Xin Chào Vietnam
Introduction
A Message from our Managing Director
Today, emerging Asian countries are growing up to three times faster than developed countries and Vietnam is truly one of the great success stories for Asia. With more political stability and a fast-growing middle class, it remains a very attractive business environment.

Currently, retail sales of consumer goods are growing impressively with double-digit growth, and this offers even more opportunities for local companies but also, regional and global companies to explore.

In fact, FDI into Vietnam has grown significantly in recent years and the appearance of foreign players with loftier expectations will help further develop the market and drive a more competitive landscape overall.

As technology continues to evolve at a fast rate, foreign investors are in particular very interested in e-commerce, as it seems the quickest way to penetrate a young and dynamic fast-moving consumer goods market. We are seeing three rising trends enabling the development of ecommerce in Vietnam, including aggressive cross border activities, omnichannel shopping and strategic partnerships between brands and retailers and we will go on to discuss these further in the rest of the book. Five years ago, we talked about the barriers that prevented online growth. Now E-commerce is an obvious reality that we must embrace.

Technology not only impacts where people shop, but brings digital disruption along the consumer journey, affecting the way we make all purchase decisions. Finding out the real factors which influence consumer’s attitude and purchase behavior are our priorities more than ever, and successful brands and retailers will be the ones who dig deeper and truly understand how their consumers and shoppers are changing.

Welcome to our 2020 edition of the Kantar’s Vietnam Insight Handbook with all insights based on Worldpanel Division data. We wish to continue contributing to your success!

**Fabrice Carrasco**  
Managing Director, Vietnam & Philippines  
Asia Strategic Projects Director  
Worldpanel Division, Kantar
Dear Friends and Partners,
Another year, another Kantar Vietnam Insight Handbook!

It is our pleasure to continue providing to you, the facts, the figures, comprehensive insights and forethoughts, into all the most important consumer and shopper trends in Vietnam.

One of the key objectives for retailers and manufacturers alike, is about identifying and investing where the growth is! FMCG growth in Vietnam has softened over the past few years – as incomes are increasing, as are consumers aspirations, so FMCG must also compete with all areas of a shopper’s wallet. That means that growth opportunities are harder to find...but they are still there! Brands need to fully understand where shoppers are choosing to go shopping, and why! And it is not simple...

We all know that in Vietnam, Traditional Trade remains dominant in the FMCG sector, accounting for the greatest proportion of spending but more recently, we have seen the emergence of new types of modern trade competitors in the retail landscape, under new formats that didn’t exist as strongly or at all, five years ago: such as mini-stores stores, specialized stores, and of course online shopping.

Interestingly, these three retail formats outstrip the more established channels in driving value spend growth in the past twelve months and in fact 66% of the incremental value spend on the FMCG market comes from these three stores, not the more established channels!

Vietnamese shoppers are expanding the number of different channels they visit, when shopping for grocery. On average, an urban shopper now purchases FMCG in about 7 different channels, hence, understanding the role that each type of channels plays in each shopping mission for your category or brand becomes more important for winning the game in the long term. It’s now a critical time for retailers and manufacturers to develop an effective omni-channel strategy.

As you can see the retail landscape in Vietnam today is more dynamic and exciting. So, what is changing? How the new competitors are growing? What is driving this trend?

Key themes and more, will be explored further in this book. Enjoy your reading, get inspired, and we wish you a successful year 2020!

David Anjoubault
General Manager, Vietnam
Worldpanel Division, Kantar

Introduction
What Our Clients Say
Vietnam Insight Handbook is very useful with many updates about consumer lifestyles, market trends and shopper trends that can be used for business planning. The K-thoughts part is great, capturing market dynamics under expert lenses. Nice presentation as well.”
— Ms. Phuong Nguyen
Market Insight Lead, Abbott

The book is really informative and useful. Our partners such as Brand team, Trade team, Media and Ecommerce team are very excited to have a copy of the book as well.”
— Ms. Tran Ton
Assistant Brand Manager, Heineken

The insight handbook has allot of useful information for business planning. Great materials put together which comes very handy to look for certain data at one source!”
— Ms. Nga Vu
General Manager, Colgate-Palmolive Vietnam

It is a great enabler in shaping our long term strategies with all insights in one place. It is perhaps one of the most shared books here. Everyone wants a copy. It helps to trigger new conversations on how to win in Vietnam.”
— Mr. Clark Cue
Country Leader – Analytics & Insights, Procter & Gamble Vietnam

Understanding consumer behaviors as well as retail and shopper trends helps us create a more effective business plan and better address consumers’ needs. As such, with every new edition of the Insight Handbook, it’s always an excitement to explore the journey to conquer consumers. Thank you for being a trusted partner to FMCG companies.”
— Ms. Phuong Vo
Sales Director – Modern Trade Channel, Mondelez Kinh Do Vietnam
Table of Contents

Our Foresight

Our Team
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vietnam Market &amp; Consumer Outlook</td>
<td>16</td>
</tr>
<tr>
<td>Growth Opportunities in FMCG</td>
<td>29</td>
</tr>
<tr>
<td>Major Consumer Trends in Key Sectors</td>
<td>39</td>
</tr>
<tr>
<td>Nutritional Drinks</td>
<td>40</td>
</tr>
<tr>
<td>Foods &amp; Beverages</td>
<td>53</td>
</tr>
<tr>
<td>Beauty</td>
<td>80</td>
</tr>
<tr>
<td>Home Care</td>
<td>93</td>
</tr>
<tr>
<td>Embracing Corporate Social Sustainability</td>
<td>103</td>
</tr>
<tr>
<td>Omnichannel Retail Trends</td>
<td>114</td>
</tr>
</tbody>
</table>
Our Foresight

Growth Hacking 2020 & Beyond
Vietnam Market & Consumer Outlook
Vietnam’s economic outlook remains bright with a stable growth over the past decade.

Expectation for 2020 - 2025

**GDP** 6-7%  
**Inflation** 3-4%

Source: GSO Vietnam
Key drivers for 2019’s economic growth

- Total retail sales of services & consumer goods: +11.6%
- Tourism: International visitors: +10.8%
- The industrial and constructional sector: +9.4%
- FDI (implemented): +8.4%
- Total export turnover: +8.2%

Source: GSO Vietnam | 9 months of 2019
There are both challenges and opportunities to address.

**Opportunities**

- **Trade agreements**: EVFTA, CPTPP, ...
  - Opportunities for export
  - More foreign investment
  - Technology transfer & development
  - Improved business environment
  - Wider range of imported products with good quality and competitive price

- **ASEAN Smart Cities Network**: smart solutions in transport systems, urban management, flood monitoring systems and e-government services.

- **Privatization of State-Owned Enterprises (SOE)**: attract foreign investment, increase Government budget

- **Growing urban middle class**: strong domestic demand & consumption

- **Sub-urban and Rural development programs**

**Challenges**

- **Business environment**
  - Legal reforms
  - Competitiveness and attractiveness of local companies

- **Rising oil price threatens inflation**

- **Exchange rate pressure** amidst continued US-China trade war

- **Public debt burden**

- **Rapid urbanization and migration in key cities result in**:
  - **Increasing environmental issues** (climate changes, air pollution, plastic waste, floods...) at an alarming rate
  - Ineffective traffic and transport (management) system
  - Negative impacts on infrastructure and services
  - Insufficient capacity and lack of natural resources: power, water, etc.
Vietnamese consumers stay optimistic about future prospects, yet food safety, well-being and environmental issues continuously ranked as the top consumer concerns.

Most key decision makers for FMCG believe in a positive situation in the coming months.

% Housewives agree

<table>
<thead>
<tr>
<th>Vietnam economic growth</th>
<th>Household’s purchasing power</th>
</tr>
</thead>
<tbody>
<tr>
<td>Better or same as today</td>
<td>Better or same as today</td>
</tr>
</tbody>
</table>

88% 97%

Top 3 Household’s Concerns

1st Food Safety

2nd Health & Wellness

3rd Environmental Issues

Source: Worldpanel Division | LinkQ project | Urban Vietnam 4 Key Cities | Updated to September 2019
Vietnam population is getting more fragmented by different consumer clusters

~95 million individuals (~26 million households)

~100 million individuals (~27 million households)

Major consumer group falls into the 25-39 yo

More diversified consumer base by age

% Population by age

Source: GSO Vietnam & United States Census Bureau | International Programs | International Database
Vietnam society is also changing rapidly in both demographics and lifestyles.

More knowledgeable

Among individuals 18+ YO
- Post-high school
- Grade 10-12
- Grade 6-9
- Grade 1-5
- No formal education

Urban 4 Cities

<table>
<thead>
<tr>
<th>Year</th>
<th>Post-high school</th>
<th>Grade 10-12</th>
<th>Grade 6-9</th>
<th>Grade 1-5</th>
<th>No formal education</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Rural

<table>
<thead>
<tr>
<th>Year</th>
<th>Post-high school</th>
<th>Grade 10-12</th>
<th>Grade 6-9</th>
<th>Grade 1-5</th>
<th>No formal education</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

More white collar workers

Among individuals 18+ YO
- Government staff/officials
- Self-employed
- White collar workers
- Blue collar workers
- Farmer/fisherman
- Part-time jobs/others/unemployed

Urban 4 Cities

<table>
<thead>
<tr>
<th>Year</th>
<th>Government staff/officials</th>
<th>Self-employed</th>
<th>White collar workers</th>
<th>Blue collar workers</th>
<th>Farmer/fisherman</th>
<th>Part-time jobs/others/unemployed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Rural

<table>
<thead>
<tr>
<th>Year</th>
<th>Government staff/officials</th>
<th>Self-employed</th>
<th>White collar workers</th>
<th>Blue collar workers</th>
<th>Farmer/fisherman</th>
<th>Part-time jobs/others/unemployed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

More connected

Urban 4 Cities

<table>
<thead>
<tr>
<th>Device</th>
<th>Percentage</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smartphone</td>
<td>95%</td>
<td>+19pts</td>
</tr>
<tr>
<td>Internet</td>
<td>88%</td>
<td>+21pts</td>
</tr>
</tbody>
</table>

Rural

<table>
<thead>
<tr>
<th>Device</th>
<th>Percentage</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smartphone</td>
<td>69%</td>
<td>+45pts</td>
</tr>
<tr>
<td>Internet</td>
<td>38%</td>
<td>+28pts</td>
</tr>
</tbody>
</table>

% Households with working housewives in Urban 4 Cities

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>68</td>
</tr>
<tr>
<td>2018</td>
<td>65</td>
</tr>
</tbody>
</table>

Source: Kantar Worldpanel | Family Form 2018 | Urban 4 Key Cities & Rural Vietnam
Family structure is smaller with more 2-generation households

Household size across years

**Urban 4 Cities**

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2014</th>
<th>2016</th>
<th>2018</th>
<th>2025F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size</td>
<td>4.6</td>
<td>4.6</td>
<td>4.5</td>
<td>4.4</td>
<td>4.1</td>
</tr>
</tbody>
</table>

**Rural**

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2014</th>
<th>2016</th>
<th>2018</th>
<th>2025F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size</td>
<td>3.9</td>
<td>3.7</td>
<td>3.7</td>
<td>3.6</td>
<td>3.4</td>
</tr>
</tbody>
</table>

% Households

**Urban 4 Cities**

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size</td>
<td>24</td>
<td>21</td>
</tr>
</tbody>
</table>

**Rural**

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size</td>
<td>13</td>
<td>11</td>
</tr>
</tbody>
</table>

Legend:
- 1-2 Members HH
- 3 Members HH
- 4 Members HH
- 5 Members HH
- 6+ Members HH

Source: Worldpanel Division | Household Panel 2018 | Family Form
Consumers’ purchasing power continues to increase with more middle and upper class

Average monthly income per capita (million dong)

<table>
<thead>
<tr>
<th>Income Level</th>
<th>2012</th>
<th>2018</th>
<th>2025F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban 4 Cities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low Income PC</td>
<td>2.6</td>
<td>4.3</td>
<td></td>
</tr>
<tr>
<td>Mid Low Income PC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mid High Income PC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High Income PC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low Income PC</td>
<td>1.3</td>
<td>2.2</td>
<td></td>
</tr>
<tr>
<td>Mid Low Income PC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mid High Income PC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High Income PC</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

CAGR 2012-2018:
- Urban 4 Cities: +8.5%
- Rural: +7.0%

CAGR 2012-2030:
- Urban 4 Cities: +6.5%
- Rural: +9.9%

% Households by income

<table>
<thead>
<tr>
<th>Income Level</th>
<th>2012</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban 4 Cities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low Income PC</td>
<td>10%</td>
<td>29%</td>
</tr>
<tr>
<td>Mid Low Income PC</td>
<td>39%</td>
<td>36%</td>
</tr>
<tr>
<td>Mid High Income PC</td>
<td>21%</td>
<td>25%</td>
</tr>
<tr>
<td>High Income PC</td>
<td>27%</td>
<td>24%</td>
</tr>
<tr>
<td>Rural</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low Income PC</td>
<td>18%</td>
<td>18%</td>
</tr>
<tr>
<td>Mid Low Income PC</td>
<td>28%</td>
<td>30%</td>
</tr>
<tr>
<td>Mid High Income PC</td>
<td>25%</td>
<td>24%</td>
</tr>
<tr>
<td>High Income PC</td>
<td>27%</td>
<td>25%</td>
</tr>
</tbody>
</table>

Source: Worldpanel Division | Household Panel
12 months to September 2019 & Lifestyle Survey 2018

*PC: Per capita
New aspirations continue arising, yet the majority of consumer expenditure is still for fresh food and consumer goods.

Household’s share of wallet%
% Spending per month

<table>
<thead>
<tr>
<th></th>
<th>Urban 4 Cities</th>
<th>Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entertainment</td>
<td>2.7</td>
<td>0.9</td>
</tr>
<tr>
<td>Communications</td>
<td>3.7</td>
<td>2.7</td>
</tr>
<tr>
<td>Healthcare</td>
<td>4.0</td>
<td>3.5</td>
</tr>
<tr>
<td>Others</td>
<td>4.6</td>
<td>4.7</td>
</tr>
<tr>
<td>Housing</td>
<td>4.7</td>
<td>6.4</td>
</tr>
<tr>
<td>Travel/Holiday</td>
<td>5.1</td>
<td>1.6</td>
</tr>
<tr>
<td>Transportation</td>
<td>5.5</td>
<td>4.5</td>
</tr>
<tr>
<td>Utilities</td>
<td>6.5</td>
<td>4.6</td>
</tr>
<tr>
<td>Eating/drinking</td>
<td>9.8</td>
<td>4.2</td>
</tr>
<tr>
<td>Savings</td>
<td>11.3</td>
<td>13.2</td>
</tr>
<tr>
<td>Education</td>
<td>11.9</td>
<td>5.4</td>
</tr>
<tr>
<td>Fresh food &amp; FMCG</td>
<td>27.1</td>
<td>26.9</td>
</tr>
</tbody>
</table>

Gap of % monthly spending between high income and low income households (percentage points)

<table>
<thead>
<tr>
<th></th>
<th>Urban 4 Cities</th>
<th>Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings</td>
<td>7.3</td>
<td>11.7</td>
</tr>
<tr>
<td>Investment</td>
<td>3.2</td>
<td>3.1</td>
</tr>
<tr>
<td>Travel/ Holiday</td>
<td>3.1</td>
<td>1.1</td>
</tr>
<tr>
<td>Entertainment</td>
<td>0.2</td>
<td>0.2</td>
</tr>
</tbody>
</table>

*Others in Rural include: Investment/ and Farming

Source: Worldpanel Division | Expenditure Survey 2018 | Urban 4 Key Cities & Rural Vietnam
Higher standards of living with more advance appliances thanks to increased income

**Urban 4 Cities**
Gap of % ownership rate between high income and low income households (percentage points)

<table>
<thead>
<tr>
<th>Appliance</th>
<th>% Ownership Rate High Income</th>
<th>% Ownership Rate Low Income</th>
<th>Gap (Percentage Points)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air-conditioner</td>
<td>38.5</td>
<td>35.0</td>
<td>3.5</td>
</tr>
<tr>
<td>Microwave oven</td>
<td>34.7</td>
<td>30.6</td>
<td>4.1</td>
</tr>
<tr>
<td>Hot water heater</td>
<td>30.3</td>
<td>28.3</td>
<td>2.0</td>
</tr>
<tr>
<td>Kitchen sink</td>
<td>28.3</td>
<td>26.4</td>
<td>1.9</td>
</tr>
<tr>
<td>Vacuum cleaner</td>
<td>22.2</td>
<td>21.7</td>
<td>0.5</td>
</tr>
<tr>
<td>Washing machine</td>
<td>21.7</td>
<td>18.3</td>
<td>3.4</td>
</tr>
<tr>
<td>LCD TV/Plasma</td>
<td>19.6</td>
<td>16.6</td>
<td>3.0</td>
</tr>
<tr>
<td>Electric mixer</td>
<td>18.3</td>
<td>16.6</td>
<td>1.7</td>
</tr>
<tr>
<td>Washing machine</td>
<td>17.2</td>
<td>15.9</td>
<td>1.3</td>
</tr>
<tr>
<td>Flushing toilet</td>
<td>15.9</td>
<td>13.8</td>
<td>2.1</td>
</tr>
<tr>
<td>Electric kettle</td>
<td>9.6</td>
<td>7.1</td>
<td>2.5</td>
</tr>
</tbody>
</table>

**% Households with ownership**

- Urban 4 Cities: 69, 47, 57, 70, 23, 52, 0, 77, 81, 85, 82

**Rural**
Gap of % ownership rate between high income and low income households (percentage points)

<table>
<thead>
<tr>
<th>Appliance</th>
<th>% Ownership Rate High Income</th>
<th>% Ownership Rate Low Income</th>
<th>Gap (Percentage Points)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Washing machine</td>
<td>37.1</td>
<td>34.3</td>
<td>2.8</td>
</tr>
<tr>
<td>Kitchen sink</td>
<td>34.3</td>
<td>31.7</td>
<td>2.6</td>
</tr>
<tr>
<td>Flushing toilet</td>
<td>27.4</td>
<td>25.7</td>
<td>1.7</td>
</tr>
<tr>
<td>Electric iron</td>
<td>25.7</td>
<td>23.0</td>
<td>2.7</td>
</tr>
<tr>
<td>LCD TV/Plasma</td>
<td>23.0</td>
<td>20.8</td>
<td>2.2</td>
</tr>
<tr>
<td>Electric mixer</td>
<td>20.8</td>
<td>18.4</td>
<td>2.4</td>
</tr>
<tr>
<td>Washing machine</td>
<td>18.4</td>
<td>16.4</td>
<td>2.0</td>
</tr>
<tr>
<td>Hot water heater</td>
<td>16.4</td>
<td>14.7</td>
<td>1.7</td>
</tr>
<tr>
<td>Fridge with freezer</td>
<td>14.7</td>
<td>12.9</td>
<td>1.8</td>
</tr>
<tr>
<td>Bathroom with toilet</td>
<td>12.9</td>
<td>11.2</td>
<td>1.7</td>
</tr>
<tr>
<td>Dining table</td>
<td>11.2</td>
<td>9.9</td>
<td>1.3</td>
</tr>
<tr>
<td>Electric kettle</td>
<td>9.9</td>
<td>8.2</td>
<td>1.7</td>
</tr>
</tbody>
</table>

**% Households with ownership**

- Rural: 42, 37, 65, 50, 43, 53, 28, 83, 37, 36, 65
Our Foresight

Source: Worldpanel Division | Family Form 2018

Internet & Mobile Devices

Banking

Vehicles
Major consumer trends

Health is wealth

“I often take vitamin supplements and functional foods.”
~60% households agreed in Urban 4 Cities and Rural

“I would like to see more new products to take care of my health and my family health.”
~80% households agreed in Urban 4 Cities and Rural

Think Green, go Green

“I limit the use of materials which can be harmful to the environment.”

“I like to buy brands that preserve the environment.”
More than ½ households agreed in Urban 4 Cities and Rural

Beauty blooms

“Nowadays you have to take care more and more of your skin.”
~70% households agreed in Urban 4 Cities and Rural

“Nowadays I am more worried about my weight and my family members’ weight.”
Households agreed

| 74% Urban 4 Cities (+8pts vs 2012) | 70% Rural (+3pts vs 2012) |
Finding Ease, Loving Life

“I would like to see more new products to pamper myself / indulge myself.”

Households agreed
- 41% Urban 4 Cities (+8pts vs 2012)
- 30% Rural (+3pts vs 2012)

“I would like to see more new products to ease my life.”

½ households agreed
- (+3pts vs 2012 in Urban 4 Cities)
- (+5pts vs 2012 in Rural)

Self empowerment

“I believe in benefits claimed by products”

Only ½ Households agreed
- (-10pts vs 2012 in Urban 4 Cities)
- (-6pts vs 2012 in Rural)

“Nowadays I spend more time looking for information before buying”

Households agreed
- 55% Urban 4 Cities (+3pts vs 2015)
- 59% Rural (+3pts vs 2015)
Growth Opportunities in FMCG
The FMCG growth for in-home consumption moves to the single-digit growth, however showing positive signals to bounce back in Rural.

<table>
<thead>
<tr>
<th></th>
<th>Urban 4 Cities</th>
<th>Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>+6%</td>
<td>+8%</td>
</tr>
<tr>
<td>Volume</td>
<td>+4%</td>
<td>+7%</td>
</tr>
<tr>
<td>Avg. Paid Price</td>
<td>+2%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Forecast for 2020 - 2025

5-6% VALUE GROWTH
Spending on FMCG is expected to keep increasing with new product offerings.

Average monthly spending per household (‘000VND)

Source: Worldpanel Division | Households Panel | Urban 4 Key Cities & Rural Vietnam | FMCG excluding gift

CAGR 2019-2025F

Urban 4 Cities +2.2% Rural +5%
Besides necessities, consumers allocate more of their FMCG spending to Beverages and Personal Care products.

% Value Share in total FMCG

**Urban 4 Cities**

- **Beverages**: 22.0% (+3.4 pts vs 2012)
- **Personal Care**: 29.7% (9.7% (+0.3 pts vs 2012)
- **Home Care**: 21.6% (+3.2 pts vs 2012)
- **Packaged Foods**: 17.0% (21.6% (+3.4 pts vs 2012)
- **Dairy**: 17.9% (+2.4 pts vs 2012)

**Rural**

- **Beverages**: 28.4% (+5.1 pts vs 2012)
- **Personal Care**: 27.0% (+4.7 pts vs 2012)
- **Home Care**: 8.9% (11.8% (+1.9 pts vs 2012)
- **Packaged Foods**: 11.8% (29.7% (+2.4 pts vs 2012)
- **Dairy**: 11.8% (9.7% (+0.3 pts vs 2012)

Source: Worldpanel Division | Households Panel | Urban 4 Key Cities & Rural Vietnam | FMCG excluding gift | 12 months ending September 2019
Offering health benefits, convenience, hygiene and enjoyment continues leveraging the category growth

% Value growth

<table>
<thead>
<tr>
<th>Urban 4 Cities</th>
<th>Top growing categories</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dairy</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5.2%</td>
</tr>
<tr>
<td></td>
<td>• Functional Drinking Yogurt</td>
</tr>
<tr>
<td></td>
<td>• Hybrid Drink</td>
</tr>
<tr>
<td></td>
<td>• Ready-to-drink Growing Up Milk</td>
</tr>
<tr>
<td></td>
<td>• Margarine</td>
</tr>
<tr>
<td><strong>Beverages</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.2%</td>
</tr>
<tr>
<td></td>
<td>• Ready-to-drink Tea</td>
</tr>
<tr>
<td></td>
<td>• Bottled Water</td>
</tr>
<tr>
<td></td>
<td>• Fruit Juice</td>
</tr>
<tr>
<td></td>
<td>• Instant Coffee</td>
</tr>
<tr>
<td></td>
<td>• Energy Drink</td>
</tr>
<tr>
<td><strong>Packaged Foods</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.3%</td>
</tr>
<tr>
<td></td>
<td>• Rice Soup</td>
</tr>
<tr>
<td></td>
<td>• Snack &amp; Nuts</td>
</tr>
<tr>
<td></td>
<td>• Ice Cream</td>
</tr>
<tr>
<td></td>
<td>• Sauces (Oyster, Chili &amp; Mayonnaise)</td>
</tr>
<tr>
<td></td>
<td>• Canned Food</td>
</tr>
<tr>
<td></td>
<td>• Sausage</td>
</tr>
<tr>
<td><strong>Personal Care</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>11.6%</td>
</tr>
<tr>
<td></td>
<td>• Sun Protection</td>
</tr>
<tr>
<td></td>
<td>• Facial Care</td>
</tr>
<tr>
<td></td>
<td>• Shower Gel</td>
</tr>
<tr>
<td></td>
<td>• Hand Washing</td>
</tr>
<tr>
<td></td>
<td>• Deodorant</td>
</tr>
<tr>
<td><strong>Home Care</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>7.1%</td>
</tr>
<tr>
<td></td>
<td>• Box Tissue</td>
</tr>
<tr>
<td></td>
<td>• Toilet &amp; Floor Cleaner</td>
</tr>
<tr>
<td></td>
<td>• Air Freshener</td>
</tr>
<tr>
<td></td>
<td>• Liquid Detergent</td>
</tr>
</tbody>
</table>

Total FMCG

+5.5%
### % Value growth

#### Rural

<table>
<thead>
<tr>
<th>Category</th>
<th>Top growing categories</th>
</tr>
</thead>
</table>
| Dairy          | • Ready-to-drink Growing Up Milk  
• Functional Drinking Yogurt  
• Hybrid Drink  
• Liquid Milk |
| Beverages      | • Fruit Juice  
• Liquid Tonic Food Drink  
• Carbonated Soft Drink  
• Bottled Water  
• Ready-to-drink Tea  
• Beer |
| Packaged Foods | • Sausage  
• Ice Cream  
• Frozen Food  
• Snack & Nuts  
• Biscuits & Cakes  
• Sauces (Chili, Tomato, Oyster) |
| Personal Care  | • Sun Protection  
• Hand Washing  
• Shower Gel  
• Deodorant  
• Feminine Wash  
• Facial Care |
| Home Care      | • Liquid Detergent  
• Table Napkins  
• Toilet & Floor Cleaner  
• Toilet Tissue |

**Total FMCG**

+8.8%

Source: Worldpanel Division | Households Panel | Urban 4 Key Cities & Rural Vietnam | FMCG excluding gift | 12 months ending September 2019
In Urban, more than half of FMCG categories still have room for growth in terms of consumer base, especially Beverage sector.

**Urban 4 Cities**

Bubble size: % value share

<table>
<thead>
<tr>
<th>Potential 45%</th>
<th>Exceptional 4%</th>
</tr>
</thead>
<tbody>
<tr>
<td>80%</td>
<td>0%</td>
</tr>
<tr>
<td>70%</td>
<td>5.5%</td>
</tr>
<tr>
<td>60%</td>
<td>0%</td>
</tr>
<tr>
<td>50%</td>
<td>0%</td>
</tr>
<tr>
<td>40%</td>
<td>0%</td>
</tr>
<tr>
<td>30%</td>
<td>0%</td>
</tr>
<tr>
<td>20%</td>
<td>0%</td>
</tr>
<tr>
<td>10%</td>
<td>0%</td>
</tr>
<tr>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Unexploited 12%  Mature 5%

% Value growth

- Dairy
- Beverages
- Packaged Foods
- Personal Care
- Home Care

**FCMG GROWTH 5.5%**  **66% of total categories have sustained growth**
In Rural, promising opportunities for many categories to further expand across sectors

**Rural**

Potential: 36%
Unexploited: 17%
Exceptional: 1%
Mature: 7%

**FCMG GROWTH** 8.8% of total categories have sustained growth

Source: Worldpanel Division | Households Panel | Urban 4 Key Cities & Rural Vietnam | FMCG excluding gift | 12 months ending September 2019
Key take-aways

**Macroeconomic stability**

- Vietnam macro-economy brightens with both challenges and opportunities to address
- Domestic demand, Industrial and Constructional sector, FDI, Export and Tourist are key drivers of the economic growth

**Changing consumer landscape**

- More fragmented consumer base leads to different individual needs
- Smaller household size requires smart pack-size strategies
- New desires emerge with higher purchasing power

**Continued growth in FMCG**

- FMCG enters into a single-digit era, yet is expected to continue growing thanks to new product developments
- Personal care is leading the market growth
- Room for growth in many categories
Major Consumer Trends in Key Sectors
Nutritional Drinks

7 Emerging Trends

#1 Plant-based drinks on the rise
#2 Go organic
#3 Senior nutrition
#4 Nutrition on the go
#5 Redefining nutrition
#6 Flavor experimentation
#7 Authenticity and provenance
#1 Plant-based drinks on the rise

More households are adopting plant based milk beverages. This market is getting noisier with more active players.


- % Buyers: 48% to 50%
- No. Active variant*: 49.0 to 61.0
- Value growth %: 7% (2019 vs YA)

*Including soy milk & rice, nut, grain, seed drinks
*Active variant: >3 raw purchases

Source: Worldpanel Division | Households Panel | Urban Vietnam 4 Key Cities | Ready-to-drink nutritional category | 12 months ending September 2019
TRENDS IN NUTRITIONAL DRINKS

#2 Go organic

As life condition is getting higher, people are willing to pay for premium offers.

Household Income structure over time in Urban 4 Key Cities

“The quality of organic food is worth the price”

% Agree

50% Urban 4 cities

58% High Income
Organic milk is growing rapidly from small base and creating new opportunity for nutrition market.

Organic liquid Milk
(TH, Vinamilk, Dutch Lady)

153% 3.8 29%
Volume growth % (vs YA) Penetration % Repurchase rate %

+52,000 new households vs YA
#3 Senior nutrition

The number of people >45YO is increasing very fast and expected to account for 42% of total country population in next 10 years. It proposes opportunity for F&B that fit nutritional needs of senior people.

Population of people 45+ in 2019 and 2038

<table>
<thead>
<tr>
<th>Year</th>
<th>Vietnam Pop.</th>
<th>Percentage</th>
<th>People</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>95 millions</td>
<td>~28%</td>
<td>27 millions</td>
</tr>
<tr>
<td>2038</td>
<td>105 millions</td>
<td>~42%</td>
<td>44 millions</td>
</tr>
</tbody>
</table>

Source: United States Census Bureau | GSO Vietnam
When people get older, it’s important to continue choosing healthy foods and this opens up a promising land for nutritional categories like Milk powder, Nut based-drinks or bird nest.

Reason to choose drink skews to health and wellness (improve health, detox, Support digestion, for skin beauty, sleep Well, control weight)

% Drinking occasion for Health and Wellness reason

More senior people choose nutrition categories

% Weekly penetration in Urban 4 cities
TRENDS IN NUTRITIONAL DRINKS

#4 Nutrition on the go

Today Vietnam has a large young population, which shows a booming of out-of-home consumption.

2018: pop. 95 mln

More youngster, more out of home
Now Nutrition is still small, to be chosen more when people are out of home, manufacturers can offer more new benefits on top of core ones which are health and energy.

% Drinking occasions

<table>
<thead>
<tr>
<th></th>
<th>Nutritional Drinks</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Youngster (19-44YO)</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>OOH</td>
<td>7</td>
<td></td>
</tr>
</tbody>
</table>

Top 3 reasons

- **To drink Nutritional drinks**
  1. Give A Boost Of Energy
  2. Improve Health
  3. My Favourite

- **To drink out of home**
  1. Quench My Thirst
  2. My Habit/Routine
  3. Wake Me Up

Reasons to drink Nutrition is totally different from reasons to drink out of home

*Nutritional drink includes Liquid milk, Milk powder, Drinking yogurt, Sweet condensed milk, Tonic food drink, Bird nest, Nut-based milk

Source: Worldpanel Division | Drinking Usage Panel
2019 | Urban Vietnam 4 Key Cities | % Drinking Occasion
#5 Redefining nutrition

Nutrition market keeps innovating over time with more diverse offers, translating consumer needs in Refreshing, Beauty Benefit and Emotional to attractive story.

Source: Worldpanel Division | Household Panel | Urban Vietnam 4 Key Cities | New launch tracker

*Including Milk powder, Liquid milk, Ready-to-drink growing up milk, Soy milk, Tonic food drink, Sweet condensed milk, Drinking Yogurt, Cup Yogurt

No. New launches in Nutritional Drinks*

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>YTD P10’19</th>
</tr>
</thead>
<tbody>
<tr>
<td>198</td>
<td>195</td>
<td></td>
</tr>
</tbody>
</table>

Some areas in innovation

- Being more **Refreshing**
- Delivering **Beauty Benefits**
- More **Emotional**
What is the biggest drinking demand space? Routine drinks and Health booster are the 2 most popular drinking moments in Nutritional drinks.

Source: Worldpanel Division | Drinking Usage Panel 2019 | Urban Vietnam 4
Key Cities | Nutrition drinks | % Drinking Occasion
#6 Flavor experimentation

Expanding consumers’ palate by offering more diverse flavors is increasing, especially among family with kids and teens.

Ready-to-drink Nutritional drinks – Volume share %

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total family</td>
<td>70.2</td>
<td>69.3</td>
<td>69.2</td>
<td>70.0</td>
<td>68.4</td>
<td>64.3</td>
<td>70.0</td>
<td>66.5</td>
</tr>
<tr>
<td>Families with kids</td>
<td>29.8</td>
<td>30.7</td>
<td>30.8</td>
<td>30.0</td>
<td>31.6</td>
<td>35.7</td>
<td>30.0</td>
<td>33.5</td>
</tr>
<tr>
<td>Families with kids and teens</td>
<td>77.5</td>
<td>22.5</td>
<td>75.4</td>
<td>24.6</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Families with teens</td>
<td>64.3</td>
<td>35.7</td>
<td>66.5</td>
<td>33.5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mature Families</td>
<td>66.5</td>
<td>33.5</td>
<td>75.4</td>
<td>24.6</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Non flavors
- Flavors: Flavored Liquid milk, Flavored Drinking yogurt, Flavored Cup yogurt, Flavored Soy drink, Liquid Tonic food drink, Liquid Nut-based drink

Source: Worldpanel Division | Households Panel | Urban Vietnam 4 Key Cities | Nutritional Category | 12 months ending September 2019
Case study: the blend of traditional and international flavors Vinamilk Nep Cam and Probi Viet Quat not only succeed in recruitment job but also achieve high repurchase rate.

Vinamilk Nẻp Cấm
Launched October 2018

Reaching 14% penetration 1 year after launch with 36% repurchase rate

Probi Việt Quất
Launched April 2018

Reaching 5% penetration 1 year after launch with 31% repurchase rate

Source: Kantar Worldpanel | Households Panel | Urban Vietnam 4 Key Cities | Nutritional Category | New launch tracker
#7 Authencity and provenance

International origin/standard is often associated with quality & genuineness.

% Agree

<table>
<thead>
<tr>
<th>The country of origin is more important than the brand name</th>
<th>Urban 4 Cities</th>
<th>Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Agree</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The country of origin is more important than the brand name</td>
<td>64%</td>
<td>54%</td>
</tr>
<tr>
<td>I read the product label to avoid buying unhealthy foods</td>
<td>88%</td>
<td>86%</td>
</tr>
</tbody>
</table>

Fresh Milk

MAT P8’2019 vs. YA

<table>
<thead>
<tr>
<th>Urban 4 Cities</th>
<th>Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume Growth</td>
<td></td>
</tr>
<tr>
<td>% Buyers</td>
<td></td>
</tr>
</tbody>
</table>

A2 milk growth in liquid and powder

Volume growth MAT P8’2019 vs YA

<table>
<thead>
<tr>
<th>Urban 4 Cities</th>
<th>Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td>Powder format</td>
<td></td>
</tr>
</tbody>
</table>

Source: Worldpanel Division | Household Panel | Urban Vietnam 4 Key Cities | 12 months to August 2019 & Lifestyle Survey 2018
Foods & Beverages

The 7 Megatrends

#1 Balance is the new health
#2 Convenience is king – simplify my life
#3 The success formula = good food + good fun
#4 Authenticity wins trust & choice
#5 The “chăt” expressionists – winning the expressionist consumers
#6 The responsible generation
#7 Less in & more out
FOOD & BEVERAGES

#1 Balance is the new health

“Less is More” - Being more aware of potential health problems, Less sugar/ Sugar-free products are increasingly chosen and become attractive.

Sugar reduction
Liquid Milk – % Volume

<table>
<thead>
<tr>
<th></th>
<th>MAT P6’17</th>
<th>MAT P6’18</th>
<th>MAT P6’17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plain</td>
<td>6.8</td>
<td>16.0</td>
<td></td>
</tr>
<tr>
<td>Less sugar</td>
<td>17.0</td>
<td>17.0</td>
<td>18.7</td>
</tr>
</tbody>
</table>

“I prefer to buy low/free sugar drinks”

% Agree

<table>
<thead>
<tr>
<th></th>
<th>Urban 4 Cities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Plain</td>
<td>71%</td>
</tr>
<tr>
<td>Less sugar</td>
<td>66%</td>
</tr>
</tbody>
</table>

TH True Nut
No table sugar & naturally sweeten by dates fruit

Coke Light
No sugar & added fiber help blocking fat absorption

Vinamilk Happy
Low Sugar Milk Tea

Milo
New less sugar variant

LaVie
Less sugar & calories sparkling water

Local coffee using dietary sugar

Source: Worldpanel Division | Households Panel & Lifestyle Survey 2018 | Urban Vietnam 4 Key Cities
More and more consumers tend to incorporate self-care routines into their fast-paced and stressful modern lives and prioritize healthy and balanced diets.

Food intake changing – More health-conscious and balanced

- 80% says that they are reducing or eliminating Fat in their diet
- 46% says that they are reducing or eliminating Red Meat in their diet
- 55% says that they are increasing Fiber in their diet

Source: Worldpanel Division | Smart Shopper Survey | Urban Vietnam 4 Key Cities
"#1 Balance is the new health

Consumers are increasingly seeking for alternative nutrition options – the rise of new plant-based F&B → RNGS (Rice/Nut/Grain/Seed) trend.

Plant-based drinks* is on the rise

21.1% % Buyers
50% Volume growth

TH Walnut, Macca Mar 18
TH Almond & Gac Fruit Jul/Aug 18
Vinamilk Soy Red Bean & Almond May 19
Vinamilk Zori Rice Milk Aug 19

2018 2019

Apr 18 Vinamilk Walnut
Sep 18 Fami Go

Nestle Nesvita Five Bean Milk
Vinamilk Cup Yogurt Walnut

*Including milk and soya milk contain ingredients of rice, grains, nuts & seeds

Source: Worldpanel Division | Households panel | Urban Vietnam 4 Key Cities
Leading a balanced lifestyle over the long-term means following a healthier, more selective, and more flexible diets.

Emergence of rice replacements/low-carb diet

Opt for meal plan service to compromise effort and fitness needs

“I like to buy low calorie food”*

48% Urban 4 Cities
40% Rural

Tailored diet menu and weekly subscription model like Smartmeal, FlavorBox, 8020Fit is gaining popularity, specifying different needs like weight loss/gain, muscle building, etc.

*Source: Worldpanel Division | Lifestyle Survey 2018
#2 Convenience is king – simplify my life

Busier lifestyle paves way for products with less prep and smart packaging.

“I rely on convenience foods and marinade (Pre-processed Foods / Convenience Foods / Spices ...) to make cooking simple and quick”

<table>
<thead>
<tr>
<th>Package Type</th>
<th>Value Growth</th>
<th>Additional Buyers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Packaged Bread</td>
<td>7.3%</td>
<td>51,000</td>
</tr>
<tr>
<td>Packaged Sausage</td>
<td>56%</td>
<td>47,000</td>
</tr>
</tbody>
</table>

Meal alternatives are more welcomed

Hype for no cook food

Source: Worldpanel Division | Households Panel | Urban Vietnam 4 Key Cities
Convenient approach to solve today’s hassled life and offer extra value to consumers.

**Omachi Cup Noodle with Sausage – Launched Nov 2017**

Trial rate 1 year after launch (%)

- Category average
- Omachi Cup Noodle with Sausage

Cumulative repurchase rate 1 year after launch (%)

- Category average
- Omachi Cup Noodle with Sausage

Leveraging the occasion-based-market approach, Masan answers to the key consumers tension point of having a convenient yet still tastily nutritious option for quick lunch at work.

Successful campaigns with the Parody of the V-Pop top hit-song of Bich Phuong, the famous singer among Millennial generation.

Source: Worldpanel Division | Household Panel | FMCG 2019 | Urban Vietnam 4 Key Cities
#2 Convenience is king – simplify my life

Technology is changing the way consumers eat and drink.

Food service 2.0

Food delivered to your doorstep through plenty of platforms

...now make easier with e-wallet payment to go cashless

...redefining “fast-food” and prompting F&B outlets to step up in the digital game

Machine-aid homecook

Kitchen gadget evolved to keep up with busy pace of life and save consumer’s time & effort.
The success formula = good food + good fun

1. “Eat”xperience

Food & drink could deliver not only functional value, but also transcendent experience.

Sensorial experience stimulates senses and brings strong depth or lingering aftertaste of cooling/burning, richness, etc.

And more new feels to be addressed...

Other than functional nutrition, Sensual experience extend the consumption point to an enjoyable journey

with the new communication “Grip the Oreo – Admire the Oreo – Dip to milk – Enjoy the Oreo” endorsed by Son Tung MTP

Source: Worldpanel Division | Households Panel | Urban Vietnam 4 Key Cities | 12 months ending September 2019
FOOD & BEVERAGES

#3 The success formula = good food + good fun

“Modition” – Modernizing the traditions

Familiar, rooted taste could be refreshed in a new platform, cross-cuisine mix, or a professional outlet.

Milo and coconut drink available in a dessert variation (“Milo dør”, “dứa dør”)

Pizza with “Càm Trăm” and “Bún Đậu Mắm Tôm” toppings

Vinamilk sticky rice cup yogurt

Fami Go with purple rice and black sesame

Salted Lemon Revive

14% Trials after 1-year launch

4.0% Trials

46% Repurchase

7.3% Trial rate after 1-year launch

40% Repurchase

Don’t have to wait till the next street hawker passing by, people can now find Soya Garden chain if craving for a bean curd or soya drink
3 Food/Drink (Con)Fusion

The borderline between food and drink is blurring as one’s concept can be borrowed by another to either flavour up or bring categories together.

Pearl boba migrates from milk tea to cream puff, ice cream, and even pizza!

Salted egg yolk, normally adopted in savory food, is now infused in milk tea, coffee and snacking treat.

Hybrid drink mostly bringing juice and milk together

Goodmood with yogurt flavor

Wall’s tub matcha mochi

↑ 18,000 households

↑ 25.4% Value growth vs. YA

↑ 34,000 households after 5 months launched

"Phố" cocktail

Milk tea Kitkat

Source: Worldpanel Division | Households Panel | Urban Vietnam 4 Key Cities | 12 months ending September 2019
FOOD & BEVERAGES

#4 Authenticity wins trust & choice

## 1. Transparency

The rising importance in winning consumer’s trust in the context of rising concerns about food safety and product origin which link directly to Health and Sickness – the top 2 concerns of today consumers.

Currently what do you consider to be the biggest concerns you and your household are likely to face?

(\% Answer)

- **Job & Income**: Job security, household income
- **Cost & Price**: Cost of utilities, cost of food, price of oil
- **Environmental issues / disease**: water drought, salt water, environmental pollution, disease of livestock
- **Health & Sickness**
- **Food Safety**

**Source**: Worldpanel Division | Households Panel | Urban Vietnam 4 Key Cities | 12 months ending September 2019
**International origin/standard** is often associated with quality & genuinity. Food Tech is also an rising factor to leverage in winning consumers choice.

% Households agree

International brands are of higher quality

![Graph showing % Households agree for International brands are of higher quality](image)

2013: Urban 4 Cities 53, Rural 31
2017: Urban 4 Cities 58, Rural 35

Imported products are of higher quality

![Graph showing % Households agree for Imported products are of higher quality](image)

2015: Urban 4 Cities 53, Rural 27
2017: Urban 4 Cities 57, Rural 33

Foreign infant milk powder brands

% Value share*

<table>
<thead>
<tr>
<th></th>
<th>HCMC</th>
<th>HN</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>68</td>
<td>79</td>
</tr>
<tr>
<td>2017</td>
<td>70</td>
<td>80</td>
</tr>
<tr>
<td>2018</td>
<td>72</td>
<td>81</td>
</tr>
</tbody>
</table>

Source: Worldpanel Division | Households Panel & Lifestyle | Urban Vietnam 4 Key Cities | FMCG excluding gift | 12 months ending September 2018

**TE-FOOD** Blockchain technology from farm to table
#4 Authenticity wins trust & choice

2 Heritage hallmark

Reputable place of origin certifies exclusiveness and quality.

Trusted craftsmanship or local trademark stamped for quality and uniqueness

Queuing to buy Bao Phuong homemade mooncakes in Hanoi

FMCG manufacturers seize this mentality to communicate and highlight on products’ genuine value

Nam Ngu Phu Quoc Fish sauce - Launched July 2017

Category average

<table>
<thead>
<tr>
<th>Weeks</th>
<th>Category average</th>
<th>Nam Ngu Phu Quoc</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>3.6</td>
<td>5.9</td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td></td>
<td></td>
</tr>
<tr>
<td>28</td>
<td></td>
<td></td>
</tr>
<tr>
<td>32</td>
<td></td>
<td></td>
</tr>
<tr>
<td>36</td>
<td></td>
<td></td>
</tr>
<tr>
<td>40</td>
<td></td>
<td></td>
</tr>
<tr>
<td>44</td>
<td></td>
<td></td>
</tr>
<tr>
<td>48</td>
<td></td>
<td></td>
</tr>
<tr>
<td>52</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Cumulative repurchase rate 1 year after launch (%)

Category average

<table>
<thead>
<tr>
<th>Volume</th>
<th>Repurchase Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>500ml</td>
<td>23.4</td>
</tr>
</tbody>
</table>

Nam Ngu Phu Quoc

<table>
<thead>
<tr>
<th>Volume</th>
<th>Repurchase Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>500ml</td>
<td>30.0</td>
</tr>
</tbody>
</table>
#5 The “chất” consumers – winning the expressionist influencers

Eating and drinking could be a way to express one self’s class, expertise, or style. Not just a hype, specialty drinks is instilling a lifestyle and differentiating beyond mass.

Tradition still dominate but Modern is expected to go popular

- Milk Coffee: 44%
- Black Coffee: 43%
- Frappe, mocha, cappuccino, latte: 13%
#5 The “chất” consumers – winning the expressionist influencers

Starbucks Reserve brought to Vietnam in 2017, making noise and building image with specialty coffee.

The Coffee House (TCH) follows with its Signature store to introduce a menu of high-end coffee brews sourced from their organic farm in Cau Dat, Da Lat.

Cold brew surges recently, adding a new variation of specialty coffee.

The booming scene of craft beer tap houses attract sophisticated drinkers who can afford the more premium price and acquire certain knowledge to understand and absorb the concept.

Upside down beer is the new, refreshing way of consuming for mass, street beer.
Nostalgic Eating
F&B settings that revives the days gone by or a dear homeland retreat

Cửa hàng ăn uống mùa dịch số 37
Bếp nhà lúc tỉnh, Cúc gạch quán, etc.

Cultural Experience

English tea rooms/tea-houses
Melody manga coffee in Hanoi

Theme/Concept

Blanc.
Making order by sign language
Noir.
Dining in the Dark
#5 The “chất” consumers – winning the expressionist influencers

Actively curating local specialty as well as global trademark, food KOLs are introducing genuine hallmarks for mass audience, educating and triggering them to seek for the right dish at the right place.

Rising number of food reviewers across platforms

Ninh Eating  Thạnh Ān TV  Woosi TV

Hôm Nay Ăn Gì  Ngơn Ngon by Dino  MisThy
... lead to more awareness about both global and local specialties.
#6 The responsible generation

Consumers across the world are concerned about environmental issues, so do Vietnamese.

Whether it’s influenced by media or truly come from personal responsibility, consumers across the world are giving voices about environmental issues. The impact of Plastic Waste has captured the attention globally, ranked as top concerns in Asia.

Top 3 Concerns Global vs Local

Though being in the early stages, Vietnamese consumers are also sharing concerns towards this hot topic.

% Agree

“I prefer to buy brands which take care of the environment”

“I limit the use of materials which can be harmful to the environment”

…and response from environmental activists has been generating attention from the community.

Mzung Tea House - herbal tea shop with furniture made from recycled and refurbished materials.
Consumer’s rising adoption of eco-friendly products is also realized and turned to action by retailers.

- Stores use Banana leaf for vegetable packing
- Beverage shops start using paper straw
- More people bring their own cups to coffee shops

Source: Worldpanel Division | Lifestyle Survey 2018 | Urban Vietnam 4 Key Cities
#6 The responsible generation

In raising their voice, willing to be planet warriors and supporting “from-Farm-to-Table” concept to give back more.

#Strawpocalypse
in Estella Place, HCMC – installation made from straws recovered off the streets

#giavovi about microplastic

ShoeX – local start up making shoes from used coffee ground and recycle plastic bottle, competing with the “green-fashion” line of Adidas, Nike attracted 4 billions VND investment on Sharktank.

Marou is the pioneer of the growing bean-to bar trend in VN. They work with local farmers across 6 provinces, coming up with unique flavours attributed to the different origins of the bean.

#trashtag
#challengeforchange
– environment cleaning activity
#7 Less in & more out

Out of home life becoming more important.

Going out expenditure
% monthly spending

Urban 4 Cities

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>16.7</td>
<td>17.6</td>
</tr>
</tbody>
</table>

Rural

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5.3</td>
<td>6.7</td>
</tr>
</tbody>
</table>
**FOOD & BEVERAGES**

**#7 Less in & more out**

More than half of convenient food and beverages spending is for out-of-home occasions which is rather on par with other APAC countries and higher than global average.

Value in home + out of home
FY 2018

*Source: Worldpanel Division | Out-of-home panels

*HCMC – 3 months ending March 2019
Consumers do shop for F&B Out of Home quite often! Not only for Non-Alcoholic Beverages but also Nutritional Drinks, light snacks & meal.

<table>
<thead>
<tr>
<th>Category</th>
<th>Buyers (%)</th>
<th>Frequency (times)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Alcoholic Drinks</td>
<td>99%</td>
<td>39.1</td>
</tr>
<tr>
<td>Nutritional Drinks</td>
<td>64%</td>
<td>6.5</td>
</tr>
<tr>
<td>Sweet &amp; Savoury Snacks</td>
<td>56%</td>
<td>7.2</td>
</tr>
<tr>
<td>Light Meals</td>
<td>38%</td>
<td>4.3</td>
</tr>
</tbody>
</table>

Source: Worldpanel Division | Out-of-home panel | HCMC | Food & Drinks | 6 months ending June 2019
#7 Less in & more out

Young adults are leading the way to drinking out.

% OOH Drinking occasions by age

**Urban 4 Cities**

<table>
<thead>
<tr>
<th>Age Group</th>
<th>13-18YO</th>
<th>19-24YO</th>
<th>25-34YO</th>
<th>35-44YO</th>
<th>45+</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>28</td>
<td>49</td>
<td>46</td>
<td>45</td>
<td>27</td>
</tr>
</tbody>
</table>

Source: Worldpanel Division | Drinking Usage Study 2019 | Individuals >12 YO
Innovate to win

Capture the key megatrends to grow your F&B business in today market dynamic.

#1 Balance is the new health
#2 Convenience is king – simplify my life
#3 The success formular = good food + good fun
#4 Authenticity wins trust & choice
#5 The “chæk” expressionists
#6 The responsible generation
#7 Less in & more out
Beauty

Key Beauty Trends

#1 Polarized consumers
#2 Market fragmentation
#3 Embrace natural trend
#4 Uptrading prevails
#5 Smart sizing
#6 Seize the beauty moments
#7 Emerging channels
#1 Polarized consumers

It’s more challenging to target the most potential shoppers who drive the sophistication of beauty care sector because they’re only 20% of the urban population. Meanwhile education job is very important to do on the remaining majority.

### Polarization

<table>
<thead>
<tr>
<th>HEAVY SPENDERS</th>
<th>LIGHT SPENDERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heavy spenders (top 20% spenders) on Make-up products keep spending more</td>
<td>Light spenders (bottom 50% spenders) on Make-up products decrease spending</td>
</tr>
</tbody>
</table>
| ▲ 40% Spending YOY  
LY: 2.9 items >> TY: 3.8 items | ▼ 66% Spending YOY  
LY: 2.1 items >> TY: 1.5 items |
PERSONAL CARE

#2 Market fragmentation

The number of new products remains high across years, despite a little slow-down in 2018. It places a pressure on big manufacturers to extend their product lines beside protecting the core.

More exposure to new products

Busier playground in YTD 2019 so far

Watch out for growing facial care categories

<table>
<thead>
<tr>
<th>No. of new brands/variants of Beauty category</th>
<th>Facial Moisturizer</th>
<th>Facial Cleanser</th>
<th>Lipstick</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>426</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>631</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>1076</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>765</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Top 10 cosmetics manufacturers losing power to the rest

Vol. % of top 10 manufacturers

<table>
<thead>
<tr>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>43%</td>
<td>39%</td>
<td>36%</td>
</tr>
</tbody>
</table>

Rel. Penetration % - Top 10 manufacturers

<table>
<thead>
<tr>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>74%</td>
<td>72%</td>
<td>68%</td>
</tr>
</tbody>
</table>

NPD: new product development

Source: Worldpanel Division | Households Panel | Urban Vietnam 4 Key Cities | Personal Care including gift | 12 months ending August 2019 vs YA
#3.1 Embrace natural trend – natural beauty look

Consumers are keen to have a natural look as much as possible. Such desire paves the way for beauty services and shifted spending into skin care.

Google search for “Đẹp tự nhiên” from 2010 to 2019

Interest over time

<table>
<thead>
<tr>
<th>Date</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apr 1, 2010</td>
<td>0</td>
</tr>
<tr>
<td>Dec 1, 2012</td>
<td>25</td>
</tr>
<tr>
<td>Aug 1, 2015</td>
<td>75</td>
</tr>
<tr>
<td>Apr 1, 2018</td>
<td>100</td>
</tr>
</tbody>
</table>

NOTE

- Light spenders (bottom 50% spenders) on Make-up products decrease spending for Make-up; and increase for lip balm, facial cleanser, facial moisturizer
- Those who stop buying Make-up products this year increase 20% spending on facial moisturizer

Growing trend: permanent makeup

When convenience meets natural beauty need

- Microblading eyebrow, lash lift / tint / extensions
- Lip shading

Source: Worldpanel Division | Household panel – Personal Care excluding gift | 12 months ending September 2019 vs YA
#3.2 Embrace natural trend – natural ingredients

Consumers’ aspiration for natural ingredients expedites innovations. Not only scattered small brands drive it but also big manufacturers react with new brands or line extensions.

Mindful Consumerism

![81% Circle Graph]

“I prefer to chose natural beauty products” (% agree)

... leads to growing adoption of trusted products

12 months ending September 2019 vs YA

<table>
<thead>
<tr>
<th>Product</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural Toothpaste</td>
<td>15 pts</td>
</tr>
<tr>
<td>Natural Shampoo</td>
<td>2.8 pts</td>
</tr>
<tr>
<td>Innisfree Skin Care &amp; Make Up</td>
<td>1.1 pts</td>
</tr>
</tbody>
</table>

... initiatives from big global players: “Natural” concept in ingredients, packaging, and sustainability

- Tarte x Sephora
- Love Planet And Beauty (Unilever)
- B.A.E - before anything else (Hema)

... and emerging local handmade/ DIY brands: “Natural” theme of organic ingredients and zero waste

- La Bambi – an online distributor full of local, natural cosmetics and personal care products.
- FRESH and NATURAL – plastic free, all natural line of soaps.

Source: Worldpanel Division | Lifestyle Survey 2018 & Households Panel | Urban Vietnam 4 Key Cities | Personal Care excluding gift
#3.3 Embrace natural trend – inspiring environmentally friendly business

Holistic mindset that goes beyond the self – consumers take into consideration their impact on the environment. Eco-friendliness is a necessity.

% Housewives agree

- **78%**
  “I prefer to buy brands which take care of the environment”

- **77%**
  “I limit the use of materials which can be harmful to the environment”

*Urban 4 Cities*

- Biodegradable sheet mask
- Return clean containers in exchange for rewards
- Stores for Refill Homecare and Personal care products

Source: Worldpanel Division | Lifestyle Survey 2018 | Urban Vietnam 4 Key Cities
PERSONAL CARE

#4 Uptrading prevails

Uptrading is riding a higher momentum, with buyers paying more for more categories compared to last year. Consumers are investing more into basic care products.

% of up-traded Personal Care categories

<table>
<thead>
<tr>
<th>% of up-trading</th>
<th>Top uptraded Personal Care categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>63%</td>
<td>1 Mask</td>
</tr>
<tr>
<td></td>
<td>2 Fragrances</td>
</tr>
<tr>
<td></td>
<td>3 Foundation Cosmetic</td>
</tr>
<tr>
<td></td>
<td>4 Oral Care</td>
</tr>
<tr>
<td></td>
<td>5 Sanitary Napkins</td>
</tr>
<tr>
<td></td>
<td>6 Shower Gel</td>
</tr>
<tr>
<td></td>
<td>7 Haircare</td>
</tr>
<tr>
<td></td>
<td>8 Facial Wash</td>
</tr>
</tbody>
</table>

Calculated on categories with >=5% penetration. Uptrading: average price YOY increase >=2.5% (CPI YTD Sep 2019).

Source: Worldpanel Division | Households Panel | Urban Vietnam 4 Key Cities | Personal Care excluding gift | 12 months ending September 2019 vs YA
#5 Smart sizing

Necessity products are bought in bulky trips to stock up.

% Volume per trip change

- **Shower Gel**: 6%
- **Shampoo**: 6%
- **Sanitary Napkin**: 4%

Subscription model

- **Memebox**
- **Dollar Shave Club**
- **TIKISAVE** (similar to Subscribe & Save of Amazon)

Not only big size but also the saving Pouch

% Penetration

- **Liquid Detergent**: 33% (6pts vs YA)
- **Fabric Conditioner**: 45%
- **Shower Gel**: 6% (6% volume growth vs YA)
PERSONAL CARE

#6 Seize the beauty moments

Many beauty products are not used on a daily basis. Brands should trigger the relevant and trending moments that their products can serve.

1. On the move/Travel (Convenience/Easy to use)

- Spray + Stick Sun Protection
  - 0.6 pts penetration
- Cushion
  - 11% value
- Micellar Water
  - 1.0 pts penetration

2. Work out

Top 3 Household’s Concerns

1st
- Food safety
2nd
- Health & Wellness
3rd
- Environmental issues / Diseases

Urban agree “I exercise regularly for better health”

Gym & health chains are on the rise

Need for long lasting makeup & light makeup
Special Events/Everyday Selfies

- 16.6% value increase in Eye shadow
- 4.3% value increase in Liquid foundation
- 35.1% value increase in Blusher
- 7.4% value increase in Concealer

End of day ritual/Weekend

- 1.5pts pen increase in Toner - extra cleansing/moisturizing
- 1.4pts pen increase in Serum
- 1.0pts pen increase in Micellar water
- 0.5pts pen increase in Oil MU remover
- Cosmetic remover - deep cleansing trend

Source: Worldpanel Division | Households Panel | Urban Vietnam 4 Key Cities | Personal Care excluding gift | 12 months ending March 2019 vs YA
#7 Emerging channel

**1. Hand carry**

With more trips to other beauty markets, hand-carried products become more popular, especially in Ha Noi.

Consumers are traveling abroad more... ...and hand-carry cosmetics gain popularity

Abroad Tours from Vietnam
CARG 2013-2018

20%

2.2pts

value share
(10.5% MAT P8’19)

Who buys?

Ha Noi

Mid high & High income
E-commerce

Personal Care is growing quickly online, notably for basic cleansing categories (Face, Hair, Body). However because of market fragmentation, manufacturers should quickly grasp a solid foothold online. Target millennial females with high purchasing power.

Most Purchased categories (by occasion share %)

<table>
<thead>
<tr>
<th>Category</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facial Moisturizer</td>
<td>12.4</td>
</tr>
<tr>
<td>Shampoo</td>
<td>10.4</td>
</tr>
<tr>
<td>Lip Make-up</td>
<td>9.9</td>
</tr>
<tr>
<td>Facial Wash</td>
<td>8.9</td>
</tr>
<tr>
<td>Shower Gel</td>
<td>8.6</td>
</tr>
<tr>
<td>Lipstick</td>
<td>8.3</td>
</tr>
<tr>
<td>Hair Conditioner</td>
<td>6.0</td>
</tr>
<tr>
<td>Sun Protection</td>
<td>5.5</td>
</tr>
<tr>
<td>Mask</td>
<td>5.4</td>
</tr>
<tr>
<td>Fragrances</td>
<td>3.9</td>
</tr>
<tr>
<td>Toothpaste</td>
<td>3.5</td>
</tr>
<tr>
<td>Body Care</td>
<td>3.3</td>
</tr>
<tr>
<td>Foundation Cosmetic</td>
<td>3.0</td>
</tr>
<tr>
<td>Cosmetic Remover</td>
<td>2.8</td>
</tr>
<tr>
<td>Deodorant</td>
<td>2.4</td>
</tr>
</tbody>
</table>

Portrait of E-Commerce Cosmetics buyers

- Skew to Young Female < 25 YO
- Followed by Female 26-39 YO
- HCMC
- Mid high and High income

Source: Worldpanel Division | Households Panel | Urban Vietnam 4 Key Cities | FMCG including gift | 12 months ending August 2019 vs YA
Implications

In the context of market fragmentation, the need to stand out in the crowd is critical. How?

Educate the consumers to use a more diversified beauty regime, for different moments & purposes.

Lead new trends and excite the consumers.

Have a fighter in your portfolio (either new brand or new variant) really focusing on ‘natural’ image (not only investment on ingredients but also packaging and communication).

Drive premium offers with really premium benefit to differentiate and justify the price.

Ensure availability of big packs size or pouch to build up loyalty among core buyers. Saving message should be clear and impressive.

Quickly grasp a solid foothold online, targeting millennial females with high purchasing power.
Home Care

Big Trends in the next 5 Years

#1  Nice-to-have become Must-have
#2  New segments & formats emerge
#3  More sophisticated consumer demand spaces
#4  Private labels accelerate
#5  Machine automation
HOME CARE

What are big trends in next 5 years in Home Care?

Vietnamese consumers spend more to take care of their home as a result of their improved living standard, higher hygiene concern and indulgence needs.

Adapting
more Home care products, welcoming new formats, benefits, technology as well as private labels (distributors’ owned brands).

Nice-to-have categories become Must-have
There is a large pool of Urban consumers who do not find certain Home care products such as household cleaners & tissue products relevant for their home yet. This will change in a coming future where the more advanced household care categories will make their ways to more homes and become necessity.

New segments & formats emerge
Beside adapting more products, consumers will welcome new formats to satisfy their sophisticated needs for household care products. In laundry and cleaning chores, Liquid will keep developing, yet advanced formats such as Capsule, Bead, and Block will emerge and get more trial.
More sophisticated consumer demand spaces
Not only welcoming new formats, consumers also welcome new benefits to meet their evolving needs. The future benefits are not only Baby care, Specialized benefit care or Natural inspiration but also more advanced and specialized like Eco-friendly, Machine care or Multi-benefit.

Private Labels accelerate
When Modern trade keeps developing, Private labels have opportunities to grow. However, there are challenges to overcome such as quality perception or consumers’ sophisticated benefit demand. As a least involvement product, Home care will still lead Private label trend with products such as Paper and Laundry products.

Machine Automation
Consumers continuously seek for solutions to their home chores to save time and efforts through delegation: in home through machine or useful products, and out of home service. Quick effect products, multi-purpose or specialized benefit have opportunities.
HOME CARE

Huge opportunity to upgrade consumer spending for Home Care products

Average yearly spending per household (USD)

$70 USD (THAILAND 2019)

It takes around 3 years for Home care to reach current spending level of Thailand

- Categories development
- New segments & formats
- New demand spaces
- More players, including private labels
- Technology & Machine automation

LEVERAGED BY
#1 Nice-to-have categories become Must-have

With higher living standard, household cleaners & tissue products will reach the majority of urban households.
#2 New segments & formats emerge

Go ‘Liquid’ continues while Advanced formats like Capsules/Beads/Blocks emerge.

## % Buyers

### Fabric Detergent

<table>
<thead>
<tr>
<th>Year</th>
<th>Powder</th>
<th>Liquid</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>88.7</td>
<td>34.4</td>
</tr>
<tr>
<td>MAT P9</td>
<td></td>
<td>79.2</td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td>54.9</td>
</tr>
</tbody>
</table>

### Fabric Softener

<table>
<thead>
<tr>
<th>Year</th>
<th>Powder</th>
<th>Liquid</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>71.6</td>
<td></td>
</tr>
<tr>
<td>MAT P9</td>
<td></td>
<td>66.8</td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Toilet Cleaner

<table>
<thead>
<tr>
<th>Year</th>
<th>Powder</th>
<th>Liquid</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>38.4</td>
<td></td>
</tr>
<tr>
<td>MAT P9</td>
<td></td>
<td>43.6</td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
#3 More sophisticated consumer demand spaces

Added value benefits such as Baby Care, Specialized Care, and Natural keep penetrating.

% Buyers

Fabric Detergent

- 2015: 82% Clean Generic, 11% Fragrance, 7% Anti Mal-odor, 9% Color Care
- MAT P9 2019: 80% Clean Generic, 14% Fragrance, 11% Anti Mal-odor, 11% Color Care

Fabric Softener

- 2015: 47% Classic, 39% Baby/Sensitive, 39% Natural
- MAT P9 2019: 39% Classic, 39% Baby/Sensitive, 22% Natural

Dishwashing

- 2015: 63.1% Shiny Dish, 20.9% Natural, 1.5% Anti-bacteria
- MAT P9 2019: 55.2% Shiny Dish, 27.9% Natural, 3.5% Anti-bacteria

Key themes

- Baby care
- Specialized care: color, mal-odor, anti-bacteria
- Natural


Source: Worldpanel Division | Households Panel | Urban Vietnam 4 Key Cities | FMCG excluding gift | 12 months ending September 2019
**HOME CARE**

#4 Private Labels accelerate

As a low involvement product, Home Care private label is expected to rise in Modern Trade.

% Private label (PL) buyers
(based on each FMCG sector in modern trade)

![Graph showing Home Care PL, Food PL, and Personal Care PL growth from 2017 to MAT P8 2019.]

Top Home Care categories with high private label penetration

1. Box Tissue
2. Toilet Tissue
3. Fabric Detergent
4. Floor Cleaner
5. Dishwashing Liquid

Growth Drivers

1. Increase availability with Modern Trade expansion
2. Affordable price with low cost offer
3. Expanded product portfolio towards new formats & added value benefits
4. Improved quality perception over time
5. Attractive promotion & discount

Source: Worldpanel Division | Households Panel | Urban Vietnam 4 Key Cities | 12 months ending August 2019
% Households agree
“I would like to have more in-home services/delivery/personal services to ease my life”

**Urban 4 Cities**

% households with ownership
2018 vs 2015

- **Vacuum Cleaner**
  - 23% vs 43%
  - 3.5pts

- **Front Load Washing Machine**
  - 11% vs 48%
  - 3.0pts

**Google Search Trend**

- **Cleaning Robot**
  - 313 million results
  - 2018

**Opportunity for**

- Quick effect products
- Multi-purpose cleaners
- In-home/Out-of-home Delegation service
- Customized products for best effect

**Dryer Development**

- From Tumble Dryer
- Electric Drying wardrobe
- Styler (dry wash)

Source: Worldpanel Division | Family Form & Lifestyle survey 2019 | Urban 4 Key Cities & Rural Vietnam
Leverage Home Care big trends

Now What?
Implications for Brands & Retailers

Product Relevant First
There is a huge consumer pool to attract them to buy more Home care products in both Urban and Rural area. Hygiene concern and convenience are core themes to attract non-buyers of Home care. Modern trade in Urban cities works as a trial channel while in Rural area, availability of affordable offers is key to win.

Build Strength in Core Demand Spaces
Although there are different demand spaces to meet, brands should choose to stand out in certain demands to build strong base of core consumer group. Core functionality should be met first, before stretching to more advanced & specialized benefits.

Innovation is Weapon
As consumer needs evolve, some advanced needs are potential to win like Eco-friendly, Machine care or Multi-benefit. Brands with a consistent theme have more chance to win.

Private Label Option
Apart from strength in availability, Private labels should also meet consumer demands in terms of benefit sophistication, price offer to win more footprints in Modern channels.

Help Consumers Save Time and Efforts
Consumers are in needs of both products and service to make their life easier. They are in needs of specific products to use like multi-benefit or customized benefit yet also indirectly though their delegation service. Laundry service may also become one point of sales in the future.
Embracing Corporate Social Sustainability
Environmental issues including climate change, plastics and water pollution are rising at an alarming rate.

The top concerns globally:

- Climate Change: 17%
- Plastic Waste: 14%
- Water Pollution: 11%
- Water Shortage: 8%
- Air Pollution: 8%
- Waste of Food: 7%
- Deforestation: 7%
- Waste of Water: 6%
- Insecticides/Fertiliser: 6%
- Food Safety: 5%
- Extinction of Species: 4%
- Ozone Layer: 4%
- Mass Livestock Farming: 2%
- Raw Material/Extraction: 1%
- Electronic Waste: 1%
- Aluminum Waste: 0.4%

Environmental issues also ranked among top 3 concerns in Vietnam:

1st: Food Safety

2nd: Health & Wellness

3rd: Environmental Issues / Diseases

Source: Consumer response to plastic waste report
Plastic bags and plastic packaging are the biggest threats to the environment.

What are the biggest contributors to plastic waste?
(#Rank based on % survey respondents)

1. Plastic food packaging
2. Plastic packaging of home care and personal care products
3. Disposable plastic drinks bottles
4. Plastic shopping bags
5. Plastic coffee / tea capsules

Source: Consumer response to plastic waste report
As such, most consumers prefer sustainable product offerings with reusable, recyclable, and refillable initiatives.

- 82% use washable, reusable rags, towels, cleaning utensils, etc. for cleaning.
- 72% have a bag/basket with them to carry their purchases.
- 62% use refillable drinking bottles when they go out and take drinks with them.
- 58% avoid buying plastic cutlery or plastic plates when planning barbecues, birthday parties or other parties at home.
- 53% choose packaging-saving refill packs for products.
- 53% bring their lunch with them rather than buy take-out meals.

Source: Consumer response to plastic waste report.
There is still a great need to increase the awareness of environmental protection, which will positively influence consumer purchase behaviors, especially in Asia.

Eco segments by Region

- **Eco Actives**
  Consistently work to reduce their levels of plastic waste. They always, or frequently, take active steps to improve the environment.

- **Eco Believers**
  Highlighted plastic as a major concern. They take some actions to reduce their environmental impacts.

- **Eco Considerers**
  Do not see plastic as their biggest concern, but they do take infrequent actions to reduce their plastic waste.

- **Eco Dismissers**
  Have little to no interest in the environmental challenges faced by the world and are making no steps to improve.

Eco Actives – the most engaged group do purchase differently

Actives are 2x more likely than the next group to do these actions:

- **Avoid plastic bottles**
  - Global: 80%
  - Asia*: 75%

- **Avoid plastic non-FMCG products**
  - Global: 68%
  - Asia*: 67%

- **Reusable beauty products**
  - Global: 49%
  - Asia*: 22%

There is still a great need to increase the awareness of environmental protection, which will positively influence consumer purchase behaviors, especially in Asia.

Source: Consumer response to plastic waste report

*Asia = China Mainland & Indonesia*
Manufacturers seen as responsible for addressing the problem of plastic pollution

Who is the most important to act on plastic waste?

- 24% Government
- 48% Manufacturers
- 19% Consumers
- 7% Retailers

Only 1 in 10 can name a manufacturer doing a good job on #PlasticWaste.
What do consumers expect from both manufacturers and retailers to tackle plastic?

**Top 3 actions required from...**

**Manufacturers**
- Use other packaging materials than plastic (e.g. paper, glass) - 44%
- Use of recyclable plastic that can be 100% reused - 44%
- Reduction of plastic quantity for product packaging - 42%

**Retailers**
- Less plastic used for packaged fruits, vegetables, fresh meat, cold meats, cheese - 43%
- No use of plastic bags for fruit/vegetables - 39%
- Use of other packaging materials instead of plastic - 37%

*Source: Consumer response to plastic waste report*
There have been some actions already to reduce plastic, leading to a growing shift towards sustainable brands across the globe

**Inspirational ideas from global...**

**Adidas**  
German sportswear giant  
- Sold 1 million eco-friendly shoes made out of plastic found in the ocean. The idea was very welcome by consumers.  
- Plan to produce 11 million pairs of shoes containing recycled ocean plastic in 2019.

**Ecosia**  
Berlin-based search engine  
- Donate 80% or more of its profits to nonprofit organizations that focus on reforestation  
- Use the ad revenue from users’ searches to plant trees where they are needed the most.

**Lush Cosmetics**  
UK Fresh Handmade Cosmetics  
- 90% packaging are recyclable  
- About half of Lush’s products can be taken home with no packaging  
- Recycling program: Returning black pots to get free face mask

**Morrisons**  
Most mentioned UK retailer  
- Plastic free fruit and veg from 2019  
- Bring own container for meat, cheese and fish counters
...to local

Hyper & Super Vietnam

- Retailers use banana leaves to wrap fresh vegetables.
- Stop selling plastic straws and replace by eco-friendly paper and rice straws besides reusable straws made from steel and glass instead.

Coffee & Tea shops Vietnam

- Go green campaigns: Bring your reusable cup/bag to get discounts.
- Use eco-friendly and/or reusable straws made from natural materials such as grass and bamboo.

Refill Stations Vietnam

- Started in developed countries and is now emerging in developing markets like Thailand and Vietnam.
- Consumers can refill reusable glass bottles (sold in the stores) or bring their own containers to refill from water, foods and cleaning, personal care products.
Taking action on plastic is around ‘when’ rather than ‘if’ due to pressures from governments, manufacturers and consumers.

Consumers care, but expect manufacturers to lead the way and not to charge extra for doing the right thing.

Social sustainability continues to grow in popularity, which will be increasingly reflected in consumers’ brand and store choices.

Manufacturers should
- Communicate more as their pledges and actions are not cutting through
- Replace and remove plastic where possible
- Communicate alongside other benefits such as natural
- Consider regional motivations in communication

Retailers should
- Start with removing packaging in the fresh aisles
- Push reusable bags in Latam and Asia / charge for bags
“Respecting our environment remains among Nestlé’s top priorities. We have implemented many activities to keep the environment clean, green and beautiful, which will continue to be at the heart of our business. To take the lead in doing the right thing, there are numerous initiatives in our on-going agenda to address sustainable development related issues which include waste, management, especially plastic waste, alongside the government and the community. More importantly, we have plans to promote an environment-minded business as well as to raise the public awareness on environmental protection through different campaigns, targeting both our staff and consumers, especially younger generations. Plastic waste is something which cannot be dealt with by a single person or an organisation, but requires the cooperation of all agencies, organisations and individuals. In the fight against plastic waste, we are willing to share initiatives and experiences to lend a helping hand to the country’s campaigns aimed at increasing environmental consciousness. Nestlé has made a commitment to reuse and recycle 100 percent of our product packaging by 2025, in order to continue to achieve green growth and sustainable development.”

Ganesan Ampalavanar
Managing Director Nestlé Vietnam
Omnichannel Retail Trends
The new retail environment in Urban* Vietnam

* Urban = 4 cities (HCMC, Hanoi, Danang & Cantho)
Online, Mini Stores and Specialty Stores are today’s top 3 growing FMCG channels

Total FMCG value spend year-on-year change

FMCG Growth

5.5%
66% of the FMCG market value growth comes from these 3 emerging channels though they only account for 16% of value share in total channels.

% Value Share by channel

- Street Shops: 54.9%
- Hyper & Super: 14.1%
- Wet Market: 9.2%
- Specialty Stores: 8.8%
- Mini Stores: 5.2%
- Online: 2.3%
- Direct Sale: 1.9%
- GT Others: 1.8%

% Channel Contribution to Value Growth vs YA

- 66% Incremental Spend

Source: Worldpanel Division | Households Panel | Urban Vietnam 4 Key Cities | Total FMCG excluding gift | 12 months ending June 2019

Our Foresight
This strong contribution to growth happens across the biggest FMCG categories

% Emerging channels contribution to category incremental spend

Emerging channels: Specialty stores, Ministores, Online
Emerging channels are not only shifting spend from more established channels but more importantly triggering incremental spend amongst their shoppers.

Channel source of Gain (bln VND) in FMCG

Source: Worldpanel Division | Households Panel | Urban Vietnam 4 Key Cities | Total FMCG excluding gift | 12 months ending June 2019 vs YA
Incrementality means shopper channel repertoire expand to serve different shopping missions

Nearly half of Vietnamese households in Urban* shop at least 7 channel types in a year.

*Urban Vietnam 4 Key Cities 2018

Source: Worldpanel Division | Households Panel | Urban Vietnam 4 Key Cities | Total FMCG excluding gift
Millennial shoppers are driving the development of emerging channels

% Value share of emerging channels by target
And there is still a big potential for growth, especially for Online

Penetration %
- Street shops: 99.1%
- Hyper & Super: 78.4%
- Specialty stores: 56.1%
- Ministores: 61.0%
- Online: 25.4%

Number of trips per year per shopper
- Street shops: 95.7
- Hyper & Super: 14.5
- Specialty stores: 9.8
- Ministores: 13.8
- Online: 4.0

Ticket in k VND per shopper per trip
- Street shops: 92
- Hyper & Super: 195
- Specialty stores: 256
- Ministores: 97
- Online: 356

Source: Worldpanel Division | Households Panel | Urban Vietnam 4 Key Cities | Total FMCG excluding gift | 12 months ending June 2019
Vietnam’s Ecommerce is booming, reaching for $5 billion in 2019 at a 81% CAGR since 2015 and it is projected to reach $23 billion in 2025 at a 43% CAGR.

This phenomenal growth is thanks to the advancement of the Vietnam ecommerce ecosystem which has been driven by the country’s digitization speed, the favorable legal framework, and the huge investment in technology and infrastructure from the key ecommerce platforms like Lazada.

With the continued growth of mobile usage, and as a result the growing internet penetration, as well as the large group of Millennial netizens there remains a huge opportunity for Ecommerce to multiply rapidly in Vietnam within the coming years.

When E-shopping becomes habitual it will play an integral part of Vietnamese consumers’ daily life, especially those living in big cities because of the advantages around convenience, value, accessibility and diversified assortment.

Besides beauty products, E-shopping for lifestyle products, fashion, hi-tech and digital goods are expected to grow exponentially in the coming years and we could even witness the next phase of online shopping which could come from subscription models, which is highly potential amongst frequent E-shoppers in metro cities.

However, there remains some challenges around the underdeveloped logistics infrastructure, the high rate of fiat payment, the harsh price-point and fierce promotion competition that need to be addressed for the future of Ecommerce and online business.

On the other hand, Ecommerce helps unlock opportunities for Vietnamese SMEs and can also attract more foreign investment into the Vietnam market, which will bring tech-embedded innovations and new experiences to excite Vietnamese consumers. Together with the development of advanced technologies, new things we can expect to happen soon in Vietnam’s retail would be image and voice search, personalized shopping experience, snap and shop, and more innovative and speedy shipping options. Technological advancements will also help to drive more advanced payment methods like facial recognition payments, blockchain and new digital currencies.

Hang Nguyen
Chief Marketing Officer, Lazada Vietnam
How would the retail landscape for FMCG look like by 2025?

% Value share by channel
02

Big bets for 2020’s
FMCG purchase habits will continue to reduce while trip size will increase. At the same time, today’s shopper needs and drivers are expected to take root further within 2020’s

Shopper’s needs and drivers

1. Super convenience
2. Personalization / customization
3. Speed / ultra fast delivery time
4. Consciousness / meaningfulness
5. Point of differentiation
6. Specialisation and trust
7. Clusterisation (premium vs discounter)
Shopper path to purchase to become even more sophisticated and complex.
Online as a channel will stay on its fast track

“Online shopping penetration in China was at almost the same level as we have in Urban Vietnam today, 7 years ago...”

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>MAT P6 2019</th>
<th>2025F</th>
</tr>
</thead>
<tbody>
<tr>
<td>% online FMCG buyers</td>
<td>22.4%</td>
<td>25.2%</td>
<td>60.0%</td>
</tr>
<tr>
<td># of online FMCG trips</td>
<td>3.6</td>
<td>4.0</td>
<td>6.1</td>
</tr>
</tbody>
</table>

Source: Worldpanel Division | Households Panel | Urban Vietnam 4 Key Cities | Total FMCG excluding gift
Our Foresight

Emergence of new hybrid retail models

Social commerce
Zalo

Zalo is now not a typical instant messaging app or social platform. It carves out a new channel of mobile shopping like Wechat in China, a kind of “Social commerce” that allows consumers to make payments in different ways, even COD or via e-wallet ZaloPay.

Street shops going digital
Applications & Cashless payment

In China, Alibaba had installed its cloud system in 600K+ independent stores.

In Indonesia, Go-Pay has ventured towards a cashless payment system at 3000+ offline merchants, such as “food street hawker”.

Direct to consumer (D2C) subscription models
TikiSAVE

TikiSAVE, also known as subscription box, is a regular supply of goods offering discounts, good deals and timely delivery.

Live shopping
Live stream, live stories

Live stream, live stories are new ways of shopping evolving together with social platforms such as Facebook, Instagram.

Source: Google
Tech-based innovations will bring shoppers greater convenience and personalized experience.

- E-wallet / QR Codes
- Chatbot
- Beauty Cam / Virtual Try on / AR
- Voice Assistant
- Self-checkout / Unmanned stores
- Saigon Co.op & Vinmart testing Scan & Go
- Click & Collect (Decathlon – Sport retail chains)
Focus on Technology & New retail

Today’s big changes in Vietnam’s retail industry
In the period of 2016 -2019, we witness the rapid development of emerging channels including ministores, specialty stores and online, which are reshaping today’s retail landscape and will remain important in the coming years. There is also another rising trend of M&A within retail sector. We are seeing that not only foreign players seek to acquire local businesses to gain fast market access but recently local giants also pour their money into foreign partners to expand their business. This makes the retail industry more dynamic. The last thing is “Omnichannel” or die. Shoppers increasingly show a tendency to shop in different channels for different missions, indicating the importance of Omnichannel for any brand and retailer to win.

The role of technology and applications in Vietnam
The advancement of technology plays a significant role for retailers and brands to enable future growth. As such, retailers are focusing more on technology to enhance customer experience and to drive sales. However, the major concern of modern trade retailers or multi-format retailers is how to adapt technology into local contexts in order to improve business performance and optimize operational cost.

There have been several cases recently in the Vietnam market that apply new technologies to better serve Vietnamese customers such as click & collect, scan & go, self-checkout but they are all still at the beginning of testing phase so they will slowly be improving. Again, the most important thing that retailers need to keep in mind is to build a localization strategy with a deep local understanding as every market is different.

Retail redefined in the age of digital
Today’s retail is far from what it was in the past 5 years and has been changing faster than ever before. Mobile payment and innovative applications will continue evolving, bringing greater convenience for Vietnamese shoppers on their shopping journey. Store layout is important but further than that, store atmosphere (look and feel) is worth considering as modern consumers make the effort to head to retail stores not only for shopping but because of the experience they get in the store. Hence, integrating digital into an in-store experience could help attract customers and increase traffic. New retail with the convergence of entertainment, leisure and retail will become increasingly prevalent in the years to come.

Dung Nguyen
Strategy Director, Red Design Group
Further expansion of Mini Stores for take-home purchases thanks to its proximity

Ranking - Top reasons to choose a store

01
The store is clean

02
It’s near my home or on my way back to home

03
It has good quality products

% Buyers in Mini stores (incl. Minimarts & CVSs)

Source: Worldpanel Division | Households Panel | Urban Vietnam 4 Key Cities | Total FMCG excluding gift & Lifestyle Report 2018
More modernized and specialized store chains are expected to enter the market.

**In development stage**

- **CON CUNG**
- **MINISO**
- **DAISO JAPAN**

**Baby/ Beauty stores**  
**Lifestyle stores**

**In early stage/Not started yet**

- Fresh Food stores
- Frozen Food stores
- Budget stores
- Premium stores
Future shopping trends: Why not Discounter / Private label?!

Value for money will be one of key shopping trends. Discounter and Private label is worth to consider. Discounters growing everywhere in the Western, and the next direction is probably Asia. It is interesting to note that Aldi has just opened 2 stores in Shanghai, China.

Source: Worldpanel Division | Omnichannel report

Private label in Modern Trade

<table>
<thead>
<tr>
<th>Category</th>
<th>Value share %</th>
<th>% Buyers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dairy</td>
<td>2.4%</td>
<td>33%</td>
</tr>
<tr>
<td>Beverages</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>Personal Care</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Packaged Foods</td>
<td>17%</td>
<td></td>
</tr>
<tr>
<td>Home Care</td>
<td>23%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Worldpanel Division | Households Panel | Urban Vietnam 4 Key Cities | FMCG excluding gift | 2018
Globally, Discounters have been able to grow sales by +6%, versus only +2% for total channels, and they now account for 11% of dollars spent, for FMCG, which is a big increase in share, in a short space of time.

**Growth drivers for Discounters globally**

There are two angles to this growth. The first one is the number of physical store openings across the world, which has been quite a big driver of their share gain. Finding the land for new stores can be challenging however with an average store size of 500-1000 SQ m, which is still smaller than the average Hypermarket & Supermarket store, owners of Discounters are still able to find land to build new stores.

The second key driver of their growth is more shopper driven – globally, shoppers want to have good quality at a good price and this value for money standing is exactly the positioning that Discounters have been able to carve out. As such, Discounters can attract shoppers of all income with a high penetration rate across markets where the model established.

**Challenges and opportunities for Discounters in Asia**

Discounters, in fact, are growing everywhere except Asia yet we can expect it will be the next region to develop. This is not easy at all and will be a big challenge to enter Asia. In a lot of Asian markets, the modern trade is still developing like in Vietnam where it accounts for just 20% of the market with such a strong traditional trade – however as we saw in Latam, in particular Columbia with D1, it is possible to succeed.

Noticeably, Aldi recently opened its first two stores in Shanghai in June 2019, which will certainly be interesting to monitor. They’ve shown they can adapt themselves to local context and excite shoppers with imported products. If successful, it’s highly likely they will be exploring other markets to enter and emulate.

Together with the expansion of Discounters, we can expect a greater presence of Private Label as it will usually account for 70%+ of total SKUs in discount retailers.

**Stephane Roger**

Global Solutions Director - Retail & Shopper

Worldpanel Division, Kantar
Hypermarket & supermarket growth is expected to continue with room for future development

NATIONWIDE (EST.)

Value Sales of H&S (trillion VND)

<table>
<thead>
<tr>
<th>Year</th>
<th>MAT P3’17</th>
<th>MAT P3’18</th>
<th>MAT P3’19</th>
<th>2020F</th>
<th>2021F</th>
<th>2022F</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>10.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>11.4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>11.9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td>12.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td>12.5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020F</td>
<td></td>
<td></td>
<td></td>
<td>12.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021F</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>12.5</td>
<td></td>
</tr>
<tr>
<td>2022F</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>12.8</td>
</tr>
</tbody>
</table>

CAGR 2020-2022: 5%

Number of H&S

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2020F</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>724</td>
<td>762</td>
<td>812</td>
<td>869</td>
<td>958</td>
<td>1,300</td>
</tr>
</tbody>
</table>

Source: Worldpanel Division | Households Panel | Urban Vietnam 4 Key Cities | Total FMCG excluding gift | 12 months ending March 2019
Today’s growth fueled primarily by hyper format with more spending per trip. Huge opportunity to increase Hyper & Super shoppers loyalty!

78.2% penetration (2.2mil HHs)
Shop grocery in Hyper & Super at least once in a year.
Last year: 76.0 %

Repeat Rate (*) in Hyper & Super is
85.5%
Last year: 86.4 %

Frequency (times/ year)
14.5
Last year: 14.6

Spending on average is
195k/trip
Last year: 185k

Value Growth %

<table>
<thead>
<tr>
<th></th>
<th>MAT P6'18 vs YA</th>
<th>MAT P6'19 vs YA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hyper &amp; Super</td>
<td>6.4</td>
<td>11.2</td>
</tr>
<tr>
<td>Hypermarket</td>
<td>32.9</td>
<td>-0.8</td>
</tr>
<tr>
<td>Supermarket</td>
<td>6.9</td>
<td>-11.2</td>
</tr>
</tbody>
</table>

How Loyal*
are shoppers to Hyper & Super?
17.4%

*Repeats rates - % of shoppers shopping more than once in the channel.
*Loyalty (value loyalty) shows basket share of Hyper & Super shoppers for Hyper & Super when buying FMCG

Source: Worldpanel Division | Households Panel | Urban Vietnam 4 Key Cities | Total FMCG excluding gift | 12 months ending June 2018 & 2019
Consumers show low interest in loyalty programs, indicating the current reward schemes could be not attractive enough.

Have you used a membership card within the past 12 months?

The No.1 retailer in term of number of shoppers using membership cards has just reached less than one third of its shopper base.

Source: Worldpanel Division | Households Panel | Urban Vietnam 4 Key Cities | Smart Shopper
How to stay relevant with loyalty programs in Vietnam

Ease & Speed
Easy to sign up and fast to apply

Attractive incentives
Members-only discounts/ Cash back
Redeem points for gift cards
Free delivery
Priority services

Privacy and Security
Keep personal data and credit card information safe and secure

Technology & mobile embedded innovation
Develop digital loyalty program embedded in mobile apps, smartphone with digital wallets to remind and interact with customers as mobile content marketing and also boost sales.

Enhance overall customer experience
Consider loyalty program as a way to provide a good experience for customers. With technology, loyalty programs can enable brands to gain customer insights in order to personalize their experience.
Growth outside the 2 major Urban cities
Lower-tier areas is where growth lies

Migration flows to big cities and metropolitan areas has put heavily pressure/burdens on the area’s infrastructure, services, transport system, etc. that need to be addressed.

**Ho Chi Minh City**

The average annual growth population

Source: Tuoitre

200,000 people/year

2/3 are immigrants

**Forecast**

Population of HCMC will be more than 10 million people in 2025 and 15 million in 2045

Population in 4 key cities (thousand people)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2024F</th>
<th>% Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ha Noi</td>
<td>7,502</td>
<td>7,822</td>
<td>4.3%</td>
</tr>
<tr>
<td>HCMC</td>
<td>8,569</td>
<td>8,968</td>
<td>4.7%</td>
</tr>
<tr>
<td>Da Nang</td>
<td>1,086</td>
<td>1,154</td>
<td>6.2%</td>
</tr>
<tr>
<td>Can Tho</td>
<td>1,297</td>
<td>1,347</td>
<td>3.8%</td>
</tr>
</tbody>
</table>

Potential to invest more in other cities: Da Nang & Can Tho

Source: GSO

**Solutions**

Proactive structural change with development programs for suburbs, small and medium-sized cities and rural areas.
03 GROWTH OUTSIDE THE 2 MAJOR URBAN CITIES

Lower-tier areas is where growth lies

Total FMCG market for in-home consumption
% Value share

Number of stores 2016, mainly located in big cities
HCMC & HN

<table>
<thead>
<tr>
<th>Top 5 H&amp;S Retailers</th>
<th>HCMC</th>
<th>Hanoi</th>
<th>Danang</th>
<th>Cantho</th>
<th>Others</th>
<th>Vietnam</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co. op Mart</td>
<td>34</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>46</td>
<td>84</td>
</tr>
<tr>
<td>Big C</td>
<td>8</td>
<td>5</td>
<td>1</td>
<td>1</td>
<td>16</td>
<td>31</td>
</tr>
<tr>
<td>Metro C&amp;C</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>11</td>
<td>19</td>
</tr>
<tr>
<td>Vinmart</td>
<td>8</td>
<td>13</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>24</td>
</tr>
<tr>
<td>&amp; Maximark</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>Lotte Mart</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>6</td>
<td>13</td>
</tr>
<tr>
<td><strong>Total Top 5</strong></td>
<td><strong>60</strong></td>
<td><strong>25</strong></td>
<td><strong>4</strong></td>
<td><strong>4</strong></td>
<td><strong>87</strong></td>
<td><strong>180</strong></td>
</tr>
</tbody>
</table>

Fiercer competition in HCMC and HN, opportunity to expand to other cities and rural areas

Source: Worldpanel Division | Households Panel | Urban 4 Key Cities & Rural Vietnam | 12 months ending June 2019
Rural Potential

Monthly household income in Rural
7.9 million VNĐ

42% of Urban 4 cities (~18 million VNĐ)

Monthly household spending on Fresh food & FMCG
2.1 million VNĐ

44% of Urban 4 cities (~4.8 million VNĐ)

FMCG Basket size in Rural

Hyper & Super
Spending per trip 164k VNĐ

84% of Urban 4 cities (195k VNĐ)

Penetration:
30% of total Rural households
(78% in Urban 4 cities)

Online shopping
Spending per trip 242k VNĐ

68% of Urban 4 cities (356k VNĐ)

Penetration:
9% of total Rural households
(25% in Urban 4 cities)
(the same level as Urban 4 cities 3 years ago)

Source: Worldpanel Division | Households Panel | Urban 4 Key Cities & Rural Vietnam | 12 months ending June 2019
Key take-aways

01. Simple and convenient solutions for shoppers, both in product offers and payment

02. Convergence of online & offline is a must to reach maximum of shoppers

03. Intelligence technology to offer greater experience and drive new occasions, especially in big retail formats
Leverage growth through emerging channels: minimarkets & convenience stores, specialty stores, and online

Omnichannel strategy is essential to win shoppers with new & emerging retail formats

Opportunity for growth and acceleration in suburbs and rural areas
Our Team

Meet, Greet & Get Inspired
Our Commitment
Local, Regional, Global

Worldpanel Geographic Coverage
270,000

Household samples:
Largest panel sizes and largest number of panels worldwide

\[ \frac{2}{3} \]

of the world population

Panels representing more than 4,500 million consumers across the world
# Worldpanel Methodology

<table>
<thead>
<tr>
<th>Panel</th>
<th>Methodology</th>
<th>Continuous Tracking</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Urban Household Panel</strong></td>
<td>Weekly data collection via diary</td>
<td>- Consumer purchase behavior of 5 sectors (~130 FMCG categories):</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Dairy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Beverages</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Packaged Food</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Home Care</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Personal Care</td>
</tr>
<tr>
<td><strong>Rural Household Panel</strong></td>
<td>Bi-weekly data collection via diary</td>
<td>- Brand performance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Retailer performance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Shopper insights</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Demographics and lifestyle</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Household durables ownership</td>
</tr>
<tr>
<td><strong>Baby Panel</strong></td>
<td>Bi-weekly data collection via diary</td>
<td>- Purchase behavior of ~ 10 baby categories</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Out of Home Individual Purchase Panel</strong></td>
<td>Smartphone data collection</td>
<td>- Major convenient F&amp;B purchased for consumption away from home, including 6 sectors (~ 24 F&amp;B categories):</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Milks &amp; Nutritional Drinks</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Tea &amp; Coffee</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Other Non-Alcoholic Drinks</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Sweet and Savoury Snacks</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Light Meal</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Beer</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Shopper KPIs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Shopping Channels</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Shopper Profiling</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Occasion Moments</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Attitudes and Missions</td>
</tr>
</tbody>
</table>
Dairy
- Milk Powder
- Liquid Milk
- Yoghurt
- Butter
- Margarine
- Cheese
- Condensed Milk
- Fermented Yoghurt
- Specialty Milk
- Others

Beverages
- Bottled Water
- Energy Drinks
- Tonic Food Drinks
- Alcohol Beverages
- Soft Drinks
- Soya Milk
- Juices
- Tea
- Coffee
- Non-dairy Milk
- Others

Packaged Foods
- Sugar
- Sauces
- Ice-cream
- Instant Cereal
- Cooking Oil
- Taste Enhancers
- Noodles & Soup
- Snack & Nuts
- Confectionery
- Canned Food
- Packaged Bread
- Pasta
- Others

Personal Care
- Hair Care
- Oral Care
- Facial Care
- Baby Care
- Make-ups
- Sun Protection
- Personal Wash
- Shaving Products
- Hand & Body Care
- Sanitary Protection
- Deodorant & Fragrances
- Others

Home Care
- Toilet & Bathroom Cleaner
- Multi-purpose Cleaner
- Dish Washing Liquid
- Paper Products
- Insect Products
- Air Freshener
- Detergent
- Fabric Softener
- Bleach
- Floor Cleaner
- Glass Cleaner

Our Team
Worldpanel Key Contacts

**Fabrice Carrasco**
Managing Director, Vietnam & Philippines
Asia Strategic Projects Director
Worldpanel Division
fabrice.carrasco@kantar.com

**David Anjoubault**
General Manager, Vietnam
Worldpanel Division
david.anjoubault@kantar.com

**Peter Christou**
Expert Solutions Director
Worldpanel Division
peter.christou@kantar.com

**Nguyen Phuong Nga**
New Business Development Director
Worldpanel Division
phuongnga.nguyen@kantar.com
Our Team

Nguyen Huy Hoang
Commercial Director
Worldpanel Division
huyhoang.nguyen@kantar.com

Pham Quynh Trang
Insight Director
Worldpanel Division
trang.phamquynh@kantar.com

Antoine Louat de Bort
Account Director
Worldpanel Division
antoine.louat@kantar.com

Nguyen Thi Nhu Ngoc
Marketing Manager & Project Leader
Worldpanel Division
nhungoc.nguyenth@kantar.com
Worldpanel Contributors

**Fabrice Carrasco**
Managing Director, Vietnam & Philippines
Asia Strategic Projects Director
Worldpanel Division

---

**David Anjoubault**
General Manager, Vietnam
Worldpanel Division

---

**Nguyen Huy Hoang**
Commercial Director

**Peter Christou**
Expert Solutions Director

**Nguyen Phuong Nga**
New Business Development Director

**Pham Quynh Trang**
Insight Director

---

**Antoine Louat de Bort**
Account Director

**Le Thi Bach Duong**
Account Director

**Vu Thi Thu Dung**
Senior Account Manager

**Nguyen Thi Nhu Ngoc**
Marketing Manager

154  Kantar — Insight Handbook 2020
Our Team

Nguyen Hai Hang
New Business Development Manager

Vo Thi Kim Nhu
Account Manager

Tran Doan Vien
Account Manager

Chrissa Nguyen
Account Manager

Nguyen Thi Tram Oanh
Associate Account Manager

Dinh Hong Ngoc
Associate Account Manager

Nguyen Van Vu
Marketing Executive

Nguyen Dinh Nam
Account Executive

Le Bui Xuan Dung
Account Executive

Duong Thu Quynh
Account Executive