



10 YEARS LIVE SHOW

SET THE BEAT OF VIETNAMESE CONSUMERS



EXECUTIVE

SUMMARY SLIDES



Vietnam: An Emerging Force of Asia

Fabrice Carrasco

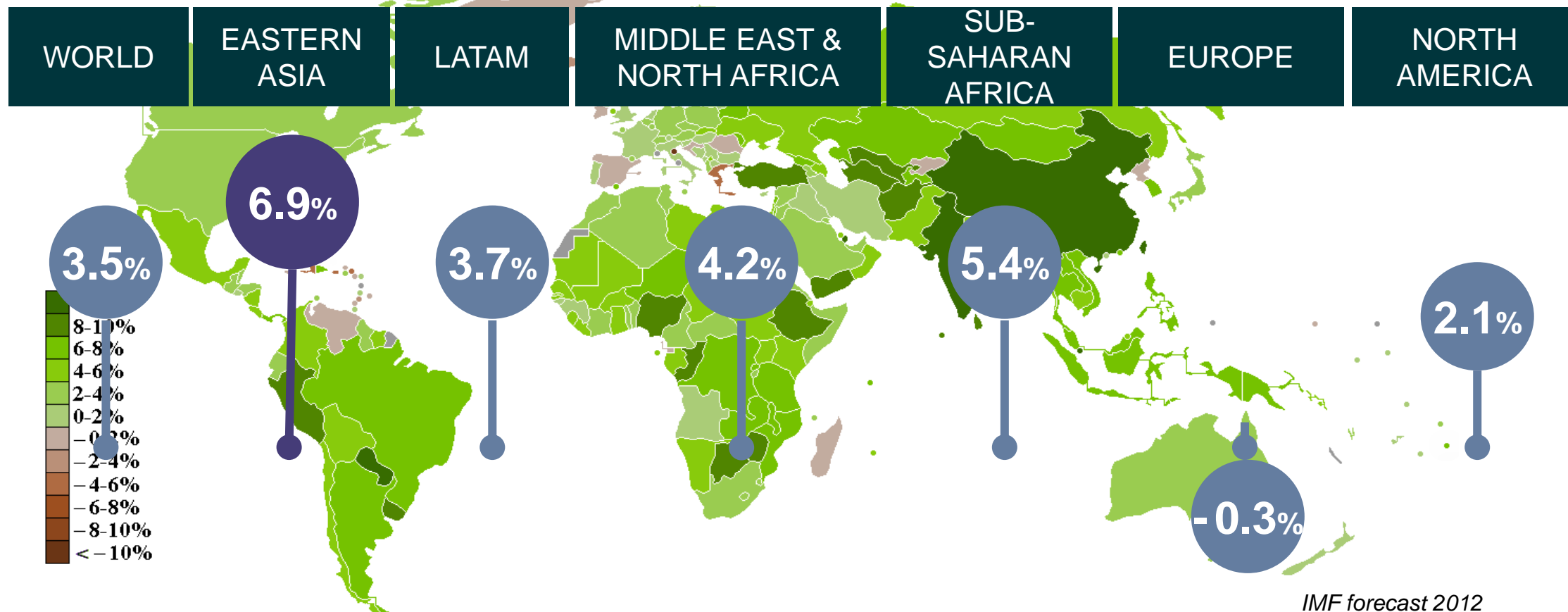
Managing Director, Kantar Worldpanel Vietnam | Indonesia | Philippines



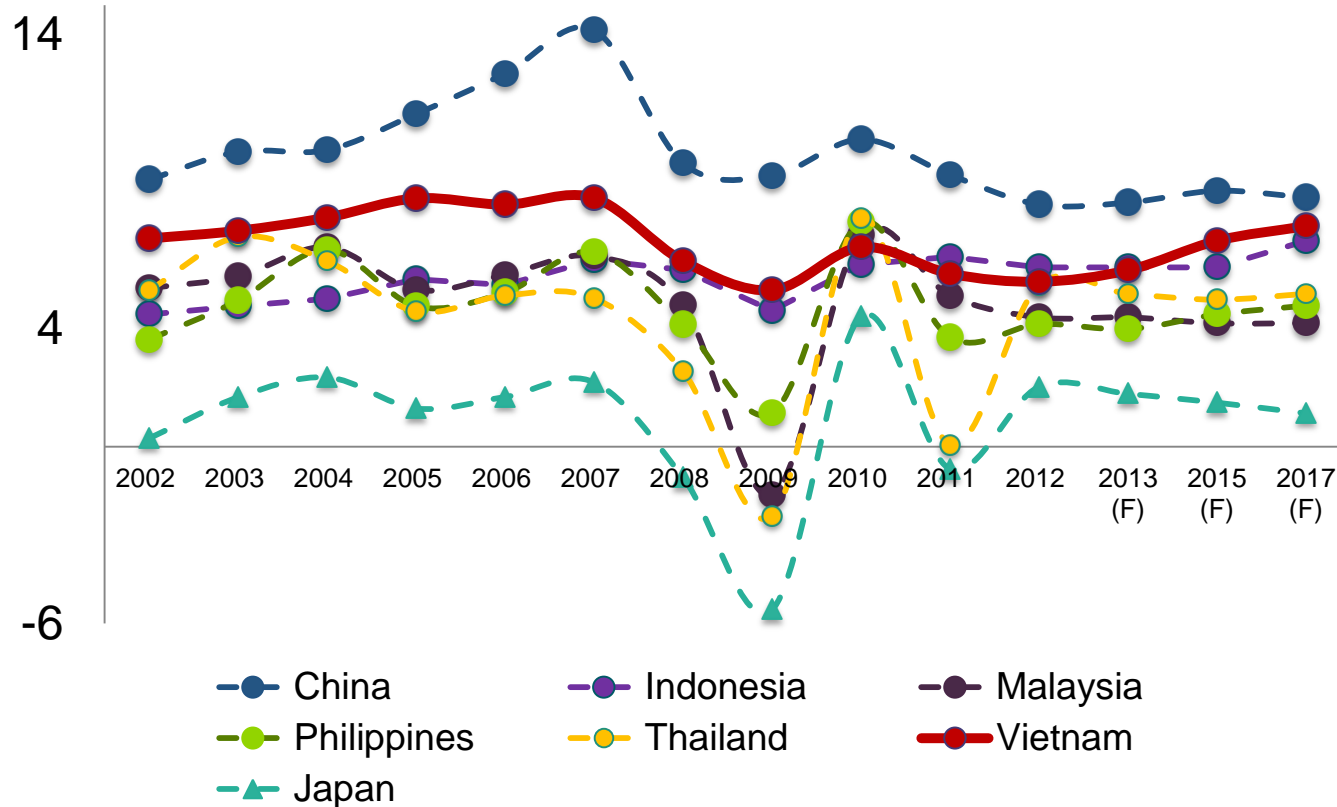
GDP BEEP OF A DYNAMIC ASIA

90% of CEOs expect their key operations to grow in Asia.

Source: PWC 2012 survey on CEOs



VIETNAM AMONG THE 3 FASTEST GROWING ECONOMICS OF EASTERN ASIA



Source: IMF World Economic Outlook database 2012

3 Top Priority countries:

China
Vietnam
Indonesia




VIETNAM ACHIEVEMENT PAST 10 YEARS

IMPROVING SOCIAL ENVIRONMENT	A VIBRANT ECONOMY	SUSTAINED GROWTH BASE THE LAST DECADE
<ul style="list-style-type: none">■ Reduce poverty by half from 2005 to 2010■ Accomplish primary & secondary education universalization by 2010■ Enhance gender equality	<ul style="list-style-type: none">■ 1st growing economy in S.E.A■ From the list of poorer countries to the low-middle income nations■ GDP per capita increases 60% after 10 years	<ul style="list-style-type: none">■ 11th destination for FDI■ 6th destination for global manufacturing (Moody's)■ A member of new BRICS "CIVETS" & "VISTA"■ Rank 4th in S.E.A for foreign arrival growth



CHALLENGES AHEAD ARE NOT FEW

OVER-HEATING ECONOMY



Trade deficit
Currency devaluation
High inflation

EMERGENCE OF A TWO TIERS SOCIETY



Rich vs. Poor
Urban vs. Rural
Traditional vs. Modern

INFRASTRUCTURE



Electricity providing growth is behind the need uplift, as well as paved road coverage is $\frac{1}{3}$ as compared to East Asia



VIETNAM VALUES

HARD WORKING



68% agree that work is what makes life worth living, not leisure
vs 31% in US and 34% in Japan

(World value survey)

OPTIMISM



49% Vietnamese are quite happy with coming days, highest in Asia

(World value survey)

EDUCATION



Vietnamese between 22 and 55 without education changed from 22% (1992) to less than

1 % (2008)

(Worldbank)



VIETNAM OPPORTUNITIES IN 10 YEARS

CONSUMPTION POWER UPLIFT

FROM 90 TO 100 MILLION
PEOPLE
URBANIZATION
ACCELERATION
INCOME BOOST

(Kantar Worldpanel Vietnam)

NEW NEEDS FOR A CHANGING SOCIETY

REDUCTION OF HH SIZE
TIME STRECH
PREMIUMISATION
SOPHISTICATED NEEDS
INDIVIDUALISATION

(Kantar Worldpanel Vietnam)

CHANGING RETAILING SCENE

100 BILLION USD
24% INCREASE vs 2010
EXPECTED MORE
PARTICIPATION OF NEW
INTERNATIONAL PLAYERS
MODERN CHANNELS
STIMULATE GROWTH

(GSO Vietnam 2011)



Vietnam: An Emerging Force of Asia

SUMMARY

Vietnam is an emerging force of Asia, and will partially further contribute to the miracle of Asia, as long as it knows how to overcome challenges and leverage opportunities to gain achievements like it has done for the past 10 years.

The achievements were amazingly significant. Vietnam GDP growth is at top three of an area where the growth rate is the highest in the world. This vibrant economy has been so well-known also thanks to such gains as the jumping from the list of poorer countries to the list of low-middle income nations, with GDP per capita increasing by 60% after 10 years. Not only having good achievements under economic perspective, Vietnam has also well done with accomplishing primary & secondary education and enhancing gender equality. Those are the factors that attract interest from worldwide investors, and for listing Vietnam to the new phenomena of the world like CIVETS and VISTA.

However, the over-heating economy, the big issues of the environment, and the weak infrastructure system are the barriers for such magnificent growth. Fixing such points, as well as leveraging the national values like Vietnamese's hard working mind, Asia-topped optimism, and education prioritization, Vietnam will be able to grow faster, with bountiful opportunities like huge consumption power, the big room remained for retailing, as well as the fast growth of FMCG in both urban and rural regions.

Asia will contribute over half of world GDP in 2050. And Vietnam, as an emerging force of Asia, will play a significant part on this proud achievement to come.



The Changing Face of Vietnamese Consumers

David Anjoubault

General Manager, Kantar Worldpanel Vietnam

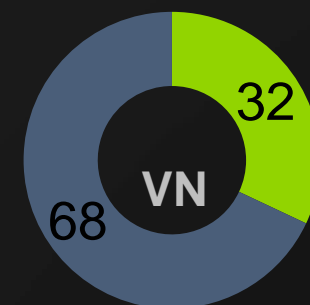


VIETNAM IS OUTSTANDING AS THE 3RD BIGGEST CONSUMER BASE IN S.E.A.

Available consumers are going to reach **99 million people and 25 million households** in 2022



2012



■ Rural ■ Urban

52 WORLD
45 S.E.A

2/3 OF CONSUMERS LIVE IN COUNTRYSIDE, BUT **URBANIZATION** IS HAPPENING & MAY EQUALIZE RURAL POPULATION IN **2040**.

Source: 2011 World Population Data Sheet | Kantar Worldpanel (Household Panel) | GSO | United Nations, Department of Economic and Social Affairs, Population division (2012).

KANTAR WORLD PANEL

The Changing Face of Vietnamese Consumers

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12





PARTICULARLY, URBANITES ARE HEADING TOWARD MORE INDEPENDENT AND PRODUCTIVE PHASE OF THEIR CAREER.



THEY STRIVE HARD TO DEVELOP THEMSELVES VIA ACCESSING ADVANCED KNOWLEDGE AND EDUCATION.

Urban & rural consumers are gradually altering their living quality and family structure

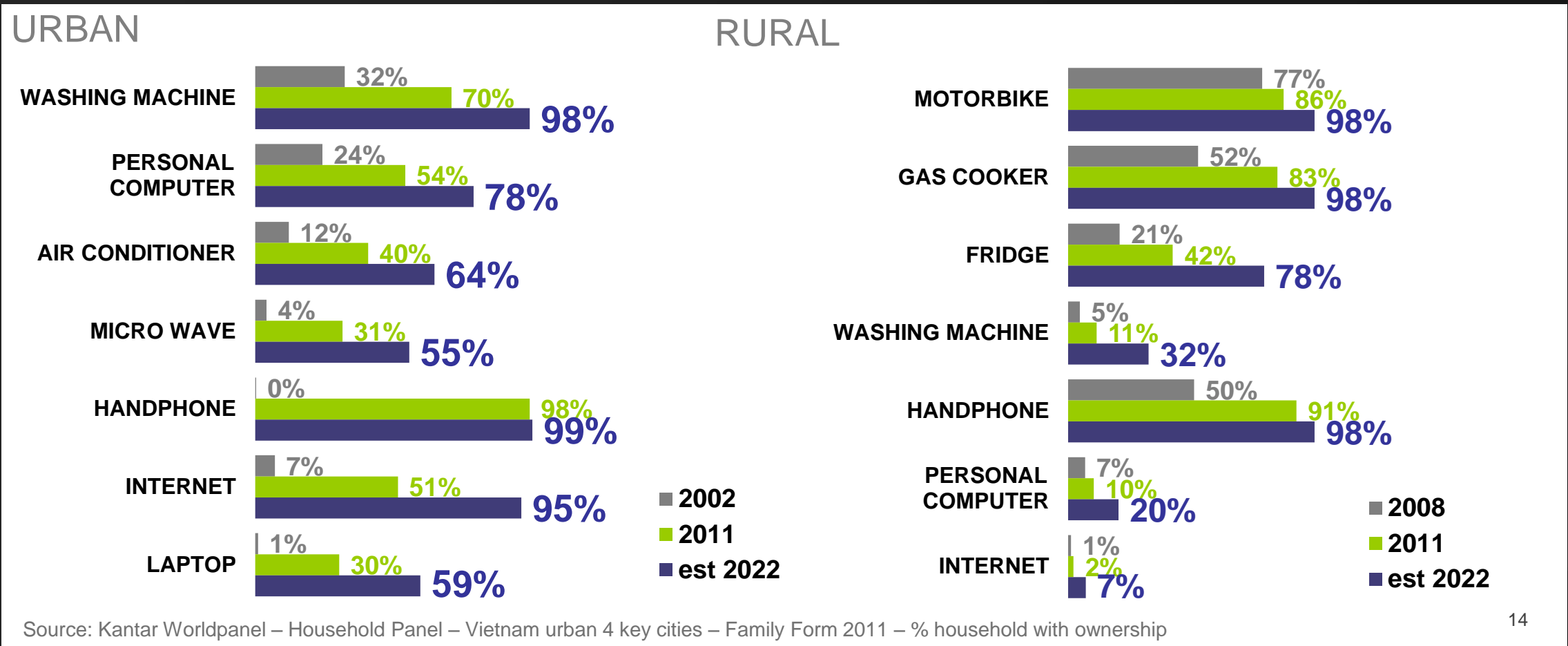
DEEPENING POCKETS, THEY IMPLICATE A HIGHER PURCHASE POWER AND A DESIRE FOR MORE PREMIUM GOODS.



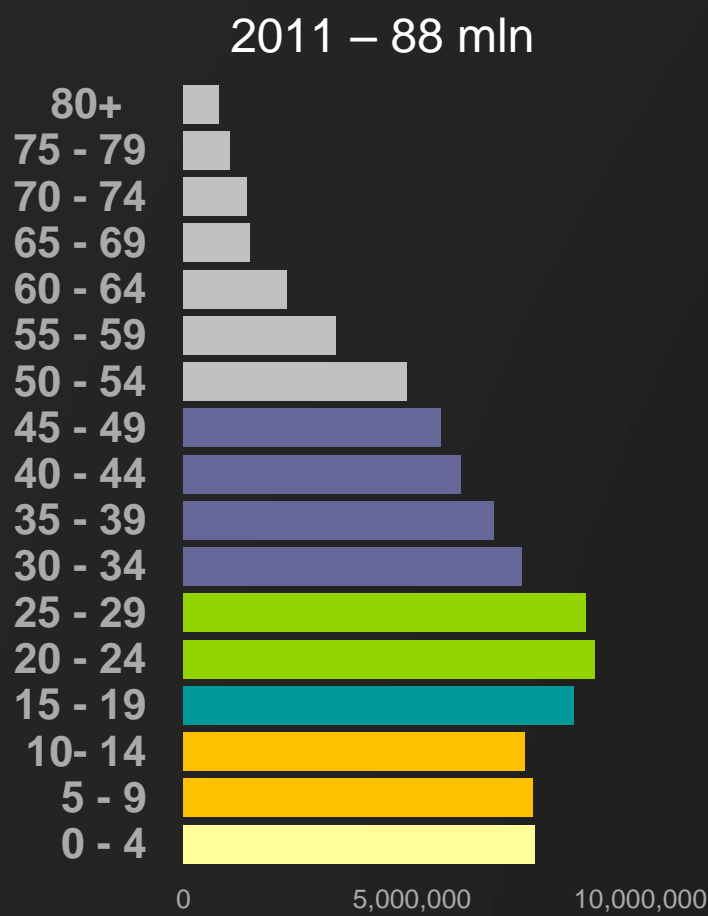
THEY ARE TRADITIONALLY CLINGING WITH THE GREAT FAMILY, BUT TURNING MORE TO LIVE THEIR OWN LIVES.



URBAN HOUSEHOLDS ARE MORE EQUIPPED TO ORIENT INDULGENCE, CONVENIENCE & WIDE TOUCH WITH THE WORLD, WHILE RURAL HOUSEHOLDS NEARLY COVER BASIC NEEDS AND TURN INTO EARLY STAGE OF MODERNIZING LIFE.



PERSONAL DEMANDS WILL BE TAKEN CARE MORE, WHICH SEGMENTATE CONSUMER TARGETS



CLUSTER 5
MIDDLE AGE

83% of middle aged housewives agree:
“I buy brands that are of good quality, even more expensive.”
vs. 78% of young housewives

CLUSTER 4
YOUNG ADULTS

The main base of Vietnam population in the next 10 years.

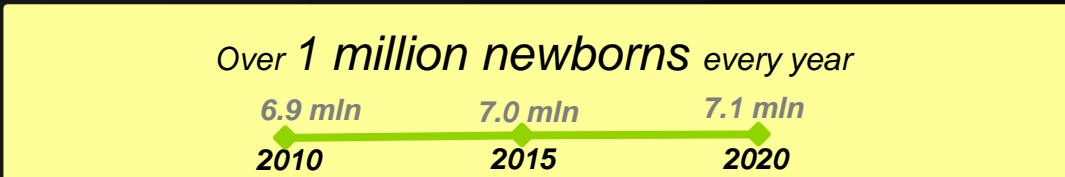
CLUSTER 3
TEENS

Having fun is one of our highest priorities.
(TNS TRU report)

CLUSTER 2
KIDS 5-14

~ 70% Vietnamese women agree
“I tend to buy what my children want”

CLUSTER 1
BABY <4YO



Source: GSO | TNS & TRU report | U.S Central Bureau | Kantar Worldpanel Vietnam – Lifestyle survey 2011





FROM SINGLE-
TO MULTI-FACET
CONSUMERS

MORE

KNOWLEDGEABLE
INDEPENDENT
COMMUNICATIVE
SOPHISTICATED
SEGMENTED



The Changing Face of Vietnamese Consumers

SUMMARY

Along with vigorous economic changes, Vietnam will undergo profound demographic variations in another decade to come. As the third biggest population in South East Asia, Vietnam promises one of key growing force in S.E.A with a huge available consumer base which is going to reach 98 million people and 25 million households in 2022. Though two-third of them are living in countryside, urbanization is constantly happening in the past few decades and proposing the equalization with rural population in 2040.

Reaching higher education standard than country-folks, citizens continue to obtain bachelor's degree and access master qualifications, which opens opportunities for their employment and life-earning. Indeed, they are heading towards more independent and productive phase of career, and then contributing more to the whole family income. In the past five years, key cities witness the expansion of middle to high class families who own more than 2 million VND per capita – already getting over 40% of urban household population until June 2012. With deepening pockets, they possess better home equipment – such as washing machine, microwave, air conditioner, laptop and internet connection – to orient indulgence, convenience and wide touch with the world. Especially some part belonged to the upper strata pursues high-tech devices and advanced experience. The next decade picture shows greater potential for convenience foods, premium goods, new varieties of personal & household caring products and widespread on-line communication.



The Changing Face of Vietnamese Consumers

SUMMARY

Despite lower development level in education, income and equipment condition, rural people are also developing themselves to catch up with urban lives. Most of them are on their ways to fulfill high school graduation and more individuals strive for bachelor's degree. One third of rural households are earning over 1 million VND per capita, nearly doubling what it was in 2008. Therefore, they are supposed to cover all basic needs and turning more into modernizing life. In 2022, motorbike, gas cooker, fridge and mobile phone will appear in almost every family; which facilitates their shopping in modern trade, bulk buying for stocking-up and up-to-date with latest news.

On the other hand, both urban and rural consumers are gradually changing their family structure. They are still mainly clinging with the great family, but turning more to separate their nuclear family and live their own lives. Therefore, personal demands will be taken care more, which diversifies consumer targets with various potential size of prize.



The Consumerism Trends Today and Tomorrow

Nguyen Huy Hoang

Group Business Director, Kantar Worldpanel Vietnam



DID YOU KNOW...

EVERY DAY, AN AVERAGE CONSUMER SPEND FOR FMCG...

VIETNAM FMCG
MARKET VALUE
WORTHS

~164,000 Bln VND
(~8 billion USD)
in-home

35,000 VND per HH (1.7 USD)
8,000 VND per capita (37 cents)
IN URBAN (4 KEY CITIES)

16,000 VND per HH (78 cents)
4,000 VND per capita (21 cents)
IN RURAL VIETNAM

3/4

OF VIETNAM FDI IN 2011

(4 key cities + rural = 75% nationwide, based on GDP)

Source: Household Panel – Urban 4 key cities (HCMC, HN, DN, CT) & Rural Vietnam – FMCG excluding gift – Updated to Q2'12



THE CONSUMERISM TRENDS TODAY & TOMORROW

10 THINGS TO REMEMBER

1.

**VN FMCG
MARKET VALUE**

164,000 BLN VND
(~8 BLN USD)

2.

**SMART
SHOPPERS**
BULKY, VALUE,
PROMOTION
URBAN & RURAL

3.

**PREMIUM-
IZATION IN
URBAN**
NEW/ NICHE NEEDS

4.

**CATCHING-UP IN
RURAL**
WITH MORE
ADVANCED NEEDS

5.

CONVENIENCE
TIME-SAVING IN BOTH
URBAN & RURAL

10.

**ECO-
CONSUMERS**
ECO-FRIENDLY
PRODUCTS/
PACKAGING

9.

**SEGMENTED
MARKETS**
5 CONSUMER
CLUSTERS

8.

**LIFESTYLE
POLARS**
SOCIALIZING VS.
COCOONING

7.

**HEALTH
CONCERN**
SAFETY & HEALTH
ENHANCEMENT

6.

CONVENIENCE
MORE EFFORT-
SAVING IN URBAN



The Consumerism Trends Today & Tomorrow

SUMMARY

FMCG, together with fresh food, plays the essential role in every Vietnamese household expenditure. Even in tough economic conditions, the FMCG market still flourishes with double-digit growth in both urban and rural. The annual household spending for FMCG is forecasted to surpass 1,000 USD in urban and rural will reach the current level of urban in 10 years time.

Over the last few years, the fast transformation of shopping behaviors has been taking place in Vietnam. Vietnamese consumers are becoming smarter/rationalized, more sophisticated, more health-conscious, and more convenience-oriented. In the next decade, the current consumerism trends will still prevail and further develop, not only in urban, but also emerge in rural. However, the market will start to be more polarized by different lifestyles and among different age groups. The needs of young adults, with socializing lifestyle, will be different from more senior people who skew to cocooning lifestyle. Vietnamese parents will be willing to spend more for their children, leading to increased consumption of dairy/ tonic food and beverages and baby care products. Kids will have higher influence on their parents' purchase decision. Besides, eco-friendly trend in product/packaging choice is also expected to evolve, especially among urban youngsters.

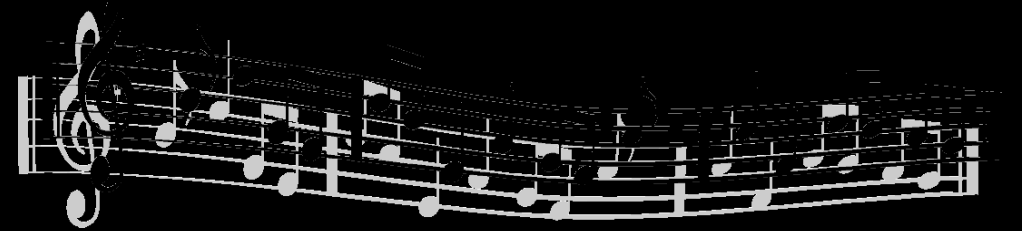
Therefore, moving from mass to segmentation and understanding the changes in your target consumers' needs and behaviors will be the key to success in Vietnam's turbulent market.



The Role of Music in Advertising in Vietnam

Phil Worthington

General Director, Millward Brown Vietnam



SUMMARY

The Role of Music in Advertising in Vietnam

- Music can be an effective way by which to get across memorability to consumers in advertising, if it has a prominent role in the ad
- Mood/background music tends to be ignored
- The lyrics are important, and are especially impactful if tied to the message
- The use of subtitles can help reinforce the memorability
- Foreign music can work, if the tune is especially catchy



The Shopper Journey Evolution

Pham Quynh Trang

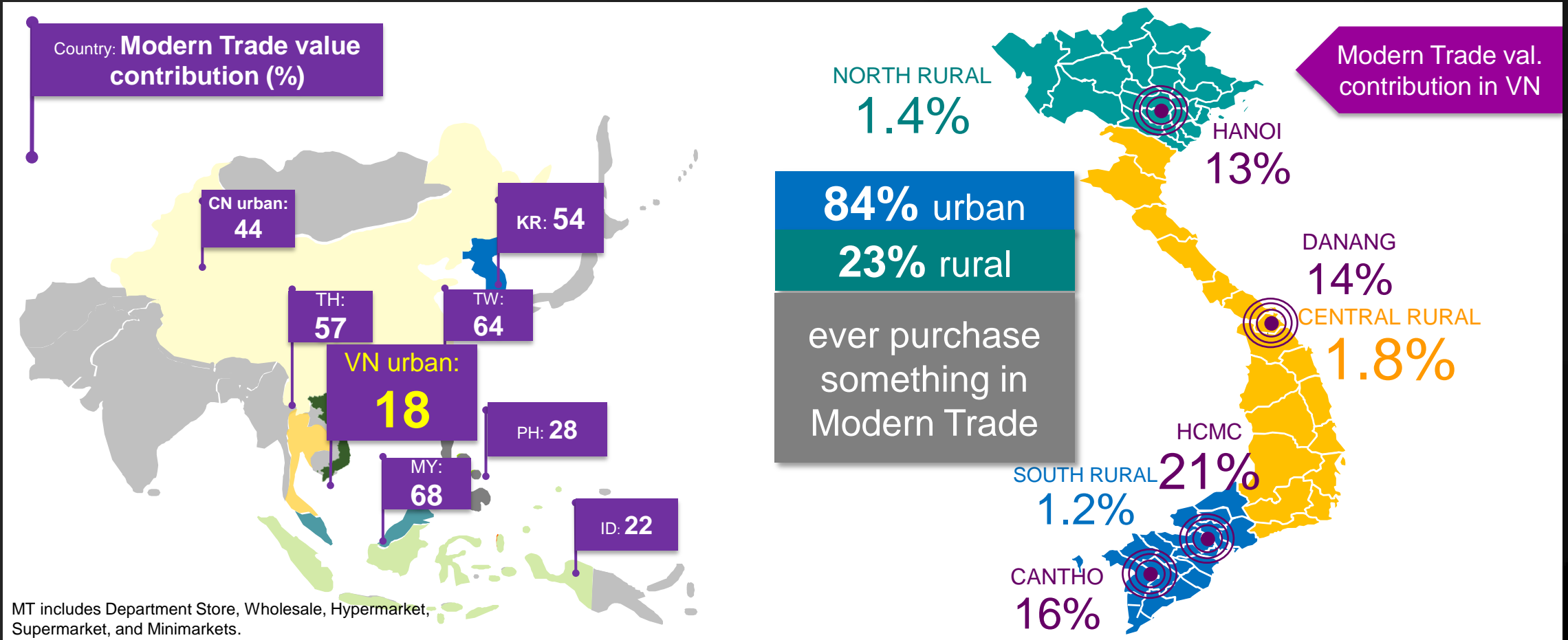
Client Service Director, Kantar Worldpanel Vietnam

*Things That They **Really Do** But Will **Never Tell** You*



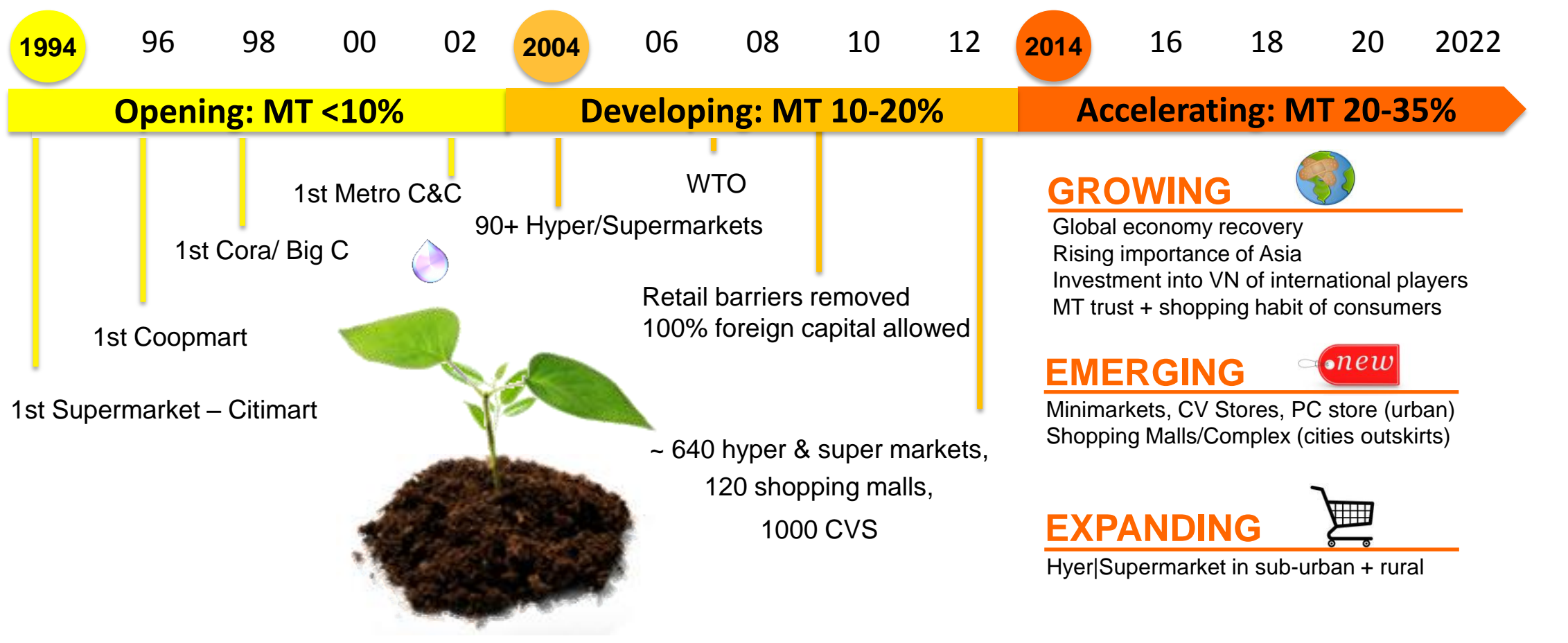
WHERE IS VIETNAM TODAY?

RATHER “YOUNG” IN THE REGION & AT DIFFERENT STAGES OF DEVELOPMENT THROUGH OUT THE COUNTRY



MODERN TRADE - THE DEVELOPMENT PATH IN VIETNAM

MT GROWTH IS EXPECTED TO **ACCELERATE** IN THE COMING YEARS



THE SHOPPER JOURNEY EVOLUTION

WHAT'S NEXT?



STREET SHOP STILL KEY
WET MARKET FADING OUT
MT BECOMES MORE PREVAIL

More

- SHIFTING BEHAVIOR
- MT EXPANSION
- NEW FORMATS
- E & M-COMMERCE



The Shopper Journey Evolution

SUMMARY

- **History of MT development in Vietnam:**

Modern Trade in Vietnam has been going through 3 stages of development. The first stage – **OPENING (1994-2002)** started with the opening of the very first supermarket in HCMC – Citimart, and followed by Coopmart chain in 1996, Big C (Cora at that time) in 1998 and Metro C&C in 2002.

The second stage is **DEVELOPING (2003-2012)**, where more and more more stores opening through out the country. This is also the beginning of retail diversifications with the emerging of minimarkets and convenient stores. By 2010, there were more than 500 Hyper /Supermarkets in Vietnam and hundreds of new formats.

From 2013, Modern trade will enter the third stage of **ACCELERATING (2013-2022)**, with more international players investing into Vietnam. By the next decade, Hyper/supermarket will be the predominant format in Vietnam. Yet, there will be more of small-scale supermarkets, minimarkets and convenient stores replacing the traditional mom&pops store in the center of big cities, while Hypermarkets, Shopping Malls/ Complex are expected to out-number in the cities' outskirts, secondary suburban areas and will be served as proxy for rural consumers



The Shopper Journey Evolution

SUMMARY

- **Key changes in the shopping behavior:**

Consumers today become more and more money rich yet time poor. As a result, they shop much less often, plan their trip better and make bulkier purchase each time. Modern trade has changed from an entertaining/ family day-out venue (where prices were considered too high) to the best address for a variety of product choices, safety as well as attractive promotion. Consumers also become more practical, and prefer to shop more at the stores with convenient location as well as good customer service.

Last but not the least, Vietnamese consumers become more and more sophisticated. They do not only care about functional benefits but also about emotional factors and tend to favor the retailers that manage to build strong bonding with them. Therefore, making it modern trade – making it self-service or self-selection yet do not forget that “human touch” part!



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Thank you!

