



# VIETNAM CONSUMER TRENDS 2023

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## Helping you make better choices

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



What will fuel Vietnam's growth over the next decade?

## Nine reasons that Vietnam will prosper in the next decade

1. Working age population, high labour participation and a low dependency ratio.
2. GDP growth averaged 5.9% over the past ten years.
3. Manufacturing gains. Increased investment and ever more sophisticated.
4. Retail goods and services consumption rises unabated.
5. Domestic tourism replenishes the international void.
6. In 2022 the internet economy reached US\$23 billion.
7. Rising household affluence.
8. Financial ecosystems enable e-commerce, e-payments and entrepreneurs.
9. Political stability and formidable geopolitical management.

Which explanation for Vietnams rapid growth enables all else?

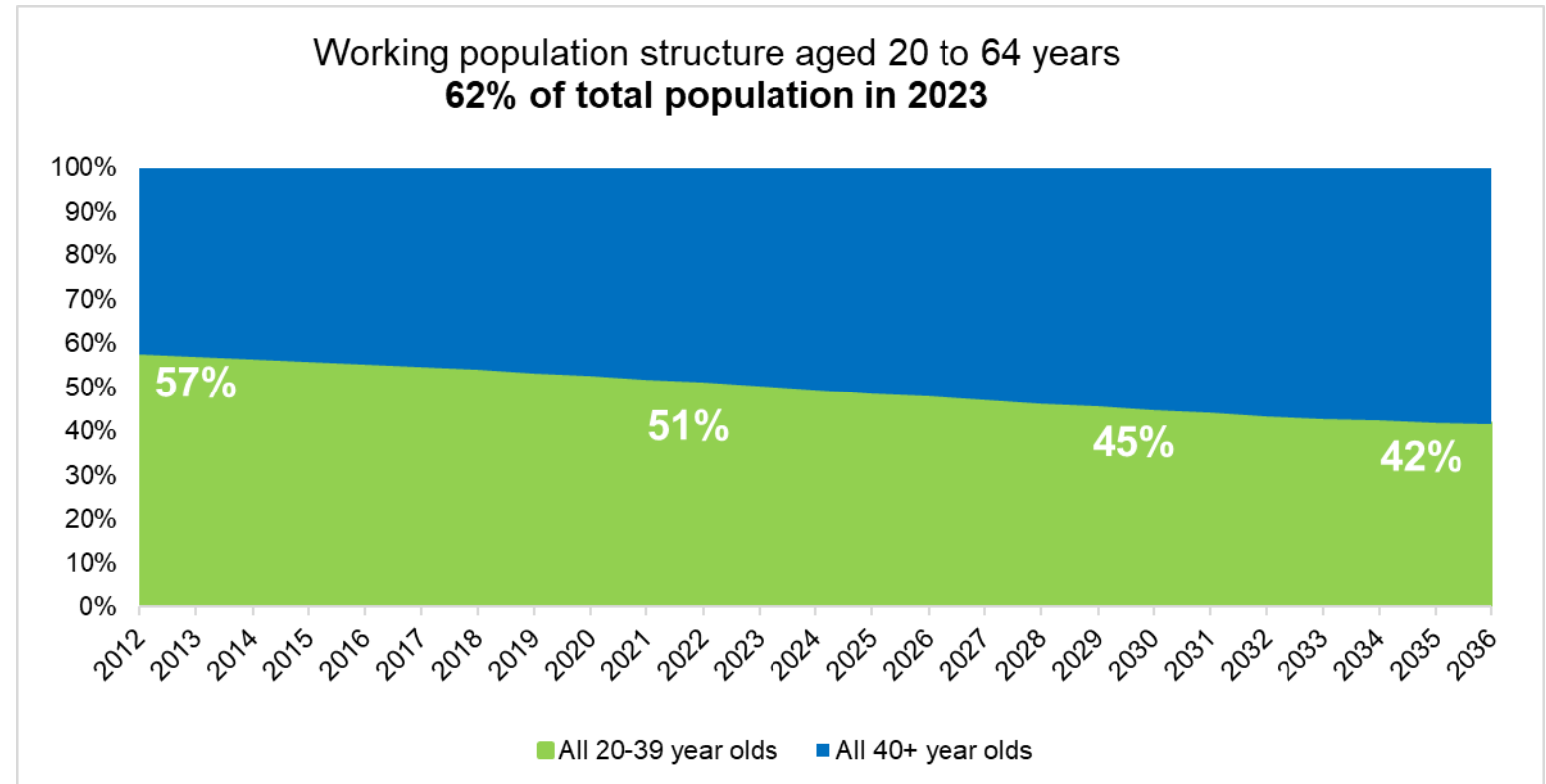


A large background image showing a group of diverse children of various ethnicities smiling and laughing. A semi-transparent blue rectangular box is overlaid on the middle of the image, containing the section header text.

# 1. Working age population, high labour participation and a low dependency ratio

# Vietnam's population structure

- **A big workforce.** The working population is 62% of the total in 2022. Half of the working population is aged 20 to 39 years.
- **A high female participation** in the workforce. 88% amongst females 20 to 64. Just 40% in Indonesia and 25% in India do the same.
- **A young workforce.** 51% in 2022 are between 20 and 39 years.
- **A cheap workforce.** 2023 minimum monthly wages in Saigon are US\$200, just 60% of the minimum in Guangzhou at US\$332.





# The true demographic dividend is a low dependency ratio



**96% men (20 – 64 years) work**



**88% women (20 – 64 years)  
work**

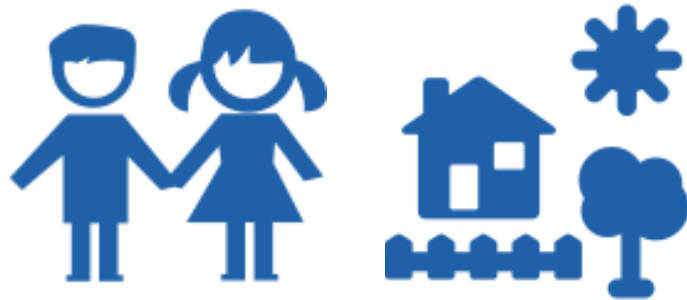


**The working population  
is 62% of the total in 2022**

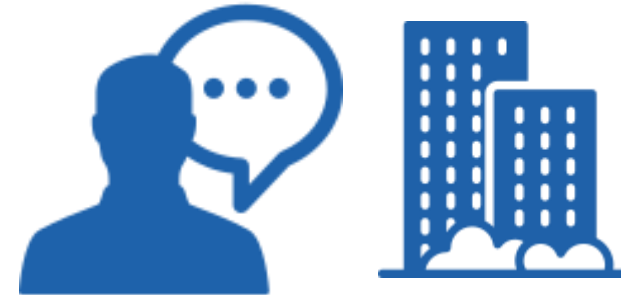
- Highest % of working population in region. It significantly lowers dependency ratios to just 0.7 per employed person. This gives GDP a huge boost. Urban working adults have on average 1.67 sources of income.

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

# Changing demographic structures



**0-14 years and Rural**



**50+ and Urban**

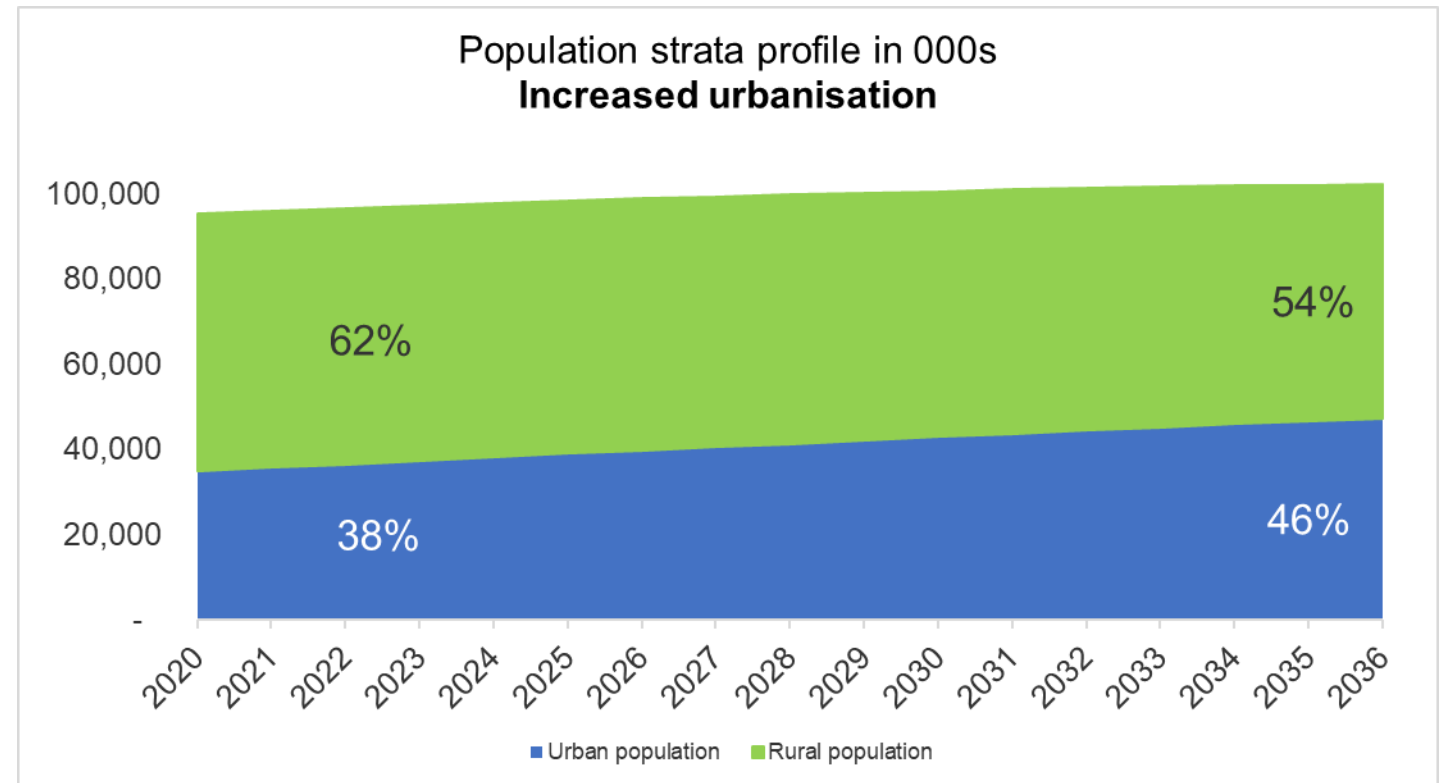


# Rapid urbanisation drives efficiency and ultra convenience

The rural population commenced a decline in 2017.

Rural household sizes fell from 4.6 in 2008 to 3.6 in 2022.

Urban provides ultra convenience but stresses infrastructure and worsens pollution.



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

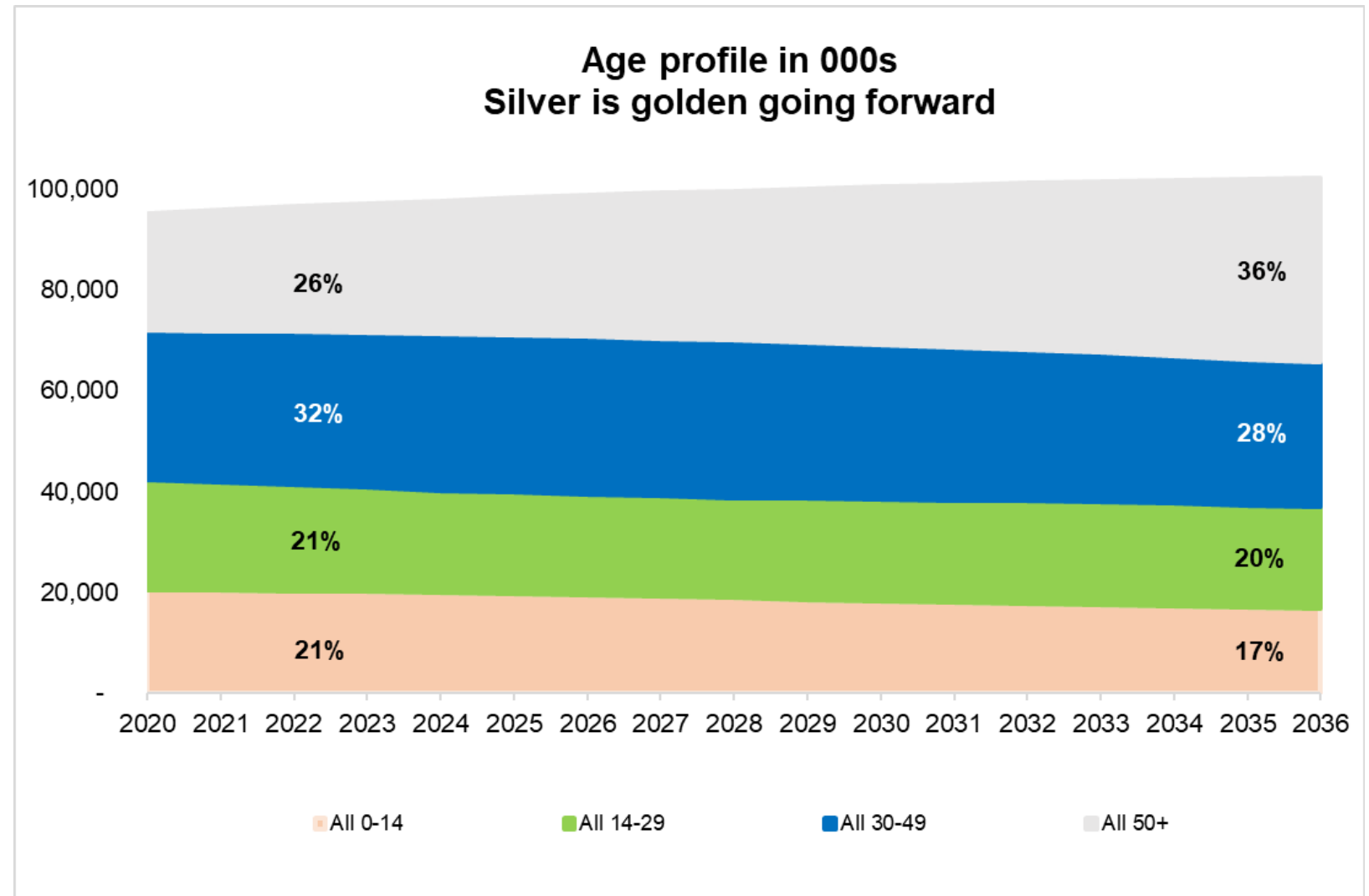
# Decelerating birth rates, under 14s and pester power

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

The average number of children born to a woman over her lifetime was 2.5 in 2000 and is 1.6 in 2020.

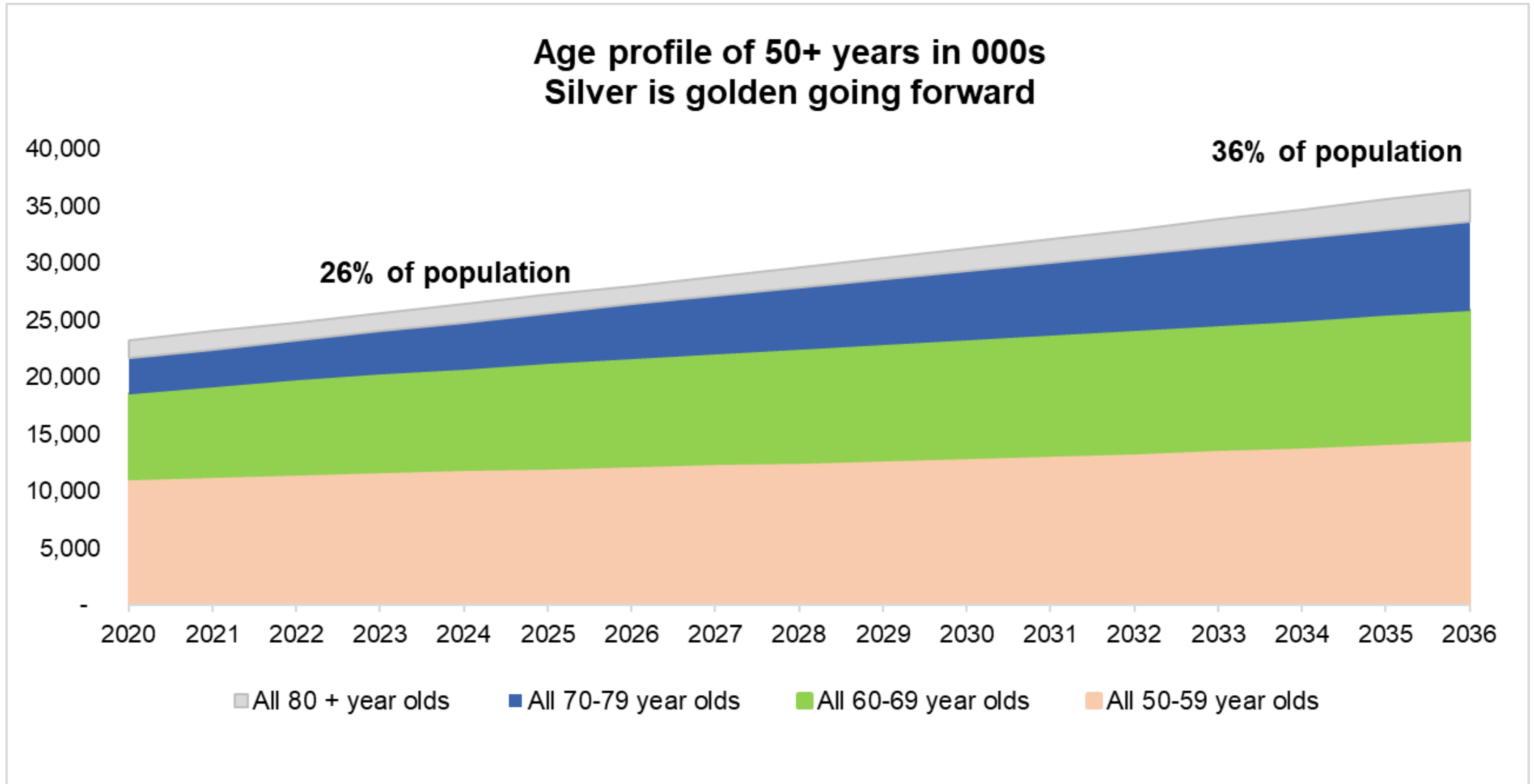
Vietnam's youth has provided an unrivalled dynamism.

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





# Silver generation is fastest growing age segment going forward

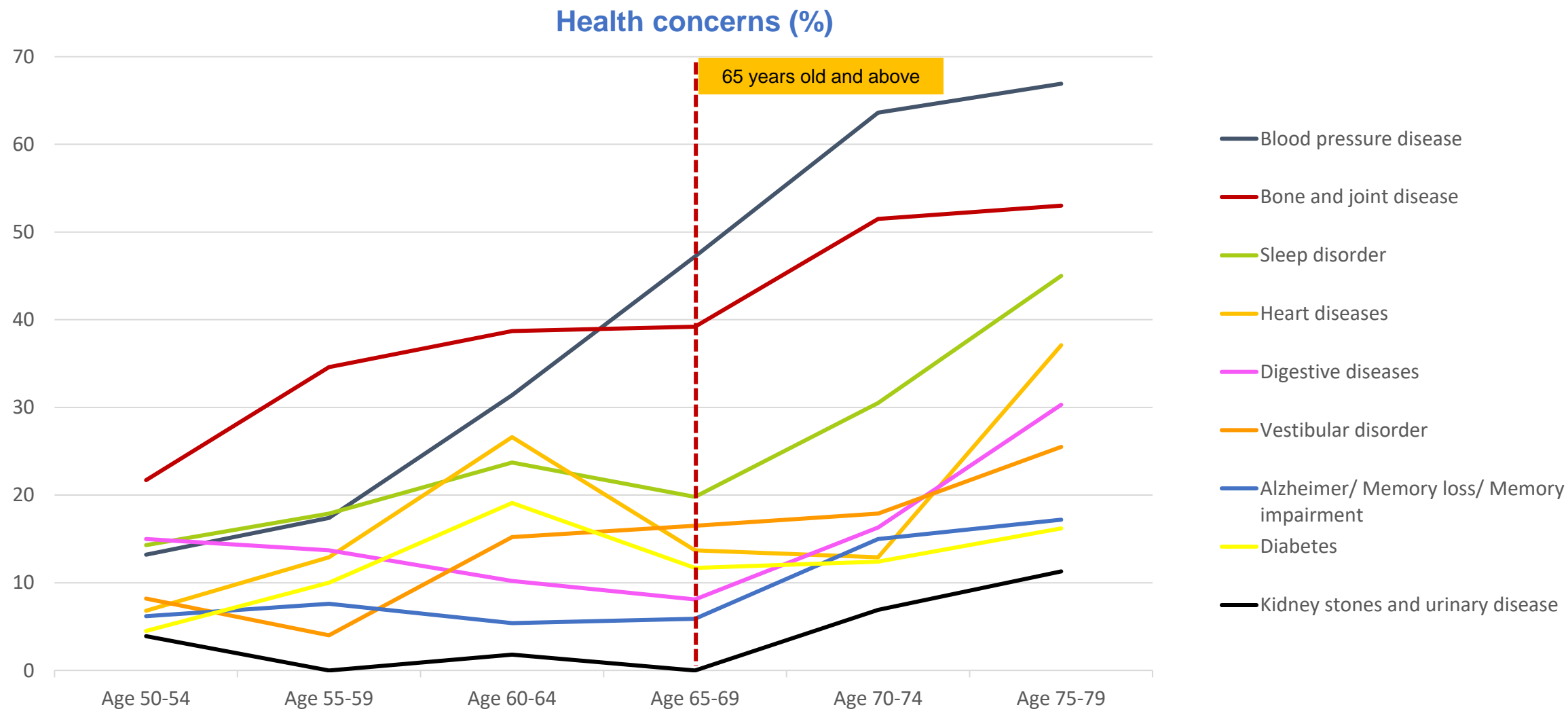


## Silver generation are the ideal segment; time rich, asset heavy with high disposable income

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

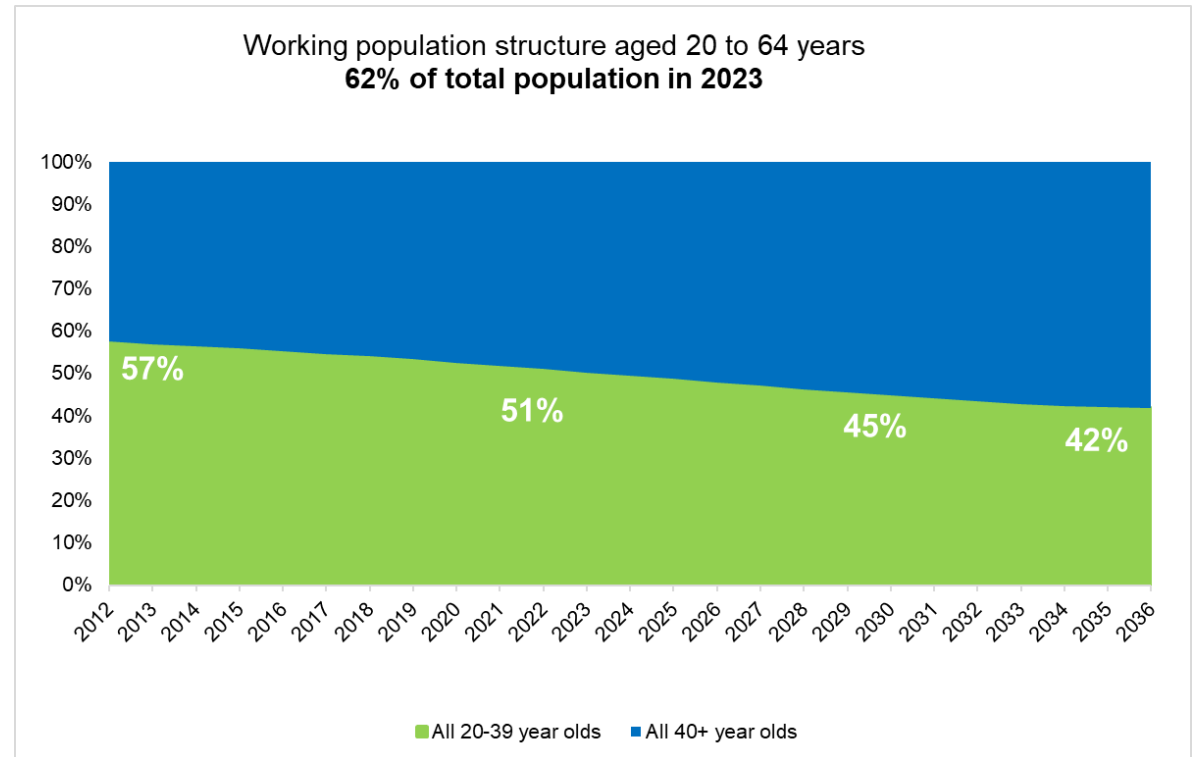
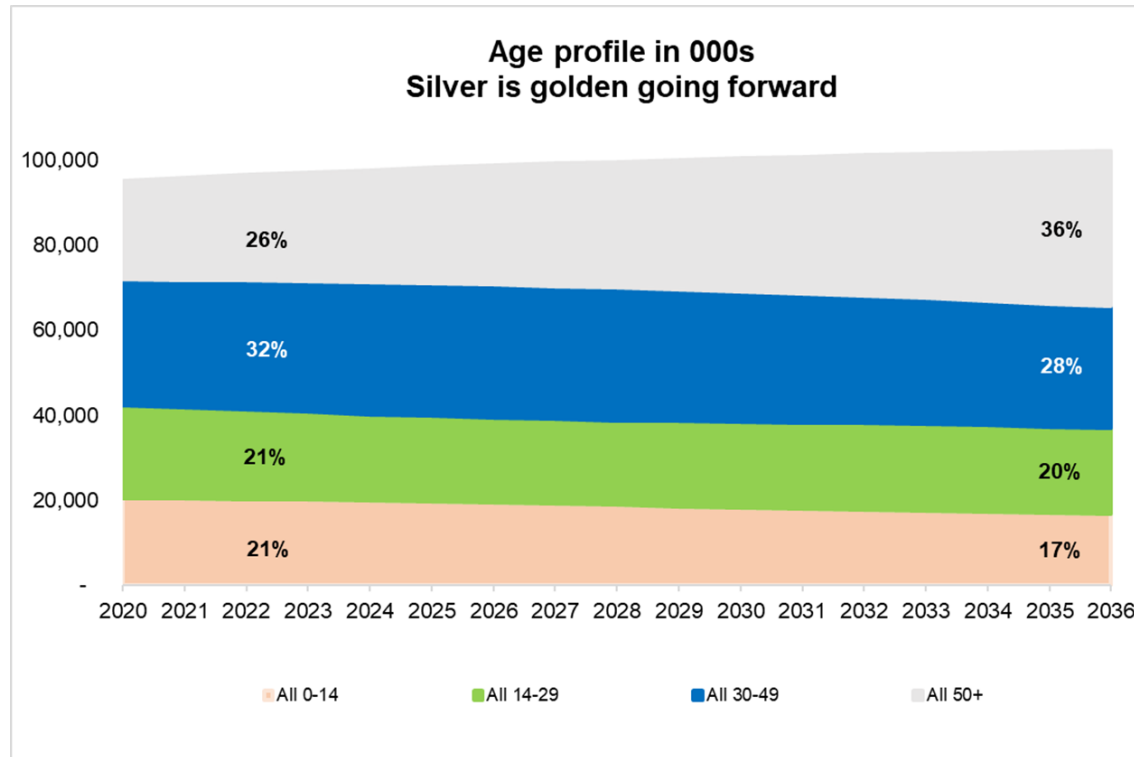


# Health concerns increase significantly after 65 years old. Blood pressure disease rise the fastest.



When will Vietnam's demographic advantage fade?

# In 2036 the demographic advantage will be lost



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

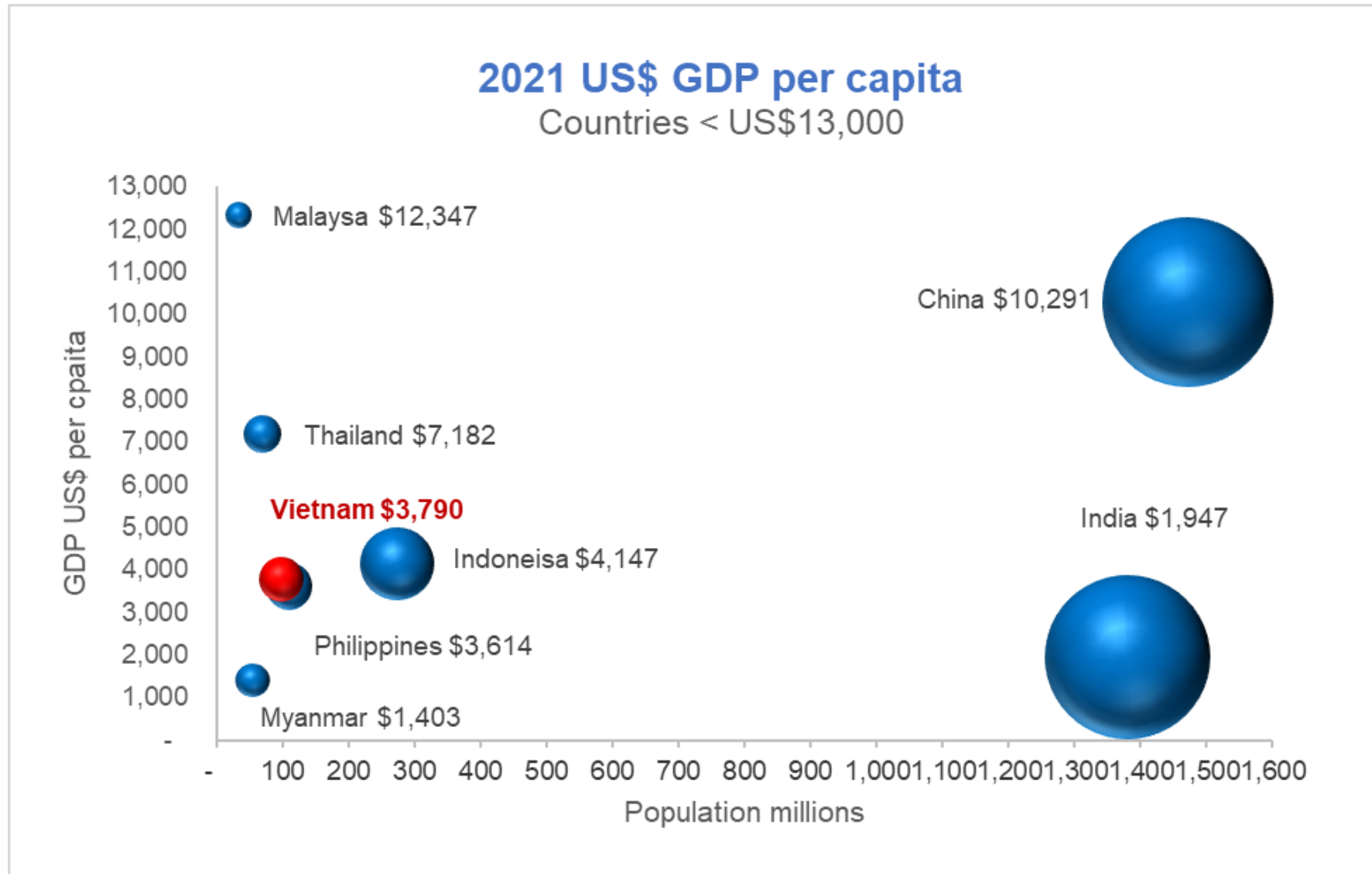




2. GDP growth averaged 5.9% over the past 10 years

# Vietnam per capita GDP in 2021 was US\$3,790

China, India and Thailand declined in 2021



Sources: Note Vietnam changed GDP calculation in Q4 2019, increasing GDP significantly. 2021 data points. National GSO equivalents, World Bank, Trading Economics.



**98.95 million**



**US\$406 billion  
GDP 8.02% growth**



**US\$4,104  
GDP/capita**



**US\$23 billion  
internet economy  
5.7% of GDP**



**Retail sales goods  
& services US\$242  
billion +19.8% increase**



**74.1 million  
users**



**66.2 million  
users**

## 2022 progress



**79% internet  
national  
all**



**97% smartphone  
national  
adults 15+**



**US\$1.47 billion  
all advertising**



**375,877 new passenger  
car sales  
3,003,000 new motorbike  
sales**



**27,528 new  
apartments  
HCMC, HN, DN**



**70% banked  
national  
adults 18+**



# 2022

## ECONOMIC PERFORMANCE

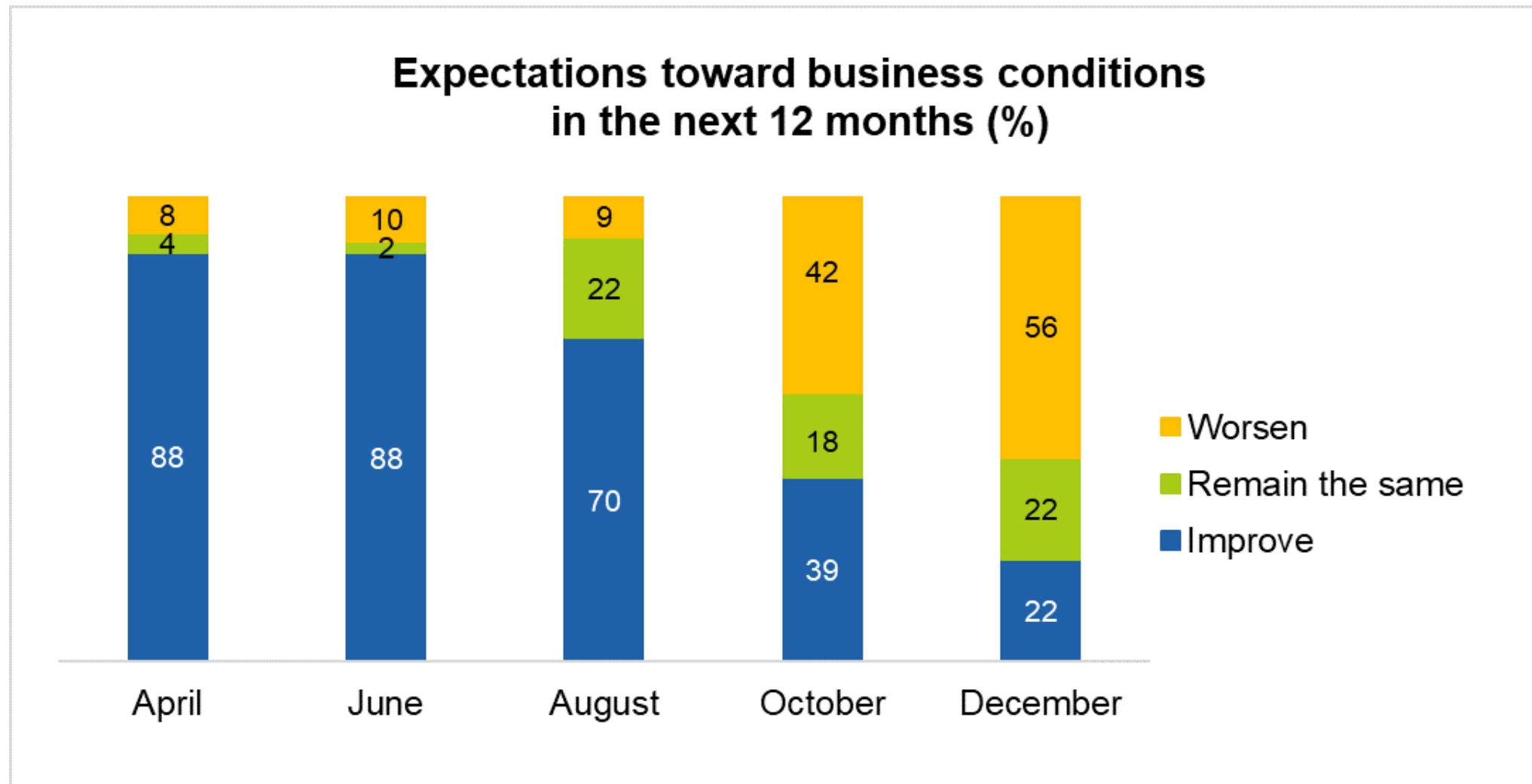
### VS. 2021



2023 GDP growth forecast **6.3%**

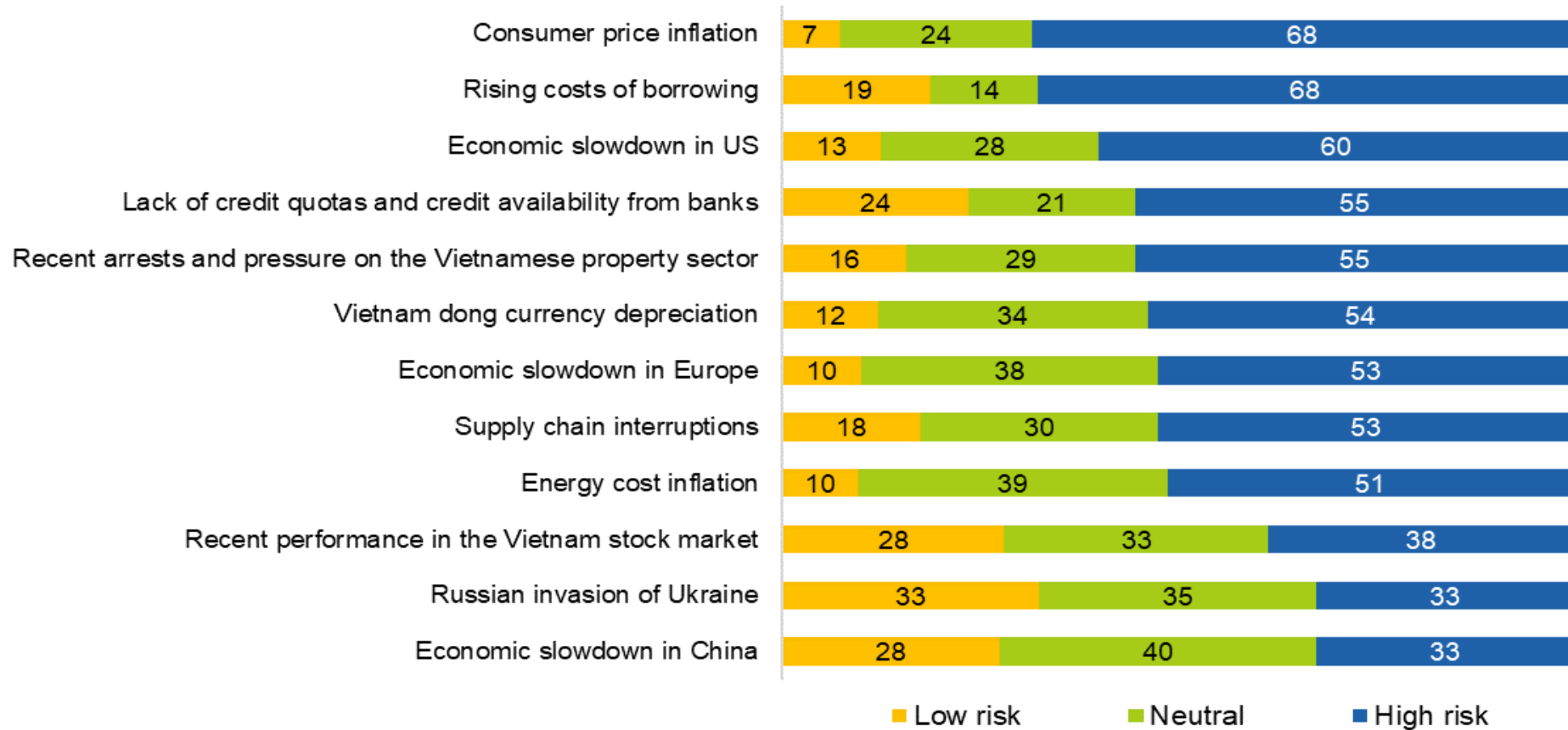
But a recent crisis in business confidence...


## Vietnam's business confidence fell in October 2022





## Level of risk for business in 2023 by factors (%)

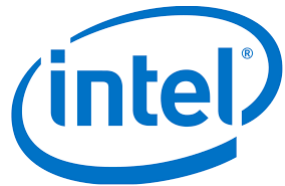


A photograph of a modern manufacturing facility. Two workers in white hard hats and light blue uniforms are working on a production line. The worker on the right is using a tool on a component mounted on a green cart. The worker on the left is standing nearby. The background shows complex machinery, overhead cranes, and a clean, well-lit environment with a blue floor and yellow safety lines.

### **3. Manufacturing gains. Increased FDI and ever more sophisticated production (manufacturing account for 25% of GDP)**

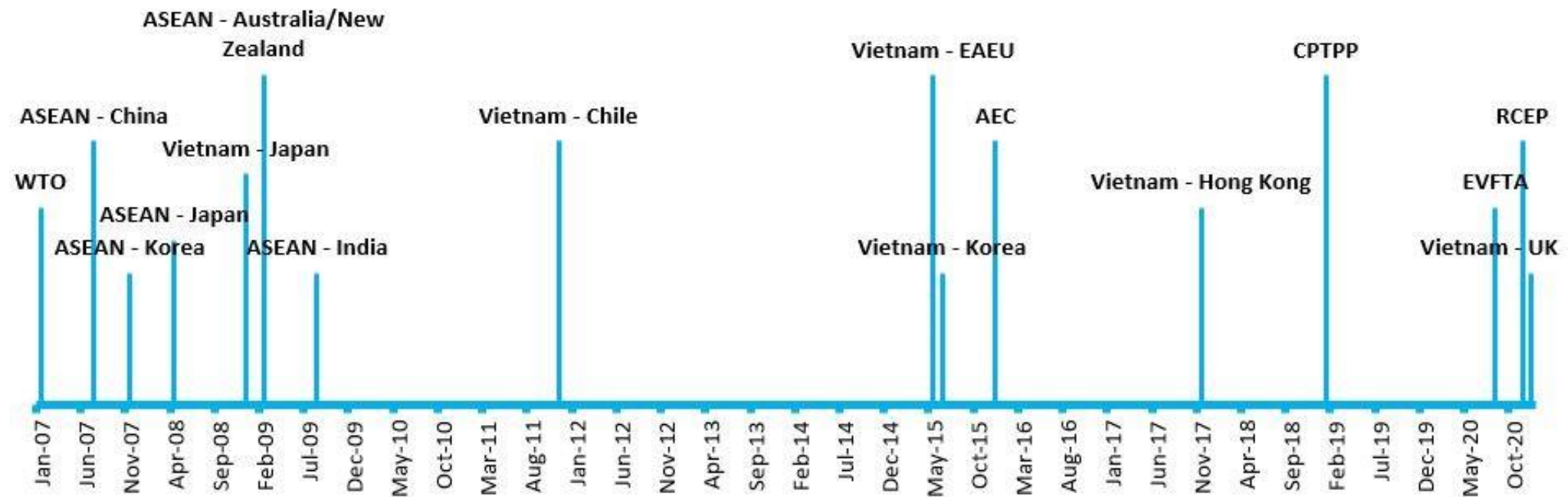
## Manufacturing seeks to mitigate overreliance on China

- The risks of overreliance on China were realised as the zero Covid approach locked down the country. Big brands and their suppliers are expanding production in Vietnam to serve export markets beyond China.
- However, their suppliers are rarely Vietnamese companies. Moving beyond an assembly line towards greater value-added production is challenging. Key barriers include managerial staffing shortages, inferior infrastructure impacting logistic costs and decision apathy causing licensing delays.



# Vietnam leads on global trade interconnectivity

- Free trade agreements abound. Vietnam leads the charts on global trade interconnectivity. Vietnam's global interconnectivity in 2022 was 180%.
  - Interconnected global trade is defined as imports plus exports expressed as a % of GDP.
- Minimum monthly wages today in Saigon are US\$200, just 60% of the minimum in Guangzhou at US\$332.





## Manufacturing slowed in Q4 2022, but growth returned in February

- Renewed rises in output, new orders and employment.
- Supplier lead times shorten for the second month running.
- Cost inflation at an eight-month high.
- Conducted by Cimigo and compiled by S&P Global.

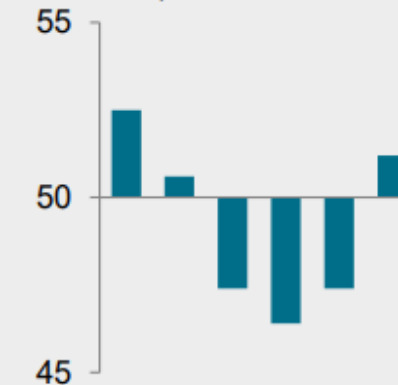
# 51.2

VIETNAM  
MANUFACTURING PMI  
FEB '23

Manufacturing PMI

Sep '22 - Feb '23

sa, >50 = improvement

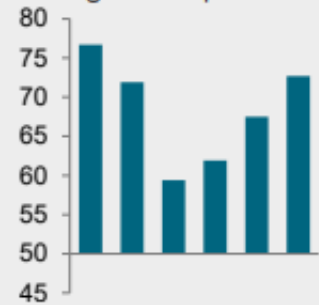


# Positive signals for exports being less strained in the year ahead

## Business expectations

### Future Output Index

Sep '22 - Feb '23  
>50 = growth expected



Business confidence continued to strengthen in February, rising for the third month running to the highest since September 2022. Optimism was also above the series average. Improving market demand and higher new orders were among the factors leading to positive expectations, with the reopening of the economy in Mainland China also a factor set to support growth.

### Future Output Index

>50 = growth expected over next 12 months

72.7  
Feb '23



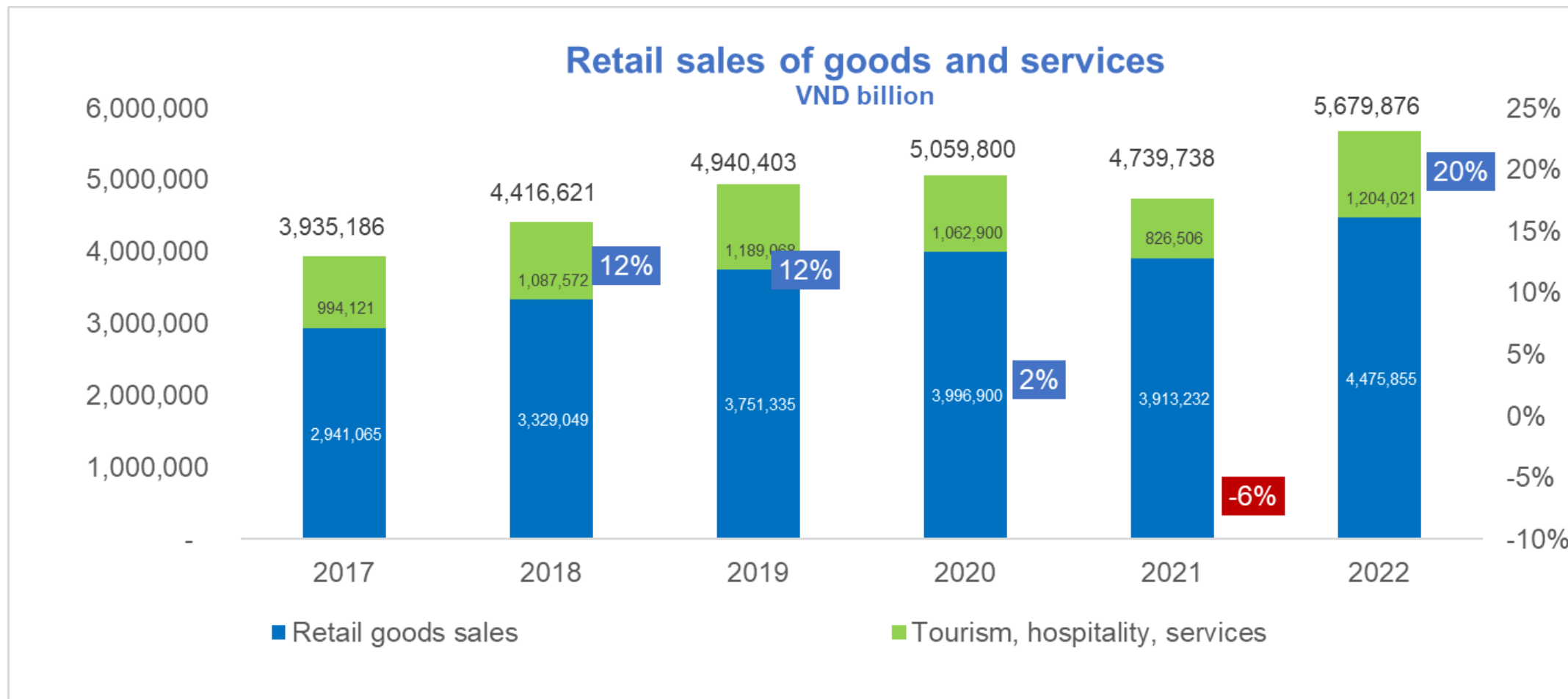


Vietnam is the most interconnected trading nation globally.

A woman with long dark hair, wearing a white long-sleeved shirt and a light blue surgical mask, is pushing a green-handled shopping cart through a supermarket aisle. The shelves are stocked with various products, and another person wearing a mask is visible in the background. A semi-transparent blue rectangle is overlaid on the image, containing the text.

## 4. Retail goods and services consumption rises unabated (retail goods and services account for 55% of GDP)

# Consumer demand for retail goods and services is strong



Sales in 2022 grew 15% over 2019

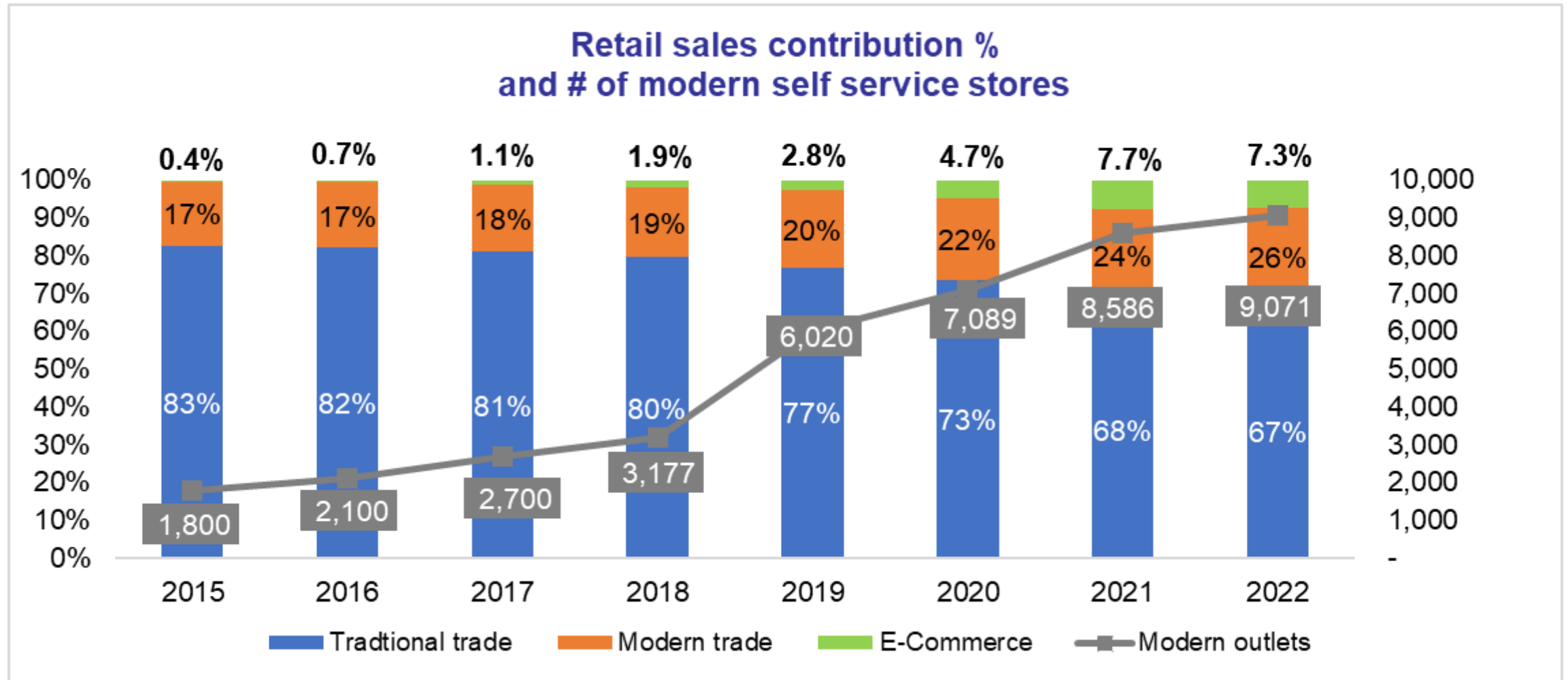
## Shopper dynamics

- Most conduct a daily shop for fresh groceries.
  - Refrigerators largely for fresh foods, beverages and sauces.
- Many live in multi generation homes, one of the adult females will typically shop.
  - Most have well established relationships with neighbourhood vendors and traditional stores.
- Mum will self-sacrifice for child.
  - She is ready to pay a premium for high quality and nutrition for children.
- Price knowledge and sensitivity is high.
  - But cash outlay matters, so small pack formats work well.
- Promotions are common and appreciated.
- Premiumisation trends were strong until 2019, buy scaled back given impact of Covid and as of 2022 have still not fully recovered.

## Country of origin matters less than in the past

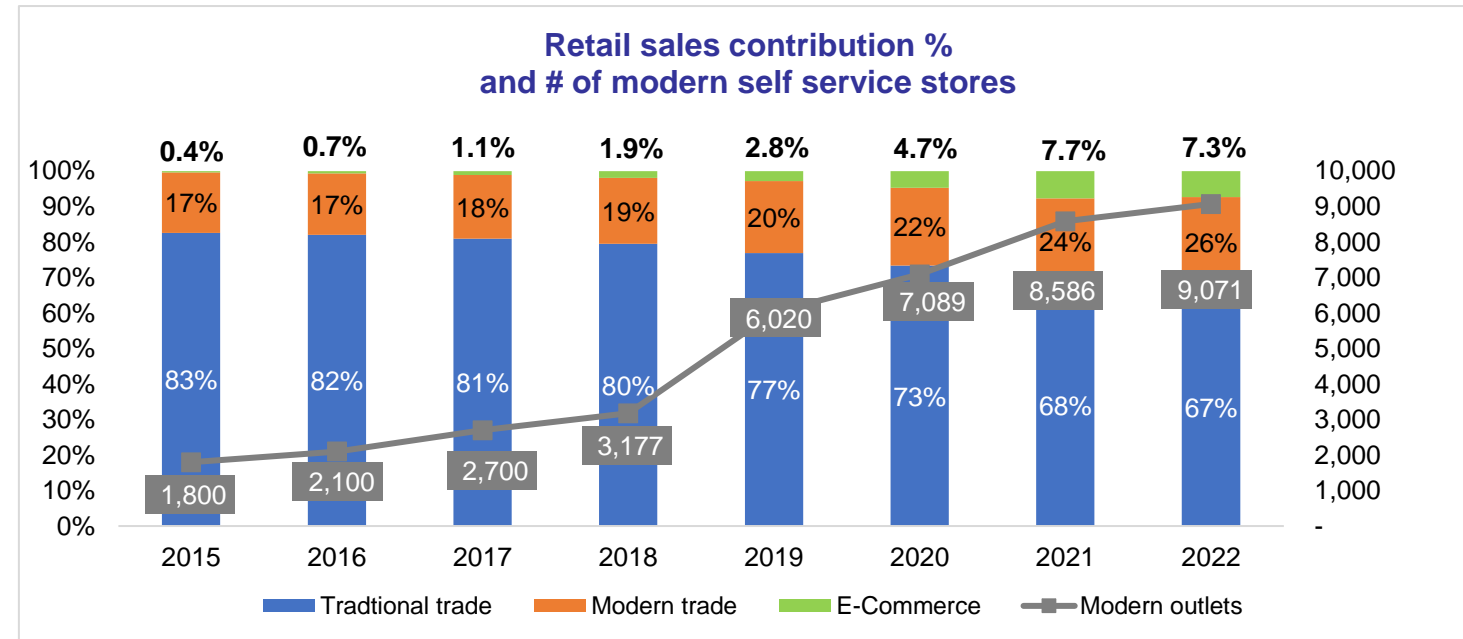
- International no longer equates to better.
  - Think Masan, Vinamilk and VinFast.
- Australia perceived for natural, high quality food and beverages.
  - New Zealand, Holland and Ireland carry similar perceptions.
- Singapore encompasses aspired future city scape and lifestyle.
- Many Chinese and Thai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

# Modern trade accounted for 26% of retail goods sales in 2022



# Many closures of modern formats in 2022, net gain just 5%

- Modern trade's contribution to retail sales has moved from 15% in 2005 to 26% in 2022.
- Store counts over 2021:
  - Minimarket shrank -20%
  - Convenience flat
  - Supermarket grew +25%
  - Pharmacy grew +48%
- The pandemic helped e-commerce in 2021 with 60% sales growth.
  - The share of sales in 2022 is lower; however, retail sales grew by US\$1 billion.
  - Online shopping will surpass the modern trade share of sales in 2028.



**2022 saw only a 5% increase (vs 20% in 2021 of which BHX 61%)**  
**Most extensive closures were at Bach Hoa Xanh -418**  
**Most expansive was FPT Long Chau +483 (60% of new pharmacies)**



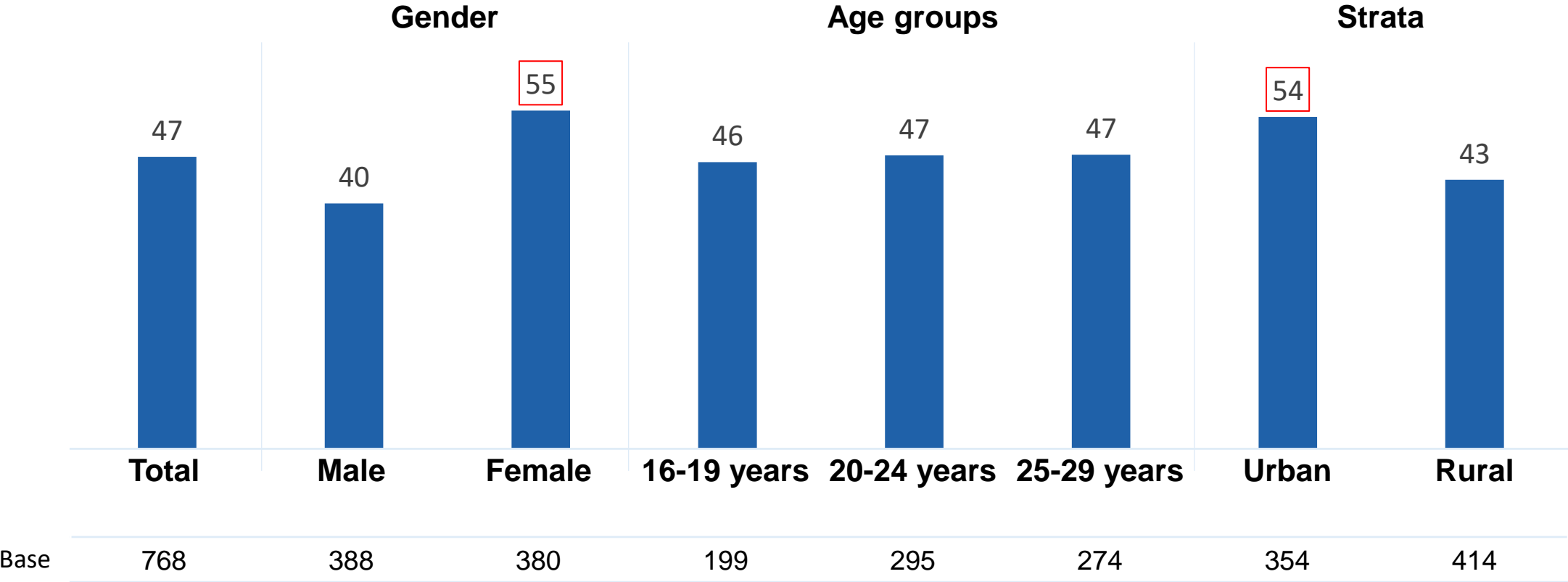


Digital and modern trade expansion makes in-roads into provincial towns and rural households.  
The experience economy is flying.

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



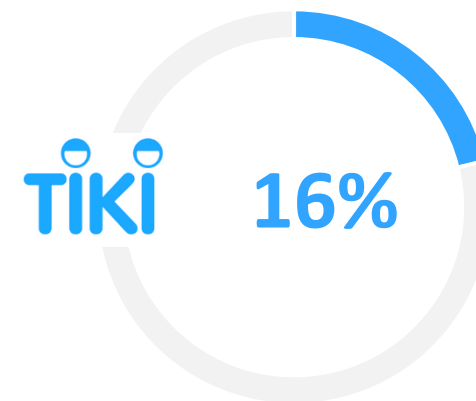
Online shopping penetration in past 1 month (%)  
Across gender, age groups and strata



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

# Shopee dominates e-commerce

Online shopping platforms used in past month (%)

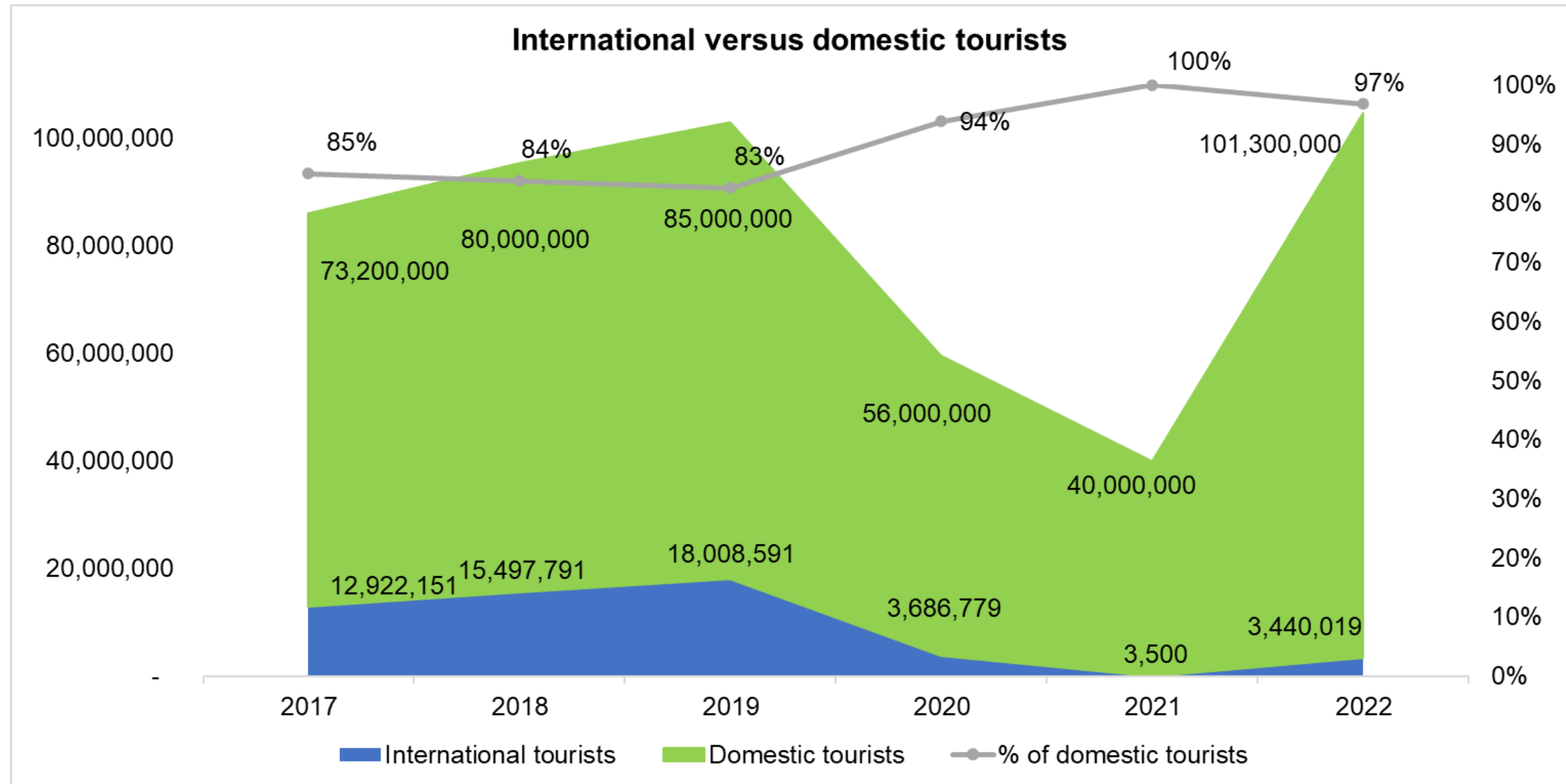


Online shopping will surpass the modern trade share of sales in 2028.



## 5. Domestic tourism replenishes the international void

# Domestic tourism replenishes the international void



Source: Vietnam National Authority for Tourism (VNAT)



A woman with long dark hair, wearing a blue ribbed sweater and jeans, is sitting on a light-colored sofa. She is smiling and looking at a smartphone in her right hand. A laptop is open on her lap. In the background, there is a black metal bookshelf with books and a small potted plant. In the foreground, a white coffee table holds a small vase with white flowers, a white teapot, and a glass of dark liquid. A semi-transparent blue horizontal bar is overlaid across the middle of the image, containing the text.

**6. The internet economy reached US\$23 billion**



Ubiquitous digital access equates to more transformation, innovation and digital experiences.

# Glued to screens for 6H 23M per day

The two most common activities are:

## Social



**2h32m**  
**(any device)**

## TV/Video Edutainment



**2h39m**  
**(any delivery/device)**

# Digital transformation, digital economy now at US\$23 billion



**US\$23 billion**  
**Internet economy**  
**5.7% of GDP**



**9%**  
**Online travel**



**60%**  
**Online shopping**



**18%**  
**Ads, media, games**



**13%**  
**Ride hailing and food delivery**

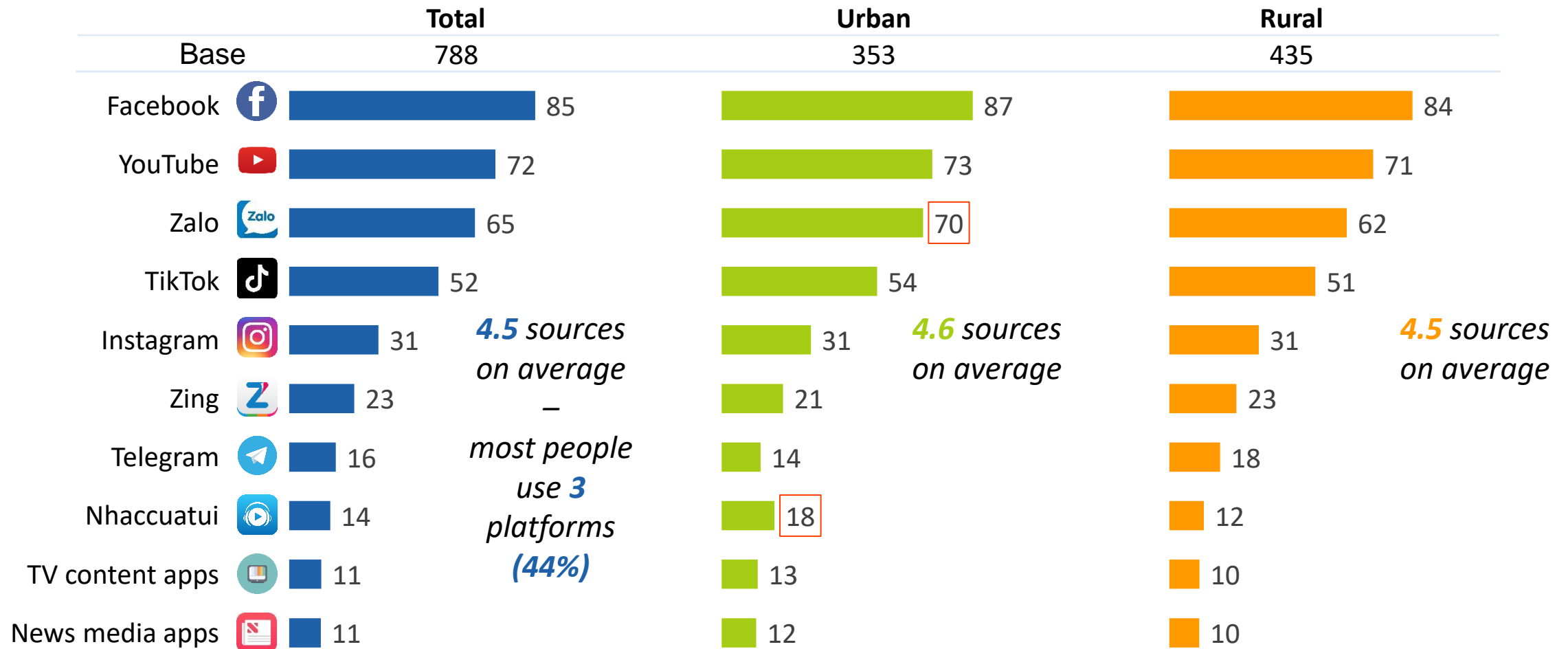
US\$3 billion in 2015 at 1.7% of GDP.

Source: GSO, Temasek, Bain, Google, Cimigo

Internet economy at US\$23 billion shifts consumer priorities and journeys.

# Facebook, YouTube, Zalo and Tiktok dominate

Social media platform used in past 1 week (%)



Vietnam's digital society and media are bringing the worldview across urban and rural society even closer.





## 7. Rising household affluence

# Change in wealth over past 5 years

2017

2 billionaires.

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

21,998 millionaires.

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

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

Diaspora remittances US\$15 billion.

2022

7 billionaires. Up 250%.

1,416 Ultra high net worth (>30 US\$ million). Up 424%.

79,672 millionaires. Up 262%.

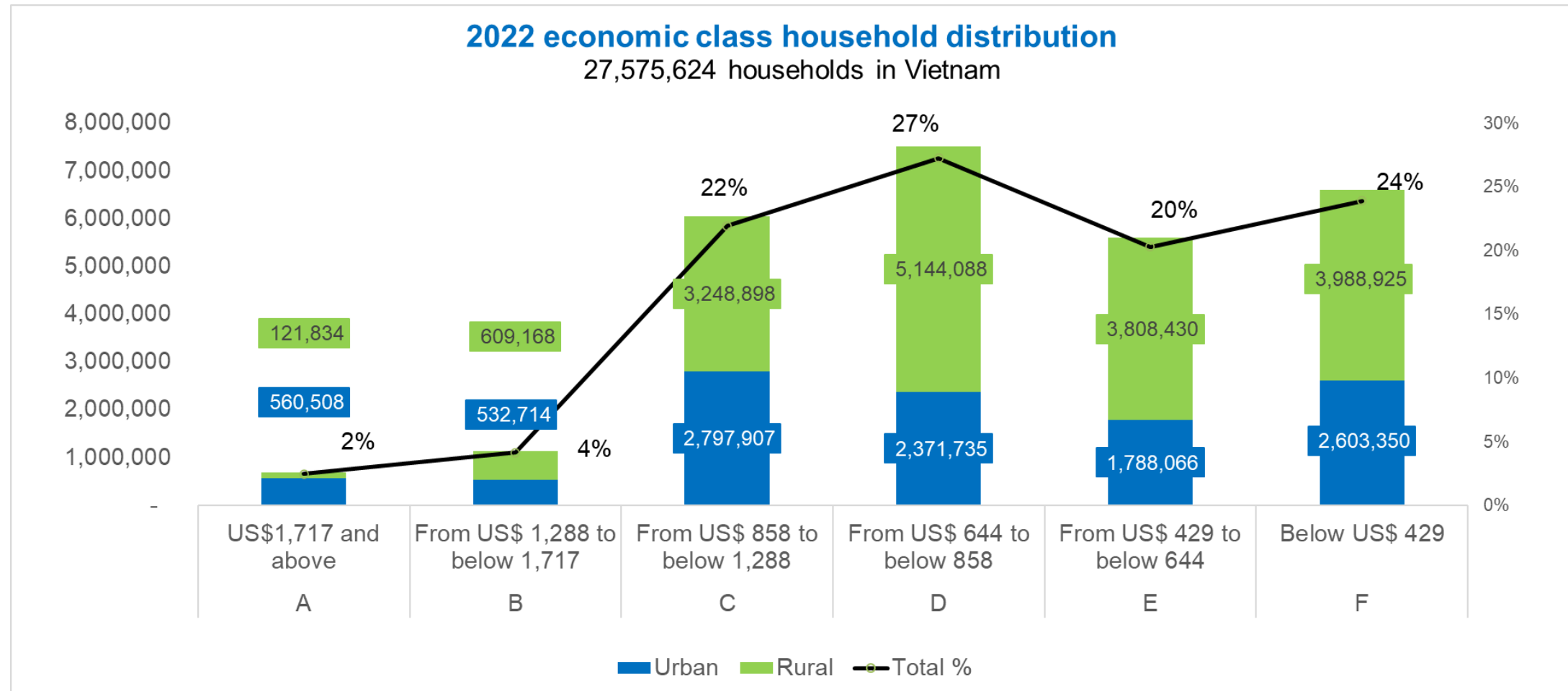
5,914,003 households =>USD1,000  
monthly income. Up 378%.

13,261,027 households US\$500-US\$999  
monthly income. Up 67%.

Diaspora remittances US\$19 billion. Up 27%.

# Consuming ABCD class are 56% of all households

15,386,852 households have an income above US\$ 644 (VND 15,000,000) per month. These households are classified as ABCD economic class. This equates to 54,749,213 people.



Middle-class acceleration.  
Migration and lower birth rates means that households  
are smaller and wealthier.





# HEALTHY FOOD AND BEVERAGE NEEDS IN VIETNAM

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## Price is the key challenge to maintaining health diets

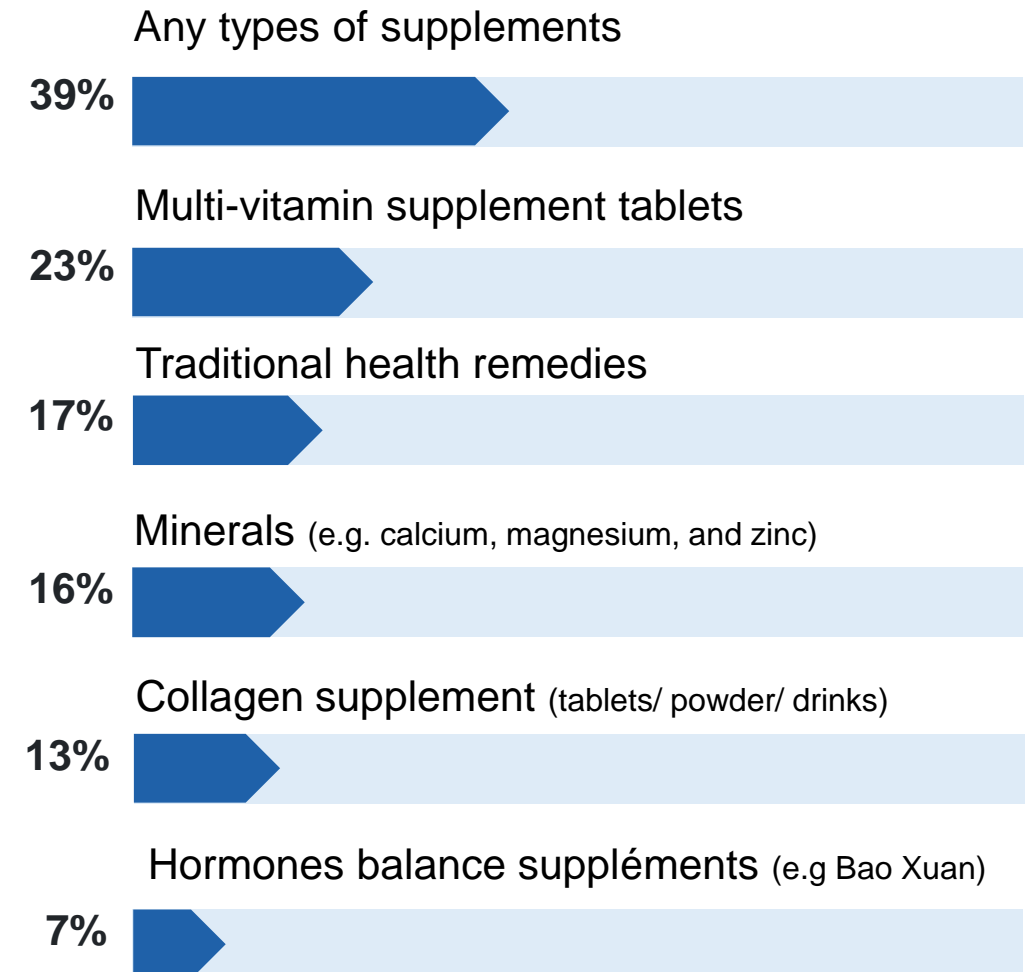
- Health consciousness is becoming more visible in how Vietnamese consumers select foods in daily life. Attention is given to more nutritional foods and changes in their cooking styles to support a healthy diet.
- There is an emerging trend for brown or red rice which is perceived to have more nutrition and to better control cholesterol.
- Besides consumers' efforts to use healthy ingredients, consumers claim to have changed their cooking styles such as; reducing fried dishes (52%), adding more vegetables or fibre (47%) and reducing sugar in dishes (41%).
- 26% followed some form of diet in the past one year. Dietary approaches include eating more fruit and vegetables (47%), reduced snacking (43%), increased fibre (41%) and more vitamins and minerals (40%).
- Beverages are not given the same level of health consciousness, as consumers seek enjoyment and pleasure from beverages. Consumers want to satisfy themselves with refreshing drinks such as coffee, soft drinks or bubble tea.



## Supplements added to healthy regimes

- In addition to healthy eating, consumers seek out health supplements to support their health and prevent long-term diseases, namely; multivitamins, traditional health remedies, minerals and collagen supplements.
- Consistently, consumers expect to strengthen resistance (62%), immunity (53%), support bone and joint strength (44%), digestion (40%) and brain development (38%).
- For females, beauty benefits are strongly anticipated to provide for anti-ageing (47%) and skin and hair support (48%).

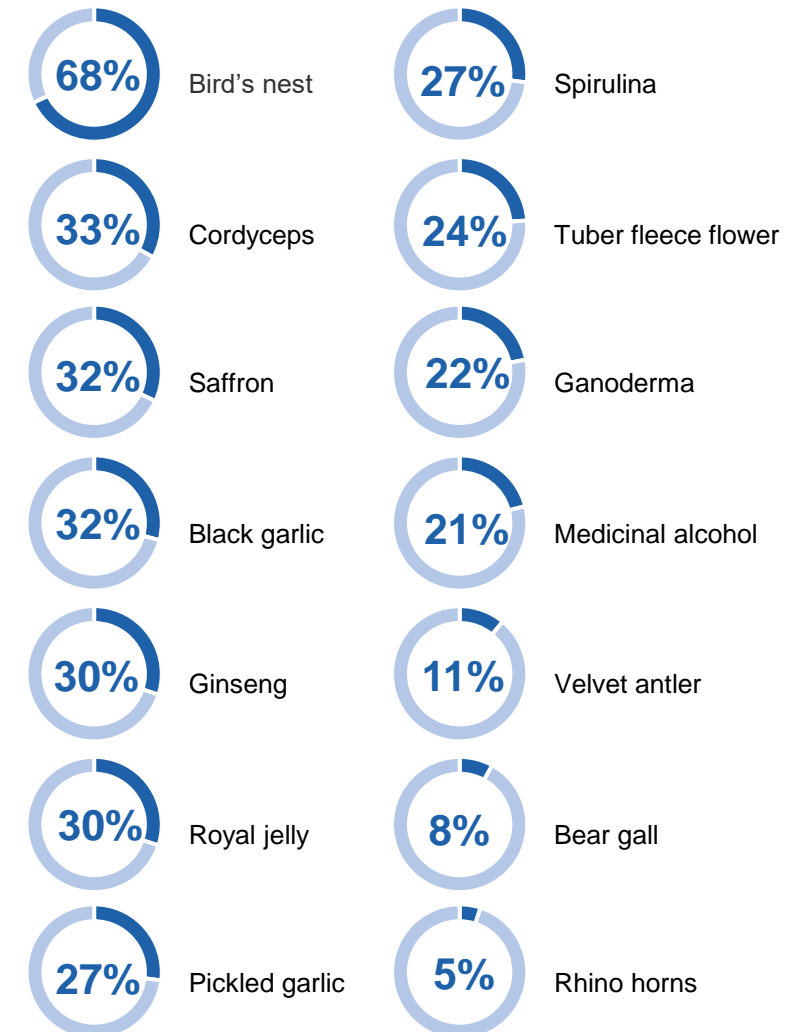
### Supplements use in the past one month



# Traditional remedies remain entrenched in habits

- Using traditional medicinal remedies is ingrained in Vietnamese culture. Animals and plants which are believed to have a strong impact on curing and healing specific ailments are well known to consumers.
- These are used in raw form or as ingredients added to wider supplements.
- Bird's Nest is the most well-known traditional ingredient and is often cooked on its own or mixed with other ingredients. Cordyceps, saffron and black garlic are also common.
- Manufacturers increasingly use traditional remedies to provide compelling proof points in their foods, beverages and supplements.

## Traditional health remedies used in the past one month





## 8. Financial ecosystems enable e-commerce, e-payments and entrepreneurs

# 2022 Financial services monitor

**2,000 consumers nationally**



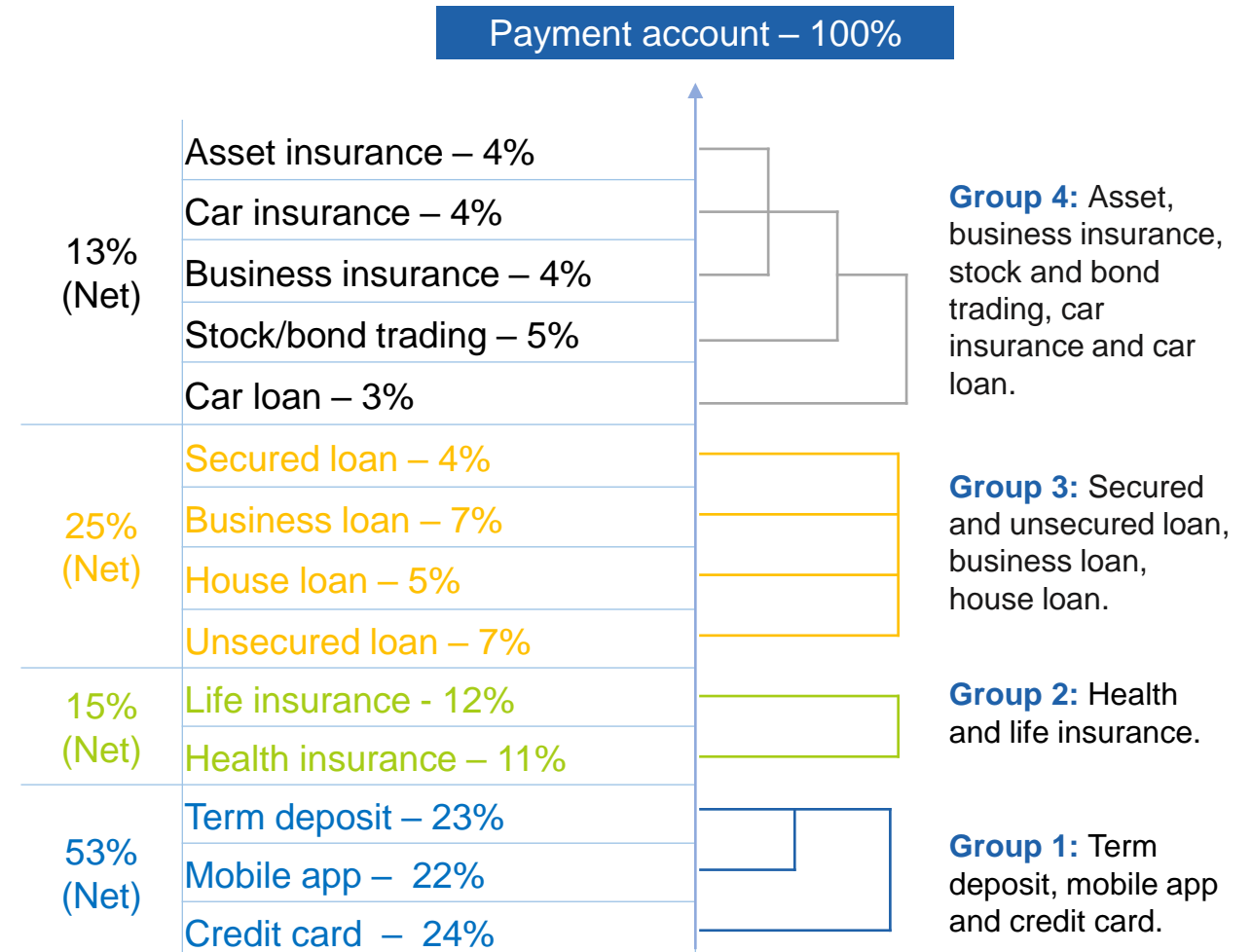


# Opportunities in retail banking

- 70% of Vietnamese adults were banked in 2022.
- But immense opportunities for up-selling credit products to improve retail banking profitability.
- Digital transformation will continue to change the shape of retail banking.
- Improving customers' digital experience and the ecosystem of digital products and services is key to future success.

Source: 2022 Cimigo financial services monitor, a national survey amongst 2,200 consumers.

## Usage incidence and dendrogram (Average linkage between groups)

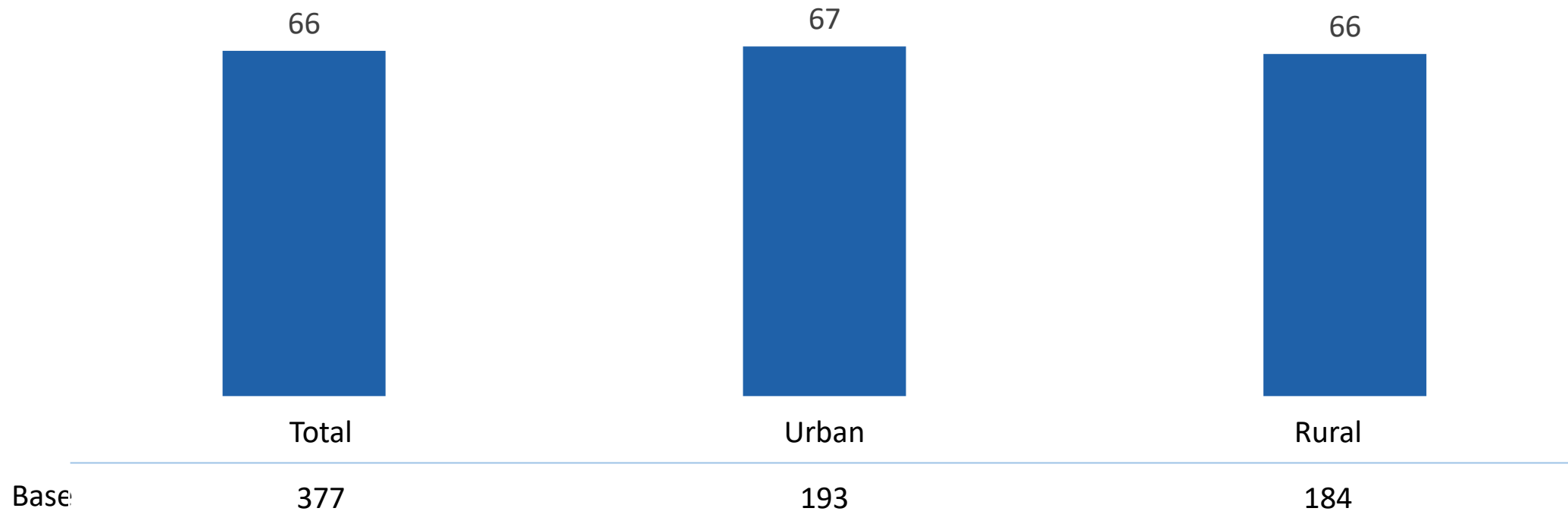


For all uses (including online shopping), e-wallet establishes high penetration, consistently across urban and rural

E-wallet penetration 16 to 29 year olds in past 1 month (%)

**39%** amongst  
banked adults

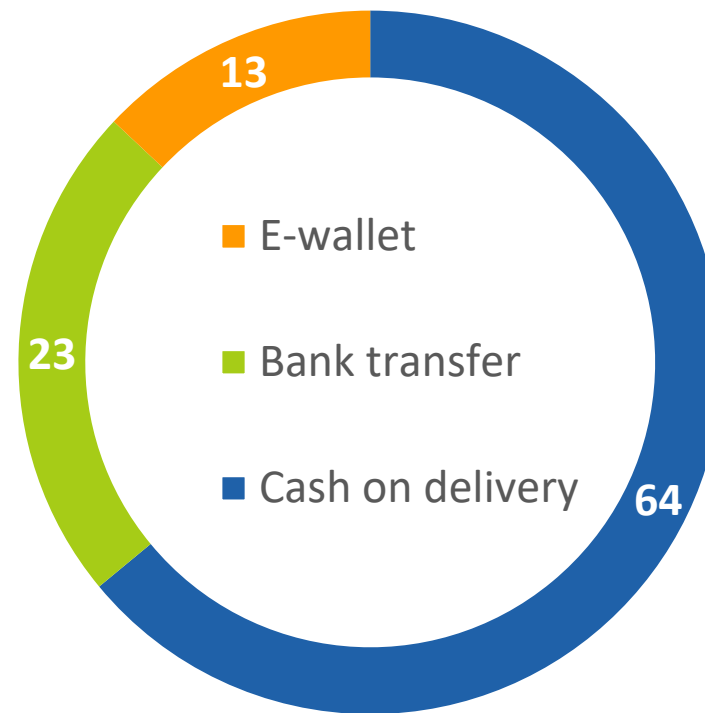
Source: 2021 Cimigo financial services monitor national survey amongst 1,500 banked consumers aged 18-55 years



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

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

Base on who shop online N = 377



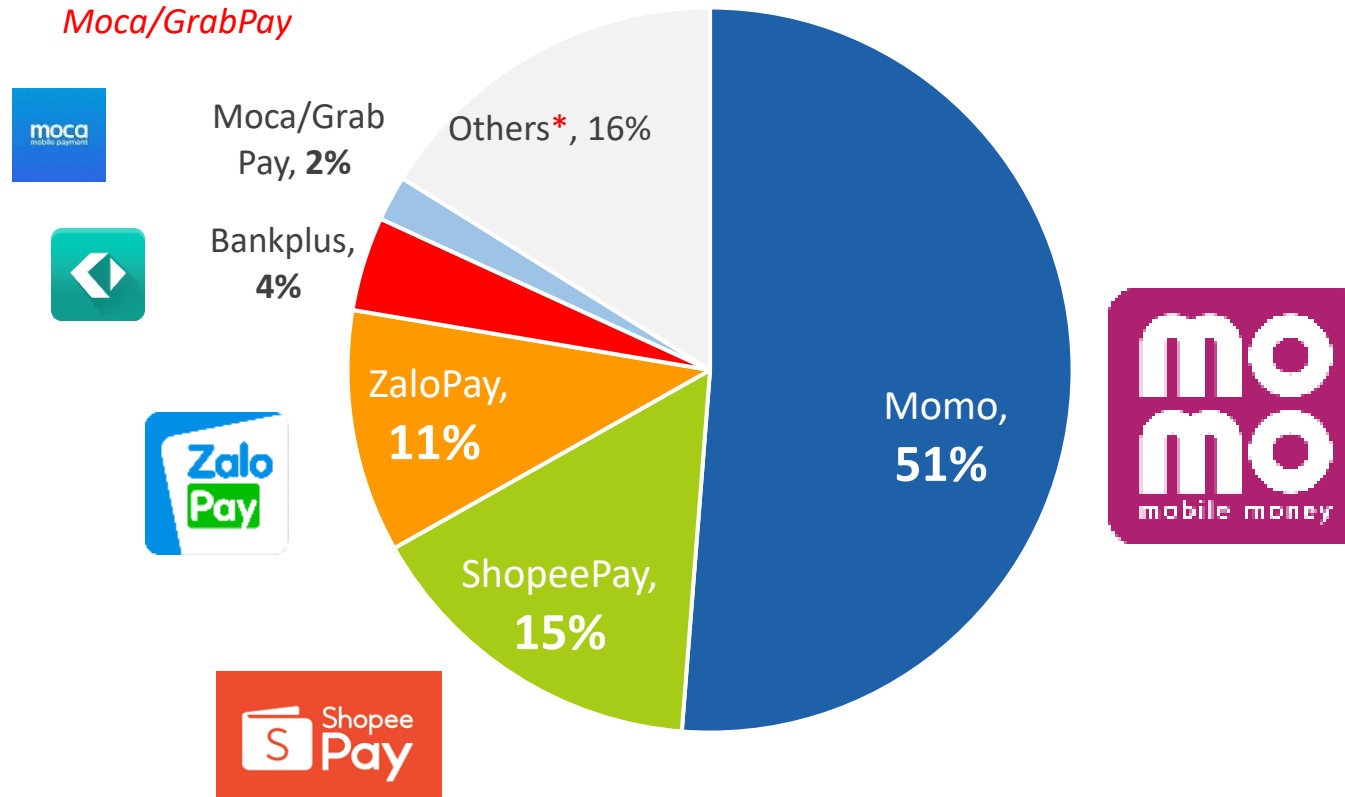


# Momo lead the market with 51% share, followed by ShopeePay

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

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

*Social distancing may limit usage of Moca/GrabPay*



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

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

# Keeping up with the Nguyen's with consumer finance



**US\$67 billion**

NPL increase to 11% in 2021

Up just 1% over 2020

18% of GDP

40% of retail goods sales

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

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

# A fintech battleground

- Vietnam drew US\$2.6 billion in funding through 233 private deals in 2021.
- An estimated US\$1.3 billion was raised to fund fintech in 2021.
- With valuations of US\$1 billion or more there were four unicorns at the end 2021;
  1. Sky Mavis (gaming - Axie Infinity)
  2. Momo (e-wallet)
  3. VNPAY (e-wallet)
  4. Vinagame (Zalo and much more)

E-wallets / Digital payments	Digital lending
<div></div> <div></div> <div></div> <div></div>	<div></div> <div></div>
Digital banking	
<div></div>	
Personal finance / Investment	Insurance tech
<div></div> <div></div>	<div></div> <div></div>
eKYC / Credit scoring	BNPL
<div></div> <div></div> <div></div>	<div></div> <div></div> <div></div>

# Developers and engineers in short supply

- Gaps exasperated by mismatch of graduate skills and business requirements.
- Data scientist is the fastest growing role.

**DEVELOPERS/  
IT ENGINEERS  
IN SOFTWARE INDUSTRY**

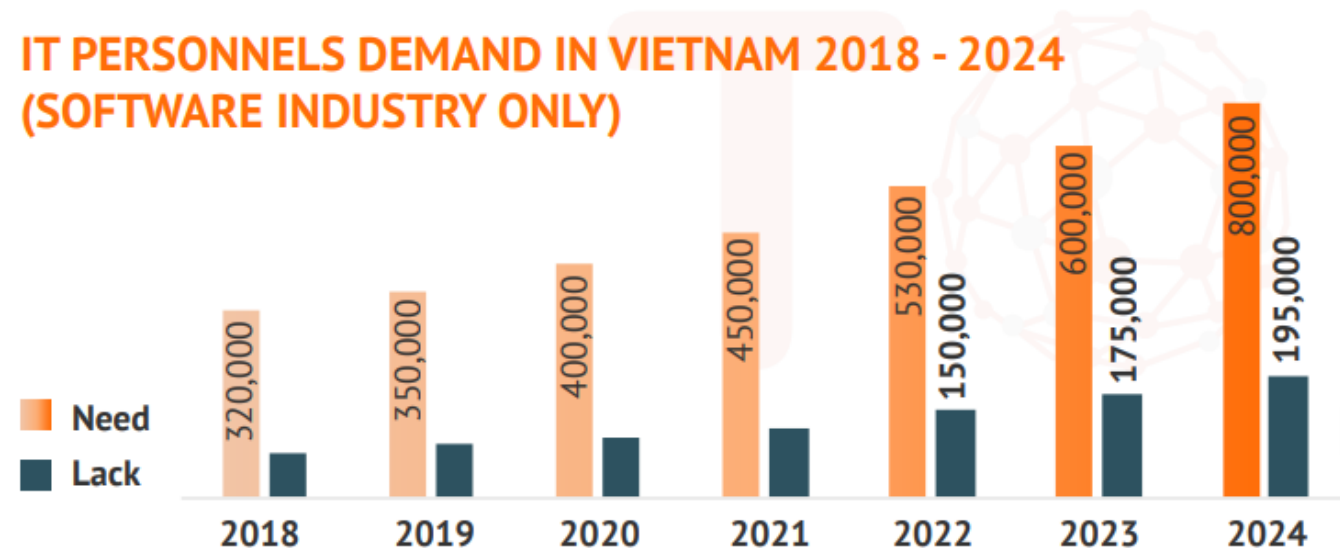
**480,000**

**IT STUDENTS  
GRADUATE ANNUALLY  
(SOFTWARE MAJOR)**

**57,000**

*(\*) Based on 2019 report from MOET with estimated growth rate in annual general universities/ colleges enrollment quotas.*

## IT PERSONNELS DEMAND IN VIETNAM 2018 - 2024 (SOFTWARE INDUSTRY ONLY)





The background of the slide is a photograph of a city skyline at dusk or dawn. The sky is a mix of pink, purple, and blue. Several tall buildings are visible, including a prominent, slender, blue-tinted skyscraper in the center. The foreground shows some lower buildings and trees, partially obscured by a semi-transparent blue horizontal band.

# Looking ahead for Vietnam



## Nine reasons that Vietnam will prosper in the next decade

1. Working age population, high labour participation and a low dependency ratio.
2. GDP growth averaged 5.9% over the past ten years.
3. Manufacturing gains. Increased investment and ever more sophisticated.
4. Retail goods and services consumption rises unabated.
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Vietnam retail banking 2022 report

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Healthy food and beverage Vietnam report

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