

News Release

Media enquiries: vietnaminfo@nielsen.com

MEET THE CONNECTED SPENDER - POTENTIAL CONSUMER OF THE FUTURE

Vietnam, September 07, 2017 – Middle class income is no longer enough to define the consumers that drive the global economy. It's time to turn focus on the next source of growth - Connected Spenders, who has ability to access internet and is willing to spend their discretionary income, according to the latest report conducted by Nielsen cooperated with Demand Institute.

By 2025, these consumers will account for nearly 40% global population and they will contribute more than 50% to annual global spending. Due to growing access to the digital economy and all that comes with it, East Asia and Pacific region will witness the greatest increase in the number of Connected Spenders, especially in the emerging markets like Indonesia, Philippines, Thailand and Vietnam.

There are 23 million Connected Spenders in Vietnam in 2015, according to the Nielsen Vietnam's latest study, and that sum is expected to grow nearly double to reach 40 million people in 2025. More sizeable, their spending will rise from 50 billion USD annually to 99 billion over the same time period - and by 2025, they are expected to account for a half of the total consumer spending. (See chart 1)

"When consumers oriented companies look around the world for growth opportunities, they tend to think about consumption driven by an income-based middle class. But considering income alone is no longer enough, amidst today's sluggish global economic environment and middle class malaise. Turning focus into Connected Spenders, a new emerging type of consumer, could solve the shortcomings of the old income-based approach." - said Rakesh Dayal, Executive Director, Consumer Insights, Nielsen Vietnam.

"Connected Spenders are a fast-growing new segment of consumers: digitally savvy consumers with discretionary income and are avid shoppers who punch above their income class in spending. Our research shows that Vietnamese Connected Spenders will spend \$0.8 trillion over the next decade. Therefore, for consumer-facing businesses seeking to grow in Vietnam, these are the consumers whose needs will need to be addressed".

YOUNG, HIGH-INCOME & WILLING TO SPEND

Around one-third of Vietnamese Connected Spenders are between the ages of 21 and 34 (34%).

By definition, Connected Spenders are present across all income groups. However, they must have sufficient income to spend in discretionary ways, which means they are more likely to be found in high income brackets. Actually, in Vietnam, over three-quarters of the consumers within the higher income bracket are Connected Spenders (76%) and nearly two-thirds of those are middle income, and 43 percent falls into the lower income group. (See chart 2)

Not surprisingly, the Connected Spenders' youth spirit, urban status and aspirational purchasing power combine to form a group of consumers with very high level of confidence. Our Nielsen

Confidence Consumer Index has revealed that in 2015, Connected Spenders had a consumer confidence score of 117, versus 99 for other internet users.

“It is important to look beyond income alone to understand Connected Spenders. Much of what defines a Connected Spender is the consumer’s attitudes—an enthusiasm for shopping and confidence in the ability to purchase discretionary items. Connected Spenders in lower-income households can be as engaged as wealthier Connected Spenders, and consumer-facing business would be easy to ignore them. Although these consumers may not be considered to be primary target consumers for all product categories (most cannot afford any luxury products, for example), they represent a large population of eager consumers.” – noted Rakesh.

OMNICHANNEL SHOPPERS

Compared with other internet users, Connected Spenders are much more adept at omnichannel shopping. Compared with non-Connected Spenders, around 80% of them think shopping online is more fun and convenient. Before buying, regardless of searching online or offline, they gather information from both sources. Around 4 in 5 read online reviews (83%) and refer to social media comments (74%) prior to purchasing a product whereas 2 out of 3 (66%) check out products in the physical store before purchasing them online. Connected Spenders are price-conscious, constantly on the lookout for special deals and promotions: more than half of them use price saving app to searching the best deals even when they planning a shopping trip online or in store.

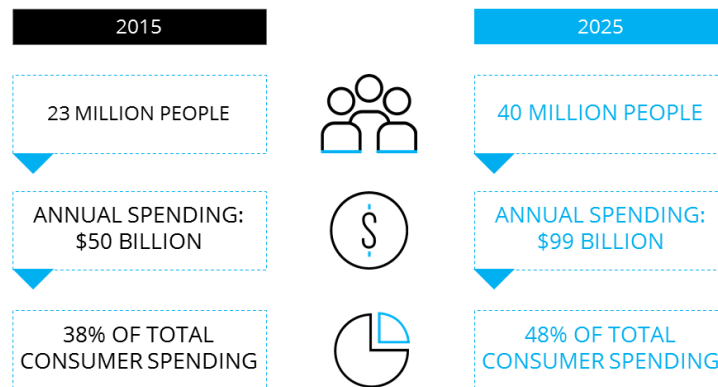
They are true “omni-channel shoppers” present in both physical stores and digital marketplaces.

HIGH MASS MEDIA INVOLVEMENT

Compared with other internet users, Connected Spenders are more likely to watch recorded programs instead of live broadcast and may stream multiple times in one day. They enjoy the freedom of being able to watch their programs anywhere and anytime (92%). In addition, they turn to the internet and social media to engage with other viewers while they are watching (around 70%).



THE RISE OF VIETNAMESE CONNECTED SPENDERS

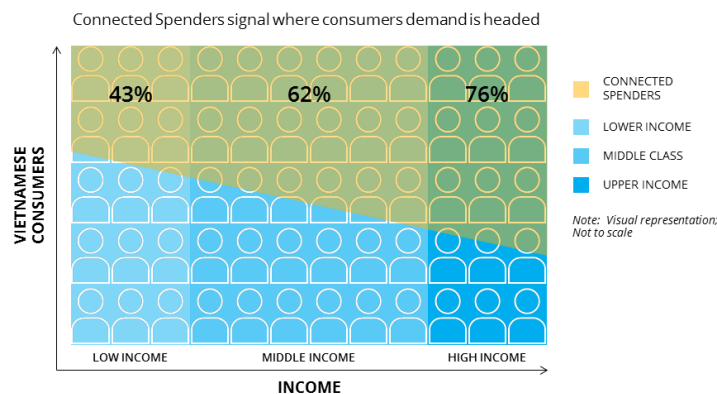


Source: Nielsen Connected Spenders Report – Q1 2017
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Chart 2: The Connected Spenders Come From Across Incomes



THE CONNECTED SPENDERS COME FROM ACROSS INCOMES



Source: Nielsen Connected Spenders Report – Q1 2017
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