious (Cronbach's alpha =0.644)			
P1	3.906	0.972	0.59
P2	3.517	1.024	0.60
P3	3.460	1.006	0.51
NeedCOO (Cronbach's alpha=0.741)			
C1	4.415	0.740	0.62
C2	4.385	0.710	0.64
C3	4.233	0.832	0.55
C4	4.150	0.788	0.46
C5	4.548	0.679	0.66
Inn (Cronbach's alpha=0.607)			
I1	3.512	1.111	0.45
I2	3.800	1.020	0.52
I3	3.252	1.174	0.51

ProExp (Cronbach's alpha=0.604)			
A1	3.052	1.073	0.58
A2	3.410	1.038	0.45
A3	3.008	1.040	0.54
EmerNeed (Cronbach's alpha=0.592)			
WAU1	2.988	0.791	0.59
KOBE1	3.025	1.139	0.53
JP1	2.785	0.870	0.44
Frequency	2.81	1.08	

Table 5.4 reported the descriptive statistics for each item of exogenous latent variables and endogenous latent variables. The internal consistency and reliability of instruments were measured by Cronbach's coefficient alpha (Cronbach, 1951) and exploratory factor analysis. Following previous studies on the lower bound of acceptable alpha value in psychology (Gliem & Gliem, 2003; Sijtsma, 2009; Tuckman& Harper, 2012), we take $\alpha = 0.6$ as a lower threshold of measurement reliability. In general, all instruments indicated alpha values that exceed the acceptable criterion of 0.6, except for behavior measurement with $\alpha = 0.592$. Regarding to factor analysis, we used 0.4 as the threshold to retain the relevant item in a factor (Ford, MacCallum, & Tait, 1986).

Table 5.6. Values of Fit Statistics

Index	Values	
	OIM estimate	Satorra-Bentler estimation
χ^2(df)	230.96 (123)	200.69 (123)
P >χ^2	0.000	0.000
χ^2(df)/df	1.877	1.682
RMSEA (90% CI)	0.043 (0.034; 0.051)	0.036
P -close fit H_0	0.920	
CFI	0.915	0.930
TLI	0.895	0.913
SRMR	0.047	
CD	0.699	

Note. CI. Interval confidence. All results were calculated by STATA

OIM. Observed Information Matrix

Table 5.5 presented values for fit statistics of the structural equation model in our study. The model's chi-square was statistically significant at p-value< 0.01. Thus, the exact-fit hypothesis was rejected at 1% when considering the model's test statistic. In other words, the covariance matrix implied by our model was not close enough to the sample covariance matrix because of other reasons rather than sample error (Kline, 2011). Due to the sensitivity of the observed value of χ^2_M(df), with multivariate non-normality and sample size (Bentler & Yuan, 1999; Hayduk et al., 2007; Yuan, 2005), we considered approximate fit indices to evaluate goodness-of-fit for the specified model. The value of RMSEA at 0.043 <0.05 indicated relatively adequate fitness (Brown & Stayman, 1992; MacCallum, Browne, & Sugawara, 1996). The relative fit of the model is about a 91.50% improvement over that of an independent model (CFI=0.915). SRMR was at 0.047 <0.05 and sufficient for fitting the model (Hu & Bentler, 1998, 1999). Since we attempted to construct a comprehensive model for testing the impact information at an individual level, this model could be relevant to some extent with relaxed statistical indicators for goodness-of-fit.

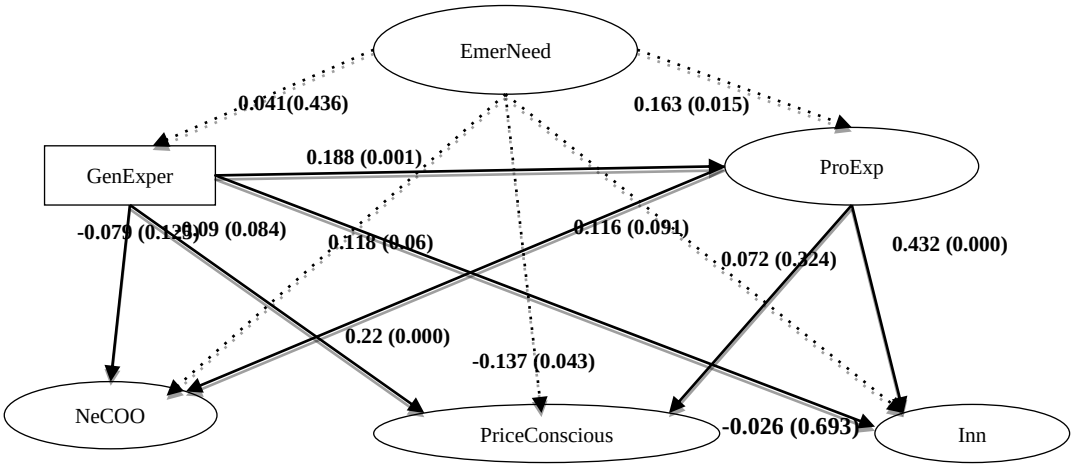


Figure 5.3. Maximum Likelihood Parameter Estimates for the paths in the study

Note. Standardized coefficient estimates are reported with the p-value in the parentheses

Table 5.7. Summary of the Hypothesis Testing

Hypothesis	Path/Covariance	Coefficient	
		Ust.	St.
H1	**EmerNeed->Inn**	2.676	0.189
	Direct	1.646	0.116
	Indirect	1.030	0.073
H2a	**EmerNeed->NeCOO**	1.618	0.153
	Direct	1.253	0.118*
	Indirect	0.036	0.035
H2b	**EmerNeed->PriceConsious**	−0.415	−0.129
	Direct	−0.442	−0.137**
	Indirect	0.027	0.008
H3a (1)	**ProExp->Inn**	0.414***	0.432***
	Direct	0.414***	0.432***
	Indirect		
H3a (2)	**GerExp->Inn**	0.032	0.055
	Direct	−0.016	−0.026
	Indirect	0.047***	0.081
H3b	**GeExp->ProExp**	0.115***	0.188***
	Direct	0.115***	0.188***
	Indirect		
H4a (1)	**ProExp->NeCOO**	0.158***	0.220***
	Direct	0.158***	0.220***
	Indirect		
H4a (2)	**GerExp->NeCOO**	−0.017	−0.038
	Direct	−0.035	−0.079
	Indirect	0.018***	0.041
H4b (1)	**ProExp-> PriceConsious**	0.016	0.072
	Direct	0.016	0.072
	Indirect		
H4b (2)	**GerExp-> PriceConsious**	−0.017	
	Direct	−0.123	−0.093
	Indirect	0.002***	0.014

*Note: ***p-value<0.01; **p-value<0.05; *p-value<0.1; Utd. Unstandardized estimate; Std. Standardized estimate*

Table 5.6 presented the results of hypotheses in Figure 1 using the SEM shown in the figure 2. Regarding the impact of the emerging need for high-grade beef at food service outlets on the consumer innovativeness toward beef, H5.1 was not kept when the standardized coefficient of the path from EmerNeed to Inn is 0.116 at p-value = 0.101.

H5.2 (a) was kept at p-value < 0.1 with the standardized coefficient of the direct path from EmerNeed to NeCOO is 0.118 at p-value = 0.066. Customers with stronger favor for new kinds of beef in the market require more information about country of origin of beef. However, no significant effect could be seen for the indirect impact of EmerNeed on each observed endogenous variable in the latent instrument NeCOO. The emerging need for high-grade beef indicated significant impact on PriceConscious variable with the standardized coefficient of the direct path is −0.137 at p-value < 0.05. Customers with high preference for high-grade beef brands tended to reduce the role of price in their purchases when dinning out at the beef restaurants. Similar to the results of NeCOO, no significant effect could be seen for indirect impact of EmerNeed on PriceConscious as well as three observed endogenous variables of the instrument PriceConscious.

Table 5.8. Decomposition for the Impacts of EmerNeed, ProExp, and GeExp on the Endogenous Variables

	EmerNeed		ProExp		GeExp	
	Unst.	St.	Unst.	St.	Unst.	St.
Inn						
Indirect Effect						
Inn1	2.676	0.108	0.414***	0.247	0.032	0.031
Inn2	2.572	0.113	0.398***	0.258	0.031	0.033
Inn3	2.918	0.111	0.451***	0.254	0.035	0.032
NeCOO						
Indirect Effect						
C1	1.680	0.098	0.158***	0 .141	−0.017	−0.024
C2	1.620	0.102	0.158***	0.147	−0.016	−0.025
C3	1.598	0.086	0.156***	0.124	−0.016	−0.021
C4	1.285	0.073	0.126***	0.106	−0.013	−0.018
C5	1.079	0.071	0.161***	0.159	−0.026	−0.041
PriceConscious						
Indirect Effect						
P1	−1.874	−0.086	0.071	0.048	−0.048	−0.053
P2	−1.950	−0.085	0.074	0.047	−0.050	−0.052
P3	−1.483	−0.066	0.056	0.037	−0.038	−0.040

*Note: ***p-value<0.01; **p-value<0.05; *p-value<0.1; Unst. Unstandardized estimate; St. Standardized estimate*

About the variables related to eating experience, professional experience in beef recognition was a result of general experience in dinning out at beef restaurant. Alternatively, H5.3 (b) was kept when the standardized coefficient of the direct path from general experience to professional experience is 0.188 at p-value < 0.01. This result confirmed that professional experience, which expressed the personal ability in using sensory cues to differentiate beef brands at food service outlets, was at the higher hierarchy in consumer's cognition than the general similarity.

H5.3 (a) was kept for the direct effect from the professional experience to innovativeness at p-value < 0.01 while the significant direct effect was observed for the general experience. Among three observed endogenous variables in Inn variable, the largest indirect impact of the professional

experience was seen for I3, which indicated the intention to explore the new beef brand at the market. This finding could be relevant when considering the purchasing situation, the studied item, and the demographic characteristics of the sample. Since eating beef, especially high-grade beef at restaurants is the result of Westernized eating habit and life style of young consumers with upper middle income in urban areas, sensory experience is a motivation of variety seeking.

H5.4 (a) was kept with the direct effect from PerExp to NeCOO was standardized at 0.220 at p-value <0.01 and the indirect effect from GeExp to NeCOO was 0.018 at p-value <0.01. Eating experience becomes the moderator between the need for country of origin information and the innovativeness toward the new beef at the restaurants. Since the adoptive behavior is a multi-stage process, increasing information about country of origin can enhance similarity and personal ability in evaluating beef, consequently lead to the adoptive behavior for the new beef brand. The forth column of the table 5.7 indicated the indirect impact of professional experience on the requirements of country of origin at beef restaurants.

It could be seen that the most considerable requirement is a question of whether or not the beef restaurants would provide customers with the beef with country of origin as informed. Alternatively, one of the major uncertainties of consuming beef at food service outlets for customers is about opportunistic behavior of restaurants. This result reflected the actual problem of beef purchasing at the beef restaurants in the Vietnamese market since there is no official program as well as the government regulation to protect consumers' rights.

H5.4 was not supported since there was no significant effect could be seen in the direct path from eating experience to the consciousness of price of beef at the beef restaurant, except for a minor indirect impact of general experience at 0.002 with p-value <0.01. As explained in the H5.2 (a), consumers seemed not to paid high attention to the price of beef when dinning out at the beef restaurants.

5.4 Discussion

The results from the SEM indicated the importance of information about country of origin and price in private adoption for the new beef brands at food service outlets in Vietnam. The positive impact of emerging need for high-grade beef at food service on the need for information about country of origin expressed the uncertainty of beef consuming at the restaurants in the Vietnamese market. It also expressed the high searching cost of consumers before purchasing beef at restaurants due to the unavailability of information about products. This finding was one evidence for the role of COO in signaling beef quality to consumers (Cicia, Giudice, & Scarpa, 2002; Gao & Schroeder, 2009). Moreover, price of beef at the food service outlets serves as a quality cue of the beef when customers with high preference for new beef products reduce their price concerns in their buying process. These findings suggested that beef marketing agencies at food service should focus on establishing consumer belief through providing transparent information about beef brands as well as ensured quality beef products instead of inferior products with low price.

The large impact of professional experience on the innovativeness for beef showed that personal experience was the most reliable source when evaluating beef. This finding was consistent with the conclusion of Grunert (1997). Personal cumulative experience in using sensory cues was the crucial determinant of consumer innovativeness. This finding pointed out the importance of the sensory adoption process in promoting experience goods as beef. Moreover, the stronger impact of professional experience on innovativeness than general experience indicates the role of product trial and exploration in promotional program for beef at food service. Since customers at dining out

are variety-seekers, it is principal for marketers to individualized beef eating experience through trial offers.

The positive impact of professional experience on the need for country-of-origin information highlighted the mechanism of enhancing consumer innovativeness for beef at restaurants in Vietnam through marketing communication. At first, due to the high uncertainties of new beef brands, consumers with professional experience require more information about country of origin. The further information plays two roles in this group. First, it serves as the diagnostic of the bias in prior knowledge of consumers. Second, it can inspire the learning about new brand of expertise consumers. Hence, if marketing agencies could increase the awareness about new beef brands through providing more information about country of origin, they can accelerate the innovativeness toward such new beef brands through the positive moderator named personal experience.

There was no significant impact of purchasing familiarity on consumers' innovative attitudes, the need for country of origin information, and price concerns except for very minor indirect effect on NeCOO. Frequency of eating out is insignificant in explaining customers' attitudes and behaviors, due to individualization in beef purchasing at food service outlets. The specific characteristics of a purchasing situation call for stronger factors, such as external cues or personalization of an eating experience, rather than the frequency of dining out.

5.5 Conclusion

This chapter indicated the influences of the need for information about country of origin and price consciousness on adoptive behavior for imported beef brands at food service outlets in Vietnam. From the findings of this chapter, we hypothesized that information about brand played the crucial role when introducing Japanese Wagyu beef to the Vietnamese market. The customers need for more information about the newly imported beef brands due to the ambiguity about the quality of the newly imported beef brands at food service outlets. Hence, marketing agencies could influence on the private adoption of consumers for Japanese Wagyu beef through increasing information about Japanese Wagyu beef. Moreover, since the personal ability in differentiating beef at food service outlets made the significant on the global innovativeness toward newly imported beef brands at restaurants, we argued that the impacts of information on Japanese Wagy beef on individual adoption varied with the prior knowledge of customers about Japanese Wagyu beef. To test these hypotheses, we constructed the experimental approach in the chapter 6 with two study phases. The detail explanation of the methodology could be referred from Chapter 3 part 3.3.

CHAPTER 6

BRAND INFORMATION AND THE COMPETITIVE STRATEGIES AT THE INTRODUCTION STAGE OF JAPANESE WAGYU BEEF IN THE VIETNAMESE MARKET

Overview

This chapter investigated the importance of brand information when introducing Japanese Wagyu beef to the consumers in HCMC. We tested the efficiency of three brand advertising scenarios (brand clarification, brand contrast, and brand comparison) in forming and redirecting private adoption for Japanese Wagyu beef. We classified this chapter into 3 parts. In the first part, we examined the hypothesis that the brand information about JPW made significant impacts on the consumer preference for JPW at the introduction stage. In the second part, we investigated the question of whether or not providing more information about JPW would enhance the individual adoption for JPW at the early stage. In part 3, we emphasized into the positioning strategies for JPW in the niche market for high-grade beef in HCMC.

6.1 The importance of brand information on JPW at the introduction stage

6.1.1 Introduction

One major problem of a new product introduction is information asymmetry due to the knowledge gap between marketing agencies and consumers. In such a situation, firms should signal consumers by some informative indicators to reduce the uncertainty in the purchasing decision. It appears that exporting firms could utilize advertising to successfully penetrate into overseas markets since information economists have stated that advertising is an indicator of quality, competition, and reputation (Kaldor, 1950; Milgrom & Roberts, 1986; Nelson, 1970; 1974; Becker & Murphy, 1993). Moreover, a focus on brand information in an advertising program could increase the efficiency of the signal in uncertainty reduction, as well as create economic added value for the product (Erdem & Swait, 1998; Erdem et al., 2002; Farquhar, 1989). Hence, in this study, we focus on the role of brand information in advertising at the introduction stage of JPW in the HCMC market.

6.1.2 Literature review

Impacts of advertising in the meat industry have been investigated both at the aggregate market level (macro) and consumer level (micro). The former school of thought, with its concentration on the elasticity of advertising expenditure in an ideal demand system, has provided some empirical evidence regarding generic advertising in developed markets (Banović et al., 2009; Bredahl, 2004; Brester & Schroeder, 1995; Froehlich et al., 2009). Two considerations can be seen in this research stream. First, the inconsistent findings about the impact of ads on demand systems could be a result of ignoring brand advertising since brand advertising merely shifts market shares at the firm level and does not affect the aggregate market. Moreover, using advertising expenditure as a main explanatory variable eliminates not only the quantity and quality of information in advertising claims at the consumer level but also firm behavior when launching advertising (Kinnucan, 2003; Kinnucan et al., 1997). Hence, there has been a call for further studies on meat advertising with more attention to brand information, both in quality and quantity.

The research stream on advertising in the meat industry at the consumer level, based on the theory of the Total Food Quality Model (Bredahl et al., 1998; Grunert et al., 2004; Oude Ophuis & Van Trijp, 1995), focuses on the role of beef labeling as an informative_transmission from food producers or suppliers to consumers (Verbeke & Ward, 2006). In particular purchasing situations, which the sensory characteristics are impossible to access to generate a proper estimation, brand as an extrinsic cue could -be given more weight in evaluation (Banović et al., 2012; Bernués et al., 2003; Lee & Lou, 1995). Previous studies treated information cues transferred by beef brand as

one of the products' silent attributes since they examined consumers' reaction to stimuli of highly covered meat. Moreover, they paid great attention to the role of credence attributes such as animal welfare, environmental benefits, and organic farming in consumer purchasing behavior since most of the studies on beef were conducted in developed markets (Napolitano et al., 2010; Bredahl, 2004; Umberger et al., 2009; Grunert, 2006; Alfnes, 2004). There is little knowledge on the situation of introducing a new beef brand to undeveloped markets, in which the brand information is enforced via the diffusion process with consideration of current competitors.

Despite an increasing demand for meat products in emerging markets, there has been little research into advertising strategies for beef exporters to undeveloped markets. For Asian markets, scholars focus on the change in structure of aggregate meat demand (Gale & Huang 2007; Gandhi & Zhou, 2014; Huang & Rozelle, 1998). Even though these scholars expressed the emerging need for high-quality imported beef in these markets, no previous studies have investigated the purchasing pattern from the viewpoint of consumer preferences, or consumer adoption for imported beef brands. Research on other developing markets has shown the importance of information about country of origin and traceability as indicators of beef safety and quality in consumer purchases (Schnettler et al., 2009). Spare attention seems to be paid to the impacts of brand information on consumer preference in host markets when introducing an imported beef brand.

Thus, we attempted to validate the previous conclusion about the role of brand advertising in the context of new beef brand introduction abroad to consumers in undeveloped markets. Specifically, we investigated whether or not beef exporters could use brand information in ads to influence consumer adoption in less developed markets, via the case of exporting a new premium beef brand - Japanese Wagyu beef (hereafter JPW) to the Vietnamese market. After the official approval of importing into the Vietnamese market from April 1st, 2014, Japanese Wagyu beef became the last entrant brand of imported beef in the Vietnamese market. Exporting firms during the introduction period have struggled with a lot of difficulties since local consumers and business partners failed to differentiate Japanese Wagyu beef from previous competitive brands, namely Australian Wagyu beef and Kobe beef. In such an asymmetric situation, brand information was considered as a focal point of the advertising program for JPW at the early stage.

The primary purpose of this part is to examine the multivariate role of brand at the introduction stage in developing markets. The importance of brand advertising in the diffusion process from the consumer side is a function of quality (the content of information) and quantity (the number of ad claims). Information on JPW in advertising claims was considered in relation to standing competitive brands to indicate the most relevant message to diffuse and position JPW in the perception of consumers at introduction. We constructed a multi-function of brand via applying three kinds of information comprising brand clarification, brand contrast, and brand comparison. Second, we examined the efficacy of brand ads at introduction in consideration of the market potential for JPW by analyzing individual preferences for all available imported beef items in the Vietnamese market. This approach enabled us to explore the polarization in the beef purchasing patterns of customers in developing markets, as well as the potential segment for JPW. Last, the importance of brand information at introduction concerning with monetary constraints was investigated using three random price levels of JPW. The economic added value of advertising strategies was calculated via price premium for each kind of information.

We organized the remainder of this part as three folds. First, we developed a conceptual framework and hypotheses for this study based on the previous theories. Second, we examined the hypotheses through an empirical model. The market potential for JPW was extracted from consumer preference toward all existing competitive brands through factor analysis. The importance of brand information of JPW was illustrated through the impacts of individual knowledge and eating experience on consumer utility. The efficiency of the three kinds of brand information comprising clarified information, contrast information, and compared information at introduction was investigated through the magnitude of standardized -coefficients in an ordered

logit regression. The endogeneity between brand knowledge and eating experience was considered in our empirical models to trigger an effective promotional strategy for JPW. Moreover, we calculated the economic added value of each kind of brand information of JPW via the ratio between the first derivate of consumer utility with respect to brand information and price. This combination provided an important cue to indicate relevant claims to diffuse JPW in the retail market. Last, we discussed our results, including implications for management, and conclusions.

6.1.3 Hypotheses development

Brand information and consumers' evaluation of new food at introduction

In regards to uncertainty of a new product, it appears that consumers with initial beliefs established by their knowledge could become innovators in the diffusion process since their adoption motivation is enhanced (Rogers, 1983), and the market knowledge discrepancy is reduced (Gatignon & Robertson, 1985; Hansen et al., 2003). Furthermore, one with initial knowledge could become an active factor in this communication, while one without information seems to play a passive role. Hence, the former consumers tend to have a more positive attitude to a new food than the latter. Additionally, the prior knowledge could generate product familiarity, and serve as a cue for the evaluation of a product (Bettman, 1979; Brucks, 1985; Bettmann & Park 1980; Urbany et al., 1989).

The limitation in consumer's knowledge of a product derives from the cost of collecting information (Carlton & Perloff, 2005): the greater the uncertainty, the stronger demand for additional information before making the purchasing decision. Bettmann & Park (1980) stated that consumers with low prior knowledge would lack ability in not only operating the information but also applying it in decision-making, whilst the high learning group could perform well with their own stored memory (Park & Lessig, 1981; Brucks, 1985). Hence, consumers with prior knowledge can reduce their searching costs and efforts in estimating a new product's attributes, and might obtain more product benefits. Radecki et al. (1995), Schmidt & Spreng (1996), and Johnson & Russo (1984) indicated that subjective knowledge, with strong confidence in decision-making, would decrease the external search since internal memory was sufficient for their decision, while inexperienced consumers tend to consume a lot of time to make attribute estimation (Bettmann & Park, 1980).

Since beef is one experience goods, consumers strongly demand particular cues for estimating beef quality prior to a final purchase or trial (Grunert et al., 2004). Srinivasan & Till (2002) indicated the advantages of a strong brand name in creating the pre-trial perception, since it is one way of uncertainty reduction for unfamiliar products (Abernethy & Franke, 1996; Rogers, 1983). Furthermore, when a new food with related negative information is introduced, the consumer's evaluation could depend on trust in the brand, which is an indicator of satisfaction, well-being, and risk minimization (Berg, 2004; Lobb et al., 2007). Initial brand knowledge would add more credibility to the new brand and increase the behavior flexibility even if the presence of a new introduction awakens their memory of negative food events. Therefore, it could be relevant to predict that the influence of prior knowledge on new food evaluation depends on what consumers learn from the brand.

Eating experience and consumers' evaluation of a new food at introduction

Usage experiences become ambiguous when being considered in the prior knowledge cluster (Raju et al., 1995). Zaichkowsky (1985) distinguished product experience and prior knowledge by stating that experience is derived from what we think we know. Brucks (1985) argued personal experience might not be consistent with information processing unless it could lead to different memories of consumers. Brakus et al. (2009) expressed that consumption experience essentially provides consumers with a hedonic consequence. Therefore, usage experience of a particular product can subsequently create multidimensional behavior based on the dispersion between expected quality

and experienced quality. In regards to JPW, the influence of usage experience is less conspicuous than for industrial products or consumer durable products since it strongly depends on personal taste, a highly invisible and abstract -factor. Thus, there could be a relation between usage experience and evaluation of JPW, but no specific prediction about the sign of this effect is made.

The impact of brand information and eating experience in comparison

It could be relevant to consider that eating experience might dominate subjective knowledge in explaining preference variation since actual beef consumption could be the most reliable source of information for individual decision-making (Mothersbaugh et al., 1994). Thøgersen (2002) indicated that the effect of direct experience on individual behaviour consists of the experience effect and the personal norm. The stronger impact of direct experience on behaviour compared to attitude could be the result of personalization of direct experience and a defensive mechanism of individual cognition. One might expect that the brand information of a premium brand could result in exploratory behaviour of consumers. However, the discrepancy between expectation and actual experiences seems to be reduced significantly when consumers can rely upon their own usage experiences instead of external information or other person's experiences. Moreover, for a premium brand such as JPW, self-experience seems the more beneficial stimuli for consumer decision-making than subjective knowledge considering the economic value of information (Nelson, 1974). Hence, the impact of eating experience might dominate prior knowledge in comparison.

Market potential and consumers' evaluation of JPW in the introduction phase

Market potential of a new product was defined in the theory of diffusion advanced by Bass (1969) and Roger (1983) as initial purchases (*m*) made by "innovators" and "imitators". Alternatively, it reflects the potential total sales of a particular product after its introduction (Tseng & Hu, 2009). Studies on the success of new product development at the firm level have illustrated the role of market attractiveness. Myers & Marquis (1969) named this concept market pull with emphasis on need understanding. Cooper & Kleinschmidt (1987) indicated that market potential was one situational factor, and developed a measurement for this concept by combining market size, market growth, customer need, and importance of the product. Brown & Eisenhardt (1995) considered three characteristics of the market in new product success: large, high growth, and low competition.

Following previous studies, we developed "market potential" for JPW with high attention to the characteristics of consumer preference for current competitors. It appears that the satisfaction with a current brand or loyalty toward an existing brand creates a barrier to entry for the new brand entrance (Keller, 2009; Menictas et al., 2012). That leads to two strategies in positioning a new product compared to competitors, namely me-too and second-but-better (Frambach et al., 2003). Scholars supporting differentiated strategies have indicated the strong impact of becoming distinct in customers' perception when introducing a new product (Cooper, 1979; Cooper & Kleinschmidt, 1987). Food choice to some extent is considerably different from industrial or consumer durable goods since it is difficult to standardize by systematic criteria. Because most consumers are not food experts, they need informative cues as similar brands to evaluate and make purchasing decision. Hence, the market potential for JPW could be extracted from the current beef-purchasing tendency of consumers. Alternatively, investigating the competitive brands from the consumer perspective is a source of need recognition and market possibility for JPW. Moreover, the essence of attitude to existing brands could serve as personal involvement, which expresses the potential relevance of new beef to individuals. Hence, it could be reasonable to predict the positive impact of market potential on evaluation for JPW at introduction. And the knowledge of brand information and eating experience could be hypothesized as the moderators of this relation.

Price as a cost cue and informative cues in consumers' evaluation of JPW

The role of price in beef studies is debated between a psychological factor and an economic determinant. The findings from studies on perceived quality have indicated the difference in using price as an extrinsic cue of quality. Consumers with familiarity reduced the importance of price in evaluation, while the novices tended to be heavily influenced (Banović et al., 2012; Bredahl, 2004). Moreover, the role of price in product category could be influenced by the price references to other items (Aertsens et al., 2009). Price in studies on willingness to pay (WTP) serves as a cost cue. Angulo & Gil (2007) considered price from the perceived risk viewpoint and stated dual roles of price after the beef crisis, namely a cost cue and a quality cue. The quality cue of price was found in some studies when consumers' WTP depended on the brand position in the whole market (Lange et al., 1998; 2000). As for a premium brand, one could believe that the negative impact of price is partially moderated by the brand information.

6.1.4 Hypotheses

From the above considerations, the hypothesis development of this study includes:

Hypothesis 6.1: *During the introduction phase of Japanese Wagyu beef in the Vietnamese market, the consumers with subjective knowledge of the brand would have higher preferences than ones without the brand information, and the impact magnitude varied with what brand information was already learnt by consumers.*

Hypothesis 6.2: *When introducing Japanese Wagyu beef in the Vietnamese market, the eating experience would influence the consumer preference for this brand.*

Hypothesis 6.3: *When introducing Japanese Wagyu beef in the Vietnamese market, the individual usage experience could be stronger than brand information in explaining consumer preference.*

Hypothesis 6.4 (a): *When introducing Japanese Wagyu beef in the Vietnamese market, the market potential can positively impact consumer preference toward Japanese Wagyu beef.*

Hypothesis 6.4 (b): *The impact of market potential on consumer preference toward Japanese Wagyu beef is moderated via the knowledge of brand information and usage experience.*

Hypothesis 6.5: *When introducing Japanese Wagyu beef in the Vietnamese market, the knowledge of brand information could positively moderate the impact of price on consumer preference toward Japanese Wagyu beef.*

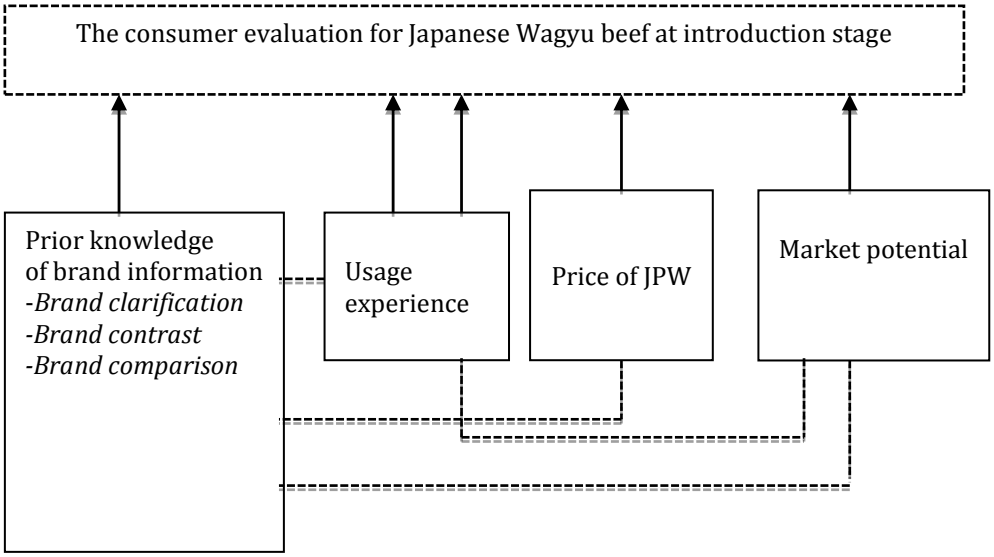


Figure 6.1 The impacts of brand information on consumer evaluation

6.1.5 Analytical Model

To test the hypotheses, this study constructed an ordered logit model based on the utility maximization theory (Manski, 1977; Xie & Manski, 1989; Baltas & Doyle, 2001) as follows:

The latent utility from Japanese Wagyu beef of each individual as the following equation:

$U_i^* = \boldsymbol{BX}_i + \varepsilon_i \ (-\infty < U_i^* < +\infty)$

U_i^* is the utility from Japanese Wagyu beef;

i indicates individual i;

$\boldsymbol{X}_i$ is the transposed vector of predictors;

$\boldsymbol{B}$ is the parameter vector expressing the influences of predictors on the outcome;

$B = (\beta_1, \beta_2, \dots, \beta_m)$, where m is the number of predictors in the model;

ε_i is the error term of individual i.

Let $\mathrm{R_i}$ denote the rank for Japanese Wagyu beef based on the individual preference. The next equation points out the relation between the latent variable (utility) and the observed outcome (preference level):

$\mathrm{R_i = j \text{ if } \mu_{j-1} < U_i^* \leq \mu_j}$

Here:

j indicates the jth level of preference, j = 1 to 5;

μ_j is the utility threshold of preference level j $(-\infty \leq \mu_j \leq +\infty)$.

The probability at which individual i selects preference rank j is expressed as:

$$\mathrm{p_{ij} = Pr(R_i = j) = Pr\left(\mu_{j-1} < U_i^* \leq \mu_j\right) = Pr\left[\mu_{j-1} - (BX_i) < \varepsilon_i \leq \mu_j - (BX_i)\right]}$$

$$\mathrm{= F\left[\mu_j - (BX_i)\right] - F\left[\mu_{j-1} - (BX_i)\right]}$$

When ε follows a logistics distribution, the odds ratio between preference level at j or higher and those at less than j is expressed as the following equation:

$$\frac{\Pr(R_i \geq j)}{1 - \Pr(R_i \geq j)} = e^{\boldsymbol{BX_i} - \mu_{j-1}}$$

Hence, the natural log of the odds can be expressed as a linear function of predictors, as in the following equation:

$$\ln\left(\frac{\Pr(R_i \geq j)}{1 - \Pr(R_i \geq j)}\right) = \boldsymbol{BX}_i - \mu_{j-1}$$

The marginal effect of an increase in a predictor X_r on the probability of selecting rank j is:

$$\frac{\partial p_{ij}}{\partial X_{ri}} = \left\{F'(\mu_{j-1} - \boldsymbol{BX_i}) - F'(\mu_j - \boldsymbol{BX_i})\right\}\beta_r \ \ with\ r = 1,2, \dots, m$$

Alternatively, the impact of one predictor on the log odds of preference level, conditioned on other explanatory variables, is expressed by the magnitude of the corresponding element of $\boldsymbol{B}$. And the cumulative probability at preference rank j is calculated as $\Pr(R_i \geq j) = \frac{e^{\beta_r}}{1+e^{\beta_r}}$.

To investigate the moderated effect of an independent variable, based on the assumption that the unobserved variance was homogeneous in all groups, we constructed interaction terms and examined the coefficients of these components. Moreover, following Mood (2010), we calculated the

average marginal effect (AME) and average partial effect (APE) for the considered variables as the following equation:

$$AME(X_r) = \frac{1}{n}\sum_{i=1}^{n} \beta_r F'(\boldsymbol{BX_i}) = \frac{1}{n}\sum_{i=1}^{n} \frac{e^{\boldsymbol{BX_i}}}{(1+e^{\boldsymbol{BX_i}})^2}$$

And the partial effect of an independent variable on the outcome in a range of observation $n_1 \in n$:
$APE(X_r/i \in n_1) = \sum_1^{n_1} \beta_r F'(\boldsymbol{BX_i})$

In order to understand the dominance of each explanatory variable, we followed the standardized coefficient alternative of Menard (2004):

$$\beta^*_{Mr} = (\beta_r)(s_r)(R_O)/s_{logit(\widehat{U^*})}$$

Here β_r is the unstandardized logistic coefficient of predictor r, s_r is the standard deviation of predictor r, R_O is the square root of the OLS coefficient of logistic regression[11], and $s_{logit\ (\widehat{U^*})}$ is the standard deviation of predicted value of logistic regression.

In regard to $s_{logit\ (\widehat{U^*})}$, let $U^* = \begin{cases} 1\ if\ R_i \geq j \\ 0\ otherwise \end{cases}$. Hence, $logit(\widehat{U^*}) = ln[\Pr(U^* = 1)/\Pr(U^* = 0)] = \boldsymbol{BX}_i - \mu_{j-1}$.

In this study, the latent variable, the utility of Japanese Wagyu beef, is expressed as the equation (1)

$$U_i^* = \beta_{11}Price_i + \beta_{21}LuxPrefer_i + \beta_{31}Know1_i + \beta_{41}Know2_i + \beta_{51}Know3_i + \beta_{61}Exper_i + \beta_{71}Age1_i + \beta_{81}Age2_i + \beta_{91}Educ1_i + \beta_{101}Educ2_i + \beta_{111}Expend1_i + \beta_{121}Expend2_i + \beta_{131}Expend3_i + \beta_{141}Price_i * Know1_i + \beta_{151}Price_i * Know2_i + \beta_{161}Price_i * Know3_i + \beta_{171}LuxPrefer_i * Know1_i + \beta_{181}LuxPrerfer_i * Know2i + \beta 191LuxPreferi * Know3i + \varepsilon i1$$

Following the studies of Raju et al.(1995), Park & Lessig (1981), and Banović et al. (2012), there could be endogeneity between subjective knowledge and usage experience when considering the impact of product familiarity on consumer preference. In this study, the number of respondents with eating experience is much less than that for participants with at least one kind of information. Thus, we combined respondents with at least one kind of information and eating experience in a group named "Innovator", and respondents with information yet no eating experience in a group named "Potential Adopters". Another model with three interaction terms could be constructed as the equation (2)

[11] The coefficient of determination for logistics regression (Tonidandel & LeBreton, 2010) is the OLS R-square statistic:

$R^2 = 1 - \frac{\Sigma(y-\widehat{y})^2}{\Sigma(y-\overline{\widehat{y}})^2}$. Here $\hat{y}$ is the predicted value from a logit link transformation; y is the observed variable; and $\bar{y}$ is the mean value of the dependent variable.

$$U_i^* = \beta_{12}Price_i + \beta_{22}LuxPrefer_i + \beta_{32}PoAdopt1_i + \beta_{42}PoAdopt2_i + \beta_{52}PoAdopt3_i + \beta_{62}Innovator_i + \beta_{72}Age1_i + \beta_{82}Age2_i + \beta_{92}Educ1_i + \beta_{102}Educ2_i + \beta_{112}Expend1_i + \beta_{122}Expend2_i + \beta_{132}Expend3_i + \beta_{142}Price_i * PoAdopt1_i + \beta_{152}Price_i * PoAdopt2_i + \beta_{162}Price_i * PoAdopt3_i + \beta_{172}LuxPrefer_i * PoAdopt1_i + \beta_{182}LuxPrerfer_i * PoAdopt2_i + \beta_{192}LuxPrefer_i * PoAdopt3_i + \varepsilon_{i2}$$

Table 6.1 The explanation of the main variables in the analytic models

Variable	Description	Measurement
	Outcome	
R_i	Preference of Japanese Wagyu Beef before providing any information	1=Completely not prefer; 2=Not prefer; 3=Normal; 4=Prefer; 5=Very prefer
	Predictors	
Know1	Whether or not a respondent knows the information 1	= 1 if Know (1); 0=don't know
Know2	Whether or not a respondent knows the information 2	= 1 if Know (2); 0=don't know
Know3	Whether or not a respondent knows the information 2	=1if Know (3); 0=don't know
Exper	Whether or not they ate Japanese Wagyu beef before	Have eaten =1; Never eaten =0
PoAdopt1	Respondents with information 1 and not eat JPW	= 1 if Not eat&Know1; 0=otherwise
PoAdopt2	Respondents with information 2 and not eat JPW	=1 if Not eat &Know2; 0=otherwise
PoAdopt3	Respondents with information 3 and not eat JPW	=1 if Not eat &Know3; 0=otherwise
Innovator	Respondents with at least one information and eat	=1 if Eat &Know at least one information; 0=otherwise
Price	The price of JPW which is centered from mean value	Price= $\begin{cases} -1.4875 \; if \; JPW \; price = 500{,}000 \; VND \\ 0.0125 \; if \; JPW \; price = 650{,}000 VND \\ 1.5125 \; if \; JPW \; price = 800{,}000 \; VND \end{cases}$
LuxPrefer	Attitude to high-grade beef when dining out	Factor score from the study on need
Age1	Age from 18 to 25 years old	=1 if age from18 ~25 years old; =0 otherwise
Age2	Age above 35 years old	=1 if age above 35 years old; =0 otherwise
Educ1	Bachelor degree	=1 if get bachelor degree; 0=otherwise
Educ2	Master/Doctorate	=1 if get M/D degree; 0=otherwise
Expend1	Monthly food expenditure of a household in average from 14~20 million VND	=1 for spending 14~20 million VND per month; =0 otherwise
Expend2	Monthly food expenditure of a household in average from 20~26 million VND	=1 for spending 20~26 million VND per month; =0 otherwise
Expend3	Monthly food expenditure of a household in average above 26 million VND	=1 for spend over 26 million VND per month; =0 otherwise

Note. For Age, the age from 25 to 35 years old is the reference group
For Education, the high-school degree is the reference group
For Expenditure, the average spending from 10~14 million VND is the reference group

6.1.6 Hypothesis testing

Table 6.2 Descriptive statistics of the main variables

Variable		Description	
		Value	Percentage
R_i	Rank of JPW	Mean = 2.79; Std. =0.87	
Know1	1=Know information 1	70	14.60%
	0=Don't know information 1	410	85.40%
Know2	1=Know information 2	38	7.90%
	0=Don't know information 2	442	92.10%
Know3	1=Know information 3	107	22.30%
	0=Don't know information 3	373	77.70%
Exper	1= Have eaten JPW	92	19.20%
	0=Never eaten JPW	338	80.80%
PoAdopt1	1=Not Eat & Know information 1	30	6.25%
	0=Otherwise	450	93.75%
PoAdopt2	1=Not Eat & Know information 2	18	9.63%
	0=Otherwise	462	90.37%
PoAdopt3	1=Not Eat & Know information 3	75	15.63%
	0=Otherwise	405	84.37%

The influences of predictors (shown in Table 6.1) on the consumer preference toward JPW were investigated via the ordered logit model, since the dependent variable was on a 5-point ordinal scale. The criteria of the final models are reported in the table 6.4.

Table 6.3 The summarized results of ordered logit regression

Category	**(1)**	**Category**	**(2)**
Threshold		**Threshold**	
Cut point 1	−6.681	Cut point 1	−6.817
Cut point 2	−4.254	Cut point 2	−4.37
Cut point 3	−1.282	Cut point 3	−1.417
Cut point 4	2.254	Cut point 4	1.922
Predictors		**Predictors**	
Know1	1.099***	PoAdopt1	1.128***
Know2	0.582	PoAdopt2	0.278
Know3	−0.173	PoAdopt3	−0.264
Exper	1.754***	Innovator	2.150***
LuxPrefer	0.683***	LuxPrefer	0.721***
Price	−0.586***	Price	−0.521***
Price*Know1	0.015	Price*PoAdopt1	0.085
Price*Know2	0.382	Price*PoAdopt2	0.1
Price*Know3	−0.536***	Price*PoAdopt3	−0.579***
Price*Exper		Price*Innovator	
LuxPrefer*Know1	0.263	LuxPrefer*PoAdopt1	0.272
LuxPrefer*Know2	−0.735	LuxPrefer*PoAdopt2	−1.069
LuxPrefer*Know3	−0.334	LuxPrefer*PoAdopt3	−0.611
LuxPrefer*Exper		LuxPrefer*Innovator	
Age1	−0.076	Age1	−0.020
Age2	0.420**	Age2	0.388*
Educ1	0.503**	Educ1	0.427*

Educ2	0.596*	Educ2	0.623*
Expend1	0.214	Expend1	−0.192
Expend2	0.231	Expend2	0.285
Expend3	−0.573*	Expend3	−0.517*
Model criteria			
Nagelkerke R2	0.423	Nagelkerke R^2	0.415
-2LL	940.813	-2LL	940.639
Chi-Square	237.229	Chi-Square	231.047
df	19	df	19
p- value Parallel line test	0.948	p- value Parallel line test	0.057

*Note. ***p-value <0 .01; **p-value <0.05; *p-value <0.1*

Table 6.4 The standardized logistic coefficients of model (1) and model (2) applying Menard (2004)

Predictors	Estimates	Predictors	Estimates
Know1	0.205	PoAdopt1	0.144
Know2	0.083	PoAdopt2	0.028
Know3	−0.038	PoAdopt3	−0.049
Exper	0.365	Innovator	0.447
LuxPrefer	0.289	LuxPrefer	0.305
Price	−0.378	Price	−0.381
Price*Know1	0.004	Price*PoAdopt1	0.021
Price*Know2	0.070	Price*PoAdopt2	0.018
Price*Know3	−0.165	Price*PoAdopt3	−0.178
LuxPrefer*Know1	0.044	LuxPrefer*PoAdopt1	0.046
LuxPrefer*Know2	−0.091	LuxPrefer*PoAdopt2	−0.133
LuxPrefer*Know3	−0.064	LuxPrefer*PoAdopt3	−0.117
Age1	−0.014	Age1	−0.004
Age2	0.108	Age2	0.100
Educ1	0.123	Educ1	0.104
Educ2	0.110	Educ2	0.115
Expend1	−0.055	Expend1	−0.050
Expend2	0.049	Expend2	0.061
Expend3	−0.115	Expend3	−0.104

Note. $R^2_{0(a)} = 0.36; R^2_{0(b)} = 0.38$

The results of model (1) indicated the hypotheses of the prior brand knowledge (H1) and the usage experience (H2) were statistically consistent at p-value <0 .01 .The explanatory efficacy of model (1) was relatively significant with an adjusted rho-square statistic of 42.3%. However, only prior knowledge of information 1 made a significant impact on JPW preference ($\beta_{31} = 1.099$ at p-value < 0.01). Alternatively, brand-clarified information could considerably affect the consumer evaluation of JPW. Moreover, the positive impact of eating experience ($\beta_{61} = 1.754$ at p-value < 0.01) could be seen as an indicator of satisfaction after trying the real product. H3 was supported, as the standardized coefficient of usage experience was larger than the knowledge variables in both (1) and (2) at p-value < 0.01. Furthermore, the AME and APE of usage experience were bigger than those of brand knowledge conditioned on the price at mean value, as shown in the table 6.6. Alternatively, one might expect a stronger explanatory ability of usage experience since it generated a larger gap in the probability at high preference levels for JPW than the brand knowledge.

Table 6.5 The dominance of usage experience and brand knowledge using AME and APE

Model 1	AME	APE	Model 2	AME	APE
Know1	0.193	0.125	PoAdopt1	0.182	0.149
Know2	0.102	0.077	PoAdopt2	0.045	0.040
Know3	−0.030	−0.025	PoAdopt3	−0.043	−0.041
Exper	0.309	0.208	Innovator	0.348	0.135

Note. APE was calculated at value 1 for each variable

Table 6.6 The impact of brand clarified information and eating experience on probability of preference level (calculated from the results of the model 1)

JPW preference	Extremely not prefer	Not prefer	Nor prefer or not	Prefer	Very prefer
Know/don't know	−0.00255	−0.02441	−0.20985	0.17471	0.06209
Eating/not eating JPW	−0.00538	−0.05007	−0.32055	0.29976	0.07624

H4a was supported with $\beta_{21} = 0.683$ at p-value <0 .01. Consumers position JPW in the high-grade beef cluster at introduction; alternatively, the image of JPW in consumer perception matched its core value. The insignificant impact of the interaction term between high-grade beef attitude and the prior knowledge indicated brand knowledge seemed to be not strong enough to direct the consumer preference for JPW. Moreover, negative effects were found for interaction terms with information 2 and information 3. The respondents with prior knowledge of Australian Wagyu beef and Kobe beef seemed to be serious when evaluating JPW since previous information could enhance their information-seeking behavior and cognitive processes.

Through the model 2, we tried to distinguish the impact of brand information and eating experience by recoding consumers with knowledge and not eating experience as the "Potential Adopters" group (variable PoAdopt) and those with knowledge and experience as the "Innovator" group (variable Innovator). The findings from these models supported H1, H2, H3, and H4a; however, the magnitudes of influence were different from the analysis before recoding. Innovator indicated a significant effect at p-value <0 .01 in the model 2 and stronger than "Exper" in the model 1 as shown in Table 6.5.

In equation (1), we assumed that experience and subjective knowledge were independent. Since all the respondents with eating experience knew at least one kind of information, we hypothesized that there could be an influential overlap between experience and knowledge. The mechanism could not be precisely identified in the group with experience yet one might expect to extract the impact of brand information by recoding the groups with brand knowledge. If the sign of experience was consistent with equation (1), it could be said that experience has a positive effect on preference and the minus sign of knowledge derived from the knowledge itself controlled for eating experience. Alternatively, the impact of eating experience is positive, while brand information could be either positive or negative depending on its content. Consumers with information 1 eat JPW as a result of an inspired effect from brand information, and satisfaction after purchasing strongly confirms the positive attitude of brand information. Consumers with information 3 use eating experience as the diagnostic way for negative attitude to JPW due to the problem of counterfeit Kobe beef in the past. After eating JPW, the satisfaction overweighed the uncertainty threshold of brand information, and eventually led to a positive attitude of eating experience.

The effect of price in the model 1 followed microeconomics theory, as $\beta_{11} = -0.586$ at p-value < 0.01. However, H5 was not supported since the interaction term with Know3 was negative at p-value <

0.01 and no significant impacts of other information were observed. This indicated consumers with information 3 seemed to be more sensitive to price than others. This finding could be relevant when price is considered as an indicator of potential risk. Hence, under monetary constraint, consumers with high familiarity tended to be serious with uncertainty.

The economic value of information could be calculated in relation to price according to the cost-benefit approach (Angulo & Gil, 2007). Price as monetary cost could be compared to benefit of brand information in decision-making prior to real purchasing, and the added value of brand information was expressed as: $-\frac{(\beta_{Know}+\beta_{Price*Know}Price)}{\beta_{Price}}$

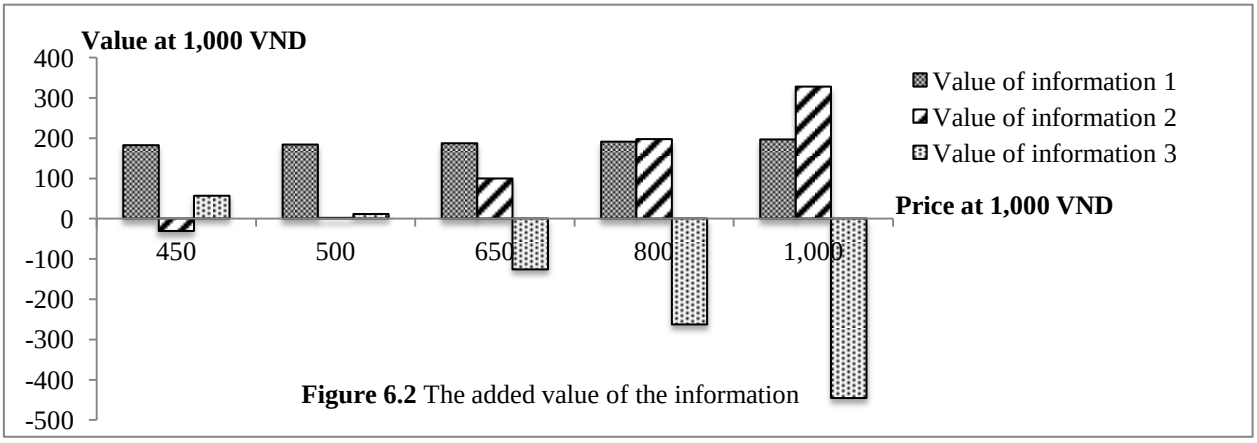


Figure 6.2 The added value of the information

Based on the model 1, the consumers with clarified information are willing to pay an additional 190,000 VND on average than those without this information. Even though no significant effect was found for information 2, we applied this procedure to detect the differences in determinative tendency. Consumers with information 2 tended to pay 164,505 VND more than those without. For information 3, consumers with knowledge of this information reduced their price premium for JPW by 121,000 VND. Figure 2 also shows the high correlation of the value of information 3 with price, while a relatively stable trend could be seen for the information 1.

The consideration of demographic variables

The influences of socio-economics variables were basically consistent in the two equations. Consumers with higher education and older age indicated a higher level of preference toward JPW at p-value < 0.1. Education is a predictor for external stimuli integration and information search ability. Thus, higher education, which enhances the information encoding in working memory and mind openness, can result in deeper brand understanding and effective brand processing. From the model 1, the probability of preference level (level 4) for JPW in a group with a college or university degree is about 71.32%, while that for a group with only a high-school degree is around 69.5%. For age, a significant effect could be seen for the group of older than 35 years old with $\beta_{81} = 0.420$ at p-value < 0.05. Compared to the base group of 25 to 35 years old, the probability of getting a higher level of preference for JPW in this group is about 60%.

Table 6.7 The probability of preference category for Japanese Wagyu beef by education

(Calculated from the model 1)

JPW preference	Extremely not prefer	Not prefer	Nor prefer or not	Prefer	Very prefer
High-school	0.00125	0.01250	0.19541	0.69515	0.09570
Bachelor	0.00076	0.00764	0.13008	0.71322	0.14830
Higher educated	0.00067	0.00677	0.11711	0.71107	0.16438

The highest expenditure group might evaluate JPW at a lower level in comparison to the lowest group, $\beta_{131} = -0.573$ at p-value < 0.05. One might expect that the high-income group would favor JPW the most, considering affordability. However, in the case of an occasional purchase to eat premium brand beef when dining out, affordability seems less important since not only a cost-benefit approach but also feelings could determine purchasing (Aertsens et al., 2009). It could be explained by a stronger motivation of curiosity or exploration in the lower income group in spontaneous consuming (Fabrigar et al., 1999). As a result, they tend to be influenced by the new product more than those with higher food expenditures and more rationality in decision-making (optimizers).

6.1.7 Conclusion of the study on the importance of brand information

Previous studies have illustrated the importance of relevant communication with consumers in motivating the desire for satisfaction at the introduction stage. Basically, we have argued herein that providing more brand information can positively impact the attitude to Japanese Wagyu beef at the first stage, especially in the market with a particular information problem about Kobe beef as the Vietnamese market. This study investigated the key determinants of consumer preference for JPW in Vietnam. In a statistical model, we tested whether or not brand information could affect consumer preference for JPW via the predictors named the prior knowledge, the usage experience, and the market potential.

The findings implied that brand information could be one of the most relevant remedies for the problem of negative publicity related to the introduction of JPW in the Vietnamese market. The effective information in advertising programs could be brand clarification information, which indicates the most salient features of JPW as a premium beef from Japan. Moreover, this information could create the highest added value to JPW since knowledgeable consumers are willing to pay 190,000 VND more than those without such knowledge.

6.2 Impacts of Information on Consumer Adoption for Japanese Wagyu beef

6.2.1 Introduction

This part investigates the impacts of three kinds of information on individual adoption when introducing Japanese Wagyu beef to the HCMC market. We argue that the success of JPW in the Vietnamese market depends on the efficiency of marketing enforcement in changing consumer knowledge through marketing communication. We consider the participation of individual variables (pre-stored knowledge) and the marketing variables (price and brand information) in adoption process at individual level through an experimental approach. The overall impacts of information on consumer adoption are examined through comparing consumer preference in two phases, including before and after information. Moreover, we examined the efficiency of communicating strategies through applying three kinds of information (brand clarification, brand contrast, and brand comparison) and three levels of price of JPW in each phase of study.

6.2.2 Literature review and Hypothesis development

When a marketing agency introduces a new product to markets, the communication between a firm and consumers is warm up via the existence of an innovation. However, the uncertainties related to the newness impose challenges on marketing agencies in establishing an effective diffusion process for a new product. Rogers (2003) expressed the importance of information in relation to the uncertainties of the innovation. At the first stage of innovation-decision process, knowledge construction plays the most important role since it affects the successive stages and eventually, the rate of adoption. Hence, the effective marketing strategy has to encourage potential adopters to learn about a new product through relevant communicating programs.

The role of information in consumer buying process is investigated in a buck of previous studies. Industrial organization perspectives examined the relationship between firms' advertising and demand curves to indicate the signal role of information in advertising (Becker & Murphy, 1993; Grossman & Shapiro, 1984; Nelson, 1970; Stigler, 1961). At individual level, previous scholars investigated the information, both from external and internal sources, as the input of consumer buying process and affects to the final purchasing decision of consumers due to three reasons. First, from the theory of information process (Bettman, 1979), due to the limitation of information capacity, consumers need a subset of stimuli to make their purchasing decisions. Second, information can reduce the cost of external sources since the lack of knowledge about product in markets is from the cost of collecting information (Carlton & Perloff, 2005; Bettmann & Park, 1980; Johnson & Russo, 1977; Radecki, M. Carem; Jaccard, 1995; Schmidt & Spreng, 1996). Last, information could influence on consumers' ability in integration and acquisition of new information (Brucks, 1985; Park & Lessig, 1981).

Regarding to the consumers' attitude toward a new product, marketing scholars have been developed the concept of consumer innovativeness in multiple aspects via theoretical and empirical studies. Advanced by Hirschman (1980), consumer innovativeness was understood as the consumer's tendency to adopt new products, ideas, goods, or services. Previous studies on this topic paid high attention to psychological portrait of innovators (Dobre, Dragomir, & Preda, 2009; Labay & Kinnear, 1981; Maitland, 1999; Plummer, 1971; Robertson, 1967). There could be little knowledge about the impacts of information on adoption process of consumers from the previous research on this topic. Due to the importance of cognitive innovativeness in consumer adoption (Venkatraman, 1991), enhancing individual knowledge about innovation could influence on the consumer adoption process.

Hence, this part examines whether or not marketing agencies can accelerate the individual adoption for Japanese Wagyu beef through increasing consumers' knowledge about JPW. In this research, the impact of information is investigated into long-term and short-term period via the behavior of reminded (repetition) group and newly informed group. The field experiments with three kinds of information respect to three price levels of the new brand enable us to test the heterogeneity of consumer adoptive attitude.

To answer the research question of whether or not marketing agencies can enhance the individual adoption process for JPW through information, we constructed the main hypothesis that increasing consumers' knowledge about JPW can alter the consumer adoption process for it. The findings from the first of this chapter part indicated that the role of information in consumer preference toward JPW. In this part, we investigated the efficiency of information in accelerating individual adoption process with the hypothesis that providing more information can significantly change consumer preference for JPW. However, the impacts of providing more information vary with consumers' prior knowledge and the content of advertised claims. From the first sub-study, we divided the market into two groups: ones with pre-laid information about a new brand (experts), and ones without any information about a new brand (novices). We hypothesized that the influence of increasing information in each group was different due to the discrepancy in the prior knowledge. For the group with pre-stored knowledge about JPW, we could consider them as innovators in diffusion process, who learnt about an innovation by themselves. Hence, increasing information can motivate the cognitive process and eventually, their adoption. However, the theory of information integration indicated an encountering argument as prior knowledge can establish the barrier-to-entry for the sequential information. In such situation, providing more information can make negatively effect on individual adoption process. Regarding to the group with no prior information, the impact of information can be seen linearly since it constitutes the knowledge phase in the adoption process and enforces the attitude formation through the persuasion of message claims (Rogers, 2003). Moreover, the novices tend to easily to obtain more benefits from new information due to the high information integration and the lack of information management in decision-making (Anderson, 2008; Bettmann & Park, 1980; Smith, 1993).

In this part, in addition to the interaction between marketing enforcement and consumers' knowledge, we considered the content of information in diffusion process and the role of price information of JPW. Because the successful performance of a new product is a function of pricing and competing, it could be relevant to investigate these factors in diffusion process from consumers' perspectives. Early-entered brands can achieve the perceptual asymmetry (Carpenter & Nakamoto,

1989); hence, differentiation from existing competitive brands seemed to be relevant to the new entrant brand. We hypothesized that the impact of information was varied by the content of information. Moreover, the brand clarification and the brand contrast were stronger than the brand similarity in adjusting consumer behavior for JPW.

Price in consumer buying process could be considered as an external source of information. The theory of consumer utility investigates price under the budget constraint and finds the inverse relation between price and consumer preference for a particular product. Theory of advertising considered price as a signal cue for product quality (Becker & Murphy, 1993) while theory of diffusion of innovation examined price as a switch cost, a mean of competition between innovation and existing products. From the previous theories, we hypothesized the dual roles of price in two contexts, before information and after increasing information. Price served as the cost cue with a negative impact on consumer preference for the new brand, however, this effect was reduced after increasing information about the new brand.

In summary, the hypotheses in this study included:

H6.2a: The impacts of increasing information about Japanese Wagyu beef on individual adoption process for this brand vary by the previous knowledge of Japanese Wagyu beef and the content of provided information

H6.2b: Brand clarification information and brand contrast information are more useful in adjusting the Vietnamese consumer preference for Japanese Wagyu beef than brand comparison information

H6.3: Increasing information on Japanese Wagyu beef reduces the negative impact of price on consumer preference for this brand at the introduction stage in the Vietnamese market

6.2.3 Analytical Model

Let call **Effort** as the variable for the characteristic of the information and **Know** as the variable for prior knowledge of consumers about this kind of information.

$$\boldsymbol{Effort_k} = \begin{cases} 1, & if\ the\ information\ was\ provided\ information\ k \\ 0, & otherwise \end{cases}$$

$$\boldsymbol{Know_k} = \begin{cases} 1, & if\ respondent\ knew\ the\ information\ k \\ 0, & otherwise \end{cases}$$

Where k =1,2,3

Let denote:

y_i is the consumer preference of individual i for Japanese Wagyu beef ($i = 1,2,3 \dots n$)

$x_p$is the predictor p with $p = 1,2,3 \dots P$

ε_{iEK-k} is the disturbance respect to Effort (E) and Know (K) for information k

The consumer preference for Japanese Wagyu beef can be expressed as the equation:

$$y_i = \alpha_0 + \alpha_{1k} Effort_{ki} + \beta_{1k} Know_{ki} + \alpha_{2k}(Effort_{ki} * Know_{ki}) + \sum_{p=1}^{P} \alpha_{3kpi}(Effort_{ki} * x_{pi}) + \sum_{p=1}^{P} \beta_{2kpi}(Know_{ki} * x_{pi}) + \sum_{p=1}^{P} \beta_{3kpi}(Know_{ki} * Effort_{ki} * x_{pi}) + \sum_{p=1}^{P} \beta_{4pi} x_{pi} + \varepsilon_{iEK-k}$$

Table 6.8. The impact of information on the change in consumer preference for Japanese Wagyu beef

Information	Prior Knowledge of the particular information	
	Know ($Know_k$=1)	Do not know ($Know_k$=0)
Informed ($Effort_k = 1$)	$\alpha_0 + \alpha_{1k} + \beta_{1k} + \alpha_{2k} + \sum_{p=1}^{P}(\alpha_{3kpi} * x_{pi}) + \sum_{p=1}^{P}(\beta_{2kpi} * x_{pi}) + \sum_{p=1}^{P}(\beta_{3kpi} * x_{pi}) + \sum_{p=1}^{P}\beta_{4pi}x_{pi} + \varepsilon_{i11k}$	$\alpha_0 + \alpha_{1k} + \sum_{p=1}^{P}(\alpha_{3kpi} * x_{pi}) + \sum_{p=1}^{P}\beta_{4pi}x_{pi} + \varepsilon_{i10k}$
Not be informed ($Effort_k = 0$)	$\alpha_0 + \beta_{1k} + \sum_{p=1}^{P}(\beta_{2kpi} * x_{pi}) + \sum_{p=1}^{P}\beta_{4pi}x_{pi} + \varepsilon_{i01k}$	$\alpha_0 + \sum_{p=1}^{P}\beta_{4pi}x_{pi} + \varepsilon_{i00k}$
Difference	$\alpha_{1k} + \alpha_{2k} + \sum_{p=1}^{P}(\alpha_{3kpi} * x_{pi}) + \sum_{p=1}^{P}(\beta_{3kpi} * x_{pi}) + (\varepsilon_{11k} - \varepsilon_{01k})$	$\alpha_{1k} + \sum_{p=1}^{P}(\alpha_{3kpi} * x_{pi}) + (\varepsilon_{10k} - \varepsilon_{00k})$

The total impact of a particular kind of information on the difference in preference can be expressed as the equation (1):

$$\Delta y_i = [\alpha_{1k} + \alpha_{2k} + \sum_{p=1}^{P}(\alpha_{3kpi} * x_{pi}) + \sum_{p=1}^{P}(\beta_{3kpi} * x_{pi}) + (\varepsilon_{11k} - \varepsilon_{01k})] + [\alpha_{1k} + \sum_{p=1}^{P}(\alpha_{3kpi} * x_{pi}) + (\varepsilon_{10k} - \varepsilon_{00k})] \quad (1)$$

Let denote:

$$\gamma_{1ki} = [\alpha_{1k} + \alpha_{2k} + \sum_{p=1}^{P}(\alpha_{3kpi} * x_{pi}) + \sum_{p=1}^{P}(\beta_{3kpi} * x_{pi}) + (\varepsilon_{11k} - \varepsilon_{01k})$$

$$\gamma_{2ki} = \alpha_{1k} + \sum_{p=1}^{P}(\alpha_{3kpi} * x_{pi}) + (\varepsilon_{10k} - \varepsilon_{00k})$$

Equation (1) becomes:

$$\Delta y_i = \gamma_{1ki} + \gamma_{2ki}$$

Through the combination between the prior knowledge and the marketing effort, the total sample was divided into three groups: the newly informed group, the reminded group, and the unaware group.

$$\boldsymbol{I_{11}} = \begin{cases} 1, & \textit{Being informed information 1 and know (reminded 1)} \\ 0, & \textit{otherwise} \end{cases}$$

$$\boldsymbol{I_{12}} = \begin{cases} 1, & Being\ informed\ information\ 2\ and\ know\ (reminded\ 2) \\ 0, & otherwise \end{cases}$$

$$\boldsymbol{I_{13}} = \begin{cases} 1, & Being\ informed\ information\ 3\ and\ know\ (reminded\ 3) \\ 0, & otherwise \end{cases}$$

$$\boldsymbol{I_{21}} = \begin{cases} 1, & Newly\ informed\ information\ 1\ and\ do\ not\ know\ (Purely\ new\ 1) \\ 0, & otherwise \end{cases}$$

$$\boldsymbol{I_{22}} = \begin{cases} 1, & Newly\ informed\ information\ 2\ and\ do\ not\ know\ (Purely\ new\ 2) \\ 0, & otherwise \end{cases}$$

$$\boldsymbol{I_{23}} = \begin{cases} 1, & Newly\ informed\ information\ 3\ and\ do\ not\ know\ (Purely\ new\ 3) \\ 0, & otherwise \end{cases}$$

The full model for three kinds of information as the equation (2):

$$\Delta Prefer_i = I_{11i}\gamma_{11i} + I_{21i}\gamma_{21i} + I_{12i}\gamma_{12i} + I_{22i}\gamma_{22i} + I_{13i}\gamma_{1i3} + I_{23i}\gamma_{23i} + \epsilon_i \quad \textbf{(2)}$$

Through the equation (2), the underlying assumption is that information about a new brand is efficient in the adoption process if and only if it is active. Hence, the linear regression model for the impacts of information on personal adoption for JPW is run without intercept. Alternatively, for the group with knowledge but no marketing effort and the group without knowledge and information, the effect of information is zero.

The marginal effect of a particular kind of information on the change in preference for JPW was divided into 2 categories. The first is the spontaneous effect[12], which is calculated for the group of purely new customers. The second is the added effect[13], which is measured in the group of reminded customers. The last item is the declined effect, which measures the declining effect of information on the preference for JPW when consumers exposure more information. This item is measured as the difference between the net effect and the cumulative effect of a particular kind of information.

Table 6.9 The classification of information effects on the change in preference for JPW

Category	Information 1	Information 2	Information 3
The added effect	$\boldsymbol{\gamma_{11}}$	$\boldsymbol{\gamma_{12}}$	$\boldsymbol{\gamma_{13}}$
	$\beta_{01} + \beta_{111}Price + \beta_{112}Exper$	$\beta_{03} + \beta_{131}Price + \beta_{132}Exper$	$\beta_{05} + \beta_{151}Price + \beta_{152}Exper$
The spontaneous effect	$\boldsymbol{\gamma_{21}}$	$\boldsymbol{\gamma_{22}}$	$\boldsymbol{\gamma_{23}}$
	$\beta_{02} + \beta_{121}Price + \beta_{122}Exper$	$\beta_{04} + \beta_{141}Price + \beta_{142}Exper$	$\beta_{06} + \beta_{161}Price + \beta_{162}Exper$
The declined effect	$\boldsymbol{\gamma_{21} - \gamma_{11}}$	$\boldsymbol{\gamma_{22} - \gamma_{12}}$	$\boldsymbol{\gamma_{23} - \gamma_{13}}$
	$(\beta_{02} - \beta_{01}) + (\beta_{121} - \beta_{111})Price + (\beta_{122} - \beta_{112})Exper$	$(\beta_{04} - \beta_{03}) + (\beta_{141} - \beta_{131})Price + (\beta_{142} - \beta_{132})Exper$	$(\beta_{06} - \beta_{05}) + (\beta_{161} - \beta_{151})Price + (\beta_{162} - \beta_{152})Exper$

Table 6.10 The summary of variables in the second sub-study

[12] Since this brand is at the early stage of diffusion process, this effect could be considered as the initial effect of information in the market when being exaggerated.

[13] This study ignores the interaction between various kinds of knowledge; hence, we used the added effect term.

Variable	Description	Measurement		
Outcome				
$\Delta Prefer_i$	The change in preference of JPW	$\Delta Prefer_i$ =Preference after information − Preference before information		
		Mean= 0.23; Max=2; Min=−2		
Predictors				
Variable name		Value	Number (N=480)	%
I_{11}	Remind information 1	1	21	4.4%
1= informed and already know information 1; 0=otherwise		0	459	95.6%
I_{21}	Purely new information 1	1	129	26.9%
1=informed and don't know information 1; 0=otherwise		0	351	73.1%
I_{12}	Remind information 2	1	15	3.1%
1= informed and already know information 2; 0=otherwise		0	465	96.9%
I_{22}	Purely new information 2	1	148	30.8%
1=informed and don't know information 2; 0=otherwise		0	332	69.2%
I_{13}	Remind information 3	1	42	8.8%
1= informed and already know information 3; 0=otherwise		0	351	73.1%
I_{23}	Purely new information 3	1	125	26%
1=informed and don't know information 3; 0=otherwise		0	355	74%

6.2.4 Results

Table 6.11 The summary of the hypothesis testing

Hypotheses	Coefficient	Expected sign	Unstandardized Coefficients	Standardized Coefficients	Conclusion
Remind 1	β_{01}	+/-	−0.410	−0.091	No support
Remind 2	β_{03}	+/-	−0.020	−0.004	No support
Remind 3	β_{05}	+/-	−0.103	−0.032	No support
Purely new 1	β_{02}	+/-	0.842***	0.463***	Support
Purely new 2	β_{04}	+/-	0.421***	0.248***	Support
Purely new 3	β_{06}	+/-	−0.148**	−0.08**	Support
H6.3 Increasing information about JPW reduced the negative impacts of price on consumer preference for JPW					
Remind 1*Price	β_{111}	+	0.123	0.009	No support
Remind 2*Price	β_{131}	+	−0.129	−0.017	No support
Remind 3*Price	β_{151}	+	0.124	−0.014	No support
Purely new 1*Price	β_{121}	+	0.172***	0.033***	Support
Purely new 2*Price	β_{141}	+	0.171***	0.035***	Support
Purely new 3*Price	β_{161}	+	−0.020	−0.004	No support
Increasing information about Japanese Wagyu beef concerning the eating experience of consumers					
Remind 1*Exper	β_{112}	+/-	0.059		0.012
Remind 2*Exper	β_{132}	+/-	−0.051		−0.062
Remind 3*Exper	β_{152}	+/-	−0.114		−0.024
Purelynew 1*Exper	β_{122}	+/-	0.193		0.032
Purelynew 2*Exper	β_{142}	+/-	−0.815***		−0.183***

Purelynew 3*Exper	β_{162}	+/-	−0.35*	−0.07*

*Note. ***p<0 .01; **p<0.05; *p<0.1; R^2=0.353; Adjusted-R^2=0.327; F(18,462)=13.985 at p-value<0.01*

Table 6.11 indicated the results of hypothesis testing for the role of information in adjusting the personal adoption for Japanese Wagyu beef. Hypothesis 2a was kept in the newly informed groups while being rejected in the reminded groups. Three kinds of information showed the efficient in the short-term period since all of the explanatory variables made significant impacts on the change of consumer preference for Japanese Wagyu beef. However, when being repeated, no statistical significant impact could be observed for three kinds of information.

In the short-term period, the brand clarification (information 1) and brand contrast (information 2) generated the positive effects on the difference in consumer preference for Japanese Wagyu beef while the negative impact could be seen for the brand comparison (information 3). Customers, who were informed brand clarification information at the first time, increased their preference for Japanese Wagyu beef by 0.842 point of preference. Similarly, customers increased their preference for Japanese Wagyu beef at 0.421 point of preference when being newly informed about brand comparison. In contrast, being similarity to the Kobe beef caused a decrease by 0.148 point in consumer preference for Japanese Wagyu beef. The brand clarification seemed to be the most efficient information since this kind of information obtained the highest standardized coefficient in the regression. Hence, the hypothesis 2b was partially kept in the group of newly informed customers. On the other hand, the hypothesis 2b was rejected in the group of reminded customers since three kinds of information made non-significant impacts on the change in preference for Japanese Wagyu beef.

Table 6.12. The classification of information impacts on the change in preference for JPW

Category	Information 1	Information 2	Information 3
The added effect (Remind group)	γ_{11}	γ_{12}	γ_{13}
	H0: $\gamma_{11} = 0$, p-value = .5883 H0: $\gamma_{11} \geq 0$, p-value = .2940 H0: $\gamma_{11} \leq 0$; p-value = .7060	H0: $\gamma_{12} = 0$, p-value = .0910 H0: $\gamma_{12} \geq 0$, p-value = .0450 H0: $\gamma_{12} \leq 0$; p-value = .7060	H0: $\gamma_{13} = 0$, p-value = .6276 H0: $\gamma_{13} \geq 0$, p-value = .3200 H0: $\gamma_{13} \leq 0$; p-value = .7800
The spontaneous effect (Purely new group)	γ_{21}	γ_{22}	γ_{23}
	H0: $\gamma_{21} = 0$, p-value =.0019 H0: $\gamma_{22} \geq 0$, p-value =.999 H0: $\gamma_{23} \leq 0$; p-value = .0000	H0: $\gamma_{11} = 0$, p-value = .2160 H0: $\gamma_{11} \geq 0$, p-value =.8920 H0: $\gamma_{21} \leq 0$; p-value = .1080	H0: $\gamma_{11} = 0$, p-value = .0684 H0: $\gamma_{11} \geq 0$, p-value = .0342 H0: $\gamma_{21} \leq 0$; p-value = .9658
The declined effect (The difference)	$\Delta\gamma_1$	$\Delta\gamma_2$	$\Delta\gamma_3$
	H0: $\Delta\gamma_1 = 0$, p-value = .0053 H0: $\Delta\gamma_1 \geq 0$, p-value = .9730 H0: $\Delta\gamma_1 \leq 0$; p-value = .0027	H0: $\Delta\gamma_1 = 0$, p-value = .3086 H0: $\Delta\gamma_1 \geq 0$, p-value = .1543 H0: $\Delta\gamma_1 \leq 0$; p-value = .8557	H0: $\Delta\gamma_1 = 0$, p-value = .4574 H0: $\Delta\gamma_1 \geq 0$, p-value = .2287 H0: $\Delta\gamma_1 \leq 0$; p-value = .7713

Table 6.12 presented the hypothesis testing for the effects of each kind of information post estimation. From the results in the table 6.13, the hypothesis that the spontaneous effect of information 1 on the preference change was positive at p-value < 0.01; and the declined effect existed at p-value <0.05. There was no evidence to conclude about the non-zero value of cumulative effect of the information 1.

The added effect of information 2 was negative at p-value < 0.05; and there was no evidence to make conclusion about the non-zero value for the net effect as well as the depreciated effect of information 2. For the information 3, the spontaneous effect of this information was less than zero at p-value < 0.05; and none statistical evidence supported the hypothesis of the non-zero added effect and the existence of the depreciated effect.

The impacts of each kind of information varied with the eating experience of customers. Inexperienced customers seemed to be stronger influenced by new information than the experienced customers. The statistical significant results could be found in the group of newly informed information 2 and information 3. Customers with no experience would increase 0.815 point of preference for JPW if they were informed the information 2 at p-value <0.000. The result of the information 3 was 0.35 point of preference at p-value < 0.1. There was no significant impact could be seen for the information 1 when concerning the experience of customers.

Regarding the role of price information in consumer adoption for Japanese Wagyu beef, it could be seen from the table 7, that hypothesis 3 was kept merely in the groups of purely new 1 and purely new 2 at p-value < 0.01. The result of price coefficient in the first sub-study indicated that price served as the cost cue at the first phase with the coefficient at −0.586 with p-value < 0.01. After providing more information to customers, in the groups of newly informed information 1 and information 2, the role of price as a quality signal cue could be observed in the short-term period. The effect of information in combination with three levels of price is demonstrated by the figure 6.3:

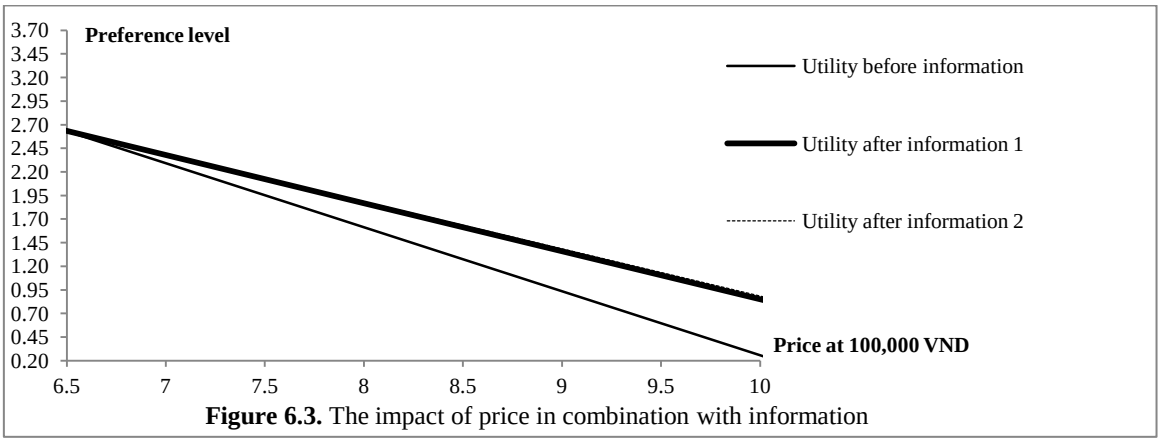


Figure 6.3. The impact of price in combination with information

It can be seen from the figure 6.3 that in the short-term period, the brand clarification and the brand contrast would shift the demand to the right side and make it more flatten. At a specific price level, the demand for a new brand might be gone up due to the brand information. That means providing more brand information could increase the willingness to pay of consumers at a certain price level. Industrial organization's viewpoint states that firms who advertised sell a joint product, which contains a physical product and information as a complementary good (Becker & Murphy, 1993). The more information is provided, the greater demand for physical goods is. To some extent, advertising plays the role of the instrumental variable that shifts up the demand curve. Moreover, when the price is considered as an information bit, providing more information can reduce the searching cost of consumers as well as the uncertainty in decision-making (Nelson, 1970, 1974; Shapiro, 1982) for experience goods. Hence, the utility of product will increase.

One notable finding is that the effect of information is enlarged at the high price when providing more information 1 and information 2. That means the attached benefit of the information in navigating consumer attitude can be stronger at a higher price for some claims. The person who involves in the higher price can have a higher cost of experience (purchasing); hence, information

becomes more valuable to them. Additionally, when considering price and brand information as two informative cues, the decreasing effect of price on consumer preference will be reduced as indicated by the theory of information integration.

6.3. Perceptual asymmetry and positioning advertising strategy for Japanese Wagyu beef

6.3.1 Introduction

From part 1 and part 2 of this chapter, we observed that prior knowledge and eating experience made significant impacts on the efficiency of marketing strategies at the introduction of Japanese Wagyu beef at the Vietnamese market. Three kinds of information about Japanese Wagyu beef at the previous could be considered as three positioning strategies through advertising. In this part, we established a comprehensive understanding for the connection between brand positioning strategies and consumer's response in condition of perceptual asymmetry. First, we develop the positioning advertising strategies for a new entrant brand in the market with two competitive brands with strong emphasis on the role of brand information at introduction stage. Second, we investigated the impacts of three positioning strategies on the individual adoption process using path analysis in structural equation model (SEM). This model allows us to trace the process of adoption as well as to examine the effects of various positioning scenarios in advertising for Japanese Wagyu beef at the introduction stage.

6.3.2 Literature reviews

One of the most challengeable questions for corporate marketing management when introducing a new brand to a particular market is how to position the new brand concerning with preceding brands in that market. Previous studies indicated the importance of order of entry that preferences and brand choice depended on a vast number of contextual variables and constraints as the composition of the set of competing alternatives (Huber, Payne & Puto, 1982) and the order of entry (Hauser, 1986).

From game-theoretical approach

Lane (1980) in the sequential game approach investigated the impact of location choice on firms' profit. He numbered a firm by their order of entry and indicated that the profit of a firm depends on its location and the locations of the existing firms, which already entered into the market. Hence, earlier entering firms could occupy the better locations and achieve higher profit than the later ones. Alternatively, the pioneering firms can obtain the competitive advantage of early entry. One important note is the profit of later entrants is less than the profit of earlier entrants if the sequential entry solution concept is to be a useful tool. If firms can do better by entering later in the sequence, then there is a problem of motivating the first firm to enter. In general, the results show that prior entry is more profitable than later entry.

That study examined the prepositions through mathematical simulation. In case of three firms, the third firm has a slight advantage over the second firm even though both of these firms face choices that are symmetric in every respect. The advantage arises since the last firm makes their location choice following the second firm. This sequence gives the last firm some strategies that are not available to the second one. From this study, we could conclude that a firm that is pioneering in the market can get the advantage of the most early entrant firm. However, whether or not this advantage could be kept for the next entrant firms is questionable.

Carpenter and Nakamoto (1989, 1990) investigated the positioning strategies for a late entrant brand when entering into the market with a dominant brand. The authors developed the comprehensive model, which connected brand-positioning strategies to consumers' responses. They considered that consumer preference was affected by the order of brand entry due to consumer learning process. The pioneering brand can obtain the pioneering advantage in consumer

perceptual map since it has a major influence on how attributes are valued and on the ideal attribute combination[14]. The later entrant brand has to consider the dominant brand location, the ideal point of consumers before selecting its location. Apart from the previous studies on this topic with the assumption that consumer utility merely depended on product attributes, this study considered the role of brand as well as the association between brands and product attributes in consumer preference. The important assumption of this theory is about ambiguous value of attributes. Hence, experiences with brands tried earlier lead to asymmetric preference for the next entrant brand. The late entrant that positions close to the dominant brand with no distinctively different attributes or benefit is less preferred despite the similarity of its attributes to those of the dominant brand. They named this effect the daunting proposition. They considered the situation a single late entrant competing in two-dimensional perceptual space against a well-entrenched dominant brand using advertising and price. This model constructed a game-theoretic model of late entry strategy with an emphasis on the link between consumer behavior and competition. Preference asymmetry is the driving force of positioning strategies for the late entrant brand.

In that study, the authors considered that early entrants frame consumer's perception of the product category, thereby defining the rules of competition. They focused on the products or services that relative performance is difficult to access. The consumers learn about a product class through experience with a dominant brand. The incumbent and the later entrant compete in two stages to maximize profits. First, the later entrant positions its brand through advertising, anticipating the equilibrium strategies and profits then. Second, subject to both brand positions, both brands simultaneously select optimal competitive maintenance ads expenditures and prices. The competition followed typical model of spatial competition (Carpenter, 1989; Palma et al., 1985; Hauser, 1988).

The authors stated that absent from a strong asymmetric competitive advantage, the optimal strategy of the new entrant brand is challenging the dominant brand with a high advertising budget and high prices since a later entrants can gain more in market share and profit by positioning close to the ideal point than they can lose by being less differentiated. Me-too strategy is not optimal (Urban et al., 1986). Positioning near the dominant brand can lead to price-cutting by the later entrant, but it is not enough to create a severe price war. Regarding the empirical study, they conducted survey with 60 middle level marketing and sales executives, and found the consistent practices.

Both of the prior studies used the game-theoretical approach to propose the optimal strategies for the late entrant brand. Lane (1980) focused on the behavior of the late entrant brand while Carpenter and Nakamoto (1990) considered the two stage sequential competition. The late entrant brand chooses its strategy first, and then the dominant reacts to maintain its position. The optimal strategy for the late entrant brand depends on the magnitude of perceptual asymmetry that the dominant brand obtained.

From psychological approach

Sujan and Bettman (1989) used schema-based approach to address how discrepant information is integrated into present knowledge biases. Two fundamental process of information processing: assimilation which new concept is absorbed into current schemas; accommodation which new schema is created for a new concept. Two strategies for brand positioning from consumer schema include plus tag model (similarity) and subtyping model (create subcategory, inconsistent with the current schema). For a new entrant brand, focusing on brand itself and should be fit the strategy to the contextual variable. For instance, adoption a new brand in complex product categories should follow differentiated strategies while in market with variety seeking, firms should follow a subtype strategy.

[14] This study used the utility function of consumer as product attribute approach. Other scholars such as Bettman and Sujan (1980) used schema-based approach; Schamalensee (1982) investigated the role of the leading brand in motivating the first trial of the next entrant brand.

6.3.3 The model with three brands in the market: the dominant brand, the second entrant brand, and the late entrant brand

Previous studies on brand positioning in consumer perception explained the situation in which one late entrant brand compete to one dominant brand at a particular market. Hence, the question for the case of three brands in a specific market is still remained. In this paper, we proposed a set of potential strategies for the late entrant brand into the market with two occupied brands. After that, we provided an empirical test for our proposed positioning strategies. We just emphasized on the positioning strategies for the late entrant brands and assumed that preceded brands have no reaction to the strategies of the new entrant. Moreover, each already entrant brand followed its own positioning strategy in two dimensions including price and quality. The quality of a brand is the combination of two attributes in the perceptual map of consumers for this brand.

When a new entrant brand enters in the market, the brand has to select its location on the perceptual map of consumers. There are three factors of this decision: the distance form the new entrant brand to the ideal point of consumers; the distance from the new entrant brand to the two existing brands; and the distance between two brands.

Let denote B1 is the dominant brand with positioning strategy including high price and high quality. B2 is the second entrant brand with positioning strategy of low price and low quality. We assume that the market could recognize the actual quality of two occupied brands. The limitation of attribute X in the market is the interval $[X_2; X_1]$ and the limitation of attribute Y is $[Y_2; Y_1]$. In response to potential positioning strategies, the limitation of price and quality in consumer perception is $[p_2; p_1]$ and $[q_2; q_1]$ respectively. The perceptual map of consumers is divided into four cells as the figure 6.4.

The question becomes to find the optimal positioning strategies for the late entrant brand into this market with the consideration of perceived asymmetry.

Case 1: If brand B1 created the perceived advantage, the ideal point of the consumers is a set of circle with the central point is the position of the brand B1. In this situation, the optimal position of brand C is in the cell II and near the brand B1.

Case 2: If the brand B2 created the perceived advantage, the ideal point of the consumers is a set of circle with the central point is the position of the brand B2. The optimal position of the brand C could be in the cell II or cell III and near the brand B2. If the brand C will be located into the cell III, when become similar to the B2, the brand C can get price premium from brand B2. If the brand C will be located into the cell III, it can pick up market share from both brands. It can pick up market share from B2 due to its quality and from the brand B1 due to its price.

Case 3: If two brands can generate their local perceived advantages and no overlap area, being located into the cell II is the optimal choice.

Case 4: If two brands can get their own local perceived advantages and there is an overlap between their advantages, the optimal position is central of the overlap area.

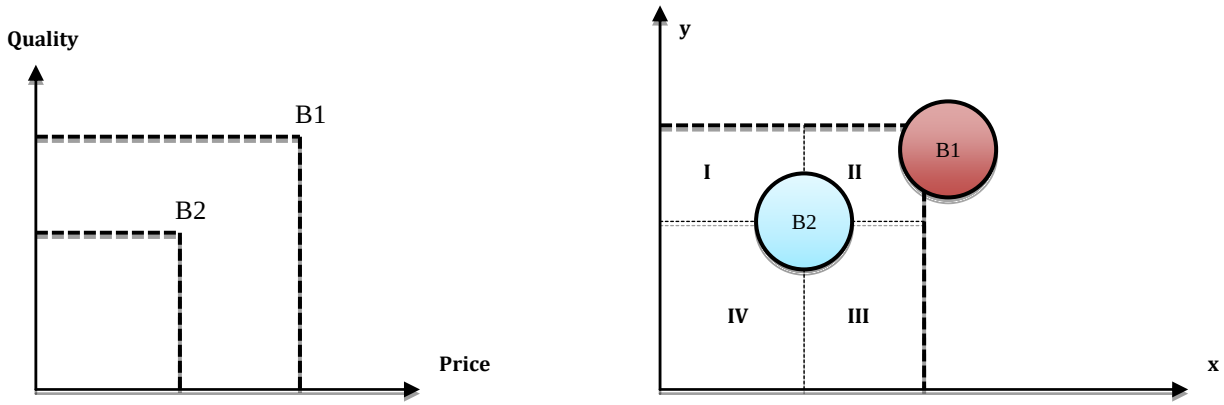


Figure 6.4 Strategies for the third entrant brand

Hence, three positioning strategies should be relevant to be optimal for the late entrant brand in the market with the above situation. The first is being distinction from B1 and B2; the second is being different from the B2 to get the price premium from the brand B2; the last is being similar to the B1.

Analytical model

A path analysis model was constructed to investigate the efficiency of three positioning strategies for Japanese Wagyu beef in the Vietnamese consumers' perception. Based on the situation of the niche market for high-grade beef, we considered Kobe beef as the dominant brand and Australian Wagyu beef as the second entrant brand. Japanese Wagyu beef was the last entrant brand in this niche market. We examined the efficiency of three competitive strategies for JPW in the niche market of high-grade beef in HCMC through analyzing the consumer responses to three advertising strategies. The efficiency of the first strategy was investigated through the consumer's response to the brand clarification. The efficiency of the second strategy was considered through the consumer's response to the brand contrast information. The efficiency of the third strategy was examined through the consumer's response to the brand comparison information.

Moreover, using the path analysis, we could examined the efficiency of non-comparative and comparative advertising claims in adjusting the consumer preference for Japanese Wagyu beef taking into account the perceived asymmetry. Previous studies on advertising indicated that using non-comparative ads or comparative ads depended on the relative strength of the new entrant brand to the existing brands. In the situation of Japanese Wagyu beef at the HCMC beef market, we hypothesized that the asymmetry in consumer perception of high-grade beef market was an indicator for the relative strength among beef brands. Since the niche market for high-grade beef in HCMC is in the early stage with the information imperfection and the adoption of consumers is a multi-stage process, we argued that the most relevant method to find the optimal positioning strategy for Japanese Wagy beef was to observe how consumer's response to three positioning ads claims.

Table 6.13 Three positioning strategies for Japanese Wagyu beef in the niche market for high-grade beef in HCMC

Criteria	Strategy 1	Strategy 2	Strategy 3
Focus	Being distinction from Kobe beef and Australian Wagyu beef	Being different from Australian Wagyu beef	Being similar to Kobe beef
Information	Information 1	Information 2	Information 3
Kind	Brand distinction	Brand differentiation	Brand similarity
Type of ads	Non-comparative ads	Comparative ads	Comparative ads

The conceptual framework for the study on positioning strategies from JPW was illustrated in the Figure 6.5. This figure consisted 4 main parts. On the left hand side of this figure was the perceived advantages of three brands in the niche market of high-grade beef. We used three variables in the part 1 of this chapter to proxy for the perceptual asymmetry. The consumer learning part included three dummy variables for eating experience of three high-grade beef brands

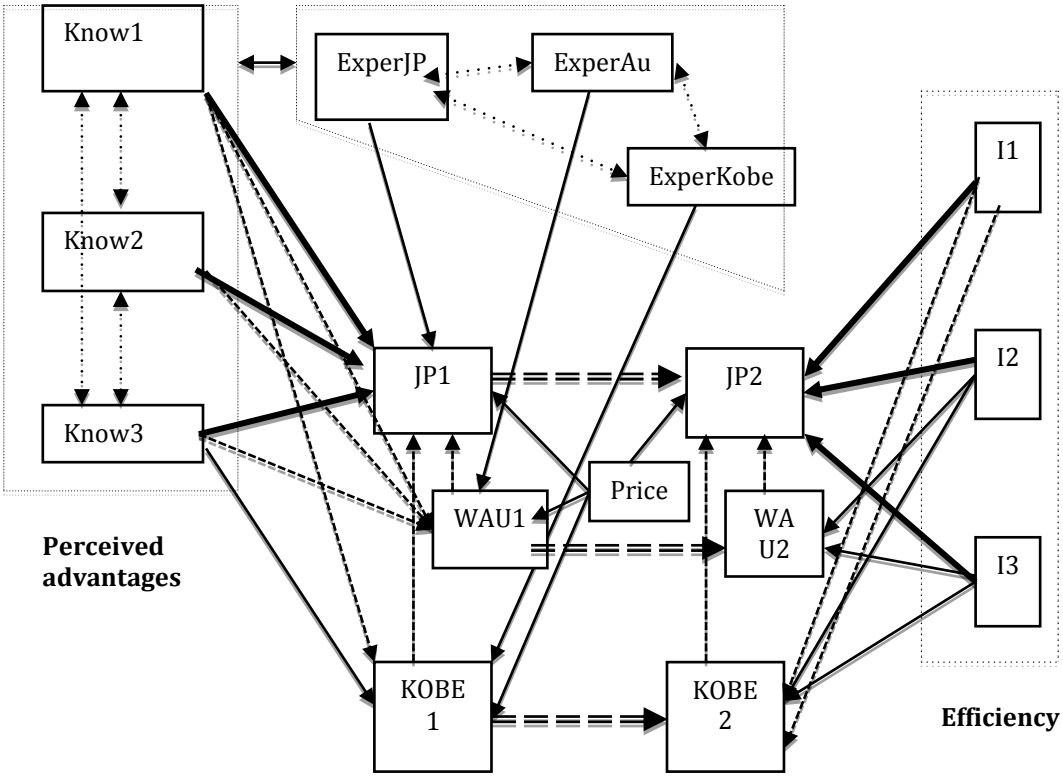


Figure 6. 5 The conceptual framework of this study using path analysis

On the right hand side was the efficiency of three positioning strategies in directing consumer adoption for Japanese Wagyu beef. We combined the prior knowledge of consumers about each kind of information with the characteristics of information (provided or not provided) as in the part 2 of this chapter to make three indicators for effieciency of the three positioning strategies respectively, I1 for the strategy 1; I2 for the strategy 2; and I3 for the strategy 3.

In the central part of the figure 6.5, we indicated the relationship between the last entrant brand (Japanese Wagyu beef) with the dominant brand (Kobe beef) as well as with the second entrant brand (Australian Wagyu beef). When Japanese Wagyu beef entered into the high-grade beef market at first, the perceived advantages could direclty influence on the consumer preference for Japanese Wagyu beef (expressed by the bold straight arrow) or indirectly impact on Japanese Wagyu beef through the role of Australian Wagyu beef and Kobe beef (expressed by the dot line arrow). Likewise, the consumer learning through eating experience affected to consumer preference for Japanese Wagyu beef through the same approaches. We allowed the correlation between perceived assymetry in prior knowledge and eating experience as two sources of information about premium beef brands.

At the second stage, with the assumption that marketing agency informed to the consumers three kinds of information through three advertising claims, the efficiency of three ads were expressed through the direct impacts from I1, I2 , and I3 to the JP2 (the bold straight arrows) or the indirect impacts through preference for WAU and Kobe beef (the dotline arrows).

Table 6.14 The summary of variables in the study on the positioning strategies in ads for JPW in HCMC

Variable	Description	Measurement		
	Observed endogenous variables	Mean	Std. Err.	
JP1	Preference of Japanese Wagyu beef before information	2.785	0.039	
WAU1	Preference of Australian Wagyu beef before information	2.988	0.036	
KOBE1	Preference of Kobe beef before providing information	3.025	0.052	
JP2	Preference of Japanese Wagyu beef after information	2.970	0.028	
WAU2	Preference of Australian Wagyu beef after information	3.114	0.038	
KOBE2	Preference of Kobe beef after information	3.052	0.053	
	Observed exogenous variables			
	Variable name	Value	Number (N=480)	%
I_1	Newly informed information 1	1	129	26.9%
1=informed and don't know information 1; 0=otherwise		0	351	73.1%
I_2	Newly informed information 2	1	148	30.8%
1=informed and don't know information 2; 0=otherwise		0	332	69.2%
I_3	Newly informed information 2	1	125	26.0%
1=informed and don't know information 3; 0=otherwise		0	375	74.0%
ExperJP	Japanese Wagyu beef eating experience	1	92	19.2%
1=Have eaten; 0=Never eaten		0	338	80.8%
ExperAu	Australian Wagyu beef eating experience	1	69	14.4%
1=Have eaten; 0=Never eaten		0	411	85.6%
ExperKobe	Kobe beef eating experience	1	181	37.7%
1=Have eaten; 0=Never eaten		0	299	62.3%
Price	The price of Japanese Wagyu beef is centered from mean value	Price= $\begin{cases} -1.4875 \; if \; JPW \; price = 500{,}000 \; VND \\ 0.0125 \; if \; JPW \; price = 650{,}000 VND \\ 1.5125 \; if \; JPW \; price = 800{,}000 \; VND \end{cases}$		

6.3.4 Results

6.3.4.1 Overview of preference for high-grade beef at two phases of the study

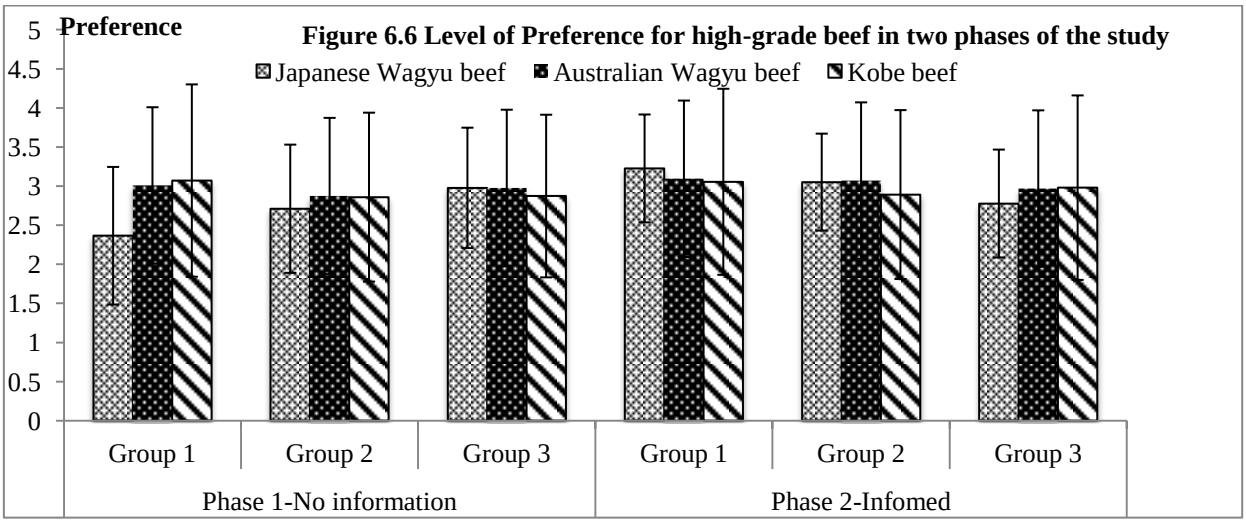


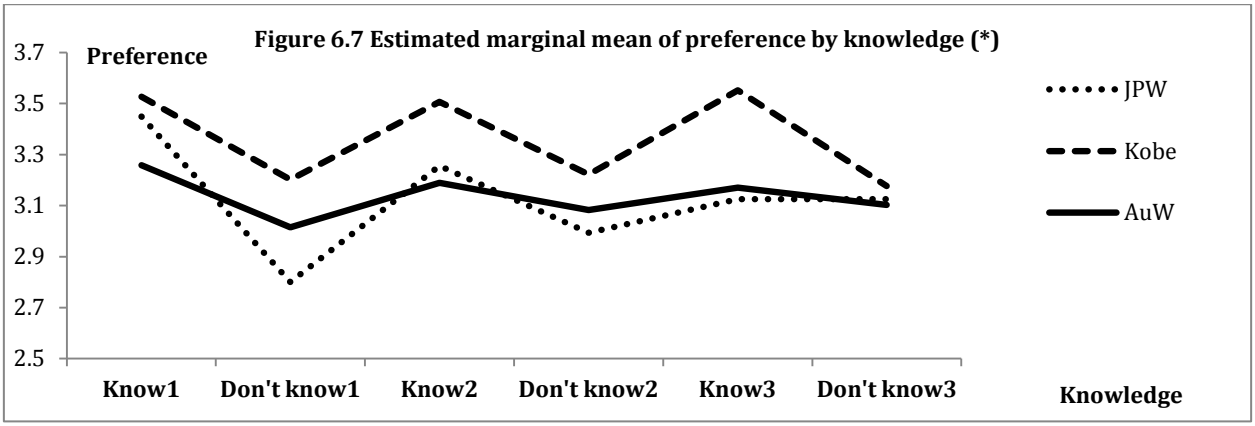
Figure 6.6 Level of Preference for high-grade beef in two phases of the study

Note. Preference is measured by 5-point Likert Scale; 1=Extremely not prefer; 5=Very prefer

Group 1 (N=129) consists of the respondents who do not know about information 1; Group 2 (N=148) consists of the respondents who do not know about information 2; Group 3 (N=125) consists of the respondents who do not know about information 3.

At the first stage, Japanese Wagyu beef obtained the lowest average preference at 2.785 point compared to 2.988 point for Australian Wagyu beef and 3.025 point for Kobe beef. Only Kobe beef could obtain a part of customers with high preference at high-end beef market. However, the dispersion in consumer preference for Kobe beef is stronger than the others since the std. of this beef is at 0.052 compared to 0.036 and 0.039 for Australian Wagyu beef and Japanese Wagyu beef respectively.

It could be seen from figure 6.5 that there was a positive improvement in preference for Japanese Wagyu beef after providing consumers with more brand information. Alternatively, the adoption process of Japanese Wagyu beef could be accelerated with the diffusion of brand information via positioning advertising strategies. Considering the cross-brand effects in two periods, two main points could be observed. First, consumers tend to differentiate Wagyu beef from Kobe beef since the std. of Kobe beef is relatively much higher than Australian Wagyu beef and Japanese Wagyu beef. Second, only Kobe beef could get the number of customers with strongly favorable evaluation. The polarity of the preference for Kobe beef also indicated the actual context relating to this brand, ones extremely favor whilst others keep the strongly negative feelings of this brand.



Note. Kobe beef is estimated at price gap 3.5125 (351,250 VND)
Australian Wagyu beef is estimated at price gap (-1.9875) or -198,750 VND

Table 6.15 Values of Fit Statistic

Index	Values
$\chi^2(41)$	129.690
p>χ^2	0.000
$\chi^2(41)$/df	3.163
RMSEA (90% CI)	0.067 (0.054 - 0.08)
p-close fit H_0	0.015
CFI	0.948
TLI	0.904
SRMR	0.041
CD	0.473

Note: CI, interval confidence. All results were calculated by STATA

Presented in table 6.15 were values for fit statistics of path model in this study. The model chi-square was statistically significant at the p-value < 0.01. The value of RMSEA at 0.067 with the upper bound at 0.08 indicated the adequate fitness (Browne & Cudeck, 1992; MacCallum et al., 1996). The relative fit of model is about a 95% improvement over that of independence model fit (CFI=0.948). SRMR was at 0.041 < 0.06 and sufficient for fit model (Hu & Bentler, 1999).

6.3.4.2 The perceived advantages and consumers preference for JPW at introduction stage

Table 6.16 Decomposition for effects of information on preference for high-grade beef

	Causal variables					
Endogenous variables	Know1	Know2	Know3	I1	I2	I3
JP1						
Direct	0.378***	0.152	−0.095			
Total indirect	0.059**	0.046	0.051			
Total	0.437***	0.199	−0.044			
WAU1						
Direct	0.236**	0.109	0.065			
Total indirect						
Total	0.236***	0.109	0.065			
KOBE1						
Direct	0.220	0.261	0.354*			
Total indirect						
Total	0.220	0.261	0.354*			
JP2						

Direct				0.353***	0.060	−0.229***
Total indirect	0.114	0.053	−0.005	0.000	0.003	0.002
Total	0.114	0.053	−0.005	0.353***	0.062	−0.227***
WAU2						
Direct				0.005	0.094	0.051
Total indirect	0.199	0.092	0.054			
Total	0.199	0.092	0.054	0.005	0.094	0.051
KOBE2						
Direct				−0.032	−0.009	0.063
Total indirect	0.193	0.228	0.310			
Total	0.193	0.228	0.310	−0.032	−0.009	0.063

*Note: ***p-value <0.01; **p-value <0.05; *p-value <0.1*

Table 6.16 presented the direct and indirect impacts of perceptual asymmetry advantages on consumer preference for beef brands at the niche market for premium beef. Before providing any information, there were evidences that perceived advantages had particular affects to consumer preference for Japanese Wagyu beef. Brand clarification indicated the positively significant effect on consumer preference for Japanese Wagyu beef. The direct effect of this ad could be seen, as one with information 1 would increase 0.378 point in preference compared to those without information. The indirect effect of information 1 could be observed through the mediated role of endogenous variable, WAU1 in table 6.18. At the first phase, 1-point increase in preference for Australian Wagyu beef led to 0.139-point increase of Japanese Wagyu beef. This result indicated that the first strategy could generate positive cross-brand effect for Japanese Wagyu beef, and this effect seemed to derive from the similar kind of beef- Wagyu.

Brand comparison information made indirect impact on the consumer preference for Japanese Wagyu beef through the mediated role of Kobe beef. At the first introduction, consumers who understanding the similarity between Kobe beef and Japanese Wagyu beef showed higher preference for Japanese Wagyu beef. Hence, being similarity to the dominant brand could be effective strategy for Japanese Wagyu beef at introduction.

There is no significant effect on consumer preference for JPW could be seen for the brand contrast information. Using the second entrant brand as a competitor in advertising could not generate the benefit for Japanese Wagyu beef at introduction.

Since the perceived advantages could influence on consumer preference for Japanese Wagyu beef, one might believe that changing the consumer perceptual asymmetry would make significant impacts on consumer preference for Japanese Wagyu beef. The third column of table 4 reported the efficiency of three advertising strategies on consumer preference for Japanese Wagyu beef. The first strategy produced the positive direct influence on preference for Japanese Wagyu beef while negative direct impact could be seen for the third strategy.

The positive finding for the first strategy on JP2 indicated the spontaneous effect of brand clarification on personal adoption. Consumers without this information would increase their preference for JPW at 0.353 point if they were informed. Moreover, the indirect effects of this information on preference for JP2 were still positive since the positive mediated role of JP1 on JP2 in table 6.18. Thus, the positive effect of brand clarification could be kept in diffusion process via the high initial preference and the consistency in consumer preference.

On the other hand, the brand comparison information made negative direct influence on consumer preference for Japanese Wagyu beef when ones without this information would decrease 0.229 point for preference if being informed. The negative effect of the brand comparison information was not negated via the mediated roles of two previous entrant brands since no significant effect could be found for the path from WAU2 to JP2 as well as from KOBE2 to JP2 in the table 6.17. The negative impact of the brand comparison information was remained in diffusion process since Know3 at the first phase produced negative direct impact on preference for JPW. Hence, being similar to the dominant brand can be effective in long-term period when consumers have enough time to absorb the advertising claim as well as examine the uncertainty of this information.

Being similar to the dominant brand cannot generate the immediate adoption for Japanese Wagyu beef since this strategy increases the ambiguity of the quality of Japanese Wagyu beef.

Table 6.17 Decomposition for effects of endogenous variables on other endogenous variables

Endogenous variables	Causal variables									
	JP1		WAU1		KOBE1		WAU2		KOBE2	
JP1	Unst.	St.	Unst.	St.	Unst.	St.	Unst.	St.	Unst.	St.
Direct			0.139***	0.127	0.120***	0.156				
Total indirect										
Total			0.139***	0.127	0.120***	0.156				
JP2										
Direct	0.241***	0.327					0.030	0.040	0.011	0.020
Total indirect			0.059***	0.073	0.039***	0.069				
Total	0.241***	0.327	0.059***	0.073	0.039***	0.069	0.030	0.040	0.011	0.020
WAU2										
Direct			0.842***	0.794						
Total indirect										
Total			0.842***	0.794						
KOBE2										
Direct					0.876***	0.861				
Total indirect										
Total					0.876***	0.861				

*Note: ***p-value <0.01*

6.3.4.3 Eating experience as another source of perceptual asymmetry

Table 6.18 Decomposition for impact of usage experience on preference for high-grade beef

Endogenous variables	ExperJP		ExperAu		ExperKobe	
	Unst.	st.	Unst.	st.	Unst.	st.
JP1						
Direct	0.522***	0.238***				
Indirect			0.014	0.006	0.069	0.039
Total	0.522***	0.238***	0.014	0.006	0.069	0.039
WAU1						
Direct			0.098	0.043		
Indirect						
Total			0.098	0.043		
KOBE1						
Direct					0.575***	0.246***
Indirect						
Total					0.575***	0.246***
JP2						
Direct						
Indirect	0.126***	0.078***	0.006	0.003	0.022*	0.017*
Total	0.126***	0.078***				
WAU2						
Direct						
Indirect			0.082	0.034		
Total			0.082	0.034		
KOBE2						

Direct			
Indirect		0.504***	0.212***
Total		0.504***	0.212***

*Note: ***p-value <0.01; *p-value <0.1*

Table 6.18 reported the impacts of eating experience on consumer preference for high-grade beef items at two studied phases. Generally, eating experience would generate both direct and indirect positive influences on preference for three beef brands. The significant positive impacts in statistics could be seen for Japanese Wagyu beef and Kobe beef at the first phase with standardized beta of Kobe beef at 0.246 and 0.238 for JPW. The positive effect for JPW still remained at the second phase, as the indirect effect was positively significant at p-value <0.01 Consumers with eating experience tend to hold high initial preference for JPW and keep this evaluation consistent until the second stage. Moreover, consumers with eating experience of Kobe beef tend to evaluate JPW at high preference via the mediated role of KOBE1 at the first phase. It could be conclude that Kobe beef eating experience created the positive cross-brand effect for JPW at the introduction.

Table 6.19 Covariance correlation of exogenous variables in the model

Variables	1	2	3	4	5
1.Know1					
2.Know2	0.425***				
3.Know3	0.303***	0.306***			
4.ExperJP	0.398***	0.249***	0.21***		
5.ExperAu	0.066	0.012	0.037	0.223***	
6.ExperKobe	0.153***	0.09**	0.079*	0.287	0.171***

*Note: ***p<.01; **p<.05; *p<.1*

It could be shown from the table 6.19 that three perceptual advantages and the eating experience of three beef items have strongly positive correlations. Alternatively, eating experience could become a vital source of brand information for JPW. Usage experience of Japanese Wagyu beef significantly correlated to three pieces of information. Hence, the positive impact of brand clarification on consumer preference could be enhanced via the positive effect of eating experiences, and the negative impact of brand comparison could be reduced through eating experiences.

6.3.4.4 The efficiency of comparative advertising and non-comparative advertising

Table 6.20 Standardized ML estimates for direct effects of three ads on preference

	Phase 1-No information			Phase 2-After Ads		
Type	JP	WAU	KOBE	JP	WAU	KOBE
Brand distinction	0.154***	0.106*	0.069	0.245***	0.003	−0.012
Brand differentiation	0.048	0.037	0.062	0.043	0.053	−0.004
Brand similarity	−0.046	0.034	0.13*	−0.158**	0.027	0.024

*Note: ***p<0.01; **p<0.05*

Table 6.20 indicated the direct impacts of three positioning advertising strategies on consumer preference for high-grade beef items. Brand clarification seemed to be the most effective ads since

it generated positive temporary impact on preference for JPW, and this effect was remained during diffusion process. Moreover, this information could create the positive cross-brand effect through assimilation with Australian Wagyu beef. The effect of brand comparison ads seemed to be complicated due to the dominant brand Kobe beef. Following the dominant brand produced the negative spontaneous impact on preference for JPW; however, during the diffusion process, consumers with this information tend to increase preference for JPW via the mediated role of Kobe beef. Alternatively, this strategy takes time to create the positive cross-brand effect for Japanese Wagyu beef. Hence, the efficacy of comparative and non-comparative ads for JPW should be considered along with the preferences for existing brands in adoption process. Non-comparative ad with the illustration on the distinction of brand could create higher initial evaluation and positive cross-brand effect as well as remain this impact during the diffusion process while similar comparative ad to the dominant brand requires a long time to obtain the positive impact on consumer adoption.

6.3.4.5 The effect of price in relation to brand information

Table 6.21 Decomposition for impact of price on preference for high-grade beef

	Parameter	
Endogenous variables	Unstandardized	Standardized
JP1		
Direct	−0.238***	−0.336***
Indirect	−0.010***	−0.014***
Total	−0.248***	−0.350***
WAU1		
Direct	0.010	0.015
Indirect		
Total	0.010	0.015
KOBE1		
Direct	−0.095**	−0.102**
Indirect		
Total	−0.095**	−0.102**
JP2		
Direct	−0.085***	−0.163***
Indirect	−0.061***	−0.116***
Total	−0.146***	−0.279***
WAU2		
Direct		
Indirect	0.008	0.012
Total	0.008	0.012
KOBE2		
Direct		
Indirect	−0.083**	−0.088**
Total	−0.083**	−0.088**

*Note: ***p-value <0.01; **p-value <0.05*

Table 6.21 highlighted the role of price of a new brand in relation to enforcement of brand information. Before ads, 100,000 VND increase in price would directly lead to a reduction of 0.238 point in preference for JPW. However, after providing more information, this effect was at 0.085 point in preference. Hence, JPW could directly obtain a price premium at about 64,000 VND after ads. Regards to the indirect effect of price on preference for JPW, before ads, 100,000 VND increase in JPW price resulted into 0.010-point decrease in JPW preference while that after ads

was 0.061 point. The indirect impact of price on JPW preference at the first phase was generated via the mediated role of Kobe beef. Kobe beef with constant price would become relatively cheaper at higher price of JPW. Hence, the smaller gap in price between Kobe beef and JPW led to the more preference for Kobe beef even though consumers still remain the understanding of JPW as high-grade beef item. In other words, consumers tend to favor Kobe beef more as the price of JPW was closer to the market price of Kobe beef. With 100,000 VND increase in the price of JPW, Kobe beef could obtain 39,900 VND price premiums.

At the second phase, the indirect negative effect of price on JPW was larger than the first phase due to the highly consistent attitude to Kobe beef (coefficient 0.876 at p-value 0.01) and the weaker cross-brand effect between Kobe beef and JPW (0.020 at the second phase compared to 0.12 at the first phase). With more information, JPW could reduce the price premium for Kobe beef from 39,900 VND to 34,900 VND.

6.3.5. Discussion

The results of path analysis implied that the impacts advertising strategies for Japanese Wagyu beef depended on the current perception of the existing competitive brands of consumers. Being distinction from the existing brands (both the dominant brand and the second entrant brand) is the most effective positioning strategy for Japanese Wagyu beef at introduction in the Vietnamese market. The positive effect of brand clarification on consumer preference for Japanese Wagyu beef could be directly created at the first time and remained during the diffusion process. Moreover, since the perceptual asymmetric advantage Australian Wagyu beef is not strong in the Vietnamese market, being distinction from the Australian Wagyu beef in consumer perception can help Japanese Wagyu beef obtain the market share from the Australian Wagyu beef. Information 1 illustrates the core values of JPW via the detail explanation of brand outstanding features. With this information, more intrinsic cues are transferred and integrated into working memory and constructive cognition. As a result, the brand processing is motivated and higher order attitude towards brand can be seen (Gardner, 1983). In contrast, being similar to the dominant brand strategy should be seriously considered when positioning Japanese Wagyu beef at the introduction stage. Since Kobe beef has the negative publicity in the past, being similar to Kobe beef in the positioning advertising at first could increase the ambiguity of the quality of the Japanese Wagyu beef as well as the uncertainty of the new information. As the result, the user adoption would reduce when being informed the brand comparison. In such situation, two solutions could be considered. First, the marketing agency could diversify the advertising claims to diagnostic the information bias of consumers since information repetition can be a diagnostic for overestimated problem and choice uncertainty (Radecki & Jaccard, 1995). Second, the negative impacts of similarity perception could be reduced through the trial with Japanese Wagyu beef. Alternatively, positioning based on a big brand via comparative ads would trigger positive effect after a long period instead of temporary impact.

Regards to price, it could be concluded that negative impact of price on consumer preference for JPW was changed after increasing brand information. Brand advertising could generate positive own-brand effect as well as cross-brand effect. The direct influence of brand information could be seen in an increase of price premium for JPW at about 64,000 VND. Moreover, enhancing brand information reduced the cross-brand premium for Kobe beef from 39,900 VND to 34,900 VND.

6.4. Conclusion of Chapter 6

This chapter investigated the impacts of brand information on consumer adoption process for Japanese Wagyu beef. The efficiency of three brand-advertising claims about Japanese Wagyu beef on personal adoption was investigated taking into account the perception of consumers of current competitive brands.

The findings from the study implied that marketing agencies could enhance the user adoption for Japanese Wagyu beef through adjusting their perception about competitive brands at the niche market for premium beef in HCMC. The most relevant advertisement could be the non-comparative ads with brand clarification information, which attaches the most distinctive signals for the quality of Japanese Wagyu beef in consumer perception. This claim with specialization into distinction attributes of Japanese Wagyu beef would encourage the consumer learning process, reduce the message resistance, and generate high economic added value to Japanese Wagyu beef.

CHAPTER 7

THE DECISION MAKING PROCESS OF THE RESTAURANTS

WHEN SELECTING BEEF SUPPLIERS

Introduction

The findings from chapter 4 indicated the role of the restaurants in distribution system for Japanese Wagyu beef. Chapter 5, 6, and 7 also expressed the problem of information imperfection in the beef market of HCMC, especially at food service outlets. These evidences illustrated the dual role of the beef restaurants in transferring the product value from the Japanese beef exporters to the end users. For the Japanese beef exporters, the beef restaurants can reduce the business risk at the host markets when exporting luxury brand as Japanese Wagyu beef due to the direct connection with the customers. For customers, the beef restaurants can reduce the uncertainty related to Japanese Wagyu beef at the introduction stage due to the product information. Hence, investigating the buying behavior of the beef restaurants toward beef products is necessary for Japanese beef exporters when introducing Japanese Wagyu beef to the Vietnamese market.

In this chapter, we examined the buying behavior of the beef restaurants for imported beef products in the HCMC beef market. To keep consistent with the previous studies on consumer behavior for Japanese Wagyu beef, we studied the buying behavior toward the five imported beef items: Australian beef, American beef, Australian Wagyu beef, Japanese Wagyu beef, and Kobe beef. The beef basket included the mature beef brands (Australian beef and American beef) and the early-adopted brands (Australian Wagyu beef, Japanese Wagyu beef, and Kobe beef). The buying behavior of the beef restaurants was synthesized through the decision processing of two major decision makers, a purchasing manager, and a master chef. We examined not only how each person made their selection for imported beef brands but also how they considered the perspective of the other. Alternatively, we deal with the problem of internal conflict in one organization when making the final vendor selection.

Literature review

Previous studies indicated that purchasing department (specifically, purchasing manager) plays an important role in an organization when making supplier selection. Therefore, it could be relevant if marketing agencies focus on the purchasing managers in the introducing period of a new product. This point of view basically seems to ignore the role of other partners relating to buying in an organization, for instance, the importance of direct users.

Moreover, at the introduction stage of a new product, the information about the new product in the market could be seen as a key determinant of adoption process. Hence, the marketing agencies should pay high attention to the partners who can contribute to the diffusion process as well as enhance the private adoption of consumers. The shorter the gap in communication is, the more effective the marketing strategy at introduction stage is. The study at individual level states that prior knowledge and eating experience can make significant influences on consumer preference toward JPW at introduction. In food services, the satisfaction of consumers refers tightly to the ability of dish makers (master chefs). Thus, one might expect that concentrating on the people whose responsibility associated directly to consumers' satisfaction would increase the efficacy of sale forces.

The integrative model of organizational buying behavior (Sheth, 1973; Webster & Win, 1972) indicated three main components of the organizational behavior. First are the psychological aspects of decision makers. Second are the kinds of decision-making, integrative decision versus individual decision. Last is about the way of resolving conflict among individuals in an organization. One of the reasons for internal conflict in one organization is the difference in expectation of each party when making the buying decision. The psychological word of party constructs the expectation of each party: the background, the information source, the active search,

the perceptual distortion, and the experience from the last purchase. The kinds of decision making depends on the characteristics of product and the organizational factors. The way of resolving conflict can be obtained by identify the kind of conflict. Regarding to the beef supplier selection in a restaurant, there could exist the conflict in interest between the purchasing manager and the master chef since each person establish their own criteria for beef supplier evaluation. Moreover, the difference in expectation of each party varies by the buying situation, the importance of product in the business prospect of the restaurant, and the degree of cooperation in making final buying decision of the restaurant.

Hence, this study examines the factors in hierarchy priority of each partner in a restaurant when making the beef supplier selection. The main hypothesis is the master chef focuses on quality of beef (customers) while the purchasing manager specializes on buying price (profit of a restaurant) when selecting the beef suppliers. The second hypothesis is about the contextual factor, the priority of beef supplier strongly depends on the characteristics of a restaurant.

7.1 Methodology

7.1.1 An overview of the AHP *(Saaty and Vargas, 2012, Springer)*

The Analytical Hierarchy Process (AHP) is used to derive ratio scales from both discrete and continuous paired comparisons in multilevel hierarchic structures. This allows taking several factors into consideration simultaneously, allowing for dependence, for feedback, and making numerical tradeoffs to obtain a comprehensive conclusion. The AHP is a method that can be used to establish measures in both the physical and social domains.

The AHP is a descriptive theory in the sense of the physical sciences. It treats people separately from the condition in which they find themselves, because so far no interdisciplinary theories would enable us to deduce optimality principles for human behavior. The AHP is an instrument used to construct a complete order through which optimum choice is derived.

There are two requirements in consideration to apply AHP in studies. First, a hierarchic or a network structure need for presenting the problem and the pairwise comparison of homogenous elements. Second, the comparison of each pair elements is reciprocal, e.g. ,$a_{ij} = 1/a_{ij}$.

Scale: Paired comparison judgments in the AHP are applied to pairs of homogenous elements. This scale has been validated for effectiveness, not only in many applications by a number of people, but also through theoretical justification of what scale one must use in the comparison of homogeneous elements.

Table 7.1 The fundamentals of scale

Intensity of importance	Definition	Explanation
1	Equal importance	Two activities contribute equally to the objective
2 3	Weak Moderate importance	Experience and judgment slightly favor one activity over another
4 5	Moderate plus Strong importance	Experience and judgment strongly favor one activity over another
6 7	Strong plus Very strong or demonstrated importance	An activity is favored very strongly over another; its dominance demonstrated in practice
8 9	Very, very strong Extremely importance	The evidence favoring one activity over another is one of the highest possible order of affirmation
Reciprocals of above	If activity *i*has one of the above nonzero numbers assigned to it when compared to activity *j*, the *j* has the reciprocal value when compared with *i*	
Rationals	Ratios arising from the scale If consistency were to be forced by obtaining n numerical values to span the matrix	

The eigenvector solution for weights and consistency

From the pairwise comparison of two homogenous elements, the matrix $A = [a_{ij}]$ will be obtained. If a_{ij} represents the importance of alternative i over alternative j and a_{jk} represents the importance of alternative j over alternative k, the importance of alternative I over alternative j should be $a_{ik} = a_{ij}a_{jk}$ to ensure the consistency.

There is an infinite number of ways to derive the vector of priorities from the matrix A. But emphasis on consistency leads to the eigenvalue formulation $Aw = nw$. Let assume that the priorities $w = (w_1 \dots w_n)$ with respect to a single criterion are known, we can examine what we have to do to recover them. We form the matrix of ratio comparisons and multiply it on the right by w to obtain nw as follows:

$$(w_i/w_i)_{nxn}\ (w_i)_{nx1} = n(w_i)_{nx1}$$

The problem becomes

$$A'\ w' = \lambda_{max}w'$$

Where λ_{max} is the largest or principal eigenvalue of $A = (a_{ij})$ with the reciprocal $a'_{ji} = 1/(a'_{ij})$

Consistency: The checking methodology has been studied in advance by Saaty (1977) and followed by other improved research of Cao, Leung, & Law (1998); Ergu, Kou, Peng, & Shi (2011); Li & Ma (2007); Xu & Wei (1999).

Table 7.2 The reference values of RI for different values of n

n	1	2	3	4	5	6	7	8	9	10
RI	0	0	0.52	0.89	1.12	1.26	1.36	1.41	1.46	1.49

The eigenvalue method of Saaty (1977) gives a consistency index, CR=CI/RI, to measure consistency of a comparison matrix $A = (a_{ij})_{nxn}$, where $CI = \frac{\lambda_{max}-n}{n-1}, \lambda_{max}$ is the maximum eigenvalue of A, and RI is a random index. The reference values of RI for various value of n are shown in table 7.2.

If $CI < 0.1$ then A is said to be with the acceptance consistency; otherwise unacceptable.

For a comparison matrix $A = (a_{ij})_{nxn}$ if $a_{ij} = {}^{w_i}/_{w_j}\ , i, j = 1,2 \dots\ n,$

Where $w = (w_1, w_2 \dots w_n)$ is the priority vector of A, satisfying $\sum_{i=1}^{n} w_i = 1, w_i > 0, i = 1,2 \dots n$, then A is consistent where its consistency index $CR_A = 0$.

Procedure: To apply AHP in research, the following steps should be considered:

(1) Identify the overall goal of the study through the research questions
(2) Identify sub goals of the overall goals
(3) Identify criteria that must be satisfied in order to fulfill the overall goal
(4) Identify sub criteria under each criterion using ranges of interval parameters or verbal intensities as high, medium, or low
(5) Identify decision makers involved
(6) Identify purposes of decision makers
(7) Identify actor policies
(8) Identify options and outcomes
(9) Take the most preferred outcome and compare the ratio of benefit to cost of making decision to those not making decision. Do the same when there are several alternatives from which to choose.
(10) Do benefits/cost analysis to find the dominant alternative.

7.1.2 Analytical Network Process

The analytical Network Process is a methodology that allows groups or individuals to deal with the interconnections (dependence and feedback) between factors of complex structure in decision-making process. ANP is a generalized method of ANP with the feedbacks and the loops.

In ANP, criteria and sub-criteria are treated equally as the nodes in the network. Each of the nodes can be compared to other nodes as long as there is a relationship between them. In ANP, nodes can be grouped in some clusters and allowed the connection among these clusters. Hence, addition to the priority among the nodes, there exists the priority between the clusters.

The super matrix: The priorities derived from the pairwise comparison matrix are entered as the part of column of the super matrix. The super matrix represents the influence priority of an element on the left of the matrix on an element at the top of the matrix with respect to a particular control criterion. This matrix composes all the nodes of the network horizontally and vertically. Each non-zero element of the matrix represents the connection from one node to another node of the network.

The comparison of nodes follows the same principal of AHP. Local priorities result from the Eigenvector of the comparison matrix. This vector will be arranged in column vector of the super matrix. After all the comparisons are done, the un-weighted super matrix is obtained. The **un-weighted super matrix** is normalized to get the weighted super matrix, then, **the limit matrix** is calculated from the weighted matrix taking into account the power (k+1) with k is the arbitrary number.

7.2. Research Design

7.2.1 The explanation of terminologies in the study

In following with the AHP and ANP, the questionnaire was constructed through pairwise comparison of each criterion in beef supplier selection of the beef restaurants.

The goal is vendor selection for the beef restaurant. In this study, we focused on the situation of new buy rather than modified straight buy and straight buy.

The actors consist of Master Chef (MC) and Purchasing Manager (PM) in a restaurant.

The Master Chef is a person who responsible for quality checking, item selecting, and beef using in a restaurant after getting information from the Purchasing Manager. When a new beef item is selected, he/she makes a relevant course from this item on the menu. Alternatively, the Master Chef plays the role of an initiator, a user, and an influencer in buying process of a restaurant.

The Purchasing Manager is a person who responsible for collecting, gathering, and providing general information about suppliers to master chef. When the final decision comes into agreement, he/she deals with commercial contract like new orders, inventories, and item exchange. Alternatively, the purchasing manager plays the role of a decider and a buyer in buying process of a restaurant.

The Master Chef has his own considerations when selecting new beef suppliers for the beef restaurant. In this study, there are four criteria in the Master Chef's perspective: menu adaptation, customer reflection, retail price on the menu, and the private benefit from suppliers.

(1) **Menu adaptation** represents the relevancy of the new beef to the current concept of the restaurant. It reflects the fitness of beef product attributes with the main course and imagine of the restaurant.
(2) **Customer reflection** is about the satisfaction of customers after eating the new beef items. Since a new beef item is in the trial period (usually from 1 month to 3 months) before being official appeared on the menu of the restaurants, customer reflection is a predictable indicator for the future sales of the new beef item.

(3) **Retail price on the menu** reflects the monetary factor in beef supplier selection of the master chef. Since the master chef must responsible for the beef pricing on the menu, he pays high attention to the buying price of beef to ensure the survival of the restaurant.
(4) **Private benefit from suppliers** indicates the monetary direct benefit from beef suppliers to the master chef. It could be the extra offer from suppliers based on the value of new order of the beef restaurant.

Similar to the master chef, the purchasing manager also takes into account his own criteria when selecting beef vendor. There are four elements in the purchasing manager's consideration:

(1) **Buying price** represents the final price of a new beef item in a buying contract between the beef restaurant and the beef supplier.
(2) **Rate of return of the new beef item** indicates the profit from the new beef item only. This indicator is calculated as the ratio between margins from a new beef item to the total cost of buying this beef item. The purchasing manager will estimate this indicator from their experiences in beef buying when evaluate the beef suppliers. This indicator reflects the prospect of the new beef item in the future after the restaurant adopts this beef.
(3) **Total profit margin** states the final profit of the beef restaurant as the product of sale revenue and total cost. Since a new beef item could make loss in an introduction stage (comparing the sale revenue to the promotional cost of introduction), purchasing manager has to concern about the total profit of the beef restaurant after adopting a new beef item.
(4) **The benefit from the suppliers** reflects the monetary offer from the beef suppliers to the purchasing manager. Since direct selling is a challenging question for all of new beef suppliers, the direct offer to the purchasing manager via the mission on the total value of each order is one of sale forces.

The set of beef alternatives composes Australian beef, American beef, Australian Wagyu beef, Japanese Wagyu beef, and Kobe beef. Australian beef and American beef can be arranged into the normal beef cluster whereas three remainders could be in the premium beef cluster.

7.2.2 Questionnaire and interview process

We constructed two separate questionnaires for the master chefs and the purchasing managers. In one beef restaurants, we investigated the decision process of the master chef and the purchasing manager at the same time if applicable.

In general, the questionnaire is divided into six parts. At the first part, the respondent was required to present about his current job including the position, the responsibility, the experience in food service, the current income, and a short introduction of the restaurant.

In the second part, the basic knowledge of Japanese Wagyu beef was asked to ensure that the respondent was relevant to the purpose of the study.

In the third part, the comparison among the five beef alternatives was introduced. Respondents had to compare each pair of beef alternative through using the scale from 1 to 9. We used the five point comparative scales as in the table 7.1. We assumed that the final goal of both the master chef and the purchasing manager is to remain the stable business growth for the beef restaurant (optimize the beef restaurant's benefit through optimize the individual performance). Hence, we asked the decision making of the master chef or the purchasing manager on the behalf of the restaurant instead of the individual decision. In total, there were 10 pairwise comparisons in this part.

In part four, the comparison among the criteria in vendor selection of each actor was examined using the same scale as the third part. The criteria were different for the master chef and the purchasing manager. There were 6 pairwise comparisons in this task.

The part five required the respondent compare the five beef items conditioning on his criteria in new beef supplier selection. For each criterion, there were 10 pairwise comparisons. Totally, each respondent had to evaluate 40 pairwise comparisons in this task.

In the part six, each respondent had to compare the criteria in beef selection of the other partner conditioning on his own criterion in beef supplier selection. Alternatively, the master chef had to rank four considerations of the purchasing manager in beef supplier selection and vice versa. There are 24 pairwise comparisons in this task for each respondent.

The interview process was shown in the figure 7.1.

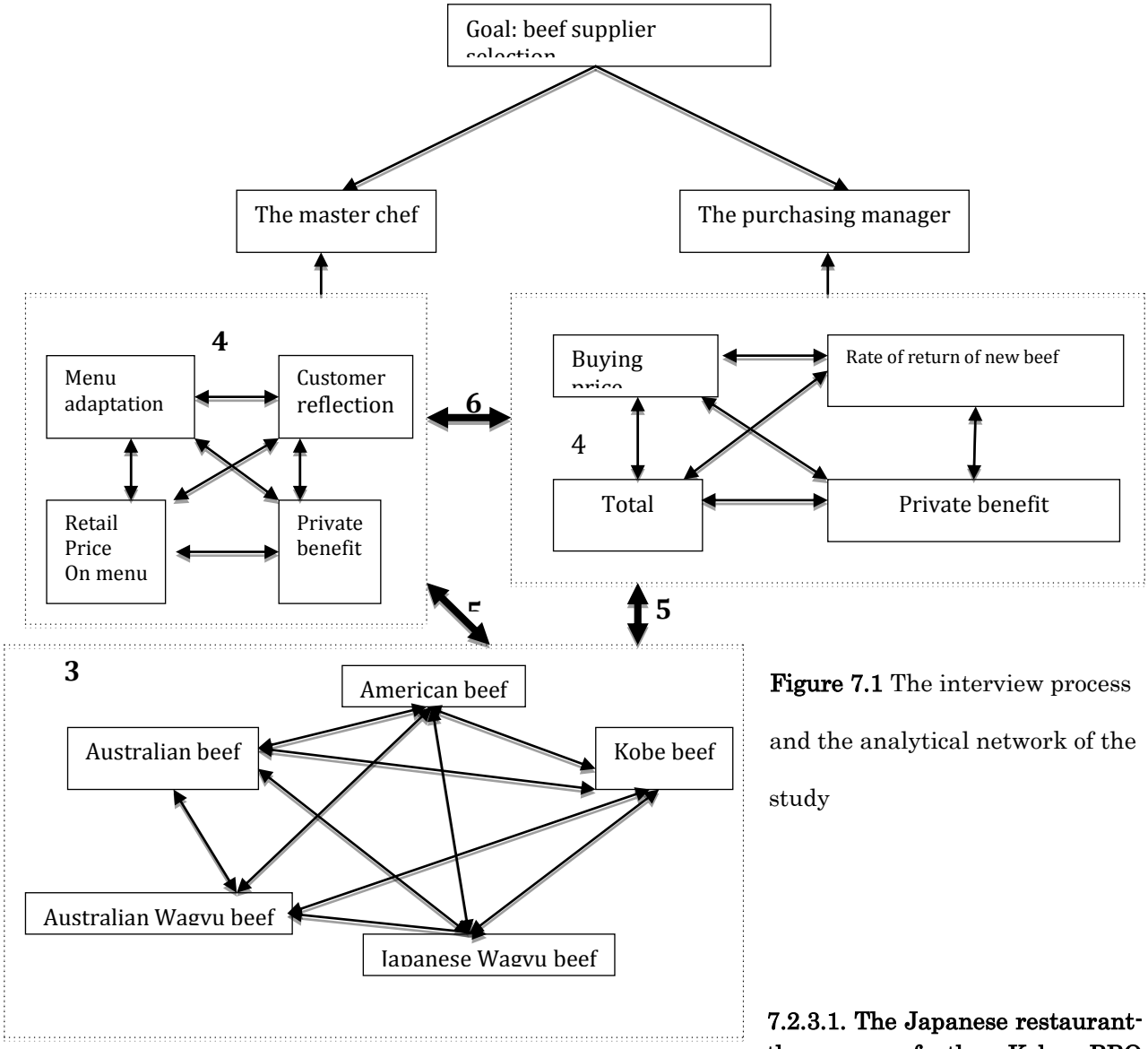


Figure 7.1 The interview process and the analytical network of the study

7.2.3.1. The Japanese restaurant- the case of the Kobe BBQ restaurant

The Kobe BBQ restaurant is the Japanese-style restaurant in the food chain of the Clover Trading Corporation in Vietnam. The Clover Trading Corporation Vietnam is one member of the Clover Trading Corporation located in Osaka Prefecture, Japan. The Clover Trading Corporation Vietnam operates the food chain in HCMC including two Japanese supermarkets (Tokyo Marts) and Japanese restaurants.

The Kobe BBQ restaurant currently uses Australian beef, American beef, and Japanese beef. In case of Japanese beef, two kinds are served, including *full blood Hokkaido Wagyu beef* and *Kobe beef*. Japanese Wagyu beef is provided by S Foods Company in Hyogo, Japan.

7.2.3.2 The Western style restaurants- Amigo grill beef restaurant and Duc Bao restaurant

Amigo grill beef restaurant and Duc Bao restaurant are the members of VAN THINH PHAT group in HCMC, Vietnam. They are fine dining restaurants located on the Center of District 1 and serve imported beef brands in the Western style cooking including beef steak, and grill beef. These restaurants use the purchasing company in VAN THINH PHAT group to get the beef product. Beef purchases are under the operation of the Promana Limited Company in VAN THINH PHAT Group.

The main beef on the menu of two restaurants consists of Australian beef, American choice beef, and Australian Wagyu beef. These restaurants remain the long relationship with the big Australian beef importers in HCMC.

7.2.3.3. The Australian style restaurant- The Boomarang Bistro Saigon

The Boomarang Limited Company in HCMC, VIETNAM operates this restaurant. The beef items on menu include Australian beef and American beef with main courses on Australian beef. Japanese Wagyu beef was served for top class customers. They served Nagasaki full blood Wagyu beef from Top Class Limited Company. Top Class Limited Company is the wholesale of the ZEN-NOH group (National Federation of Agricultural Cooperative Association) in Japan.

7.2.3.4. The Japanese modern restaurant style- Ichiba Sushi Vietnam

The main courses of this restaurant consist of Sushi and Sashimi. These Japanese cuisines are served in American style instead of the traditional sushi restaurants in Japan. Japanese Wagyu beef is served in Japanese style beefsteak or sashimi. Japanese Wagyu beef is F1 Wagyu at A4 rank from Japan Foods Joint Stock Company in Vietnam.

7.2.3.5 The beef buying process of the restaurants

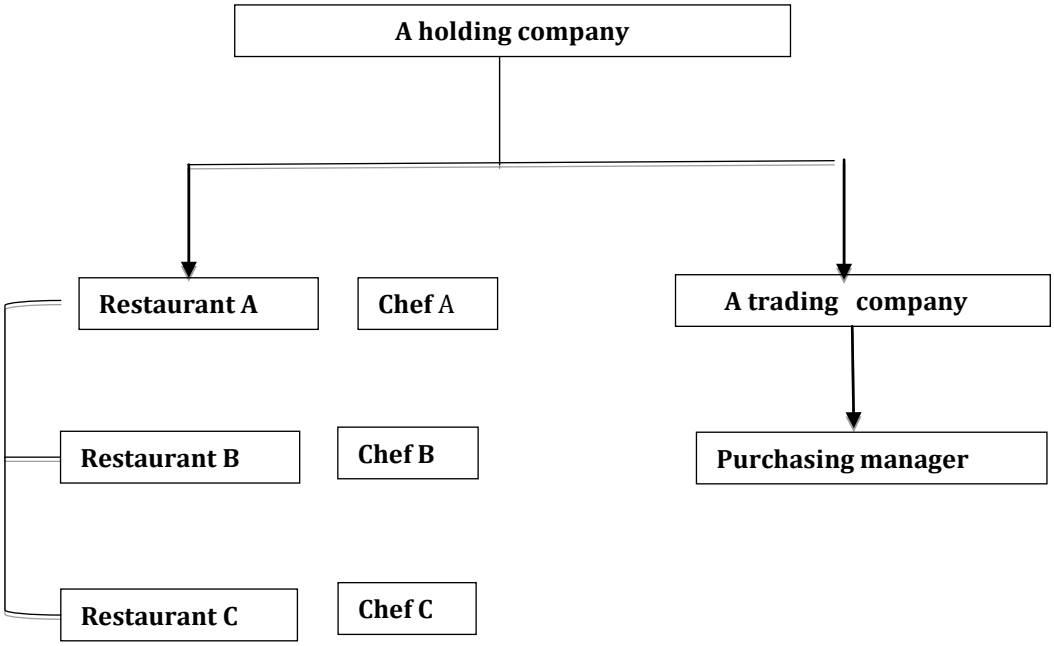


Figure 7.2 The structure of food chain of a holding company

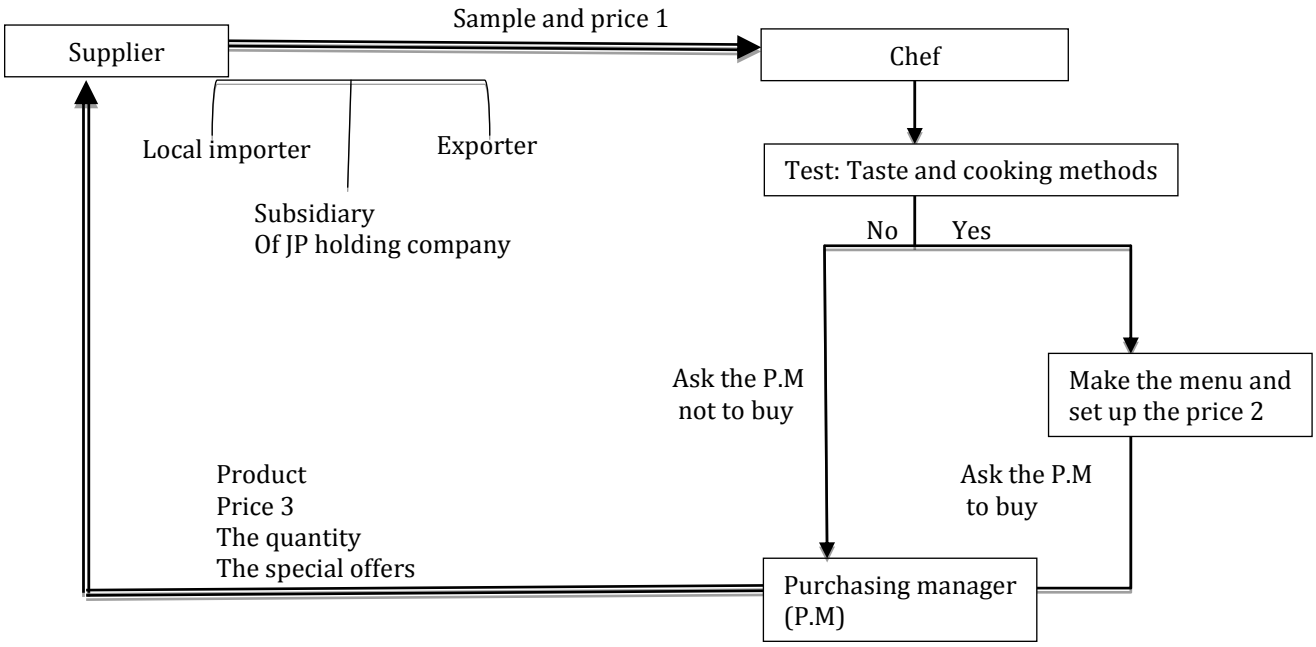


Figure 7.3 The buying process when suppliers come to master chefs first

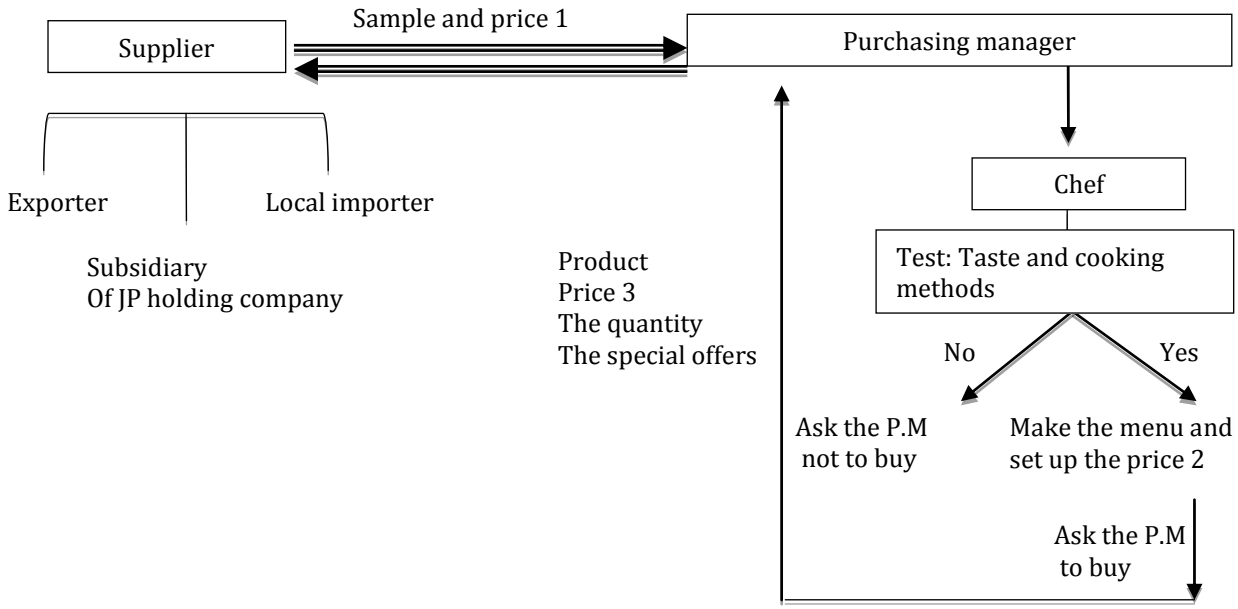


Figure 7.4 The buying process when suppliers come to the purchasing manager first

The figure 7.2 presented the structure of food chain of a holding company with the position of restaurants and a trading company as a purchasing agent for the holding company. There are several restaurants in a food chain of a particular company. They follow different cooking styles as a result of business diversification of the holding company.

In the figure 7.3, the buying process is started from the business relationship between the beef suppliers and the master chef in a restaurant. At this stage, the supplier sends the beef sample and the first time offering price (hereby price 1) to the master chef. In the next stage, the master chef will evaluate the quality of beef based on the sensory attributes (marbling, tenderness, and

flavor) as well as trying to make trial dishes from this beef. There are two possible outcomes at this stage.

First, if the beef meets the master chef's criteria, the master chef comes to the next stage to make trial menu and set up the second price for the beef dish (hereby price 2). At this stage, the raw material (beef cut samples) becomes the final product at food service outlets (beef dishes) through the approval of the master chef. Then the master chef will request the purchasing manager to order this beef. The master chef informs to the purchasing manager the intentional retail price, the beef dishes, and the initial quantity of the first order. Since the new beef item has to experience 1 to 3 months in trial program, the starting volume of each order is not so large. The purchasing manager is the buyer at the last stage with the supplier. The buying contract is made by two parties, the beef supplier and the company with the representative of the purchasing manager. The final buying price (Price 3) could be different from the initial price (Price 1) depending on the outcome of negotiation between two parties.

The second outcome is the beef sample cannot meet the master chef's criteria. In such case, the master chef will refuse the beef supplier. The master chef can directly respond to the beef supplier and inform to the purchasing manager later, or ask the purchasing manager to do that work.

The figure 7.4 indicated the inverse selling situation when the sale force emphasizes on the purchasing manager. The buying process departures when the beef supplier contacts the purchasing manager. However, the purchasing manager acts as the gatekeeper in this situation; hence, he/she has to inform about the new beef supplier to the master chef. The master chef is the only person who can control and evaluate the quality as well as the potential acceptance rate of the new beef in the restaurant. Similar to the first process, the price and the sample of the beef cuts are sent to the master chef (directly from the supplier or indirectly from the purchasing manager). There could exist two possible outcomes as the above situation, acceptance, and ignorance the new beef suppliers. In case of acceptance the new supplier, the master chef will responsible for making the beef dishes, calculating the price on the menu, and conducting the trial program. The purchasing manager will deal with the legal contract of buying process with the beef supplier.

In conclusion, the master chef is the most important decision maker in a restaurant. The master chef bases on the characteristics of beef and the reasonable price to make the beef supplier selection. For the new beef brand as Japanese Wagyu beef, the familiarity of the master chef with the new brand is one of the major influencers. Moreover, the availability of information about the new brand is important since the master chef's knowledge makes influence on the way of communicating with end-users at food service outlets.

7.3 The buying decision process of the master chefs

In this section, we examined the decision process of beef supplier selection of the master chefs in three restaurants. To validate the findings of the study on the decision processing of the restaurants, we interviewed one master chef of the Japanese restaurant, one master chef of the Western restaurant, and one master chef of the Australian restaurant.

Before approaching the details in decision-making process, the terminologies in this section were clarified. We classified the restaurants by the cooking style of the master chef since the main courses on menu created the differentiation of the restaurant in customer perception. There is no official guideline for beef restaurant's classification in HCMC; hence, we constructed our benchmark for this study through the direct interview with the master chefs and the managers of 30 restaurants in HCMC.

A Japanese beef restaurant is a restaurant, which the main cooking style follows the Japanese cuisine style. Specifically, the Japanese dishes dominate the courses on the menu of this restaurant. The purely Japanese restaurant is a restaurant with 100% occupation of Japanese dishes on the menu. In other cases, the menu is the mixture between Japanese dishes and the local dishes; however, Japanese dishes are the main courses. In addition to the cooking style, there are other characteristics to help customers can recognize the Japanese restaurants such as the decoration and the staffs.

A Western-style beef restaurant is a restaurant with the main courses following the Western cuisine style. Most of the Western style beef restaurants in HCMC are the beef steak houses.

There are two major differences between Japanese style beef restaurants and Western style beef restaurants. First, Japanese beef (including Japanese Wagyu beef and Kobe beef) is used in Japanese style restaurants while Western style restaurants mainly use Australian beef and American beef. Second, beef in Japanese style restaurants is served in small amount with delicate decoration and distinction in enjoyment while Western style restaurants provide customers with a large portion of beefsteak.

7.3.1 The beef supplier selection of the master chef in the Japanese restaurant

Matrix 1.1 The raw score for the general pairwise comparison of the beef items

	Au beef	Amer beef	WAU	JPW	Kobe beef
Au beef	1	0.14286	0.2	0.33333	0.14286
Amer beef	7	1	7	7	0.33333
WAU	5	0.14286	1	0.2	0.14286
JPW	3	0.14286	5	1	0.14286
Kobe beef	7	3	0.14286	7	1

Matrix 1.2 The priority for the beef items in general

Australian beef	0.039
American beef	0.339
Australian Wagyu beef	0.084
Japanese Wagyu beef	0.137
Kobe beef	0.402

Matrix 1.3 The raw score for the general pairwise comparison of the individual criteria

	Menu adaptation	Customer reflection	Price on menu	Supplier offer
Menu adaptation	1	5	1	5
Customer reflection	0.2	1	1	5
Price on menu	1	1	1	5
Supplier offer	0.2	0.2	0.2	1

Matrix 1.4 The priority for the individual criteria of supplier selection in general

Menu adaptation	0.434
Customer reflection	0.212
Price on menu	0.295
Supplier offer for MC	0.059

Matrix 1.5 The raw score for pairwise comparison of the beef items concerning the individual criteria

Control	Criteria	Au beef	Amer beef	WAU	JPW	Kobe beef
Menu adoption	Au beef	1	0.14286	7	7	0.14286
	Amer beef	7	1	7	5	0.2
	WAU	0.14286	0.14286	1	5	0.11111
	JPW	0.14286	0.2	0.2	1	0.14286
	Kobe beef	7	5	9	7	1
Customer reflection	Au beef	1	0.14286	0.2	0.14286	0.11111
	Amer beef	7	1	7	7	0.11111
	WAU	5	0.14286	1	0.14286	0.11111
	JPW	7	0.14286	7	1	0.14286
	Kobe beef	9	9	9	7	1
Retail price	Au beef	1	0.2	7	7	5
	Amer beef	5	1	5	7	9
	WAU	0.11111	0.14286	1	5	7
	JPW	0.14286	0.11111	0.14286	1	5
	Kobe beef	0.2	0.14286	0.14286	0.14286	1
Supplier's offer for MC	Au beef	1	0.2	0.33333	0.2	0.33333
	Amer beef	5	1	7	7	7
	WAU	3	0.14286	1	5	5
	JPW	5	0.14286	0.2	1	3
	Kobe beef	3	0.14286	0.2	0.33333	1

Matrix 1.6 The weighted matrix of beef supplier selection

	Menu adaptation	Customer reflection	Price on menu	Supplier offer
Au beef	0.149	0.028	0.268	0.051
Amer beef	**0.245**	**0.232**	0.492	0.531
WAU	0.068	0.062	0.138	0.211
JPW	0.036	0.141	0.067	0.132
Kobe beef	**0.501**	**0.536**	0.035	0.075

Matrix 1.7 The priority matrix of beef supplier selection

Australian beef	0.153
American beef	0.332
Australian Wagyu beef	0.096
Japanese Wagyu beef	0.073
Kobe beef	0.346

Matrix 1.8 The raw score for pairwise comparison of individual criteria

Control	Criteria	Buying price	Rate of return	Total profit	Supplier's offer for PM
Menu adoption	Buying price	1	9	7	3
	Rate of return	0.11111	1	1	3
	Total profit	0.14286	1	1	5
	Supplier's offer for PM	0.33333	0.33333	0.2	1
Customer reflection	Buying price	1	7	5	7
	Rate of return	0.14286	1	0.2	7
	Total profit	0.2	5	1	3
	Supplier offer for PM	0.14286	0.14286	0.33333	1

Retail price	Buying price	1	7	0.14286	5
	Rate of return	0.14286	1	0.14286	5
	Total profit	5	7	1	7
	Supplier offer for PM	0.2	0.2	0.14286	1
Supplier's offer for MC	Buying price	1	7	5	5
	Rate of return	0.14286	1	0.33333	5
	Total profit	0.2	3	1	7
	Supplier's offer for PM	0.2	0.2	0.14286	1

Matrix 1.9 The priority for PM's criteria in beef supplier's selection

	Menu adaptation	Customer reflection	Price on menu	Supplier offer
Buying price	0.609	0.590	0.249	0.581
Rate of return	0.129	0.148	0.117	0.128
Total profit	0.176	0.209	0.584	0.235
Supplier's offer for PM	0.086	0.053	0.050	0.056

Matrix 1.10 The priority matrix for PM's criteria in beef supplier's selection in general

Buying price	0.569
Rate of return	0.143
Total profit	0.302
Supplier's offer for PM	0.068

This section investigated the decision-making about beef supplier selection of the master chef in the Japanese beef restaurant (hereafter the master chef A) through 10 matrices. Matrix 1.1 reported the raw score for pairwise comparison for five imported beef items in the HCMC beef market. The MC of the Japanese restaurant indicated the priority for these beef items at the matrix 1.2. Regarding the low-value beef brands, the master chef shown the preference for American beef while Kobe beef is the most favorable beef among three high-grade beef items. For Wagyu beef, Japanese Wagyu beef is at higher priority than Australian Wagyu beef.

In matrix 1.3, the overall scores for pairwise comparison of four criteria when selecting beef suppliers of the master chef were presented. From matrix 1.4, menu adaption is the most important factor in the beef selection decision of the master chef while the supplier's offers for the master chef has the lowest priority. The second rank belonged to the retail price of beef dish on the menu.

The matrix 1.5 composed 4 sub-matrices for beef supplier selection taking into account the individual criteria. When considering the menu adaptation, the master chef indicated the highest priority for American beef in a cluster of normal beef, and Kobe beef in a cluster of high-value beef. The highest ranking for Kobe beef is reasonable since the distinguished beef dishes of this restaurant is Kobe beef. Moreover, this restaurant is a member in the food chain operated by the Japanese Holding Company; hence, it is understandable the master chef tends to adopt Kobe beef with the highest probability. The similar order could be observed when considering the customer reflection. Kobe beef was at the highest ranking and Australian beef was at the lowest position. This hierarchy indicated the order of beef quality in the evaluation of the master chef. Kobe beef was considered as the leading beef item of the high-grade cluster, while American beef is at higher level than Australian beef. In the cluster of Wagyu beef, Japanese Wagyu beef was at higher ranking than Australian Wagyu beef.

In contrast to the quality evaluation, Australian beef and American beef hold the higher ranking for retail price on the menu. Even though the market price of Australian beef is cheaper than the

American beef, the master chef indicated the highest priority for American beef. He stated that the probability of acceptance for American beef is moderately higher than the probability for Australian beef (score 5) due to two reasons. First, the holding company, which owns this restaurant distribute American beef at its retail stores; hence, this restaurant uses American beef for the normal beef courses. Second, the distinction course of this restaurant is Kobe beef with extremely large price gap in comparison with the normal beef. Thus, using American beef on the menu could ensure the outstanding imagine of the restaurant in customer's perception. Kobe beef obtained the lowest score for the retail price since this beef is extremely expensive at the HCMC beef market. The price range of Kobe beef made difficulties for the master chef in balancing the cost and the retail price on the menu.

Regarding the private offers from the beef suppliers, American beef suppliers achieved the highest priority. The second position was hold by Australian Wagyu beef supplier. The highest ranking for American beef suppliers could be reasonable since American beef suppliers have had the long-term relationship with the restaurants. As a result, the master chef tends to prefer the beef, which he was acquainted with. In term of high-grade beef items, the master chef gave the highest priority for Australian Wagyu beef and the second rank for Japanese Wagyu beef. This result indicated that Australian Wagyu beef suppliers have specialized into direct sale forces to enter into the Japanese food chain. Moreover, the competition intensity between Japanese Wagyu beef and Australian Wagyu beef at food service outlets could be observed.

Matrix 1.7 reported the overall priority scores for the five beef items concerning the criteria in beef supplier selection of the master chef. American beef is more preferable than Australian beef in the cluster of normal beef items. Kobe beef is the most favorable in the cluster for high-grade beef. Japanese Wagyu beef is at the lowest priority in the cluster for high-grade beef.

Matrix 1.8 consisted of four sub matrices for raw comparison of the purchasing manager's criteria from the master chef's perspective. The weighted priority score was shown in the matrix 1.9. When considering the menu adaptation, customer reflection, and the supplier offers for the master chef, buying price plays the most important role in beef supplier selection. Following the buying price is the total profit of the restaurant. This order indicated that the role of price in beef evaluation from the master chef opinion. For the master chef, the buying price is not only the cost cue of a product but also a signal of product quality. Since the menu adaptation and customer refection represented the differentiation of the restaurant in customer's perception, the master chef will consider the beef suppliers through the quality signal of the price preceding the profit of the restaurant. In contrast, the total profit is at higher priority than the buying price taking into account the price on the menu. This result indicated the dual role of the master chef at the beef restaurant, not only controlling the beef quality but also generating the relevant beef menu to the buying price. The total profit reflects the performance of the restaurant in a long-term period; hence, taking into account the total profit of the restaurant first shown the priority for the survival of the restaurant when selecting a new beef supplier.

In overall, as shown in the matrix 1.10, the order of the purchasing manager's factors is buying price, total profit, the rate of return of the new beef item, and the supplier's offers for PM respectively. The buying price plays two roles in beef supplier selection. The first is the cost of input in the restaurant. From this cost, the master chef has to calculate and generate the reasonable menu for the new beef item to maintain the image of the beef restaurant as well as the positive reaction of the customers. The second is the quality cue of the beef sample. The master chef considers the relative ratio between the buying price and the quality of the beef cuts from the new beef supplier. The supplier's offers for both the master chef and the purchasing manager has the lowest priority ranking when selecting beef suppliers for the restaurant. There are two

potential reasons for this outcome. First, since the restaurant is in the whole food chain of a holding company, the master chef is not powerful enough to make the final purchasing decision. Hence, the private offers for the master chef is not as important as the overall business performance of the restaurant in the master chef's decision. Second, the priority of the master chef is how to remain the reputation of the restaurant in customer perception; thus, he tends to focus on the quality of the beef dishes instead of obtaining the individual benefit from his role in the restaurant. The reputation of the master chef is considered respect to the reputation of the restaurant in customer perception. Hence, the master chef emphasizes on the quality of beef cuts and the relevant retail price to the potential reflection of the customers.

7.3.2 The beef supplier selection of the master chef in the Western style restaurant

Matrix 2.1 The raw score for the general pairwise comparison of the beef items

	Au beef	Amer beef	WAU	JPW	Kobe beef
Au beef	1	7	0.2	0.2	3
Amer beef	0.14286	1	0.14286	0.2	0.2
WAU	5	7	1	3	7
JPW	5	5	0.33333	1	5
Kobe beef	0.33333	5	0.14286	0.2	1

Matrix 2.2 The priority for the beef items in general

Au beef	**0.141**
Amer beef	0.037
WAU	**0.470**
JPW	**0.269**
Kobe beef	0.083

Matrix 2.3 The raw score for the general pairwise comparison of the individual criteria

	Menu adaptation	Customer reflection	Price on menu	Supplier offer
Menu adaptation	1	3	0.2	5
Customer reflection	0.33333	1	3	5
Price on menu	5	0.33333	1	7
Supplier offer	0.2	0.2	0.14286	1

Matrix 2.4 The priority for the individual criteria of supplier selection in general

Menu adaptation	0.285
Customer reflection	**0.310**
Price on menu	**0.364**
Supplier offer	0.041

In this section, the beef supplier selection of the master chef in the Western style restaurant (hereafter the master chef C) was examined through 10 matrices. Matrix 2.2 indicated the priority of beef items in general. Similar to the master chef A, the polarized tendency in beef selection could be seen in the priority score of the master chef B. In the cluster of normal beef, Australian beef dominated American beef while in the cluster of high-grade beef; Australian Wagyu beef obtained the highest ranking in priority. Following Australian Wagyu beef was Japanese Wagyu beef. Kobe beef, in contrast to the master chef A, was at the lowest ranking in priority. The results reflected the role of product familiarity in beef supplier selection of the master chef B. Since this restaurant currently uses Australian beef and Australian Wagyu beef, the higher priority for such kinds of beef is understandable. The long lasting relationship between this restaurant with the Australian beef importers and suppliers generates the barriers for the entering of the new beef

items. However, the priority score of Japanese Wagyu beef is moderately high compared to Kobe beef indicated the opportunity for Japanese Wagyu beef at the local high-end restaurant. The main reason for the lowest priority of Kobe beef is the lack of information not only about product quality but also the official suppliers in Vietnam. Since the master chef B has no experience of Kobe beef up to the present, he concerns about the origin and the authenticity of Kobe beef in the HCMC market. As a result, he tends to resist against Kobe beef suppliers.

Among four factors in beef supplier selection, the master chef B indicated the highest ranking in priority for price on the menu and the customer reflection while the private benefits from suppliers achieved the lowest ranking. Since the master chef has to maintain his reputation in the food service, he tends to keep high responsibility for the business performance of the restaurant through satisfying the customers. The relatively similar scores for the retail price and the customer reflection pointed out the importance of price as a cost cue in beef supplier selection of the master chef B. The master chef B focuses on the affordable beef dishes when selecting new beef suppliers since price on menu is the major determinant of customer reflection. There exists the difference between the master chef of the Japanese restaurant and the Western style restaurant when considering the beef suppliers. The master chef A evaluated the menu adaptation with the highest priority while the master chef B ranked this criterion at the third position. The master chef in the Western style restaurant indicated his willingness to adopt the new cooking style for a new beef item as well as changing the concept of the menu to some extent to match the core values of the new beef item. In contrast, it seems to be difficult for the Japanese style restaurant to adopt new beef items, which required the adjustment in cooking style as well as the menu.

Matrix 2.5 The raw score for pairwise comparison of the beef items concerning the individual criteria

Control	Criteria	Au beef	Amer beef	WAU	JPW	Kobe beef
Menu adoption	Au beef	1	7	5	5	7
	Amer beef	0.14286	1	0.14286	0.2	5
	WAU	0.2	7	1	5	7
	JPW	0.2	5	0.2	1	7
	Kobe beef	0.14286	0.2	0.14286	0.14286	1
Customer reflection	Au beef	1	7	0.14286	0.14286	0.14286
	Amer beef	0.14286	1	0.14286	0.14286	0.14286
	WAU	7	7	1	0.14286	0.14286
	JPW	7	7	7	1	0.2
	Kobe beef	7	7	7	5	1
Retail price	Au beef	1	5	5	7	9
	Amer beef	0.2	1	0.2	0.2	7
	WAU	0.2	5	1	5	7
	JPW	0.14286	5	0.2	1	7
	Kobe beef	0.11111	0.14286	0.14286	0.14286	1
Supplier's offer for MC	Au beef	1	7	5	7	7
	Amer beef	0.14286	1	0.14286	7	7
	WAU	0.2	7	1	7	7
	JPW	0.14286	0.14286	0.14286	1	5
	Kobe beef	0.14286	0.14286	0.14286	0.2	1

Matrix 2.6 The weighted matrix of beef supplier selection

	Menu adaptation	Customer reflection	Price on menu	Supplier offer
Au beef	**0.482**	0.081	**0.499**	**0.485**
Amer beef	0.072	0.032	0.091	0.150
WAU	**0.264**	**0.147**	**0.237**	**0.262**
JPW	0.149	**0.259**	0.145	0.070
Kobe beef	0.033	**0.481**	0.028	0.033

Matrix 2.7 The priority matrix of beef supplier selection

Australian beef	**0.364**
American beef	0.070
Australian Wagyu beef	**0.218**
Japanese Wagyu beef	0.178
Kobe beef	0.170

The priority for each beef item was indicated in the matrix 2.7 after considering the weighted priority of individual criteria of the master chef B. The final result kept consistent with the matrix 2.2. In the cluster for low value beef items, the master chef B indicated the highest priority for Australian beef while Australian Wagyu beef obtained the highest position in the cluster for high value beef items. The highest ranking for Australian beef comes from three criteria including menu adaptation, the competitive retail price, and the benefits from the suppliers. Regarding the high-grade beef, Australian Wagyu beef obtained the highest ranking due to three criteria: menu adaptation, the retail price, and the supplier's offers. These results showed the dominance of Australian exporters in the HMC beef market, not only at the normal beef market but also at the niche market for high-grade beef. Since Australian beef has been distributed by the distribution systems of the local importers and wholesalers, it is reasonable to observe these findings.

Taking into account the cluster of high-grade beef items, one noticeable result was the priority for the beef items concerning the customer reflection. The highest ranking belongs to the Kobe beef and the second is Japanese Wagyu beef. Even though Australian Wagyu beef is current high-grade beef item in this restaurant, the master chef indicated the higher priority for high-grade beef from Japan than beef from Australia. However, the question is why the master chef B has no actual experience with Kobe beef, he still evaluates Kobe beef at highest ranking concerning the customer reflection.

This result could be explained by two reasons. The first comes from the information asymmetry about salient features of Kobe beef in the HCMC market. The second reason is from the eating experience of the master chef B. He predicts the potential customer reflection based on his eating experience with Kobe beef in the past. Similar to the findings from consumer preference for beef items in Chapter 6, this result indicated the perceptual advantages of Kobe beef in the HCMC beef market. However, when considering the relevancy to the menu, the retail price, and the supplier's offers, Japanese Wagyu beef is at higher priority than Kobe beef. Since Japanese Wagyu beef is at the introduction stage, it is difficult to dominate the long occupation of Australian beef exporters. However, the priority scores for Japanese Wagyu beef pointed out the prospect for Japanese Wagyu beef in the future.

Matrix 2.8 The raw score for pairwise comparison of individual criteria

Control	Criteria	Buying price	Rate of return	Total profit	Supplier's offer for PM
Menu adoption	Buying price	1	5	3	7
	Rate of return	0.2	1	0.2	7
	Total profit	0.33333	5	1	7
	Supplier's offer for PM	0.14286	0.14286	0.14286	1
Customer reflection	Buying price	1	7	5	7
	Rate of return	0.14286	1	0.2	7
	Total profit	0.2	5	1	3
	Supplier offer for PM	0.14286	0.14286	0.33333	1
Retail price	Buying price	1	5	3	5
	Rate of return	0.2	1	0.2	5
	Total profit	0.33333	5	1	3
	Supplier offer for PM	0.2	0.2	0.33333	1
Supplier's offer for MC	Buying price	1	3	5	5
	Rate of return	0.33333	1	0.2	5
	Total profit	0.2	5	1	7
	Supplier's offer for PM	0.14286	0.2	0.14286	1

Matrix 2.9 The priority for PM's criteria in beef supplier's selection

	Menu adaptation	Customer reflection	Price on menu	Supplier offer
Buying price	0.514	0.585	0.511	0.497
Rate of return	0.143	0.113	0.151	0.154
Total profit	0.299	0.255	0.268	0.302
Supplier's offer for PM	0.044	0.046	0.070	0.046

Matrix 2.10 The priority matrix for PM's criteria in beef supplier's selection in general

Buying price	0.458
Rate of return	0.124
Total profit	0.247
Supplier's offer for PM	0.045

The matrix 2.8, 2.9, and 2.10 reported the importance of the purchasing manager's criteria in beef supplier selection from perspective of the master chef. From the raw data in the matrix 2.8, the priority matrix for each criterion of the purchasing manager is obtained taking into account the criteria of the master chef in beef supplier selection. The master chef in the Western style restaurant indicated the highest priority for buying price and the lowest ranking for the offers for purchasing manager. The result of the master chef B is consistent with the result of the master chef A except for the factor "price on menu". The role of buying price in the decision of the master chef B is different from the master chef A due to the characteristics of the restaurant (Sheth, 1973). Since the Japanese style restaurant currently uses Kobe beef for high-grade beef menu, the master chef expectation for the new beef supplier is built from his satisfaction and familiarity with Kobe beef. Hence, for the master chef at the Japanese beef restaurant, buying price is a signal of ensured quality from suppliers. On the other hand, the master chef of the Western style restaurant is familiar with Australian Wagyu beef as the high-grade beef item for his restaurant. The expectation for the new beef supplier is formed from the satisfaction with Australian Wagyu beef, not only for the quality but also for the retail price. Thus, the most important requirement of the master chef B is the relevant buying price of the new beef item to fit the customer reflection as well as ensure the stable business performance of the restaurant.

7.3.3 The beef supplier selection of the master chef in the Australian style restaurant

Matrix 3.1 The raw score for the general pairwise comparison of the beef items

	Au beef	Amer beef	WAU	JPW	Kobe beef
Au beef	1	7	5	7	9
Amer beef	0.14286	1	7	5	7
WAU	0.2	0.14286	1	5	7
JPW	0.14286	0.2	0.2	1	5
Kobe beef	0.11111	0.14286	0.14286	0.2	1

Matrix 3.2 The priority for the beef items in general

Au beef	0.504
Amer beef	0.250
WAU	0.147
JPW	0.071
Kobe beef	0.029

Matrix 3.3 The raw score for the general pairwise comparison of the individual criteria

	Menu adaptation	Customer reflection	Price on menu	Supplier offer
Menu adaptation	1	1	5	7
Customer reflection	1	1	5	7
Price on menu	0.2	0.2	1	5
Supplier offer	0.14286	0.14286	0.2	1

Matrix 3.4 The priority for the individual criteria of supplier selection in general

Menu adaptation	0.413
Customer reflection	0.413
Price on menu	0.128
Supplier offer	0.047

This section investigated the beef supplier selection of the master chef in the Australian style restaurant (hereafter the master chef C). This restaurant is completely different from two previous high-end restaurants with two characteristics. First, this restaurant does not use high-grade beef items on its menu besides Australian normal beef. Second, this restaurant is at intermediate level and follows the bistro restaurant style. However, the master chef of this restaurant has 22 years in food industry and understands well about beef suppliers in the HCMC market.

The matrix 3.2 indicated the priority score for the five beef items from the opinion of the master chef C. It could be seen that there is no separate cluster for high-grade beef and normal beef in priority of the master C. Australian beef is at the highest-ranking while Kobe beef obtains the lowest priority. Reported in the matrix 3.4 are the criteria of the master chef C when selecting beef suppliers. Menu adaptation and customer reflection have the highest priority whereas supplier offers achieves the lowest ranking. The results of the matrix 3.2 and the matrix 3.4 showed the influence of the restaurant characteristics in the decision of the master chef C. Since this restaurant does not use any high-grade beef item, the master chef C tends to evaluate the normal beef items at higher priority than the high-grade beef items to maintain the core concept of the restaurant as well as the positive reflection of the customers. The detail explanation could be observed in the matrix 3.5 and the matrix 3.6. The Australian normal beef dominated other beef items in four criteria, especially in menu adaptation. The master chef C paid high attention to the relevancy of the new beef items to the current menu of the restaurant, both in cooking style and

price range for the customers. He seems to refuse the beef items, which can cause significant difference from the present image of the restaurant in customers' perception.

Matrix 3.5 The raw score for pairwise comparison of the beef items concerning the individual criteria

Control	Criteria	Au beef	Amer beef	WAU	JPW	Kobe beef
Menu adaptation	Au beef	1	7	7	7	9
	Amer beef	0.14286	1	7	7	7
	WAU	0.14286	0.14286	1	3	7
	JPW	0.14286	0.14286	0.33333	1	5
	Kobe beef	0.14286	0.14286	0.14286	0.2	1
Customer reflection	Au beef	1	7	5	7	9
	Amer beef	0.14286	1	5	5	7
	WAU	0.2	0.2	1	5	7
	JPW	0.14286	0.2	0.2	1	5
	Kobe beef	0.11111	0.14286	0.14286	0.2	1
Retail price	Au beef	1	5	7	7	9
	Amer beef	0.2	1	7	7	7
	WAU	0.14286	0.14286	1	5	9
	JPW	0.14286	0.14286	0.2	1	3
	Kobe beef	0.11111	0.14286	0.11111	0.33333	1
Supplier's offer for MC	Au beef	1	5	5	3	5
	Amer beef	0.2	1	0.2	0.14286	0.2
	WAU	0.14286	5	1	0.2	5
	JPW	0.33333	7	5	1	5
	Kobe beef	0.2	5	0.2	0.2	1

Matrix 3.6 The weighted matrix of beef supplier selection

	Menu adaptation	Customer reflection	Price on menu	Supplier offer
Au beef	0.523	0.516	0.503	0.432
Amer beef	0.258	0.233	0.265	0.042
WAU	0.116	0.151	0.147	0.147
JPW	0.071	0.072	0.055	**0.290**
Kobe beef	0.033	0.029	0.030	0.089

Matrix 3.7 The priority matrix of beef supplier selection

Australian beef	0.513
American beef	0.238
Australian Wagyu beef	0.136
Japanese Wagyu beef	0.080
Kobe beef	0.033

Regarding the cluster of the high-grade beef items, Australian Wagyu beef is at the highest priority. Japanese Wagyu beef is evaluated with high probability than Kobe beef in four factors. The master chef C shares the similar reason with the master chef C when ranking Kobe beef at the lowest priority. The main reason comes from the lack of information on Kobe beef in the HCMC market including the shortage of official suppliers, the lack of product availability, and the origin of Kobe beef. The master chef C stated these reasons as the risk of accepting Kobe beef in the restaurant. Moreover, he indicated the potential substitution of Japanese Wagyu beef to Kobe beef due to the similarity between Japanese Wagyu beef and Kobe beef. However, the high price of Japanese Wagyu beef compared to Australian Wagyu beef is the main barrier for Japanese

exporters to enter into the local food chains. When considering the offers from beef supplier, Japanese Wagyu beef obtained the highest priority in the cluster for high-grade beef. Even though the general priority for supplier's offers was the lowest, the master chef C showed high evaluation for the sale forces from Japanese Wagyu suppliers, not only about the information of beef cuts but also the supporting program as visiting trip in Japan or training program for cooking method.

Matrix 3.8 The raw score for pairwise comparison of individual criteria

Control	Criteria	Buying price	Rate of return	Total profit	Supplier's offer for PM
Menu adoption	Buying price	1	7	5	5
	Rate of return	0.14286	1	0.2	0.2
	Total profit	0.2	5	1	7
	Supplier's offer for PM	0.2	5	0.14286	1
Customer reflection	Buying price	1	7	7	5
	Rate of return	0.14286	1	0.14286	5
	Total profit	0.14286	7	1	7
	Supplier offer for PM	0.2	0.2	0.14286	1
Retail price	Buying price	1	7	7	5
	Rate of return	0.14286	1	0.14286	5
	Total profit	0.14286	7	1	7
	Supplier offer for PM	0.2	0.2	0.14286	1
Supplier's offer for MC	Buying price	1	7	5	7
	Rate of return	0.14286	1	0.14286	5
	Total profit	0.2	7	1	7
	Supplier's offer for PM	0.14286	0.2	0.14286	1

Matrix 3.9 The priority for PM's criteria in beef supplier's selection

	Menu adaptation	Customer reflection	Price on menu	Supplier offer
Buying price	**0.551**	**0.564**	**0.564**	**0.570**
Rate of return	0.049	0.114	0.114	0.109
Total profit	**0.274**	**0.276**	**0.267**	**0.276**
Supplier's offer for PM	0.126	0.046	0.055	0.046

Matrix 3.10 The priority matrix for PM's criteria in beef supplier's selection in general

Buying price	**0.739**
Rate of return	0.126
Total profit	**0.359**
Supplier's offer for PM	0.092

The matrix 3.8, 3.9, and 3.10 represented the priority of the purchasing manager's criteria when selecting beef supplier from the master chef's opinion. Similar to the master chef B, buying price and the total profit of the restaurant obtained the higher priority concerning the master chef's criteria while the supplier's offers for the purchasing manager had the lowest position in consideration. However, the master chef C indicated that quality of beef was the most important factor for establishing the restaurant reputation from customers' viewpoint, hence, the buying price should be considered in a range of beef suppliers to ensure the competitive price as well as the high quality. The master chef C usually considers three suppliers in short list and compare the criteria of each beef supplier before making the final selection decision.

7.3.4 The beef supplier selection of the purchasing manager in the Japanese style restaurant

In this section, we investigated the beef selection process of the purchasing manager of the Japanese style restaurant. The purchasing manager works at the purchasing department of the Japanese holding company in Vietnam, who operates the food chain in which the Japanese style restaurant belongs to.

Matrix 4.1 The raw score for the general pairwise comparison of the beef items

	Au beef	Amer beef	WAU	JPW	Kobe beef
Au beef	1	0.14286	3	5	7
Amer beef	7	1	7	5	9
WAU	0.33333	0.14286	1	0.14286	0.2
JPW	0.2	0.2	7	1	5
Kobe beef	0.14286	0.11111	5	0.2	1

Matrix 4.2 The priority for the beef items in general

Au beef	0.218
Amer beef	0.517
WAU	0.039
JPW	0.153
Kobe beef	0.073

Matrix 4.3 The raw score for the general pairwise comparison of the individual criteria

	Buying price	Rate of return	Total profit	Supplier's offer for PM
Buying price	1	7	5	5
Rate of return	0.14286	1	0.2	7
Total profit	0.2	5	1	7
Supplier's offer for PM	0.2	0.14286	0.14286	1

Matrix 4.4 The priority for the individual criteria of supplier selection in general

Buying price	0.555
Rate of return	0.138
Total profit	0.254
Supplier's offer for PM	0.053

The matrix 4.1 reported the raw score for pairwise comparison of five beef items in the market. There exist the polarization in beef supplier selection including the normal beef and the high value beef. In the cluster of the normal beef item, American beef obtained the higher priority than Australian beef. This result is consistent with the priority for American beef of the master chef A. In the cluster for high value beef items, the purchasing manager showed the highest priority for Japanese Wagyu beef instead of Kobe beef as the master chef A. The lowest ranking was for Australian Wagyu beef due to two reasons. First, Australian Wagyu beef is irrelevant to the requirements of menu for high-grade beef of the restaurant. Second is about the shortage of information of Australian Wagyu beef in HCMC market. Even though the Australian Wagyu beef was imported into HCMC in around 10 years, the information of official suppliers is not available. Hence, she becomes serious when considering Australian Wagyu beef. In contrast to the master chef A, the purchasing manager evaluates Japanese Wagyu beef at the higher ranking due to its competitive buying price compared to Kobe beef. This could be seen from the matrix 4.5. The purchasing manager stated that Japanese Wagyu beef is the most relevant beef item for the high value beef items because of two reasons. The first is the high quality enough to match the core

concept of beef menu of high-grade beef. The second is the competitive buying price compared with Kobe beef.

The individual criteria in beef supplier's selection of the purchasing manager were indicated in the matrix 4.4. The most important factor is the buying price. Following is the total profit of the restaurant. The offers from beef suppliers obtained the lowest priority in supplier selection. The purchasing manager considers the buying price as a cost cue to consider the potential suppliers and calculate the profit for the restaurant. However, the master chef is the person who will evaluate the quality of the sample as well as the final decision of acceptance. Hence, the role of buying price from the purchasing manager is different from the master chef perspective.

Matrix 4.5 The raw score for pairwise comparison of the beef items concerning the individual criteria

Control	Criteria	Au beef	Amer beef	WAU	JPW	Kobe beef
Buying price	Au beef	1	0.14286	7	5	7
	Amer beef	7	1	7	7	9
	WAU	0.14286	0.14286	1	3	5
	JPW	0.2	0.14286	0.33333	1	5
	Kobe beef	0.14286	0.11111	0.2	0.2	1
Rate of return	Au beef	1	0.2	5	0.2	0.2
	Amer beef	5	1	7	5	5
	WAU	0.2	0.14286	1	0.2	0.14286
	JPW	5	0.2	5	1	0.33333
	Kobe beef	5	0.2	7	3	1
Total profit	Au beef	1	0.14286	7	5	7
	Amer beef	7	1	9	7	7
	WAU	0.14286	0.11111	1	0.2	0.2
	JPW	0.2	0.14286	5	1	3
	Kobe beef	0.14286	0.14286	5	0.33333	1
Supplier's offer	Au beef	1	1	5	7	5
	Amer beef	1	1	7	5	5
	WAU	0.2	0.14286	1	0.33333	0.2
	JPW	0.14286	0.2	3	1	0.33333
	Kobe beef	0.2	0.2	5	3	1

Matrix 4.6 The weighted matrix of beef supplier selection

	Buying price	Rate of return	Total profit	Supplier's offer
Au beef	0.246	0.086	0.245	0.377
Amer beef	0.538	0.489	0.542	0.372
WAU	0.109	0.035	0.030	0.044
JPW	0.077	0.156	0.108	0.074
Kobe beef	0.030	0.234	0.075	0.133

Matrix 4.7 The priority matrix of beef supplier selection

Australian beef	0.231
American beef	0.523
Australian Wagyu beef	0.075
Japanese Wagyu beef	0.096
Kobe beef	0.075

The matrix 4.5 reported the raw scores of pairwise comparison of five beef alternatives concerning the criteria of the purchasing manager in beef supplier selection. The matrix 4.6 indicated the transaction cost of changing the beef supplier from the purchasing manager's viewpoint. American beef obtained the highest priority ranking for four factors. Since the current normal beef item in this restaurant is American beef, this result indicated the high transaction cost when changing the beef items in this restaurant. The purchasing manager tends to maintain high preference for the familiar beef items and beef suppliers. Australian Wagyu beef dominated Japanese beef when considering the buying price. However, for rate of return, total profit, and supplier's offer, Japanese beef achieved more preference. About the rate of return of new beef item, Kobe beef obtained the highest priority because the focal customer group of this beef is upper income class.

However, due to the extremely expensive price of Kobe beef, Japanese Wagyu beef is at higher priority when considering the overall business performance of the restaurant. One noticeable result is about the priority for supplier's offers of American beef and Australian beef. The difference could be seen from the evaluation of the master chefs. The purchasing manager stated that Australian beef and American beef invested a lot of money to remain the current position in distribution system through special offers programs, not only for the purchasing manager via direct discount rate (2% to 5%) but also the payment, the delivery, and storage support.

Matrix 4.8 The raw score for pairwise comparison of individual criteria

Control	Criteria	Menu adoption	Customer reflection	Retail price	Supplier's offer for MC
Buying price	Menu adaptation	1	7	5	7
	Customer reflection	0.14286	1	7	9
	Price on menu	0.2	0.14286	1	7
	Supplier offer for MC	0.14286	0.11111	0.14286	1
Rate of return	Menu adaptation	1	1	5	7
	Customer reflection	1	1	5	7
	Price on menu	0.2	0.2	1	5
	Supplier offer for MC	0.14286	0.14286	0.2	1
Total profit	Menu adaptation	1	1	3	5
	Customer reflection	1	1	5	7
	Price on menu	0.33333	0.2	1	7
	Supplier offer for MC	0.2	0.14286	0.14286	1
Supplier's offer	Menu adaptation	1	7	7	7
	Customer reflection	0.14286	1	5	9
	Price on menu	0.14286	0.2	1	7
	Supplier offer for MC	0.14286	0.11111	0.14286	1

Matrix 4.9 The priority for MC's criteria in beef supplier's selection

	Buying price	Rate of return	Total profit	Supplier's offer
Menu adaptation	0.548	0.413	0.350	0.592
Customer reflection	0.281	0.413	0.430	0.244
Price on menu	0.130	0.128	0.169	0.123
Supplier offer	0.041	0.047	0.051	0.041

Matrix 4.10 The priority matrix for MC's criteria in beef supplier's selection in general

Menu adaptation	0.511
Customer reflection	0.358
Price on menu	0.147
Supplier offer	0.048

The matrix 4.8 represented the raw score of pairwise comparison of the master chef's criteria in beef selection taking into account the factors in beef selection of the purchasing manager. The weighted priority was reported in the matrix 4.9. Menu adaptation is the most important determinant, especially in consideration of buying price and supplier's offers. The purchasing manager stated that the buying price is the first step of beef supplier selection since the master chef is responsible for evaluating the quality of beef sample. Hence, before informing to the master chef about new beef items, the purchasing manager will screen beef suppliers first by considering the relevancy of new beef item to the current menu of the restaurant. Menu adaptation is the most important concerning the supplier's offer. This result indicated that the purchasing manager tended to serve at her best responsibility for the performance of the restaurant instead of satisfying her own benefit. In addition to the menu adaptation, customer reflection is the other major determinant from the purchasing manager viewpoint. The customer reflection comes from two sources. The first is from the affordable pricing of the restaurant. Hence, for luxury beef items as Japanese Wagyu beef and Kobe beef, the restaurant should reduce the required rate of return to keep the reasonable price for the customers. The second stems from the ensured quality of the beef items. Hence, the purchasing manager showed higher priority for customer reflection than the retail price. Compared to priority of the master chef A in the matrix 1.4, while the master chef showed higher priority for the retail price, the purchasing manager considered customer reflection higher than retail price in beef selection.

7.3.5 Internal conflicts

This section compared the criteria in beef supplier selection between the master chef and the purchasing manager of the Japanese style restaurant since we could no collect the data of the purchasing manager of the Western style restaurant and the Australian style restaurant.

Matrix 5.1 The priority for the individual criteria of the master chef

Criteria	The MC's priority	The PM's evaluation
Menu adaptation	0.434	0.511
Customer reflection	0.212	0.358
Price on menu	0.295	0.147
Supplier offer for MC	0.059	0.048

Matrix 5.2 The priority for the individual criteria of supplier selection in general (PM)

Criteria	The PM's priority	The MC's evaluation
Buying price	0.555	0.569
Rate of return	0.138	0.143
Total profit	0.254	0.302
Supplier's offer for PM	0.053	0.068

The matrix 5.1 reported the priority of the master chef A when selecting the beef suppliers. The second column of this matrix indicated the priority of the master chef while the third column is the priority of the master chef from viewpoint of the purchasing manager. Both the master chef and the purchasing manager showed the highest priority for menu adaptation, which expressed the relevancy of the new beef items to the current beef menu and position of the restaurant in customer perception. This finding also indicated that menu adaptation is the major screening factor when the restaurant selects new beef suppliers. Whether or not the sale forces focuses on the master chef first or the purchasing manager first, the beef supplier should clarify the fitness of their products to the current concept of the restaurant to successfully enter.

The inconsistency could be seen for the criterion "customer reflection" and "price on menu". The master chef showed the higher priority for the price on menu while customer reflection was at higher ranking from the purchasing manager's viewpoint. This result could be explained by two reasons. First, since the master chef is responsible for evaluating the beef quality and making the beef menu for the trial program, he has to keep balance between the retail price and the quality of the beef dishes to ensure the satisfaction of the customers. The reasonable retail price is the factor of positive reflection from the customers for the new beef dishes. Hence, the master chef emphasizes the price on menu preceding the customer reflection. Second, since the function of the purchasing manager is to screen and inform to the master chef about the new suppliers, the purchasing manager cannot comprehensively understand the customer reflection as the master chef, who directly controls the beef quality and makes the final decision of beef selection in the restaurant.

The matrix 5.2 indicated the priority in beef supplier selection of the purchasing manager. The order from both purchasing manager and the master chef is consistent. Buying price is the most important factor when the purchasing manager selects beef supplier. Followings are the total profit of the restaurant and the rate of return of the new beef respectively. Both the master chef and the purchasing manager tend to focus on the business performance of the restaurant in a long-term period instead of the short-term period. The supplier's offers obtained the less attention from the master chef as well as the purchasing manager. They also do not pay attention to the private benefit of other person. Since the function of purchasing agent is different from the master chef, this result indicates the independence in supplier selection of two partners in the restaurant.

Matrix 5.3 The priority matrix of beef supplier selection of the master chef

Beef items	Using MC's priority	Using PM's priority
Australian beef	0.158	0.133
American beef	**0.322**	**0.299**
Australian Wagyu beef	0.095	0.086
Japanese Wagyu beef	0.077	0.087
Kobe beef	**0.347**	**0.458**

Matrix 5.4 The priority matrix of beef supplier selection of the purchasing manager

Beef items	Using PM's priority	Using MC's priority
Australian beef	0.231	0.252
American beef	**0.523**	**0.565**
Australian Wagyu beef	0.075	0.079
Japanese Wagyu beef	**0.096**	**0.104**
Kobe beef	0.075	0.082

The final priority for each beef item was shown in the matrix 5.3 and 5.4. For the master chef, the highest priority for normal beef belongs to American beef. This result was observed in the purchasing manager priority in both cases using the origin matrix of the PM or using the matrix of the MC. The inconsistency could be seen in case of high-grade beef items. For the master chef, Kobe beef is at the highest while Japanese Wagyu beef is for the purchasing manager. Australian Wagyu beef is considered as the substitute beef item for Kobe beef from the master chef whereas the purchasing manager indicated the resistance against the Australian Wagyu beef. As indicated in above sections, the master chef in the Japanese style restaurant showed strong favor for Kobe beef to maintain the distinction of the restaurant in customer perception. He considers Kobe beef is the leading beef item in quality. The master chef reduces the risk from high price of Kobe beef in the menu through diversification with Australian Wagyu beef. In contrast, the purchasing

manager evaluates Japanese Wagyu beef at higher priority due to the competitive price and the fitness to current menu of the restaurant and ignores the Australian Wagyu beef at first.

7.4 Conclusion

This chapter investigated the buying behavior of the beef restaurants through decision process of the master chefs and the purchasing managers. We examined the priority in decision of three master chefs from three different restaurants and one purchasing manager of the Japanese style restaurant.

Regarding the decision process of the master chefs in restaurants, three statements could be made. First, the priority for the new beef item depends on the specific characteristics of the restaurant. The master chefs in the restaurants with separate menu for high-grade beef indicated the polarization in beef supplier selection. They consider not only normal beef for regular menu but also high-grade beef for the special menu. In contrast, the master chef in the restaurant without special menu for high-grade beef showed no attention to premium beef due to the irrelevancy of such kinds of beef to the current menu of the restaurant even though the master chef understand well about the luxury beef at food service outlets.

Second, the master chef priority seems to be influenced by the satisfaction with the present beef suppliers and their familiarity to the beef items. Hence, the master chef of the Japanese style restaurant indicated the highest ranking for Kobe beef while the master chefs of the Western style restaurants gave the highest position to the Australian Wagyu beef. There is the difference in adoptive behavior of the master chef to the new beef item between the master chef in Japanese food chain and the master chef in the local food chain. The master chef in the Western style restaurant pointed out the willingness to adjust the cooking style to adopt new beef items as Japanese Wagyu beef while the master chef in the Japanese restaurant style tended to not keep the current cooking style. Thus, the transaction cost in changing the beef suppliers of the restaurant in Japanese food chain is higher than the local food chain.

Last, there exist the opportunities for Japanese Wagyu beef at the local food chain in food service due to the information asymmetry of Kobe beef. Both the master chef of the Western style restaurant and the Australian style restaurant indicated the riskiness of accepting Kobe beef in the restaurants. Three major considerations include the official suppliers in the HCMC market, the authenticity of beef, and the relative ratio between price and quality. Alternatively, if Japanese Wagyu beef can fulfill these requirements, it could successfully enter into the local food chain.

Considering the individual criteria when selecting beef supplier of the master chef, the menu adaptation, the retail price, and the customer reflection were in high priority while the supplier's offers was at the lowest. Due to the construction of the holding companies, the master chefs have high responsibility with their decisions; hence, they empathize on the overall business performance of the restaurant instead of their private benefit from the role in the restaurant. The master chef has to evaluate the quality of beef sample as well as establishing the menu for the new beef item. Thus, apart from customer reflection, retail price plays the important role in the master chef decision. The master chef has to make the menu price to ensure the positive reflection to the new beef item from customers as well as remain the current position of the restaurant in consumer perception. These requirements lead to the highest priority for the buying price when the master chef evaluates the purchasing manager's factors in beef supplier selection. However, the buying price serves as dual role in the master chef decision including the cost cue and the quality signal of the beef suppliers.

In term of purchasing manager's decision process, the specific characteristics of the restaurant can affect the priority for beef items. However, the impact is not as significant as on the master chef since the main consideration of the purchasing manager is buying price. Similar to the master chef, the purchasing manager tends to prefer the familiar beef suppliers than the new suppliers due to the uncertainty of the new beef suppliers.

Following the buying price is the total profit for the restaurant instead of the rate of return from the new beef item or the private offers from suppliers. It could be seen that both the master chef and the purchasing manager tend to protect their reputation from making the risky decision of beef supplier selection via focusing on the survival of the beef restaurant in the long term period.

To some extent, there exist the inconsistency in selecting beef suppliers as well as in ranking the individual criteria. For instance, in the Japanese style restaurant, each partner pursues their own strategy to deal with the problem of high price of premium beef. The purchasing manager indicated the higher priority for the substitute beef, Japanese Wagyu beef due to the reasonable price and the ensured quality at the screening. Moreover, she remains the less preference for Australian Wagyu beef at first. On the other hand, the master chef first remains higher priority for Kobe beef, the main course of premium menu. However, he diversifies the menu with Australian Wagyu beef to reduce the cost burden on the customers.

The findings from buying behavior of the restaurants pointed out the possibility for Japanese Wagyu beef in the local food chain at food service. The outstanding quality of Japanese Wagyu beef compared to Australian Wagyu beef is the competitive advantage in long-term period. However, the Japanese exporters should pay attention to the promotional programs to create a reputation brand of Japanese beef at introduction stage. Since the marketing expenditure is very high in the introduction period, sale force puts in in the large system with diversification of beef courses. As the result, the possibility of acceptance seems to be higher. The most challenging problem is the market information management and country of origin determination. There is no official source of information to protect the reputable restaurants from the opportunistic behavior of the suppliers. Hence, Japanese exporters should develop the effective communication program with the local restaurants and public information of Japanese Wagyu beef to reduce the risk of Japanese Wagyu beef for the restaurant.

CHAPTER 8

CONCLUSION AND MANAGERIAL IMPLICATION

This chapter summarizes the findings from the previous chapters and makes managerial implication for the Japanese beef exporters as well as the beef exporters from other countries to the Vietnamese market.

8.1 Conclusion

This study investigates the competitive strategies for Japanese Wagyu beef at the introduction stage in the Vietnamese market with the main focus on the behavior of members in the distribution channel. We constructed the whole study into two parts. The first is the overall examination of the beef market structure in Vietnam, the potential opportunities for Japanese Wagyu beef, and the relevant exporting channels. This part could be seen as the macro market analysis for Japanese Wagyu beef in the Vietnamese market. In the second part, the behavior of each partner in the particular distribution channel for Japanese Wagyu beef is investigated. Regarding the consumer behavior, the high attention is paid to the information diffusion in the retail market at the introduction stage. We studied the importance of brand information at early phase through three sub studies using experimental approach on consumers at food service outlets. Three research questions were examined: (1) the role of brand information in consumer preferences for Japanese Wagyu beef at introduction stage; (2) whether or not the marketing agencies can enhance the private adoption for Japanese Wagyu beef through increasing brand information in advertising; (3) what positioning advertising strategy is the most effective at introduction stage of Japanese Wagyu beef in the Vietnamese market. In term of the distributors, we analyzed the buying behavior of the beef restaurants through the case studies on decision-making process of two makers in the restaurants, the master chef, and the purchasing manager. For the buying behavior of the restaurants, we examined not only the priority for five beef items and the personal criteria but also the internal benefit conflicts between two members when selecting the new beef suppliers.

8.1.1 Chapter 4 - Beef Market Structure and Competitive Exporting Channel for Japanese Wagyu beef in the Vietnamese market

The findings in this chapter indicated that HCMC was the most promising market selection of beef exporters due to the large shortage in the domestic beef supply and the dramatically increase in the beef demand due to the economic shifters. Moreover, a wide range of beef products and exporters in HCMC illustrated the market diversification and infrastructure. The leading position in chilled/fresh beef market belonged to Australia while American beef dominated frozen beef market. The notable emerging tendency in the HCMC beef market was live beef cattle imported from Australia. This kind of beef, with the combination of two advantages named imported beef and fresh beef, is increasingly favorable by consumers despite of the higher price than the local beef.

The new trend in life style and cultural integration lead to three major changes in beef purchasing behavior of the urban consumers. First, they prefer shopping in modern stores to traditional markets since the beef quality is assured. Second, the popularity of dinning out, especially in younger, offers a promising opportunity to food service sector. Last, there exists the potential market for high-grade imported beef since the latent need for premium beef could be observed.

Beef retail sector is the collaboration of SOEs and the foreign retailers while only private enterprises play in the importing field. Due to the strong arms-length in distribution, three big SOEs in livestock industry including VISSAN, SATRA, and Co.op Mart, become three pillars of Australian fresh beef distribution.

Currently, food service only accounts for 30% of total imported beef; however, this domain will be potential niche market for high-grade beef in the near future due to the increase in the number of middle income class. The latent demand for high-grade beef brings a lot of opportunities to high-grade beef exporters, especially Australian Wagyu beef and Japanese Wagyu beef.

Via the competitive advantages and the mode of entry theory, this research illustrates product uniqueness can be relevant strategy for Japanese Wagyu beef instead of cost leadership. Moreover, due to the strong integration of Australian beef as well as Australian Wagyu beef in HCMC market, optimal mode of entry for Japanese Wagyu beef is high-integrated mode via joint venture or wholly ownership subsidiaries. This alternative with a great deal of finance and human resources can be helpful in ownership's risk reduction. It appears that in HCMC market, big holding companies from Japan operate their own exporting channel rather than small and medium size ones.

Relationship strategies with other members in the flow of beef play the highlighted role in the success of Japanese Wagyu beef exporting performance in the long-term orientation. Host market adaption requires the intensive communication with downstream members in order to mitigate information asymmetry and moral hazard. Hence, it is reasonable to indicate that process-based operation, rather than output-based management is effective alternative of penetrating into the HCMC market.

8.1.2 Chapter 5 - The impacts of the consumer need for country-of-origin information and price concerns on the consumer innovativeness toward the new beef brands in food service outlets in HCMC

This chapter investigated the impacts of the need for information about country of origin and price consciousness on consumer innovativeness toward imported beef brands at food service outlets in Vietnam. SEM findings indicated that the country of origin and price were the major external cues for in beef quality evaluation at food service outlets in Vietnam. The need for further information about country of origin and price consciousness were the results of the emerging need for new beef brands and the uncertainties from the new beef brands at the restaurants. Price served as the quality cue for beef at the beef restaurants, while consumers used country-of-origin information as a source of exploratory behavior and risk reduction in purchasing beef at restaurants. Consumers tended to consider the consistency between information about country of origin and the actual action of restaurants when trying a new beef brand.

The individual's ability to recognize brands of beef considerably influenced consumer innovativeness and the need for information about new imported beef brands. Via three intrinsic cues, including flavor, tenderness, and marbling content, personal ability indicated the importance of an individualized eating experiences in consuming beef at food service outlets. Customers at restaurants tended to use both information sources, giving more weight to their personal eating experience. The insignificant impact of dining out frequency also confirmed the role of personal exploration and experience when eating beef at food service outlets.

8.1.3 Chapter 6 - Brand information and the competitive strategies at the introduction stage of Japanese Wagyu beef in the Vietnamese market

8.1.3.1 The importance of brand information in at the introduction stage of JPW

The empirical results of this part indicated the importance of brand information at the introduction stage, since consumers with prior brand information tended to favor JPW more than those with no stored memory did. Moreover, impacts of brand information varied with the claim contents. It could be highlighted that JPW is more favorable if consumers have initial knowledge of the brand-clarified information.

The significantly positive impact of information 1 indicated its efficacy in communication during the adoption process. The brand clarification attempts to differentiate this brand by focusing on two core values, the outstanding pedigree of the beef cattle (Wagyu) and the country-of-origin (being authentically from Japan). It expressed the strength of this combination in positioning and

diffusing this beef since kind of food and country-of-origin could be the important cues in consumer's quality perception of a new beef (Verbeke & Ward, 2006; Alfnes, 2004; Bredahl, 2004; Schnettler et al., 2008).

One noticeable result is the negative impact of information 3 even though not statistically significant. That is, consumers who do not know information 3 tend to evaluate JPW at a higher level of preference. This highlighted the concerns about the impact of negative information about related brands in the past and the order-of-entry in the consumer cognitive sequence (Kardes & Kalyanaram, 1992). Hypothetically, we believed that prior understanding about the similarity between the previous leading brand (Kobe beef) and Japanese Wagyu beef would bring higher preference for the late-entrant brand. However, consumers with information 3 seem to resist JPW at the early stage since the counterfeit scandal of Kobe beef in the Vietnamese market can put heavier weights on quality uncertainty, safety, and individual relevancy of the following related brand, Japanese Wagyu beef. The negative impact of the previous scandal about Kobe beef is stronger in the group with information 3, and they tend to reject JPW at first, which is evidence of a risk-aversion attitude. Another reason comes from the overconfidence in their previous knowledge and reducing the preference at first as a means of knowledge diagnostics. The negative impact of the interaction term between this knowledge and price seems to support the first preposition. In particular, consumers with information 3 understand the core values of JPW compared to Kobe beef, since they became cautious in decision-making along with the high price of JPW. This tendency seems to be consistent with the behavior of Belgian consumers after the dioxin crisis in the beef market (Verbeke, 2001).

The positive impact of usage experience on preference in this study is consistent with the conclusion from some previous researchers when considering usage experience as a source of brand familiarity (Bredahl, 2004; Ha & Perks, 2005; Banović et al., 2012; Grunert et al., 2004) or a predictor of behavior (Thøgersen, 2002). Moreover, for JPW, the impact of usage experience is stronger than that of subjective prior knowledge of brand clarification. This result indicates a gap between expected value and experienced value in a vast majority of meat studies from the consumer side (Oude Ophuis & Van Trijp, 1995). In terms of JPW, the usage experience might provide consumers with more utility for decision-making than brand information. One might debate the situation in which a dual effect has happened in the group with eating experience. The finding related to Innovator confirmed this preposition. The significantly positive influence of this variable indicated a definite satisfaction of consumers after eating. They maintained a highly positive attitude after using and this becomes an indicator of repeated purchasing (Ajzen, 1991; Pieniak et al., 2010 ; Bredahl, 2004) as well as a positive multiplier in the diffusion process (Rogers, 1983). Hence, the consumers with knowledge and eating experience could become the opinion leaders in the adoption process of JPW at the early stage.

8.1.3.2 Impacts of Information on Consumer Adoption for Japanese Wagyu beef

In this part, we attempted to answer the question whether or not Japanese exporters can enhance private adoption for Japanese Wagyu beef via increasing information about Japanese Wagyu beef. In the first part of this chapter, we tested the impact of prior knowledge about three kinds of information on consumer preference for JPW. Our hypothesis was kept in case of the brand clarification (information 1) yet failed for the brand contrast and the brand comparison information. Hence, the influence of prior knowledge about a new brand varied by the content of pre-stored information in consumers' perception. In this part, we divided our sample into three groups by the applied information. The impact of information on consumer adoption for JPW was investigated in the short-term and long-term period, as well as, for each kind of information. Exporting firms should focus on information, which can be useful for novices in making purchasing decision to motivate the potential adopters. Additionally, exporting firms should inspire the leaning process of experts through providing information with diagnostic effects to retain the innovators.

8.1.3.3 Perceptual asymmetry and positioning advertising strategy for Japanese Wagyu beef

This part clarified the efficiency of three positioning advertising strategies for Japanese Wagyu beef at introduction stage through examining the consumer's response to three above advertising claims. The positioning strategies of Japanese Wagyu beef was considered in relation to the perceptual advantage of two competitive brands, Australian Wagyu beef and Kobe beef. We assumed that Kobe beef is the dominant brand, and Australian Wagyu beef is the second entrant brand in the niche market for premium beef in HCMC. The main research question is about the most effective positioning strategy for Japanese Wagyu beef-the last entrant brand at introduction stage. Three potential strategies including being distinction from the current brands, being different from the second entrant brand, being similar to the dominant brand. The findings from path analysis for the three premium beef brands indicated that being distinction from the current competitors could raise the consumer adoption for Japanese Wagyu beef at introduction and maintain the positive effects during the diffusion process. In contrast, being similar to the dominant brand could increase the uncertainty of information as well as the ambiguity of new entrant brand's quality. Hence, the efficiency of the similar strategy to the dominant brand could be obtained in the long-term period instead of the spontaneous effect. Moreover, being similar to the dominant brand can help the last entrant brand obtain the price premium from the dominant brand.

8.1.4 Chapter 7-The decision-making process of restaurants in selecting beef suppliers

This chapter deals with the question of sale strategy for Japanese Wagyu beef exporters when entering into the distribution systems of the HCMC beef market. We investigated the buying behavior of the beef restaurants through the decision making process of two partners, the master chef and the purchasing manager. The priority of each partner for five beef items was indicated taking into account the individual criteria when selecting beef suppliers. We focused on the situation of new purchase and assumed that the master chef as well as the purchasing manager serves at their best to optimize the business performance of the restaurant. However, before coming into agreement of vendor selection, each party has the expectation. Hence, there could exist the internal conflict in a restaurant between the master chef and the purchasing manager when choosing beef suppliers. We studied the buying process of five beef restaurants in HCMC and collected the data from in depth direct interviews with 3 master chefs and 2 purchasing managers (one manager cannot finish a full questionnaire).

The findings of this chapter indicated that the priority for the new beef suppliers is influenced by the expectation with the current beef suppliers, the familiarity with the products, and the availability of information about the new beef suppliers. The most important factor in beef supplier selection of the master chef is the menu adaptation and the retail price on the menu. Since the master chef plays the multiple roles in making the final decision including the initiator, the users, and the adviser, he concerns about the relevancy of the new beef items to the current beef menu as well as the customer reflection to the price and the beef dishes. When considering the purchasing manager's criteria, the master chefs indicated high priority for the buying price. Price from the perspective of the master chef serves the dual role, the cost cue for the retail price, and the signal cue for the quality of the beef. Regarding the determinants of the purchasing manager's decision, buying price is at the highest priority and follows by the total profit for the restaurant. The supplier's offers obtained the lowest ranking for both the master chef and the purchasing manager since two partners maintain high responsibility for the business performance of the restaurant. The master chef and the purchasing manager showed several inconsistencies when choosing beef items and evaluating the new beef suppliers. However, the difference is still minor due to the dominance of the master chef in buying process.

The polarization in priority for five beef items could be seen in the restaurants with premium beef menu. Since the restaurant tends to diversify the menu to satisfy the various needs of customers, the difference in the priority for normal beef and high-grade beef could be seen from the master chef and the purchasing manager. There exist the opportunities for Japanese Wagyu beef to enter into the local food chain in food service since the master chef in the Western style restaurant

showed willingness to adapt the cooking style and the need for information on origins, suppliers, and price range of Japanese Wagyu beef.

8.2 Managerial Implication

The findings from the macro beef market analysis and the behavior of members in the distribution channel for the Japanese Wagyu beef raise many of recommendation for marketing strategies of Japanese Wagyu beef at the introduction stage in the Vietnamese market.

8.2.1 Consumer marketing strategies

(1) The relevant message to diffuse in advertising strategies at the introduction of Japanese Wagyu beef

The study on the impact of different brand information indicated the relevant claim in communicating with consumers during the adoption process. It could be relevant to position Japanese Wagyu beef as an independent premium brand from the current competitive brands in consumer perception. Moreover, Japanese exporters should seriously consider the similar strategy to Kobe beef to avoid the negative publicity of Kobe beef in the past. Providing consumers with the information of the focal values of the JPW brand, which include the outstanding pedigree of the beef cattle "Wagyu" and country-of-origin "Japan", is the most effective communication strategy. Especially at the introduction phase, the first image in consumer perception is important since it affects the diffusion process in the whole market as network acceleration. The dual role of price in relation to prior knowledge could be considered in the advertising strategy at the introduction of Japanese Wagyu beef. The advertising strategies for Japanese Wagyu beef at introduction were summarized in the Table 8.1.

Table 8.1 The advertising strategies for JPW at the introduction stage in the Vietnamese market

Competitor	Australian Wagyu beef	Kobe beef
Price range	450,000 VND~648,750 VND	648,750 VND~
Advertised claim	Brand clarification and brand contrast	Brand clarification and brand comparison
Advantage	Country of origin	Kind of beef
Impact	Differentiate (+)	Similar (-)
Trial effect	Assimilate (+)	Diagnostic (+)

(2) The importance of eating experience and the promotion strategies in niche market for Japanese Wagyu beef

The significant positive impacts of eating experience on consumer preference indicated the importance of trial advertising when introducing Japanese Wagyu beef in the Vietnamese market. The main concern is how to motivate the need for experiencing the first trial for Japanese Wagyu beef. The findings of the chapter 5 about the need for information and consumer innovativeness could be used to postulate some suggestions for marketing agencies. First, high attention should be paid to retail channels such as high-end restaurants and specialty shops since they are crucial sources of information. The informative role of professionals such as chefs in restaurants and sales managers in the distribution channel should be focused on to build the image of Japanese Wagyu beef and reestablish the consumer's belief in Japanese beef since in the meat retail market, the reputation of sellers is the source of quality (Grunert, 1999; Schupp & Gillespie, 2001). Moreover, professionals should act as a factor in stimulating latent need in urban consumers when dining out.

Another consideration is the role of customer management since it can generate a network of opinion leaders and a snowball effect in the diffusion process.

(3) The focal groups at the introduction stage

The innovators for Japanese Wagyu beef in the HCMC market are people with upper middle income, high education, and at the age from 25 years old to 35 years old. The potential adopters could be the elderly people with high income or the younger under 25 years old with high variety seeking behavior. For the elderly consumers, communication strategy should focus on the lifestyle benefits of Japanese Wagyu beef compared to other kinds of beef in the market. For younger consumers, the trial program or the discount program could be considered since this group will become the informants in the diffusion process of Japanese Wagyu beef at the retail market.

8.2.2 Sale strategies when introducing Japanese Wagyu beef to the beef restaurants

(1) For the Japanese style restaurant

To enter into the Japanese style restaurants, Japanese Wagyu exporters have to satisfy the criteria of both the master chef and the purchasing manager. For the master chef, the quality of the new beef sample compared to Kobe beef should be clarified. Even though the advertising expenditure could increase, new Japanese suppliers should provide the master chefs with the real beef sample to help his compare the quality of Japanese Wagyu beef to Kobe beef. Compared to the Australian Wagyu beef, Japanese Wagyu beef can obtain higher priority for menu adaptation. However, Japanese Wagyu beef is at lower priority when considering the price on menu. Hence, the salespersons should pay high attention to convince the master chefs about the salient features of Japanese Wagyu beef compared to Kobe beef, as well as the relative ratio between price and quality compared to Australian Wagyu beef. Regarding the purchasing managers of the Japanese style restaurants, buying price is the key driver. The Japanese Wagyu beef suppliers should diversify the beef samples with a wide range of price to increase the probability of acceptance. For the new emerging beef market in Vietnam, the threshold of buying price should be adjusted to match the socio-economic conditions of consumers. Most of the master chefs and the purchasing managers indicated the lower limitation for the buying price of Japanese Wagyu beef is 150 USD/ 1KG and the upper limitation for the buying price of Japanese Wagyu beef is 350 USD/1 KG.

(2) For the Western style restaurants

At the introduction stage, Japanese exporters can establish the separate distribution channel for Japanese Wagyu beef to reduce the business risk of the Vietnamese market. However, in the long-term period, Japanese exporters should consider the expansion to the local distribution system to compete with Australian Wagyu beef and the new entrant brands from other exporting countries. The Western style restaurants in the local food chains, which are operated by the Vietnamese holding companies, become the potential distributors of Japanese Wagyu beef exporters. To gain the acceptance from the master chef of the Western style restaurants, the exporters should focus on information about Japanese Wagyu beef. Most of the high-end Western styles use Australian Wagyu beef in the menu for premium beef. Hence, sales strategy should emphasize the distinction of Japanese Wagyu beef to Australian Wagyu beef through the real beef samples, the information of official suppliers, the buying price range, the certificates of authenticity, and the supporting programs. Due to the master chefs in the Western style restaurants showed their willingness to adopt the new cooking style for the new beef, the supporting programs should include the training program with Japanese chefs, the culinary show, and the visiting at production areas.

Another consideration of the master chefs of the Western style restaurants is about the storage facilities and the risk from the lack of product. Since Japanese Wagyu beef requires the strict

storage conditions, the restaurants need the supporting programs of the suppliers for storage facilities and order flexibility.

(3) The problem of opportunistic behavior of the local suppliers

At the present, Japanese Wagyu beef is officially imported and distributed by the representatives of the Japanese holding companies in the Vietnamese market. However, Japanese Wagyu beef can be imported in the HCMC market via other alternatives such as hand-carrier or individual presents. Hence, it is very difficult for the restaurants to recognize the authenticity of Japanese Wagyu beef in the HCMC market. Another barrier comes from the incident of Kobe beef in the past. Even though the restaurant distribute the authentic Japanese Wagyu beef, it is difficult for the restaurants to improve the origin and the quality of Japanese Wagyu beef to customers. Thus, the restaurants need for supporting programs from the Japanese exporters for the product information and the quality certification. The publicity of information about official suppliers of Japanese Wagyu beef in the Vietnamese market, the price, the beef cuts, the geography index, and the traceability should be introduced online as well as at the restaurants to enhance the adoption process of customers.

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