

HCMC vs HANOI

Consumer Differences Reference



Setting the scene



HCMC

Population: 7.1 mil
49% Male
51% Female
20-24 age group = 13% of population
13% of people have AirCon &/or Heater in their homes
42% use internet everyday
51% Mobile Ownership
20% of total Vietnam GDP from HCMC
\$368 - Average Monthly Household income



Hanoi

Population: 6.5 mil
50/50 Male/Female
20-24 age group = 20% of population
43% of people have AirCon &/or Heater in their homes
42% use internet everyday
74% Mobile Ownership
9% of total Vietnam GDP from Hanoi
\$344 - Average Monthly Household income



Top 5 customer concerns

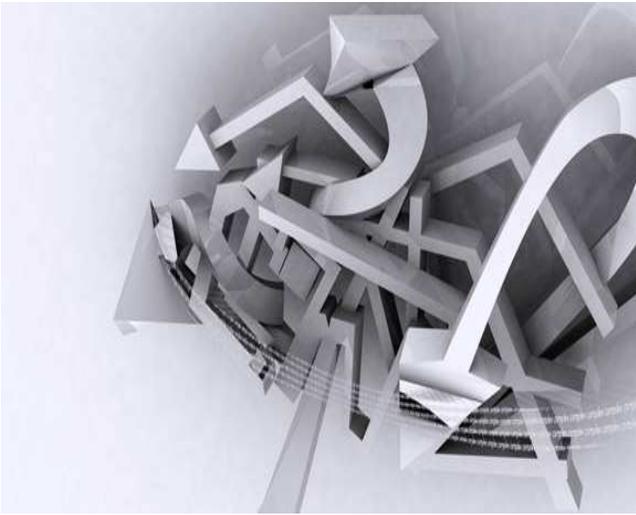


1. Health
2. Increase in bill
3. Job security
4. Work life balance
5. Debt



1. Increase in food price
2. Job security
3. Increase in bill
4. Price increase in petrol
5. Children welfare

Hanoi consumers are a complex beast for marketers



"It's not ok when your friend is using premium mobile phone while you use a cheap one. People will look down on you and judge you"

- ✓ Want all be willing to wait
- ✓ Want the best but be in bargaining price
- ✓ Seeking other reaffirmations of their purchase
- ✓ Asking other opinions prior to decision making
- ✓ Love promotions and be aware of prices
- ✓ Being conservative in their purchasing behavior by displaying more loyalty

Saigonese and the push for individualism



“Everyone comments that my phone looks ugly but I don't really care. It is not important if people like something and I don't necessarily follow them”

- ✓ Don't care what others think
- ✓ If need, people will buy
- ✓ Living for today and worry about tomorrow
- ✓ Do not listen to others but finally will make their own decision
- ✓ Less impacted by marketing
- ✓ Lower loyalty to brand

The influence from others is significantly higher in Hanoi



- ✓ Recommendations from family
- ✓ Recommendations from friends
- ✓ Recommendations from colleagues /partners
- ✓ Recommendations from my neighbors

94%

99%

71%

91%

52%

n/a

42%

n/a

HCMC and Hanoi differences create both challenges and opportunities for marketers



- ✓ Referencing other ideas, also filter down which one are suitable with me and not definitely follow them
- ✓ Care of making mistakes if decide by myself, so getting other ideas for referencing is necessary
- ✓ Never buy same clothes that are picked by others
- ✓ I want to stand out in the crowd/among my peers

62%

92%

05%

65%

35%

62%

24%

40%

Does this loyalty translate to made in Vietnam products



- ✓ Caring about the product's origin
- ✓ Caring about the product's quality
- ✓ Buying good quality products to save money in the long term

85%

95%

84%

98%

79%

94%

To impact consumer behavior we first need to understand the different triggers by each market

Like to watch ads and be affected by them



06%



23%

How important does each of these factors influence purchase decisions



- ✓ Advertising
- ✓ Newspapers/magazines
- ✓ Recommendations from sellers/store owners
- ✓ Internet/other websites to compare information
- ✓ Manufacturer/Distributor/Seller websites and forums

41%

91%

42%

83%

36%

67%

22%

95%

22%

100%

The role of advertising is more critical in Hanoi



| | | |
|---|-----|-----|
| ✓ Watching ads and referring to other ideas for referencing. | 57% | n/a |
| ✓ Like strange and funny ads → attract people attention. | 44% | n/a |
| ✓ Ads are really useful for whom wants to buy something. | 28% | n/a |
| ✓ Having a tendency to love meaningful implied ads. | 30% | n/a |
| ✓ Feeling comfortably with products which have many ads. | 19% | n/a |
| ✓ Preference for products will depend on popularity of its ads. | 17% | n/a |

Hanoians are likely to respond better to promotions and after sale service



✓ Want to buy products that are on promotion

52%

69%

✓ Are willing to pay more to get better after sale service

34%

57%

Promotional strategies need to cater to preferences of different consumers

HCM

Saigonese consumers are favorite on multiple promotional types

1 Increase in quantity

Shampoo
beverage

2 Attached gifts

Shampoo
Bouillon

3 Reduce in price

TV
Fridge

Hanoi

Hanoians strongly refer to one type of promotion: price

1

TV
Food

Is the old ad-age true?

Saigonese people earn 10VND
and spend 11



Hanoians earn 10 VND
and spend 1



Hanoians do have a stronger desire to buy premium products



- ✓ Being favorite on premium products
- ✓ Want to be good-looking and impressive to others
- ✓ Willing to pay a higher price for premium products
- ✓ Tend to be saver and think in long term, so good ability to afford premium products

"I'm crazy about Louis Vuitton bag which cost around 1000\$ USD. I want to look for a job that I can earn 20 million VND a month in order to buy this bag"



Favorite on luxury goods

59%



71%

Saigonese are less desperate about premium products



- ✓ Love luxury goods but not too desperate to have them.
- ✓ Prefer to buy something they like rather than buy just for showing off.
- ✓ During the economic crisis, they prepare to switch to cheaper brands.
- ✓ Tend to be impulse shoppers, less capable of buying premium products.

"I just want to feel comfortable with myself, I don't need to rush and buy premium product just because others have them"

Purchasing premium branded product is just for people who want to show off



48%



29%

Higher willingness of Hanoians to pay higher price for products they like



✓ Willing to pay a higher price for the product they like

52%

63%

✓ Will buy quality products that save costs

79%

94%

Especially when it comes to categories with high
“badge value”



✓ Mobile phone

45%

72%

✓ Cosmetic

14%

26%

In Hanoi this is also true for categories that help consumers look good or impress others



✓ Milk Powder

28%

45%

✓ Shower Gel

24%

38%

More Hanoians claim to be influenced by the tougher economy than Saigonese



✓ Saving habits

52%

72%

✓ Shopping habits

52%

93%

✓ Entertainment habit

38%

71%

Saigonese have not made drastic changes in their consumption habits

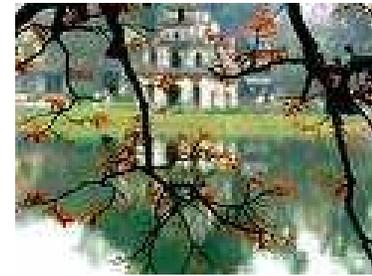
✓ Amongst 40 categories survey



Only 1 category recorded a behavior of change above 20%: Clothes



16 categories with the claimed change of behavior beyond 20%



✓ Laundry

18%

33%

✓ Carbonated soft drink

21%

66%

In a tougher economy Saigonese adopt different shopping strategies from Hanoians



Saigonese claim to maintain consumption but switch to other cheaper brands or smaller package



Hanoians claim to consume less but are buying the same brand

In a tougher economy Saigonese adopt different shopping strategies from Hanoians

Instant Coffee: How have you changed yours pending and purchasing



✓ Consuming the same amount but with cheaper brands or small package

42%

01%

✓ Be ready to sacrifice amount but stick to their brand

36%

79%

For some categories, Hanoians will not sacrifice their consumption levels

- Not willing to change consumption habits of Health & Beauty products

Have you CHANGED the way you have spent on purchasing or consuming Tooth pastel compared to (before the crisis)



✓ Changed

13%

07%

✓ Unchanged

87%

93%

Volume growth

6%

15%

Key findings and Implications

Saigonese

Diversity of consumers

High adoptiveness allows for easy trial

Ongoing investment required to maintain brand loyalty especially in tougher economy

Live for the moment less likely to save to buy premium products

How?

Make their life easier to suit impulse behavior

Distribution promotions & display

Diversify marketing strategy

Hanoians

Homogeneity of consumers

Long term/complex thinkers

Initially it will take time and a large investment

Easier to retain once you win their heart

How?

Promotions should focus on price without compromising quality after sales service

Overplay and leverage WOM

Respecting social and cultural

Boundaries especially in advertising