



SHOULD VINAMILK LAUNCH A NEW LINE OF FRUIT JUICE FOR KIDS IN VIETNAM?

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#1: YES, POTENTIAL TO GROW THE VINAMILK BRAND BY INCREASING MARKET PENETRATION

Current Realities

Strong Financial Performance

- Since 2006: 26% revenue CAGR and 59% profit CAGR.
- Record 2010 results: VND 16,081B revenue and VND 4,251B profit.

Growing Competition in the Fruit Juice Market

- Current market leader in the fruit juice market (30% market share).
- Potential for competitors to gain market share (Minute Maid in China).

Untapped Children's Market

- No kids-focused fruit juice brands in Vietnam.
- Rising per-child spending amid declining birth rates.
- Children = 25% of population (~20M potential consumers).

Identified Upside

#1: Vinamilk can gain higher market share and enhance overall financial performance by expanding its presence in the children's segment

- By the Law of Double Jeopardy: higher penetration → higher loyalty → higher market share → better financial performance.
- By the Law of Duplication of Purchase: higher penetration → more substitution towards Vinamilk → higher market share → better financial performance.
- By the Negative Binomial Distribution: higher penetration → higher brand growth → higher market share → better financial performance.



#2: YES, POTENTIAL TO GROW THE VINAMILK BRAND BY STRENGTHENING PHYSICAL AVAILABILITY

Current Realities

Extensive Physical Presence

- 11 production facilities & 2 distribution centres.
- 150,000 shops and 4,000 salesmen; gives strong edge in traditional channels (85% vs. 15% supermarkets).

Smaller Juice Portfolio than Competitors

- Only 11 products (8 flavours, orange in multiple sizes) vs competitors' ~40.
- Fruit juice = 3.2% of Vinamilk's 2009 revenue.

Shifting Consumer Preferences

- Growing shift toward healthier choices.
- Busy lifestyles + rising health awareness: consumers were becoming more receptive to benefits of fruit juice.

Identified Upside

#2: Vinamilk can grow its brand effectively by expanding its portfolio and leveraging its extensive physical presence

- New product line can leverage Vinamilk's extensive physical presence → potential for higher sales through physical availability.
- New product line will expand Vinamilk's portfolio → addresses new market trends of healthier consumers, and maximises coverage within their business target (i.e. both milk and juice in the children's market).



#3: NO, COULD BE COST-PROHIBITIVE TO BUILD BRAND'S MENTAL AVAILABILITY IN A NEW AREA

Current Realities

Traditionally a Dairy Company

- Over 19 years of history in dairy, from 1992.
- 95% of revenue from milk and milk products.

Juice Market Growth Lagging RTD Market

- Vietnam's RTD market is large vs fruit juice only 8% of it.
- RTD market growth rate at 25% vs fruit juice at 15%.

Fragmented, Competitive Market for Juice

- Top 10 juice producers account for only 19% share.
- Minute Maid & Tropicana = Strong Global Branding; Tan Hiep Phat = Stronger Local Roots.

Identified Challenges

#1: Mental availability for Vinamilk will be costly to establish in the juice market, with potentially low ROI

- Cannot use existing CEPs as known for dairy; need to build costly new CEPs in fragmented, undifferentiated juice market.
- (1) Juice market growth lags RTD market; (2) easy for competitors to copy Vinamilk's product.

#2: Execution in building mental availability in a new area will be tough

- Vinamilk's marketing team was already stretched thin with two other projects; without clear alignment, execution risks being inconsistent, further undermining brand coherence.

#4: NO, COULD BE CHALLENGING TO ALIGN VINAMILK'S EXISTING BRAND POSITIONING WITH NEW PRODUCT LINE

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Identified Challenges

#3: Vinamilk's positioning may be blurred as its juice revenue grows

- Vinamilk's network of memories revolves around milk, health, and nutrition.
- Expanding into juice may dilute clarity: Milk brand, juice or both?
- Possible cannibalization as kids' juice line could overlap with existing Vfresh products.

#4: Vinamilk's relative advantage in the fruit juice market is unclear

- Parents link Vinamilk with "child growth & health" (milk occasions) but not juice occasions.
- Vinamilk risks losing to competitors with higher mental availability in the juice market without clear differentiation.

CONCLUSION: TO PROCEED WITH THE LAUNCH BUT MITIGATE POTENTIAL CHALLENGES BY HAVING CLEAR CATEGORY ENTRY POINTS, POSITIONING AND RELATIVE ADVANTAGE.

Upside	Challenges	Approach
Vinamilk can gain higher market share and enhance overall financial performance by expanding its presence in the children's segment.	Mental availability for Vinamilk will be costly to establish in the juice market, with potentially low ROI.	<ul style="list-style-type: none">Consider focusing on one/a few category entry points (e.g. healthy children's breakfast drinks) with a small addressable target segment to manage costs and minimise execution risks.
	Execution in building mental availability in a new area will be tough.	
Vinamilk can grow its brand effectively by expanding its portfolio and leveraging its extensive physical presence.	Vinamilk's positioning may be blurred as its juice revenue grows.	<ul style="list-style-type: none">Consider having Vfresh develop its own positioning separate from Vinamilk.
	Vinamilk's relative advantage in the fruit juice market is unclear.	<ul style="list-style-type: none">Consider focusing on a relative advantage either in its premium juices or in the healthiness of its juices.



THANK
YOU

