

# VIETNAM CONSUMER TRENDS 2022

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## Helping you make better choices

- [Richard Burrage](#) is the Managing Director of [Cimigo](#), a market research and consulting firm founded 20 years ago.
- Richard a UK national has resided in Vietnam with his three children since 1997.
- Cimigo have been helping clients make better commercial and marketing choices for 20 years.
- If you want to know more, just drop us a note at [ask@cimigo.com](mailto:ask@cimigo.com).
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# Vietnam in focus





98.51 million



US\$364 billion  
GDP 2.58% growth



US\$3,691  
GDP/capita



Internet economy  
US\$21 billion  
5.8% of GDP



Retail sales goods  
& services US\$200  
billion **-8.5%** decline



64 million  
users



70.4 million  
users

## 2021 progress | despite COVID



73% internet  
national  
all



97% smartphone  
national  
adults 15+



US\$1.31 billion  
all advertising



1,050 new vehicles  
per day\*. **-3%** decline



10,440 new  
apartments  
HCMC, HN, DN  
**-44%** decline



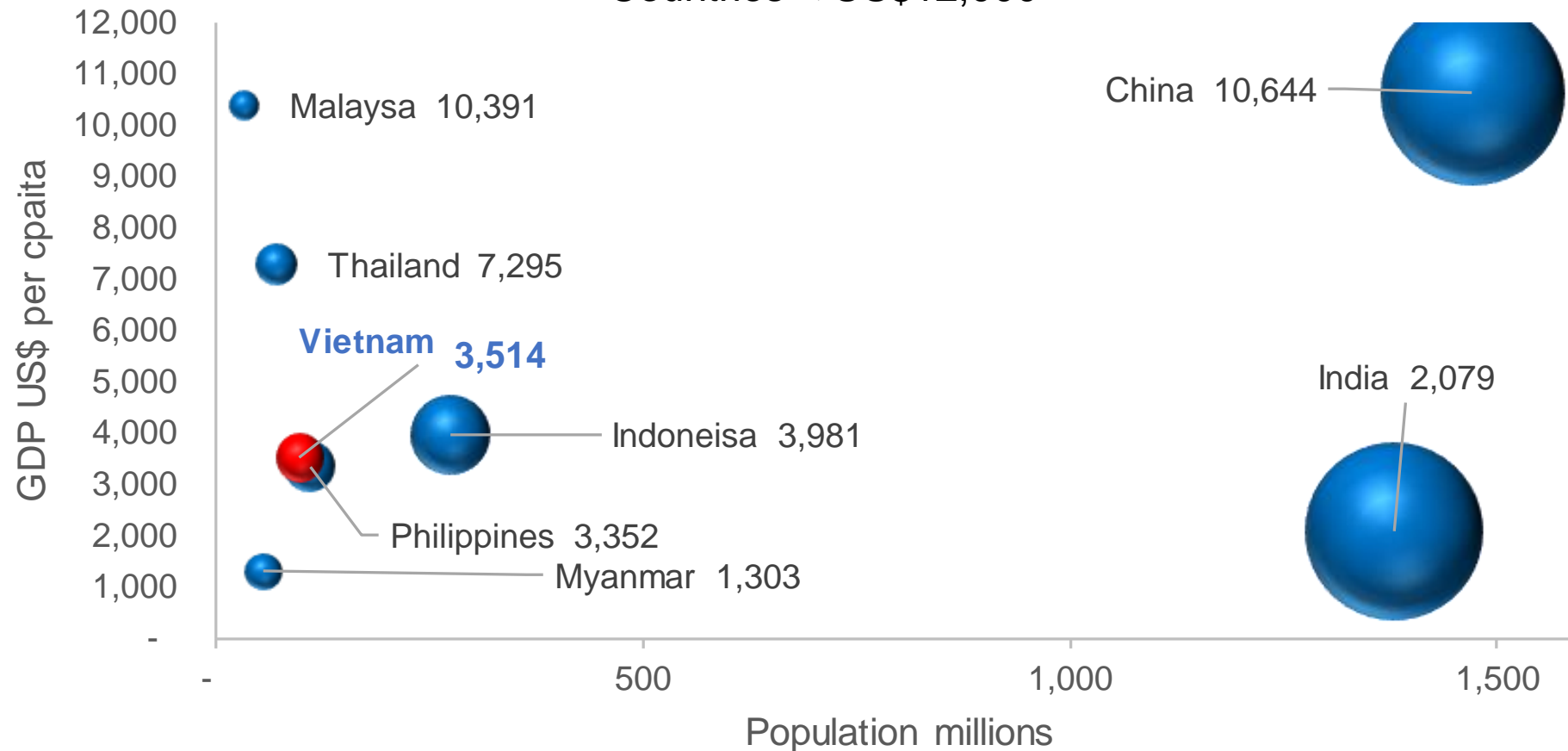
70% banked  
national  
adults 18+

# Vietnam is the 4<sup>th</sup> largest economy in SE Asia

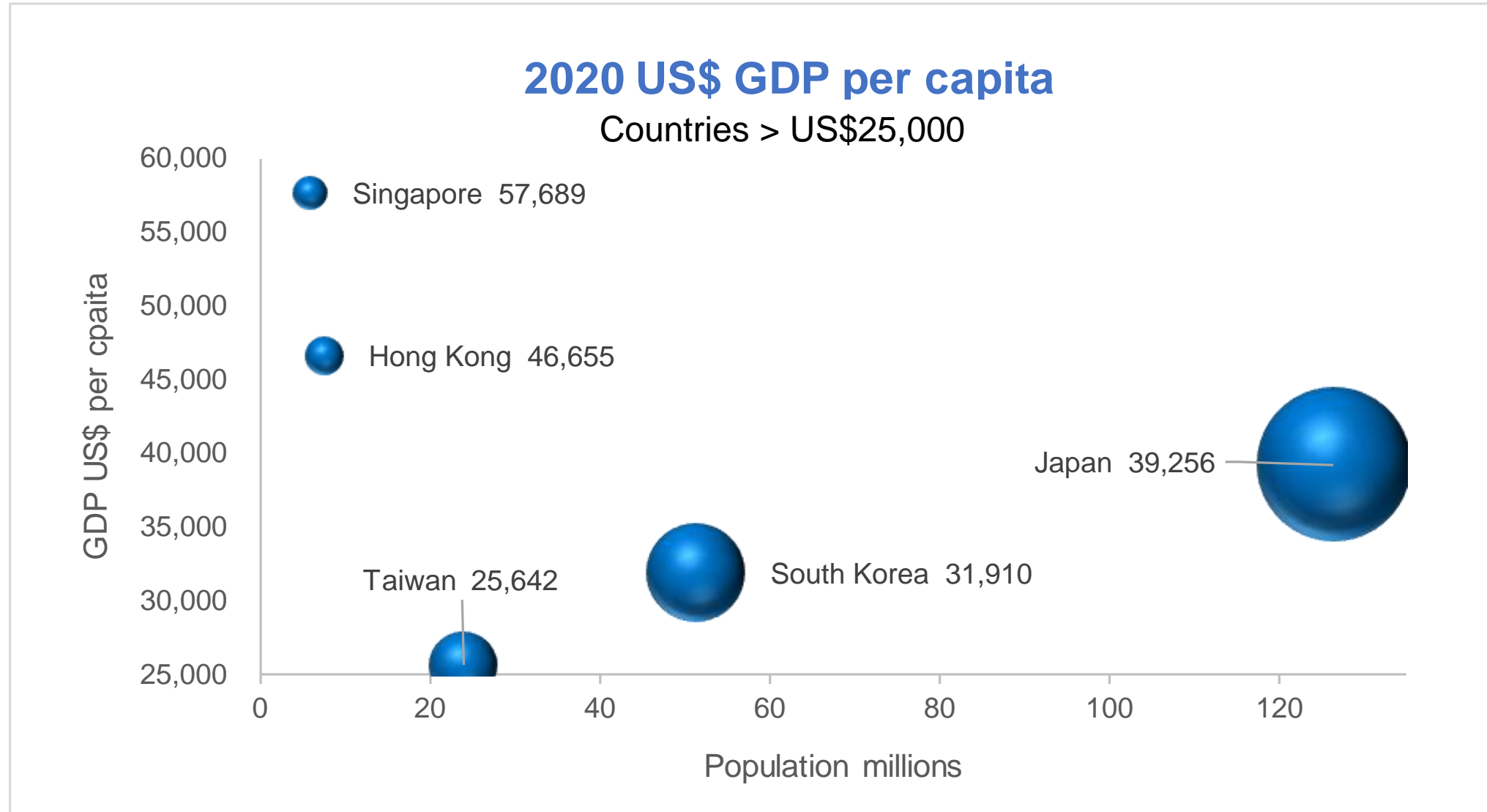
In absolute size Vietnam has now surpassed Singapore and Malaysia

## 2020 US\$ GDP per capita

Countries < US\$12,000



# A long journey ahead to reach developed economies



# 2021

## ECONOMIC PERFORMANCE

VS. 2020



**2.6%**

GDP YoY growth



**4.8%**

Industrial production  
YoY growth



**-8.5%**

Retail sales goods  
and services YoY growth



**↑19%**

**US\$ 337 bn**

Exports goods 2021



**52.5**

December 2021  
manufacturing purchasing  
managers index



**101.84**

2021 YoY consumer  
price index



**↓-2%**

**US\$ 19.74 bn**

2021 YTD foreign direct  
investment disbursement



**↑27%**

**US\$ 332 bn**

Imports goods 2021

2022 GDP growth forecast **6.5%**

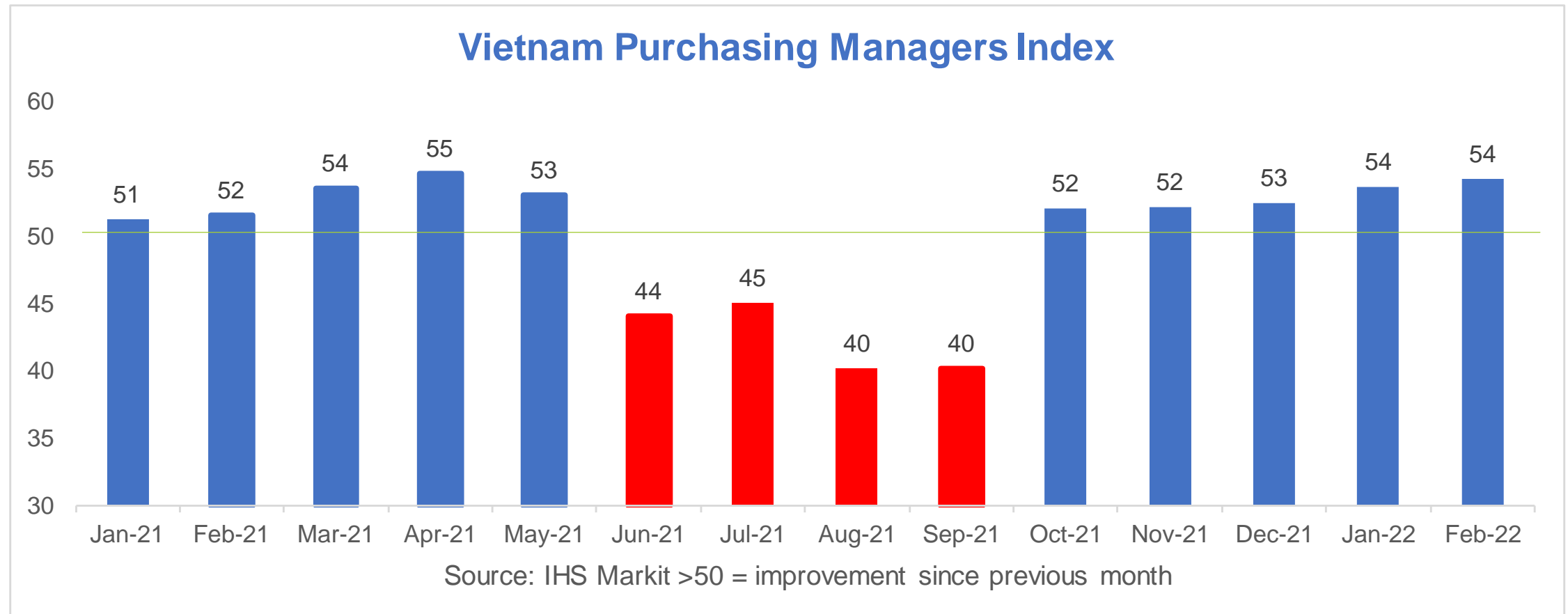




# Vietnam's 2022 economic outlook

## Manufacturing contributes near ¼ of GDP

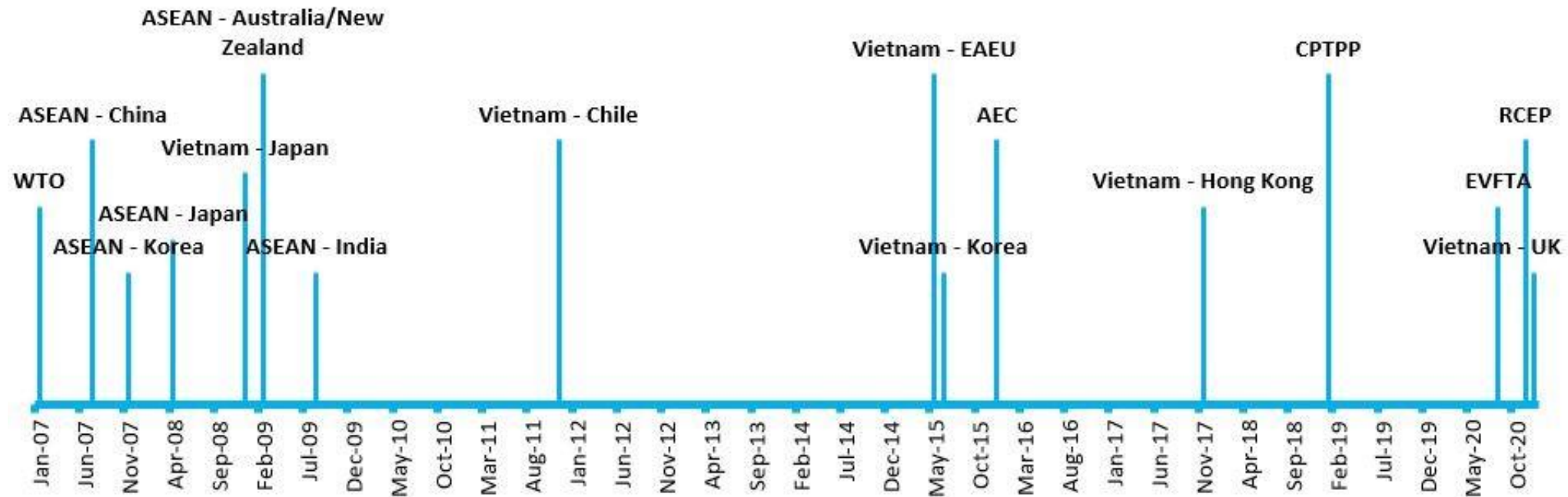
- Manufacturers are optimistic that output will expand over the coming year. Shipping and labour shortages continue to hamper operations.





# Vietnam leads on global trade interconnectivity

- Free trade agreements abound. Vietnam leads the charts on global trade interconnectivity. Vietnam global interconnectivity in 2021 was 184%.
  - Up from 154% in 2020.
  - Interconnected global trade is defined as imports plus exports as a % of GDP.
- Minimum monthly wages today in Saigon are US\$191, just 62% of the minimum in Guangzhou at US\$308.

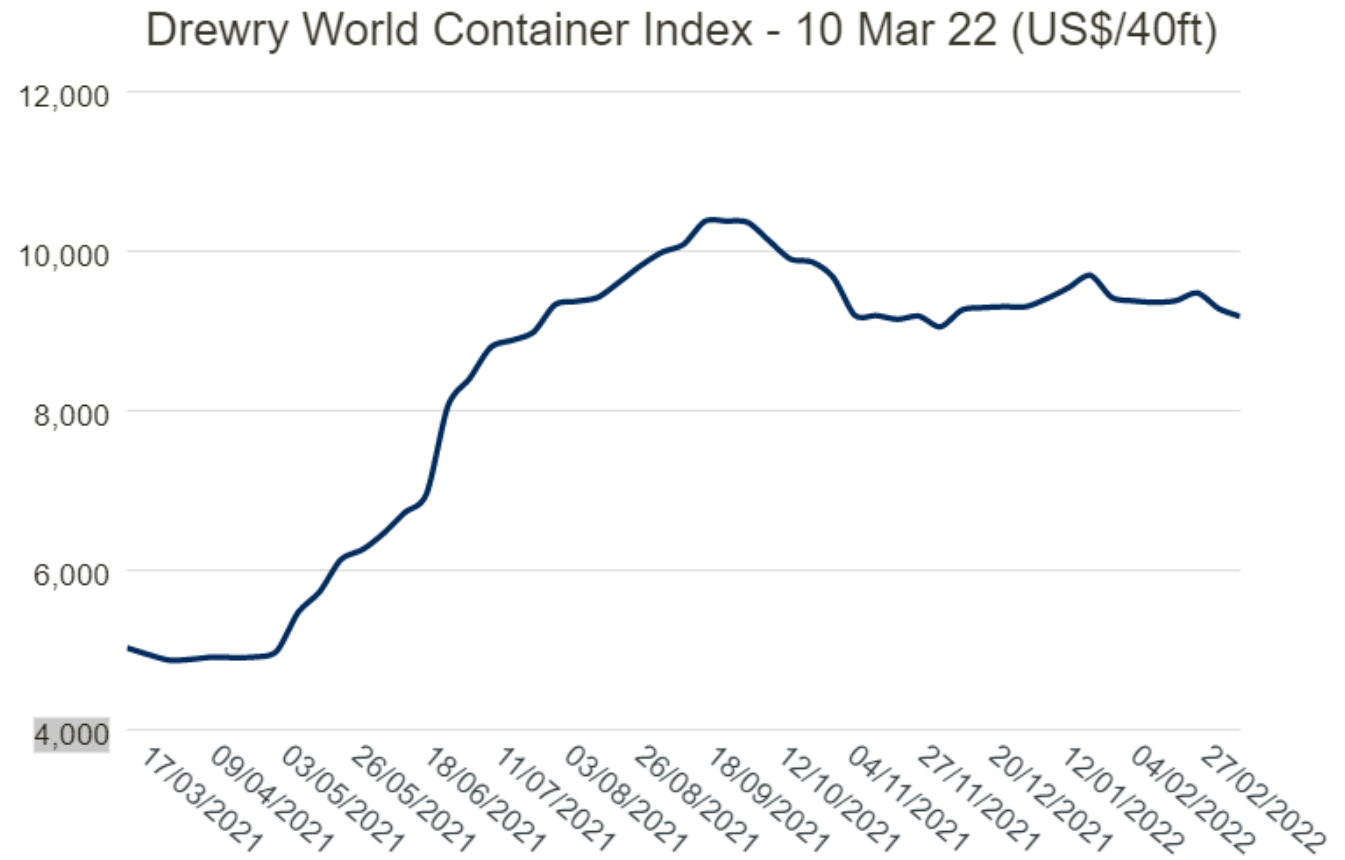




Vietnam is the 4th largest economy in SE Asia.  
The most interconnected trading nation globally.

## Impacting export capacity: Shipping container costs up massively

- The average composite index of the WCI, assessed by Drewry for year-to-date, is US\$9,180 per 40ft container.
- In March 2020 it was under US\$2,000.



## Covid in 2021 a much harder impact than in 2020

2020  
1.6 million  
less  
jobs

2021  
4.1 million  
less  
jobs

2020 Cimigo  
estimate that  
household  
incomes  
dropped 12%

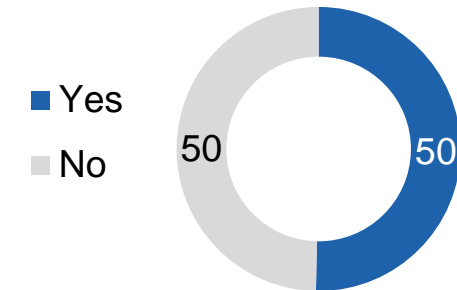
2021 Cimigo  
estimate that  
household  
incomes  
dropped 38%



# Vietnamese are very philanthropic

- 50% of residents in HCMC and Hanoi gave donations during 2021.
- The majority (83%) donated more than twice in the past 12 months and money is the most popular form of contribution.
- 8 in 10 donors contributed to Covid-19 support in past 12 months and 46% increased charitable giving during Covid.
- The average value per cash donation was US\$64 and of food and other gifts US\$48.

## Donated in past 12 months (%)



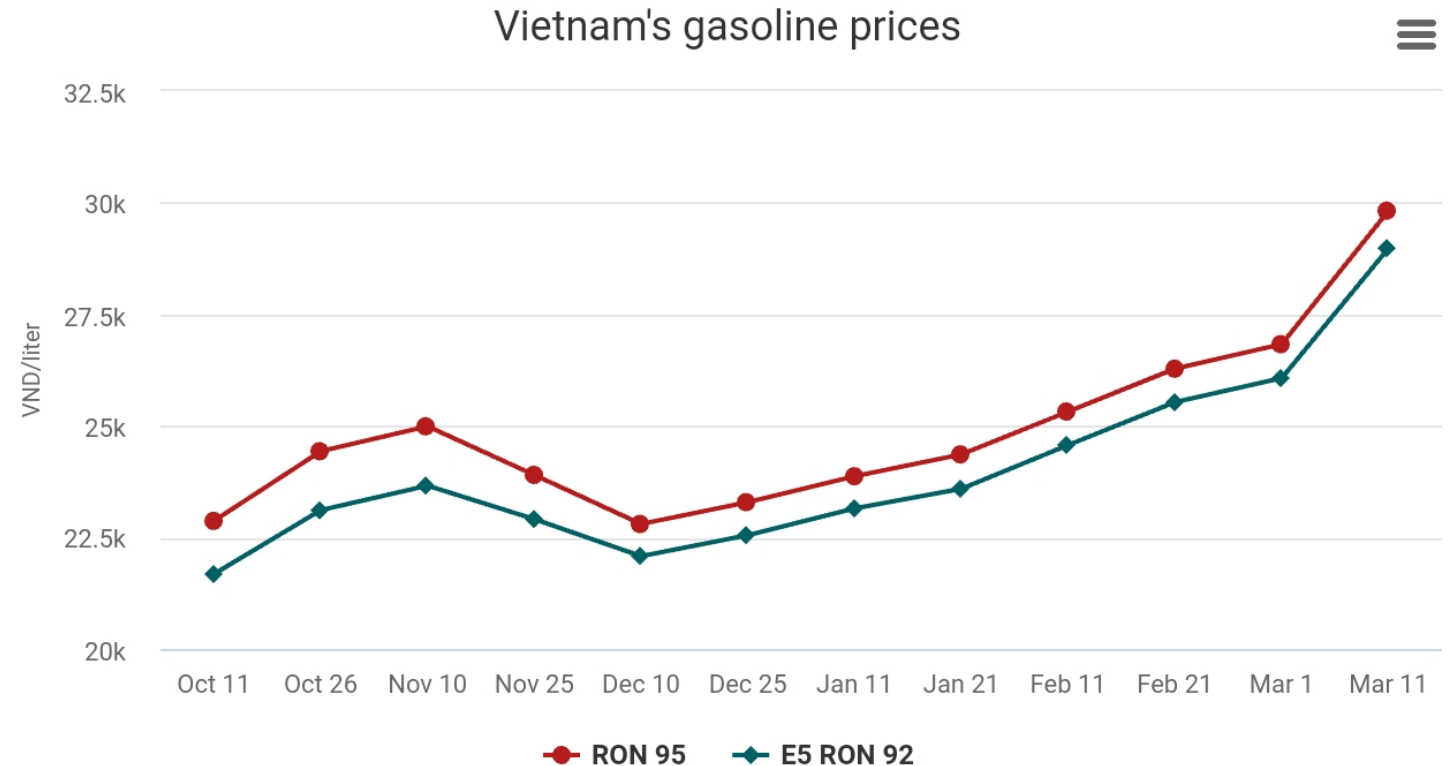
Cash donation amount in past 12 months (%)	Base	Total
	220	
Average amount (dong)	1,492,696	
Most frequent value	100,001 to 200,000	
1 to 100,000	21	
100,001 to 200,000	19	
200,001 to 500,000	20	
500,001 - 1 million dong	14	
Over 1 million - 5 million dong	11	
Over 5 million - 10 million dong	8	
Over 10 million	7	

Spending for buying food, clothes, books, and other gifts to donate (%)	Base	Total
	157	
Average amount (dong)	1,117,207	
Most frequent value	500,001 - 1 mil	
1 to 100,000	9	
100,001 to 200,000	12	
200,001 to 500,000	23	
500,001 - 1 million dong	23	
Over 1 million - 5 million dong	19	
Over 5 million - 10 million dong	11	
Over 10 million	3	

Source: Cimigo Philanthropy in Vietnam, December 2021, amongst 600 consumers in HCMC and Hanoi aged 16-44 years.

# Petrol price rises will exert pressure on consumer confidence

- Consumers feel raising petrol prices fast and this hits consumer confidence.
- Raising transport costs will trickle down to the majority of the basket included the consumer price index.



# Ukraine invasion: impact on Vietnamese economy

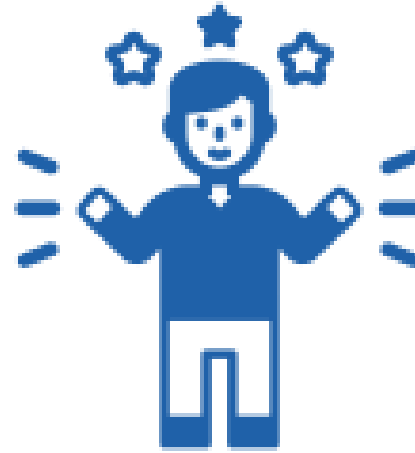
- Supply chain disruptions and increased costs for grain, fertiliser and fuel.
- Inflation pressure will likely push Vietnam's CPI to 4.5% in 2022.
- 646,524 inbound Russian tourists visited Vietnam in 2019. The 6th largest source after China, S Korea, Japan, Taiwan and US.
  - China's travel restrictions will have a far greater impact on an inbound tourism recovery (5,806,425 in 2019).
- Russian and Ukrainian trade with Vietnam represents 1.1% of Vietnam's total international trade.
- Direct investments from Russia and Ukraine are negligible at 0.3% of total foreign investment.





# Confidence is the biggest barrier to growth

Full vaccination



Inter-provincial travel



Work place hygiene and safety



**Consumer confidence 30% above all time low in Sept 2021.**  
**But 30% lower than in 2019.**



Income security  
If lock down repeated.



Home office flexibility



Back to school



Medical costs and income protection if infected.



# Domestic consumer demand shrank in 2020 and 2021



**Outbound travel**



**Out of home entertainment**



**Domestic travel**



**Eating out of home**



**Spa and beauty services**



**Apartments**



**Car**



**Two-wheeler**



**Home appliances**



**Fashion**



**Devices**



**Home furnishing**

# Domestic consumer demand accelerated in 2020 and 2021



**Online shopping**



**CPG down trading thrifty options**



**Delivery and ride hailing**



**Gaming**



**Content streaming**



**E-wallets**



**Ed tech**



**Hygiene  
Sanitiser,  
mask, soap, wash,  
mouthwash**



**CPG packed food**



**Health supplements**



**Books, stationery**



**Electrical accessories**



**Sports apparel (yoga!)**



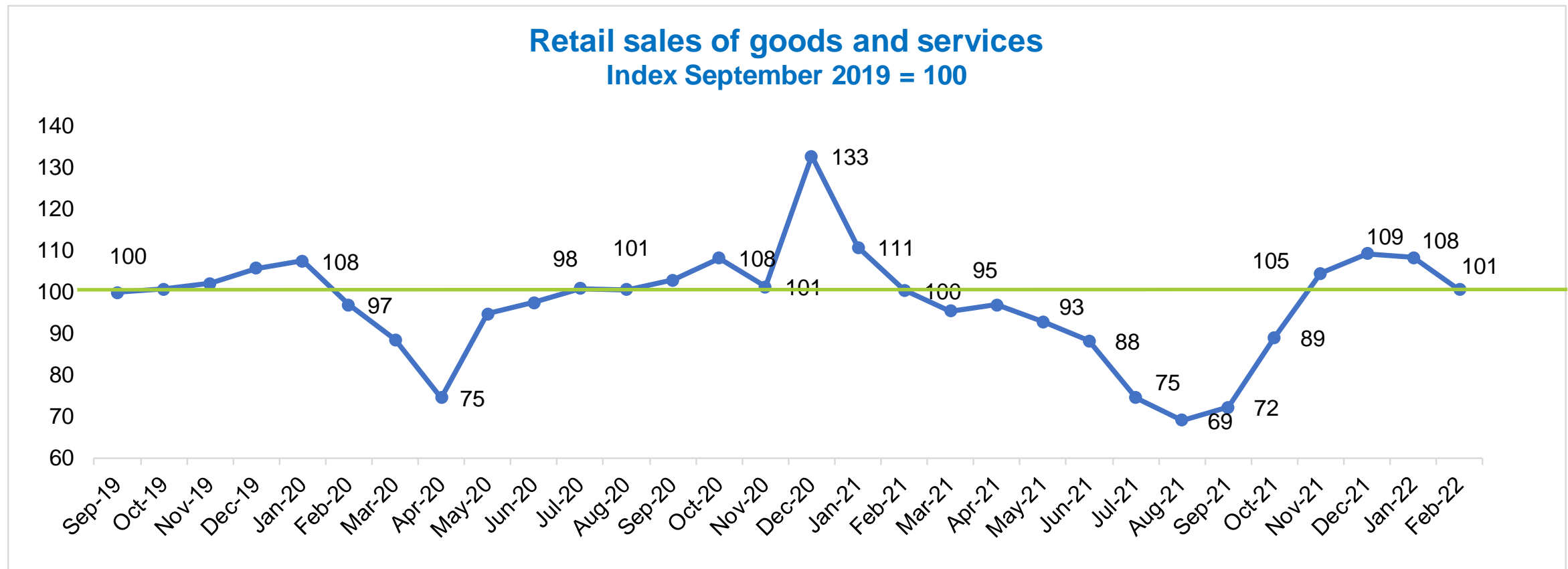
**F&B delivery**

Will endure

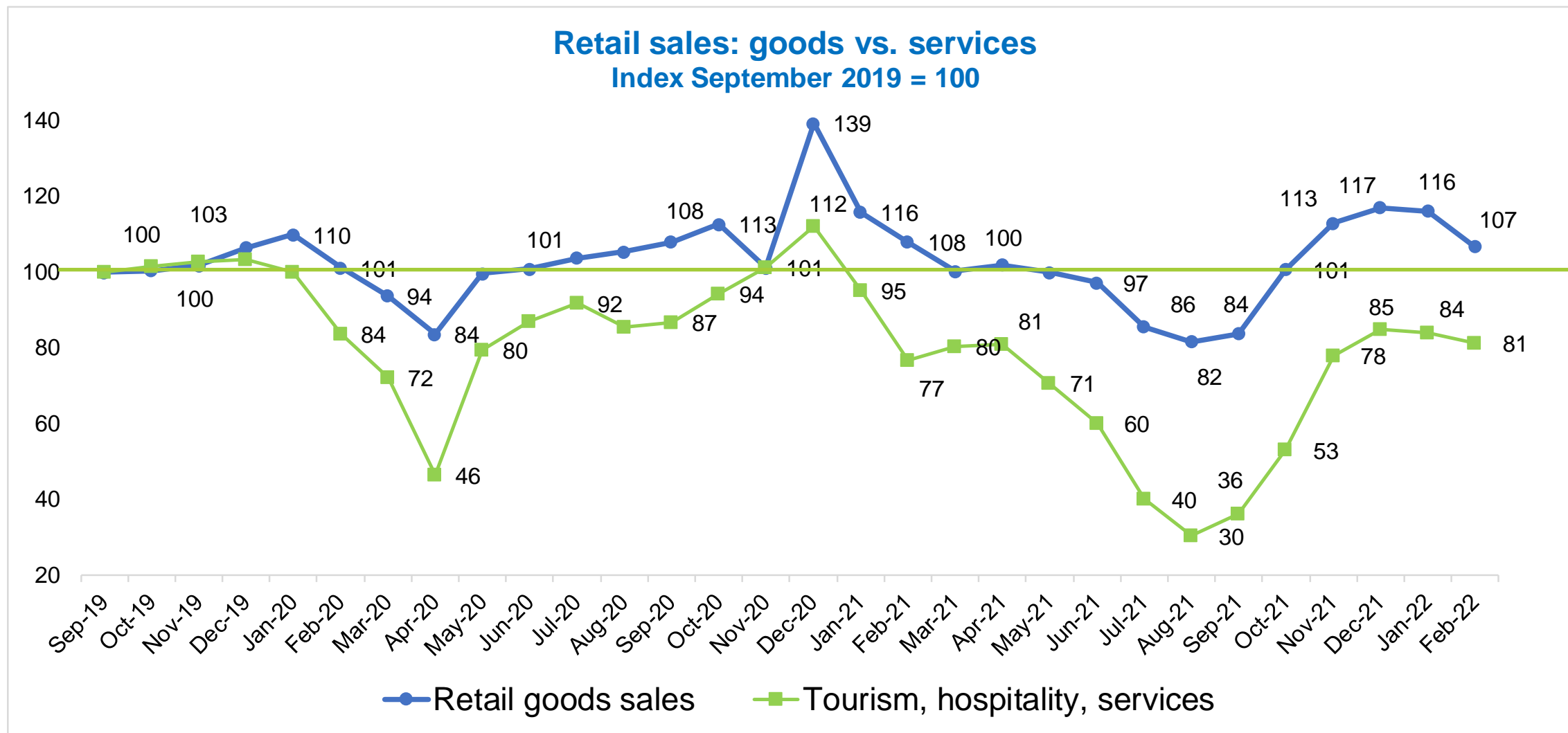
COVID reaction



# Retail sales of goods and services. Goods have bounced back.



# Retail sales of services expected to edge back by September 2022



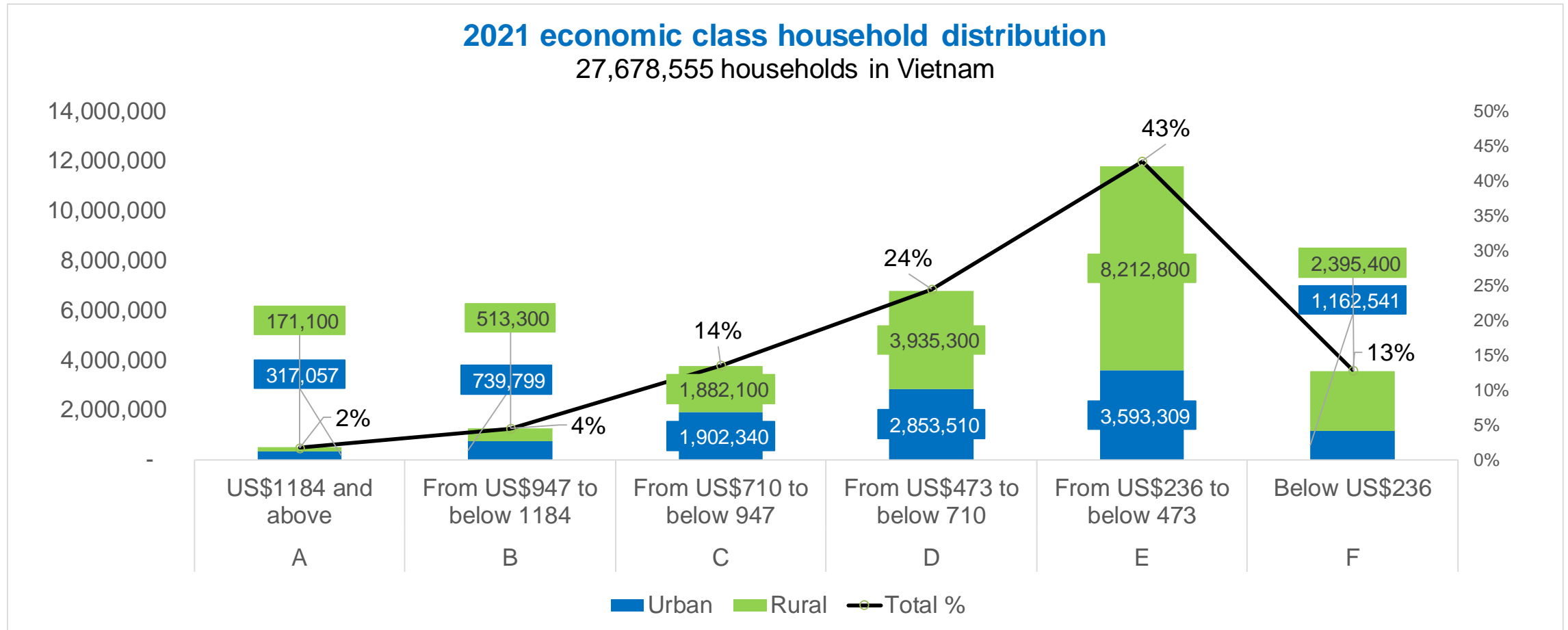
Source: General Statistics Office, estimate for February.

## Back on growth trajectory in 2<sup>nd</sup> half of 2022

- Consumer dynamism and economic growth will rebound unabated by mid-2022.
- There will be GDP growth of approximately 6.5% in 2022.
  - GDP growth in 2021 was just 2.58%. This is the lowest level since 1986 which recorded 2.3%.
  - Less than 2020 which recorded 2.9%.
  - In sharp contrast to the 7.0% achieved in 2019.
- Sales of retail goods have already bounced back above the 2019 level (and will quickly recover beyond the 2020 level) and continue a growth trajectory.
- Sales of retail services will edge back by September 2022. 2021 retail service sales remained 32% below the 2019 level. Cimigo expects these to have recovered by September 2022 and be back on a growth trajectory.

# Consuming class 44% of all households

12,314,505 a household income above US\$473 (VND10,000,000) per month, they are classified as ABCD economic class.





# Change in wealth over past 4 years

2017

2 billionaires.

270 ultra high net worth (>30 US\$ million).

21,998 millionaires.

1,236,015 households =>USD1,000  
monthly income.

7,963,609 households US\$500-US\$999  
monthly income.

Diaspora remittances US\$15 billion.

2021

6 billionaires. Up 200%.

1,228 Ultra high net worth (>30 US\$ million). Up 355%.


69,895 millionaires. Up 218%.

1,530,577 households =>USD1,000  
monthly income. Up 24%.

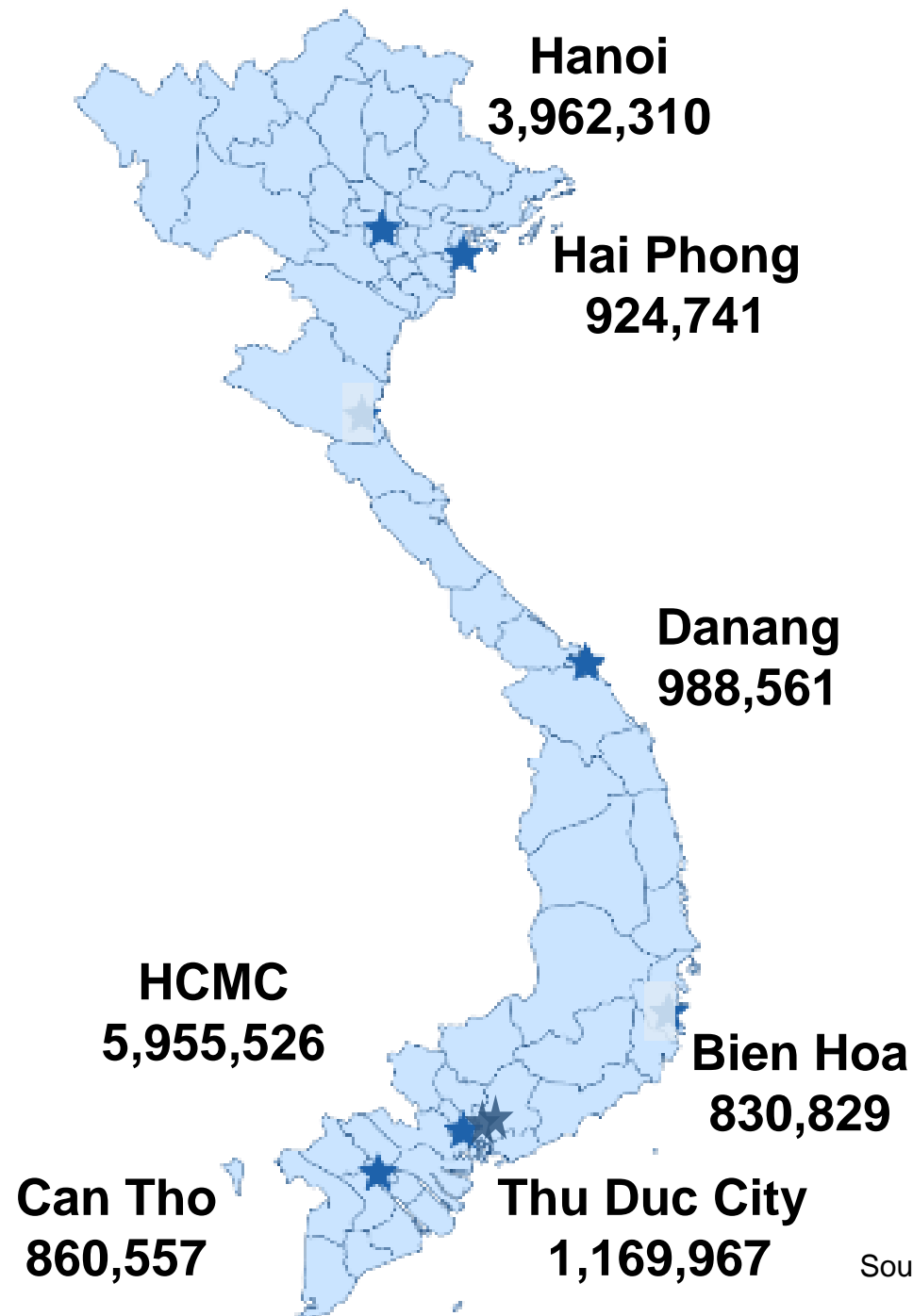
9,603,248 households US\$500-US\$999  
monthly income. Up 21%.

Diaspora remittances US\$18 billion. Up 20%.

Middle-class acceleration.  
Migration and lower birth rates mean households  
are smaller and slightly wealthier.

A group of smiling Vietnamese children, likely of elementary school age, are shown in a close-up shot. They are all looking towards the camera with joyful expressions, some with wide-open mouths as if laughing or shouting. The children have dark hair and are wearing casual clothing. The background is a soft-focus green, suggesting an outdoor setting with trees. A semi-transparent blue rectangular box is overlaid on the right side of the image, containing the title text.

# Demographic shifts in Vietnam

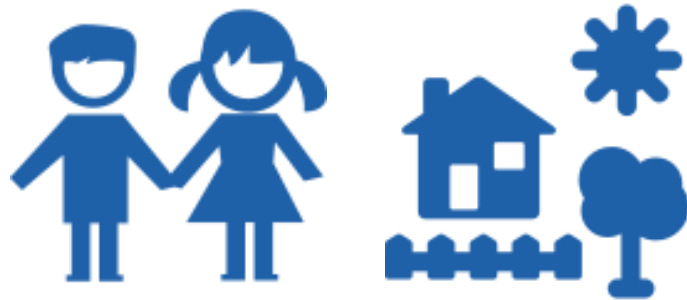


**Newly formed Thu Duc City joins the charts, as Vietnam's 3<sup>rd</sup> largest city**

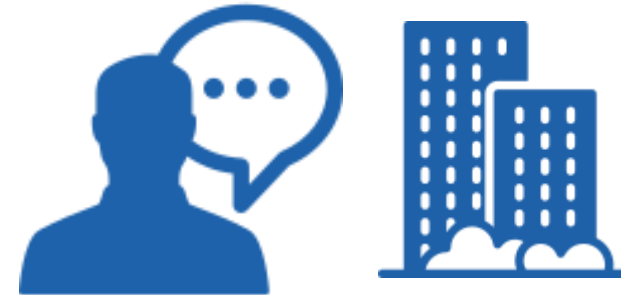
Source: GSO 2019 census City populations (not province which includes rural administrative areas)



# Changing demographic structures



**0-14 years and Rural**



**50+ and Urban**

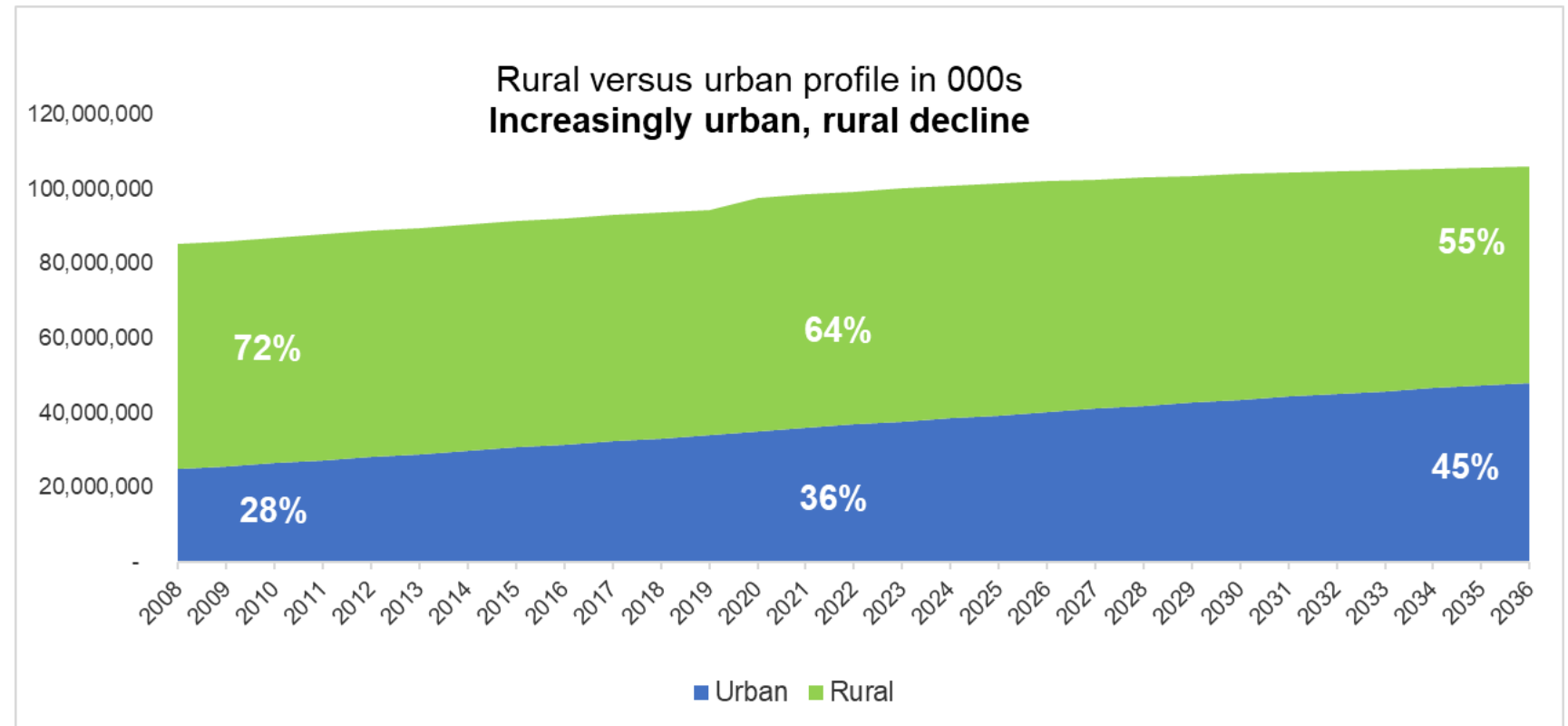


# Rapid urbanisation drives efficiency and ultra convenience

The rural population commenced a decline in 2017.

Rural household sizes in falls from 4.6 in 2008 to 3.6 in 2021.

Urban provides ultra convenience but stressed infrastructure and pollution.



Rapid urbanisation provides challenges,  
but high efficiency and convenience.  
The rural population is shrinking fast.

## Demographic dividend – low dependency ratio



**96% men (20 – 64 years) work**



**88% women (20 – 64 years) work**



**59% is the working population as a % of the total in 2021**

- Highest % of working population in region. It significantly lowers dependency ratios at just 0.7 per employed person. This gives GDP a huge boost. Urban working adults have on average 1.67 sources of income.

More women work in Vietnam than anywhere else in the region.  
Vietnam enjoys a huge demographic dividend  
owing to low dependency ratios on earners.



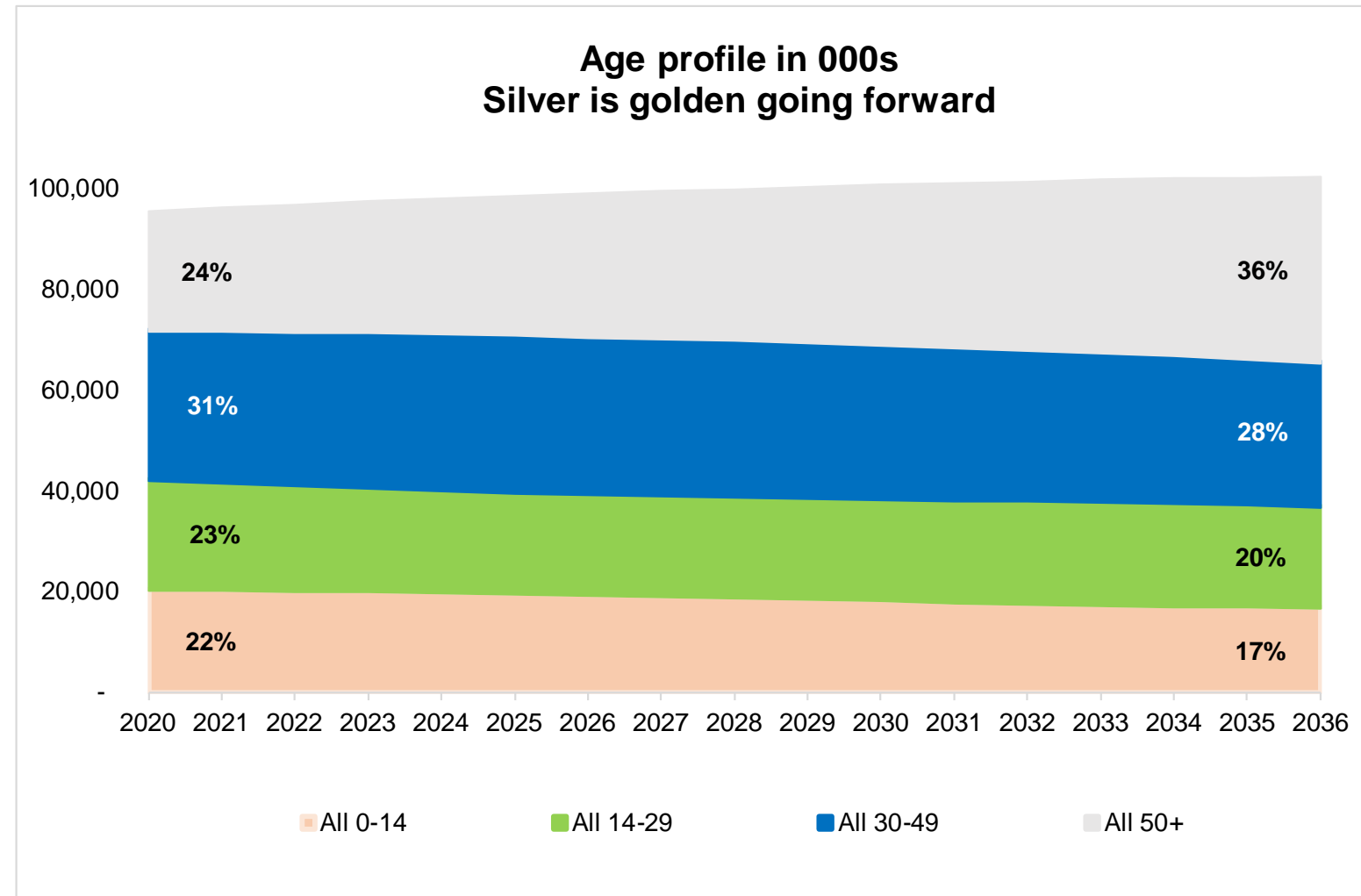
# Decelerating birth rates, under 14s and pester power

The demographic that drives much of mums purchase behaviour has commenced a slow decline.

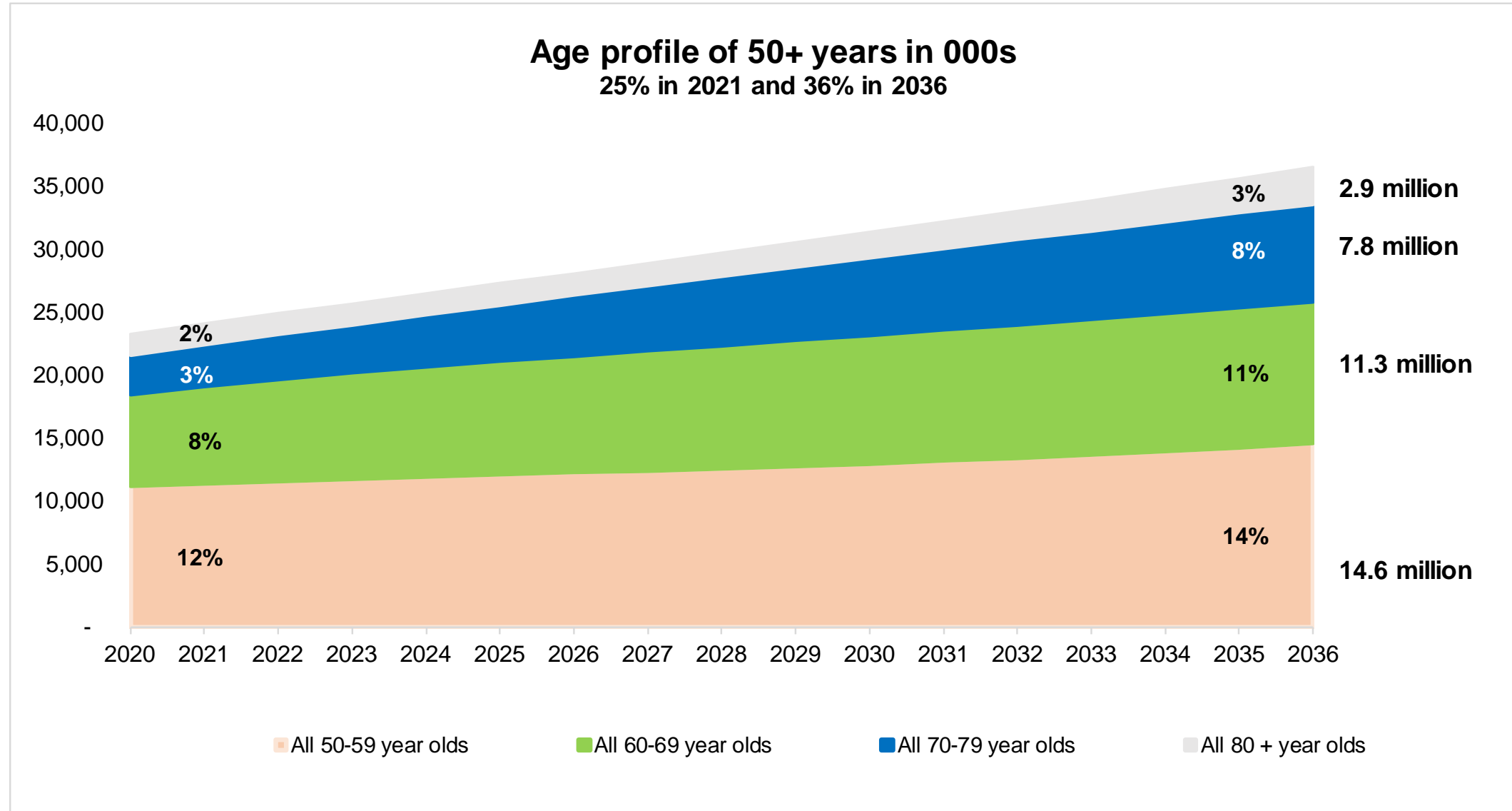
The birth rate has declined from 75 in 2008 to 46 in 2020 (rate per 000 females aged 15 to 49).

Vietnam's youth has provided an unrivalled dynamism.

We now need to consider making better choices for the silver generation.



# Silver generation is fastest growing age segment going forward



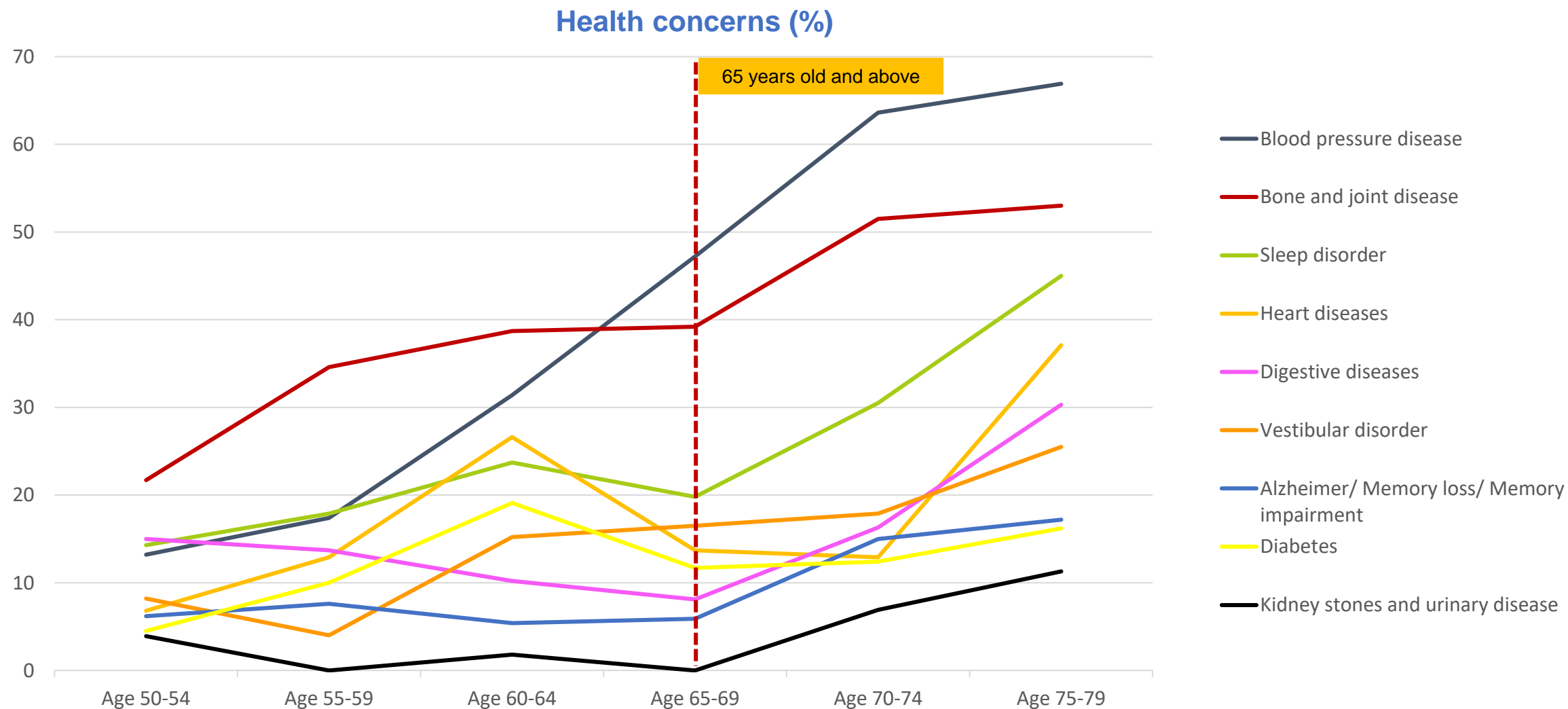
## Silver generation are the ideal segment; time rich, asset heavy with high disposable income

- The silver generation's disposable income and desire to enjoy life provide ample opportunities for travel, fashion and beauty services.
- The silver generation wants to prepare for any emergency and their future rather than for their offspring as most marketers assume. Financial services have yet to fully explore their potential.
- Health is the top concern and health related expenditure accounts for 13% of their income. Reaching retirement, seniors have more spare time to take care of their health.
- Beyond visiting doctors and consuming medicine, the silver generation gives credence to a healthier lifestyle (including exercise, eating habits, supplements) beyond health checks.



A staggering drop in the birth rate  
and an aging population will take hold in the 2030s.  
Elderly dependents will become a key challenge in 2040s.

# Health concerns increase significantly after 65 years old. Blood pressure disease rise the fastest.







## Vietnam shopper dynamics

## Shopper dynamics

- Most conduct a daily shop for fresh groceries.
  - Refrigerators largely for fresh foods, beverages and sauces.
- Many live in multi generation homes, one of the adult females will typically shop.
  - Most have well established relationships with neighbourhood vendors and traditional stores.
- Mum will self-sacrifice for child.
  - She is ready to pay a premium for high quality and nutrition for children.
- Price knowledge and sensitivity is high.
  - But cash outlay matters, so small pack formats work well.
- Promotions are common and appreciated.
- Premiumisation trends were strong until 2019, but temporarily scaled back given impact of Covid.

## Country of origin matters less than in the past

- International no longer equates to better.
  - Think Masan, Vinamilk and VinFast.
- Australia perceived for natural, high quality food and beverages.
  - New Zealand, Holland and Ireland carry similar perceptions.
- Singapore encompasses aspired future city scape and lifestyle.
- Many Chinese and Thai brands in market in value for money segment.
- Quality electronics typically S. Korean and Japanese. Both have strong soft cultural power.
- Asian conglomerates buy into local brands and retail chains.
  - Thailand, S Korea and Japan have the biggest investments.



## Rise of modern formats – Bach Hoa Xanh

- Bach Hoa Xanh launched in 2015 and now has 2,147 mini markets with average monthly sales of USD55,000 per store.
- The The Gioi Di Dong holding group has 4,871 stores across it brands in 2021.
- They provide ready access for a listing fee.
- Market entry and testing has become viable through modern and online channels delivering 24% of retail sales.
- All without the sales and distribution investment required to service the traditional trade.

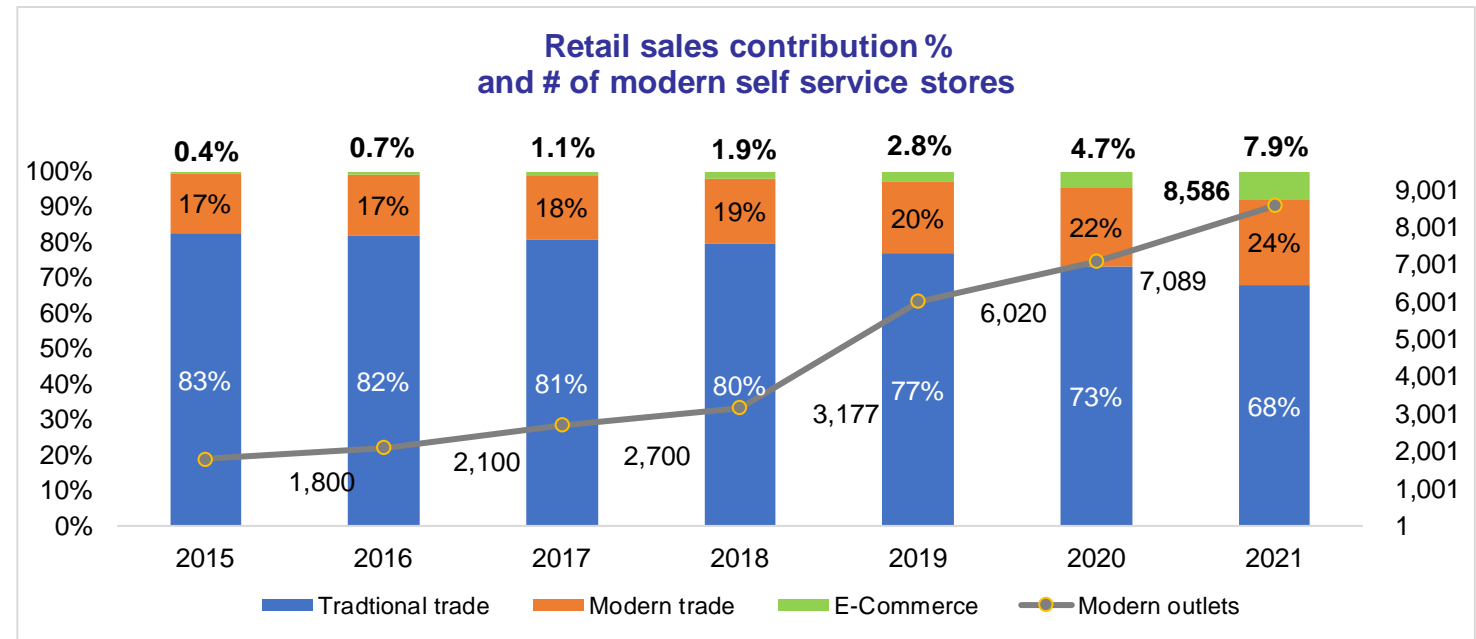


Bach Hoa Xanh launched in 2015 and now have 2,147 mini markets with average monthly sales of USD55,000.

Source: GSO, Cimigo

# E-commerce sales grew by 60% in 2021

- Online shopping will surpass modern trade share of sales in 2028.
- E-commerce has reached a tipping point with consumer trust now granted.
- E-commerce logistics and delivery times improving exponentially into rural areas.
- Bach Hoa Xuan (mini market format) expanding into small towns and rural areas.
- Modern trade's contribution to retail sales has moved from 15% in 2005 to 24% in 2021.



**20% increase in modern trade outlets**  
 Bach Hoa Xanh accounts for 61% of new outlets



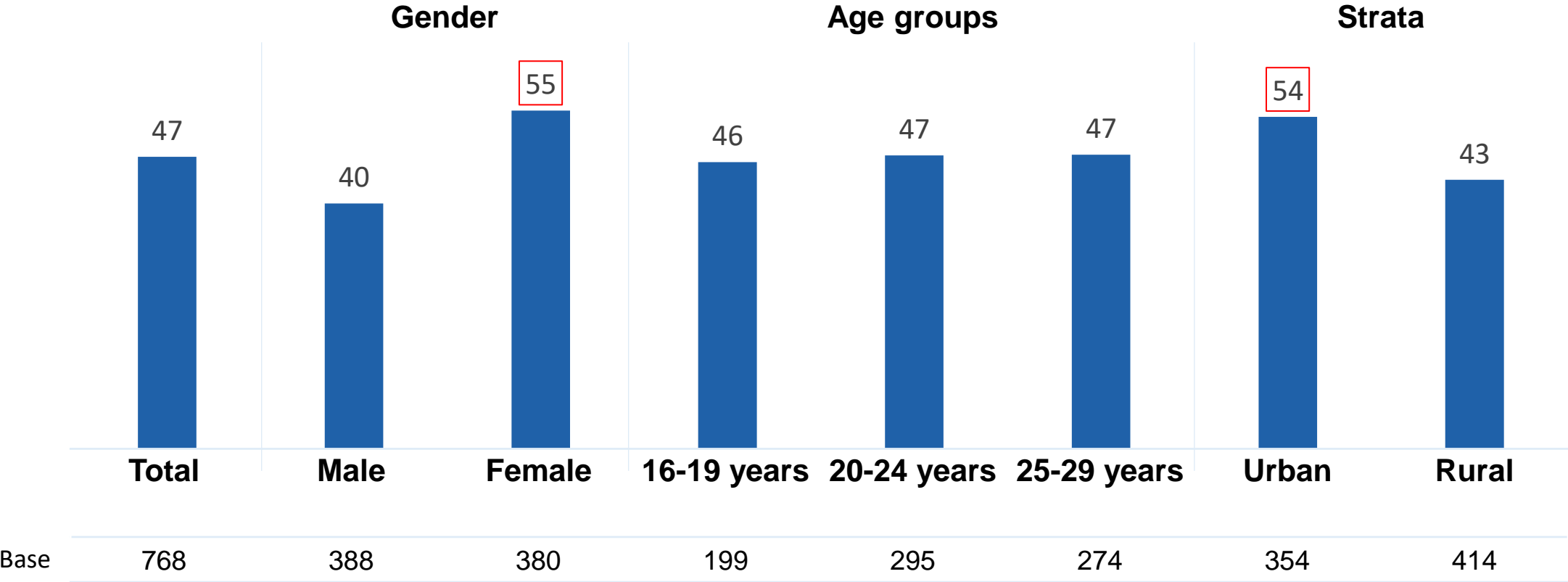


Digital and modern trade expansion makes in-roads into provincial towns and rural households.  
The experience economy is flying.

Nearly half shopped online in the past one month, more amongst females and in urban areas



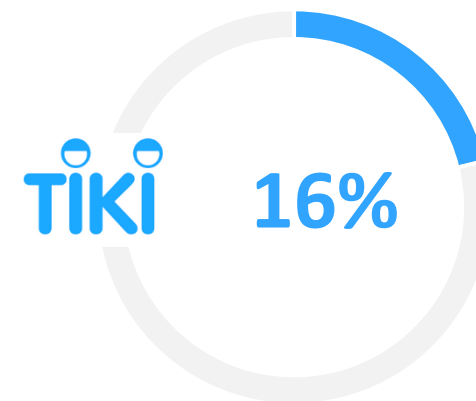
Online shopping penetration in past 1 month (%)  
Across gender, age groups and strata



Source: 2021 Cimigo digital generation national survey amongst 1,500 consumers aged 16-29 years

# Shopee dominates e-commerce

Online shopping platforms used in past month (%)



Online shopping will surpass the modern trade share of sales in 2028.

## Reaching Vietnamese consumers

## Glued to screens for 6H 38M per day

### Social



**2h28m**  
**(any device)**

### TV/Video Edutainment



**2h46m**  
**(any delivery/device)**



# Digital transformation, digital economy now at US\$21 billion



**2021 Internet economy**  
**US\$21 billion**  
**5.8% of GDP**



**7%**  
**Online travel**



**62%**  
**Online shopping**



**19%**  
**Ads, media, games**



**11%**  
**Ride hailing and food delivery**

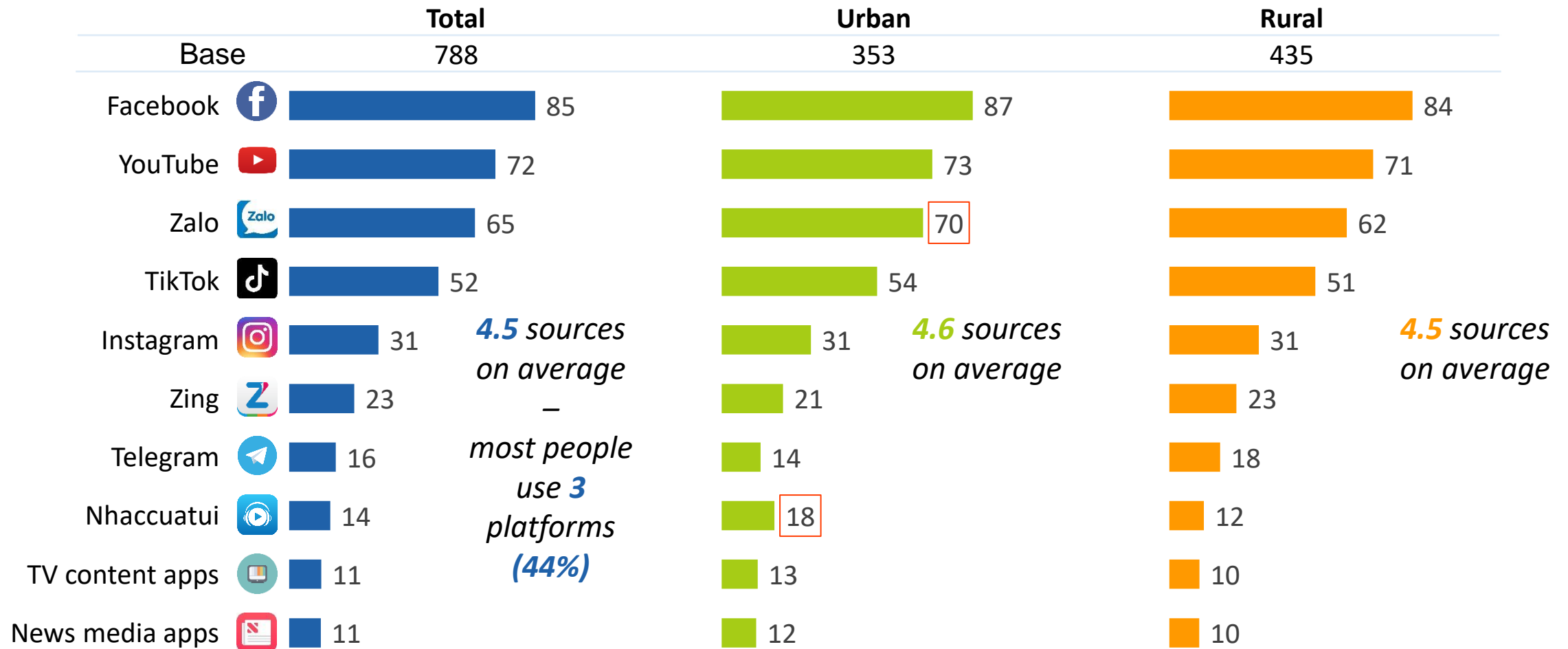
US\$3 billion in 2015 at 1.7% of GDP. | USD\$15 billion in 2020 at 4.3% of GDP.

Source: GSO, Temasek, Bain, Google, Cimigo

Internet economy at US\$21 billion shifts consumer priorities.

# Facebook, YouTube, Zalo and Tiktok dominate

Social media platform used in past 1 week (%)



Vietnam's digital society and media are bringing the worldview  
of the digital generation (aged 16-29)  
across urban and rural society even closer.



## Growth in financial inclusion



# 2022 Financial services monitor

**2,000 consumers nationally**





# Top 10 bank brands in 2021

## Band power index

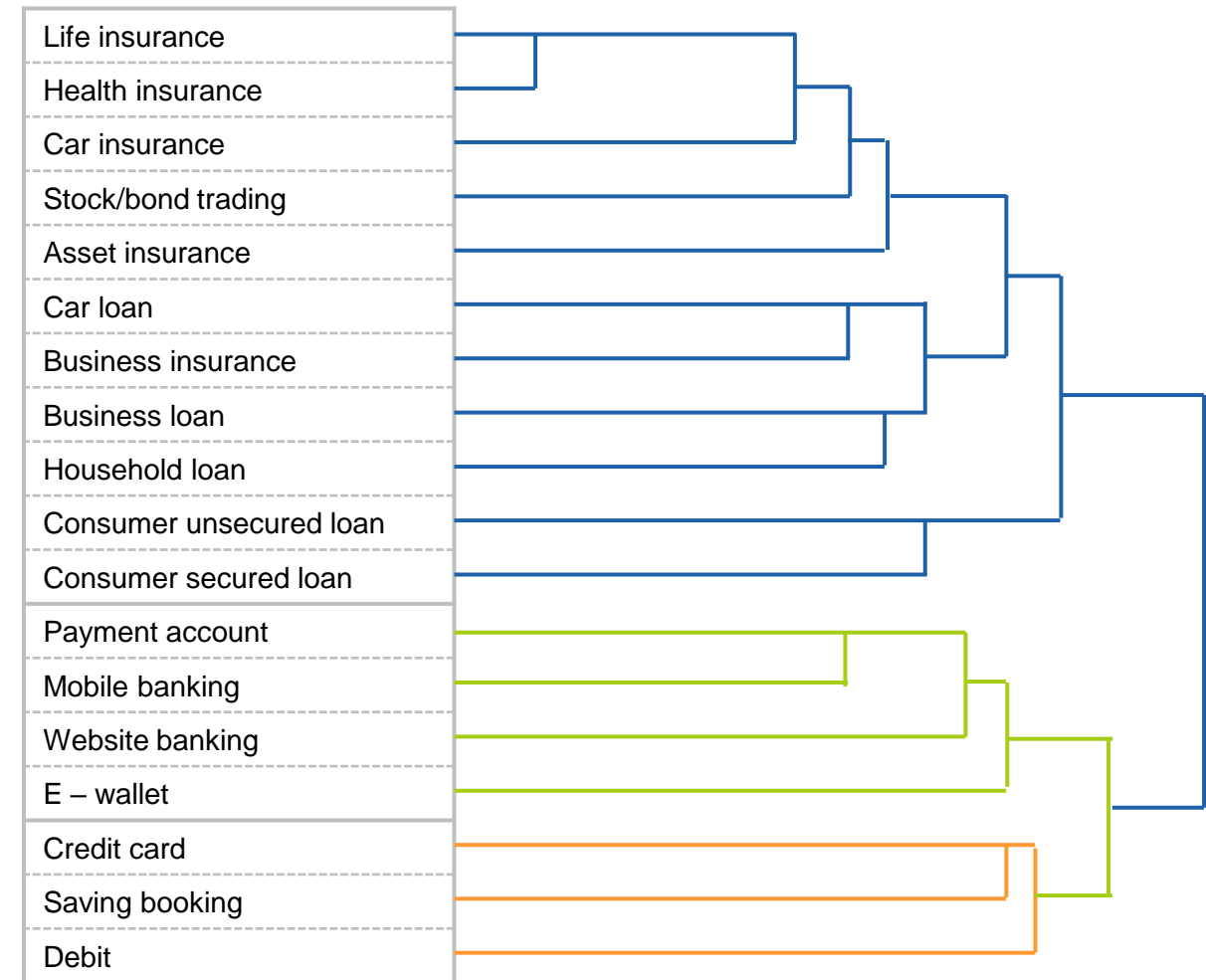
Combines how they behave and how they feel towards banks



# Relationship amongst banking products

- 70% of Vietnamese adults are banked in 2021.
- The illustrated dendrogram indicates the usage of the financial services split into 3 groups:
  - **Group 1:** Using debit, credit card, and saving books.
  - **Group 2:** E-wallet, internet banking on mobile app and websites, payment account.
  - **Group 3:** Stock or bond trading, loan, and insurance services.
- 42% of bank account holders use debit cards, the most common service amongst Vietnamese, but there is much room for cross-selling services.

**Dendrogram – average linkage (between groups)**



# A fintech battleground

- An estimated US\$1.3 billion was raised to fund fintech in 2021.
- With valuations of US\$1 billion or more there were four unicorns at the end 2021;
  1. Sky Mavis (gaming - Axie Infinity)
  2. Momo (e-wallet)
  3. VNPAY (e-wallet)
  4. Vinagame (Zalo and much more)

E-wallets / Digital payments	Digital lending
<div></div> <div></div> <div></div> <div></div>	<div></div> <div></div>
Digital banking	
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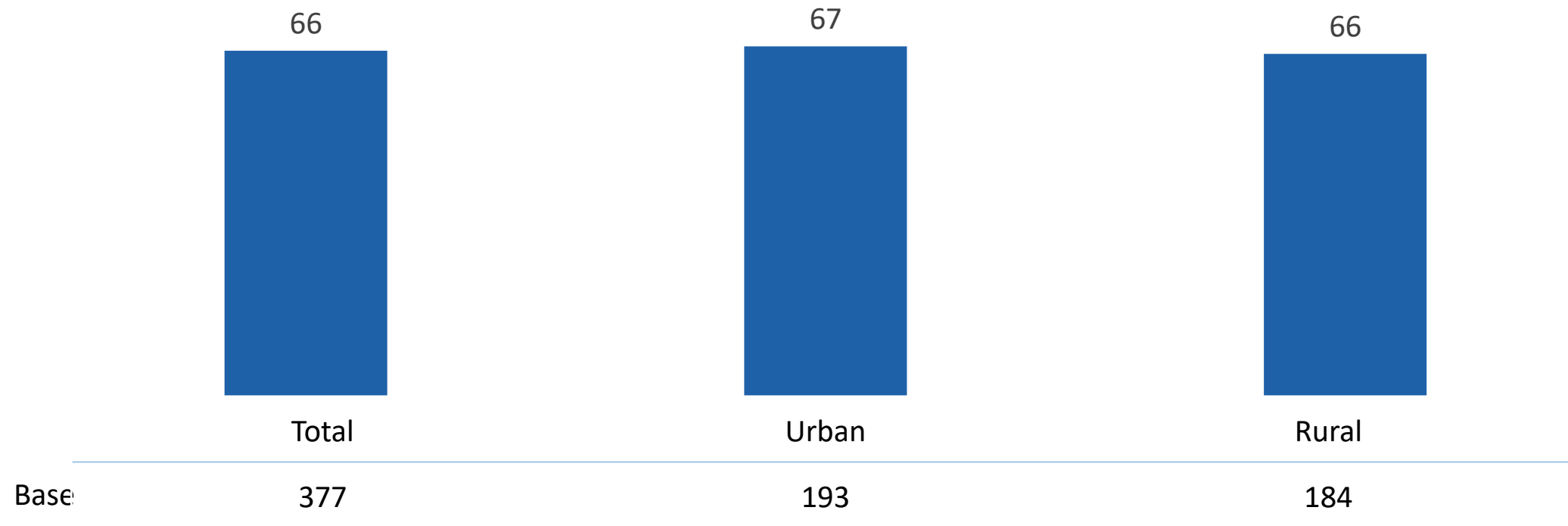
Personal finance / Investment	Insurance tech
<div></div> <div></div>	<div></div> <div></div>
eKYC / Credit scoring	BNPL
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For all uses (including online shopping), e-wallet establishes high penetration, consistently across urban and rural

E-wallet penetration in past 1 month (%)

**39%** amongst  
banked adults

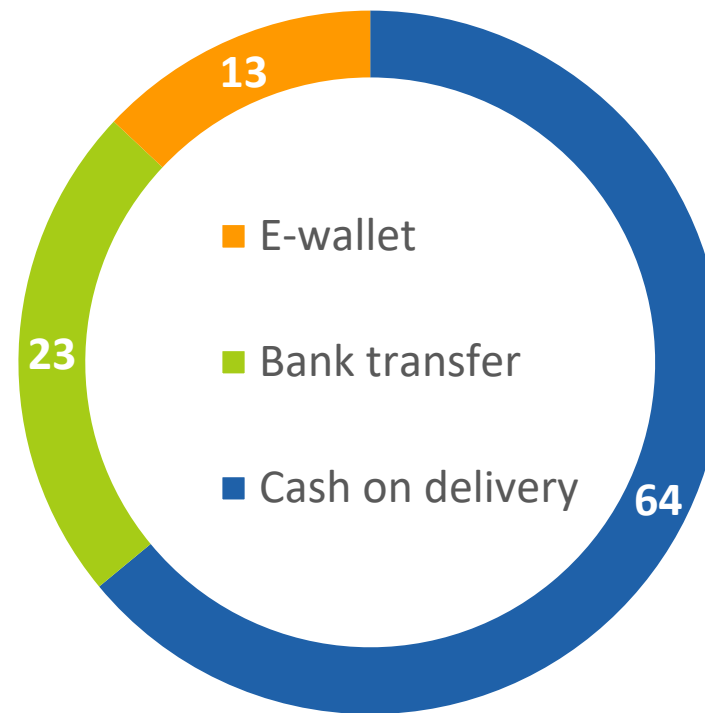
Source: 2021 Cimigo financial services  
monitor national survey amongst 1,500  
banked consumers aged 18-55 years



# Cash on delivery is still the most common payment method for online shopping, followed by bank transfer

## Payment method used most often for online shopping (%)

Base on who shop online N = 377

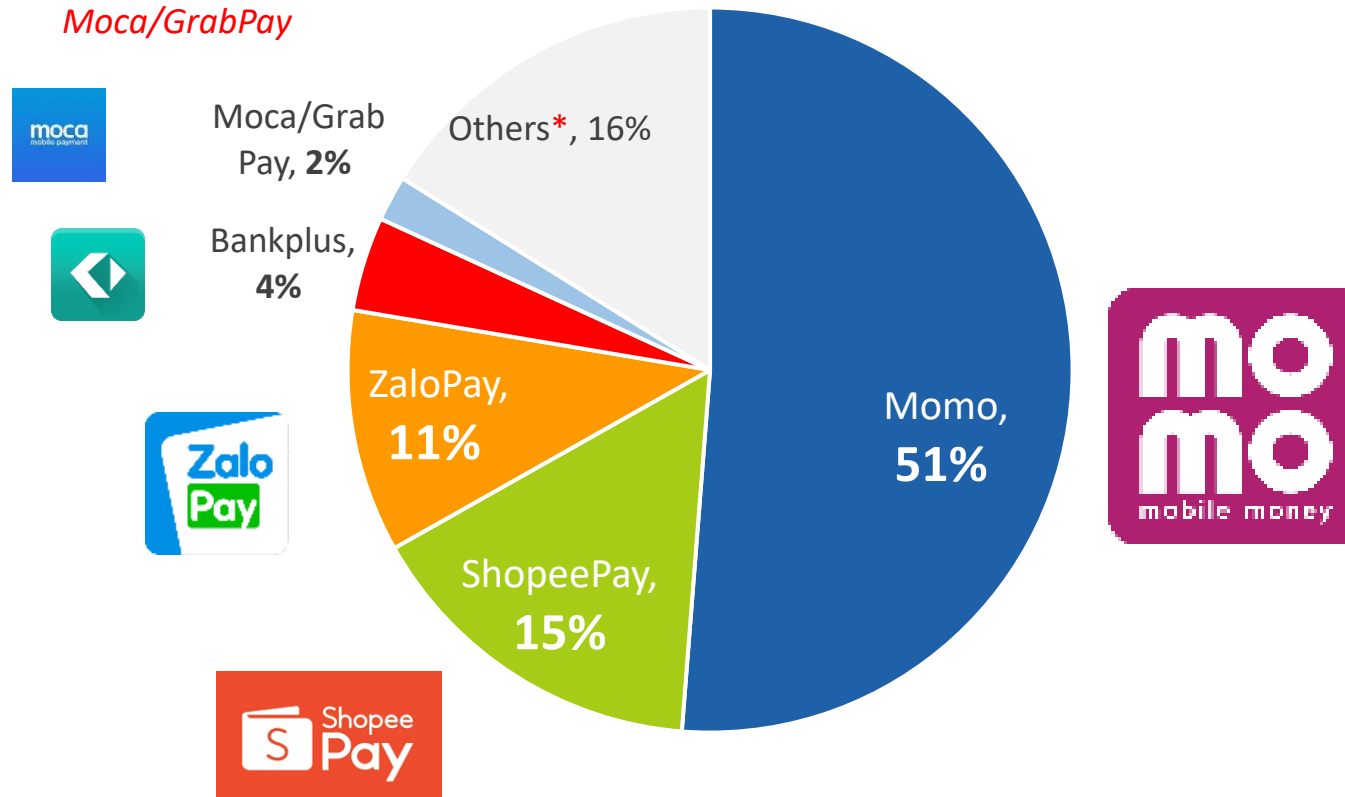


# Momo lead the market with 51% share, followed by ShopeePay

## E-wallet brands used most often (%)

Base on who use e-wallets in past month N = 249

*Social distancing may limit usage of Moca/GrabPay*



**Other e-wallet\***  
(1-2% share for each)

- VIMO
- VTPay / ViettelPay
- Payoo
- eDong / ECPay
- Ví Việt
- VTC Pay
- WePay



# Momo

- Momo's e-wallet launched in 2010 is now a unicorn with a valuation of US\$2.3 billion in Vietnam ((December 2021).
- Still not making a profit, but investors keep backing the customer and transaction acquisition strategy.
- This feature heavy payments app has consumer promotions, cash transfers, mobile top up, bill payment and new services such as loans, travel booking and micro insurance.
- Momo reports in 2021 to have;
  - US\$17 billion transaction value.
  - 31 million users.
  - 40,000 business partnerships.
  - 150,000 merchants.



# Keeping up with the Nguyen's with consumer finance



**US\$67 billion**

NPL increase to 11% in 2021

Up just 1% over 2020

18% of GDP

40% of retail goods sales

**Buy now pay later (BNPL)  
reaches US\$496 million in 2021**  
(vs. 207 million in 2020)

Financial inclusion is near-universal and digital payment supremacy is high.

# Looking ahead for Vietnam

The speed of change will accelerate through 2030.  
Opportunities to leapfrog abound.  
Sector-wide tech adoption will continue to leapfrog  
the development paths followed by mature markets.



## 10 trends accelerating Vietnam's dynamism

1. Vietnam is the 4<sup>th</sup> largest economy in SE Asia. The most interconnected trading nation globally.
2. Middle-class acceleration. Migration and lower birth rates mean households are smaller and slightly wealthier.
3. Rapid urbanisation provides challenges, but high efficiency and convenience. The rural population is shrinking fast.
4. More women work in Vietnam than anywhere else in the region. Vietnam enjoys a huge demographic dividend owing to low dependency ratios on earners.
5. A staggering drop in the birth rate and an aging population will take hold in the 2030s. Elderly dependents will become a key challenge in 2040s.
6. Digital and modern trade expansion makes in-roads into provincial towns and rural households. The experience economy is flying.
7. Online shopping will surpass the modern trade share of sales in 2028.
8. Internet economy at US\$21 billion shifts consumer priorities.
9. Vietnam's digital society and media are bringing the worldview of the digital generation (aged 16-29) across urban and rural society even closer.
10. Financial inclusion is near-universal and digital payment supremacy is high.



# Share your love for Vietnam

- If you have found this presentation helpful, please share your love for Vietnam. No amount is too small, the difference your donation can make for the children we support has a lifelong impact.

[www.justgiving.com/fundraising/richardburrage](https://www.justgiving.com/fundraising/richardburrage)

- My daughter Jasmine and I will be riding 300km over 3 days from Hue to Phong Nha to raise money for Saigon Children's Charity.
- Saigon Children has helped over 300,000 children attend school and built 211 schools in ten provinces across Vietnam. It is a reputable charity celebrating 30 years in Vietnam in 2022, which I have known personally since 1997.
- Think about that, children who would otherwise miss their education and the opportunities that this creates for them and their families. Help us keep them in school! The difference an educated child can make to his or her community by breaking the cycle of poverty is immense. Imagine the difference we can make, every US\$300 (VND7,000,000) raised pays for one child's education for one year. Just US\$25 (VND600,000) takes a child off the streets and into school for a month.



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The Aging Silver Generation of Vietnam

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