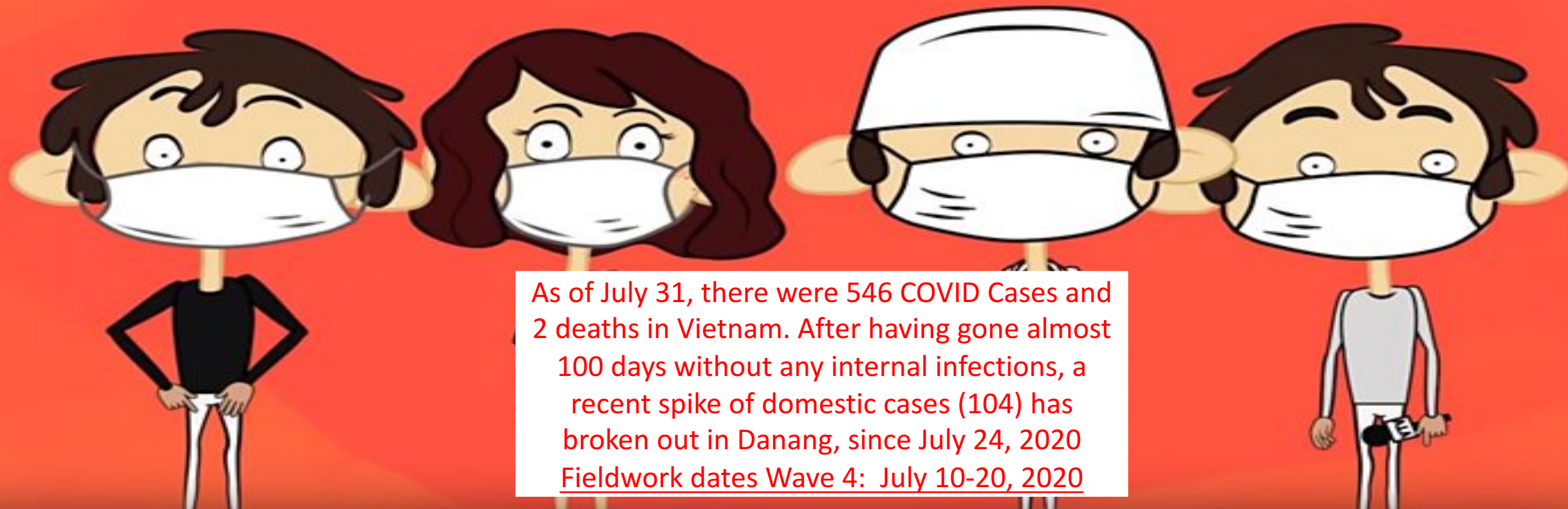


# COVID-19 IMPACTTRACK – Consumer Behavioral Change Tracking Report Jan - July 31 – 2020

## EXECUTIVE SUMMARY



As of July 31, there were 546 COVID Cases and 2 deaths in Vietnam. After having gone almost 100 days without any internal infections, a recent spike of domestic cases (104) has broken out in Danang, since July 24, 2020  
Fieldwork dates Wave 4: July 10-20, 2020

## Introduction:

Infocus Mekong Research (IFM) has been running the Vietnam Consumer Confidence Index annually since 2012, across a nationally representative sample of Vietnam's population.

With the impact of COVID-19 on consumer behavior over the past months, IFM has continued to track consumer confidence and behavioral changes, in an effort to help businesses better understand the evolution of consumerism and what might become the “new normal” of consumption behavior in Vietnam.

## Contents:

This report covers key indices such as: Consumer confidence, future Economic Outlook, Purchase Growth of both Product and service sectors, Fears and reservation shifts, Shopping behavior, COVID-19 Impact on employment, consumer financing and the impact of COVID-19 on business / employment prospects.

## Dates and sample:

The study consists of 5 waves conducted between January 2019 to July 2020. The sample consists of a total over 9,000 Vietnamese consumers nationally, including Rural Vietnam.

Data was collected via IFM Mobile panel.

## Behavioral Science Lens

This report includes commentary and analysis from a Behavioral Science lens and sheds light on the consumer psyche from a unique perspective in terms of **Choice architecture and Risk perceptions.**



# FUTURE TRENDS & BEHAVIOIR IMPACT OF COVID-19

The impact of COVID-19 since January has been substantial and will continue to negatively impact Vietnam consumerism.

Based on 6 months of tracking consumer spend and behavior, we predict the present levels of reduced consumerism to continue until at least the end of the year, with marginal improvements in some sectors, while others continue to decline.

## Confidence & economic outlook

Though confidence has slightly increased from 22 in May to a 27 in July Point index, confidence is still at its lowest in 25 years. Three out of four consumers see the economy as being worse than in January 2020, largely due to unemployment still being 12% lower 6 months after COVID's arrival.

**Risk perceptions** is still very high with two thirds of all Vietnamese worried about COVID's impact on Business, COVID infection and unemployment.

## Purchase behavior

Outside of the increase in Consumer's requiring bank Loans, spending more on Utilities and maintaining spend on essential food and beverages, all sector spend is down, with marginal signs of recovery. For non-essential purchases such as cars, houses, two thirds of all consumer have decided to not buy or postpone these purchases - indicating a substantial decrease in over all consumer spend to the end of the year.

## Behavior shifts

After 6 months of tracking the impact of Behavioral shifts brought on COVID, it is clear that certain behaviors are here to stay, such as Eating and Working at home more and a decline in all activities requiring contact with the outside world, such as shopping, visits to gym and eating out, while at the same time, the rise of social media and its impact continues to grow.



# SHORT TO MEDIUM TERM CONSUMER CONFIDENCE & ECONOMIC OUT LOOK

## COVID-19 Impact

Seven months after the break-out of Covid-19, overall consumerism is showing very mild signs of recovering, but **a wait and see** attitude permeates all facets of consumerism, as all indicators are still very low.

## Consumer Confidence

Consumer confidence after seven months has not recovered. From May to July, Overall confidence rose by a mere 5 Index points, still the lowest in over 25 years.

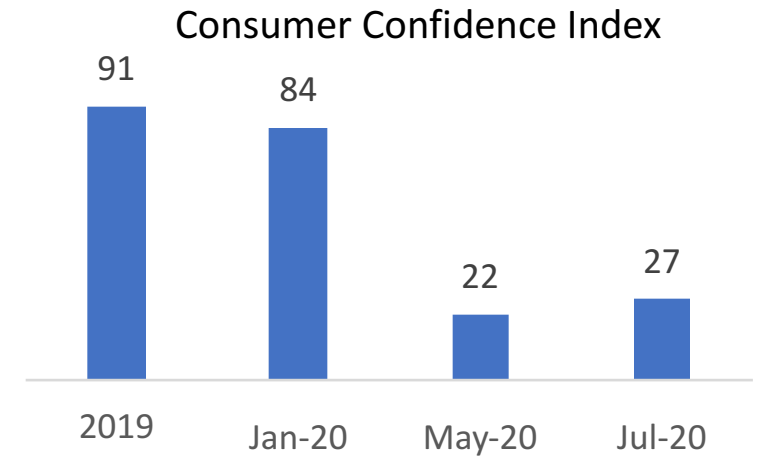
## Confidence drivers

Confidence is mostly driven by economic stability, high employment and opportunity. July employment figures indicate an increase of 7% full-time employment, 12% below Pre-COVID full-time employment numbers, indicating continued job instability.

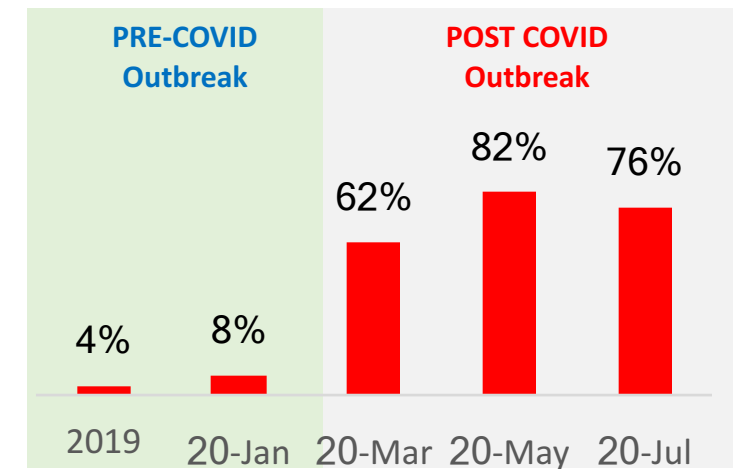
Index	Jan. 2020	May 2020	Jul 2020
Full time employed	82%	63%	70%
Positive Economic outlook	70%	6%	5%

## Economic Outlook

Though the negative outlook towards the economy has declined from 82% seeing the near future worse in May, July figures only show a slight up-tick of 6%, indicating a prolonged economic slump.



## View of Economy (worse than before)



# RISK PERCEPTION & CONSUMER SPEND

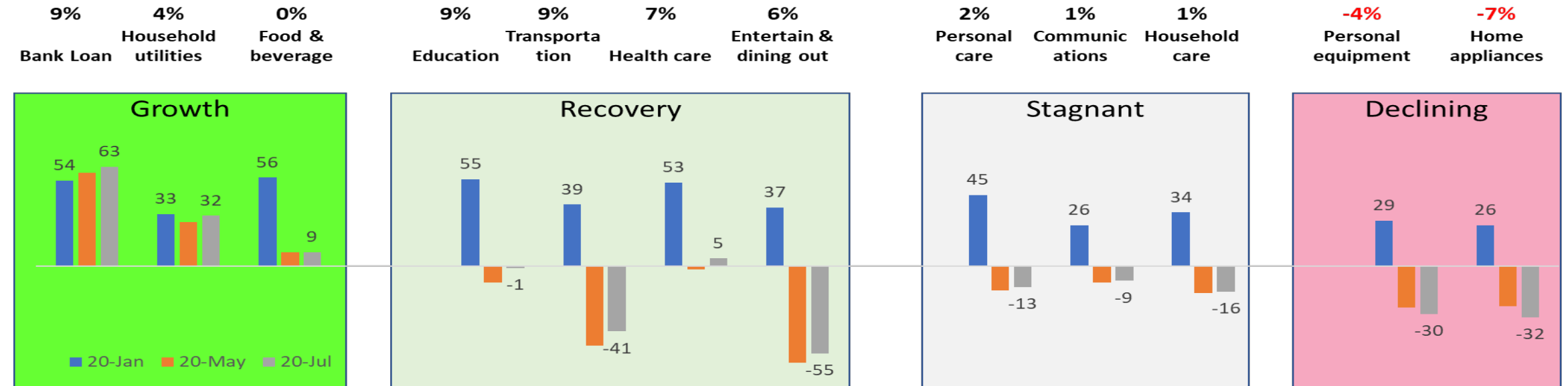
## Risk Perception

Consumers fears continue to be driven by negative risk of COVID-19's impact on Business , Infection, and Unemployment, with no change in the past 2 months. Hence, underlying fears will continue to dictate caution and reduced spend.

Jan 2020	%	July 2020	%
Environmental pollution	26%	Negative impact on Business	25%
Increased inflation	16%	Infection of COVID-19	21%
Unemployment	11%	Unemployment	17%

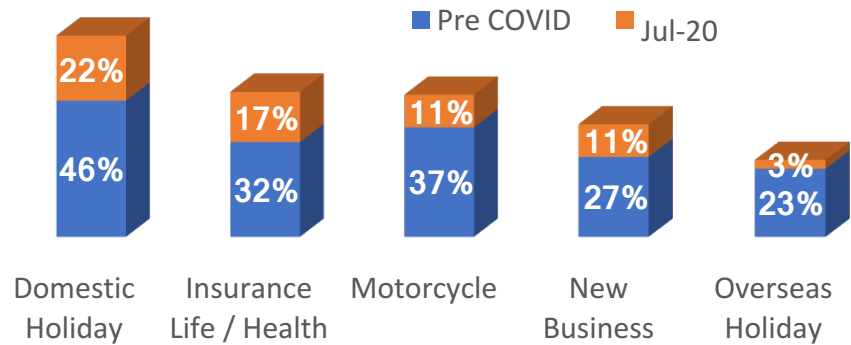
## Sector Spend Impact

Outside of Bank Loans and Utility spend, all other sectors are down substantially from pre-COVID spend. Food & beverage has stayed buoyant over the past few months, while some sectors show mild signs of recovery. The purchase of all electric devices continues to fall, as consumer only worry about essential spend.



# CONSUMER SPEND & AND ASSURANCES

Intent to purchase 2020



## Consumer spend Triggers

Consumers will start to spend more when they feel secure about their employment, salaries increase to pre-Covid levels and Government reassures Covid is over and Business performance spikes.

Interestingly, 8% will just reduce their spend outright by not buying these non-essentials.



## Non-essential spend

The single most important shift in consumer purchasing is the mass reduction in non-essential spend such as big ticket items (expensive 50 Million VND Plus). Prior to the COVID outbreak roughly 20% of all consumers were going to purchase big ticket items, which as of July has dropped to an aggregate of only 7% of those same consumers. Consumers are continuing to seek out safety, assurance and security and placing status and the esteem from owning status symbols in the rear view mirror, at least temporarily.

## Triggers to spend more

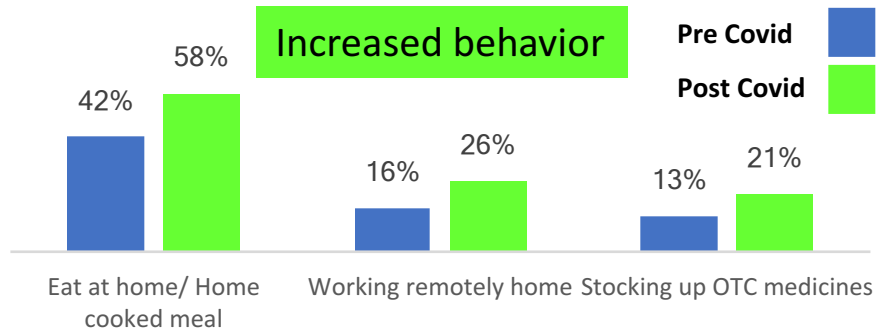
- I am confident my job is secure
- Salary increased to pre-COVID level
- Reassurance from the Government
- Significant increase in my business
- I see stronger macro-economic figures
- Nothing – do need to purchase anymore

I am confident my job is secure	62%
Salary increased to pre-COVID level	54%
Reassurance from the Government	47%
Significant increase in my business	39%
I see stronger macro-economic figures	25%
Nothing – do need to purchase anymore	8%

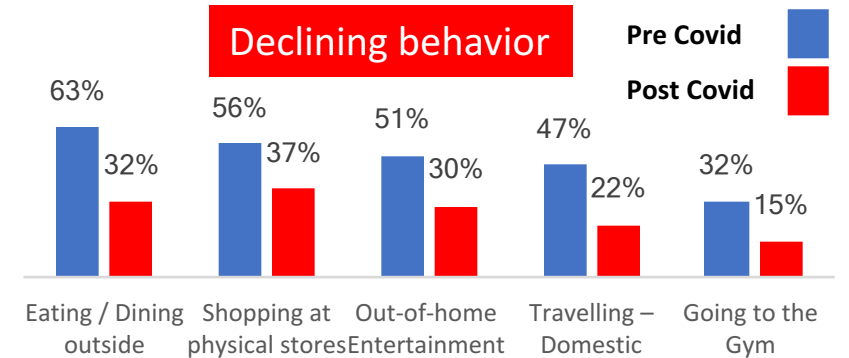
# CONSUMER BEHAVIOR SHIFTS & CHOICE ARCHITECTURE

## Consumer behavior changes with permanence

Consumer behavior has changed in the past seven months, though much of this change was reactive and is now more or less the same as before. However, some behavior seems to be here to stay, at least until our world is back to normal.

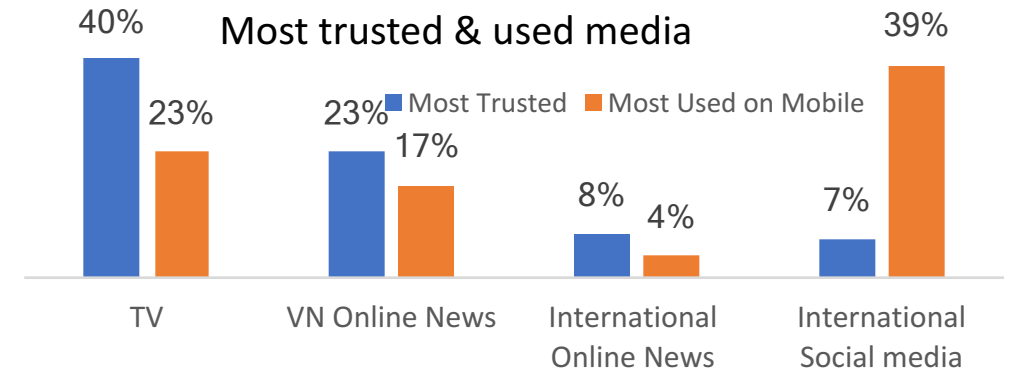
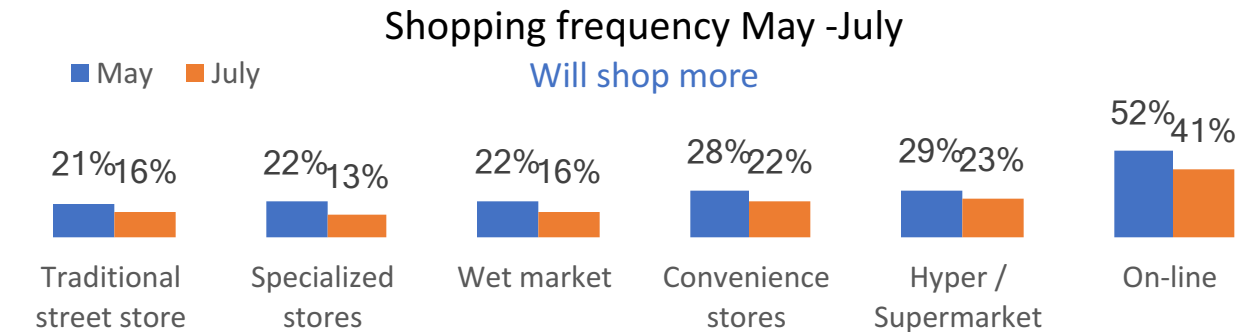


Eating, Working at Home & stocking Pharma Products are behaviors increasing and seem here to stay. In direct contrast, activities requiring connection to the outside world are in decline, indicating permanent shifts happening in Choice Architecture.



## Shopping & Media Consumption

All shopping channels are seeing a decline in use. During the height of the Pandemic, On-line usage shot up substantially, but is now also in decline, as consumers are spending less. TV is still the most trusted source, however, both International and VN Social media (Facebook, Zalo, YouTube, TikTok) are by far, the most consumed.



## METHODOLOGY

- IFM consumer confidence Index, has been ongoing since 2012. For this report, the sample utilized ranges between 9,000 to 1,000 respondents nation-wide and will be conducted again in Quarter 4.
- Quantitative – Self-completion by end consumers
- Using IFM Mobile Panel via smartphones data collection

## SAMPLE PLAN

Location	Sample
HCMC	248
Hanoi	252
2nd tier - cities	185
Rural / sub-Urban South	101
Rural / Sub-Urban Central	104
Rural / Sub-urban North	129
<b>Total</b>	<b>1,019</b>

SEC	Household Income bands	Total	Age	%
A	30,000,000 VND and more	23%	18-24	17%
B	20,000,001 - 30,000,000 VND	27%	25-34	47%
C	15,000,001 - 20,000,000 VND	23%	35-44	26%
D	10,000,001 - 15,000,000 VND	14%	45 Plus	9%

Sample error is 3-4% based on sample size per wave at 95% confidence level

Date	Sample	Gender	%
Dec 2018	3,567	Male	51%
Dec 2019	2,964	Female	49%
Mar 2020	502		
May 2020	1,023		
July 2020	1,019		
<b>Total</b>	<b>9,074</b>		



# This summary uses two fundamentals of behavioral science to provide insight into future Consumption

## Choice architecture

One of the primary focuses of behavioral-driven marketing is to design “choice architecture” - processes and communication that changes consumer behavior by nudging people in the direction of the marketer’s products or services. It is difficult to achieve and usually happens gradually over time. However, in the Covid-19 pandemic government action and societal pressure has drastically disrupted and rapidly transformed choice architecture almost overnight by taking some choices off the board (air travel, drinking in a bar) while promoting and even requiring other choices to be taken (using masks, cooking at home). It will be important to understand which behaviors will shift back to normal over time and which are likely to become part of longer term behavioral change. That will be partly driven by the perceived utility of new behavior (I really like e-payments now!) and also by the perception of risk.

## Risk perception

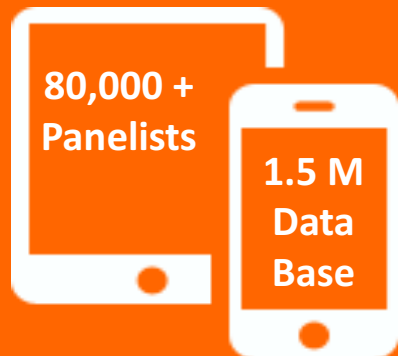
Risk perception is subjective and changes over time based as much on emotion as on actual facts. Decision making under a state of risk is invariably different than in normal times and generally leans toward making decisions that avoid loss rather than pursue gains. The Vietnam data shows a consumer population under the heavy influence of perceived economic and health risks. Health risk perception has been and likely will continue to influence decisions about public activities such as travel and in-person shopping, but may shift back to normal levels if Vietnam continues its success in managing the virus threat. Economic risks perception is influencing spending on big ticket items and may also change investment behavior as consumers become more risk averse and try to be better prepared for possible future calamity. The timescale of economic risk perception is not easy to predict as it will also be influenced by global and regional economic impacts and will also be felt very differently depending on social and income demographics.



## Agile

IFM Mobile / Panel

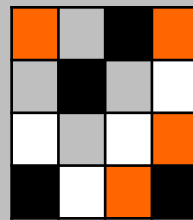
- Fast & Robust
- Cost effective
- Pre targeted consumers
- 3 Tier Q.C. Mechanism



## Accurate

Specialized Custom

- Full Range of Customized research
- From AD & Product testing to Qualitative FGD's, IDI's, Ethnography
- Using technology to max impact



## Actionable

Strategic Consulting

- Customer Experience & Design
- Market entry / feasibility
- Market Sizing / Risk assessment
- Competitor SWOT
- We focus on your business issues



## Advanced

Digital Ad RoI & Planning

- 250,000 Holistic Panel
- Planning software allows for TV / Digital Research Curve maximization
- Campaign Data norms
- Ideal for tracking Digital Campaigns



Wish to have the full report?

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