

Vietnam Young Consumer Confidence Report

The consumer confidence level remains very strong among the young consumers of Vietnam. During the March Survey **VietPoll** canvassed the views of over 400 young adults across the main urban centers of Vietnam. The results show that confidence decreased slightly compared to January, but overall it remains very high at 108 points.

That young Vietnamese consumers have a strong confidence level is good news for an economy with a growth rate of 5%, for the first quarter of 2014. This is a rather healthy growth rate, one which many countries would envy, but it is down from 6% from the previous quarter at the end of 2013.

Every month in our survey we ask young consumers a number of questions about their views of the national economy. Their response illustrates how perceptive young people are about the economy. Young people understand the economy is not great, but they are optimistic about their future and that of the national economy.

Young consumers are by nature optimistic, yet they are of the opinion that the current economic situation is only average. At the same time they believe that the national

economy is in better shape than 12 months ago and overwhelmingly they expect that the economy will continue to improve over the next year.

There are some differences in of opinion; most noticeably young consumers with a university degree and those from households with higher income have a significantly more positive expectation about the economy for the next 12 months. As expected this correlation between household income and education indicates that for young Vietnamese a tertiary degree opens the doors to the job market.

Indeed most respondents are quite optimistic about their career and income prospects for the next year, leading to a direct positive impact on the living standards of their families.

THE TAKE AWAY

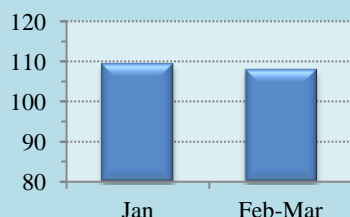
- ✓ The Young Consumer Confidence is on very healthy levels with a score of 108 overall.
- ✓ The national economy is in average shape, but consumers say it is improving.
- ✓ The overall outlook for the next 12 months is very positive with consumers expecting more jobs and higher incomes.
- ✓ The Cost of groceries is the biggest concern for young consumers followed closely by transport costs.
- ✓ Young consumers love coffee and they select which coffee shops to visit based mainly on the price and the coffee quality.

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THE SCORE

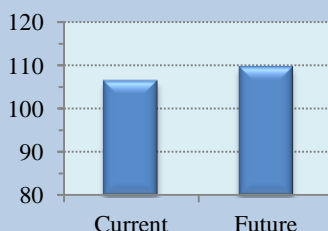
Consumer Confidence Level
100 = 0



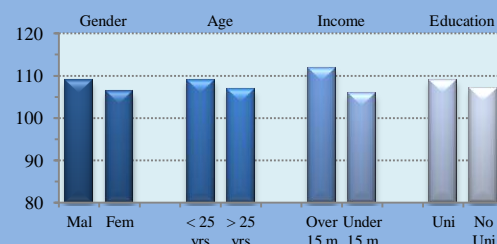
- ✓ The overall confidence score decreased 1.5 points from its pre-Tet level of 109.5 to 108.
- ✓ The main difference is the lower future score down from its pre holiday high of 115 points in January to 109.6 points in the Feb/Mar survey.

The consumer confidence level decreased slightly from 109.5 in January to 108 in the last survey. In part this is an expected result as we should anticipate some degree of post-holiday-blues after Tet. The Lunar New year break is the longest and most significant holiday in the Vietnamese calendar. Recently a client asked us to explain its significance, *'is it like the Solar New Year or Christmas?'* they asked. We described Tet as a combination of all main holidays in the western calendar, put together Christmas, New Year and Easter, and then we can begin to understand the importance of Tet.

Current & Future Scores for Feb-Mar
100 = 0



Overall consumer confidence scores among key demographic variables
100 = 0



RESPONDENT PROFILE



Our respondent profile for the month is Nguyen Thi Thu Thuy, a Business Administration student from Hanoi. Now in her 3rd year of University, Thuy is keenly aware of the slowdown of the national economy *'I am not clear about the future, the economy is not growing as fast as we need and I worry about my job prospects when I finish my degree'*. Her views on the economy are perhaps a bit pessimistic as the economy grew 5% for the first quarter of 2014, but none the less it is a valid view as it reflects the slowdown in the economy. She says *'the economy is not good, it is in stagnation and many people are looking for job but there aren't enough jobs to meet the demand'*.

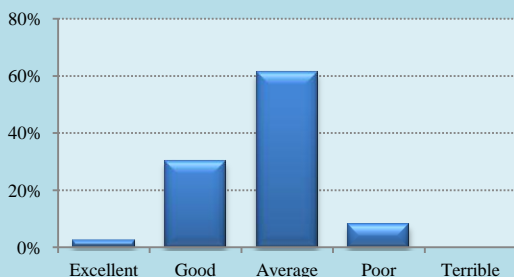
Thuy comes from Phu Xuyen, from what used to be known as Ha Tay Province, now part of the Hanoi Municipality. Her mother works making handicrafts, but Thuy doesn't need her help. She does some shift work at a KFC restaurant for 6-7 hours each time and earns enough to live while she studies. As she looks forward to her future she wonders if she will work in an area related to her Major, *'I have taken part in many workshops, but things are not great so I might have to work in the food or entertainment industry for a bit longer'*.

Similar to many young people her age, she dreams of travelling and seeing the world, but she would like to see her own country first, *'I would like to travel with my friends to the mountain areas of Vietnam and experience life in a different way'*. She also enjoys coffee with friends, but that's something she can only afford a couple of times a week. Her favorite place is the local coffee shop at her school; it caters for students and to her taste, *'is the place I like and I can afford'*.

THE NATIONAL ECONOMY

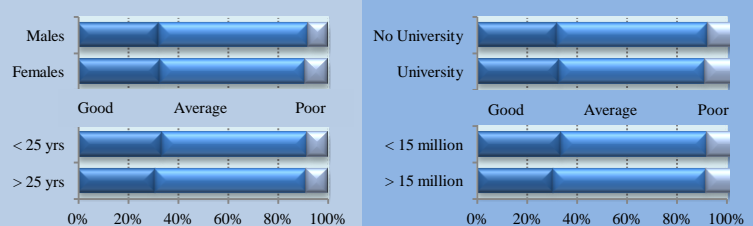
To be young means being optimistic, at least that's the way that young Vietnamese consumers can be described. Over 60% of young consumers describe the current state of the economy as average, but at the same time respondents think that the economy is in better shape than 12 months ago and more importantly they have a positive outlook for the next year.

The Current State of The Nation Economy

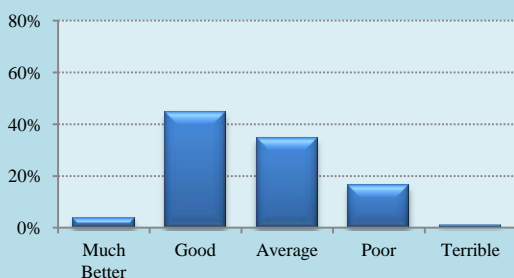


A majority of young consumers consider the current state of the Vietnamese economy to be average, yet the overall outlook remains positive with only a very small number of respondents having a negative view.

Current state of the economy across main demographic variables

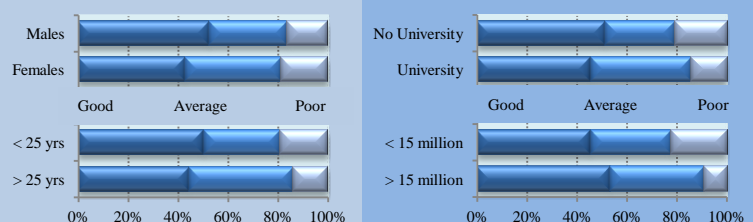


The Economy Compared to 12 Months Ago

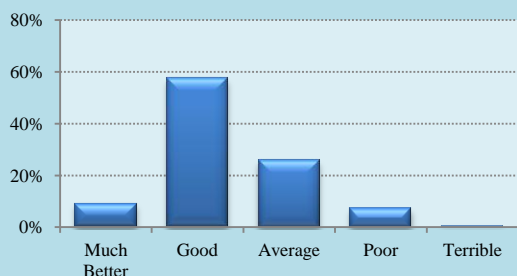


Most noticeably, young males under 25 years have a slightly more positive outlook of the economy. Also noteworthy is that respondents without a tertiary education view economy in better shape compared to 12 months ago.

The economy compared to 12 months ago across main demographic variables

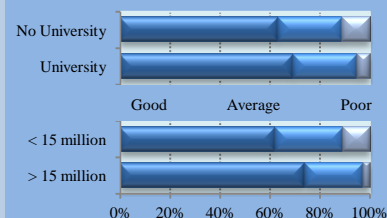
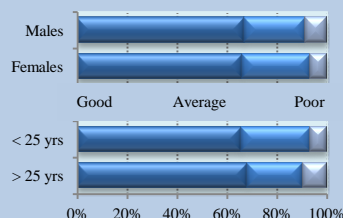


The Economy in 12 Months From Now



Overwhelmingly young consumers have a positive outlook about the future of the Vietnamese economy. This positive view was particularly strong among respondents with a tertiary education and in households with high incomes.

The economy in 12 months from now across main demographic variables



BUSINESS AND EMPLOYMENT

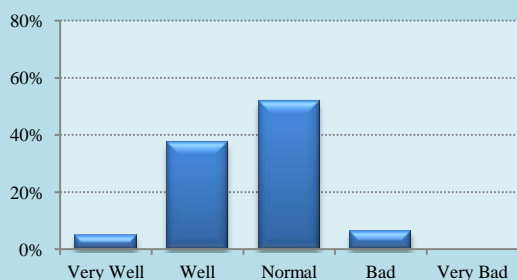
Local businesses are at the heart of the Vietnamese economy and their importance cannot be underestimated. It is small and medium size companies that drive growth and at the moment they employ about 75% of the workforce. Vietnam enjoys one of the world's lowest national unemployment of about 2%, though it is closer to 4% in the main urban areas. At glance this is a remarkably enviable figure, but there are some concerns especially in the areas of youth unemployment and informal employment. A recent report from the International Labor Organization mentions that unemployment rate of young Vietnamese under the age of 25 years is up to three times higher than the national rate at 5.95% and in urban areas this figure increases to 11% rate.



Young people looking at job notice boards.

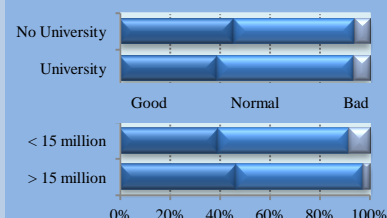
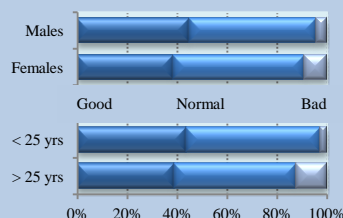
Despite all these concerns, young consumers remain positive about their employment prospects. Only about 6% of respondents think that current business conditions are bad and about 37% think that there are plenty of jobs available at the moment.

Current Business Conditions in Local Area

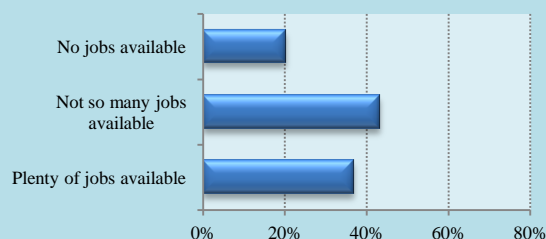


Most respondents to this month's survey see current business conditions as normal, while some 40% believe that doing well or very well.

Current business conditions across main demographic variables

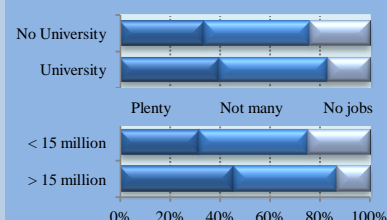
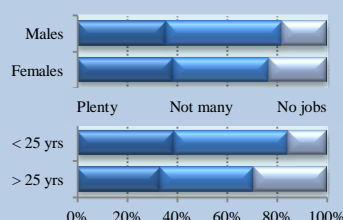


Job in Local Area

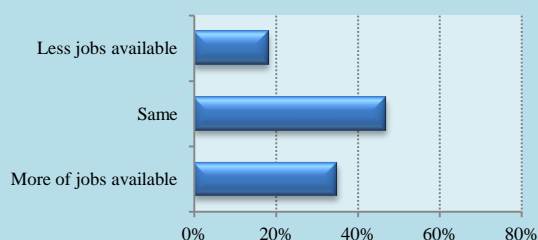


Some 20% of consumers mentioned that there are no jobs available at the moment. This figure increases to about 30% among respondents aged over 25 years. Still an overall figure of 37% thinks that there are plenty of jobs available at the moment.

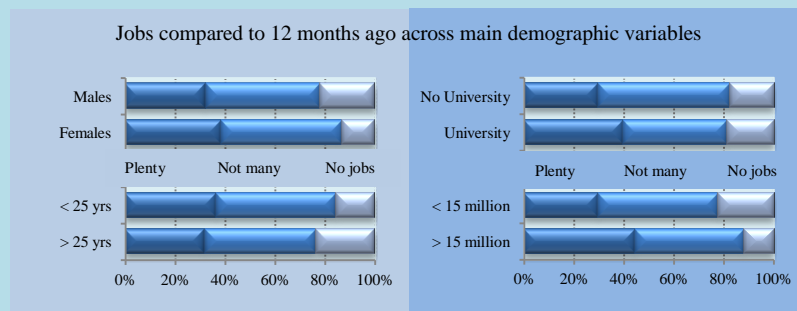
Jobs in local area across main demographic variables



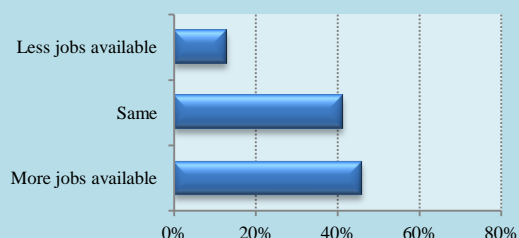
Job Compared to 12 Months



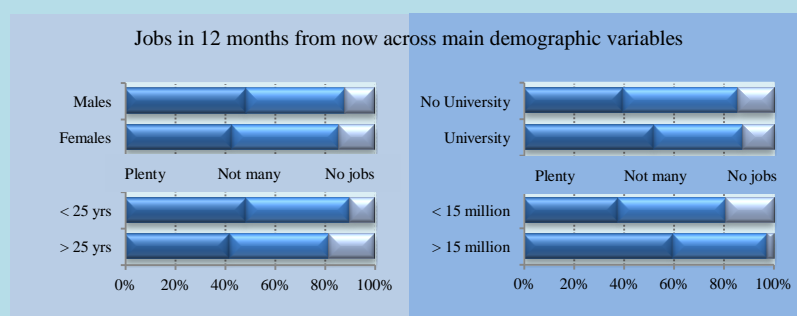
Over 80% of young consumers think that at the moment there are the same or more jobs available compared to 12 months ago. Males and those aged over 25 years are slightly less optimistic.



Job in 12 Months from Now



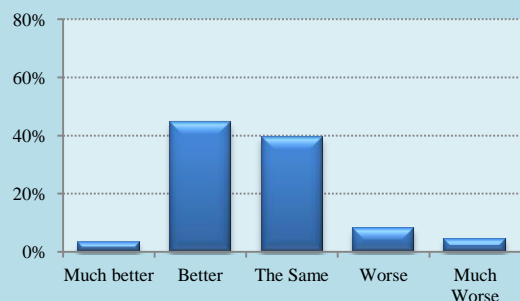
Respondents have very high expectations with about 45% expecting that there will be more jobs available in 12 months from now. Households with high incomes are significantly more optimistic with almost 60% expecting more jobs.



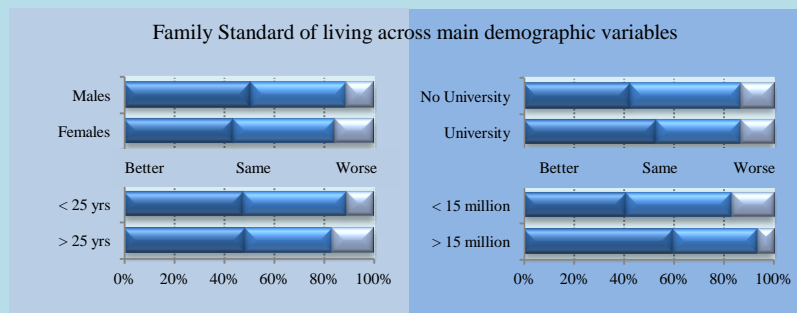
FAMILY FINANCES

In general most respondents see their family living standards to be the same (39%) or better (45%). Young consumers are greatly optimistic about their family (and personal) income prospects with a clear majority expecting higher salaries in the next 12 months.

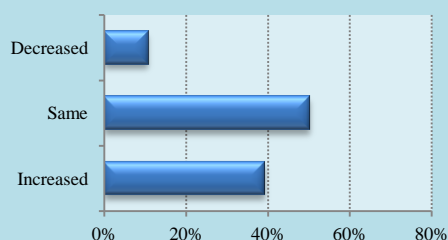
Family Living Standard Compared to 12 Months Ago



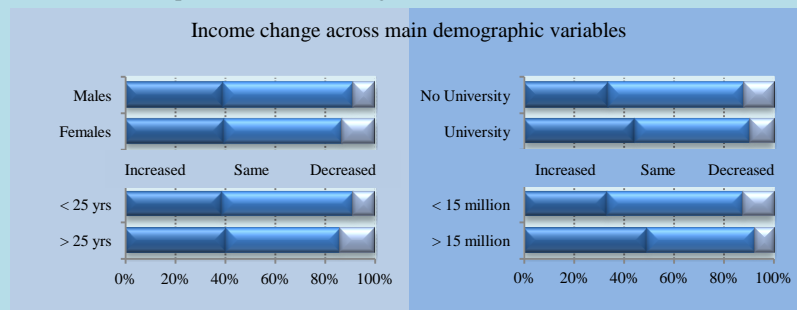
As expected the most positive group is the high income families where almost 60% think they are living better than 12 months ago.



Income Change in Last 12 Months



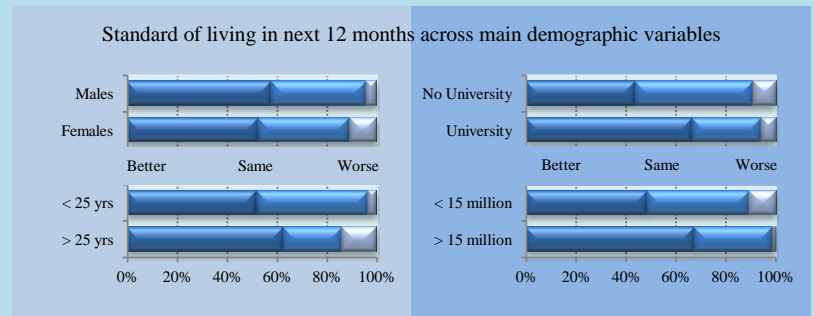
Also non-surprising that those respondents with a university degree have a higher income now compared to 12 months ago.



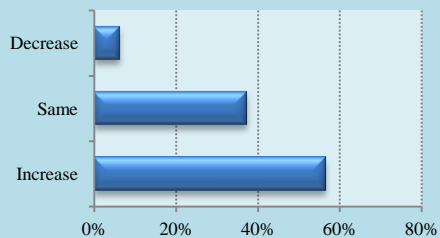
Family Living Standard in 12 Months from Now



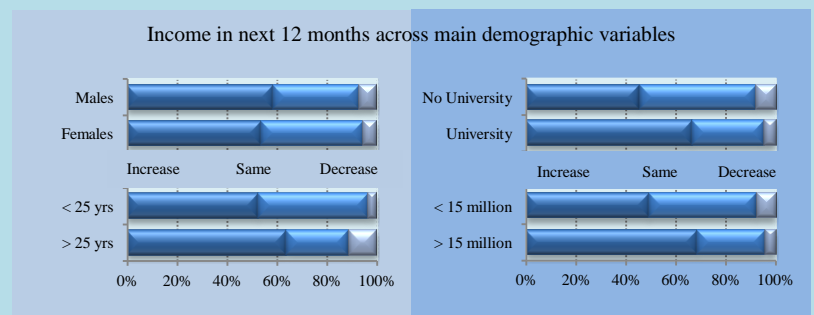
Young consumers expect better living standards for their families over the next year. Those without a tertiary education have a more moderate view with only 44% expecting better living standards in the next year.



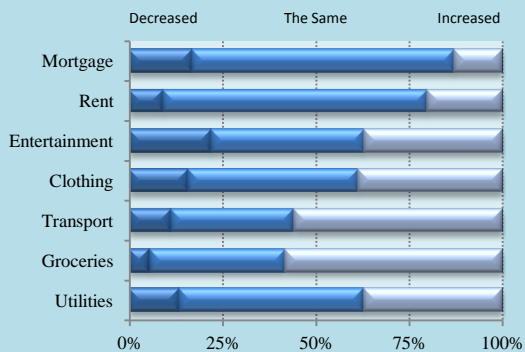
Family Income Expectations for Next 12 Months



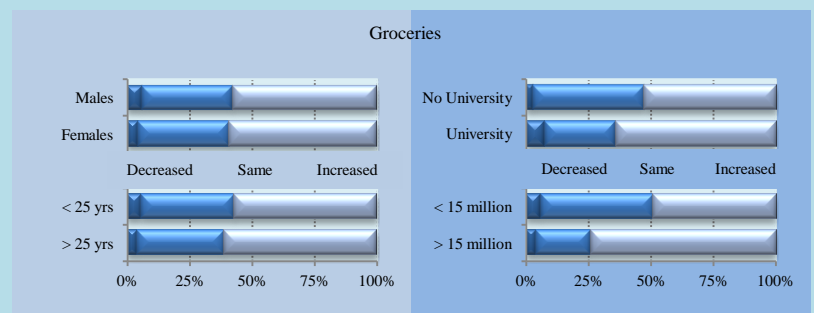
Overwhelmingly young consumers have a positive outlook about their future income with over 50% mentioning that they and their families would have expect to have higher incomes 12 months from now.



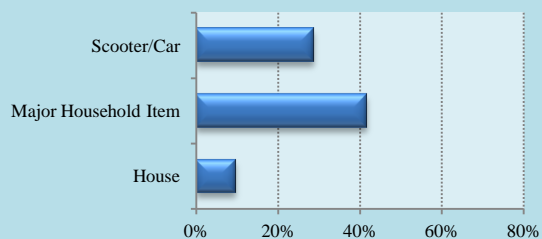
Expenses Compared to 12 Months Ago



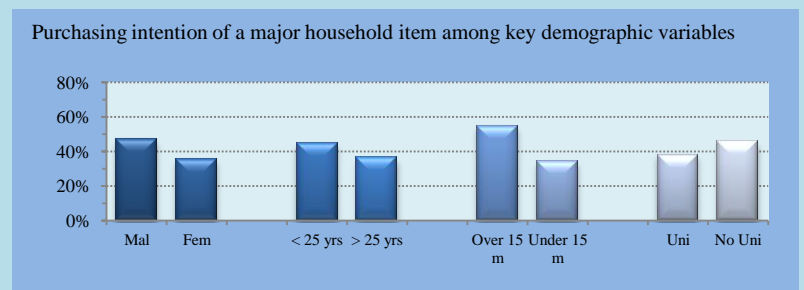
The highest increase in the family expenses was the higher price of groceries and transport. Here we see a correlation in income and higher expenses as high income households report an almost 75% increase in their grocery shopping expenses.



Purchasing Intentions



Most noticeably households with an income over 15 millions have higher purchasing intentions of major household items.



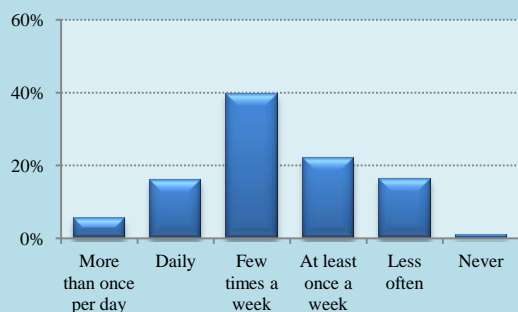
SPOTLIGHT QUESTION – COFFEE SHOPS

Quite rightly we are often reminded that coffee was introduced to Vietnam by the French during the colonial era, but to say that local coffee is French is incorrect. Very naturally local coffee has evolved into its own; it is roasted dark and brewed using a metal filter (*phin*) which results in a bittersweet smoky taste and it is served hot or cold with or without condensed milk. The local coffee production has soared and Vietnam has become one of the world's largest coffee bean exporters, but this is often seen as a high-volume, rather than high-quality. Some observers point to a need to reverse that perception as the local market has developed sufficiently and now many locals aspire to a more trendy style of coffee drinking inspired by internationally well known coffee places like Starbucks,



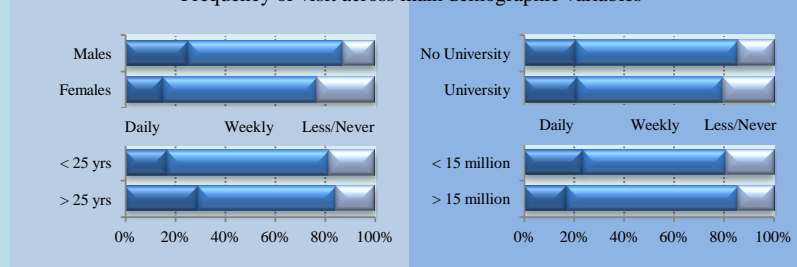
In this month's spotlight question we asked about the coffee habits of young consumers, mainly about the shops they visit and why.

How Often Visits a Coffee Shop

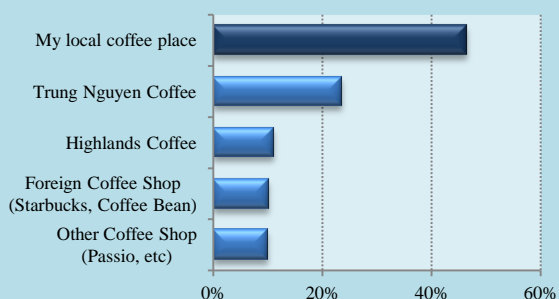


The results show that young consumers like their coffee with over 80% of all respondents visit a coffee shop at least once per week.

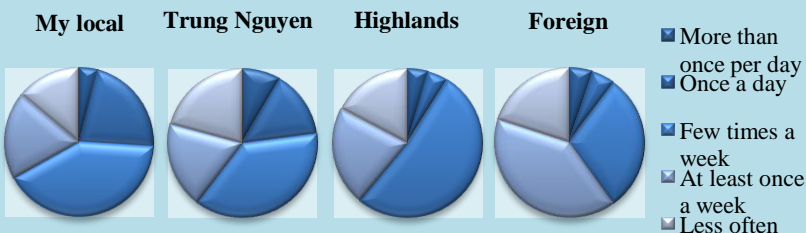
Frequency of visit across main demographic variables



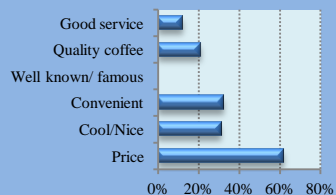
Best Coffee Shop



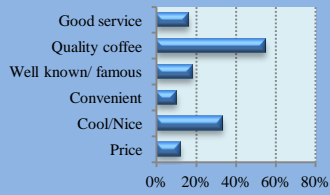
Price is an important factor in deciding which coffee shop to visit and overwhelmingly that is the reason that the local coffee place is preferred. The reason to visit a foreign coffee shop includes quality and that the place is well known, Starbucks being the most popular.



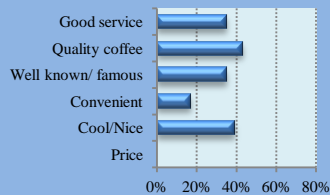
Why my local coffee shop is best?



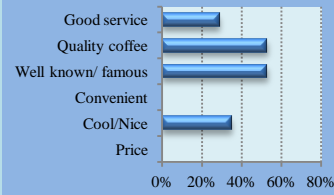
Why Trung Nguyen Coffee is best?



Why Highlands Coffee is best?



Why foreign coffee shop (like Starbucks or the Coffee Bean) is best?



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