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1. Introduction

Vingroup JSC, formerly known as Technocom, was established in Ukraine in 1993 with its primary focus on the manufacturing of instant noodles. Subsequently, the Group has undergone significant diversification, including many sectors such as tourism and hospitality as its first foray, followed by forays into retail, real estate, education, and more recently, a strategic move towards the burgeoning industrial and technology sector. Vingroup has emerged as the leading conglomerate in Vietnam, with the highest market capitalisation. After successfully establishing a strong presence in the Vietnamese market, Vingroup is now considering expanding into the worldwide market, which presents both attractive opportunities and significant challenges. The company aims to use its competitive edge in the fields of industrials and technology to achieve success in this new endeavour. At a pivotal stage in its progression, the conglomerate is required to adopt a comprehensive and enduring strategy in order to achieve its subsequent milestone.

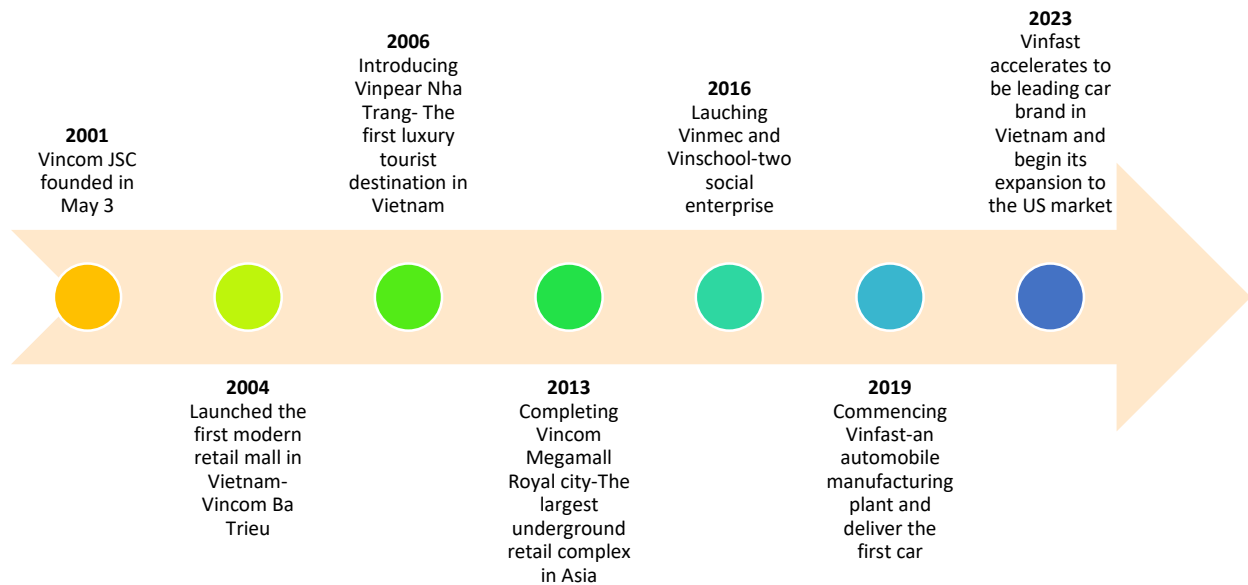


Figure 1: Milestones of Vingroup (Vingroup 2022)

In 2016, Vingroup directed its primary attention into four key business sectors, including property, hotel and entertainment, consumer retail, and social infrastructure services. Vinpearl and Vincom have emerged as the dominant brands in the hotel and retail malls sector in Vietnam, seeing significant growth over a span of twenty years. The formation of the brands occurred concurrently

with the robust economic growth of the nation throughout the first years of the 21st century, thus leading to a rapid attainment of market dominance. Benefiting from advantageous circumstances, the Group proceeded with its growth and investment in many key sectors, with commensurately positive outcomes.

2. Footprints of an International Company

Vingroup has undergone substantial transformations after establishing a strong domestic market presence over a period of almost two decades. In the year 2018, Vingroup underwent a strategic repositioning, establishing itself as a prominent conglomerate in Vietnam's technological and industrial sectors. In addition to this declaration, it signifies Vingroup's reentry into the global market through the acquisition of a prominent European technology firm (Giang, 2018). Furthermore, VinSmart, a subsidiary of Vingroup, has entered into a comprehensive collaboration agreement to enhance the manufacturing of Vsmart smartphones in accordance with international benchmarks.

The footprint of a multinational corporation became more and more obvious when Vinfast was established in 2018. With a total investment of more than 3 billion USD, the first cars under the Vinfast brand have reached consumers in 2019 (Vingroup 2022). In the same year, Vinfast's mark on the international market became increasingly clear with positive responses from major motor shows around the world. The acquisition of Lang Lang car testing center (Victoria, Australia) is the next step in VinFast's strategy to develop a global automotive brand (Reuters 2020). Soon after, Vinfast expanded to the European market. Accordingly, VinFast plans to open at least 25 VinFast Stores in Germany, 20 in France and 5 in the Netherlands. In the US, the first batch of VF 8 cars was exported with a quantity of 999 units for the US market and transported by Panama's own charter ship Silver Queen.

Vinfast's determination to conquer the US market is increasingly evident with the groundbreaking ceremony of the car factory at VinFast's electric vehicle factory located in Chatham County, North Carolina. This marked a step forward in the strategy of expanding the market, developing a global electric vehicle brand, and being self-sufficient in supply in the North American region. According to VinFast, this is the first electric vehicle production facility in North Carolina, and the largest economic development project in the state today (Mark 2023). In addition, VinFast will continue

to list on the US stock exchange after merging VinFast Auto Pte. Ltd. and Black Spade Acquisition Co., thereby raising equity to \$23 billion.

Within 5 years, the name Vingroup has become a symbol of the spirit of entrepreneurship in the international arena. Looking back at this group's journey to become a multinational company, we find that this process is relatively consistent with the Uppsala model.

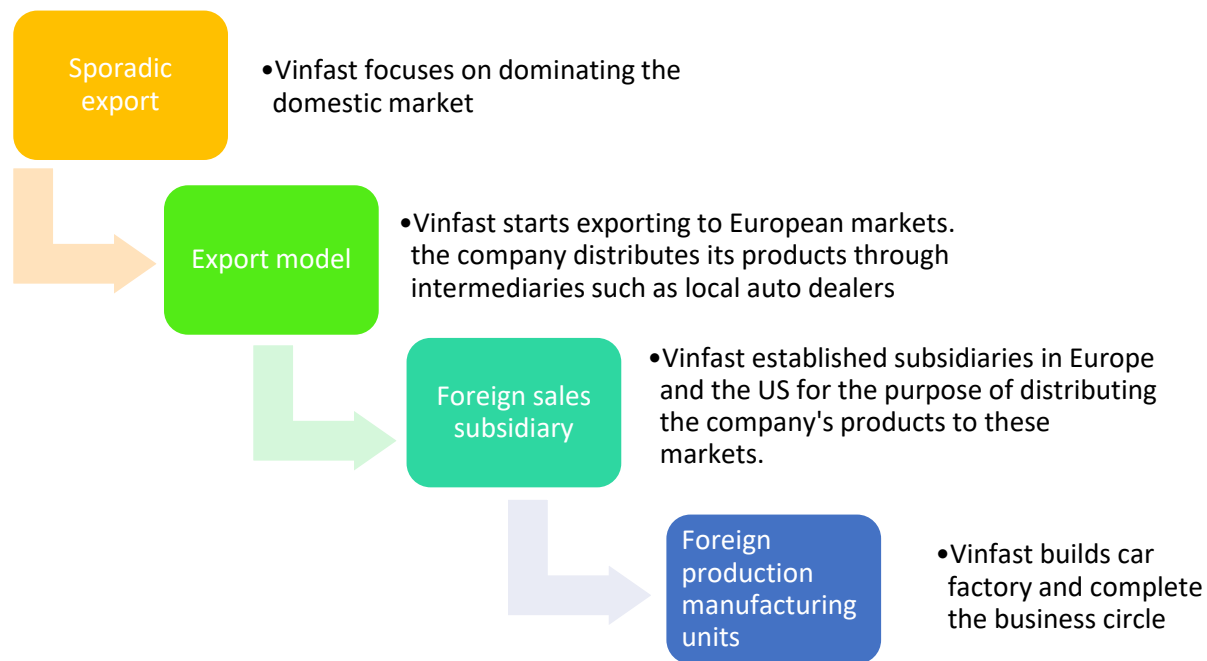


Figure 2: The Uppsala Internationalization model of Vinfast

The firm prioritized establishing a strong presence in the home market by leveraging its visually appealing design and attractive incentives. Subsequently, it pursued commercial expansion into the European and American markets by collaborating with authorized dealers. VinFast has successfully developed subsidiaries dedicated to the distribution of its product lines in the European and American markets, after a sequence of media campaigns conducted at renowned motor exhibitions. The completion of the facility in the United States marks a significant milestone in VinFast's journey towards achieving full autonomy in the manufacture and marketing of VinFast-branded automobiles to American consumers, aligning with the Uppsala model.

One point that should be noted that the VinFast completed the Uppsala model at unprecedented speed. While the success of the last stage remains questionable, the progress is still worth noting. This accomplishment should include the knowledge gained through operating in the Eastern

European market, together with the substantial resources acquired from successful endeavours inside the local market. Moreover, the strategic choice to allocate resources towards establishing a manufacturing facility in the United States aligns with the Uppsala model, so enabling the organisation to capitalise on policy incentives provided by the US government. Vinfast is set to get a financial assistance package amounting to a maximum of \$1.2 billion (Mark 2023). Upon retrospective analysis of the group's developmental trajectory, it is unsurprising that Vingroup's achievements have mostly stemmed from its astute consideration of advantageous macroeconomic conditions and the provision of support promises by the government.

3. Challenging the US

Regardless of enormous efforts and initial recognition from the public, the future of VinFast as an international business is just beginning.

The market for electric cars is increasingly competitive. The tagline "Americans don't purchase electric vehicles, they buy Tesla" encapsulates the prevailing pattern of consumer behaviour in the United States towards the acquisition of new energy automobiles in recent times (Bhukya & Paul 2023). Based on the findings of IHS Markit, Tesla consistently maintains a dominant market share in the realm of electric car sales, surpassing the overall industry average. Specifically, in the year 2020, Tesla's market share reached an impressive 79% (Almansour 2022).



Figure 3: VinFast VF 8 compared to others car in the same segment

The present market domination of Tesla is limited to a rather narrow scope. Despite the considerable attention garnered by electric cars, the sales figures for electric, hybrid, and plug-in hybrid vehicles have so far remained rather modest. Based on projections made by industry analysts, it is anticipated that electric vehicle sales would comprise a proportion of less than 4% of the overall sales volume of automobiles. According to LMC, all-electric models, including Tesla automobiles, constitute a mere 2.6% of the market, equivalent to around 394,000 vehicles (Secinaro et al. 2022).

Therefore, it may be argued that the market potential for hybrid models seems to be more favourable in comparison to pure electric versions, such as the ones being pursued by VinFast. Moreover, when compared to its counterparts within the same automotive category, the VF8 does not exhibit exceptional qualities. The VF8 has a maximum range of 400 km, which places it second to last among vehicles in its sector. The absence of a distinct competitive advantage inside a challenging market such as the United States may result in a prolonged duration for the market entry procedure.

Another challenge in the transition to a multinational corporation faced by Vingroup is psychic distance. The idea of psychic distance is widely recognized as a core and significant topic within the field of international business study (Ambos, Leicht-Deobald & Leinemann 2019), but it remains a subject of much debate and controversy (Kusi, Gabrielsson & Kontkanen 2021; Liu et al. 2021). The statement pertained to the perceptual assessment of the relative proximity of one nation in comparison to another. Subsequently, Uppsala scholars established the concept of psychic distance, which encompasses several elements such as linguistic disparities, cultural distinctions, and divergent business practices (Wang et al. 2023). These characteristics serve as barriers that impede and disrupt the flow of information between a corporation and its target market. As the psychological distance between individuals or groups develops, the challenges associated with information flows become more apparent.

Experience learning is the only way for businesses to get over the psychological gap between them and their customers. When a new business starts to grow internationally, it often starts by going after nearby areas. As companies become more dedicated and learn more about foreign markets, they move into areas that are more different from their home market. Vingroup, however, is moving too fast and too far. The Group chose the US and Europe, the two most demanding

markets, to start its journey to the world. Although this shows VinFast's determination, the problems caused by psychic distance will become more and more obvious as the group gets deeper into these markets, especially when the US factory is completed.

4. Conclusion

The electric car market is a nascent industry that offers significant untapped potential. Nevertheless, there exist several powerful rivals that possess extensive expertise not only in the domestic market of the United States but also on a worldwide scale. Nevertheless, based on the aforementioned study and synthesis, our research team has determined that Vinfast has significant potential as a firm. Vinfast has the necessary financial resources, people resources, and technological capabilities to effectively engage in competition with prominent entities inside the US market.

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