WHAT’S YOUR STRATEGY FOR VIETNAM?

What works in the city, may not, in the country.
SEIZE OPPORTUNITIES AS RURAL VIETNAM AWAKENS

MORE WEALTH

44%
INCOME PER CAPITA GROWTH
(2012 vs. 2010)

49%
MORE INDUSTRIAL, CONSTRUCTION & SERVICE HOUSEHOLDS
(2011 vs. 2006)

MORE EDUCATION

2.5 times
MORE COLLEGE GRADUATES
(2014 vs. 2009)

MORE MOBILE

3.9%
OUT-MIGRATION RATE
(2011)
RURAL AND URBAN CONSUMERS

Know what makes them tick to drive differentiated outcomes for your business in Vietnam

REACH
WHO

RESONATE
WHAT

REACT
HOW
MEET THE RURAL CONSUMER
AT THE CORE OF THE RURAL CONSUMER......

Understand what really matters

**VALUES**

- **Authenticity**
  - value sincerity, honesty

- **Resilience**
  - possess positive outlook despite challenges

- **Share and bond**
  - big on family and community bonding

**NEEDS**

- **Assurance**
  - need to know they made the right decision

- **Progress**
  - driven to have a better life; will make it happen

- **Conform with society**
  - big on what others say and buy
WHY THEY NEED TO BE 200% SURE
Implications for your new product launch and trial programs

SEASONAL INCOME
70% rely on farming/fishing and hired labor

LIMITED INCOME
1.5M monthly income per capita in 2012 (0.5 x urban)

LIMITED JOB OPPORTUNITIES
3% underemployment (3X urban)

LOW EDUCATION
12% completed college (1/3X urban)

NEED TO SCRUTINISE EVERY PURCHASE DECISION
for benefits, risks, value

TRUST THEM TO TRUST THEIR FRIENDS AND FAMILY

Are you earning the trust of the rural consumer?

Value % share of top 3 brands

<table>
<thead>
<tr>
<th>Product</th>
<th>Rural</th>
<th>Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laundry Detergent</td>
<td>81</td>
<td>79</td>
</tr>
<tr>
<td>Shampoo</td>
<td>46</td>
<td>37</td>
</tr>
<tr>
<td>Instant Noodles</td>
<td>51</td>
<td>46</td>
</tr>
</tbody>
</table>

TOP 3 REASONS: QUALITY, ORIGIN, TRUSTED BY MANY

Source: Nielsen Rural Study 2014 (*); Nielsen Retail Audit, MAT Dec’13
POWER OF CLOUT AND CROWD IN RURAL VIETNAM
Use word-of-mouth to inform and influence

- 74% Concerned with what others think
- 46% Dare to be different
- ‘Popular brand’ is most important driver for trial (70%)
- 81% Rural, 46% Urban value others’ opinions and recommendations
- 70% Are affected by others’ recommendations in purchase decision
- 70% Would get others’ ideas for reference only

Source: Nielsen Rural 2014; Nielsen Regional Difference 2010
TAKE THE RETAILER’S WORD FOR IT
Rural Vietnam is readily buying what the retailers recommend

- 90% retailers recommend products to shoppers
- 477,000 off-premise stores in rural
- 31% shoppers buy products that are recommended by retailers
- 64 daily customers in a rural store daily
- 27.5M shoppers receive retailers’ recommendations daily
- 8.5M shoppers potentially buying products because of retailers’ recommendations daily

Source: Retailer Interviews 2014; retailer interviews at medium and large stores
OUTSHINE TODAY, TOMORROW
Driven by better lifestyles of their urban counterparts

- 91% I work hard to achieve my goals in life
- 79% I admire the neighbors/relatives who are rich and successful/knowledgeable
- 50% have relatives living in urban areas
- 61% receive visits from urban family
- 72% I never stop learning to enhance my knowledge

Source: Nielsen Rural study 2014
GAME ON AS GO-GETTERS MAKE IT HAPPEN
Understand their aspirations for bigger, better and brighter

**BETTER CONDITIONS**
- 65% plans to repair/rebuild the house
- 47% plans to develop their own career
- 37% intends to buy a fridge in next 6 months
- 25% intends to buy a washing machine in next 6 months

**BRIGHTER PROSPECTS**
- 91% are concerned about kids’ future
- 15% of monthly household income spent on kids’ education (v.s. 9% in urban)
- 3rd most important life goal is to send children to city to study

**BIGGER IDEALS**
- 47% want to explore new things

Source: Nielsen Rural Study 2014
## WHAT’S BASIC TO URBAN IS PREMIUM TO RURAL

Same category, different needs

### CHANGING ATTITUDES

*I’ve recently started using whitening cream on my dark skin...I don’t want to look ugly in front of the boys.*  
- Adult in rural An Giang

*Since I started using fabcon, I’m more confident...the refreshing fragrance lasts long too.*  
- Young adult in rural North

### CHANGING CONSUMPTION

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>RURAL USAGE</th>
<th>DISTRIBUTION RURAL</th>
<th>DISTRIBUTION URBAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hair-Conditioner</td>
<td>40%</td>
<td>89</td>
<td>82</td>
</tr>
<tr>
<td>Shower cream</td>
<td>36%</td>
<td>68</td>
<td>72</td>
</tr>
<tr>
<td>Floor cleaner</td>
<td>26%</td>
<td>34</td>
<td>52</td>
</tr>
<tr>
<td>Facial foam</td>
<td>22%</td>
<td>20</td>
<td>32</td>
</tr>
<tr>
<td>Deodorant</td>
<td>20%</td>
<td>16</td>
<td>32</td>
</tr>
</tbody>
</table>

Source: Nielsen Rural Study 2014; Nielsen Retail Audit, MAT Dec 2013
CRITICAL TO HAVE CLEAR SEGMENTATION

THE CONTENTED
Happy with current life

THE PROGRESSIVE
Positively make & follow plans

THE CONSERVATIVE
Resigned to my fate

THE TREND SETTERS
Not satisfied; want to experiment new things in life

Source: Nielsen Rural Study 2014
### HOW WELL DO YOU KNOW EACH SEGMENT?

<table>
<thead>
<tr>
<th><strong>THE CONSERVATIVE</strong></th>
<th><strong>THE CONTENTED</strong></th>
<th><strong>THE PROGRESSIVE</strong></th>
<th><strong>THE TRENDSETTERS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image" alt="Demographics" /></td>
<td><img src="image" alt="Attitudes" /></td>
<td><img src="image" alt="Concerns" /></td>
<td><img src="image" alt="Change" /></td>
</tr>
<tr>
<td>• Skewed to middle-age (64% aged 36-50)</td>
<td>• Skewed to middle income (41% C)</td>
<td>• Skewed to higher income (44% AB)</td>
<td>• Skewed to middle income (42%)</td>
</tr>
<tr>
<td>• Low income (64% CDF)</td>
<td>• More fixed income (67%)</td>
<td>• More fixed income than others (77% wages as main source)</td>
<td>• More self employed (26% trading; 10% freelancer)</td>
</tr>
<tr>
<td>• 66% - harvest as main income source</td>
<td>• Skewed to Rural North (46%)</td>
<td>• Living in Central (41%) and South (50%)</td>
<td>• Living in rural North (93%)</td>
</tr>
<tr>
<td>• Reside in Rural South (54%) and Rural Central (35%)</td>
<td><img src="image" alt="Concerns" /></td>
<td><img src="image" alt="Change" /></td>
<td><img src="image" alt="Demographics" /></td>
</tr>
<tr>
<td>• Concerned of what other people think (77%)</td>
<td><img src="image" alt="Attitudes" /></td>
<td><img src="image" alt="Concerns" /></td>
<td><img src="image" alt="Demographics" /></td>
</tr>
<tr>
<td>• Worried about life (55%)</td>
<td>• Not worried about life (31%)</td>
<td>• Positive outlook towards life (72%)</td>
<td>• Believe that fortitude can change fate (93%)</td>
</tr>
<tr>
<td>• 54% believe in fate</td>
<td>• Positive outlook towards life (52%)</td>
<td>• Make further progression in life by following plans patiently (78%)</td>
<td>• Not satisfied with current life (71%)</td>
</tr>
<tr>
<td><img src="image" alt="Concerns" /></td>
<td>• Saving for unexpected situation in life (37%)</td>
<td>• Wiling to pay for high quality brands (79%)</td>
<td>• Strictly follow plans made to improve life (98%)</td>
</tr>
<tr>
<td><img src="image" alt="Change" /></td>
<td><img src="image" alt="Demographics" /></td>
<td><img src="image" alt="Concerns" /></td>
<td><img src="image" alt="Attitudes" /></td>
</tr>
<tr>
<td>• Family health</td>
<td><img src="image" alt="Attitudes" /></td>
<td><img src="image" alt="Concerns" /></td>
<td><img src="image" alt="Concerns" /></td>
</tr>
<tr>
<td>• Family income</td>
<td>• Family health</td>
<td><img src="image" alt="Concerns" /></td>
<td><img src="image" alt="Change" /></td>
</tr>
<tr>
<td>• Harvesting job</td>
<td>• My health</td>
<td>• Their future</td>
<td><img src="image" alt="Demographics" /></td>
</tr>
<tr>
<td><img src="image" alt="Concerns" /></td>
<td><img src="image" alt="Attitudes" /></td>
<td><img src="image" alt="Concerns" /></td>
<td><img src="image" alt="Attitudes" /></td>
</tr>
<tr>
<td><img src="image" alt="Concerns" /></td>
<td><img src="image" alt="Demographics" /></td>
<td><img src="image" alt="Concerns" /></td>
<td><img src="image" alt="Concerns" /></td>
</tr>
<tr>
<td>• Family health</td>
<td><img src="image" alt="Attitudes" /></td>
<td><img src="image" alt="Concerns" /></td>
<td><img src="image" alt="Concerns" /></td>
</tr>
<tr>
<td>• Resistant to change (54%)</td>
<td>• Open to new things (75%)</td>
<td>• Open to new things (60%)</td>
<td><img src="image" alt="Demographics" /></td>
</tr>
<tr>
<td><img src="image" alt="Change" /></td>
<td><img src="image" alt="Attitudes" /></td>
<td><img src="image" alt="Concerns" /></td>
<td><img src="image" alt="Attitudes" /></td>
</tr>
<tr>
<td><img src="image" alt="Change" /></td>
<td><img src="image" alt="Attitudes" /></td>
<td><img src="image" alt="Concerns" /></td>
<td><img src="image" alt="Concerns" /></td>
</tr>
<tr>
<td>• Open to new things (75%)</td>
<td><img src="image" alt="Attitudes" /></td>
<td><img src="image" alt="Concerns" /></td>
<td><img src="image" alt="Concerns" /></td>
</tr>
</tbody>
</table>
NUTURE THE ‘PROGRESSIVE’ AND ‘TRENDSETTERS’ TO BE YOUR BRAND ADVOCATES

**THE CONTENTED**
*Happy with current life*
- NOT EARLY ADOPTERS BUT OPEN FOR CHANGE
- DEMAND FOR CATEGORIES THAT HELP WITH MAINTAINING A GOOD STABLE LIFE
- PREFER HEALTH BENEFITS

**THE PROGRESSIVE**
*Positively make and follow plans to improve future*
- HIGHLY OPEN FOR CHANGE
- DEMAND FOR ASPIRATIONAL CATEGORIES
- PREFER HIGH QUALITY

**THE CONSERVATIVE**
*Resigned to my fate*
- THE LATE ADOPTERS
- DEMAND FOR BASIC CATEGORIES THAT HELP MEETING BASIC NEEDS
- PREFER LOW PRICE/ SMALL PACKS

**THE TRENDSETTERS**
*Not satisfied; want to experiment with new things*
- EARLY ADOPTERS & KEY OPINION LEADERS
- DEMAND FOR CATEGORIES THAT HELP THEM MAKE CHANGES IN LIFE
- PREFER EDUCATIONAL INFORMATION
WINNING CHANNELS AND CATEGORIES
HOW DO RURAL CONSUMERS SHOP?

Just some examples.....

- Fresh
- Frozen
- Daily
- Frequent
- Wet market
- Super/Hyper market
NO ROOM FOR COUNTERFEITS AND COPYCATS

1 IN 4
CONSUMERS HAVE
EXPERIENCED FAKE/LOW
QUALITY PRODUCTS

40% CLAIMED THEY
WILL BE MORE CAUTIOUS
WHEN SHOPPING

35% CLAIMED TO
BE MORE CAUTIOUS ABOUT
CHEAP/LOW PRICED
PRODUCTS

*I bought a Sunlight dishwashing liquid from a man with a loud speaker in the wet market and it turned out to be something else* - Female in Thai Binh

*I bought an A-one pack because it was cheaper than its normal price but it turned out to be really bad quality* - Female in Nghe An

Source: Nielsen Rural Study 2014
<table>
<thead>
<tr>
<th>WHICH CHANNEL</th>
<th>HOW OFTEN (times per mth)</th>
<th>HOW MUCH (VND)</th>
<th>WHAT PRODUCTS</th>
<th>WHICH MISSION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commune wet market</td>
<td>16</td>
<td>62,000</td>
<td>Fresh foods; Seasonings</td>
<td>• Meal for today</td>
</tr>
<tr>
<td>Fair market (occurring at different places at different times)</td>
<td>14</td>
<td>110,000</td>
<td>Fresh foods, Seasoning</td>
<td>• Meal for today</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>(more common in the North)</strong></td>
</tr>
<tr>
<td>Sales trolley</td>
<td>9</td>
<td>38,000</td>
<td>Fresh foods</td>
<td>• Meal for today</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>(more common in the South)</strong></td>
</tr>
<tr>
<td>Grocery store near living area</td>
<td>9</td>
<td>60,000</td>
<td>Seasonings, Beverages, HH personal care, Dairy products; Tobacco</td>
<td>• Top-up</td>
</tr>
<tr>
<td>far from district town/ province wet market</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grocery store near district town/ province wet market</td>
<td>6</td>
<td>125,000</td>
<td>Seasonings; Household products; Beverages</td>
<td>• Big Routine/ Stock-up</td>
</tr>
<tr>
<td>District town wet market (in the central area of district town)</td>
<td>1</td>
<td>190,000</td>
<td>Fresh foods; Seasoning, Household products, Household durables</td>
<td>• Big-routine/ Stock-Up</td>
</tr>
<tr>
<td>Province wet market (in the central area of province)</td>
<td>1</td>
<td>260,000</td>
<td>Fresh foods, Household products, Household durables</td>
<td>• Time-Out (for updating new news and for entertainment)</td>
</tr>
<tr>
<td>Supermarket</td>
<td>0.5</td>
<td>350,000</td>
<td>Personal care, Household care; Seasoning; Dairy products</td>
<td>• Time-Out (for updating new news and for entertainment)</td>
</tr>
</tbody>
</table>

Source: Nielsen Rural Study 2014
GIVE RURAL CONSUMERS NEW, NOVEL AND VARIETY

Stock up retailers with inventory and give promotional support

WHAT CONSUMERS WANT

77% ALWAYS WANT TO TRY NEW PRODUCTS

95% ALWAYS LIKE A WIDE RANGE OF PRODUCTS TO CHOOSE

WHAT RETAILERS CAN HANDLE

% Rural Stores by Num of Manufacturer Handling (NUM)

Top 03 factors important to retailers

Source: Nielsen Rural Study 2014 & RMS Rural data; Nielsen Explorer, MAT Dec2013, CSD is Off-premise only
GOOD VALUE TRUMPS LOW PRICES

While price triggers trial, value gets consumers to pay more

59% WOULD TRY A PRODUCT THAT IS CHEAPER THAN CURRENT ONES

YET

35% ARE CAUTIOUS OF LOW PRICED PRODUCTS AFTER EXPERIENCING BUYING FAKE

Price: +4,000 VND
Extra Benefit: Fresh scent

“My regular Omo costs 113,000 VND, whilst this Omo Comfort can bring extra softness and longer lasting freshness at only 5,000 VND higher.
– Female in Thai Binh

Source: Nielsen Rural Study 2014
SCOURING FOR GOOD DEALS TO MAXIMISE VALUE

Help them get the best out of their money

UPSIZING PACKAGING

Big Pack Value Share Chg vs YA

FAVOURITE PROMOTIONS

<table>
<thead>
<tr>
<th>Promotion</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lucky draw</td>
<td>56</td>
</tr>
<tr>
<td>Free samples</td>
<td>53</td>
</tr>
<tr>
<td>Redemption</td>
<td>38</td>
</tr>
<tr>
<td>Use the sample in place</td>
<td>35</td>
</tr>
<tr>
<td>Games</td>
<td>11</td>
</tr>
</tbody>
</table>

Source: Nielsen Rural Study 2014; Nielsen Retail Audit, MAT Dec 2013
WINNING TOUCH POINTS
MEDIA HABITS THE SAME OR DIFFERENT?
Rural vs. Urban consumers
RURAL VIETNAM: MEDIA 1.0

Media usage in rural still relatively basic, given the lack of entertainment activities

Top 5 activities in a typical week

**RURAL**
1. Watching TV
2. Family activities
3. Hanging out with friends
4. Surfing the Internet
5. Joining social activities

**URBAN**
1. Watching TV
2. Shopping for daily consumption
3. Eating out
4. Shopping at the mall
5. Visit friends/family

**TELEVISION**
Most effective channel influencing consumers’ decision

**WORD OF MOUTH**
Embracing as a new channel

Source: Nielsen Rural Study 2014
INFLUENCING THE PATH TO PURCHASE

Different ways to reach the same consumer – eye on TV and word-of-mouth

- Information source only: 29% (TV), 69% (word-of-mouth), 50% (product information), 36% (being a trustworthy source)
- Product information (specification/function): 40% (TV), 57% (word-of-mouth), 42% (product information), 48% (being a trustworthy source)
- Affects brand purchase decision: 69% (TV), 38% (word-of-mouth), 20% (product information), 16% (being a trustworthy source)
- Being a trustworthy source: 69% (TV), 47% (word-of-mouth), 20% (product information), 18% (being a trustworthy source)

Source: Nielsen Rural Study 2014
RURAL CONSUMERS LIKE IT AS REAL AS IT CAN GET

Authenticity hits home

What do you like about your favorite TVCs?

- 48% want simple, easy to understand
- 47% like close-to-life scenes
- 46% like family-related scenes
- 40% like funny plots

Source: Nielsen Rural Study 2014
ME-GENERATION AND GEN-ME
- THE DIGITAL CONNECTION

**RURAL**

- **30%**
  - 18-24 year old, 2014
  - Internet usage

- **28%**
  - 18-24 year old, 2014
  - Smartphone usage

- **48%**
  - 18-24 year old, 2014
  - Pay TV usage

**URBAN**

- **44%**
  - 18-55 years old, 2012-2013
  - Internet usage

- **30%**
  - 18-55 years old, 2012-2013
  - Smartphone usage

- **81%**
  - 18-55 years old, 2012-2013
  - Pay TV usage

Source: Nielsen Rural Study 2014
HOW TO WIN IN THE RURAL MARKET

UNDERSTAND YOUR RURAL CONSUMERS

• EMBRACE THEIR VALUES (Authenticity, Resilience, Sharing and Bonding)

• DELIGHT THEIR NEEDS (Assurance, Progression, Social conformity)

• ONE SIZE DOES NOT FIT ALL (attract the Progressive and the Trendsetters to drive the rest of market)

KNOW WHERE, HOW AND WHAT THEY BUY

• PAY ATTENTION TO DIVERSITY

• DELIVER ‘REAL VALUE’

• GROW CATEGORIES BY HELPING CONSUMERS TO PROGRESS

EMBRACE THEIR TOUCHPOINTS

• CAPTIVATE THE POWER OF WOM

• DRIVE RETAILERS TO BECOME BRAND AMBASSADORS

• FOCUS ON TV BUT ALSO CONSIDER DIGITAL IF TARGETING YOUNG CONSUMERS
For more information contact:
Hoa Tuyet Thi Mai at hoa.mai@nielsen.com
Vaughan Ryan at vaughan.ryan@nielsen.com

www.nielsen.com/apac