

**Deloitte.**



**The Vietnam Consumer Survey**  
An accelerating momentum

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# Foreword

After three decades of economic reform, Vietnam has transformed into one of the most dynamic emerging markets in the Southeast Asia region. This momentum looks set to accelerate in the near-term, as its economy continues to show fundamental strength on the back of strong export demand, and a concerted nationwide push for digital transformation.

In this first edition of the Vietnam Consumer Survey, we explore some of the latest consumer behaviour patterns emerging from the results of our survey conducted in the second half of 2019 across 1,000 respondents through face-to-face interviews in four cities: Hanoi, Ho Chi Minh City, Can Tho, and Da Nang.

We have structured this report in a sequential manner to trace the consumers' journey from pre-consumption to consumption, and finally post-consumption. While it is worthwhile noting that the consumer's journey may not always follow this linear pattern, what we endeavour to do in this report is to provide you with a more holistic understanding of some of the drivers and motivations behind the Vietnamese consumer's behaviours.

We will begin this journey in the pre-consumption phase, where we take stock of the overall consumer sentiment, and their outlook of the future, before examining their preferred communication channels, and purchasing preferences. What we observed was that the Vietnamese consumer's media consumption diet spans across a fairly diverse set of offline and online channels, and that quality is a key consideration underpinning many of the purchasing decisions that they make.

In the consumption phase, we take a look at some of the consumer's purchasing and payment behaviours. Here, we found that competition in Modern Trade channels is beginning to heat up, even as Traditional Trade channels continue to dominate the retail landscape. We also examine the nascent e-commerce and digital payment markets, and take a look at some of the key highlights of their evolution.

Finally, in the post-consumption phase, we delve into loyalty programs, and elaborate on the rise of digital aggregator platforms that have emerged as an alternative to conventional, store-specific programs.

We hope that this report will provide you with some insights into the Vietnamese consumer's journey, and the considerations that you will need to make to leverage the market's accelerating momentum.

**Pua Wee Meng**

Consumer Industry Leader  
Deloitte Southeast Asia

# An accelerating momentum

An open economy with vibrant trade activity, Vietnam is expected to emerge as the second fastest-growing economy in Southeast Asia.



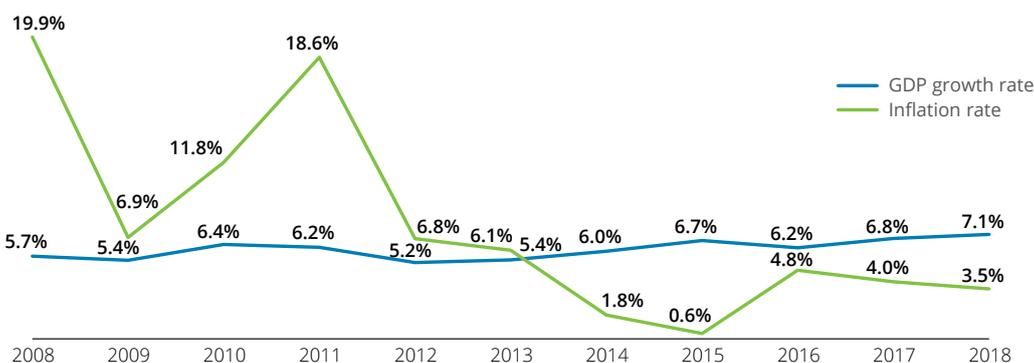
## Economic overview

Since the implementation of its open-door policy, known as the Doi Moi reform, in 1986, Vietnam's economic growth has been nothing short of remarkable. Today, it is one of the most dynamic emerging economies in the Southeast Asia region.

In 2018, the size of Vietnam's Gross Domestic Product (GDP) reached USD 241 billion, representing a 1.3 times increase from 2015, as its economy expanded at a rate of 7.0%, far exceeding the target of 6.7% set by its government (see Figure 1). With an average income per capita of approximately USD 2,600 per person per year<sup>1</sup>, Vietnam has also managed to successfully propel itself to middle-income status.

**Figure 1: Vietnam's GDP growth rates and inflation rates (2008-2018)**

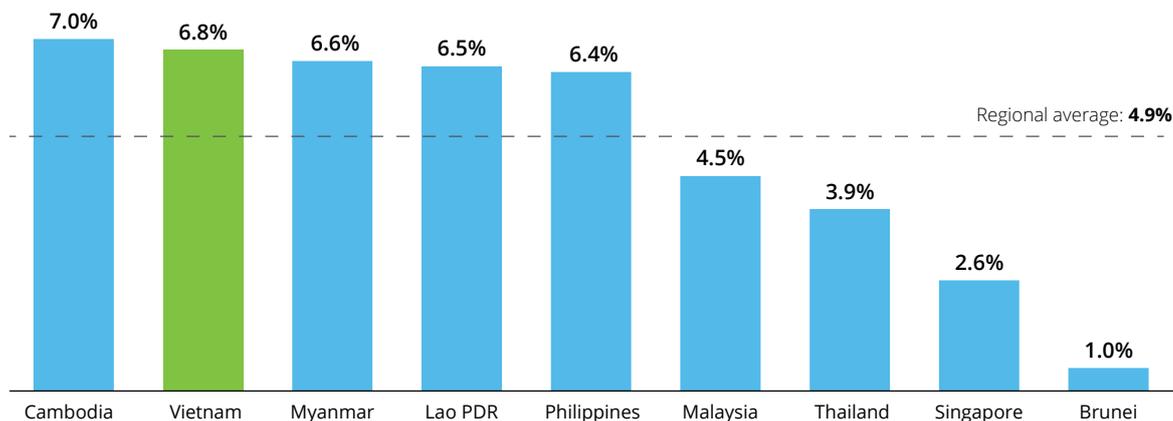
Looking ahead, Vietnam's economy is expected to continue to show fundamental strength, on the back of steady Foreign Direct Investment (FDI) inflows, robust domestic demand, as well as its export-oriented manufacturing and rising tourism sectors. For 2019, Vietnam is expected to emerge as the second fastest-growing economy in Southeast Asia, with an estimated economic growth rate of 6.8%<sup>2</sup> (see Figure 2).



Source: General Statistics Office

<sup>1</sup> "Deputy PM gives positive forecast for economic growth in 2019". The Voice of Vietnam. 2 May 2019. <https://english.vov.vn/economy/deputy-pm-gives-positive-forecast-for-economic-growth-in-2019-391701.vov>

<sup>2</sup> "Asian Development Outlook 2019: Strengthening disaster resilience". Asian Development Bank. April 2019. <https://www.adb.org/publications/asian-development-outlook-2019-strengthening-disaster-resilience>

**Figure 2: Estimated GDP growth rates for Southeast Asian economies**

Source: Asian Development Bank

### An open economy

Overall, Vietnam is an open economy with vibrant trade activity, with its trade to GDP ratio reaching nearly 200% in 2018<sup>3</sup>. Indeed, consistently high FDI inflows have been a key pillar of Vietnam's economic growth: in the first nine months of 2019, foreign investors collectively invested about USD 26.1 billion in Vietnam's economy<sup>4</sup>.

Currently, Vietnam's strong export demand is supported by rising costs in China, which are forcing manufacturers to look for alternative destinations in Asia to locate their factories. In line with this, its manufacturing and processing sectors have attracted the greatest amount of foreign investments at about USD 18 billion in the first nine months of 2019.

At the same time, however, there are also encouraging signs that Vietnam is beginning to move up the manufacturing value chain: its electronic exports, for example, are now growing at a faster rate than its textiles exports<sup>5</sup>. Its science and technology sector has also witnessed a sharp surge in foreign investments, and is now the third largest sector in terms of FDI, as an increasing number of global high-technology manufacturing businesses set up or expand their operations in Vietnam.

### Digital transformation across sectors

In its bid to transform Vietnam into a modern and industrialised economy by 2045, the government is currently working on a series of regulations to encourage all sectors to harness the potential of digital transformation, with the ultimate objectives of growing Vietnam's digital economy at a rate of 20% annually, increasing workplace productivity by 8-10% per year, as well as becoming one of the top 20 most competitive economies in the world and one of the top three most competitive Southeast Asian economies<sup>6</sup>.

These are ambitious goals: a 2018 survey by its Ministry of Industry and Trade showed that while up to 82% of businesses and the majority of its industries are aware of digital transformation, their digital transformation efforts remain at an infancy stage. Nevertheless, the government's new vision is recognition that digital transformation is inevitable, and not only crucial for Vietnam to leapfrog the economic development cycle<sup>7</sup>, but also critical for the sustainability of its overall economy.

3 "World Bank forecasts Vietnam's 2019 growth at 6.6 %". Viet Nam News. 27 April 2019. <http://vietnamnews.vn/economy/519226/world-bank-forecasts-viet-nams-2019-growth-at-66-per-cent.html#bBdq6W35gFCQjtr.99>

4 "FDI attraction in 9 months of 2019". Foreign investment information website. 30 September 2019. <https://dautunuocngoai.gov.vn/tinbai/6231/Tinh-hinh-thu-hut-dau-tu-nuoc-ngoai-9-thang-nam-2019>

5 "Economic growth in 2019 may exceed the plan?". VGP News. 14 July 2019. <http://baochinhphu.vn/Kinh-te/Tang-truong-kinh-te-2019-co-the-vuot-ke-hoach/370653.vgp>

6 "Digital transformation receiving boost". Vietnam Economic Times. 9 August 2019. <https://vneconomictimes.com/article/business/digital-transformation-receiving-boost>

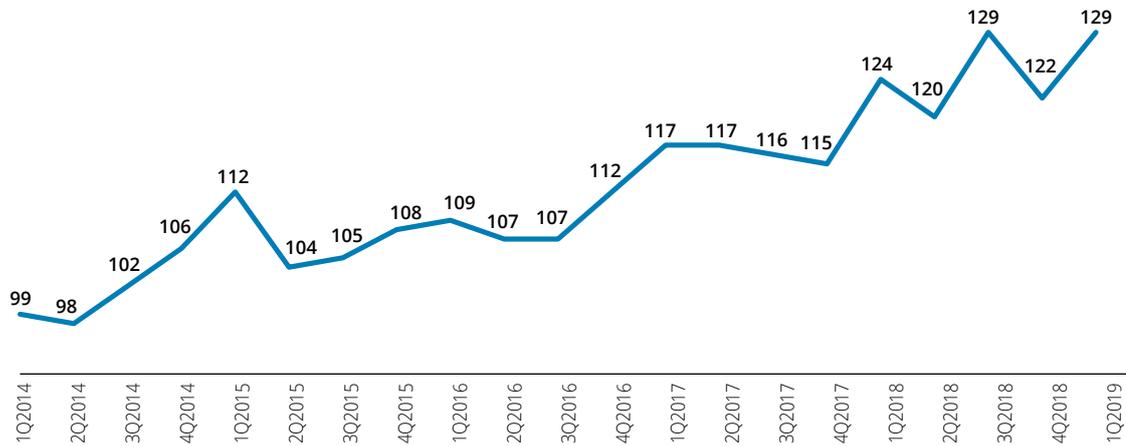
7 "Vietnamese businesses are just getting started with digital transformation". Banking Magazine. 18 July 2019. <http://thoibaonghanh.vn/doanh-nghiep-viet-chi-moi-nhap-cuoc-voi-chuyen-doi-so-90119.html>

### High consumer confidence

In light of the rapid economic growth, Vietnam’s consumers also appear to be optimistic: its Consumer Confidence Index, an indicator of the consumer’s sentiment about the economy, has been on the rise since 2014 (see Figure 4)<sup>8</sup>. This optimism has been reflected in the growth of its retail sector, which experienced a double digit growth rate of 11% over the past five years, and is expected to maintain this trajectory in 2019 (see Figure 4).

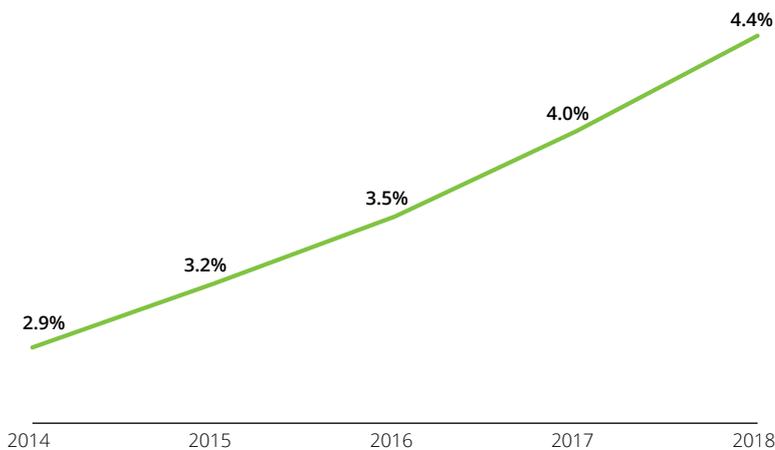
This momentum is largely due to Vietnam’s rapid population growth, and its emerging middle class. Currently, Vietnam is home to a population of about 96 million – up from about 60 million in 1986 – with 70% under the age of 35. The middle class, which now accounts for about 13% of its population, is also expected to grow to about 26% by 2026<sup>9</sup>.

**Figure 3: Vietnam’s Consumer Confidence Index (2014-2019)**



Source: General Statistics Office

**Figure 4: Vietnam’s retail growth rate (2014-2018)**



Source: General Statistics Office

<sup>8</sup> “Consumer confidence index (CCI)”. Organisation for Economic Co-operation and Development. <https://data.oecd.org/leadind/consumer-confidence-index-cci.htm>

<sup>9</sup> “Vietnam’s population to reach 96.2 million”. Vietnam Investment Review. 12 July 2019. <https://www.vir.com.vn/vietnams-population-to-reach-962-million-69245.html>

# The Vietnam Consumer Survey



In the first edition of the Vietnam Consumer Survey, we explored a number of consumer behaviour patterns uncovered by the recent consumer survey conducted by Deloitte in Hanoi, Ho Chi Minh City, Can Tho, and Da Nang in the second half of 2019. We begin by examining the overall consumer sentiment and spending patterns, before deep diving into specific buying behaviours and brand preferences. Finally, we will analyse the communication and buying channels, and the issue of payment in Vietnam’s predominately cash-based economy.

## Methodology

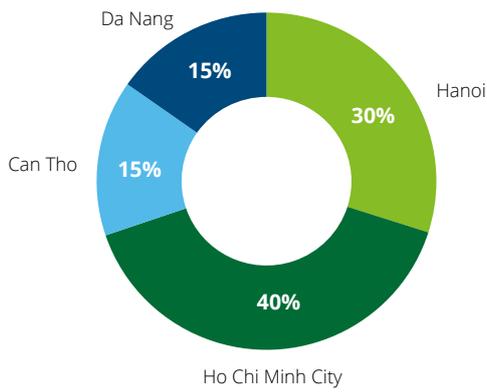
The survey was conducted in the second half of 2019 across 1,000 households through face-to-face interviews in four major cities: Hanoi, Ho Chi Minh City, Can Tho, and Da Nang. Hanoi and Ho Chi Minh City were selected for this survey as they are two of the most significant contributors to Vietnam’s GDP, as the capital of Vietnam and the largest metropolitan in the country respectively. On the other hand, Can Tho was chosen as it is widely considered to be the capital of the western provinces, with its strong economic growth and rapid ascension as one of Vietnam’s leading economic hubs, while Da Nang was chosen as the largest city, as well as commercial and educational centre, of central Vietnam.

The respondent sample was constructed to be representative of Vietnam’s overall population in terms of age, gender, monthly household income level, education level, and decision-making role. Respondents were surveyed on their spending patterns, buying behaviours, brand preferences, communication channels, buying channels, e-commerce activities, and geographic differences across 14 product categories.

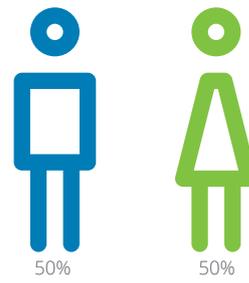
Basic Necessities	Recreational Goods
<ul style="list-style-type: none"> <li>• Beverages (Non-Alcoholic)</li> <li>• Confectionery</li> <li>• Packaged Foods</li> </ul>	<ul style="list-style-type: none"> <li>• Beverages (Alcoholic)</li> <li>• Tobacco</li> </ul>
Lifestyle Goods	Consumer Electronics
<ul style="list-style-type: none"> <li>• Clothing &amp; Footwear</li> <li>• Household Cleaning Products</li> <li>• Personal Hygiene Products</li> </ul>	<ul style="list-style-type: none"> <li>• Audio &amp; Video Electronics</li> <li>• Household Appliances (Major)</li> <li>• Household Appliances (Small)</li> <li>• Mobile Phones, Digital Cameras &amp; Other Gadgets</li> </ul>
Others	
<ul style="list-style-type: none"> <li>• Housing &amp; Transportation</li> <li>• Welfare &amp; Leisure</li> </ul>	

## Demographics of survey respondents

### Geographical distribution



### Gender distribution



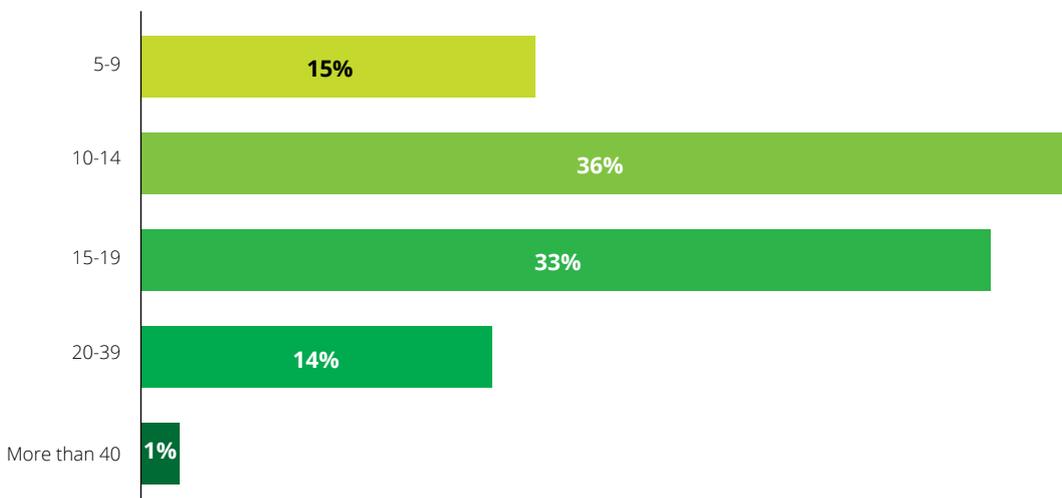
### Age distribution

Age group, years



### Monthly household income distribution

Monthly household income level, VND million



Pre-consumption

# 1. Consumer sentiment

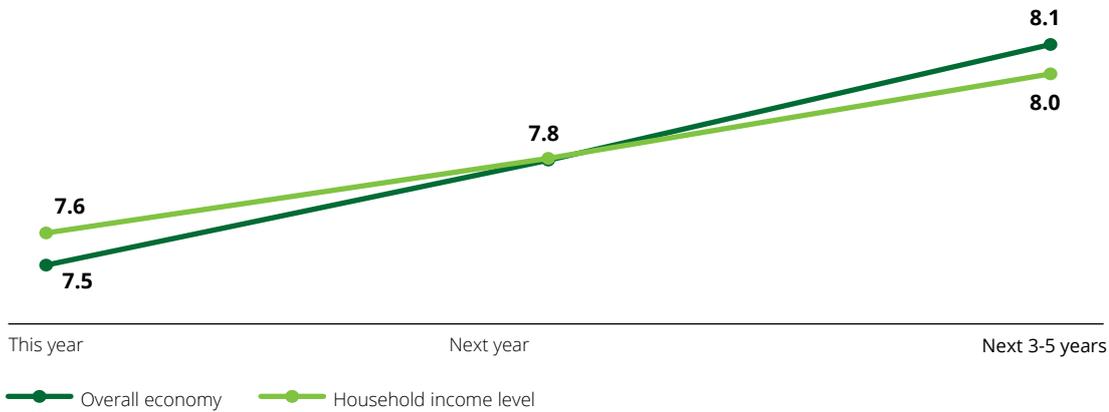
Overall, the Vietnamese consumer is optimistic about the future economic outlook, and the majority plan to increase their expenditure in the year ahead.

**A bright outlook**

The Vietnamese consumer is optimistic about their economic prospects in the near future. On average, survey respondents rated their confidence levels in Vietnam's overall economy 7.5 out of 10 (where 0 represents the lowest confidence level, and 10 represents the highest confidence level).

Furthermore, these scores increased with the timeframe in question: survey respondents assigned higher confidence level scores for the next year, and even higher scores for the next three to five years. A similar trend can also be observed for the confidence level in household income level improvements (see Figure 5).

**Figure 5: Confidence levels in improvements to overall economy and household income level**

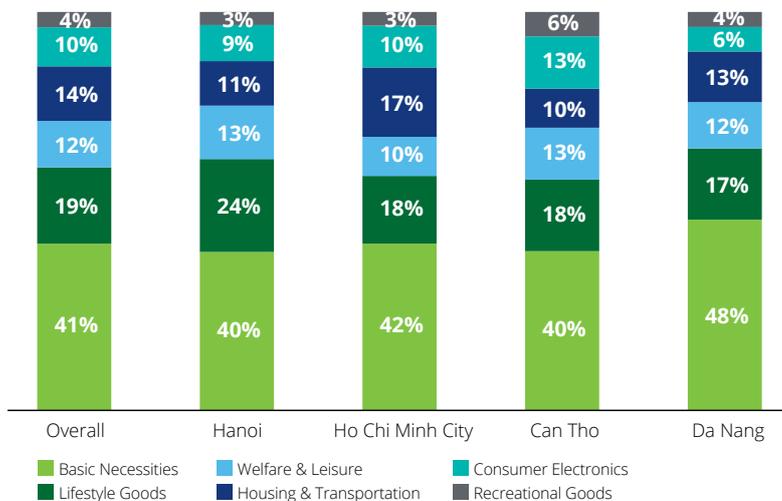


Source: Deloitte's Vietnam Consumer Survey (2019)

### Different expenditure patterns across cities

Generally, Basic Necessities accounted for a significant proportion of expenditure, with survey respondents across the four cities spending about 40-50% of their monthly household expenditure on Basic Necessities, such as Packaged Foods and Non-Alcoholic Beverages (see Figure 6).

**Figure 6: Breakdown of monthly household expenditure by category**



Source: Deloitte's Vietnam Consumer Survey (2019)

Beyond Basic Necessities, however, several differences have been observed in the expenditure patterns across the four cities:

- Higher expenditure on Housing & Transportation in Ho Chi Minh City:** Housing & Transportation accounts for a larger proportion of household expenditure for survey respondents in Ho Chi Minh City as compared to survey respondents in the other three cities. One main reason for this could be the rising housing prices in Ho Chi Minh City, which have been escalating in recent years. For example, the average price per square metre of an apartment in Ho Chi Minh City costs about VND 58.5 million, whereas a similar apartment in Hanoi would be priced at about VND 33.4 million per square metre<sup>10</sup>.
- Higher expenditure on Lifestyle Goods in Hanoi:** Amongst all survey respondents, those from Hanoi spent the highest proportion, or 23%, of their household expenditure on Lifestyle Goods. This reflects the widely held opinion that Hanoi consumers tend to be more conscious about their public image, including looks and appearances.
- Higher expenditure on Consumer Electronics in Can Tho:** Survey respondents in Can Tho have been observed to be dedicating the highest proportion of their household expenditure to Consumer Electronics. One reason for this could be the recent uptake of digitisation in the city and its regional areas, which are now catching up with other parts of the country in terms of digitisation, and access to satellite and wireless services. This phenomenon is also evident in the mushrooming of electronics retailers and e-commerce activities across the city, as consumers increase their demand for mid-tier smartphones, and modern consumer electronics products.

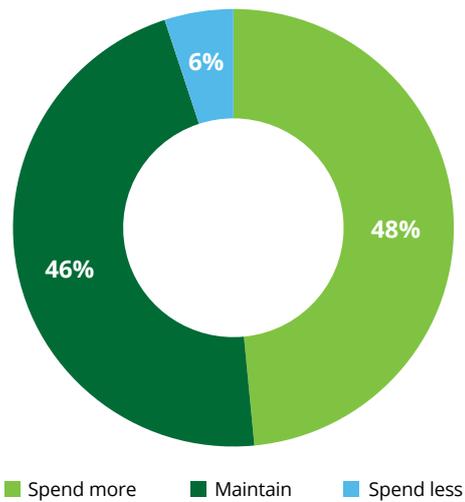
<sup>10</sup> "Real estate market report Q2/2019". CafeLand. 15 July 2019. <https://cafeland.vn/phan-tich/bao-cao-thi-truong-bat-dong-san-quy-22019-81059.html>

**Poised for an uptick**

In line with their optimistic sentiment, the majority 48% of survey respondents expressed an intention to increase their expenditure (see Figure 7). Amongst the four cities, survey respondents in Can Tho and Da Nang expressed plans for the highest increases in expenditure, with 68% and 84% indicating plans for increased future expenditure respectively. This is in contrast to Hanoi and Ho Chi Minh City, which remain more moderate, with only about 50% and 19% indicating plans for increased future expenditure respectively (see Figure 8).

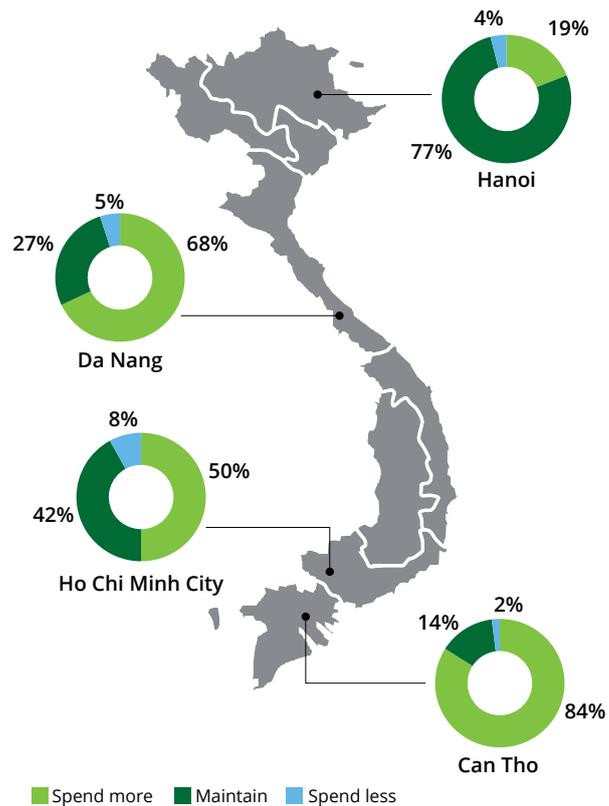
There is, however, some nuance to this: survey respondents in Hanoi who intend to increase their expenditure plan to do so by about 25%, the highest level amongst survey respondents across all cities. This is consistent with the Hanoi consumer's choice to allocate greater expenditures to higher value purchases, such as Audio & Video Electronics, Major Household Appliances, and Mobile Phones, Digital Cameras & Other Gadgets. On the other hand, survey respondents in Ho Chi Minh City expect to increase their spending by only 14%, preferring to prioritise spending on product categories such as Clothing & Footwear, Personal Hygiene Products, and Small Household Appliances.

**Figure 7: Overall plan for future expenditure**



Source: Deloitte's Vietnam Consumer Survey (2019)

**Figure 8: Plan for future expenditure by cities**

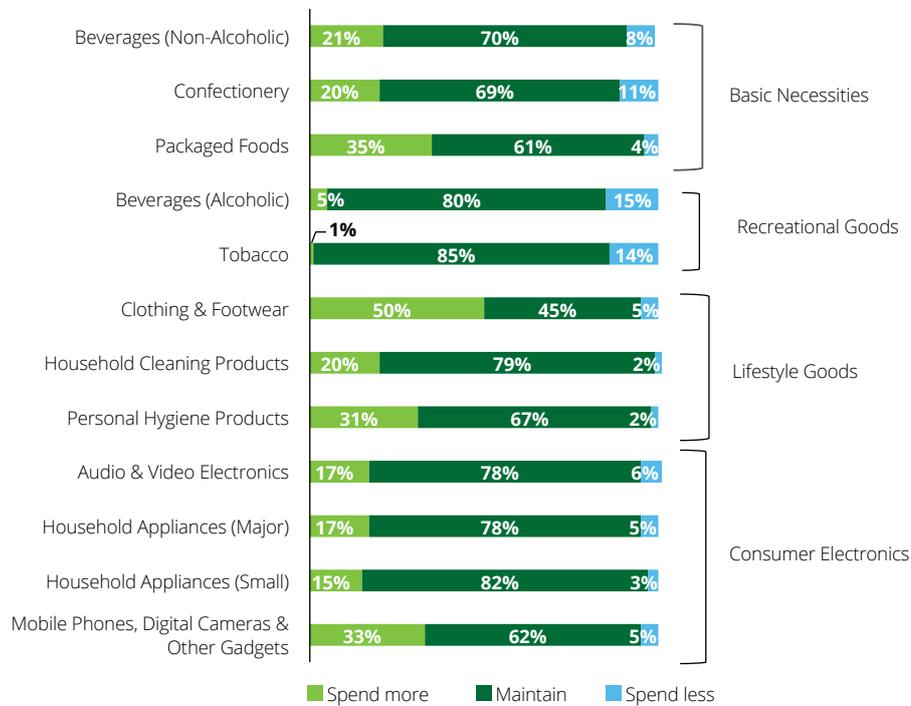


Source: Deloitte's Vietnam Consumer Survey (2019)

**Rising interest in Mobile Phones, Digital Cameras & Other Gadgets**

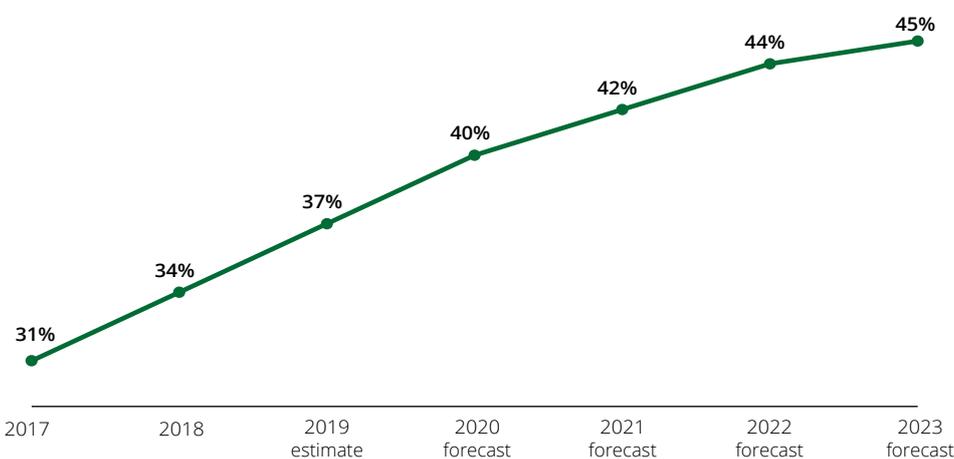
Across all household income levels, we witnessed an intention to increase expenditure on the Mobile Phones, Digital Cameras & Other Gadgets category, with 33% of survey respondents indicating that they would like to spend more on this category (see Figure 9). This result is consistent with predictions of increased smartphone penetration rates in Vietnam, which is expected to grow from 31% in 2017 to 45% in 2023 (see Figure 10). Much of this growth is likely to come from rural areas, where only 68% of the population possess a smartphone<sup>11</sup>.

**Figure 9: Spending intent by product**



Source: Deloitte's Vietnam Consumer Survey (2019)

**Figure 10: Smartphone penetration rate in Vietnam (2017-2023)**



Source: Statista

11 "Life on a smartphone". The Voice of Vietnam. 23 July 2019. <https://english.vov.vn/economy/life-on-a-smartphone-400450.vov>

## 2. Consumer awareness

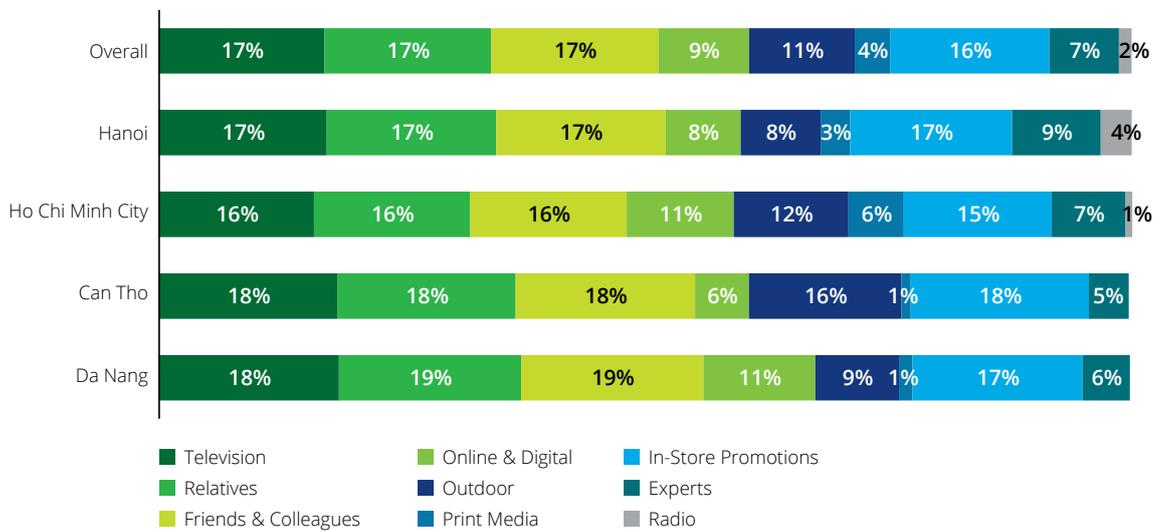
The Vietnamese consumer utilises a broad range of different communication channels across both offline and online platforms.

### A diversified mix of channels

Overall, the Vietnamese consumer appears to have a relatively balanced communication channel mix. While Television, and word-of-mouth recommendations from Relatives, as well as Friends & Colleagues, remain important, other channels, such as In-Store Promotions and Holiday Discounts also have significant roles to play in the purchasing decisions of our survey respondents (see Figure 11).

While we believe that word-of-mouth recommendations will always hold value in the form of trust and credibility, we have also observed that as consumers gain access to a wider range of communication channels, the impact of these informal channels diminishes somewhat: in Ho Chi Minh City, for instance, word-of-mouth recommendations are given a slightly lower level of importance as survey respondents look towards other sources of information.

Figure 11: Preferred sources of information

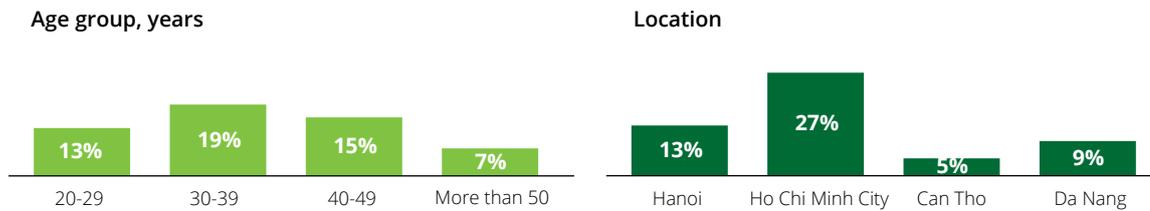


Source: Deloitte's Vietnam Consumer Survey (2019)

Of note is also the fact that Online & Digital channels have not yet completely taken off in Vietnam. This is in contrast to other channels, such as In-Store Promotions, which are preferred over Online & Digital channels because they enable the consumer to see, touch, and feel a product before deciding to make the purchase.

Nevertheless some traction for Online & Digital channels can already be witnessed amongst survey respondents aged 30-39, as well as survey respondents from Ho Chi Minh City (see Figure 12). Overall, as Internet and smartphone penetration rates continue to accelerate across Vietnam, we expect to see Online & Digital channels taking on greater importance in the near future.

**Figure 12: Preference for Online & Digital channels by age group and location**



Source: Deloitte's Vietnam Consumer Survey (2019)

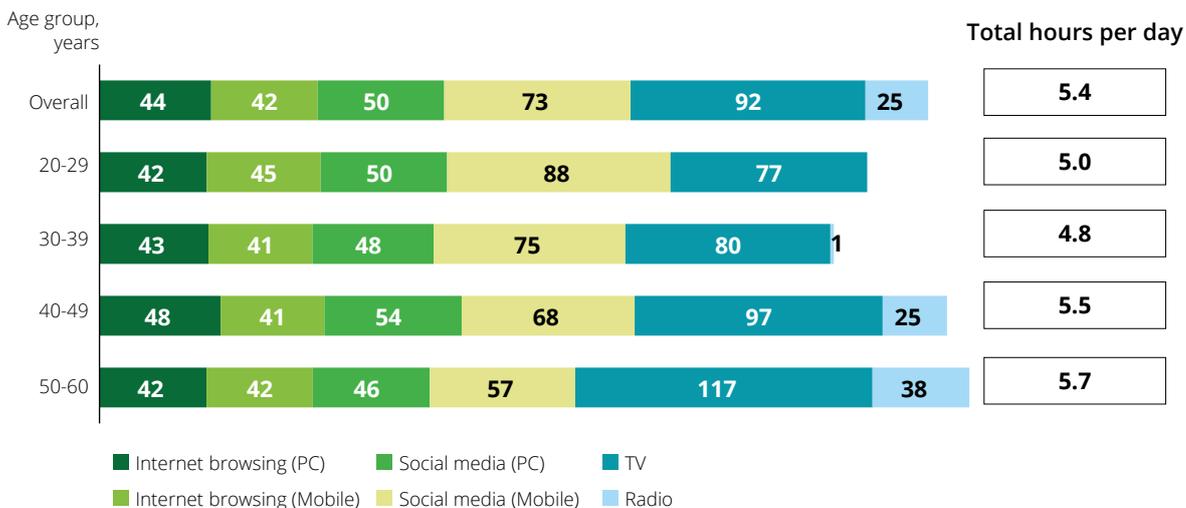
**Multi-channel media consumption**

Although survey respondents continue to spend a significant amount of time on the TV, Internet browsing and social media activities also collectively account for more than half of their media consumption at 64%. This pattern is particularly pronounced for younger survey respondents below the age of 29, where Internet browsing and social media activities account for about 74% of their media consumption, or about 3.7 hours per day. For these activities, mobile is also preferred channel (see Figure 13).

But that is not to say that older respondents are not digitally savvy: survey respondents above the age of 40 also spend more than 58% of their time, or more than 3 hours per day, on Internet browsing and social media activities. This suggests that Vietnamese consumers across all age groups are highly adaptable to new technology, and the potential of using online and digital communication channels to target older consumers should not be underestimated.

Ultimately, the survey results underscored the need for comprehensive multi-channel communication strategies for companies to integrate online and digital channels, such as social media, with traditional and offline channels, such as TV, in order to effectively communicate and engage with their consumers.

**Figure 13: Average number of minutes spent on different communication channels per day**



Source: Deloitte's Vietnam Consumer Survey (2019)

**Social media is serious business**

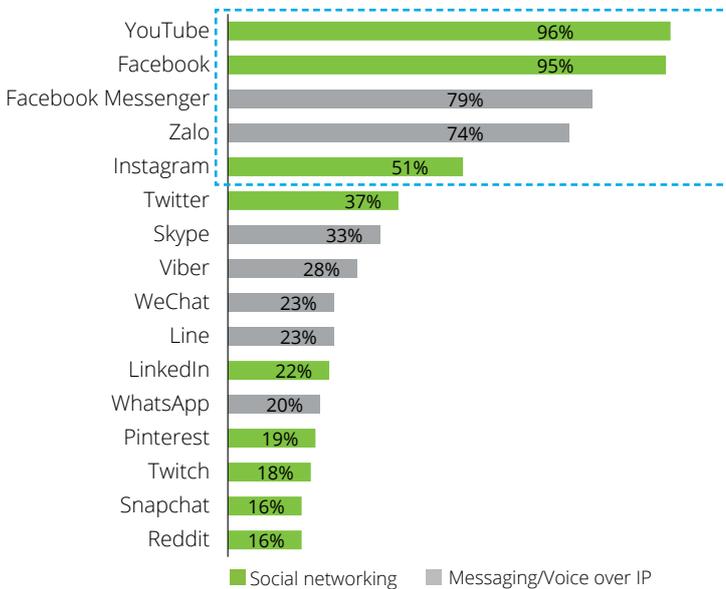
With an active social media penetration rate of 64%, Vietnam has been ranked as the country with the seventh highest number of Facebook users as of July 2019. By the end of 2019, the number of Facebook users in Vietnam is expected to hit 45.3 million, up from 41.7 million in 2017<sup>12</sup>.

In response to the increasing social media uptake, companies in Vietnam have been intensifying their marketing efforts on social media channels: in 2019, businesses are expected to spend up to USD 744 million, or 85% of their total digital marketing expenditure, on social media advertising – a 200% increase from their 2017 levels<sup>13</sup>.

While YouTube, Facebook, Zalo, and Instagram remain the most popular social media platforms in Vietnam (see Figure 14), local social media platforms are also on the rise. For example, Lotus, a social media platform created through the collaboration between Vietnam Communications Corporation, and several online and e-commerce platforms, such as Admicro, Kenh14, Mua Chung, Rong Bay, and Soha News, has been launched in its beta phase and currently boasts about 4 million users.

Lotus, however, is not a direct competitor of platforms such as Facebook, as its business model centres on creating an effective platform to support content creators. Over 200 technical engineers in various fields such as mobile application development, artificial intelligence, and Big Data technologies – have been involved in its development<sup>14</sup>.

**Figure 14: Most popular social media platforms in Vietnam**



Source: Hootsuite

12 <https://www.statista.com/statistics/490478/number-of-vietnam-facebook-users>

13 "Digital advertising". Statista. <https://www.statista.com/outlook/216/127/digital-advertising/vietnam#market-revenue>

14 "Social network - Lotus Vietnam "attracts" users because "Content is King"!". Ministry of Information & Communication. 10 September 2019. <https://www.mic.gov.vn/Pages/TinTuc/139647/Mang-xa-hoi-Lotus-Viet-Nam--hut--nguoi-dung-vi--Noi-dung-la-Vua--.html>

### 3. Purchasing preferences

Quality perceptions and considerations drive most of the Vietnamese consumer’s purchasing preferences, including their specific brand preferences for different product categories.

**Quality is key**

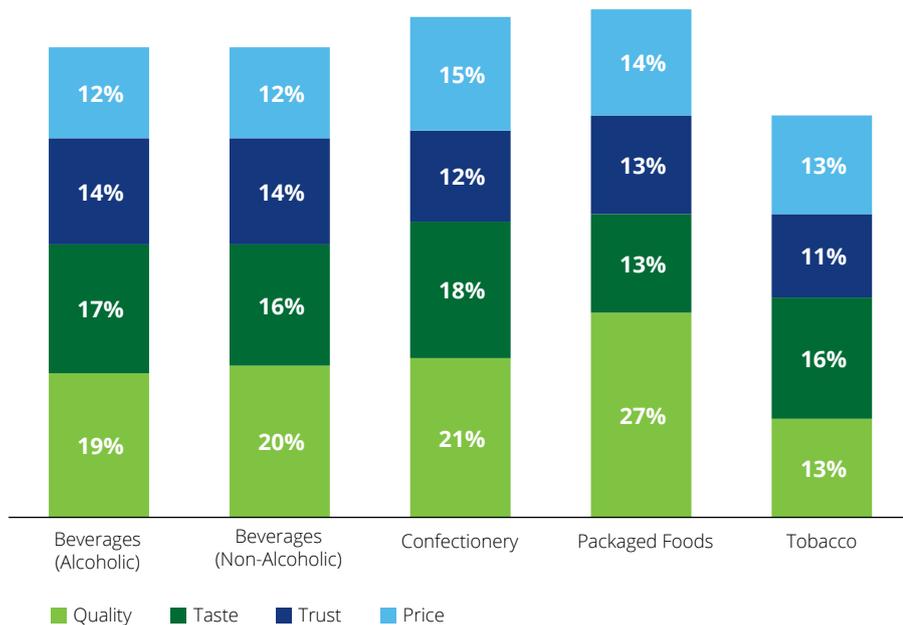
Across all product categories, survey respondents consistently ranked Quality as one of the top attributes driving their purchasing decisions, ahead of other considerations such as Price. In this section, we will examine their purchasing preferences in greater detail to uncover trends specific to the various product categories.

**Food & Beverage products**

Food & Beverage products consists of the Alcoholic Beverages, Non-Alcoholic Beverages, Confectionery, Packaged Foods, and Tobacco product categories, which collectively account for 46% of total household expenditure, or the largest share of consumption for survey respondents. Amongst all the attributes, Quality emerged as the top driver for purchasing decisions for all sub-categories, with the exception of Tobacco, where Taste is the most important consideration (see Figure 15).

As the Vietnam consumer becomes more affluent, non-price attributes will become more salient in their decision-making process, and price sensitivity is likely to decline as they prioritise other attributes such as Trust and Taste preferences. Overall, Quality and Taste are the top two most important attributes that consumers are willing to pay a premium for, and companies competing in Food & Beverage categories should therefore consider strategies to build a strong reputation with brand associations of high quality and product differentiation.

**Figure 15: Top attributes driving purchase behaviour for Food & Beverage categories**



Source: Deloitte’s Vietnam Consumer Survey (2019)

### Non-Electronics products

For the Clothing & Footwear product category, Quality and Design considerations outweigh Price as the two most important decision-making attributes. This suggests room for companies to introduce higher quality, trendier products at slightly higher price points. Indeed, one of the leading domestic sportswear brands has managed to succeed using such a strategy: its line of sneakers targeted at young consumers has become one of the most sought-after sneakers in the market as a result of its modern design, high level of comfort, and affordable price point.

In a similar vein, Quality, Brand Trust, and Price are the top three drivers for Household Cleaning Products and Personal Hygiene Products (see Figure 16). This is an indication that brand reputation and perception are important consideration factors, and companies should not only emphasise functionality when communicating the value of their product, but also focus on building their overall credibility.

**Figure 16: Top attributes driving purchase behaviour for Non-Electronics categories**



Source: Deloitte's Vietnam Consumer Survey (2019)

#### Health concerns heat up

Although the Health attribute has consistently been ranked as only the fourth and fifth most important consideration across the Non-Electronics and Food & Beverage categories respectively, health concerns are likely to grow in importance as Vietnam's middle class continues to gain affluence and look towards more premium products.

There are already signs that this trend is beginning to take off: in one study, it was found that over 60% of Vietnamese households are now opting for sugar-free or low-sugar drinks<sup>15</sup>. Dairy-free milk alternatives have also been growing in popularity, as consumers increasingly prefer "nut milk" products – beverages made from nuts such as almonds, walnuts, and hazelnuts – as an alternative to dairy milk, as these products are perceived to be more nutritious and better for cardiovascular health. In response to this increasing demand, leading dairy producers in Vietnam have also begun to expand their range of nut milk products in the market.

Similarly, we are witnessing a growing interest in natural ingredients and products in the Household Cleaning Products and Personal Hygiene Products categories, as consumers seek to avoid negative side effects associated with conventional products, limit environmental impacts, and promote a more sustainable environment<sup>16</sup>.

15 "Vietnamese people are spending more and more on nutritious food and drinks". Finance Magazine. 28 August 2017. <http://tapchitaichinh.vn/tai-chinh-gia-dinh-tai-chinh-tieu-dung/nguoi-dan-viet-chi-tieu-ngay-cang-nhieu-cho-thuc-pham-thuc-uong-dinh-duong-128616.html>

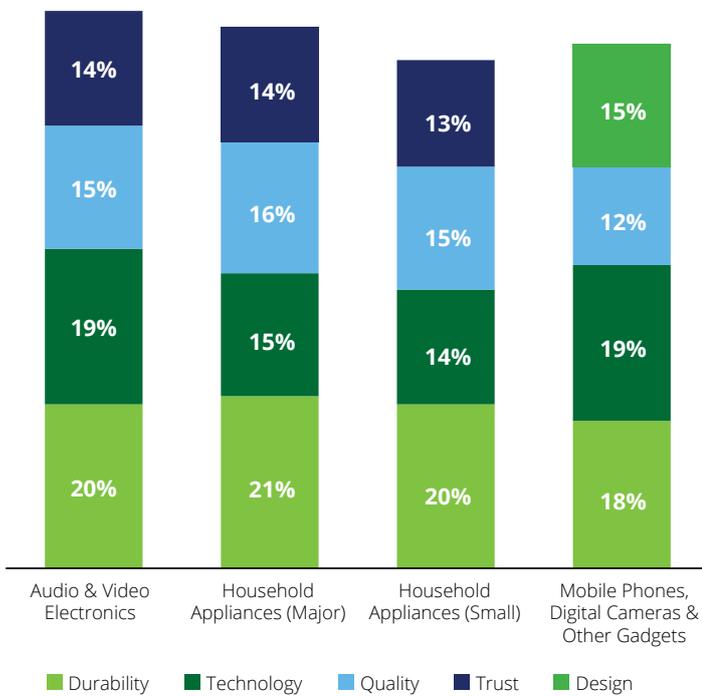
16 "The era of natural cosmetics "crowned"". Aladin. 17 May 2016. <https://aladin.com.vn/thoi-cua-my-pham-thien-nhien-len-ngoi>

### Consumer Electronics products

When making purchasing decisions for Consumer Electronics products, including Audio & Video Electronics, Mobile Phones, Digital Cameras & Other Gadgets, Major Household Appliances, and Small Household Appliances, survey respondents prioritise Durability and Technology as the most important attributes (see Figure 17).

The emphasis on Technology, especially for Audio & Video Electronics, and Mobile Phones, Digital Cameras & Other Gadgets, reflects the savviness of the Vietnamese consumer, who is often looking to switch devices more regularly to stay up-to-date with the latest technology<sup>17</sup>.

**Figure 17: Top attributes driving purchase behaviour for Consumer Electronics categories**



Source: Deloitte's Vietnam Consumer Survey (2019)

<sup>17</sup> "How social trends change a user's smartphone experience?" Dan Tri. 6 August 2018. <https://dantri.com.vn/suc-manh-so/xu-huong-xa-hoi-thay-doi-trai-nghiem-smartphone-cua-nguoi-dung-nhu-the-nao-2018080708110456.htm>

**Brand origin matters**

Across most product categories, except for Consumer Electronics products, survey respondents expressed a strong preference for Local brands over Foreign brands (see Figure 18). This is consistent across all household income levels, although several successful Foreign brands have been mistakenly perceived by survey respondents to be Local.

**Figure 18: Brand preferences across product categories**

	Product category	Preference for Local brands	Preference for Foreign brands
<b>Food &amp; Beverage</b>	Beverages (Alcoholic)	93%	7%
	Beverages (Non-Alcoholic)	98%	2%
	Confectionery	97%	3%
	Packaged Foods	98%	2%
	Tobacco	84%	16%
<b>Non-Electronics</b>	Clothing & Footwear	94%	6%
	Household Cleaning Products	98%	2%
	Personal Hygiene Products	93%	7%
<b>Consumer Electronics</b>	Audio & Video Electronics	1%	99%
	Household Appliances (Major)	6%	94%
	Household Appliances (Small)	20%	80%
	Mobile Phones, Digital Cameras & Other Gadgets	1%	99%

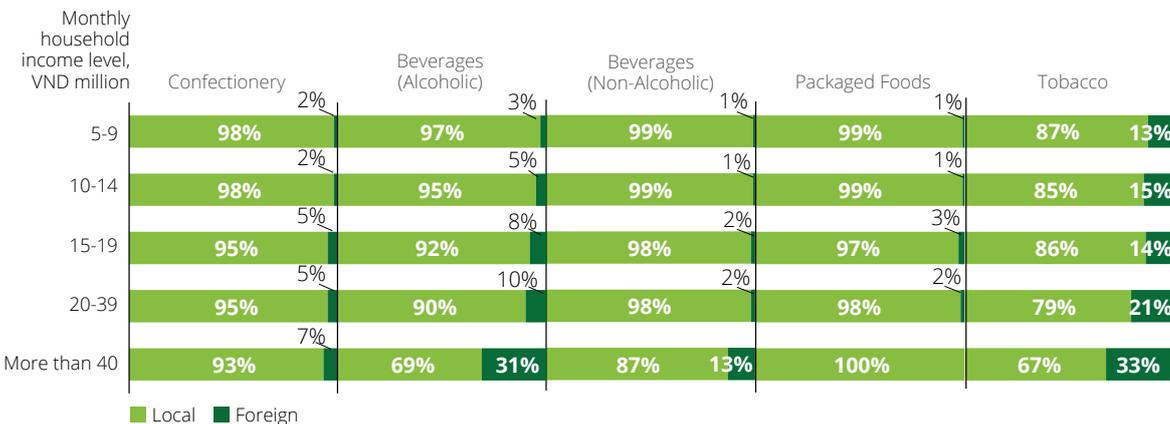
Source: Deloitte's Vietnam Consumer Survey (2019)

**Food & Beverage products**

Survey respondents across all age groups and locations expressed an overwhelming preference for Local brands in their purchase of Food & Beverage products. One reason for this could be the affordable price point of Local brands, which increases their appeal to consumers, especially those with lower monthly household income levels, who tend to possess higher levels of price sensitivity for these product categories.

As monthly household income levels increase, however, survey respondents also expressed a greater preference for Foreign brands in the Alcoholic Beverages, and Tobacco product categories (see Figure 19). In these categories, Foreign brands are often perceived to offer higher quality and better tasting products than Local brands, and consumers with higher income levels are therefore more willing to pay a premium for these Foreign brands<sup>18</sup>.

**Figure 19: Food & Beverage brand preferences across monthly household income levels**



Source: Deloitte's Vietnam Consumer Survey (2019)

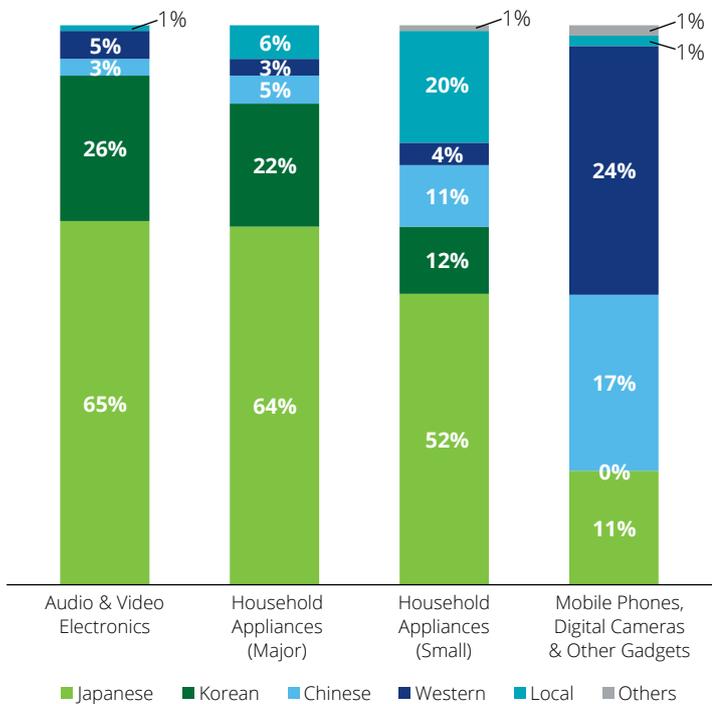
18 "Still buy foreign beer with high prices". Brands Vietnam. 18 February 2014. <https://www.brandsvietnam.com/3774-Bia-ngoai-gia-cao-may-cung-mua>

### Consumer Electronics products

For the purchase of Consumer Electronics products, we observed a dominant preference for Foreign brands (see Figure 20). One reason for this could be the lack of prominent Local brands within these product categories<sup>19</sup>, and the widespread perception that Foreign brands provide better product quality.

An exception, however, can be observed with Small Household Appliances, where there appears to be a slightly higher demand for Local brands. This corroborates with our observation of the market, where Local brands have been seen to be continuously investing in quality improvement and product innovation efforts to better cater to the Vietnam consumer’s preferences and demands<sup>20</sup>.

**Figure 20: Preference for Foreign and Local brands across Consumer Electronics product categories**



Source: Deloitte’s Vietnam Consumer Survey (2019)

Although they tend to be pricier, Japanese, Korean, and Western brands tend to be preferred by survey respondents over Local and Chinese brands. In particular, survey respondents consistently expressed a preference for Japanese brands, an observation that is in line with the general perception that Japanese products are more durable, less prone to defects, and able to withstand use for an extended period<sup>21</sup>. This is particularly true for the three categories of Audio & Video Electronics, Major Household Appliances, and Small Household Appliances, where Japanese brands have established a strong reputation for high quality products<sup>22</sup>.

19 “Lacking” Vietnamese brands at electronics and refrigeration stores”. Kon Tum. 3 September 2018. <http://baokontum.com.vn/nguoi-viet-nam-uu-tien-dung-hang-viet-nam/thieu-vang-hang-nhan-hieu-viet-tai-cac-cua-hang-dien-may-dien-lanh-9273.html>

20 “Vietnamese household products are increasingly popular”. Saigon Online. 18 August 2017. <http://www.sggp.org.vn/san-pham-gia-dung-viet-ngay-cang-duoc-ua-chuong-460901.html>

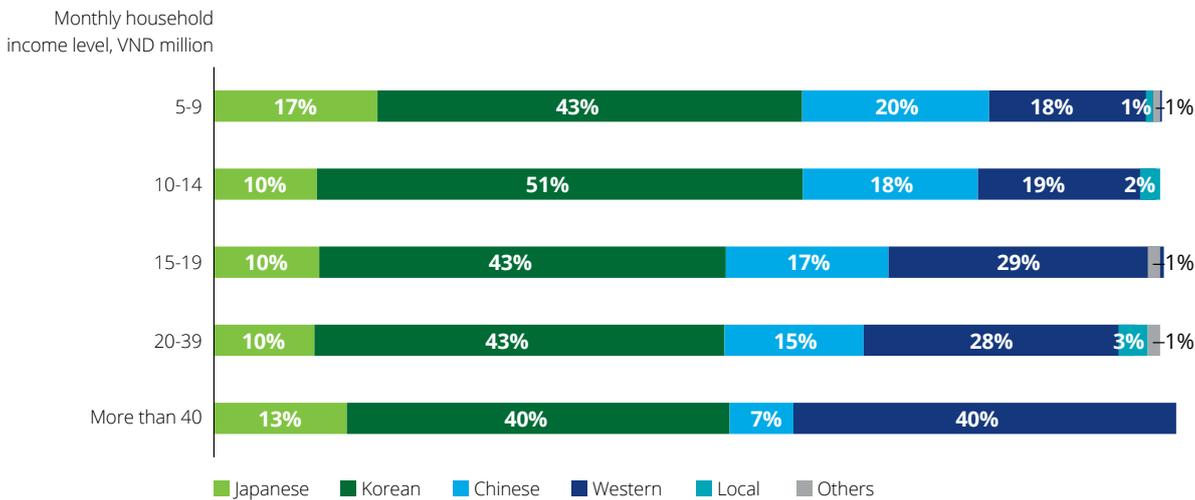
21 “Why do Vietnamese people like Japanese goods so much?”. Genk. 2017. <http://genk.vn/tai-sao-nguoi-viet-nam-lai-ua-chuong-hang-hoa-nhat-ban-den-vay-20161120101340944.chn>

22 “Vietnamese people prefer Japanese branded consumer goods”. Dan Tri. 11 December 2017. <https://dantri.com.vn/kinh-doanh/nguoi-viet-ua-chuong-hang-tieu-dung-gan-mac-nhat-ban-20171209112845766.htm>

When it comes to Mobile Phones, Digital Cameras & Other Gadgets, however, Korean and Western brands dominate. While Korean brands are popular across all monthly household levels, it is also interesting to note that survey respondents with higher monthly household income levels show an evident preference for Western brands, while survey respondents with lower monthly household income levels lean towards Chinese brands (see Figure 21).

Overall, however, it can be deduced that Chinese brands appear to be grappling with negative consumer perceptions of safety and quality. Although Chinese brands are prevalent in all product categories, they tend to be chosen only by survey respondents who are extremely price-sensitive or face limited options.

**Figure 21: Brand preferences for Mobile Phones, Digital Cameras & Other Gadgets by monthly household income level**



Source: Deloitte's Vietnam Consumer Survey (2019)

**Up against the giants**

Currently, Foreign brands dominate Vietnam's smartphone market, and the competition is steep: Apple is expected to overtake Samsung's lead in the premium segment, while Chinese brands, such as Oppo, continue to gain traction in the mid-tier segment by offering trendy designs and affordable price points.

Local Vietnamese brands, on the other hand, are struggling to cement their market positions at home<sup>23</sup>. In the premium segment, domestic manufacturers grapple with the challenge of innovating new product lines and features to compete with Korean and Western brands, while in the low-cost segment, they face fierce competition from Chinese brands<sup>24</sup>.

One brand, however, appears to have defied the odds. Launched in December 2018, Vsmart, the first "Made in Vietnam" smartphone, currently accounts for about 2% of the total smartphone market in Vietnam, and has ambitious plans to increase this with the upcoming introduction of an extensive product portfolio<sup>25</sup>.

23 "Local Vietnamese Smartphone Brands have only 8% market share". Counterpoint. 21 December 2017. <https://www.counterpointresearch.com/two-oems-enter-vietnams-top-five-within-year-launch>

24 "What's the future for Vietnamese smartphones?". VietnamNet. 28 June 2018. <https://english.vietnamnet.vn/fms/science-it/203186/what-s-the-future-for-vietnamese-made-smartphones-.html>

25 "Vietnamese-branded phones and the pain collapsed right at local market". Zing. 8 June 2019. <https://news.zing.vn/dien-thoai-thuong-hieu-viet-va-noi-dau-guc-nga-ngay-tren-san-nha-post954360.html>

Consumption

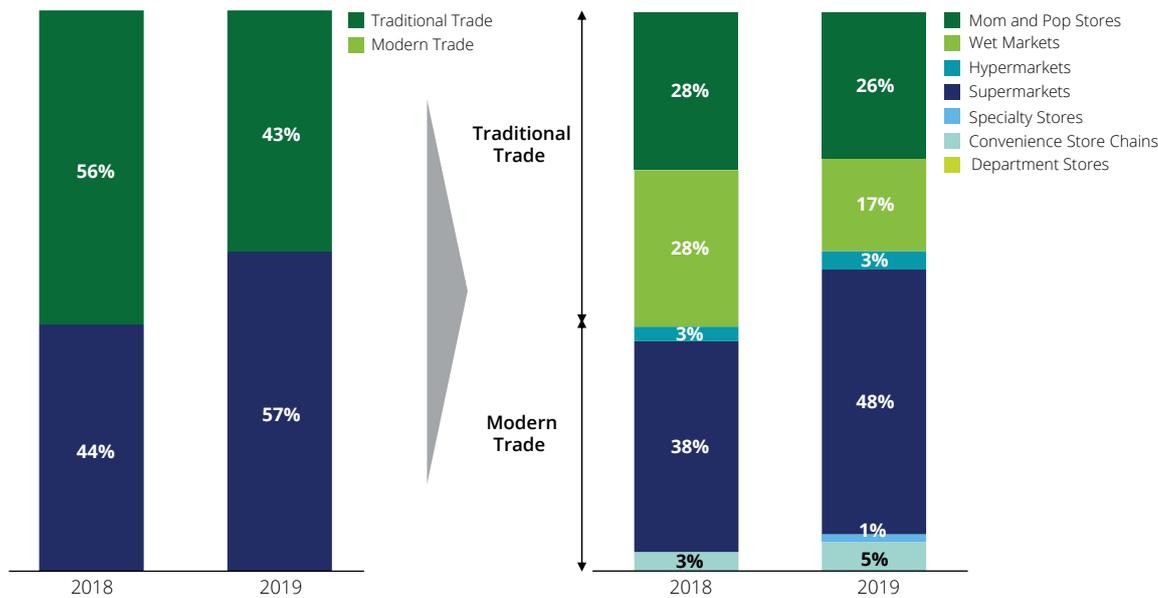
# 4. Purchasing behaviours

Although Traditional Trade channels still continue to dominate Vietnam’s retail landscape, Modern Trade channels, including e-commerce, are beginning to gain traction with the Vietnamese consumer.

### Modern Trade gains momentum

Although Traditional Trade channels continue to dominate Vietnam’s retail landscape, Modern Trade channels have been gaining momentum in recent years, especially in larger cities<sup>26</sup>. This trend has also been reflected in our survey results: in a previous retail survey conducted by Deloitte in 2018, only 44% of survey respondents expressed a preference for Modern Trade Channels<sup>27</sup>, but our latest survey results show that this has since increased to 57% in 2019 (see Figure 22).

**Figure 22: Overall preference for Modern Trade and Traditional Trade channels**



Source: Deloitte’s Retail in Vietnam Survey (2018) and Vietnam Consumer Survey (2019)

Amongst Modern Trade channels, Supermarkets and Convenience Store Chains emerged as the most popular, with 53% of survey respondents expressing a preference for these channels, enticed by the variety of products, availability of products, and better service that they offer (see Figure 23).

Supermarkets in particular, appear to be more popular in the larger cities of Hanoi and Ho Chi Minh City, with over 50% of survey respondents in these two cities expressing it as their preferred channel (see Figure 24). Overall, these two cities possess the largest number of supermarkets in the country, accounting for about 15% and 20% of total supermarkets in Vietnam respectively<sup>28</sup>.

26 “Retail in Vietnam 2019: Navigating the digital retail landscape”. Deloitte. February 2019. <https://www2.deloitte.com/vn/en/pages/consumer-business/articles/vietnam-consumer-retail-2019.html>

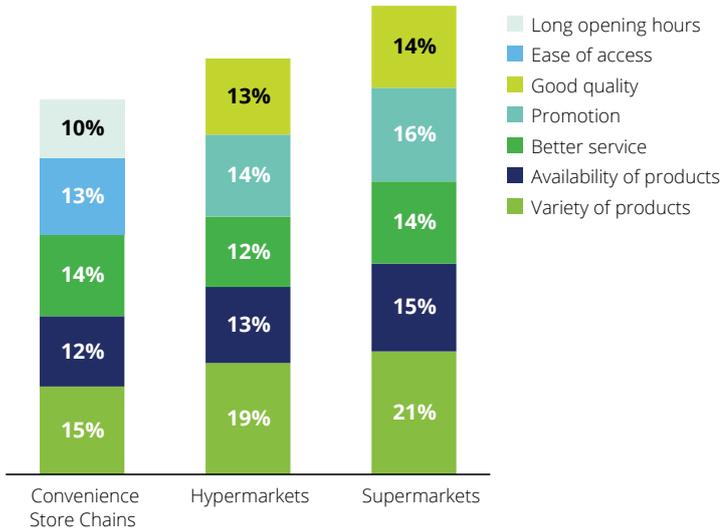
27 “Retail in Vietnam 2019: Navigating the digital retail landscape”. Deloitte. February 2019. <https://www2.deloitte.com/vn/en/pages/consumer-business/articles/vietnam-consumer-retail-2019.html>

28 General Statistics Office. <https://www.gso.gov.vn/Default.aspx?tabid=217>

In the same vein, Convenience Store Chains are also gaining significant traction in urban areas. With their close proximity to consumers and longer operating hours, they are well-positioned to take advantage of the consumer's growing desire for convenience.

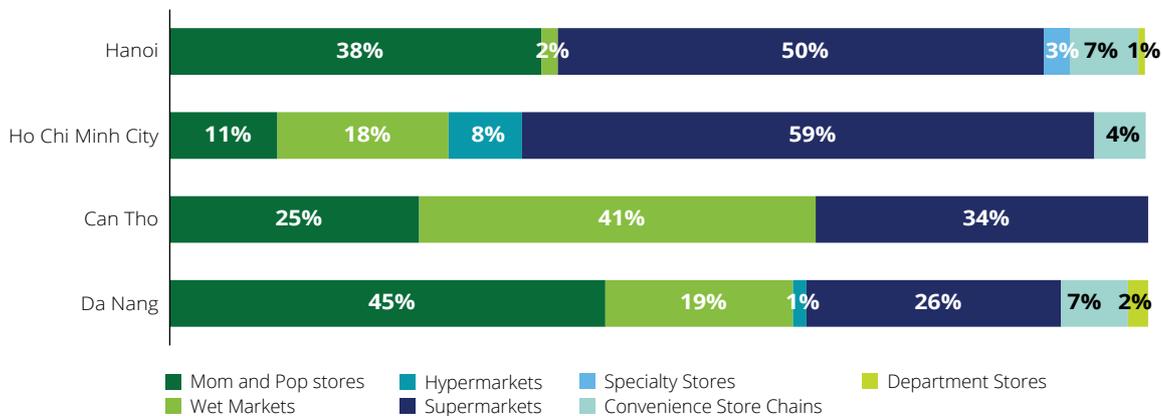
Competition across Modern Trade channels, however, has been intensifying in recent years, as both foreign and local players jostle for dominance across Vietnam's retail landscape. Despite the market's promising growth potential, the existing market dynamics have resulted in several exits by foreign retailers. French supermarket group, Auchan Retail, for example, is one of the latest players to withdraw from the Vietnam market, while German-headquartered Metro was sold to a Thai investor in 2014, and Malaysia's Parkson has been closing down a series of malls since 2015<sup>29</sup>.

**Figure 23: Top drivers for Modern Trade channels**



Source: Deloitte's Vietnam Consumer Survey (2019)

**Figure 24: Channel preference by city**



Source: Deloitte's Vietnam Consumer Survey (2019)

29 "Vietnam's convenience store market has the strongest growth in Southeast Asia, VinGroup is far ahead of foreign corporations". CafeF. 13 April 2019. <http://cafef.vn/thi-truong-cua-hang-tien-loi-viet-nam-tang-truong-manh-nhat-dong-nam-a-vingroup-bo-xa-cac-tap-doan-nuoc-ngoai-20190413185430401.chn>

### Local players win the battle

In recent years, there has been a rapid proliferation of convenience store chains across Vietnam as local players embark on aggressive expansion plans. Local retailer, Vinmart+, for instance, has over 1,700 outlets across Vietnam, and plans to expand this to 4,000 outlets by the end of 2020.

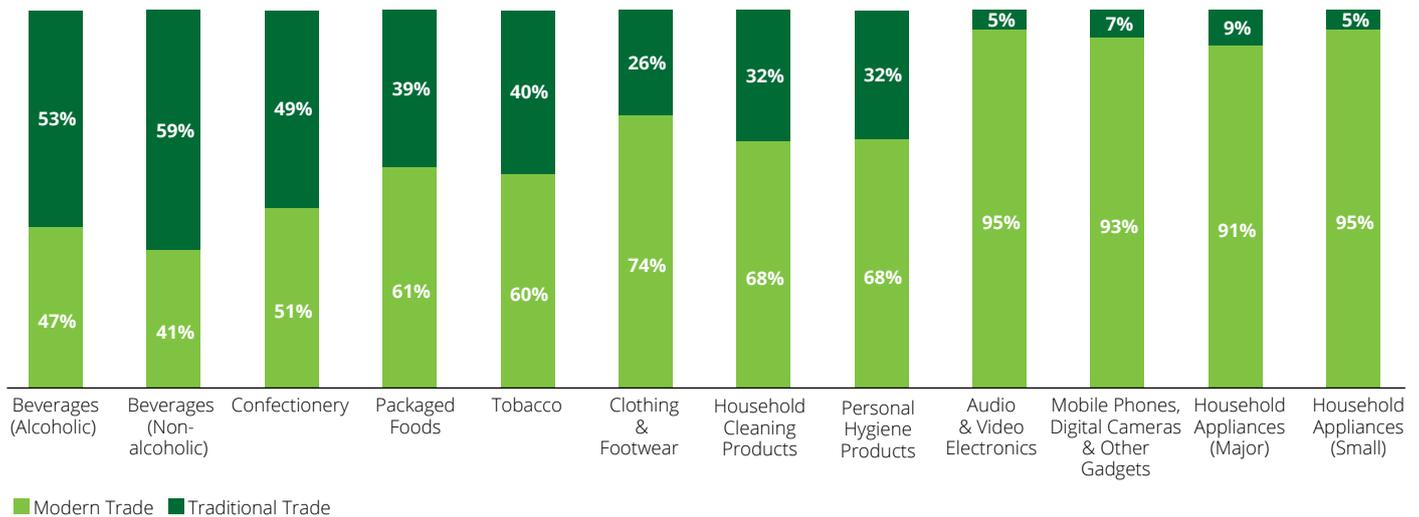
At the same time, local players are also considering the use of mergers and acquisitions to gain scale. For example, Saigon Co.op has acquired an existing network of small grocery stores, mostly in rural areas, to expand its market presence with the use of multiple channels formats, including hypermarkets, supermarkets, convenience stores, and grocery stores. Vingroup's retail arm, VinCommerce, has also announced plans to buy out convenience store chain Shop&Go in April 2019, and supermarket chain Fivimart in October 2018<sup>30</sup>.

The result of this has been a series of blows to their foreign retail counterparts. In addition to several high-profile exits by foreign retail players, others have also been unable to meet their target expansion plans. Japan's Ministop, for instance, only had 115 stores as of April 2019, even though it had initially planned to have 800 stores by 2018.

### Channel preference by product category

Depending on the product category that they are purchasing, survey respondents may prefer to use different retail channels. Overall, we found that Traditional Trade is still the most popular for Food & Beverage products, while Modern Trade is preferred for Consumer Electronics products (see Figure 25).

Figure 25: Channel preference by product category



Source: Deloitte's Vietnam Consumer Survey (2019)

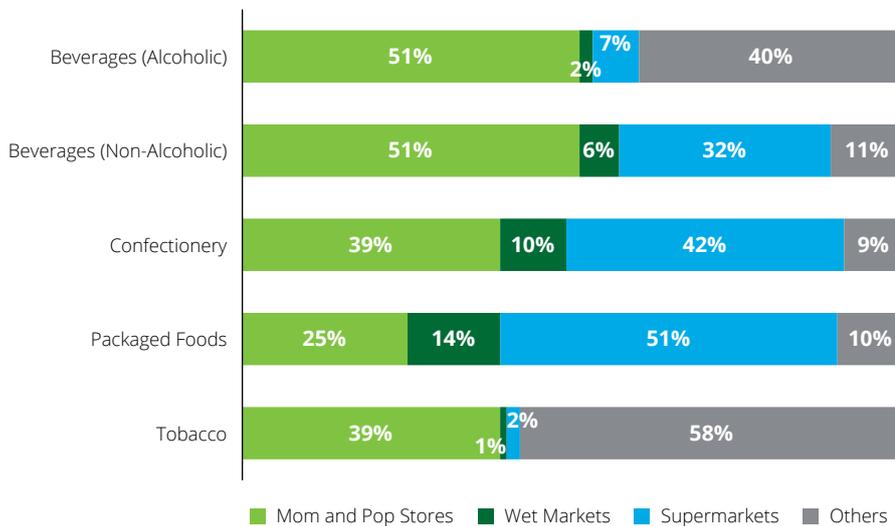
30 "Vietnamese retailers expanding faster than foreign peers". VnExpress. 25 May 2019. <https://e.vnexpress.net/news/business/data-speaks/vietnamese-retailers-expanding-faster-than-foreign-peers-3927466.html>

**Food & Beverage products**

For the purchase of Food & Beverage products, survey respondents generally preferred to visit Mom and Pop Stores, followed by Wet Markets, and Supermarkets (see Figure 26). Recent estimates suggest that there are now about 1.4 million Mom and Pop Stores and 9,000 Wet Markets operating across Vietnam, far exceeding the number of any Modern Trade facilities<sup>31</sup>.

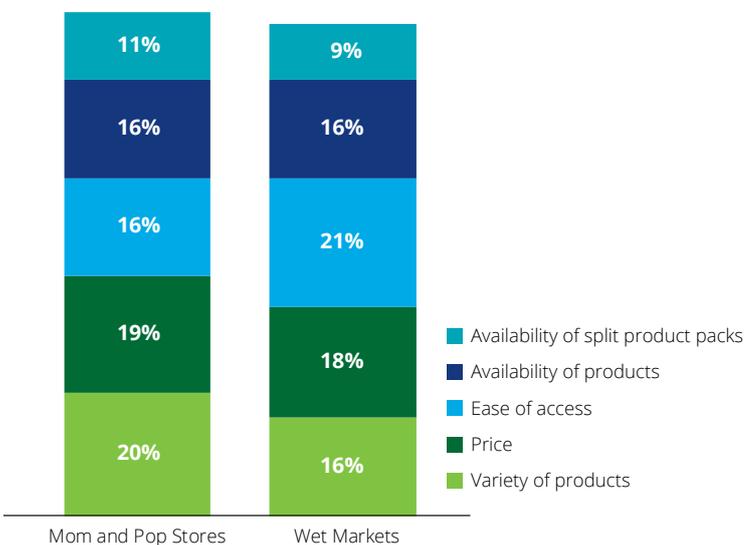
This strong preference for Mom and Pop Stores, as well as Wet Markets, can be explained by their close proximity to residential areas, wide variety of product offerings at lower price points than Modern Trade channels, and flexibility in offering split product packs – instead of the large units that are standard at Modern Trade formats (see Figure 27).

**Figure 26: Channel preference for Food & Beverage products**



Source: Deloitte's Vietnam Consumer Survey (2019)

**Figure 27: Top drivers for Traditional Trade channels**



Source: Deloitte's Vietnam Consumer Survey (2019)

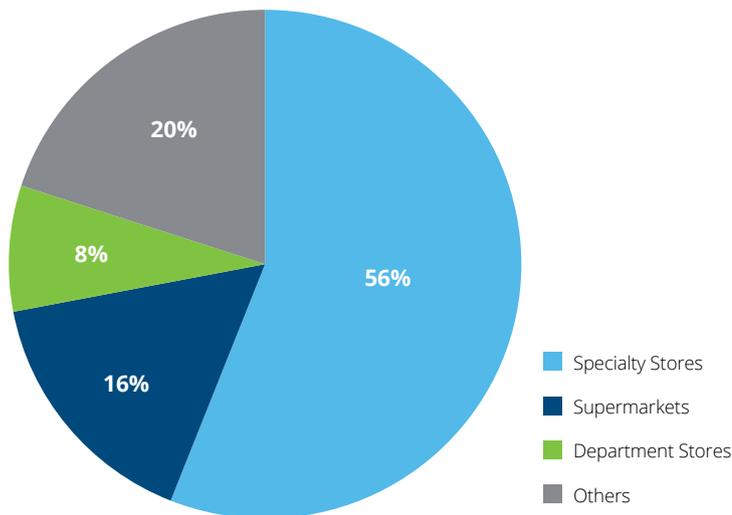
31 "Grocery in 4.0 era". Dunghangviet. 15 April 2019. <https://dunghangviet.vn/hv/tin-tuc/thi-truong/2019/04/tap-hoa-len-doi-40.html>

### Consumer Electronics products

When purchasing Consumer Electronics products, however, survey respondents tended to prefer Electronics Specialty Stores, and Supermarkets (see Figure 28). This could be due to the fact that these channels offer consumers a wide variety of products, enabling them to make comparisons across different brands, models, product functionalities, and prices.

At the same time, these channels also offer professional sales staff, who can provide advice on the latest technology trends to suit the consumer's needs, and in turn enhance the shopping experience and lead to higher sales conversion. Furthermore, the in-store experience can help to address some of the concerns consumers may have about quality, and enable them to benefit from promotional discounts and loyalty programs.

**Figure 28: Channel preference for Consumer Electronics products**

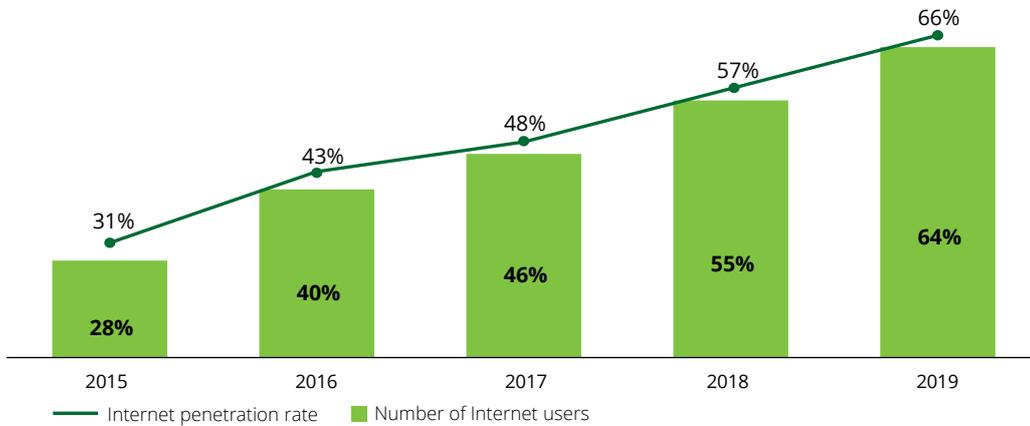


Source: Deloitte's Vietnam Consumer Survey (2019)

**The evolution of e-commerce**

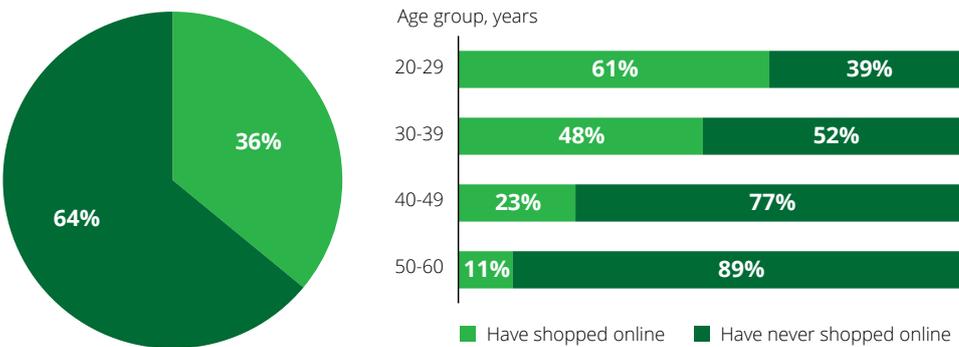
With its burgeoning middle class and increasing Internet penetration rates, Vietnam’s e-commerce market is ripe for growth (see Figure 29). Amongst our survey respondents, we found that 36% had made at least one online purchase in the past year. There are, however, some demographic differences: e-commerce adoption appears to be higher amongst survey respondents under the age of 30, where more than 60% have shopped online in the past year (see Figure 30).

**Figure 29: Internet penetration rate and number of Internet users in Vietnam (2015-2019)**



Source: Hootsuite

**Figure 30: Experience with online shopping**



Source: Deloitte’s Vietnam Consumer Survey (2019)

Convenience, product range, and delivery were factors cited by our survey respondents as the main drivers for online shopping. For many consumers, online platforms enable them to make purchases without the need to visit crowded stores, wait in long queues, or travel to physical stores, while allowing them to easily browse and compare options across multiple product ranges<sup>32</sup>.

On the other hand, several risks, including trust, unclear return policies, and lack of security continue to deter our survey respondents from online shopping. For instance, nearly 30% of survey respondents expressed a low degree of trust in online merchants. To encourage greater e-commerce adoption, online retailers will need to consider how they can overcome some of these issues as the inability to physically examine a product remains a key barrier for the consumer<sup>33</sup>.

32 “Comparison between online and traditional purchases”. Ma Giam Gia. 29 January 2019. <https://magiamgiabig.com/blog/so-sanh-giua-mua-hang-truc-tuyen-va-truyen-thong>  
 33 “Impacting factors for online shopping decisions?”. VnEconomy. 2 August 2019. <http://vneconomy.vn/yeu-to-tac-dong-quyet-dinh-mua-sam-online-20190801234259043.htm>

**Seeing eye to eye with C2C**

Several business-to-business (B2C) e-commerce channels are beginning to gain popularity in Vietnam: our survey respondents revealed Lazada, Shopee, and Tiki to be top of mind (see Figure 31). Nevertheless, the competition is heating up. Chinese e-commerce heavyweights, Alibaba and JD, for instance, have been intensifying its focus on the Southeast Asia region, with the latter also making investments in local player Tiki.

Increasingly, we are witnessing the rise of Vietnam’s homegrown e-commerce platforms, not only in the domestic market, but also across the Southeast Asia region. In the second quarter of 2019, five homegrown companies emerged in the list of top ten Southeast Asia e-commerce platforms by access: Tiki, Sendo, Thegioididong, Dienmayxanh, and FPTshop<sup>34</sup>.

Despite the rise of these B2C channels, our survey also uncovered one seemingly paradoxical observation: although they typically regard consumer-to-consumer (C2C) platforms as less trustworthy than B2C platforms, 62% of survey respondents still prefer to use C2C channels when they shop online.

One explanation for this behaviour could be the fact that C2C platforms, such as Facebook, with its over 60 million users in Vietnam<sup>35</sup>, enables consumers to interact directly with sellers and read product reviews from other buyers. From the seller’s viewpoint, such C2C platforms are also an easy and cost-effective channel to reach their market<sup>36</sup>.

**Figure 31: Top online retail platforms**



Source: Deloitte’s Vietnam Consumer Survey (2019)

34 “Top 10 e-commerce websites in Southeast Asia: Half are Vietnamese companies, 3 of the ‘unicorns’ of Indonesia are featured”. CafeF. 10 September 2019. <http://cafef.vn/top-10-trang-tmdt-dong-nam-a-mot-nua-la-cong-ty-viet-3-ky-lan-cua-indonesia-gop-mat-20190910092510281.chn>

35 “60 million Vietnamese use Facebook”. Thanh Nien. 10 December 2018. <https://thanhvien.vn/tai-chinh-kinh-doanh/60-trieu-nguoi-viet-su-dung-facebook-1031621.html>

36 “Selling clothes online, every month has a hundred million profit”. Kham Pha. 4 December 2013. <http://khampha.vn/chuyen-dong/ban-quan-ao-online-thang-lai-tram-trieu-c6a145420.html>

# 5. Payment preferences

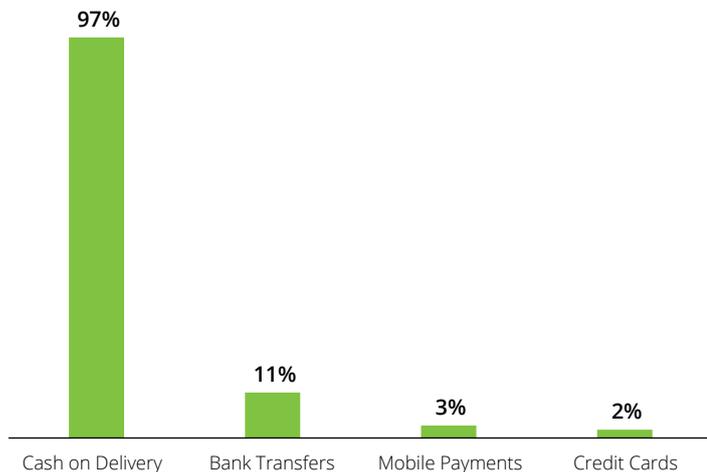
While cash transactions remain the norm, Vietnam is embarking on an ambitious plan towards becoming a cashless economy – and early adopters can already be identified amongst its consumers.

### Cash is still king

With a bank account penetration rate of only 31%<sup>37</sup>, the lowest level in Southeast Asia, Vietnam remains a predominantly cash-based economy. Across Vietnam, but especially in rural and remote areas, a large proportion of the population continue to prefer to conduct transactions of all sizes – from small, daily purchases to the purchase of a house or car – in cash.

Even when they are shopping online, Vietnamese consumers prefer to use cash: 97% of our survey respondents cited Cash on Delivery as their most preferred mode of payment for online purchases (see Figure 32). Several other statistics give us an idea of the significant barriers that currently stand in the way of greater digital payments adoption in Vietnam. For example, approximately 90% of card transactions in Vietnam are currently used for cash withdrawal purposes at automated teller machines<sup>38</sup>, and credit card and mobile wallet ownership currently stand at only 4.1% and 3.5%, respectively<sup>39</sup>.

**Figure 32: Preferred payment methods for online purchases**



Source: Deloitte's Vietnam Consumer Survey (2019)

37 "Cash usage in Vietnam remains highest in ASEAN". Hanoi Times. 11 May 2019. <http://www.hanoitimes.vn/economy/2019/05/81E0D6AD/cash-usage-in-vietnam-remains-highest-in-asean>

38 "Contribute to the development of cashless payment activities in Vietnam". Agribank. 8 May 2019. <http://www.agribank.com.vn/31/822/tin-tuc/tai-chinh-ngan-hang/2019/08/16247/agribank--gop-phan-phat-trien-hoat-dong-thanh-toan-khong-dung-tien-mat-o-viet-nam.aspx>

39 "The global state of digital in 2019". Hootsuite. January 2019. <https://hootsuite.com/resources/digital-in-2019>

### Early adopters emerge

On an aggregate level, however, the growth of digital payments in Vietnam appears to be promising: in the first quarter of 2019, digital payment transactions grew by 68.8% and 13.4% in terms of the number of transactions and value respectively, when compared to the same period in 2018<sup>40</sup>.

Several groups of Vietnamese consumers also appear to be more receptive to digital payments. Apart from younger survey respondents below the age of 40, we also found that more affluent survey respondents with a monthly household income level above VND 20 million tend to express a stronger preference for Credit Cards and Mobile Payments, with 43% and 40% of them utilising these payment methods respectively. In contrast, survey respondents with a monthly household income level below VND 20 million tend to opt for Cash on Delivery (83%), and Bank Transfers (66%).

#### **An ambitious plan for a cashless economy**

In a bid to move towards a cashless economy, the State Bank of Vietnam has developed an ambitious plan to not only provide the necessary infrastructure to promote digital payments in Vietnam, but also put in place incentives to encourage Vietnamese consumers to adopt these modes of payment. Accordingly, to encourage the use of digital payments, fees for the use of cash payments could be increased, while fees for the use of digital payments could be reduced.

To promote these new payment methods in rural and remote areas, there is also the need to improve overall financial inclusion and access to basic financial services. In line with this, the government's target is to ensure that at least 70% of Vietnamese over the age of 15 have access to a bank account by the end of 2020<sup>41</sup>.

Several other public education campaigns have also been launched. For example, 16 June 2019 was celebrated as Vietnam's Cashless Day, where various financial institutions, retailers, and other businesses offered discounts and incentives to raise the awareness of cashless payments.

#### **The role of FinTech**

FinTech companies have an important role to play in accelerating the adoption of digital payments. Currently, there are approximately 35 different start-ups and platforms providing digital payment services in Vietnam. The State Bank of Vietnam has also licensed 29 providers of intermediary payment services, with 27 of them offering e-wallet services<sup>42</sup>. These include, for example, 123Pay, Bankplus, Baokim, MoMo, Payoo, Vi Viet, Wepay, and Zalo Pay.

Of these players, MoMo is widely recognised as the leading mobile e-wallet player, with more than 10 million users and 100,000 service acceptance points<sup>43</sup>. In addition to mobile money transfer services, cash transfer services, and payment platforms, MoMo also collaborates with financial institutions to increase financial inclusion in remote areas of Vietnam.

40 "Vietnam has the lowest amount of non-cash transactions in the region". Vietstock. 17 October 2019. <https://vietstock.vn/2019/10/vietnam-co-luong-giao-dich-phi-tien-mat-thap-nhat-trong-khu-vuc-757-709744.htm>

41 "By 2020: 70% of people from 15 years old will have a bank account". Viettimes. 06 January 2017. <https://viettimes.vn/nam-2020-70-nguoi-tu-15-tuoi-co-tai-khoan-ngan-hang-100042.html>

42 "Can Vietnam turn 90% of its transactions into cashless payments?". KrASIA. 8 July 2019. <https://kr-asia.com/can-vietnam-turn-90-of-its-transactions-into-cashless-payments>

43 MoMo. <https://momo.vn>

Post-consumption

# 6. Post-purchase loyalty

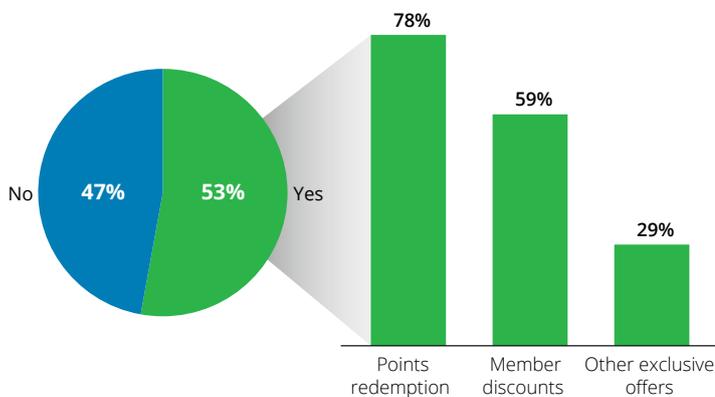
Beyond conventional, store-specific loyalty programs, Vietnam is also witnessing the rise of digital aggregator platforms that enable consumers to consolidate their rebates across a variety of merchants.

### Subscription to loyalty programs

Loyalty programs remain a valuable way for companies to reinforce brand value, as well as retain customers, and push referrals and sales. In addition, well-designed loyalty programs can help enhance a company’s knowledge of its customer behaviours and preferences, which in turn inform targeted marketing activities to drive sales.

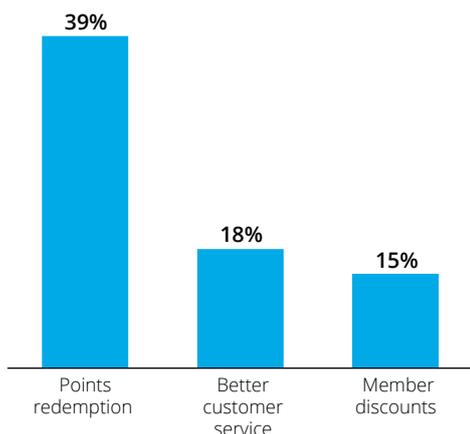
Amongst our survey respondents, we found that more than half (53%) currently subscribe to loyalty programs, enticed by point redemptions, member discounts, and other exclusive offers (see Figure 33). Survey respondents who do not currently subscribe to any loyalty programs, however, appear to also expect better customer service upon joining a program (see Figure 34).

**Figure 33: Top reasons for loyal program subscriptions amongst subscribers**



Source: Deloitte's Vietnam Consumer Survey (2019)

**Figure 34: Top reasons for loyal program subscriptions amongst non-subscribers**



Source: Deloitte's Vietnam Consumer Survey (2019)

### **Digital aggregator platforms on the rise**

Although most loyalty programs in Vietnam tend to be store-specific, there has also been a trend towards digital aggregator platforms, which enable consumers to collect rebates or redeem loyalty points across a variety of different online and offline merchants. Such a network or ecosystem provides merchants, especially smaller merchants, with access to a wider customer base.

Examples include VinID, launched by local conglomerate Vingroup as a rebate aggregator platform, and e-wallet payment system for customers across all of Vingroup's businesses. With VinID, customers are able to earn and redeem points in the Vingroup ecosystem, shop with QR codes using VinID Scan & Go, enjoy daily discounts with VinID Voucher, buy tickets for sports and entertainment events easily with VinID Ticket, and pay for purchases outside the Vingroup ecosystem with the e-wallet function.

Recently, a number of other niche aggregators have also been introduced, including UrBox, a digital gifting and loyalty platform that helps businesses integrate their rewards or loyalty programs with an ever-growing network of national and international gift suppliers and merchants<sup>44</sup>.

<sup>44</sup> "e-Gift and loyalty solutions for businesses". UrBox. <https://urbox.vn>

# Looking ahead



In this first edition of the Vietnam Consumer Survey, we explored a number of consumer behaviour patterns uncovered by the recent consumer survey conducted in four major cities: Hanoi, Ho Chi Minh City, Can Tho, and Da Nang.

There are three key takeaways. Firstly, we witnessed the pervasive impact that the new digital era is making on all aspects of the Vietnamese consumer's purchasing behaviours. From their multi-channel media consumption patterns and increasing demand for Consumer Electronics, to the budding digital payments and e-commerce markets, we see a digitally-savvy consumer on the rise. Companies who do not wish to be left behind will therefore need to carefully consider how they can effectively build a coherent brand presence across both digital and physical channels.

Secondly, Quality considerations remain top of mind for consumers, and form the basis for most of their purchasing preferences. Indeed, Quality attributes are important not only for communicating the functionality of a product, but also underpin many of the brand perceptions and preferences that consumers hold. For consumer companies, this means that there is a need to be more conscious of their brand associations, and connotations about quality, as communicating these can sometimes matter just as much – if not more than – a product's apparent functionality.

Finally, we are witnessing the impressive momentum of e-commerce in Vietnam's retail market. Although there remain some barriers to the adoption of e-commerce, including trust and security issues, the rise of both foreign and homegrown players within the e-commerce space is a promising sign of the vibrant market that is to come. As digital payments take off with the nationwide push towards a cashless economy, we also expect to see the emergence of different e-commerce models, and a greater variety of options for the Vietnamese consumer.

To keep up with this ever-evolving consumer, however, companies will need to continually assess their consumer journeys to attract and engage them at the right touchpoints. Ultimately, we believe that the basis of a successful consumer company in this new digital era lies in its ability to develop tailored, holistic experiences that are personalised, perhaps even in real-time, to the needs of the individual consumer.

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