His mind flashed back to those haunting images of April 30, 1975. Saigon was falling. Chaos reigned. America was pulling out of Vietnam. Years ago, he had sat transfixed before his family’s TV set in small town America. Now, Clifford Shultz stared at the bomb craters—remnants of decades-old B-52 raids—that loomed ever larger as his plane began its descent toward the Hanoi airport. Shultz reflected on the irony: he was about to start teaching capitalism in Vietnam.

By Lindsey Michaels
History tells us that we lost the Vietnam War,” he explains. “But any visitor to Hanoi, after seeing the new fleet of Boeing jets, Motorola cellphones, Coca-Cola and other American products, and after encountering numerous Vietnamese eager to practice their English and to get jobs with American companies, likely would reconsider who truly won the war.”

In fact, even Shultz finds what he does ironic, especially considering that he has taught at the Ho Chi Minh City Marketing College. “The school’s name may sound like one of the great oxymorons ... we do there and at other universities and research institutes is terribly important to Vietnam and the global community.”

That’s because 80 percent of Vietnam’s current economy is agrarian. When that economy failed in 1985, tens of thousands of people starved. Moreover, as China continues to flex its economic muscle, some analysts believe that a healthy and prosperous Vietnam is crucial to regional stability and America’s strategic interests.

“The younger Vietnamese leaders and a new elite in the budding business sector are beginning to acquire some power. They understand what their country will have to do if Vietnam wants to compete and to be a responsible player in a global economy,” Shultz says.

“They want to enhance export development and transition economies. His primary focus is on agribusiness and food marketing issues. In 1992, Shultz became the first person since the war to teach free market principles and consumer research in Vietnam. Since then, he has become one of the world’s foremost authorities on Vietnamese market forces. Shultz conducts invaluable first-person research, writes papers, and speaks at countless conferences.

“I was too young to go to war, but I grew up with Walter Cronkite and the CBS Evening News. I also watched kids in my small town of Butler, Indiana go off to Vietnam and not come home,” Shultz says. “Vietnam always stuck with me as a frightful place, but also a fascination. It was intrinsically compelling for an American scholar who grew up when I grew up.”

According to Shultz, Vietnam is a land of nearly 80 million people who are anxious to catch up to the rest of the world. But they are two, maybe three generations behind in terms of development. “Vietnam has changed a lot in just the nine years that I’ve been going there,” he explains. “When I first visited, it was practically like landing on the moon. There were bomb craters everywhere around Hanoi’s airport. It was one of the poorest countries in the world.”

Today, Shultz says that Vietnam is seeing the fruits of its 1986 policy called Doi Moi, which means “to change for the new,” or “to renovate.”

“The pace of change is remarkable and its effects dramatic. There is a building boom. Hotels have improved. Restaurants have improved. A vibrant cultural life exists and the majority of people are considerably better off,” the ASU researcher says. “There are more tourists from all over: France, Germany, Australia, Great Britain, and America. These people come from all walks of life. This is especially true in the two largest cities of Hanoi and Saigon.”

One surprise for any American visiting Ho Chi Minh City—still commonly called Saigon—is just how visitor friendly it is and how receptive the people are to westerners. “That really shocks Americans,” Shultz says.

Shultz says that visitors are also amazed by Hanoi’s beauty, which includes some of the best-preserved French colonial architecture in the world. A large number of people speak English. In Hanoi, the Vietnamese like and welcome Americans. Visitors also are surprised to find Internet cafes and many of the world’s most famous brand-name products.

The university where Shultz often lectures and conducts research doesn’t allow its students unrestricted Internet access. However, such access is easily available. Students need only exit the university, turn right, walk 50 feet, turn into an Internet café and log on to access information that is, supposedly, not allowed into their country.

This reality does cause some tension inside Vietnam between reformers and conservatives. “There is a sentiment by hard liners that a Silent Evolution is taking place. They feel that they won the war, but lost the peace—or are losing it anyway,” says Shultz.

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In fact, even Shultz finds what he does ironic, especially considering that he has taught at the Ho Chi Minh City Marketing College. “The school’s name may sound like one of the great oxymorons of our time,” he says. “But the work we do there and at other universities and research institutes is terribly important to Vietnam and the global community.”

“Tha’s because 80 percent of Vietnam’s current economy is agrarian. When that economy failed in 1985, tens of thousands of people starved. Moreover, as China continues to flex its economic muscle, some analysts believe that a healthy and prosperous Vietnam is crucial to regional stability and America’s strategic interests.

“The younger Vietnamese leaders and a new elite in the budding business sector are beginning to acquire some power. They understand what their country will have to do if Vietnam wants to compete and to be a responsible player in a global economy,” Shultz says.

“They want to enhance export development and to expand the economy. You can’t do that without rapid information technologies. You can’t do that without foreign investment. You can’t do that without a more entrepreneurial business landscape. You can’t do that without intellectual property rights. And really, you can’t do that without more individual freedom.”
Much of Shultz’s current research is focused on the coffee trade. The work involves everything from examining economic indicators to conducting classic experiments on consumer decision-making and behavior. Vietnam has historically produced Robusta, a lower grade, lower cost coffee. But it has been shifting its production towards Arabica coffee, which commands premium prices on the world market and has the added advantage of being more elastic to downturns. However, Arabica beans don’t grow in the same regions as Robusta beans. The Vietnamese have to move their plants up into the mountains. The systemic shift in production and marketing is no small undertaking. Shultz is exploring strategies to bolster processing and exports and to build brands.

“I am fortunate to be mentoring a woman at ASU’s Morrison School of Agribusiness and Resource Management. She is a Fulbright scholar. Her husband is very high ranking in Vietnam’s Ministry of Agriculture and Rural Development,” Shultz explains. “We’ve done extensive fieldwork in the central highlands and now are doing controlled laboratory experiments.”

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Clifford Shultz
Much of the current research requires taste testing of Vietnamese coffees. Shultz also is examining country-of-origin effects on perceptions of quality. “Preliminary results indicate that Vietnamese tasters overwhelmingly thought the American coffee was superior based on label alone—even though they tasted the exact same coffee. Think about the implications,” the ASU researcher says. “The study was done in Hanoi, the part of the country that is probably the most nationalistic, where you’d expect to find consumers favoring their own country’s products. But people there thought the American coffee was superior to the Vietnamese coffee, at a statistically significant level.”

Does that mean Vietnamese coffee producers have to put American labels on their products to get their own people to purchase them—even though America doesn’t actually produce much coffee of its own? Early research findings suggest that possibility. There is also the question of how Vietnamese coffees should be branded and positioned for sale to tourists and abroad.

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Shultz admits that many disillusioned companies already have left Vietnam in search of more profitable pastures. DaimlerChrysler was a recent example. The company reportedly established its Vietnamese operations believing that government officials were only allowing three major automobile manufacturers into their country. There were already six when DaimlerChrysler left.

“In many ways, Vietnam is still the land of the moving goal posts,” Shultz says. “But when you think you’re about to score, someone moves the goal posts and changes the playing field.”

One secret, he stresses, is continuity: “Companies who simply send in representatives from time to time must begin rebuilding from scratch with each visit. They find it almost impossible to accomplish anything.”

Heineken, for example, has enjoyed incredible success in Vietnam because it used a different strategy. Heineken sent in a multi-skilled employee several years ago. That person made friends within the Communist Party and stayed. He helped pick out and buy the land, helped his company build a state-of-the-art facility, and has helped direct its marketing. As a result, Heineken beer is a market leader despite its premium price tag. The company has even introduced a lower-end brand, called Bavina, which many Vietnamese prefer to local brands.

Shultz’s research has identified other opportunities.

“From an American perspective, there are still tremendous opportunities in infrastructure—building highways, dams, power plants, ports—and of course, agribusiness. The country also has a fledgling automobile industry. vast petroleum reserves, and the desire to grow the high-tech sector of its economy.

“I also see wonderful opportunities in education and educational exchange,” he adds. “The Vietnamese revere education. They will sacrifice a great deal to pay for universities that help them to learn the skills they need to get ahead.

“The irony is that we will accomplish more in Vietnam with books than we ever could with bullets and bombs. Both America and Vietnam will be better off from our refocused involvement there.” Shultz says. “In the end, I think that’s a Vietnam legacy of which all Americans can be proud.”

During the past year, 390 students applied for 30 available spots in the Strategic Marketing class that Shultz taught at the Fulbright Center in Ho Chi Minh City, Vietnam. For more information, contact Clifford J. Shultz, Ph.D., Harley Chair, Morrison School of Agribusiness and Resource Management, ASU East Campus, 480.727.1242. Send e-mail to atcjs@asu.edu