

Out-of-Home Food & Drink Consumption Trends Vietnam

DATA PERIOD: Q2 2016

Content

Out-of-home Food & Drink Consumption Trends

Introduction

How to improve your business with data

Methodology & Access

Out-of-home market overview

What do Vietnamese eat & drink in restaurants?

How is the food & drink offer changing?

How can chains stay ahead?

Keys to Success in Today's Competitive Market

The Authors



KATRIN ROSCHER

kro@decisionlab.co

Katrin has spent the last 13 years researching food & drink trends in Europe, Africa and Asia where she held various roles at Euromonitor International, the NPD Group, KantarWorldpanel, TNS and now Decision Lab.

She has advised major multinationals such as Unilever, Nestlé, Pepsi, Heineken on their in-home and out-of-home brand strategies and restaurant operators such as KFC, Pizza Hut, Burger King on increasing customer traffic strategies.

Since 2015, she has led the planning, design and set-up of Decision Lab's Foodservice Monitor in Vietnam.



THUE QUIST THOMASEN

tqt@decisionlab.co

With more than 14 years' experience in marketing, business development and market research, Thue has a fearless approach to business and leadership.

He helped grow Decision Lab's predecessor, Epinion from a bold idea into a successful and thriving business.

A graduate of both Copenhagen and HKUST Business Schools, Thue's passion for new business concepts and entrepreneurship is clear in all of his work.

Introduction

WHY IS DECISION LAB TRACKING FOODSERVICE CONSUMPTION?

- Extensive and growing out-of-home consumption
- Entrance of global chains and mushrooming of new local F&B concepts
- One of the most interesting beer markets
- Professionalization and inflow of capital for operators
- No existing gold standard in data: Need for creating common ground between manufacturers and operators

HOW IS DECISION LAB TRACKING FOODSERVICE CONSUMPTION?

Since April 2016, Decision Lab is tracking the out of home eating and drinking market in the key cities Hanoi, Ho Chi Minh City and Da Nang.

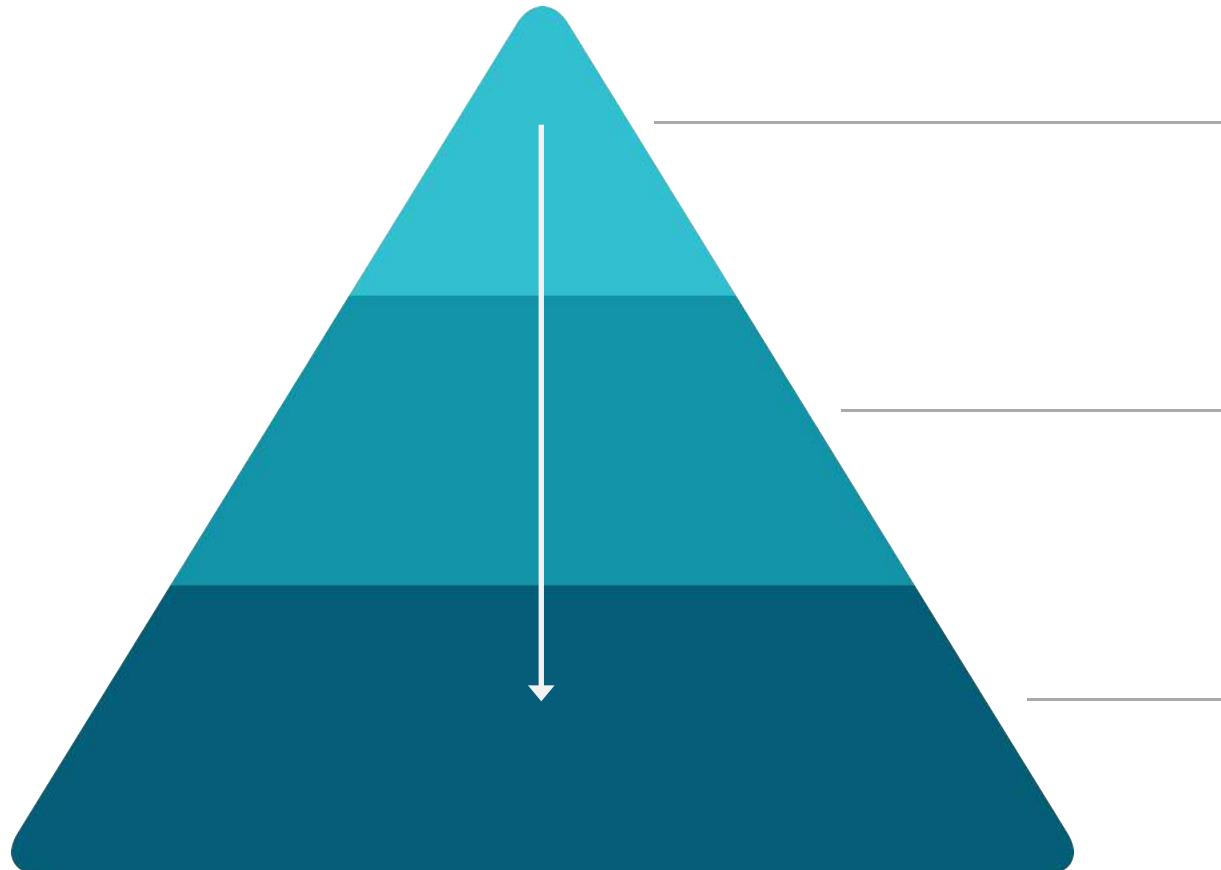
The Foodservice Monitor tracks all food & drink consumed out of home on a daily basis with an annual sample size of 16,000 completed interviews.

The respondents are Vietnamese consumers aged 15+ who also report on the consumption by children (under 15 years) who were present at the eating out occasion.

How to improve your business with data



Being data-driven as an operator



POSITION NEW CONCEPTS RIGHT

Understand the competitive restaurant landscape and choose the right location to secure your investment

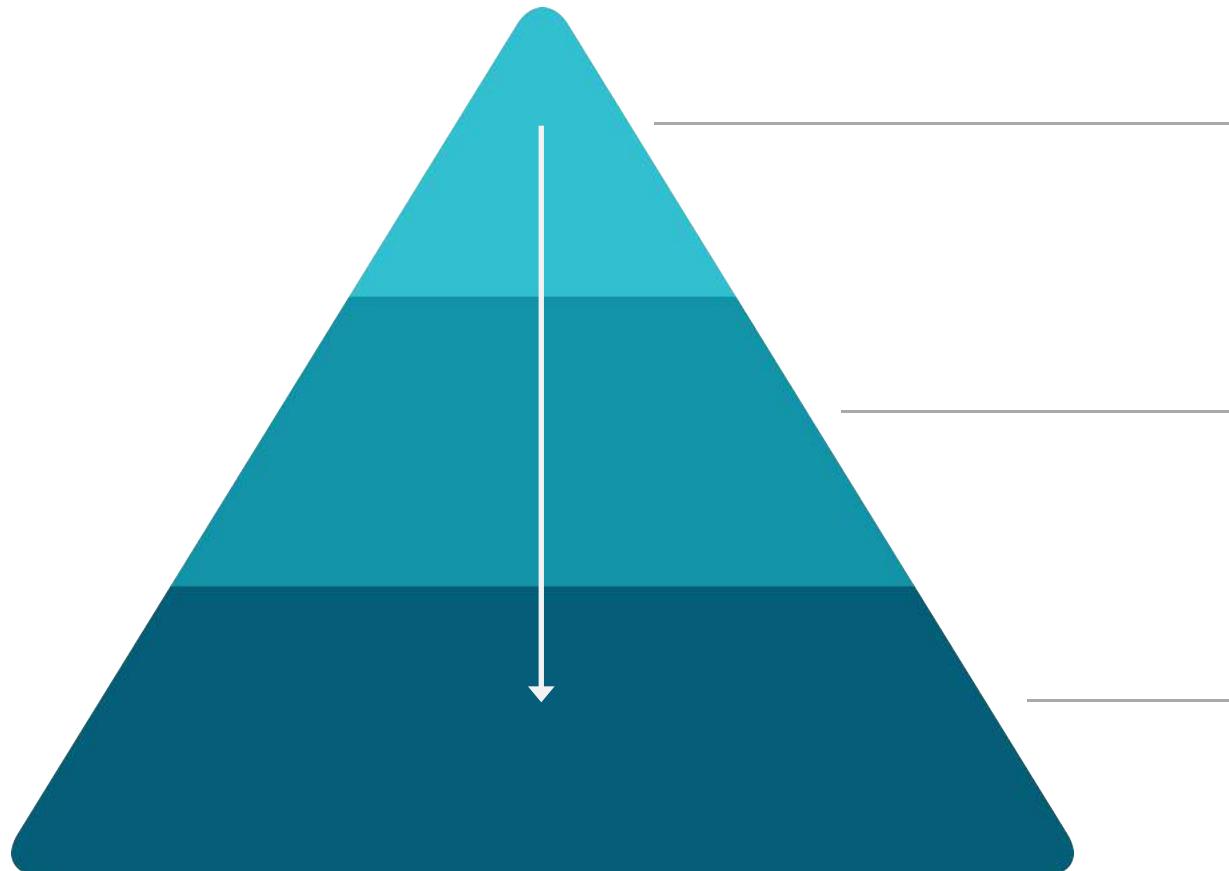
OPTIMIZE OFFERING

Choose the right occasions and target consumer and build your offer to capture more revenue

DRIVE FOOTFALL AND SPENDING PER HEAD

Use customer satisfaction and net promoter scores to actively drive footfall and spending per head

Being data-driven as a manufacturer



TARGET WISELY

Assess lucrative categories, channels, occasions, target consumer, best food/drinks pairings etc before investing

ITERATE & IMPROVE

Customize and manufacture the right foodservice solutions, develop brand strategies, decide on marketing tactics

DATA DRIVEN SALES

Sell value: Higher customer satisfaction, higher spending

Methodology & Access

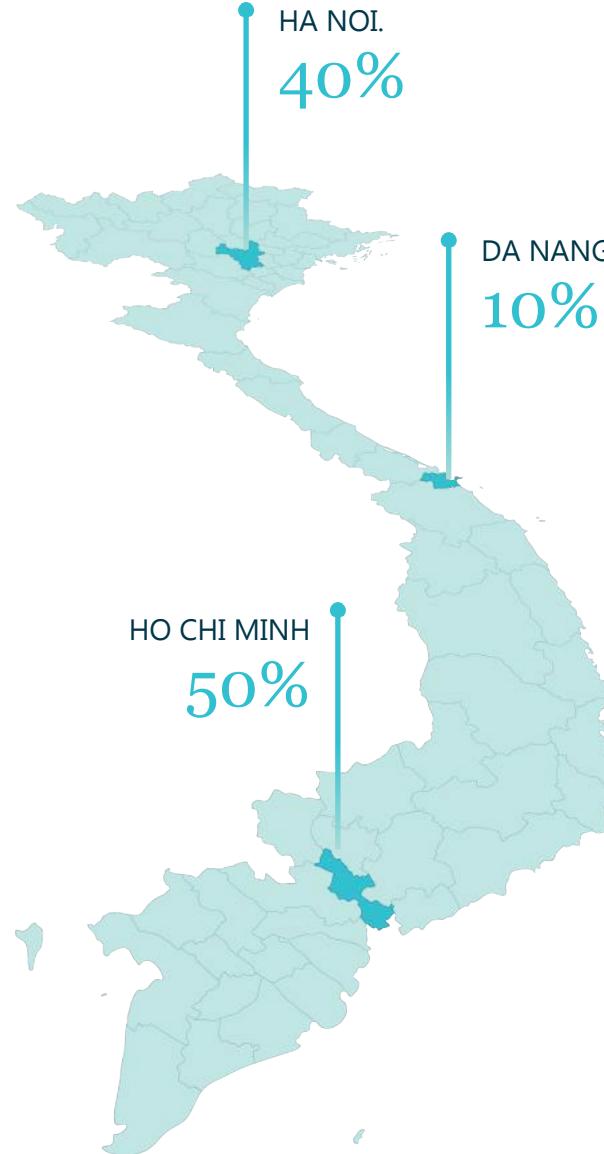
HOW WE TRACK OUT-OF-HOME CONSUMPTION

We cover three main cities

752,057
ONLINE VIETNAMESE COMMUNITY MEMBERS

Annual Sample:
16,000

in HCMC, Hanoi, Danang are asked about
what they ate and drank out of home on the
previous day



Our research methodology



24 hours recall

24h recall, ' what did you eat out of home yesterday', fresh in consumers minds – high accuracy



Mobile-first survey

Advantages of using online panel: Faster reporting, respondents can complete when convenient



Consumer focused

Consumer focused with information on all Foodservice purchases made regardless of source of purchase



Cost effective

The costs of running/maintaining the survey are shared amongst a number of clients – thereby making it a syndicated study.

We monitor 7 Main Channels



FULL SERVICE RESTAURANTS

FINE DINING

Average spend above VND110K per person). Fine Dining is segmented by cuisine type (Vietnamese, Japanese, Korean, Chinese, French, Mexican etc.

FAST CASUAL

Average spend under VND110K per person & pre-coded chains). Fast Casual is segmented by cuisine type (Vietnamese, Japanese, Korean, Chinese, French, Mexican etc), Fast Casual example chains: Kichi Kichi, Gogi House, Wrap & Roll, Pizza Hut, Mon Hue, Thai Express etc.

We monitor 7 Main Channels



QUICK SERVICE RESTAURANTS

QS COFFEE

(Highlands Coffee,
Starbucks etc)

QS BURGER

(McDonald's, Burger King,
Lotteria etc)

QS CHICKEN

(KFC, Jollibee etc)

QS SANDWICHES/WRAPS/ KEBAB/BAKERY

(Subway, Tous Les Jours
etc)

QS SUSHI

QS VIETNAMESE

QS CHINESE

QS THAI

QS KOREAN

QS PIZZA

(Domino's etc)

QS BAKERY

(Tous Les Jours, Bread Talk
etc)

QS ICE CREAM

(Fanny, Baskin Robbins
etc)

QS JUICE/SMOOTHIE BAR

(Jamba Juice, Jungle Juice
etc)

QS OTHER

We monitor 7 Main Channels



STREET FOOD

Vietnamese Food & Drink bought from:

- Wet market
- Street vendor/cart



BAR/CLUB

Outlets that mainly serve alcohol



CONVENIENCE STORES

Standard convenience store such as Family mart that also offers snacks (some heated up) to eat on- or off-premise



HOTELS

Establishments providing accommodation, meals, and other services for travelers and tourists.



CANTEEN

- Workplace
- School
- University

Which questions are we able to answer?

WHO?

- Age, Gender, SEC, Location (District)

WHAT?

- Types of food and drink consumed

WHEN?

- Breakfast, Morning Snack, Lunch, Afternoon Snack, Dinner, Late Night Snack
- Weekday/Weekend

WHERE PURCHASED?

- Source of Purchase: Name & Location of Foodservice outlet (District)
- Where consumed?
- On-Premise, Off-Premise (at home, on the go, at work etc)

WHY?

- Reason for Foodservice outlet choice & Reason for choosing the type of food & drink consumed

HOW MUCH?

- Market size in terms of footfall & sales by channel & chains; Spend per head, Servings for Food & Drinks

HOW ORDERED?

- Order mode (waiter, at counter, via phone call, via internet etc), Voucher/Promotion Usage

SATISFIED?

- Customer satisfaction with Foodservice visit, Net Promoter Score (NPS)

What Measures Do we Use?

ABSOLUTE VALUE (VND)

Estimate of total consumer expenditures for commercial foodservice meals/snacks/drinks, based on reported average spend per person

MARKET SHARE IN VALUE %

ABSOLUTE VISITS

Consumer-reported meals/snacks/drinks from commercial foodservice outlets. Derived from reported meals/snacks/drinks by teens & adults

MARKET SHARE IN VISITS %

AVERAGE EATER SPEND

Average amount paid for one person's food and drink

SERVINGS

The number of times a food or drink was ordered at a commercial restaurant; Adults report on what food and drink children had that were present at the occasion

AVERAGE NUMBER OF ITEMS PER PERSON

Includes food & drink

AVERAGE PARTY SIZE

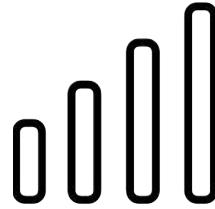
Average number of people in a party. This includes guests and kids

AVERAGE PRICE PER ITEM

Average Individual Spend divided by items per person

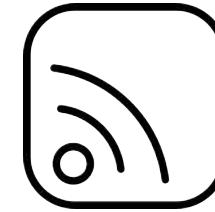
FREQUENCY OF VISIT

How to access the Foodservice Monitor



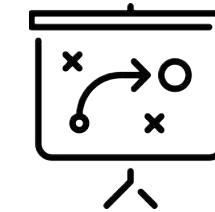
Quarterly Standard Reports

Purchase our standard market reports, when we publish on a quarterly basis.



Strategy Building

Seek our expertise when developing new strategy or concepts. Our consultants will utilize our data and expertise to help size the markets and point to attractive segments.



Annual Subscription

Stay ahead of the competition by subscribing to our monthly, quarterly or biannual reports tailored specifically for your business.

Prices for Quarterly Standard Channel Reports

Reports are based on data period April-September 2016

OVERVIEW REPORT



VND 66.3M*

* Available as stand alone report

** Only available in combination with
Total OOH report

OVERVIEW + CHANNEL ADD-ON REPORTS



VND 66.3M



VND 32.5M**



VND 27.3M**



VND 20.8M**



VND 32.5M**



VND 27.3M**



VND 20.8M**



VND 27.3M**

Table of Content of Channel Reports

1. Market shares by Sub-Channel if applicable - visits & sales*
2. Market shares of Delivery, On-Premise, Take away - visits & sales*
3. Consumer Profile
4. Party size
5. Adult only vs Families
6. Consumption Occasions (Breakfast, Lunch etc)
7. Reasons for choosing Restaurant
8. Order mode
9. Consumption location
10. Voucher/Deal Usage
11. Top 15 Food items by Adults vs Kids
12. Top 15 Drink items by Adults vs Kids*
13. Top 10 Food items by reason for choosing
14. Top 10 Drink items by reason for choosing*
15. Customer Satisfaction
16. Net Promoter Score
17. Channel Summary

Out of Home market overview



Who is the typical OOH consumer?

MALE

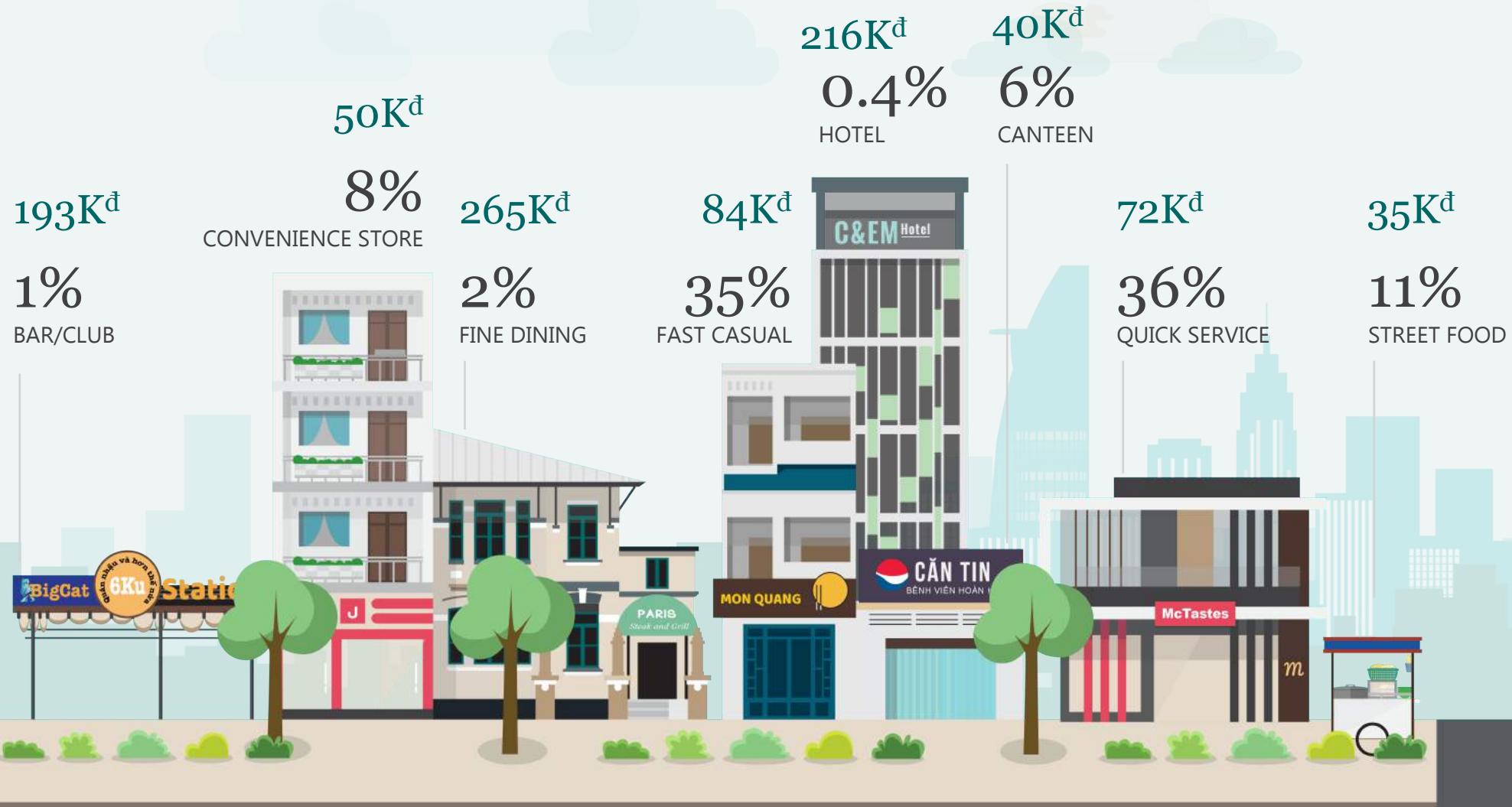
15 - 35

CD CLASS (SEC)*



* SEC definition, monthly household income in VND: A: Over 45 million B: 30–45 million C: 7.5–30 million D: 3–7.4 million E: Under 3 million/No Income/Don't know

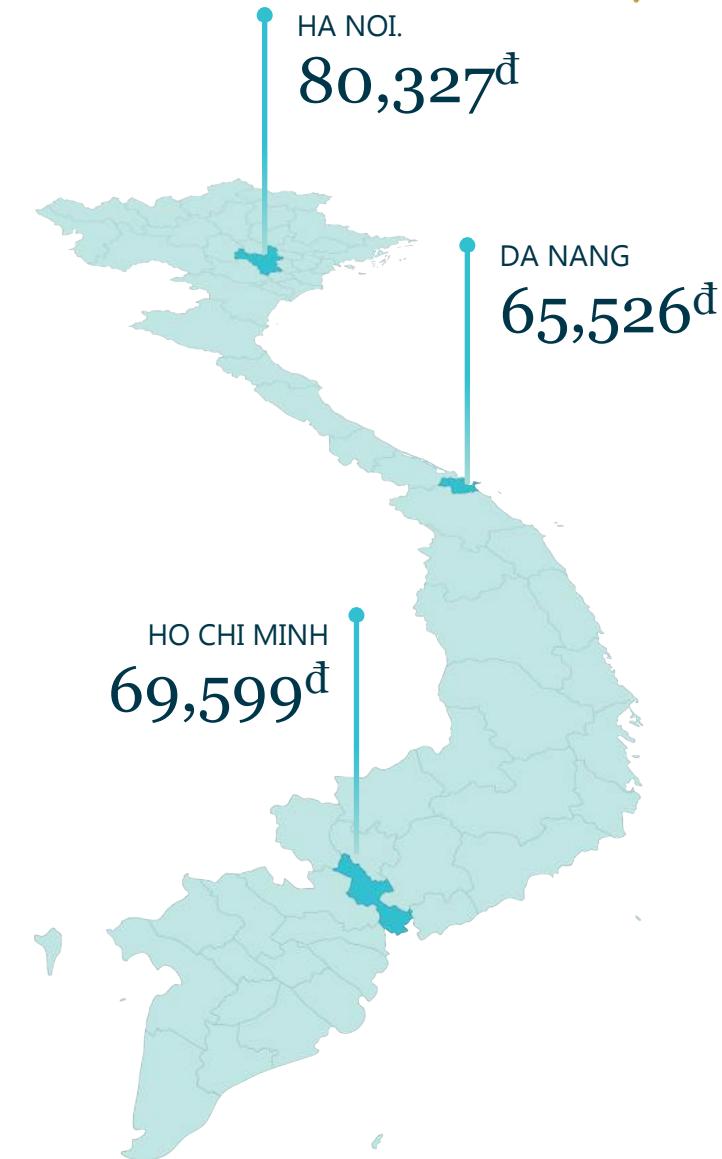
Where to eat out?



OOH spend differs by Region

AVERAGE EATER BILL

On average, consumers in Ha Noi pay considerably more per person per visit when eating out than those in Ho Chi Minh City and Da Nang.



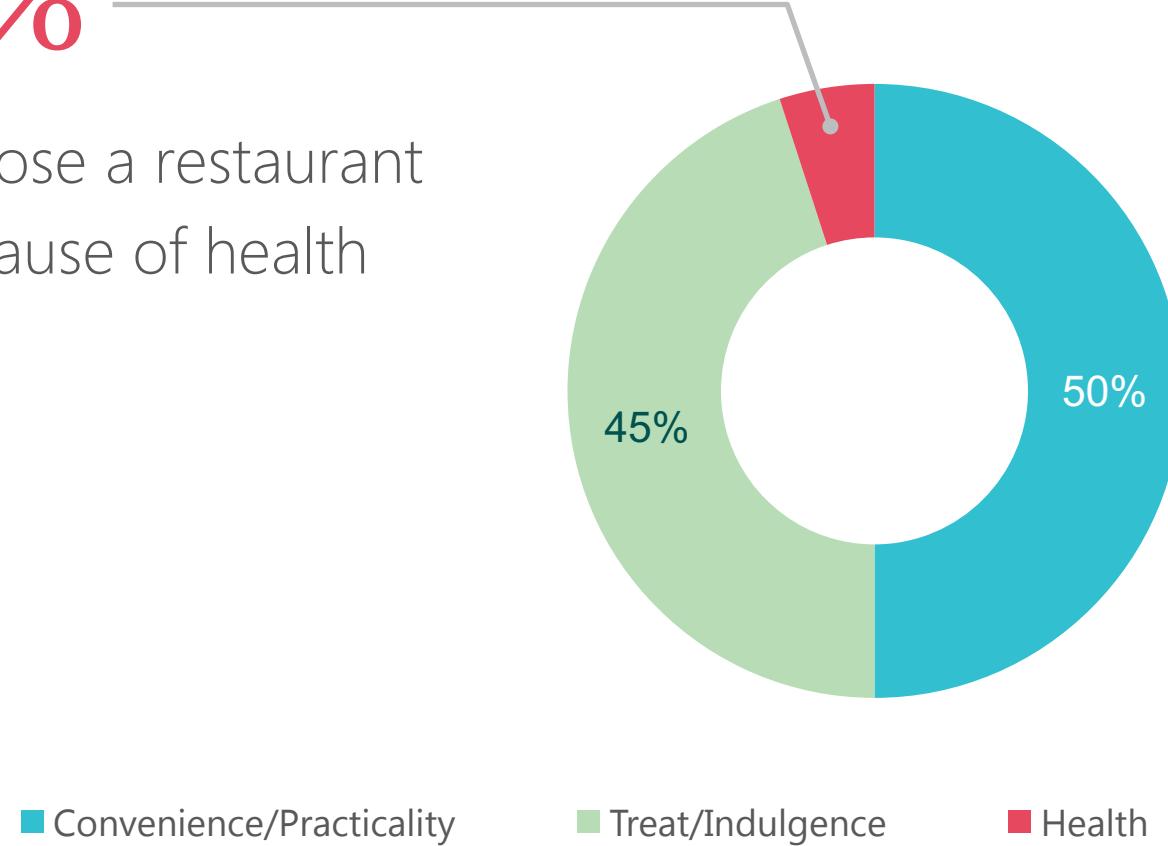


What do Vietnamese eat &
drink in restaurants?
Healthy or unhealthy?

REASONS FOR RESTAURANT CHOICE

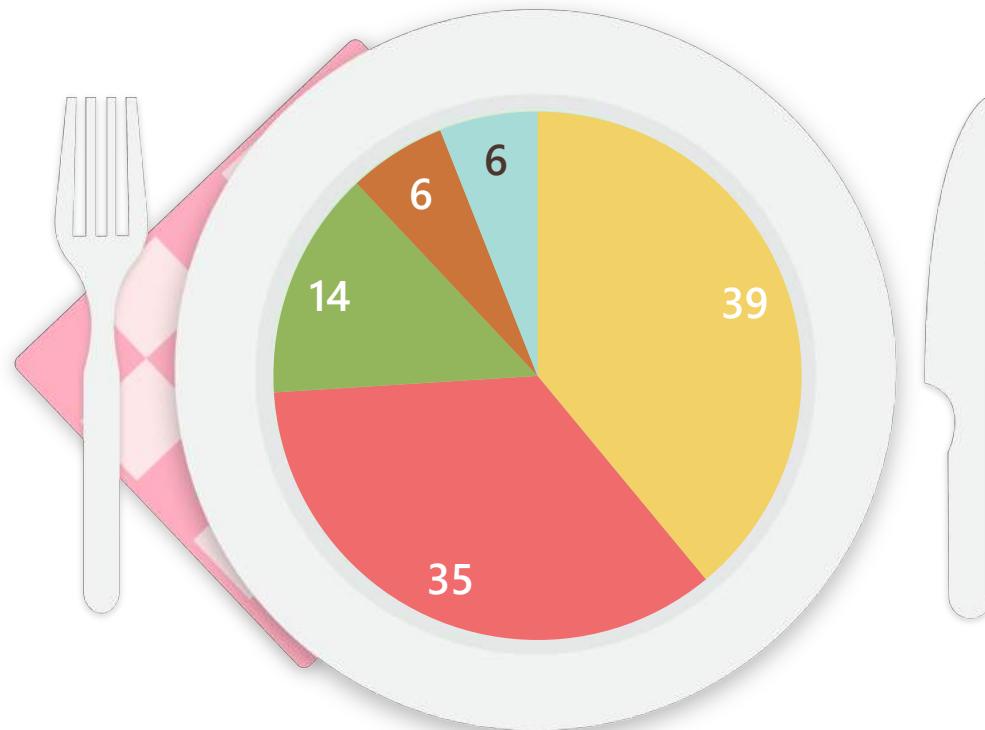
When it comes to eating out, health concerns don't play a significant role

Only
5% choose a restaurant because of health



What do Vietnamese adults have on their plates?

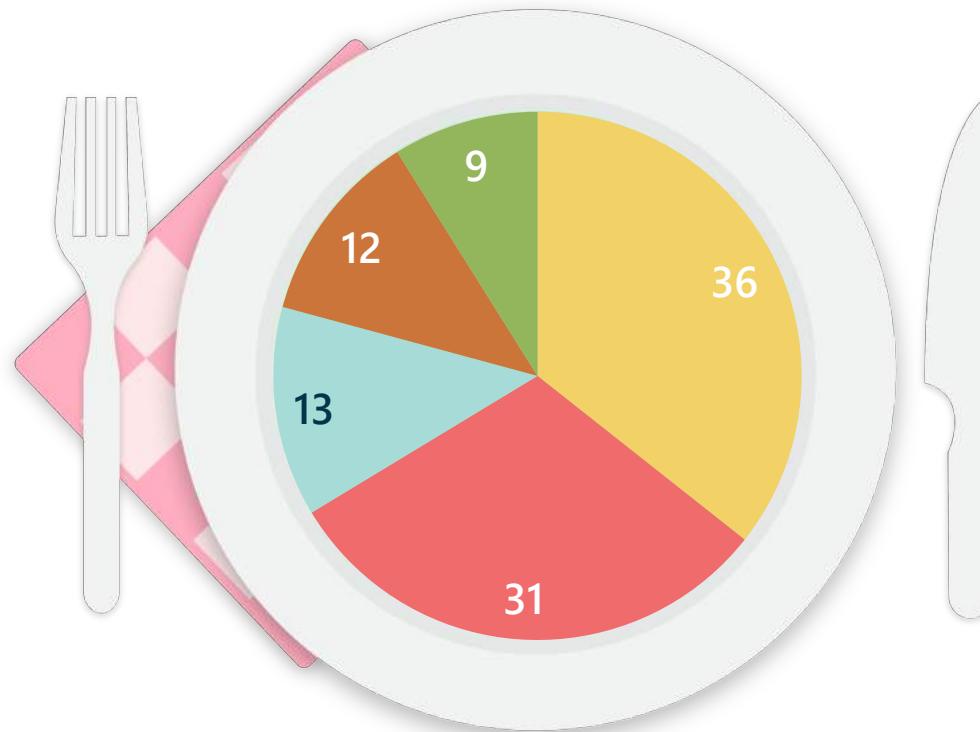
% of Servings total OOH - Adults



- Protein
- Carbohydrates
- Vegetable/Salad/Fruit
- Western (Pizza/Pasta/Burger/Potato)
- Desserts

Fresh items not so fresh with kids whilst Western & Dessert items are more important

% of Servings total OOH - Kids



- Protein
- Carbohydrates
- Desserts
- Western (Pizza/Pasta/Burger/Potato)
- Vegetable/Salad/Fruit



Korean influence and Western items such as Pizza & Burgers have led to Cheesemania



Italian Cheese Pizza

With the introduction of Western food, cheese has become a more popular ingredient in Vietnamese cuisine.



Spicy Fire Chicken with Cheese

Korean cuisine has significantly influenced the Vietnamese.



Instant noodles with Cheese

This is also a popular dish among the Vietnamese who frequently watch Korean dramas/TV shows.



Rock Salt Cheese Milk Tea

The new combination of cheese and bubble milk tea, is a result of the overwhelming popularity of cheese in Vietnam.

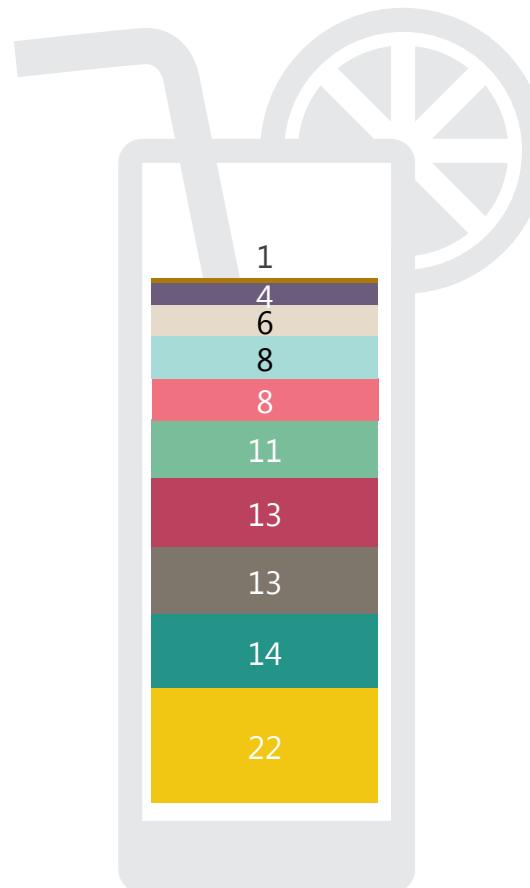


Baked Oysters with Cheese

Vietnamese streetfood vendors quickly caught on to the trend and invented many dishes with cheese.

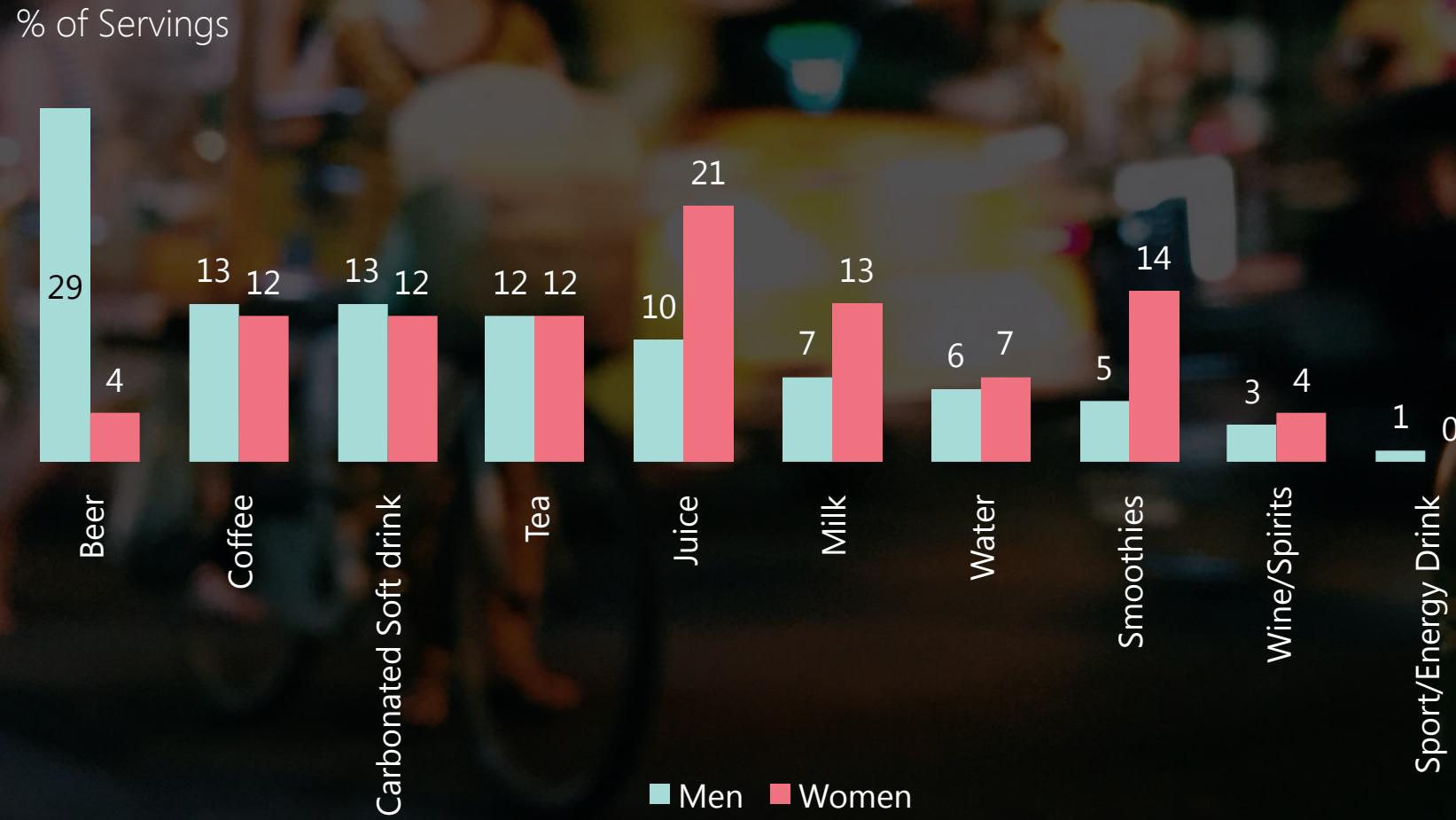
What do Vietnamese adults have in their glasses?

% of Servings



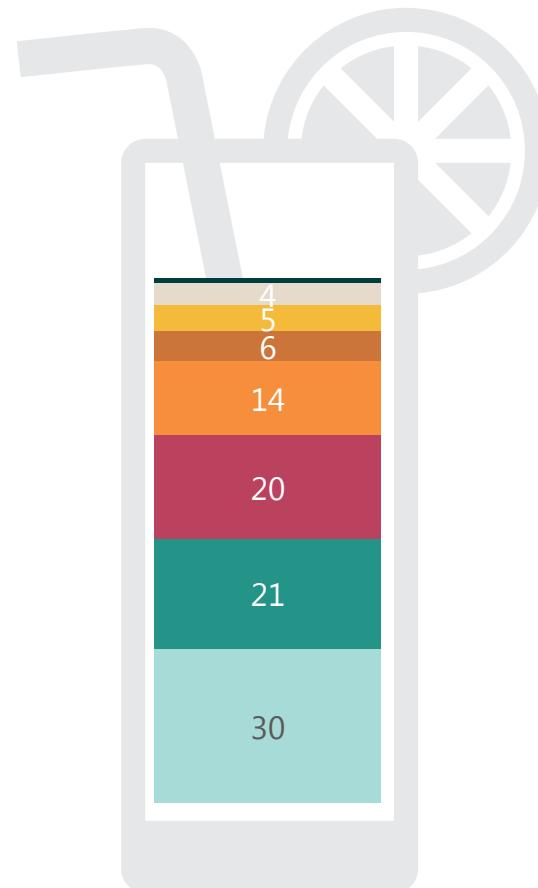
- Beer
- Coffee
- Tea
- Milk
- Wine/ Spirit/ Flavor
- Juice
- Carbonated Soft drink
- Smoothies
- Water
- Sport/ Energy

Women make healthier drink choices while men are responsible for most beer consumption



What do Vietnamese kids have in their glasses

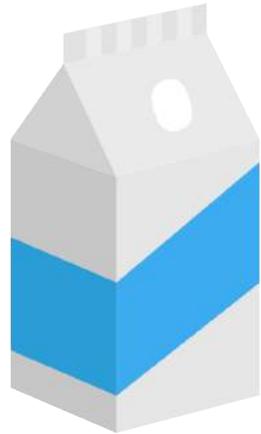
% of Servings



- Milk
- Juice
- Carbonated Softdrink
- Smoothies
- Coffee
- Tea
- Water
- Energy Drink



Milk is linked to consumption of sugary foods



Milk is consumed predominantly with dessert & snack items such as ice cream, cake, yoghurt and cookies.

1



Ice cream

2



Chocolate cake

3



Chicken

4



Yogurt

5



Waffle

6



Cookie/Cracker

7



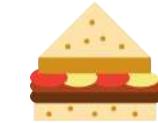
Beef Pho

8



Gateau

9



Banh Mi

BURGER KING



SUMO BBQ

MƯỜNG & LẨU NHẬT BẢN

How is the food & drink
offer changing?



QUÀ TẶNG
ĐẦU XUÂN



205 PHẠM NGUYỄN L

RO

Western style outlets already account for 7% of OOH visits



7%
WESTERN
RESTAURANTS
(Italian, French, American etc)



53%
ASIAN RESTAURANTS
(Vietnamese, Korean, Japanese,
Thai etc)



40%
COFFEE/TEA SHOPS,
BAKERY, CANTEEN,
CONVENIENCE
STORES, OTHER

Competition is fierce with many outlets offering good quality food at low prices



Restaurants are not just competing within their channel and cuisine, competition comes from everywhere including street food.



A woman with dark hair and red nail polish is eating a large McDonald's burger. She is wearing a grey polka-dot dress. In front of her is a white McDonald's meal tray containing a sandwich, a small salad, and a drink. A large McDonald's sign is visible in the background.

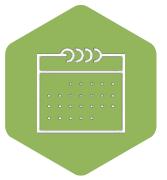
How can chains stay
ahead?



AVAILABILITY & REACH



AFFORDABILITY



OCCASION



TASTE



CUSTOMER SATISFACTION



Keys to
Success in
Today's
Competitive
Market



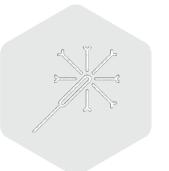
AVAILABILITY & REACH



AFFORDABILITY



OCCASION



TASTE



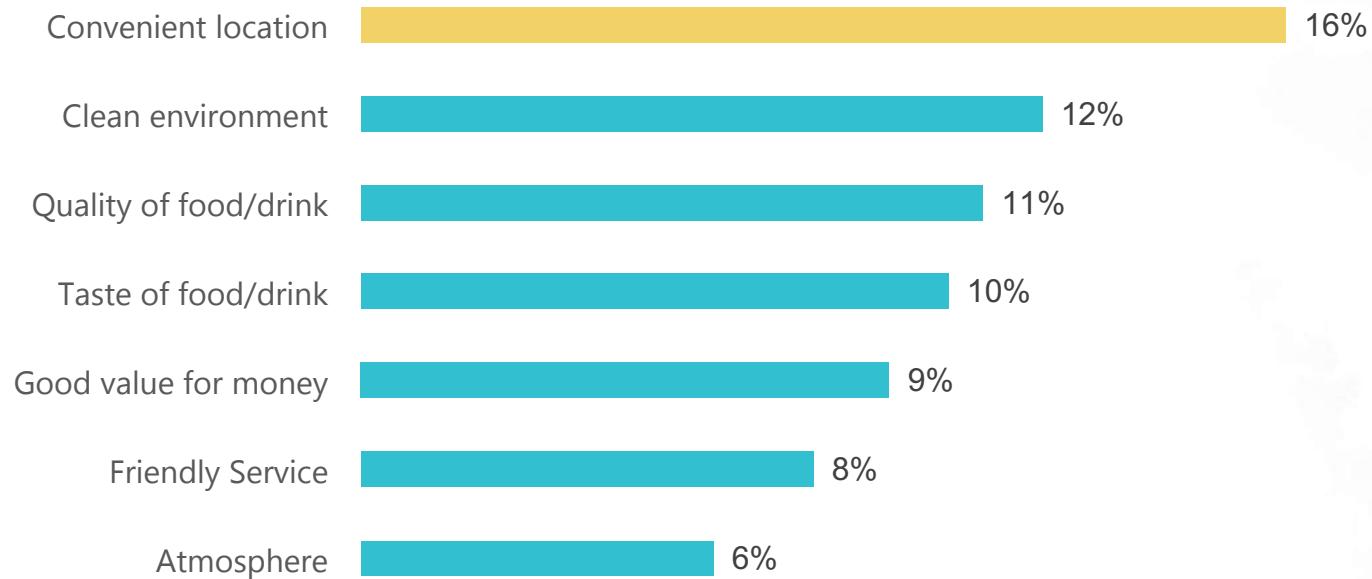
CUSTOMER SATISFACTION

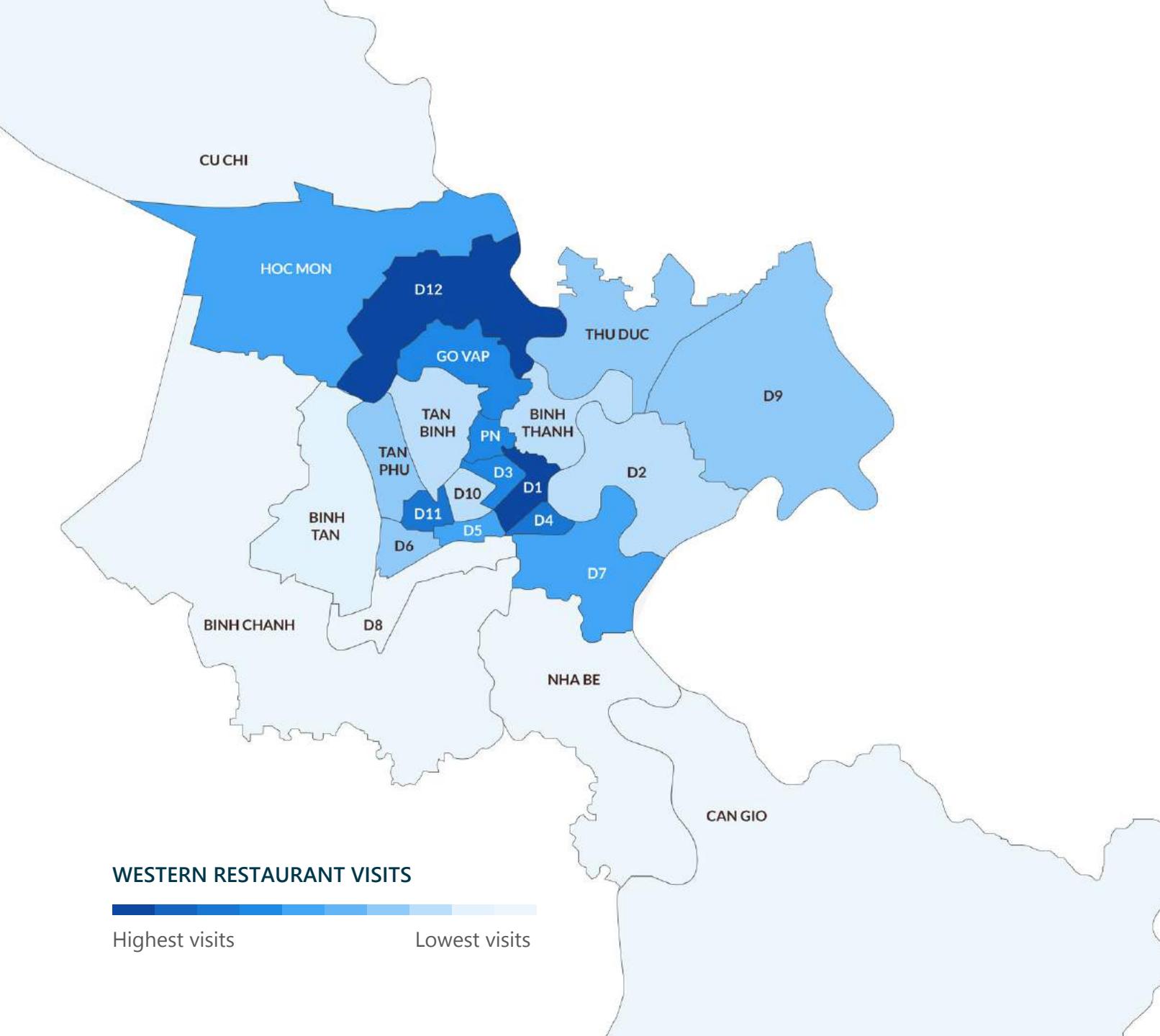


Keys to
Success in
Today's
Competitive
Market

Convenient Location is the top reason for choosing Western/Asian outlets

Top reasons for choosing Western and Asian Outlets





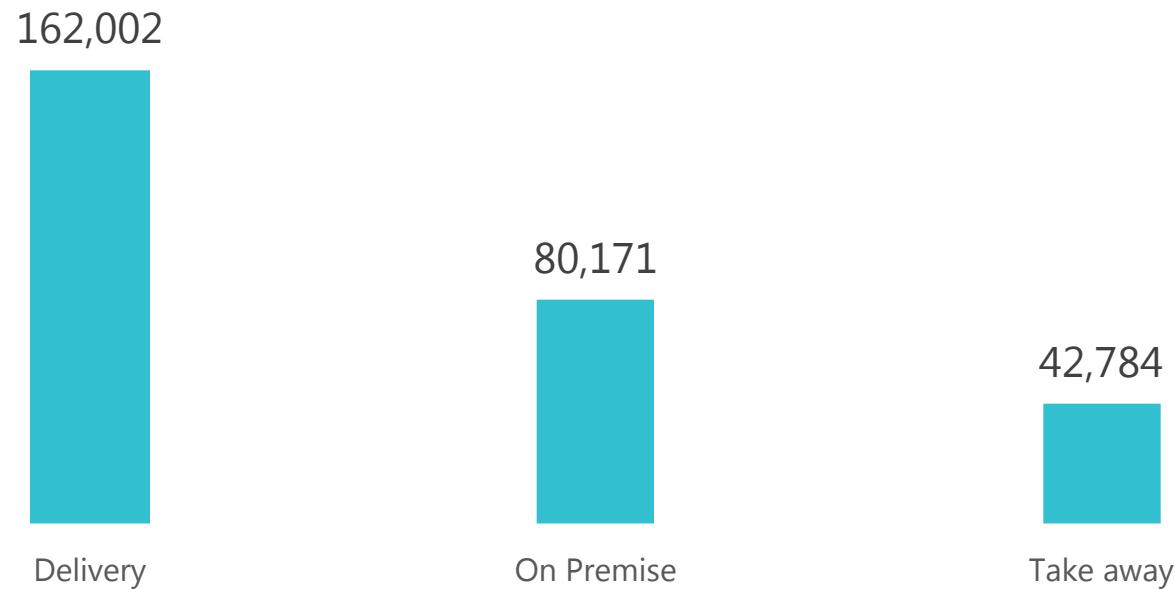
PINPOINTING WESTERN RESTAURANTS

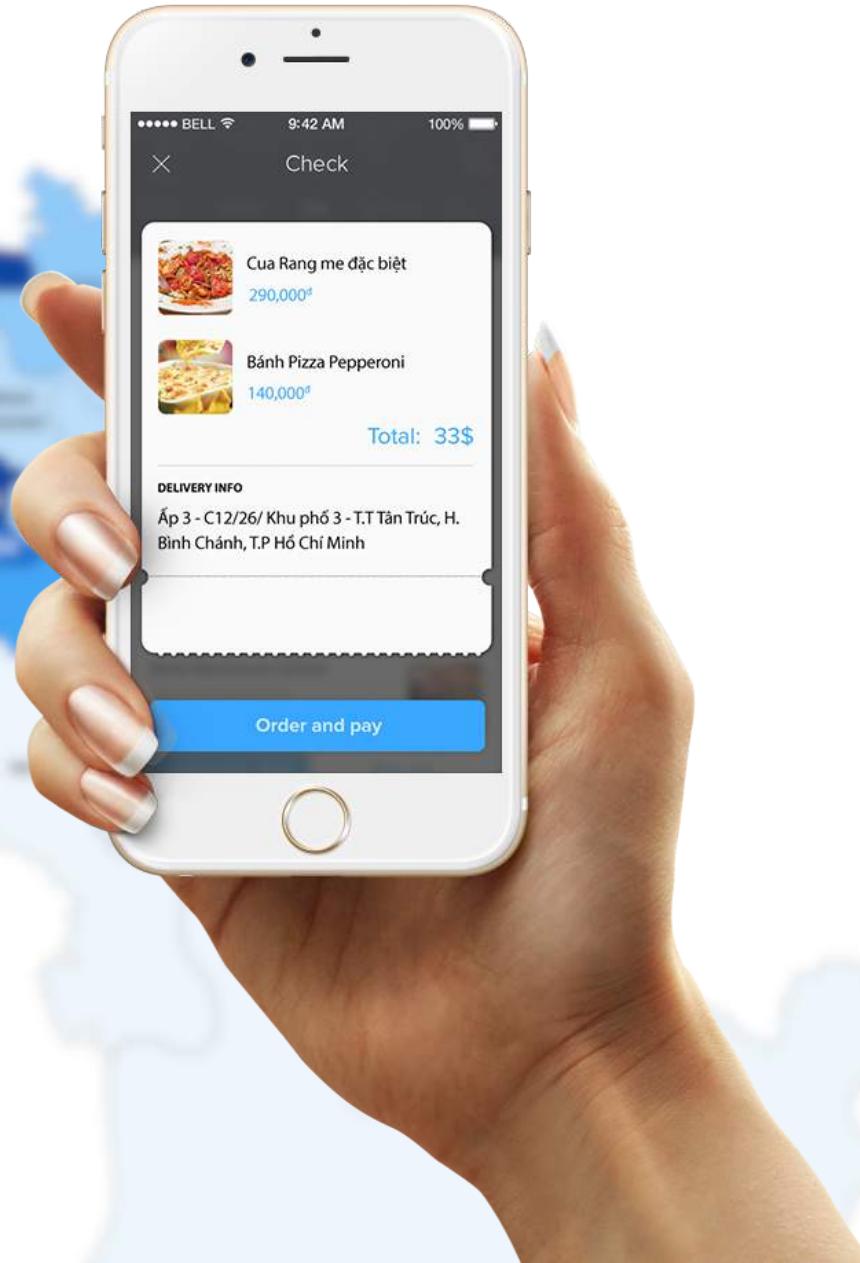
Where do the Saigonese go for Western food?

The highest number of visits by Saigonese to Western outlets occur in District 1 & 12. How do we reach consumers living far from Western restaurants?

Deliveries can drive sales

Average spend per eater per order in VND – Asian & Western outlets





ONLINE ORDERING

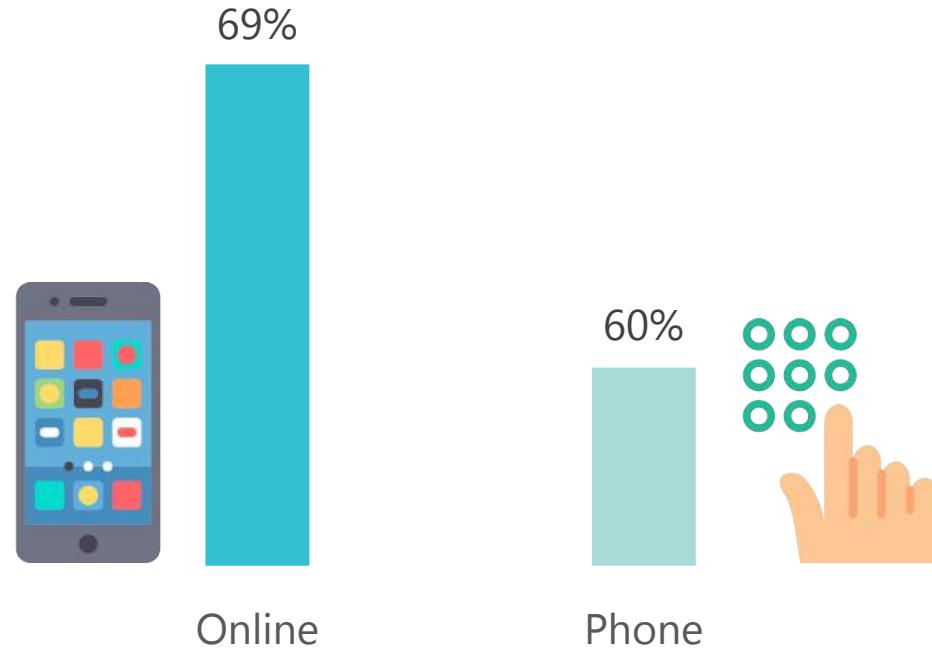
Restaurants can expand their catchment area with online ordering

Increasing reach through online ordering can increase penetration without the high cost of opening new restaurants.

Deliveries – Why Online/App?

DELIVERIES

T2B Customer Satisfaction – Total OOH



It's time to go online

Online orders already account for nearly half of deliveries.

Customer Satisfaction is higher with online orders, especially with attributes such as 'Accuracy of Order'.



AVAILABILITY & REACH



AFFORDABILITY



OCCASION



TASTE



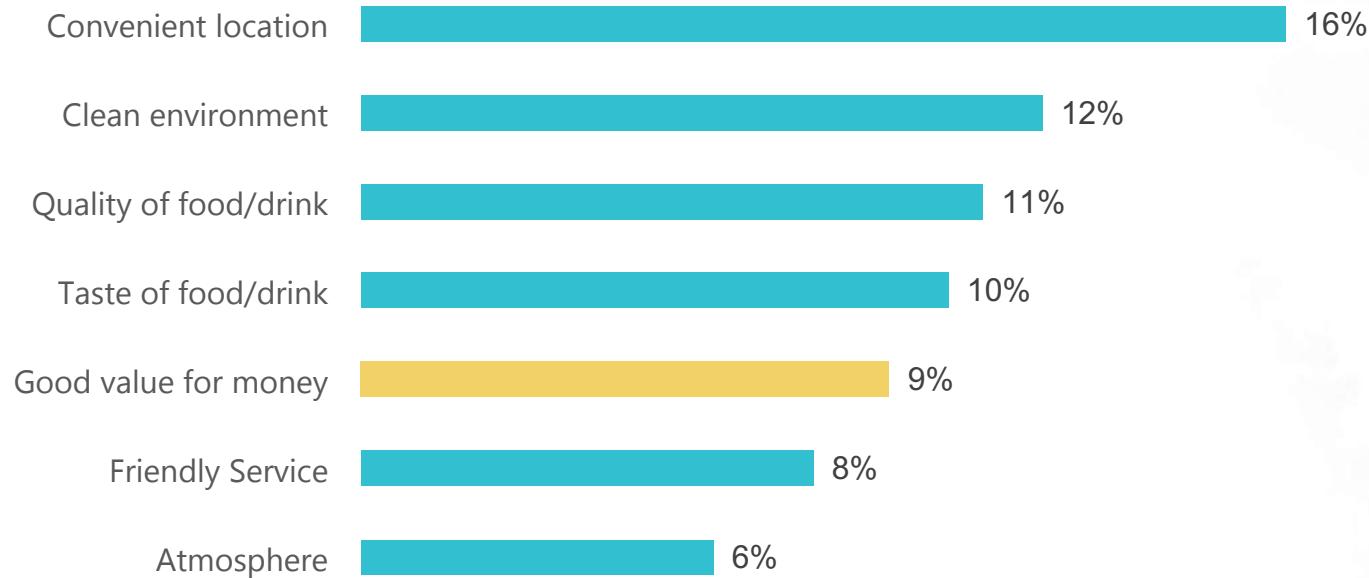
CUSTOMER SATISFACTION



Keys to
Success in
Today's
Competitive
Market

Good value for money is the fifth most important reason when choosing Western/Asian outlets

Top reasons for choosing Western and Asian Outlets



Are Western outlets affordable enough to become an everyday staple in Vietnam?

WESTERN OUTLETS



168,352đ (2.5x)

AVERAGE SPENDING PER PERSON PER VISIT

ASIAN OUTLETS



68,255đ

AVERAGE SPENDING PER PERSON PER VISIT

Promotions & Vouchers are not a sustainable long-term strategy for Western outlets

WESTERN OUTLETS



23%

VOUCHER/PROMOTION USAGE

ASIAN OUTLETS



6%

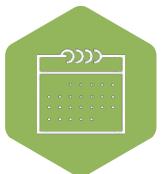
VOUCHER/PROMOTION USAGE



AVAILABILITY & REACH



AFFORDABILITY



OCCASION

OCCASION NEED

DAYPART OCCASION

LIFE STAGE OCCASION

PARTY SIZE OCCASION



TASTE



CUSTOMER SATISFACTION



Keys to
Success in
Today's
Competitive
Market

Western outlets are low visit frequency destinations

Western vs Asian Index

WESTERN



- Wanted to try something new
- Special occasion (Birthday etc.)
- Free Wi-Fi
- Treat
- The kids love it there
- Socializing with friends/colleagues/family

V.S



ASIAN

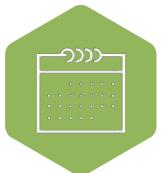
- Convenient Location
- No ingredients in the house to cook
- Good value for money
- Quality of food
- Didn't feel like cooking myself



AVAILABILITY & REACH



AFFORDABILITY



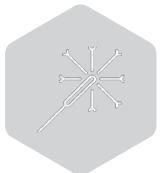
OCCASION

OCCASION NEED

DAYPART OCCASION

LIFE STAGE OCCASION

PARTY SIZE OCCASION



TASTE

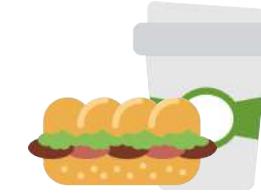
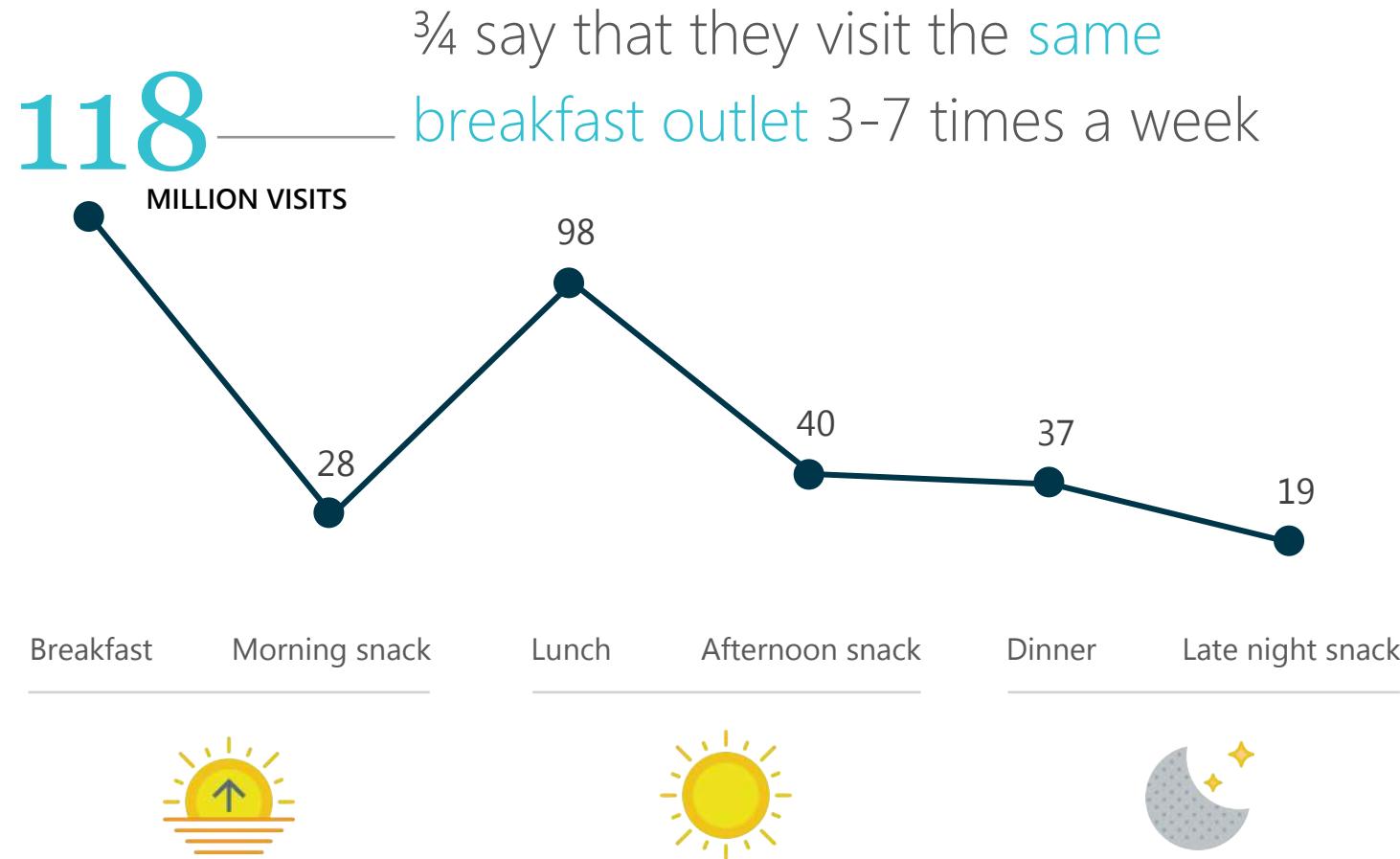


CUSTOMER SATISFACTION



Keys to
Success in
Today's
Competitive
Market

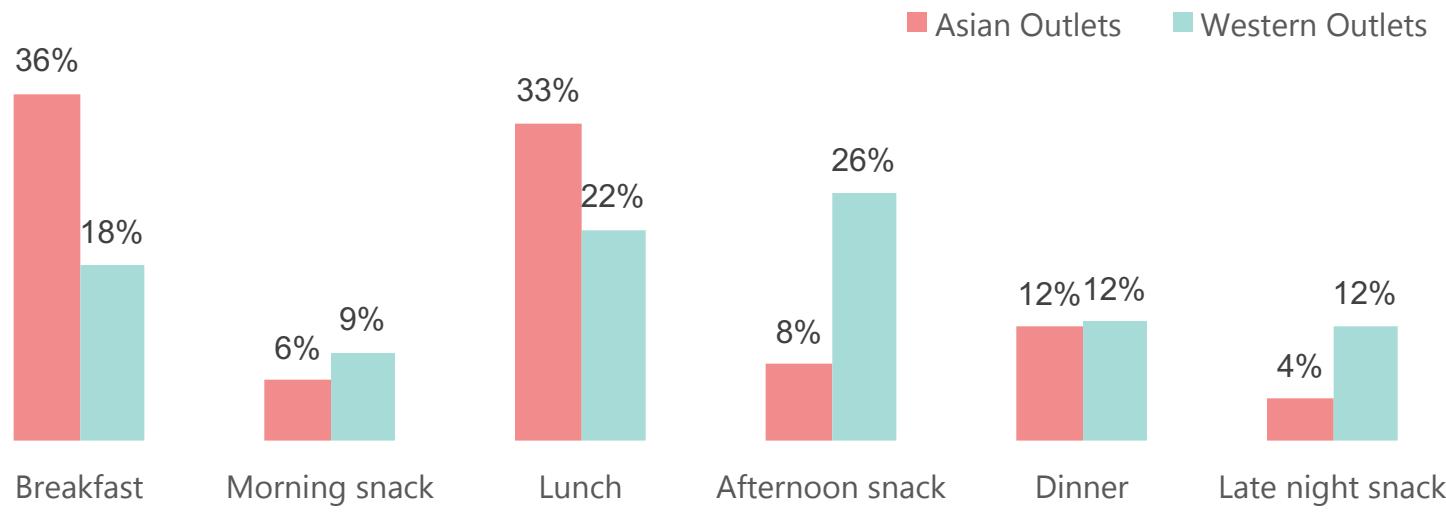
Breakfast is the biggest OOH occasion



Breakfast occasion represents the biggest traffic opportunity; targeting it can be valuable because the consumer is likely to have a repetitive routine and develop a habit.

Western outlets are underperforming at Breakfast

By Occasions - %

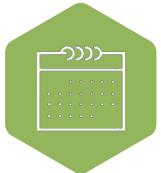




AVAILABILITY & REACH



AFFORDABILITY



OCCASION

OCCASION NEED

DAYPART OCCASION

LIFE STAGE OCCASION

PARTY SIZE OCCASION



TASTE

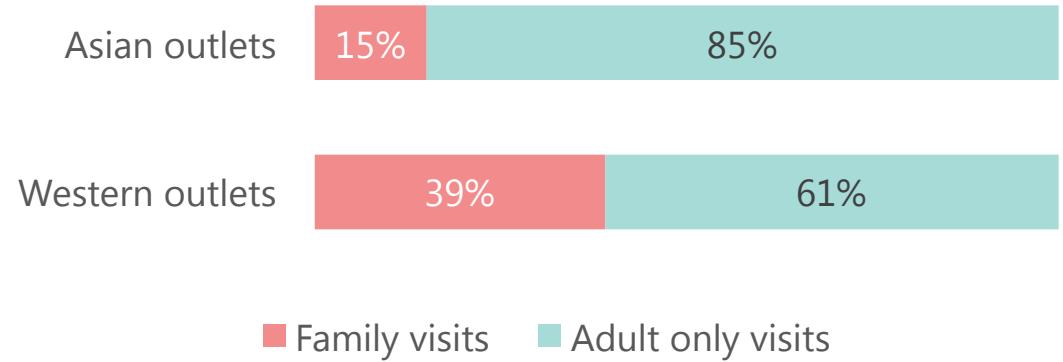


CUSTOMER SATISFACTION



Keys to
Success in
Today's
Competitive
Market

Party composition-% visits



Western outlets are three times more likely to be chosen because 'the kids love it there' compared to Asian ones.

VIETNAMESE FAMILIES FLOCK TO WESTERN RESTAURANTS

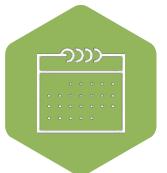




AVAILABILITY & REACH



AFFORDABILITY



OCCASION

OCCASION NEED

DAYPART OCCASION

LIFE STAGE OCCASION

PARTY SIZE OCCASION



TASTE



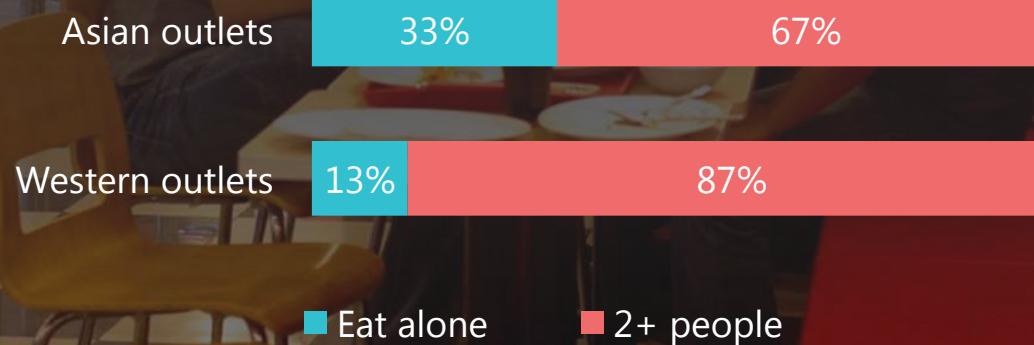
CUSTOMER SATISFACTION



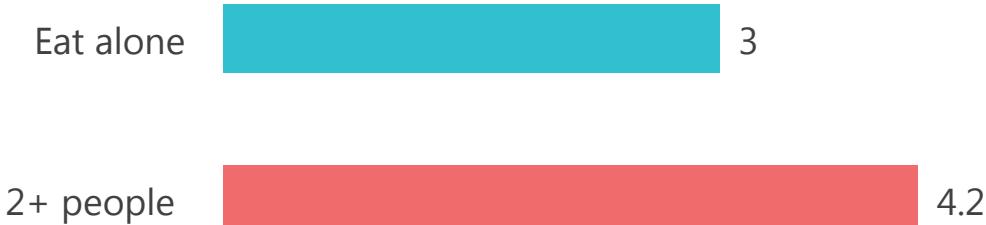
Keys to
Success in
Today's
Competitive
Market

WESTERN OUTLETS ARE THE
"GO-TO" VENUES FOR
SOCIALIZING AND SHARING

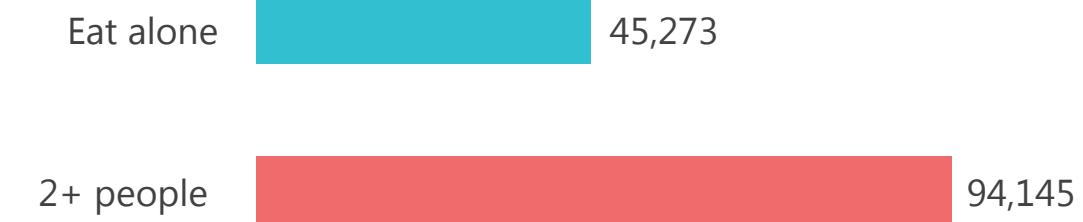
Party size - %



Number items per eater at Asian & Western outlets



Average spend per eater at Asian & Western outlets





AVAILABILITY & REACH



AFFORDABILITY



OCCASION



TASTE



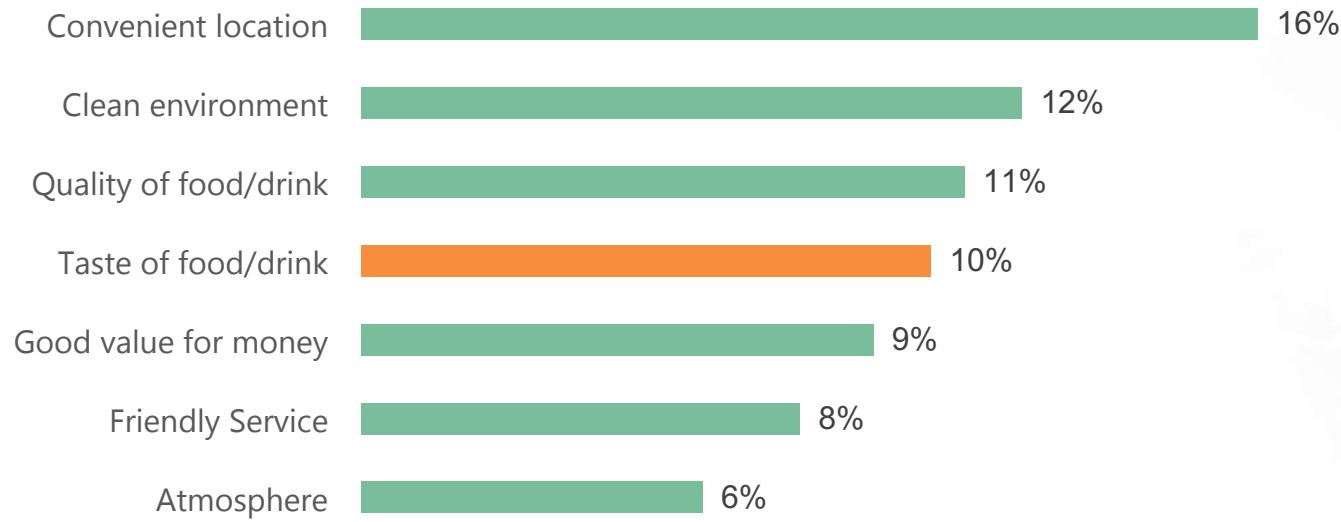
CUSTOMER SATISFACTION



Keys to
Success in
Today's
Competitive
Market

Taste of food is the fourth most important reason when choosing Western/Asian outlets

Top reasons for choosing Western and Asian Outlets



Asian outlets are more likely to be chosen because of taste of food than Western ones.



As rice is a staple food in Vietnam, **KFC** has localized its menu in order to reach out to more customers.



McCafe introduced Banh Mi in early 2016 to compete with the localized menus of other competitors. McDonald's also introduced rice with the McDonald's Com menu.



Lotteria has also localized its menu.

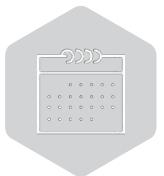
Give your menu a local touch to decrease the barrier of trial – some have adapted but is it enough?



AVAILABILITY & REACH



AFFORDABILITY



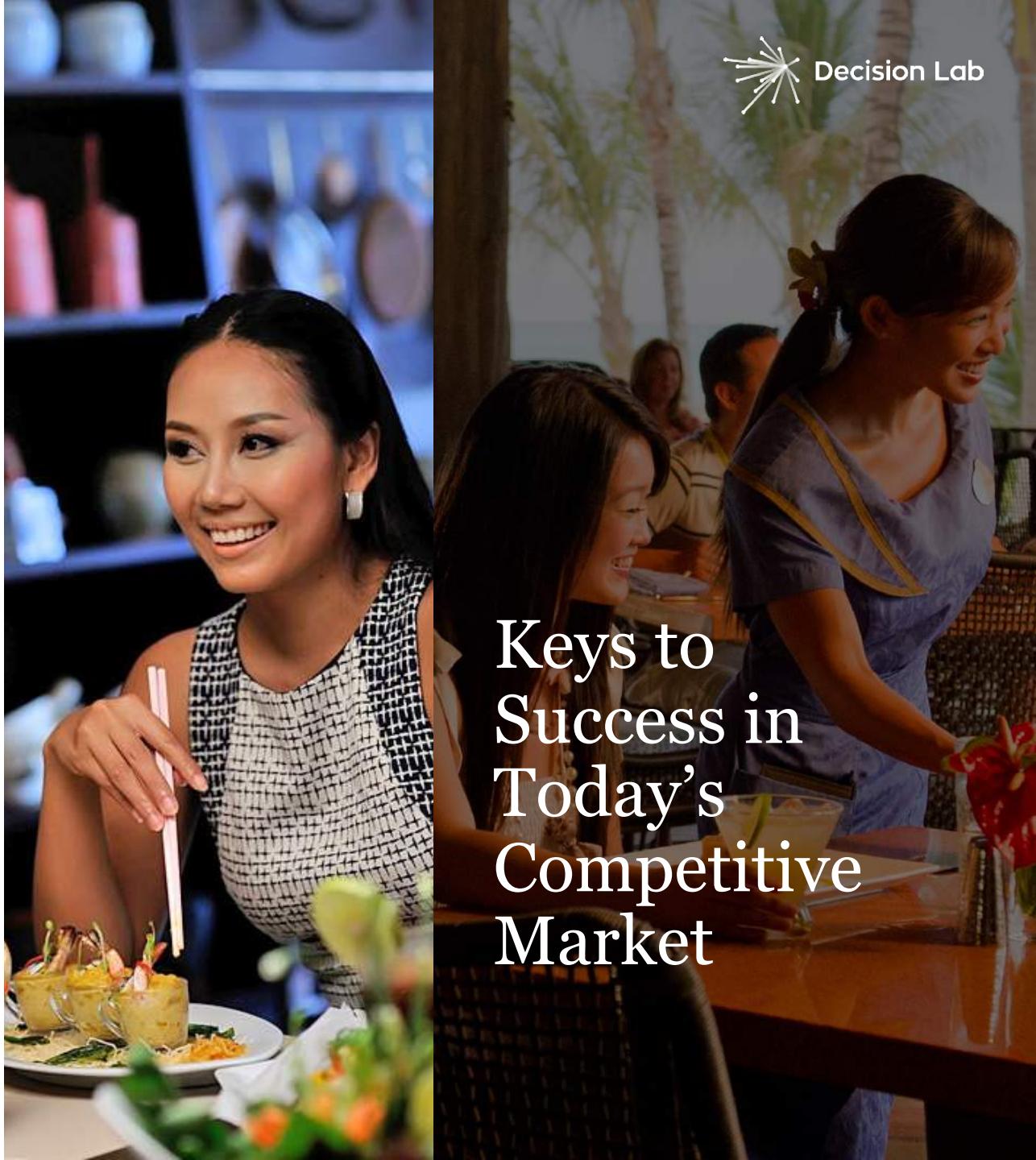
OCCASION



TASTE



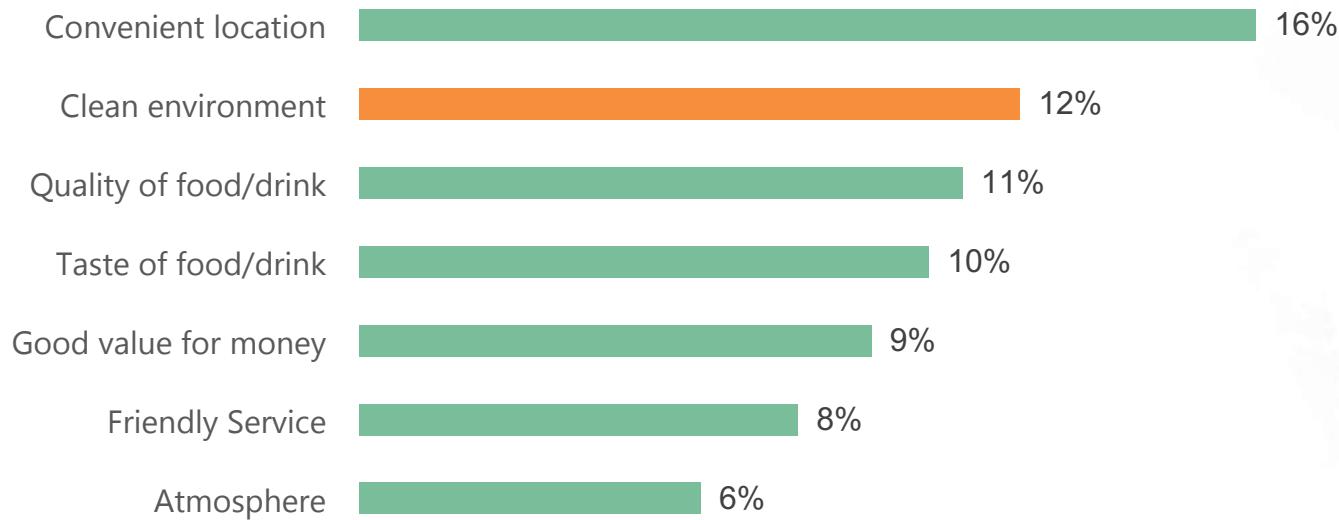
CUSTOMER SATISFACTION



Keys to
Success in
Today's
Competitive
Market

Clean environment is the second most important reason when choosing Western/Asian outlets

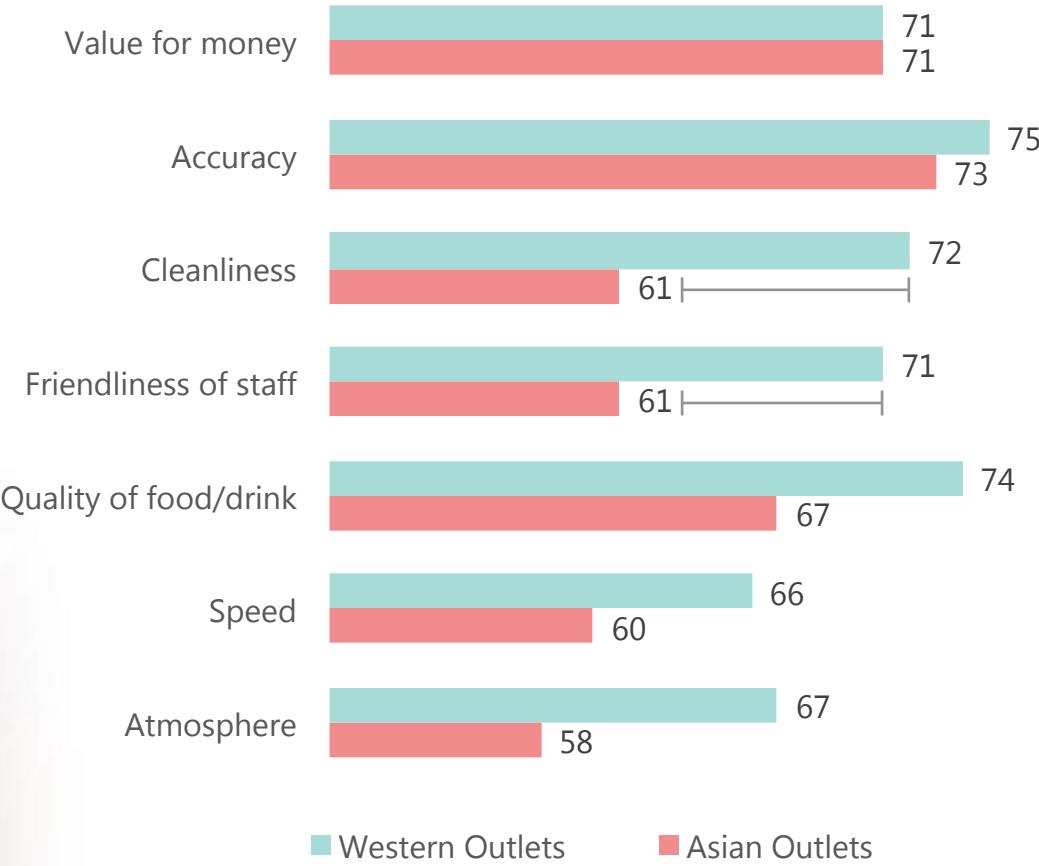
Top reasons for choosing Western and Asian Outlets



Western outlets do not excel on value for the money



Customer Satisfaction T2B - %

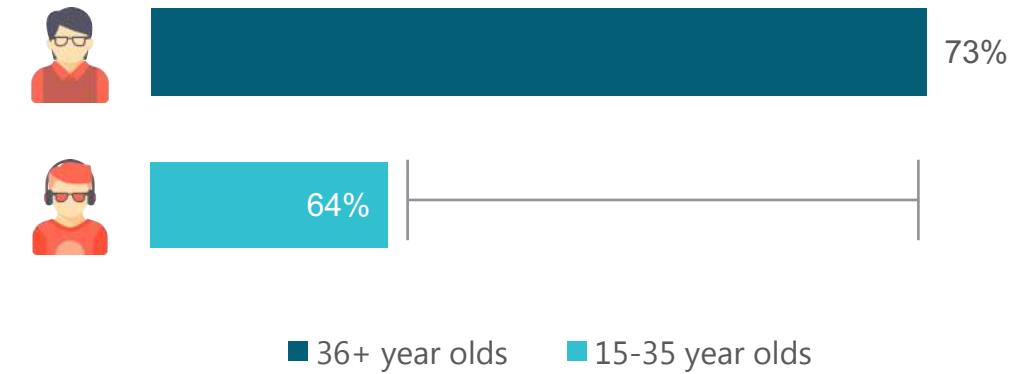


THE YOUNG ARE LESS
SATISFIED WITH THEIR
RESTAURANT VISIT THAN
THEIR PARENTS



Customer expectations & standards are rising

Asian & Western T2B customer satisfaction by age



Western outlets are far more likely to be recommended than Asian ones BUT the young are less likely to recommend

Net Promoter Score – the leading indicator for growth



NPS for Fast food in USA:

23*

(*) Source: Temkin Group who specialize in customer experience research

Keys to Success

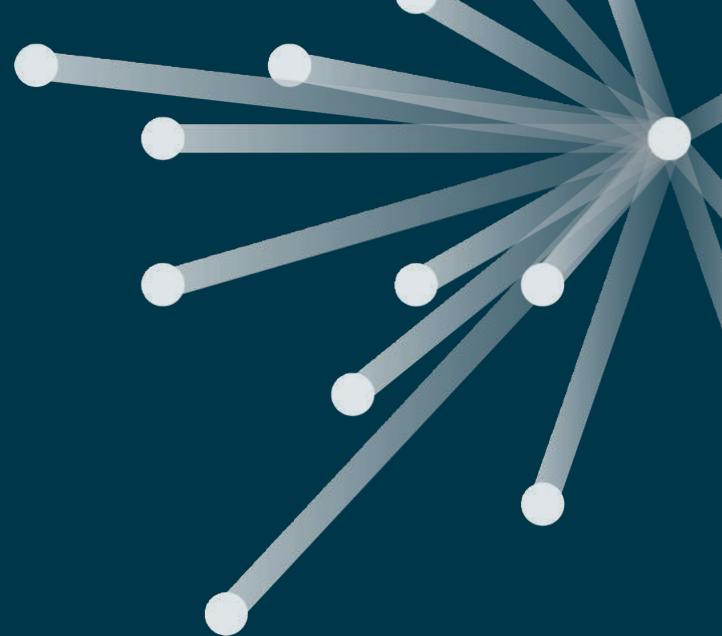
Increase reach through online ordering

Conquer the Breakfast occasion

Offer some localized menu items

Improve Value for money perception

- Target promotions/deals at consumers that will make a difference to sales:
 - Offer Family Meal Deals & a Kids menu
 - Offer Sharing Meal Deals
- Let your customers know where you excel





Reach out to us

44 FLOOR - BITEXCO FINANCIAL TOWER
2 HAI TRIEU, DISTRICT 1
HO CHI MINH CITY, VIETNAM

+84 8 3915 1919 | DECISION@DECISIONLAB.CO
WWW.DECISIONLAB.CO