Vietnamese e-commerce through Covid-19 Opportunity or business as usual?

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Content

Vietnam E-commerce Overview

- The Covid-Effect

- Importance of Brands

- Case: Indonesia

- A Cashless Future for Vietnam

**YouGov is a data and analytics company
that collects consumer opinion and behavioral
data across the globe every day.**

We focus on bringing innovation and technology into the space of consumer data and research analytics.

Best Panel

10Mn panelists

Participate in YouGov panels worldwide

44 countries

Active, owned panels worldwide

75% re-engage

Our panelists come back and take multiple surveys

Best Data

40Mn+ surveys

Completed in 2019

11 years

Consistent historical data on brands

1m+ variables

Panelist characteristics worldwide

Best Tools

CRUNCH.IO

Cloud-based analytics, cross-tabs, and dashboards
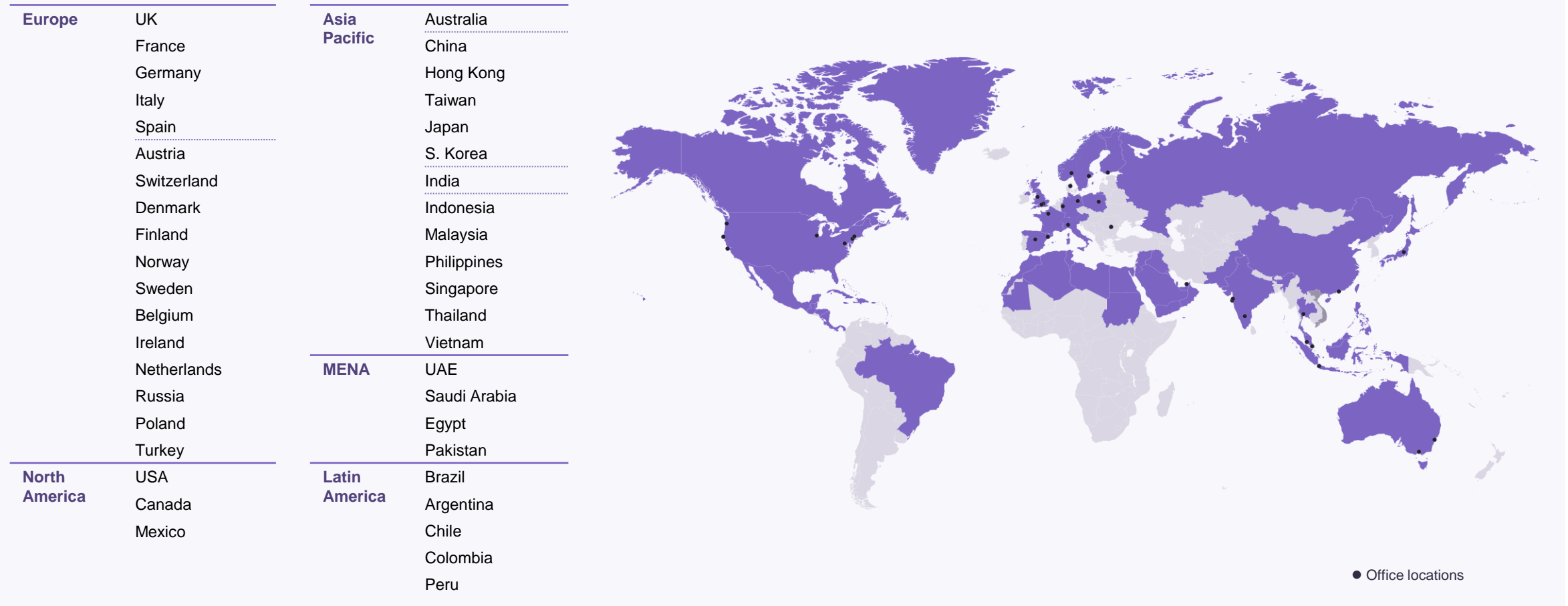
YouGovCube

Single-Source, Integrated Database

YouGov20/20

Brand tracking syndicated dashboard

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Our online panel scales across all major global markets.

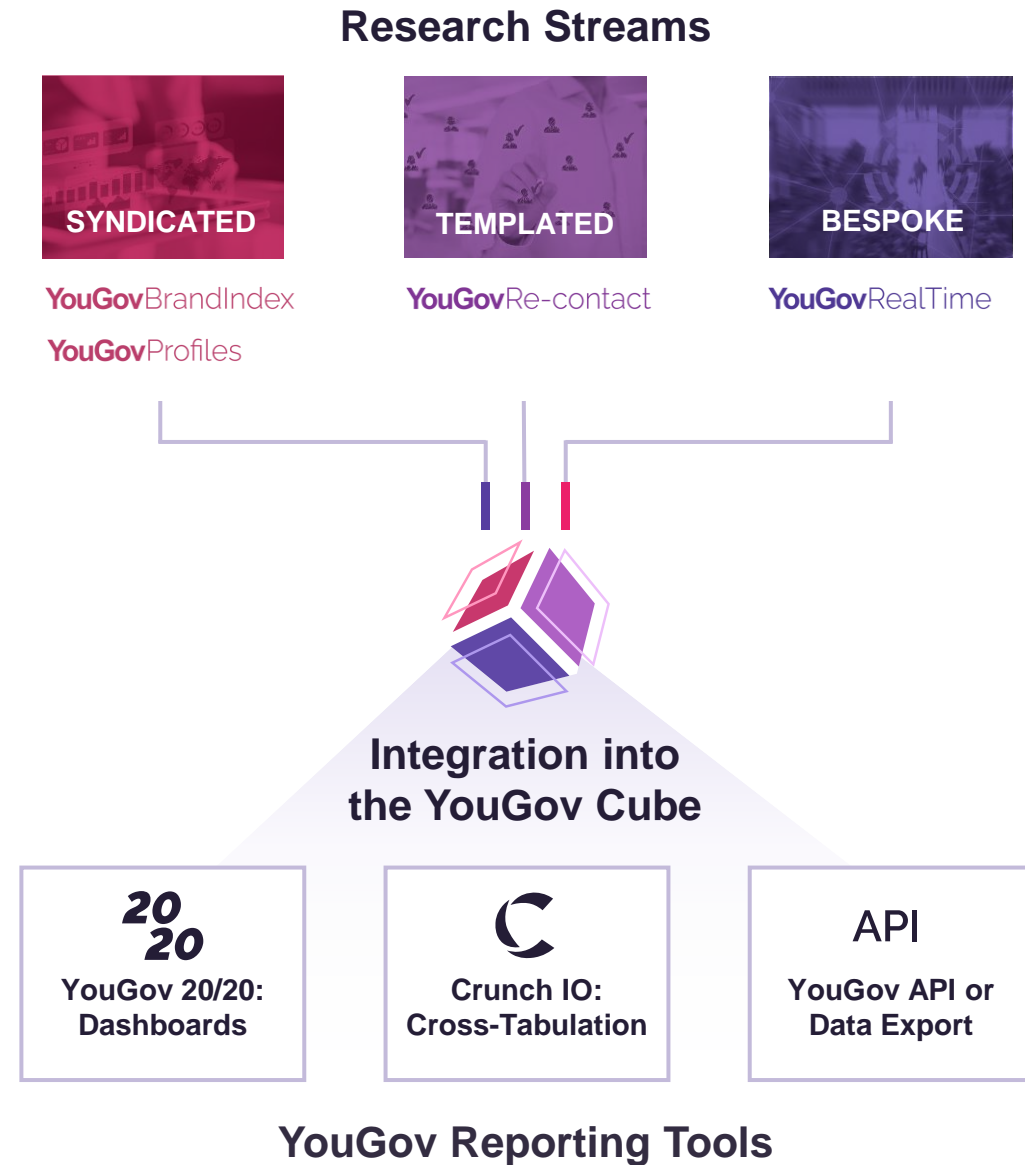YouGov has nearly 10 million panelists worldwide across 45 countries.

Global Footprint of YouGov Panels

Europe		Asia Pacific	
	UK		Australia
	France		China
	Germany		Hong Kong
	Italy		Taiwan
	Spain		Japan
	Austria		S. Korea
	Switzerland		India
	Denmark		Indonesia
	Finland		Malaysia
	Norway		Philippines
	Sweden		Singapore
	Belgium		Thailand
	Ireland		Vietnam
	Netherlands	**MENA**	
	Russia		UAE
	Poland		Saudi Arabia
	Turkey		Egypt
North America			Pakistan
	USA	**Latin America**	
	Canada		Brazil
	Mexico		Argentina
			Chile
			Colombia
			Peru

● Office locations

YouGov's Connected Data integrates in the Cube, then powers our user-friendly data analytic and visualization tools.

[Download](#) the report for free

CONNECTED RESEARCH
DATA SYSTEMS AND
THE YOUGOV CUBE

yougov.com

Research Streams

SYNDICATED

TEMPLATED

BESPOKE

YouGovBrandIndex

YouGovRe-contact

YouGovRealTime

YouGovProfiles

Integration into the YouGov Cube

20 20	C	API
YouGov 20/20: Dashboards	**Crunch IO: Cross-Tabulation**	**YouGov API or Data Export**

YouGov Reporting Tools

YouGovProfiles

Our 360° <u>syndicated audience profiling and segmentation solution</u> which allows you to understand who people are, based on variables we collect from our panellists.

16,000 annual interviews.

YouGovBrandIndex
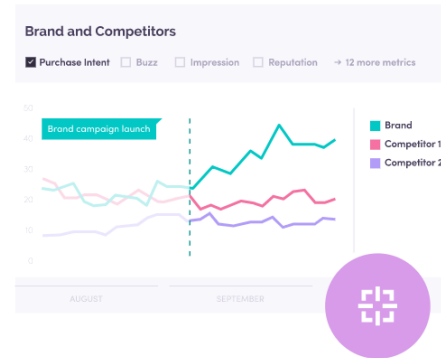
Our flagship <u>syndicated brand tracker</u> that allows you to understand how your brand is being perceived on a continuous daily basis, based on a set of 16 key brand metrics.

43,800 annual interviews.

YouGovRealTime
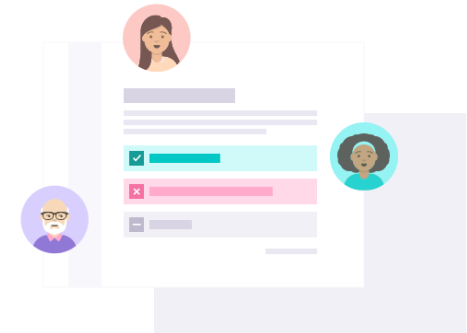
Our <u>ad-hoc solution</u> that allows you to <u>ask your questions</u> to a set of audiences (representative or targeted) to better understand their responses to that set of proprietary questions.

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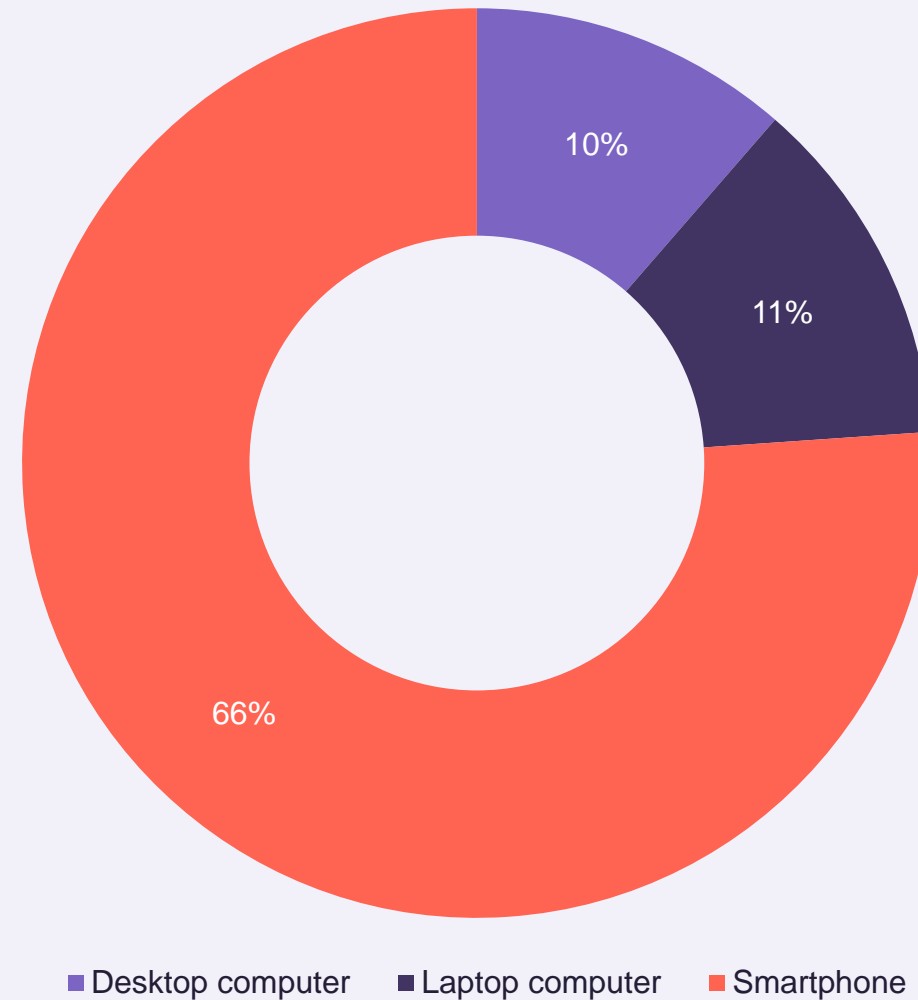# We are tracking multi brands in the digital economy

Vietnam E-commerce Overview

39%

of the online population shop online at least once a week

Category	Value
Never	2%
Less often	21%
Once a month	10%
Several times a month	26%
Once a week	11%
Several times a week	18%
Once a day	4%
More than once a day	6%

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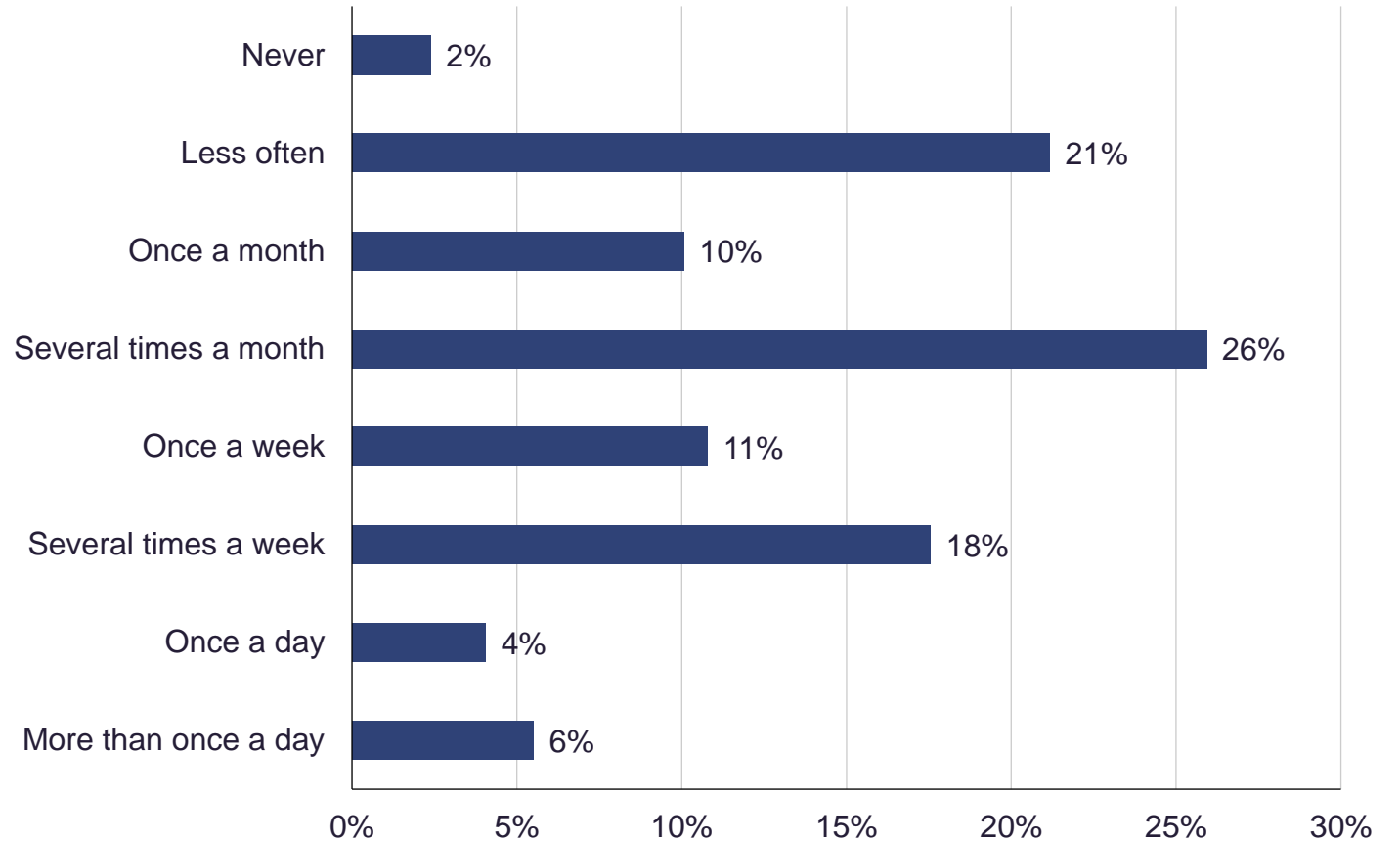
Smartphone is the dominant device for online access

10%

11%

66%

- Desktop computer
- Laptop computer
- Smartphone

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Where Vietnamese customers turn to for online shopping:

Brand.com

Marketplace

Social commerce

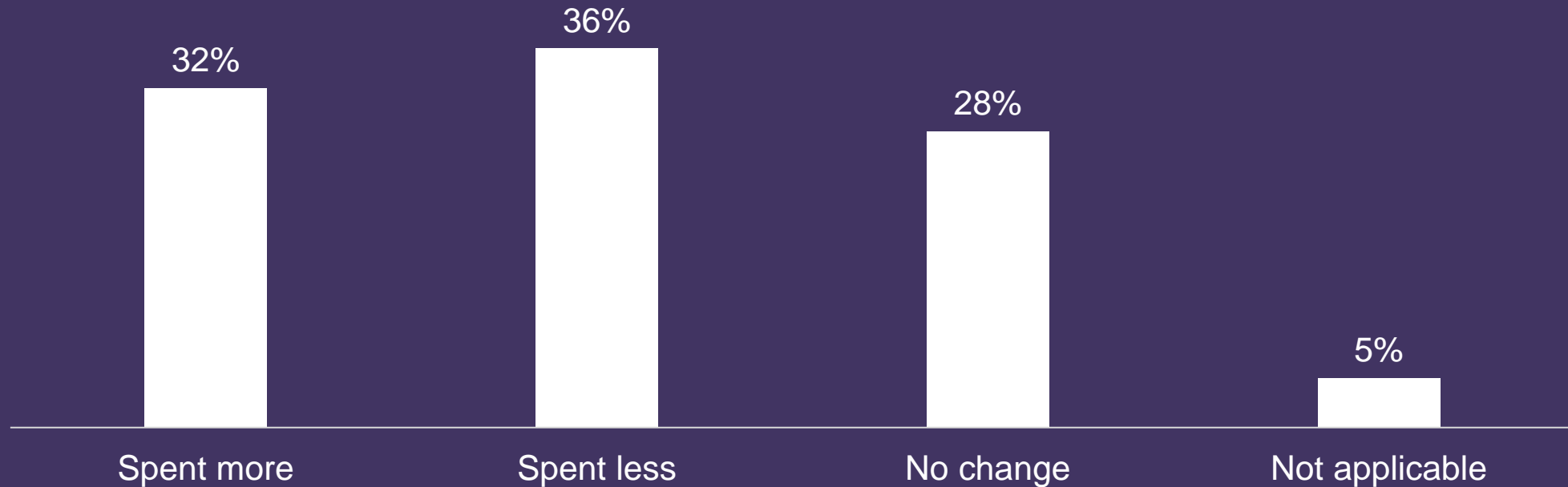# Marketplace commands a strong lead over Social Commerce

48% Shopee
28% Lazada
19% Tiki
15% Facebook
4% Instagram

YouGov
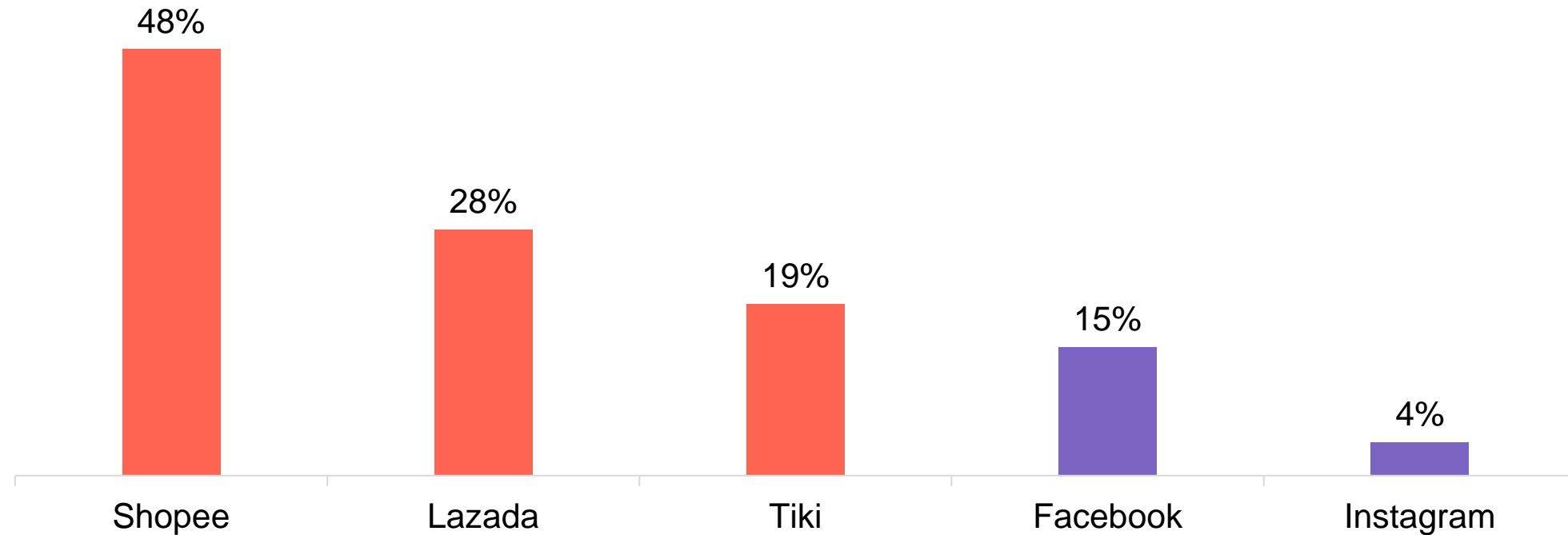
However, Social Commerce holds a stronger position in rural Vietnam. Lazada holds opportunity with the best urban/rural balance
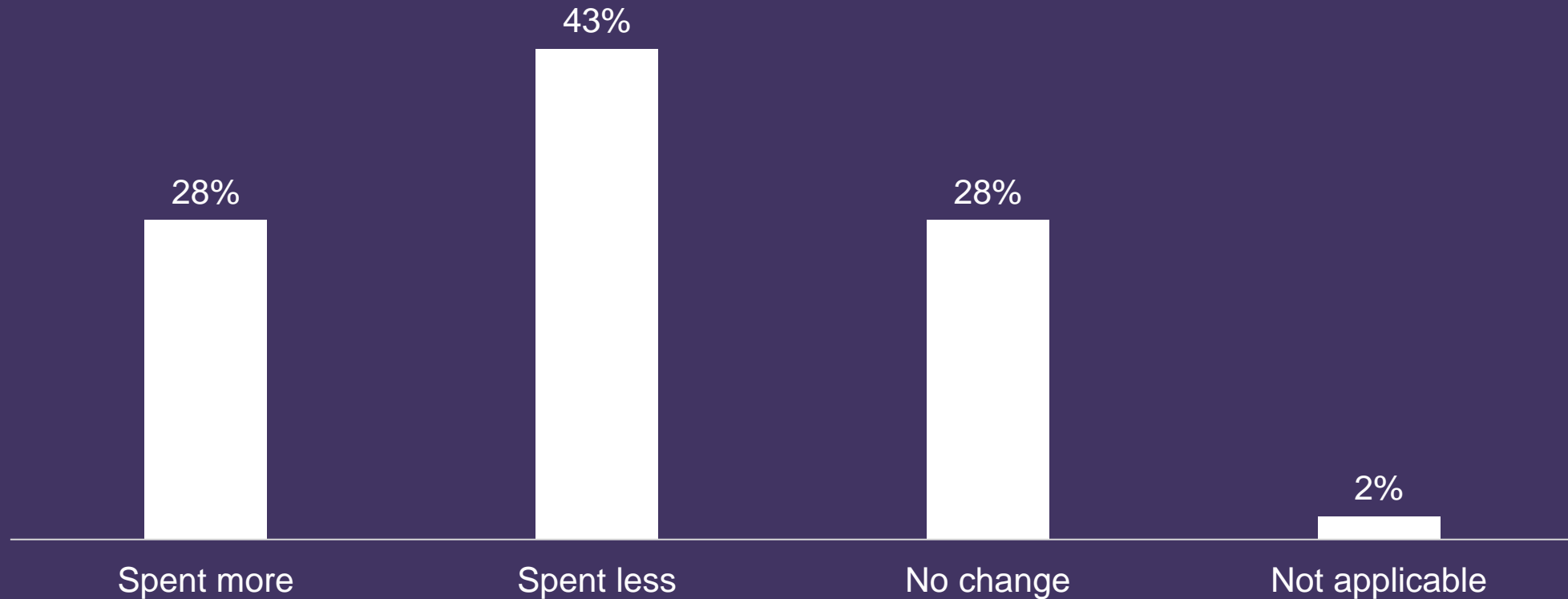

	Shopee	Lazada	Tiki	Facebook	Instagram
Urban	50%	28%	21%	13%	4%
Rural	43%	27%	17%	18%	2%

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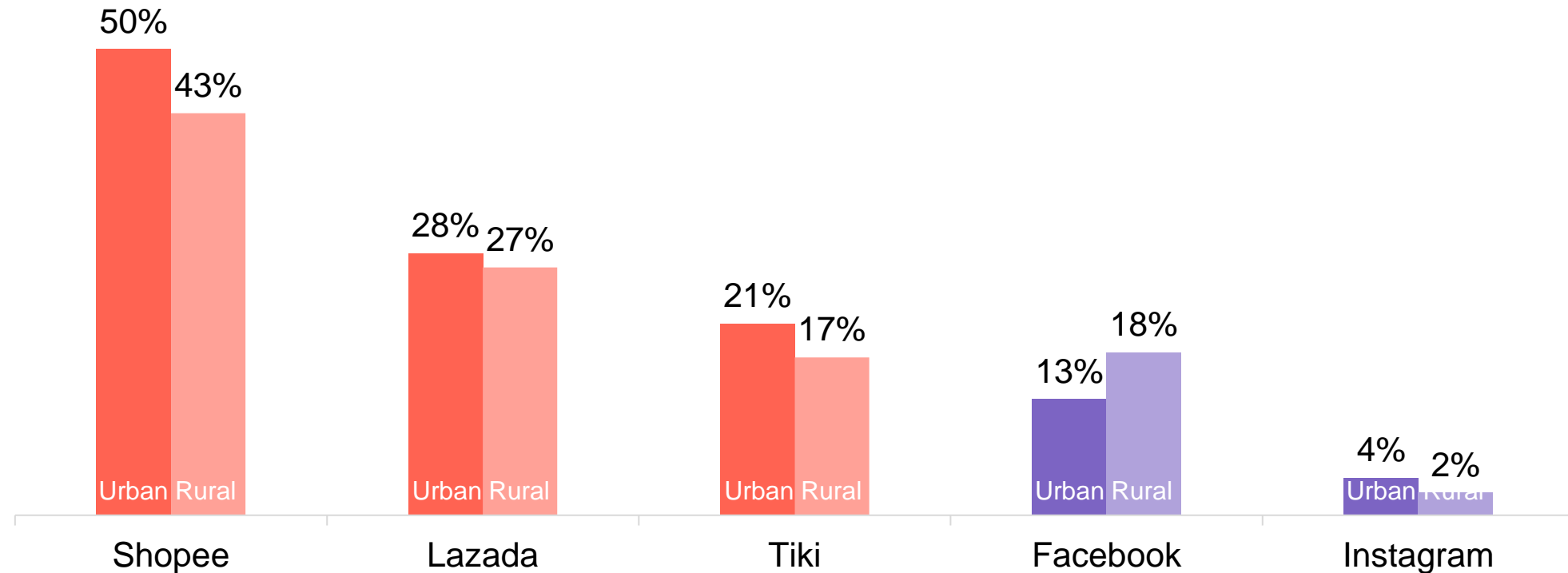
Did "Covid-shopping" boost Vietnamese e-commerce?

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Spending in online retail saw a modest spike

Spent more	Spent less	No change	Not applicable
32%	36%	28%	5%

And managed to outperform the general drop that was seen in physical spending

43%

28%

28%

2%

Spent more   Spent less   No change   Not applicable

Consequently, e-commerce adoption in Vietnam saw an increase during Covid-19 but it was less drastic than in most countries

Usage of e-commerce before, during and after Covid-19 lockdown, indexed to pre-Covid 19 levels
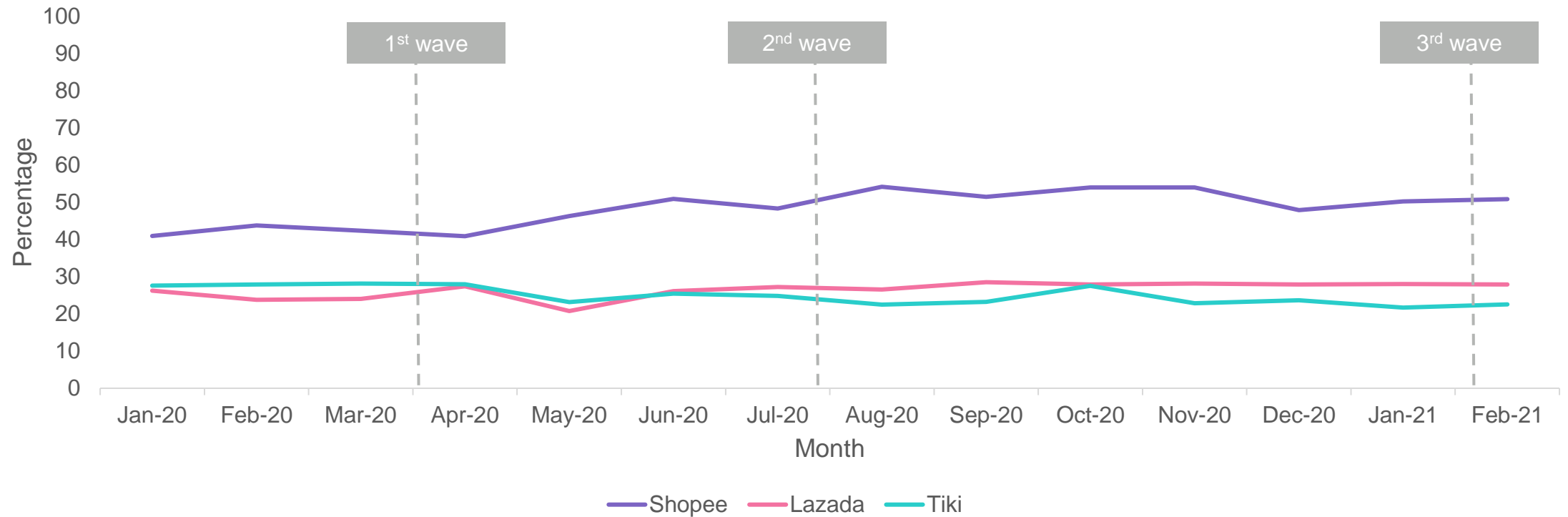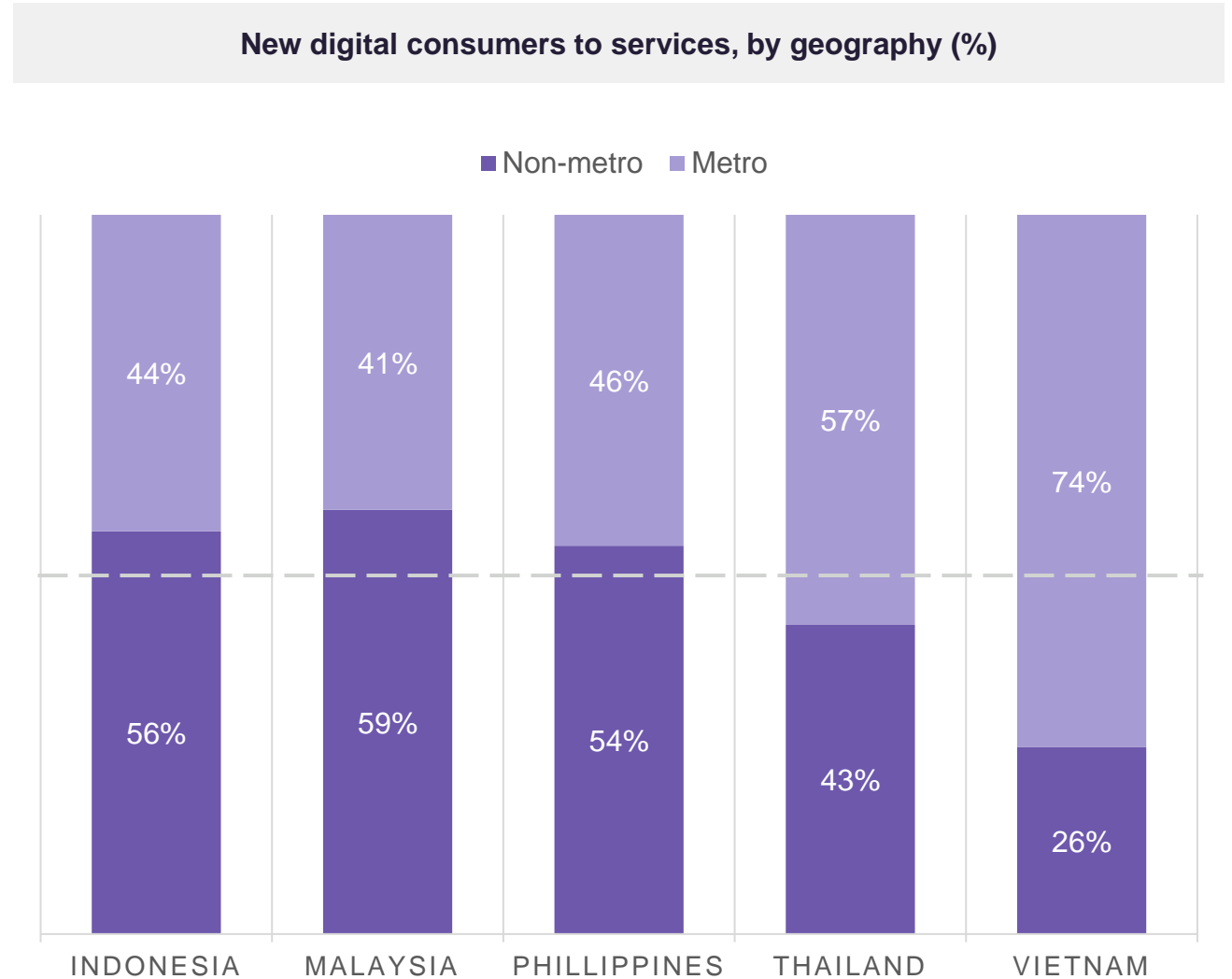

	INDONESIA	MALAYSIA	PHILLIPPINES	SINGAPORE	THAILAND	VIETNAM
Before	1	1	1	1	1	1
During	2.1	1.9	2	1.8	1.6	1.4
After	1.7	1.5	1.6	1.2	1.4	1.2

■ Before ■ During ■ After

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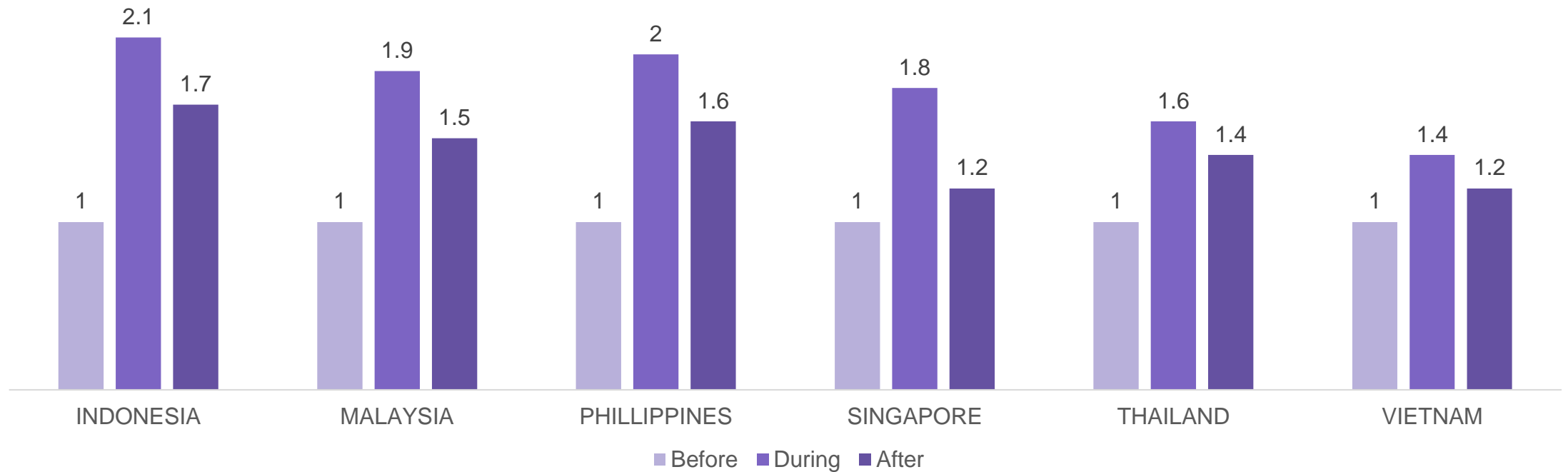
Top players were largely unaffected by lockdown

During COVID-19 in Vietnam, Shopee was the only e-commerce brand seeing a growth in customer base

Shopee, Tiki & Lazada – Current Customers (%)

1st wave
2nd wave
3rd wave

Shopee — Lazada — Tiki

In Vietnam, the new digital consumers came from urban area

New digital consumers to services, by geography (%)

■ Non-metro ■ Metro

	INDONESIA	MALAYSIA	PHILLIPPINES	THAILAND	VIETNAM
Metro	44%	41%	46%	57%	74%
Non-metro	56%	59%	54%	43%	26%

Source: e-Conomy SEA 2020 report, Google, Temasek and Bain & Company

As consumers turn to online shopping as an alternative, e-commerce revenue in Vietnam is expected to grow at a double-digit rate similar to the trend in SEA
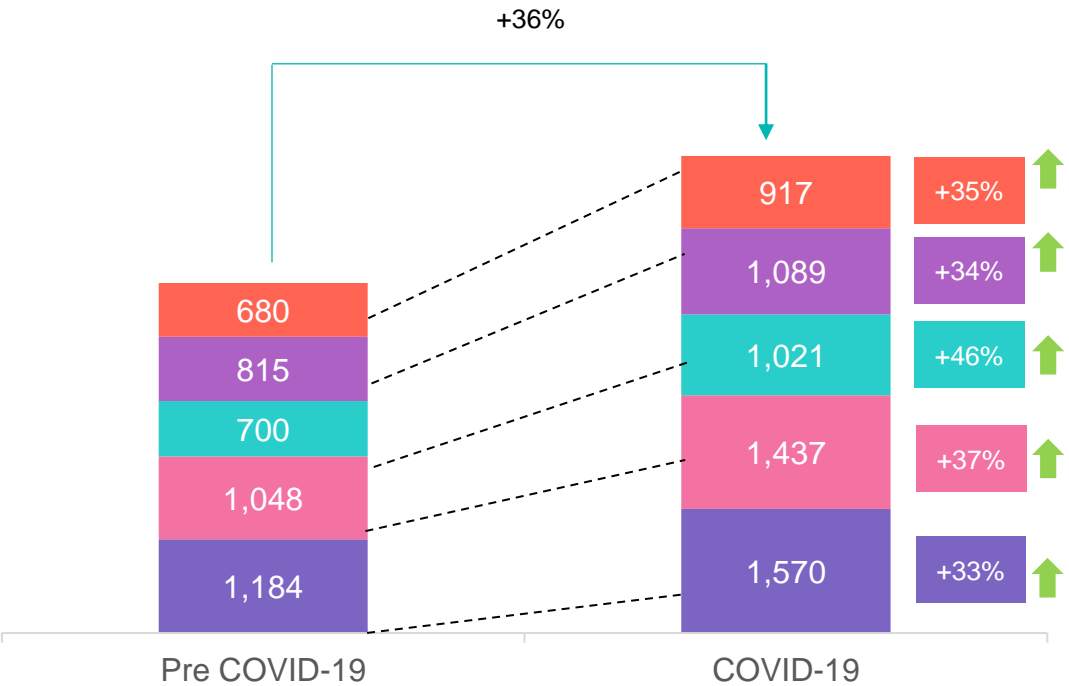
Vietnam e-commerce revenue forecast 2020 (million US$)

+36%

Pre COVID-19: 4,427
COVID-19: 6,034

SEA e-commerce revenue forecast 2020 (million US$)

+44%

Pre COVID-19: 37,858
COVID-19: 54,677
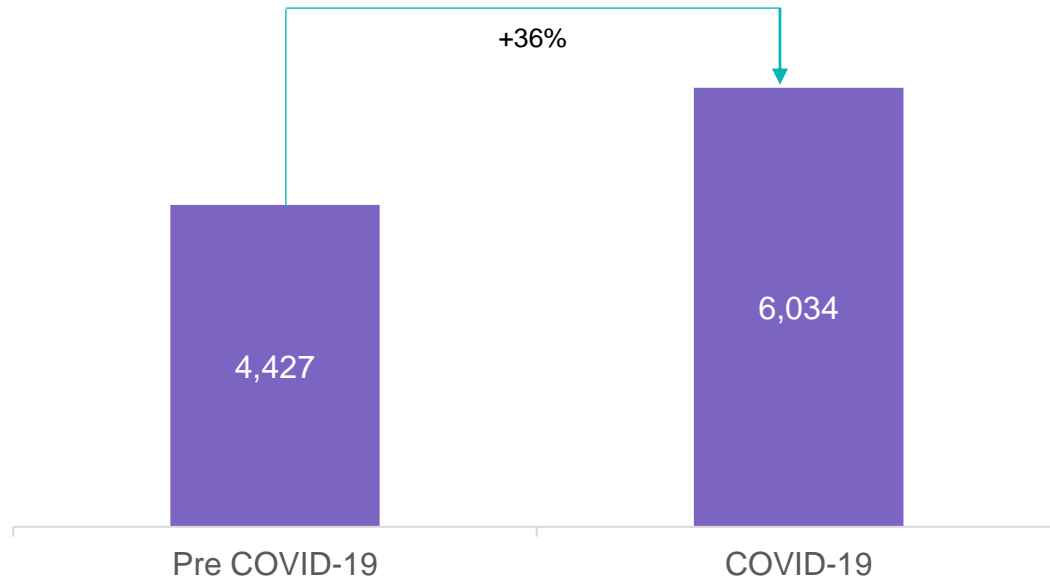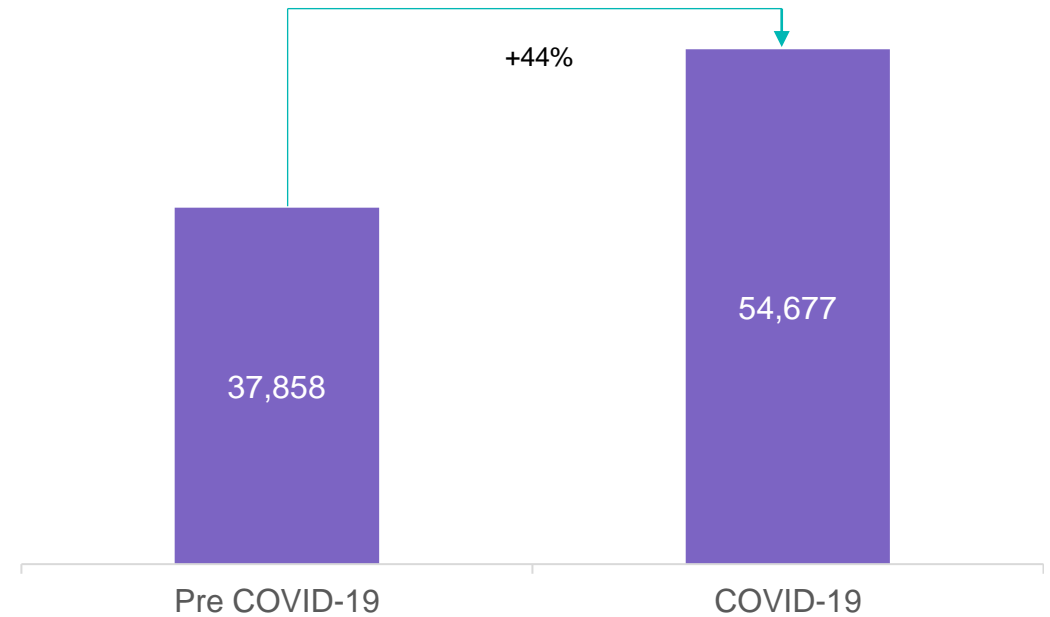
Turning to categories in Vietnam, all are expected to experience gains during the pandemic, but at a slower pace than the region

## Vietnam e-commerce revenue forecast 2020 (million US$)

+36%

Pre COVID-19	COVID-19	
680	917	+35% ⬆
815	1,089	+34% ⬆
700	1,021	+46% ⬆
1,048	1,437	+37% ⬆
1,184	1,570	+33% ⬆

SEA e-commerce revenue forecast 2020 (million US$)

+44%

Pre COVID-19	COVID-19	
5,888	8,523	+45% ⬆
5,583	7,987	+43% ⬆
6,040	9,639	+60% ⬆
10,124	14,764	+46% ⬆
10,223	13,764	+35% ⬆

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■ Electronics & Media   ■ Fashion   ■ Food & Personal Care   ■ Furniture & Appliances   ■ Toys, Hobby & DIY

23

Source: Vietnam & SEA Digital Market Outlook 2020, Statista.
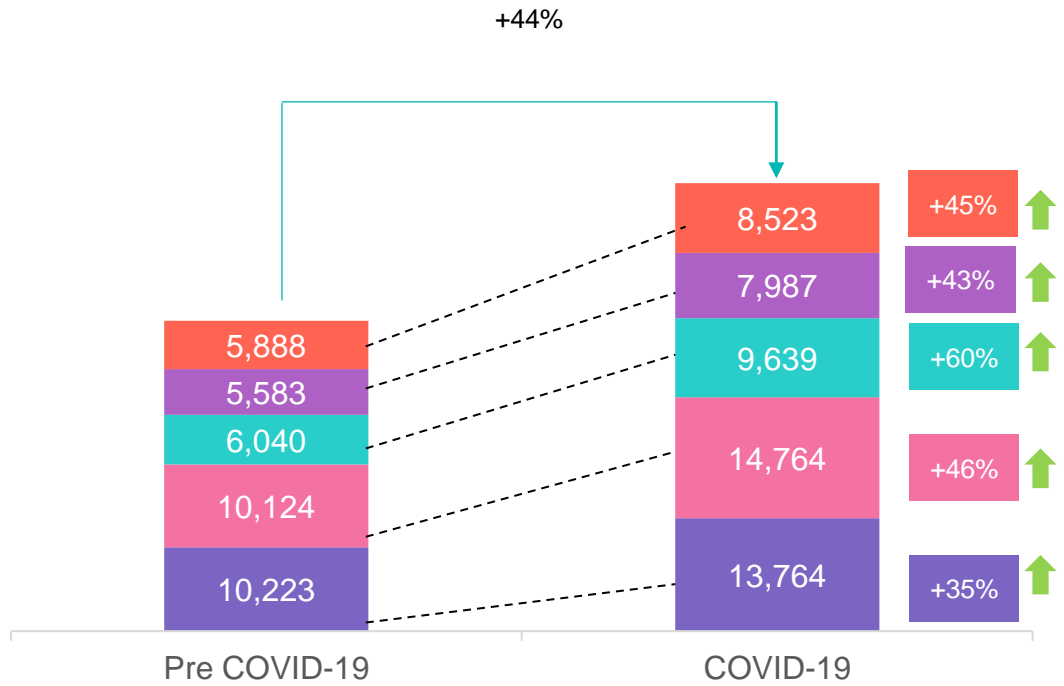
Unlike other countries in SEA, COVID-19 in Vietnam was less severe. The short lockdown duration means online groceries shopping and in-house entertainment were only temporary. Hence, those segments' growth rates were much less than SEA's

Covid-19 daily new cases (7-day moving average)

Indonesia

Malaysia

Philippines

Singapore

Thailand
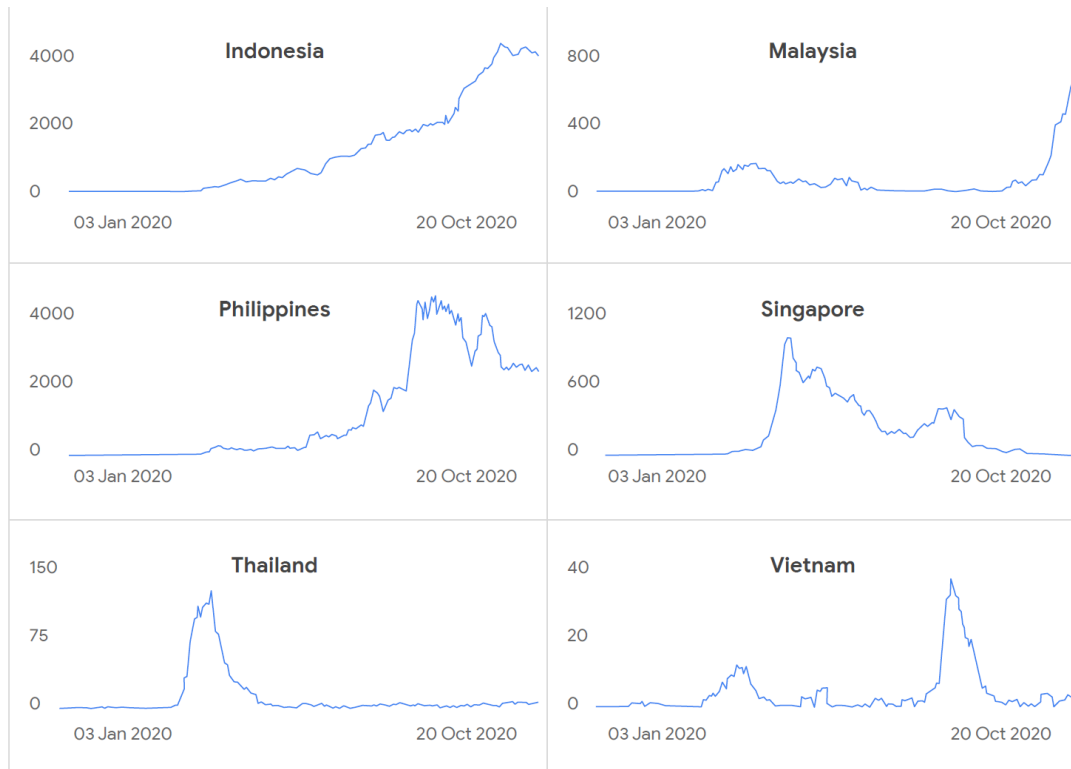
Vietnam

E-commerce segments' growth rate (%)

■ Vietnam ■ SEA

Food & Personal Care	Toys, Hobby & DIY
46% / 60%	37% / 45%
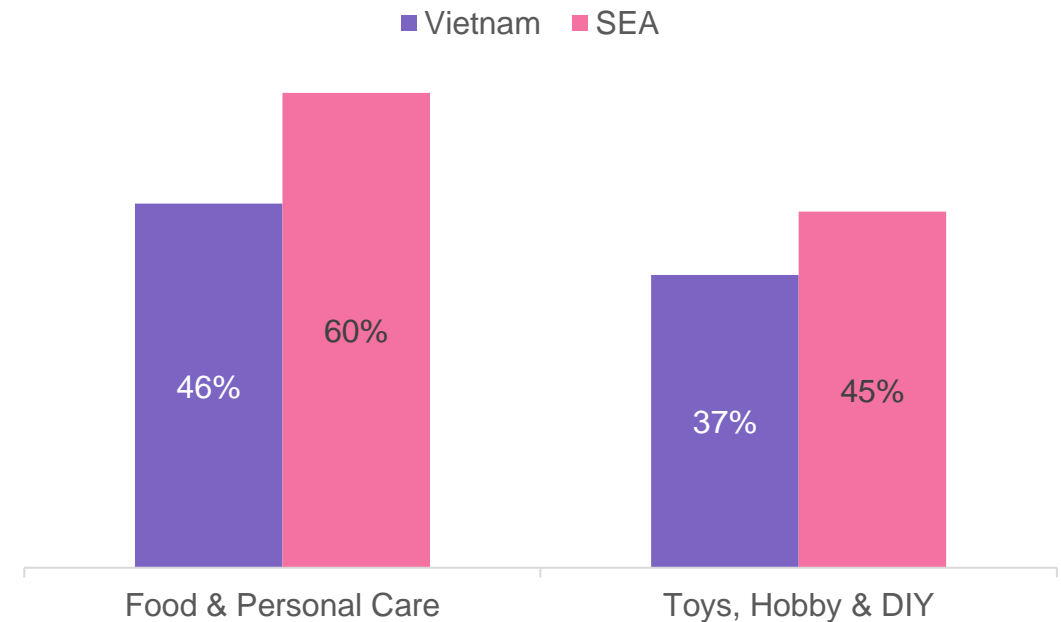
However, COVID-19 was a perfect occasion to launch groceries and fresh food category on e-commerce marketplaces in Vietnam

As a result, Food category became the biggest winner during the pandemic, exceeding the growth of all other segments

E-commerce Growth by Segments

Legend:
- Electronics & Media
- Fashion
- Food & Personal Care
- Furniture & Appliances
- Toys, Hobby & DIY

X-axis: 2018, 2019, 2020
Y-axis: 0, 10, 20, 30, 40, 50, 60
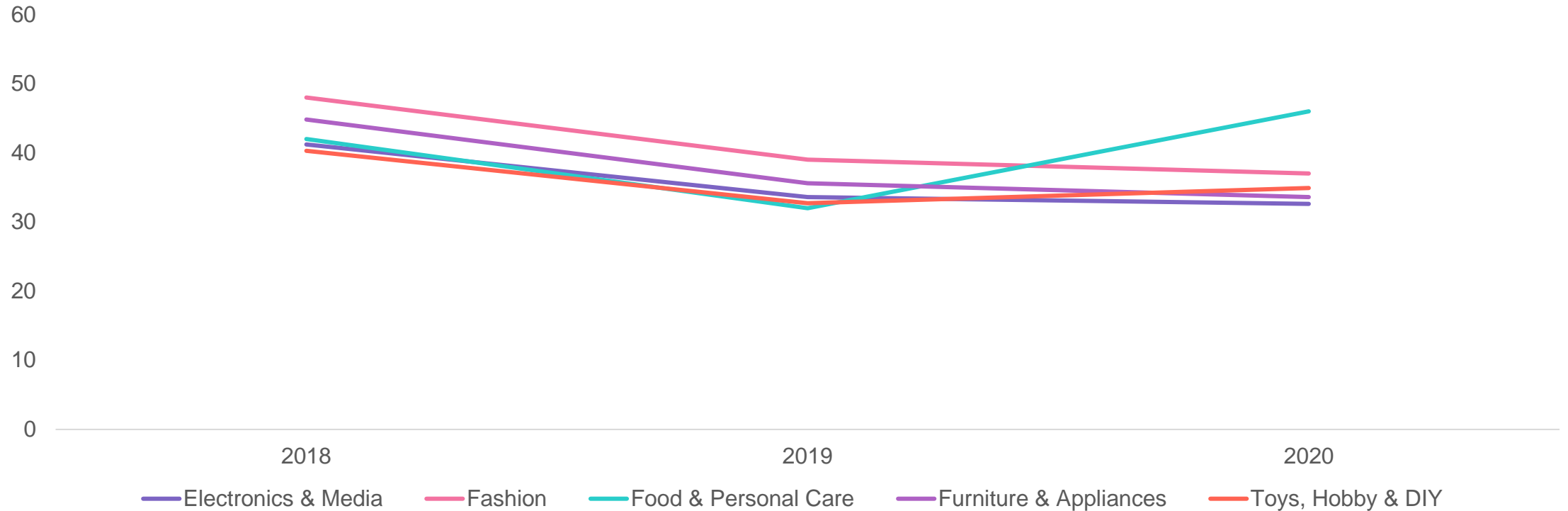
Now,
let's turn to the brands

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Investing in <u>user acquisition</u> can be short-sighted

Investing in building a <u>strong brand asset</u> is a long-term investment

Last November, YouGov launched its **Global Best Brands 2020 rankings**

4 of the top 10 Best Brands are major e-commerce platforms and retailers

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BEST
BRANDS
2020
VIETNAM

Top Ranked

1st Vietnam Airlines

YouGov

BEST
BRANDS
2020
VIETNAM

Top Ranked

2nd Samsung

YouGov

BEST
BRANDS
2020
VIETNAM

Top Ranked

3rd Thế giới di động

YouGov

BEST
BRANDS
2020
VIETNAM

Top Ranked

4th Hảo Hảo

YouGov

BEST
BRANDS
2020
VIETNAM

Top Ranked

5th Panasonic

YouGov

BEST
BRANDS
2020
VIETNAM

Top Ranked

6th Tiki.vn

YouGov

BEST
BRANDS
2020
VIETNAM

Top Ranked

7th Shopee

YouGov

BEST
BRANDS
2020
VIETNAM

Top Ranked

8th Omachi

YouGov

BEST
BRANDS
2020
VIETNAM

Top Ranked

9th Kinh Do

YouGov

BEST
BRANDS
2020
VIETNAM

Top Ranked

10th Điện máy xanh

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Similarly, e-commerce platforms and retailers take over half of top 10 Improvers, with Shopee coming out on top

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BEST BRANDS 2020 VIETNAM

Top Improver

1st Shopee

YouGov

BEST BRANDS 2020 VIETNAM

Top Improver

2nd Lifebuoy

YouGov

BEST BRANDS 2020 VIETNAM

Top Improver

3rd MoMo

YouGov

BEST BRANDS 2020 VIETNAM

Top Improver

4th ViettelPay

YouGov

BEST BRANDS 2020 VIETNAM

Top Improver

5th AirPay

YouGov

BEST BRANDS 2020 VIETNAM

Top Improver

6th Bách Hóa Xanh

YouGov

BEST BRANDS 2020 VIETNAM

Top Improver

7th Hảo Hảo

YouGov

BEST BRANDS 2020 VIETNAM

Top Improver

8th Concung

YouGov

BEST BRANDS 2020 VIETNAM

Top Improver

9th UNIQLO

YouGov

BEST BRANDS 2020 VIETNAM

Top Improver

10th Tiki.vn

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Our rankings is based on the BrandIndex score, which derives from six different metrics

Impression

A measurement of whether consumers have a positive or negative impression of the brand

Corporate Reputation

Would consumers be proud to work for a particular brand?

Value

Which brands represent poor or good value for money?

YouGovBrandIndex

Index score is a derived net score of 6 Brand Health metrics

Quality

Which brands represent poor or good quality?

Customer Satisfaction

Identify if consumers are satisfied with the brand

Recommend

Brands that consumers would recommend to or tell others to avoid

Top e-commerce players see continuous brand health growth

Top 3 e-commerce Players – Aggregate Index Score (Lazada, Tiki, Shopee)

33.3
32.0
29.7   29.8
27.4   27.8

Q2 2019   Q3 2019   Q4 2019   Q1 2020   Q2 2020   Q3 2020

—●— Index Score

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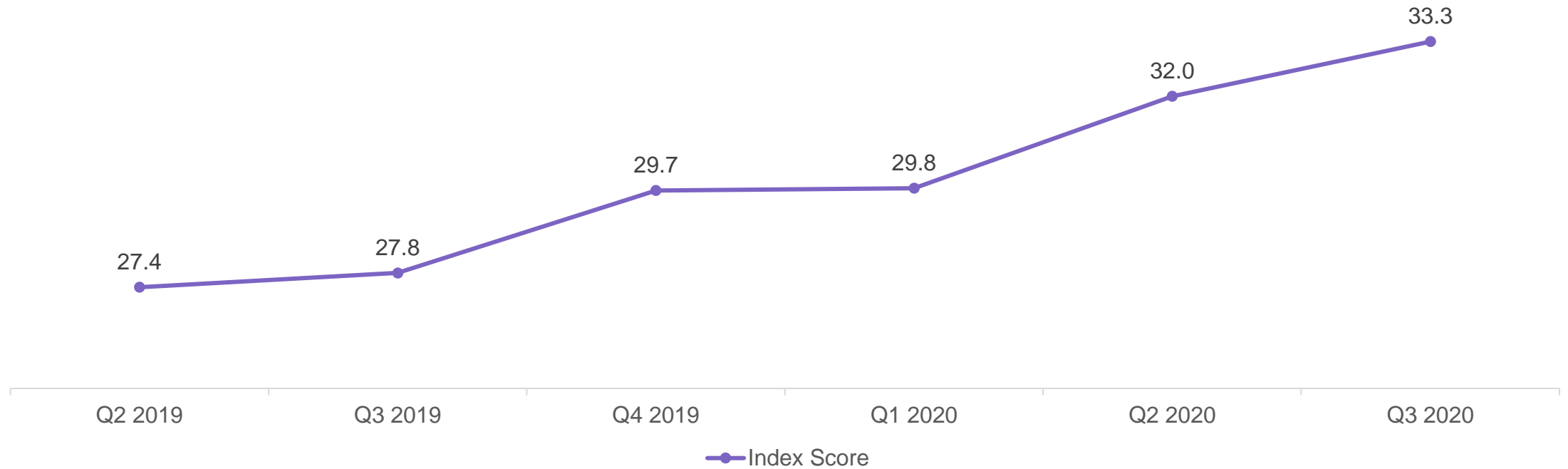
However, their brand health remains low compared to their Singapore sister-sites despite having similar market penetration

Singapore vs. Vietnam – BrandIndex Score (Net) and Current Customers (%)		
Brand Name	**BrandIndex Score**	**Current customers**
Shopee (SG)	**45.5**	50.3
Shopee (VN)	**38.5**	48.2
Tiki (VN)	30.0	19.4
Lazada (SG)	**29.3**	26.5
Lazada (VN)	**22.6**	27.8

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Source: YouGov BrandIndex

Lazada and Shopee in Singapore are further in establishing themselves predominently in Value and Satisfaction
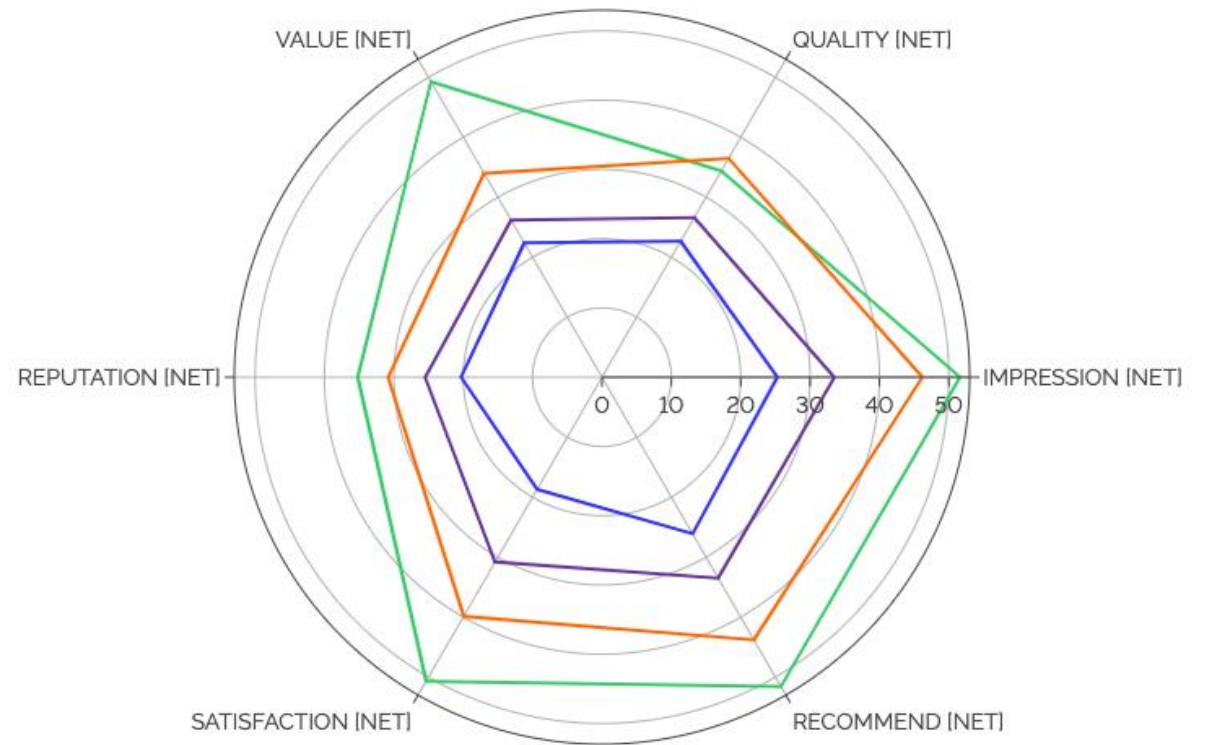
Case: Indonesia

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E-commerce players rely heavily on advertising to compete for a place in customers' consideration set, but they must not forget the role of earned WOM exposure in building consideration

Shopee, Tiki & Lazada – WOM Exposure vs. Overall Ad Awareness

Shopee (VN)
Ad Awareness [% Yes]
WOM Exposure [% Yes]
Consideration [% Yes]

Tiki (VN)
Ad Awareness [% Yes]
WOM Exposure [% Yes]
Consideration [% Yes]

Lazada (VN)
Ad Awareness [% Yes]
WOM Exposure [% Yes]
Consideration [% Yes]

Size of bubble = Brand Consideration (%)
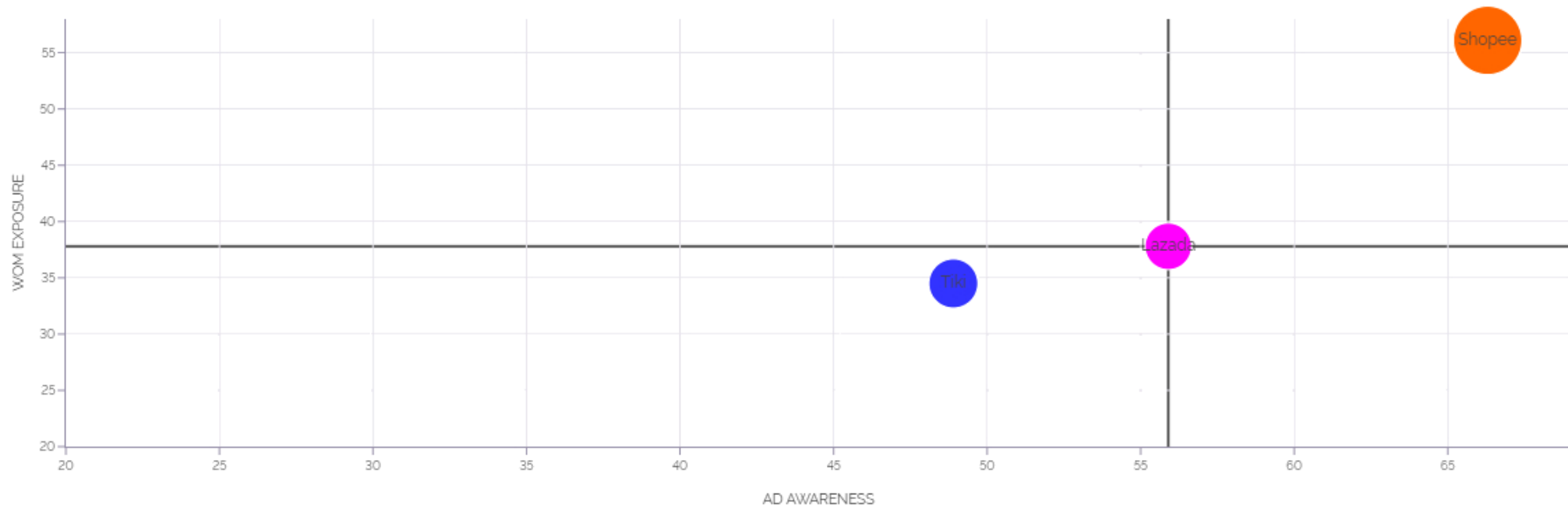
In mature markets such as Indonesia, the biggest players are clearly ones who have the highest ad awareness and WOM exposure

Indonesian top e-commerce players – WOM Exposure vs. Overall Ad Awareness (%)

Shopee

Tokopedia

Lazada

Bukalapak

Blibli

WOM EXPOSURE

AD AWARENESS

38

Source: YouGov BrandIndex
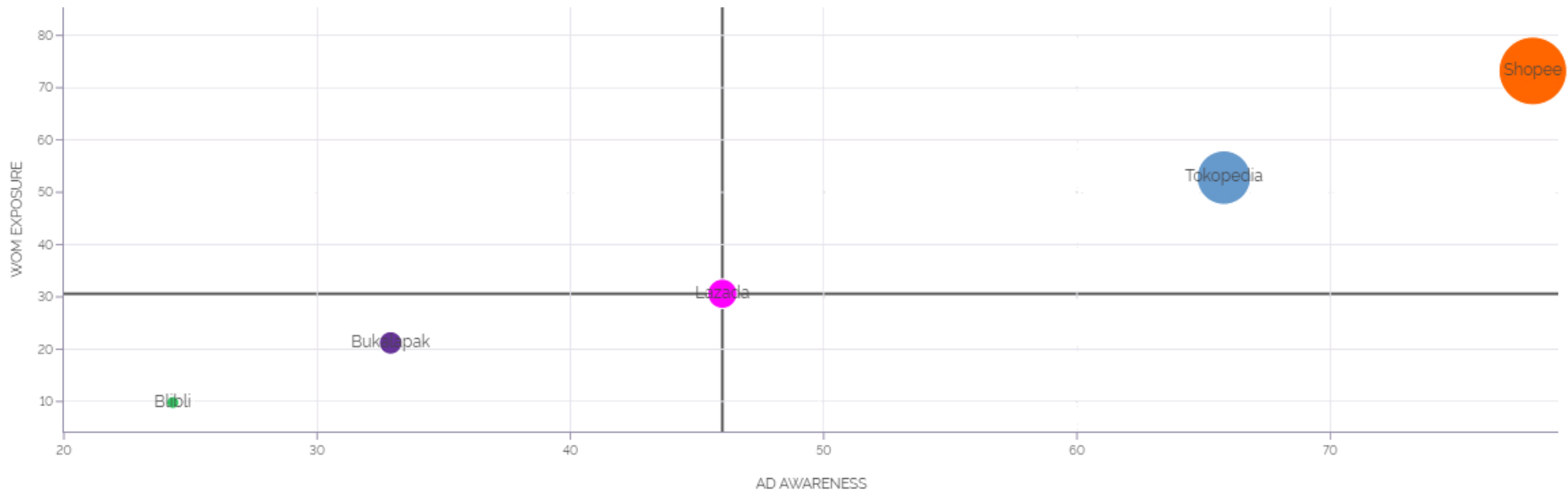
Whether customers will spread their WOM highly depends on the brand health metrics - quality and value

(ID & VN) Top e-commerce players – Quality vs. Value for money (% positives)

Legend:
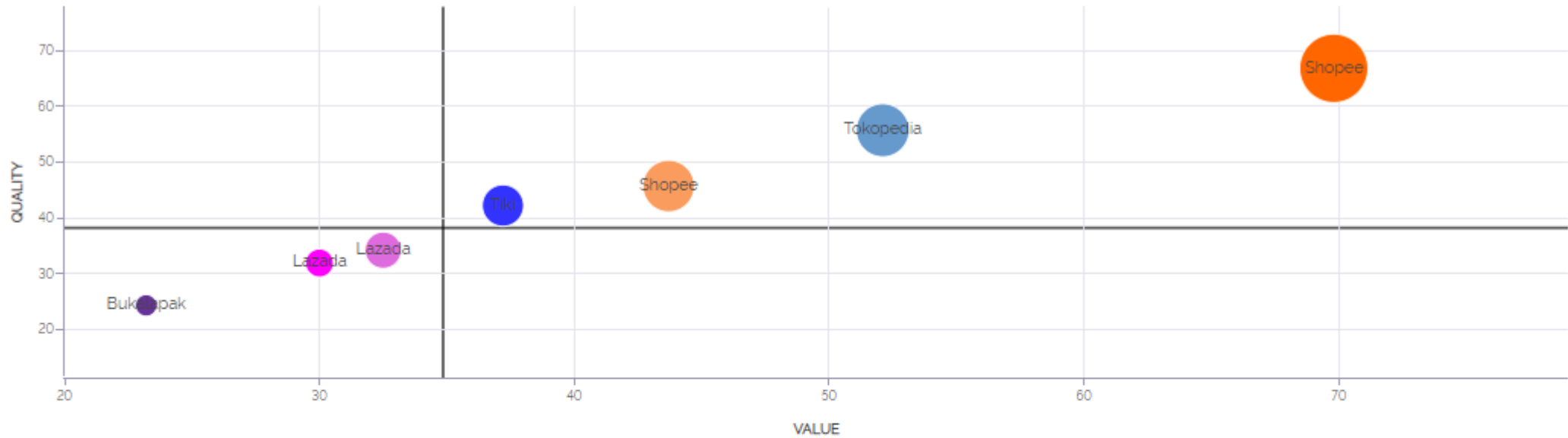
- Shopee (ID)
  Value [% Positives]
  Quality [% Positives]
  Recommend [% Positives]
- Lazada (ID)
  Value [% Positives]
  Quality [% Positives]
  Recommend [% Positives]
- Tokopedia (ID)
  Value [% Positives]
  Quality [% Positives]
  Recommend [% Positives]
- Bukalapak (ID)
  Value [% Positives]
  Quality [% Positives]
  Recommend [% Positives]
- Blibli (ID)
  Value [% Positives]
  Quality [% Positives]
  Recommend [% Positives]
- Shopee (VN)
  Value [% Positives]
  Quality [% Positives]
  Recommend [% Positives]
- Tiki (VN)
  Value [% Positives]
  Quality [% Positives]
  Recommend [% Positives]
- Lazada (VN)
  Value [% Positives]
  Quality [% Positives]
  Recommend [% Positives]

Size of bubble = Recommend (% Positives)

In Vietnam, Tiki started 2020 with a strong customers' perception toward good value for money, but lost to Shopee in the second half of the year

(VN) Shopee, Lazada & Tiki – Value for money (% positives)

Which of the following E-commerce/ M-commerce websites do you think represents GOOD VALUE FOR MONEY? By that we don't mean 'cheap,' but that the E-commerce/ M-commerce websites offer a customer a lot in return for the price paid.

Legend:
- Shopee (VN) Value [% Positives]
- Lazada (VN) Value [% Positives]
- Tiki (VN) Value [% Positives]

Chart values:

Date	Shopee	Lazada	Tiki
1 JAN 20	39.5	30.9	40.4
1 APR 20	42.0	31.9	41.6
1 JUL 20	44.7	35.9	38.6
1 OCT 20	43.6	30.9	36.9

QUARTERLY STARTING 1 JAN 20

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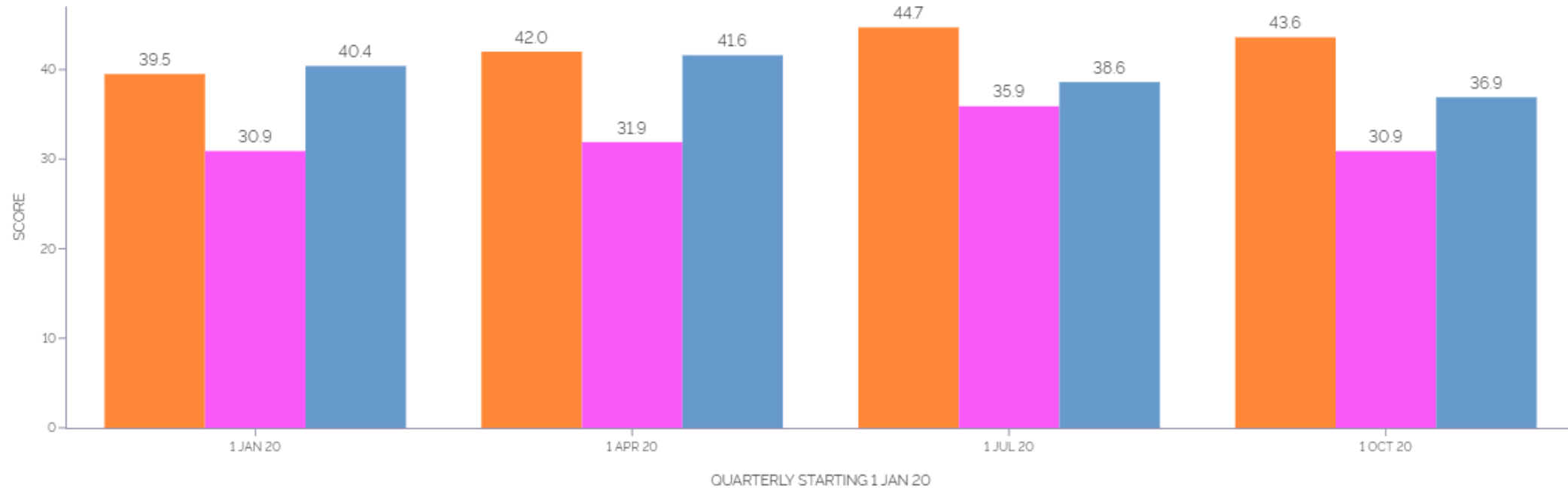
Similar pattern recorded in terms of quality. Shopee ended 2020 on a higher note than competitors

(VN) Shopee, Lazada & Tiki – Quality (% positives)

Which of the following E-commerce/ M-commerce websites do you think represents GOOD QUALITY?

SCORE

Bar	1 JAN 20	1 APR 20	1 JUL 20	1 OCT 20
Shopee (VN)	39.1	42.7	47.6	45.0
Lazada (VN)	34.2	36.0	35.9	33.7
Tiki (VN)	46.8	47.9	43.7	41.6

QUARTERLY STARTING 1 JAN 20
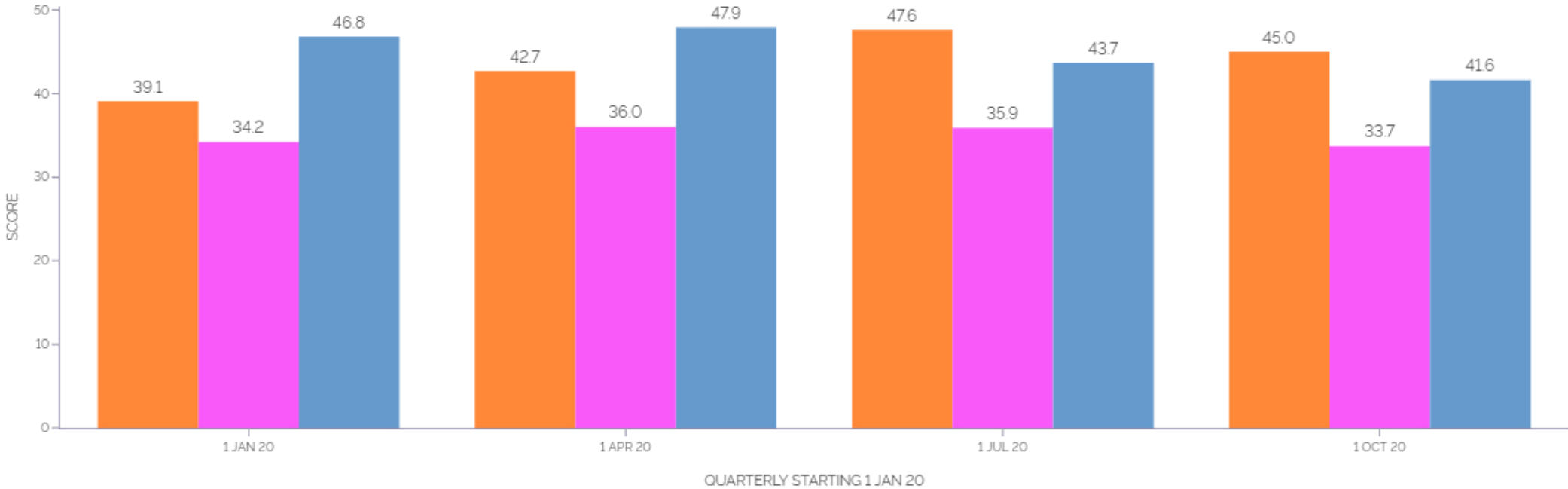
Shopee (VN)
Quality [% Positives]

Lazada (VN)
Quality [% Positives]

Tiki (VN)
Quality [% Positives]

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The cashless trend that could change Vietnamese e-commerce

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Pre COVID-19, COD was dominantly used during checkout on e-commerce websites

% Online Purchasers

- Cash On Delivery: 88% (2018), 86% (2019)
- Domestic ATM: 42% (2018), 39% (2019)
- Credit/Debit: 31% (2018), 17% (2019)
- E-wallet: 17% (2018), 18% (2019)

■ 2018 ■ 2019

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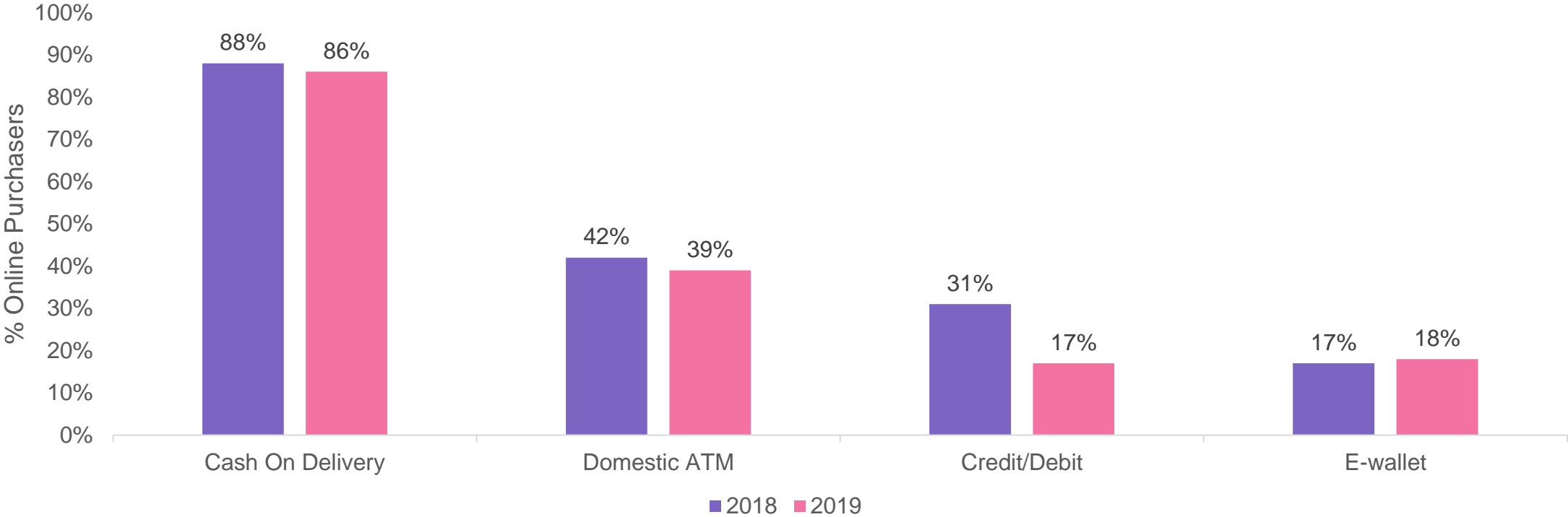
COVID-19 could possibly break the habit of using cash-on-delivery as 51% of customers reported using less cash

COVID-19's impact on use of cash

Country	I've paid in cash less often since the outbreak	No impact – I mostly didn't use cash before and still don't	Don't know	No impact – I mostly used cash before and still do	I've paid in cash more often since the outbreak
Thailand	57	11	2	13	16
Vietnam	51	11	3	25	10
Indonesia	48	11	2	32	7
Philippines	45	9	4	18	25
USA	25	46	7	14	8

Legend:
- I've paid in cash less often since the outbreak
- No impact – I mostly didn't use cash before and still don't
- Don't know
- No impact – I mostly used cash before and still do
- I've paid in cash more often since the outbreak

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Q: What impact has the coronavirus outbreak had on your use of cash? (%)

Meanwhile, the sentiment toward going cashless in Vietnam is positive and lands Vietnam the 2nd place only after Indonesia

Sentiment towards society going cashless

Country	Positive	No difference	Don't know	Negative
Indonesia	63	13	5	19
Vietnam	60	17	4	19
Philippines	52	16	4	28
Thailand	51	26	2	21
USA	24	16	10	50

■ Positive   ■ No difference   ■ Don't know   ■ Negative

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Q: In general, do you think it would be positive or negative if your country became cashless, meaning only electronic forms of money such as debit cards, credit cards and Apple or Google Pay would be accepted? (%)

E-wallet could be one of the options for going cashless, given the healthy growth of customer base during COVID-19

E-wallet - % Current Customers

Momo	1.4x ▲
Viettel Pay	1.9x ▲
Zalo Pay	2.1x ▲
Airpay	3.9x ▲
Visa	1.0x
GrabPay	0.6x ▼

YouGov®
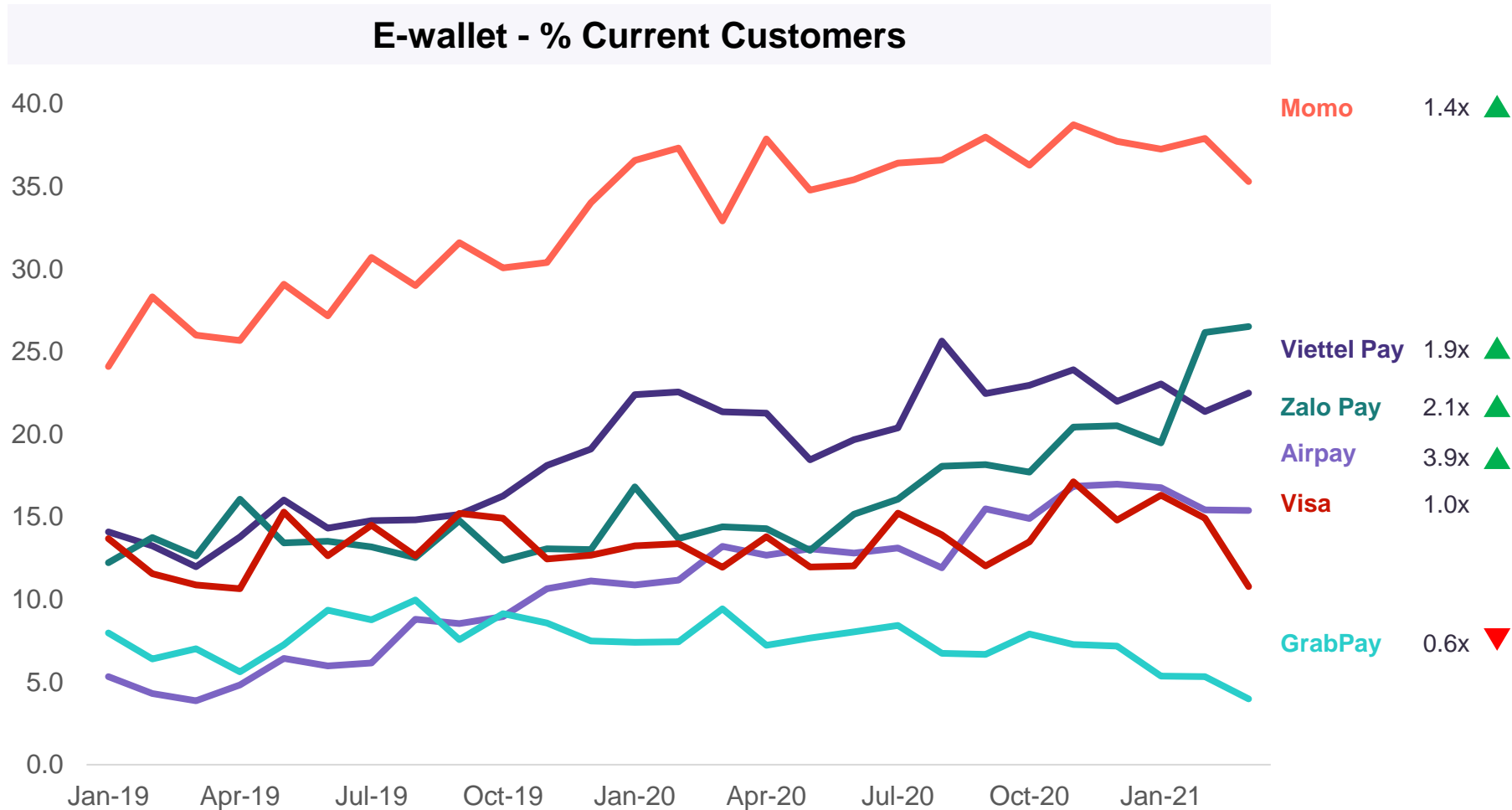
Summary

- **E-commerce continues its regular growth trajectory during Covid-19**

- **The market growth continues to be urban-driven**

- **Investing in brand building will sustain long-term growth**

- **Shopee remains the biggest e-commerce platform in Vietnam. However, its brand attributes are continuously being challenged**

- **Watch out for a trend of going cashless on e-commerce**

- **Cashless payments are taking off amid Covid-19**

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How can we help you?

Audience Intelligence and tracking

Identify, understand, and target your audiences

Brand and Campaign tracking

Measure your brand health and campaign effectiveness

Research

In-depth research with fast surveys and polls

YouGov®

Thank you.

Please reach out for more information on how YouGov can support you and your organization.

CONTACT INFORMATION hello@yougov.vn

Best panel.
Best data.
Best tools.

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