

# Out-of-Home Food & Drink Consumption Trends Vietnam

DATA PERIOD: Q2 2016

# Content

Out-of-home Food & Drink Consumption Trends

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How to improve your business with data

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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**

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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 THOMSEN**

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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.

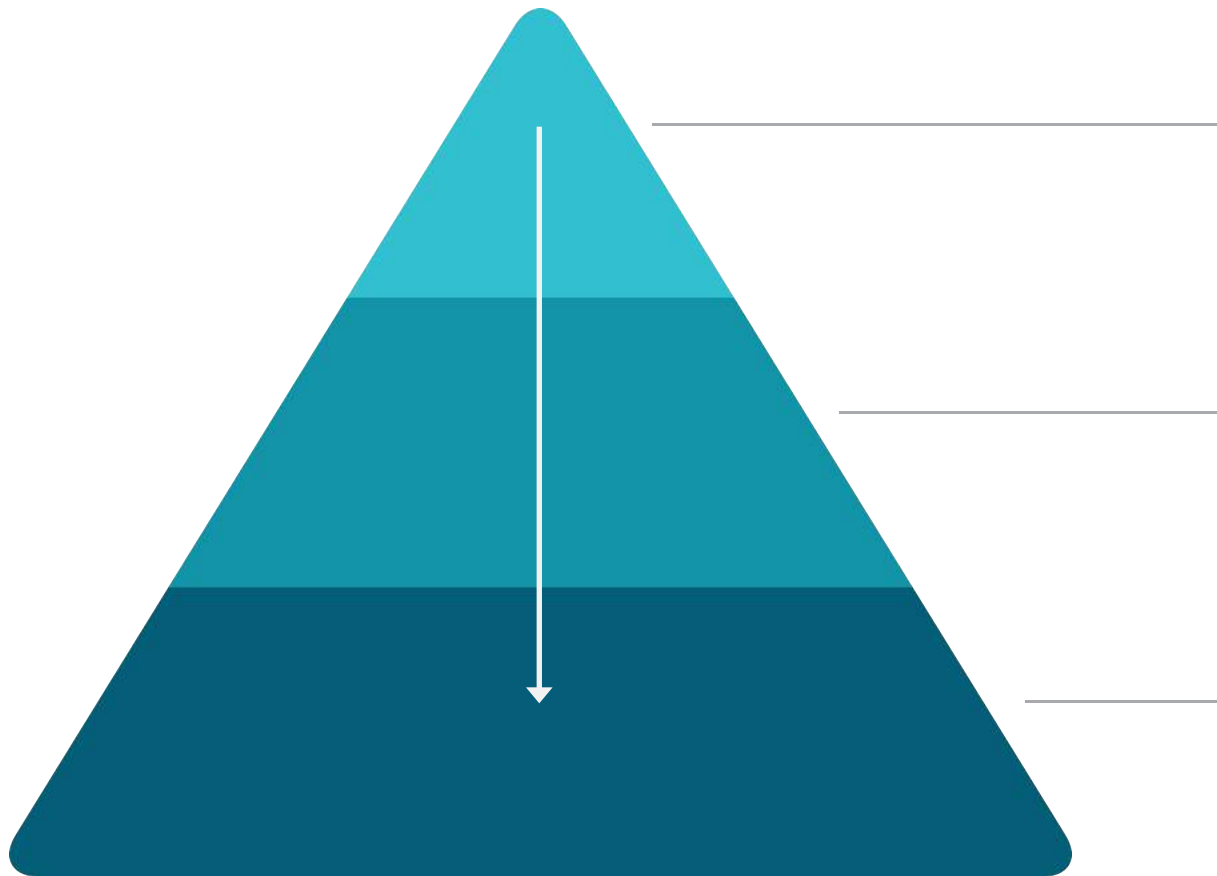


# How to improve your business with data

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# Being data-driven as an operator



## **POSITION NEW CONCEPTS RIGHT**

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

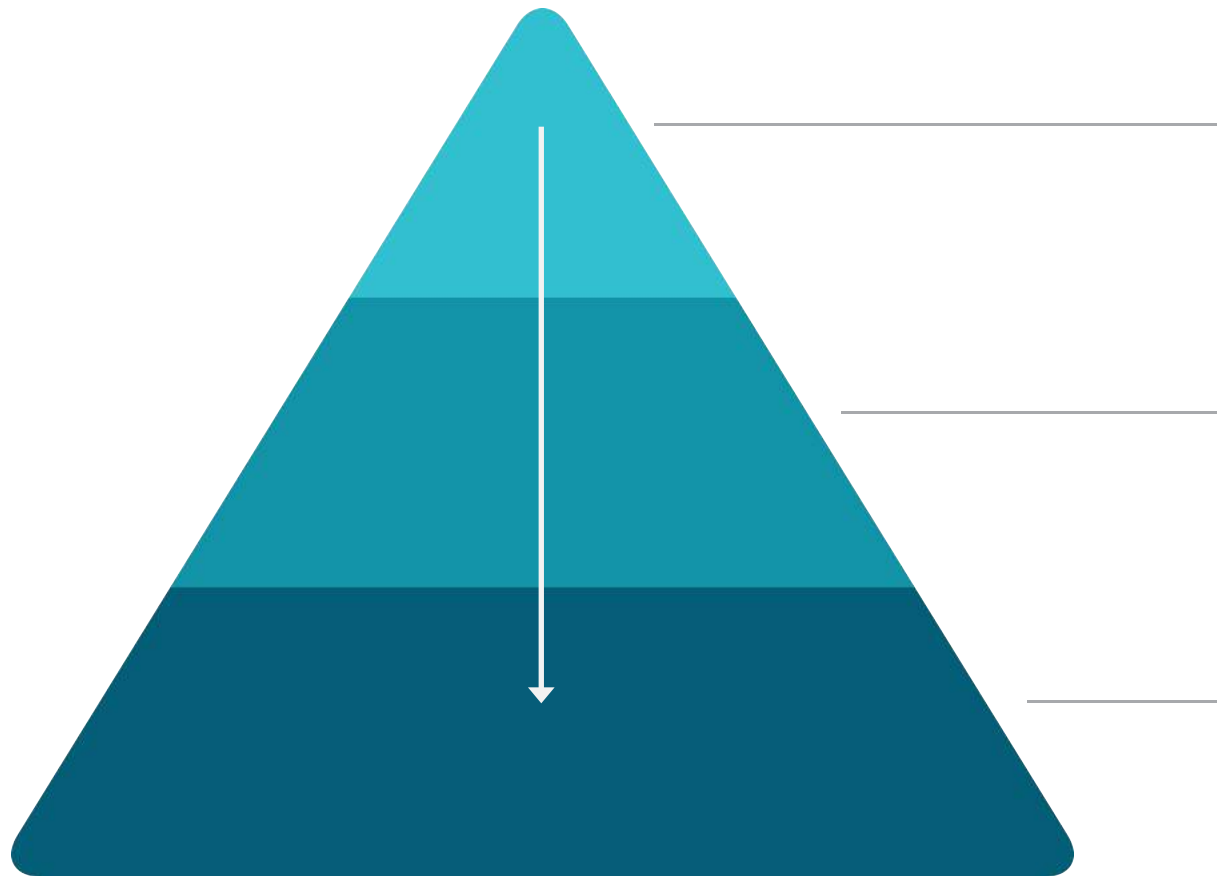
## **OPTIMIZE OFFERING**

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

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HOW WE TRACK OUT-OF-HOME  
CONSUMPTION



# We cover three main cities

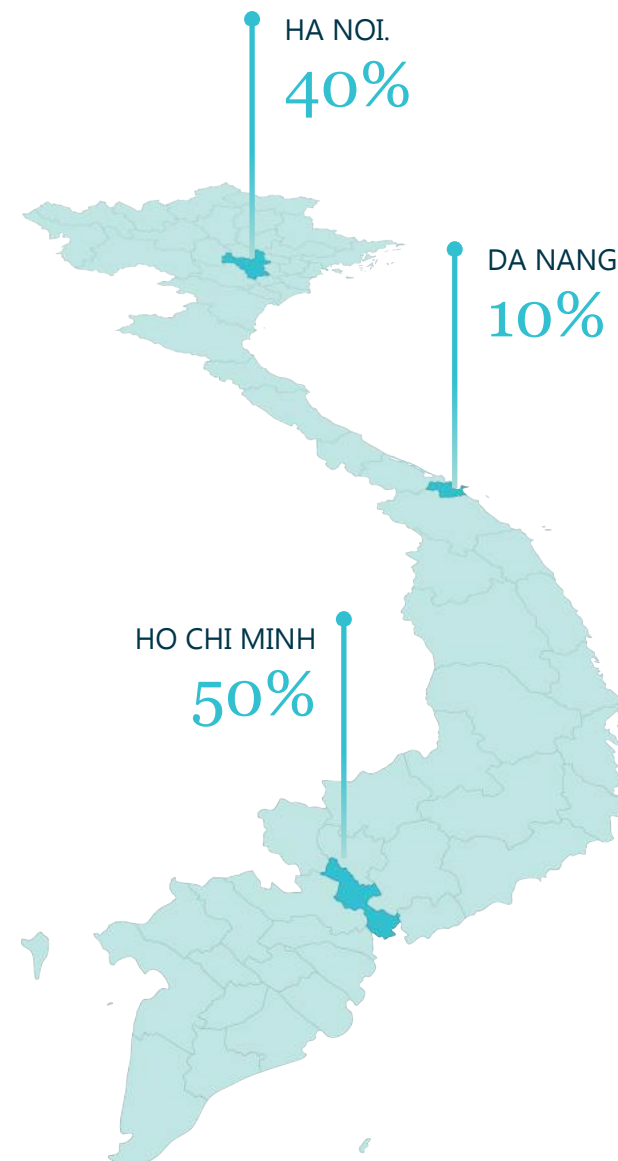
## 752,057

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

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



## Mobile-first survey

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



## Consumer focused

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



## Cost effective

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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**

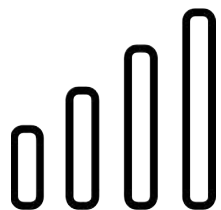
Average number of people in a party. This includes guests and kids

## **AVERAGE PRICE PER ITEM**

Average Individual Spend divided by items per person

## **FREQUENCY OF VISIT**

# How to access the Foodservice Monitor



## Quarterly Standard Reports

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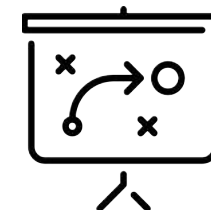
Purchase our standard market reports, when we publish on a quarterly basis.



## Strategy Building

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



## Annual Subscription

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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 32.5M\*\*



VND 27.3M\*\*



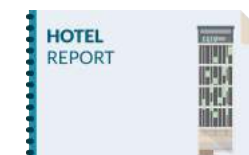
VND 27.3M\*\*



VND 27.3M\*\*



VND 20.8M\*\*



VND 20.8M\*\*



# 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

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# Who is the typical OOH consumer?

Eating out is more popular with men than women. The 15-35 year olds make up the majority of visits and three quarters of OOH visits are by consumers belonging to Class C or D.

**MALE**

**15 - 35**

**CD CLASS (SEC)\***



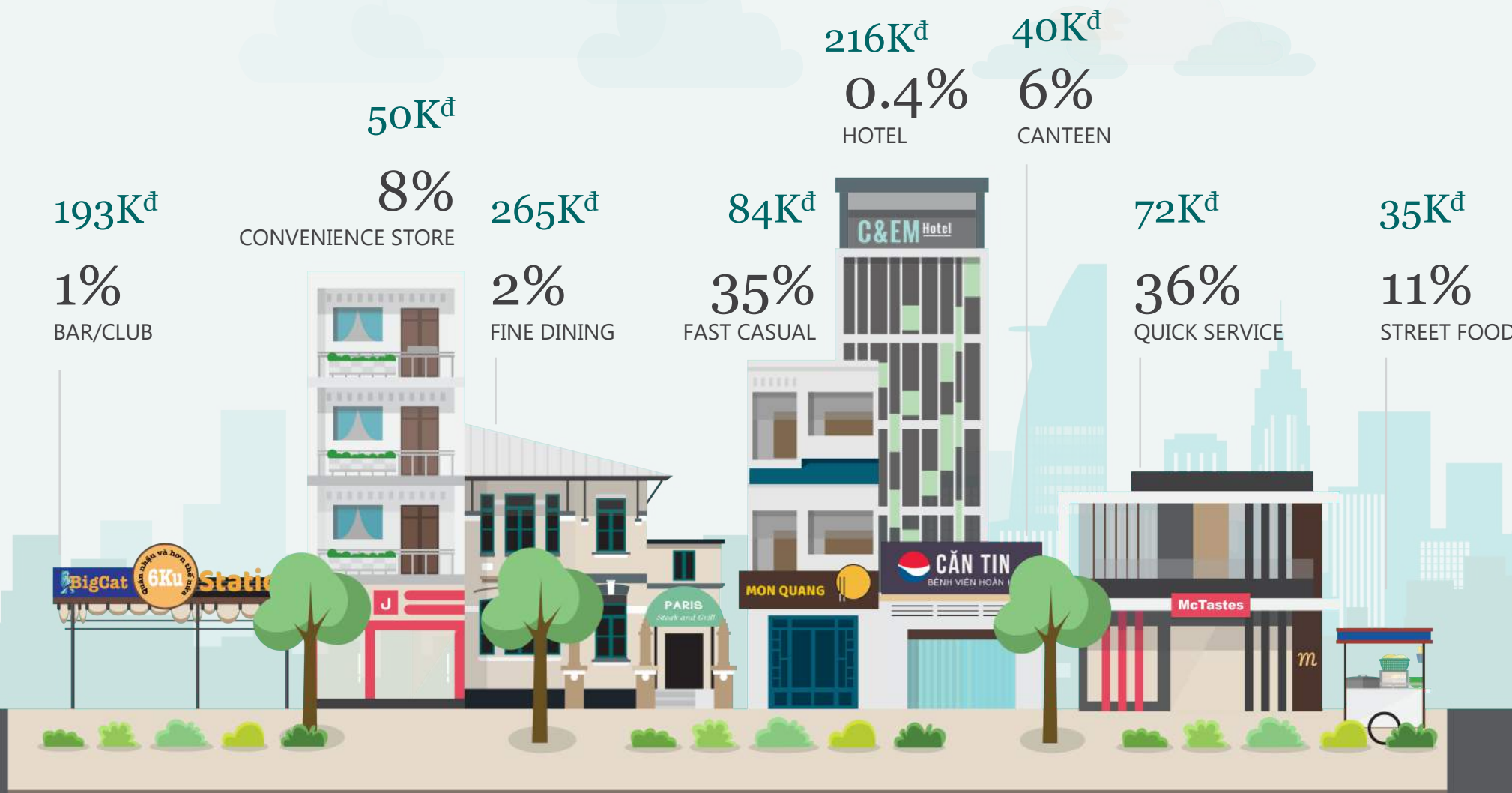
**340 mil.**

OOH VISITS IN Q2, 2016

\* 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



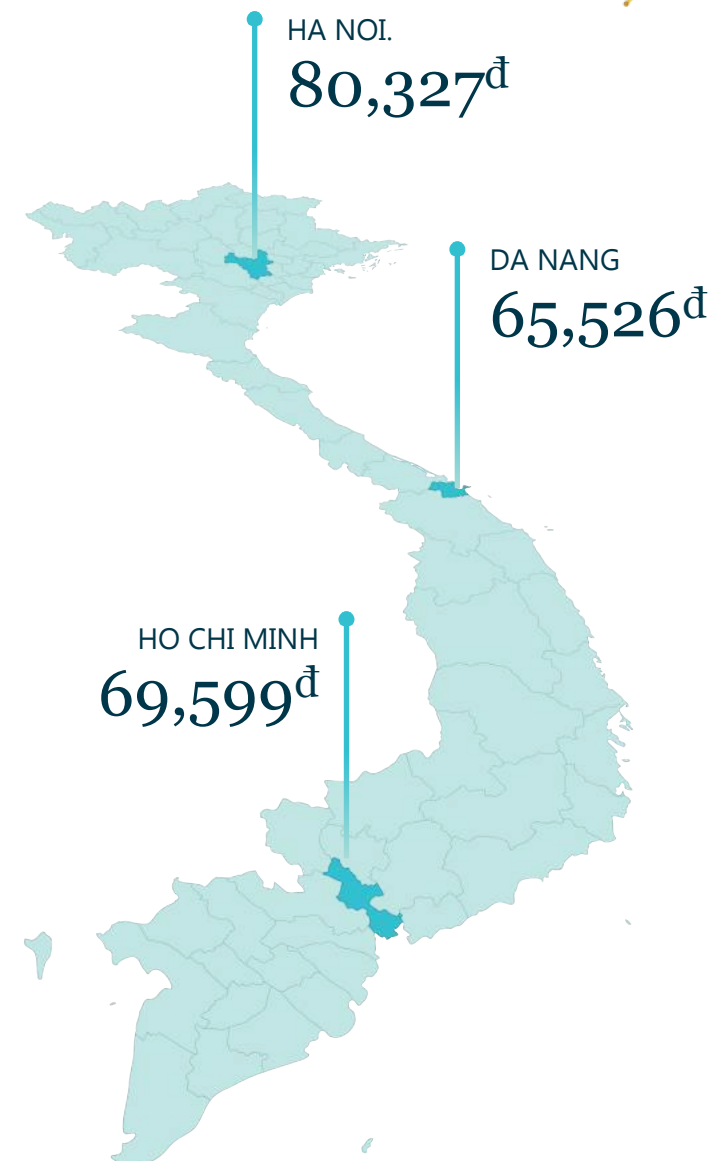
# Where to eat out?



# 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.



A close-up, slightly blurred photograph of a restaurant table. In the foreground, a white plate is filled with spaghetti topped with a thick red tomato sauce and chunks of meat. To the right, a tall glass of golden beer with a thick head of foam is visible. In the background, another plate shows a salad with tomatoes, cheese, and bread. A person's hand is seen reaching for a piece of food. The overall atmosphere is warm and inviting, typical of a casual dining restaurant.

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

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## REASONS FOR RESTAURANT CHOICE

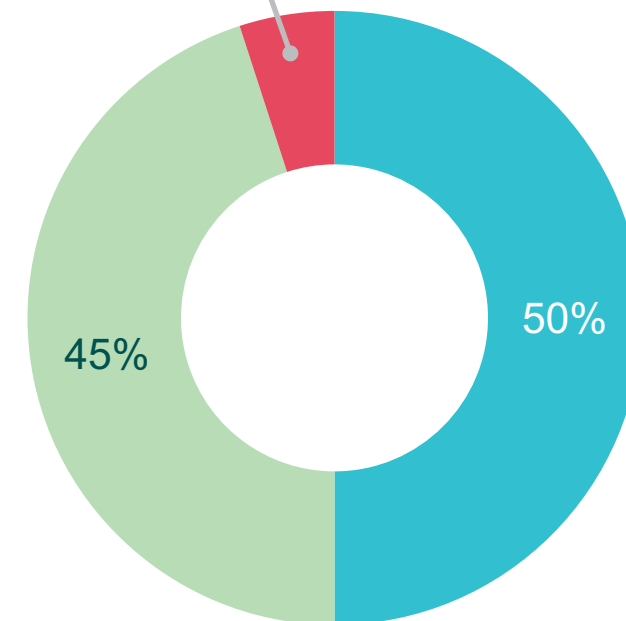
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When it comes to eating out, health concerns don't play a significant role

Only

5%

choose a restaurant because of health



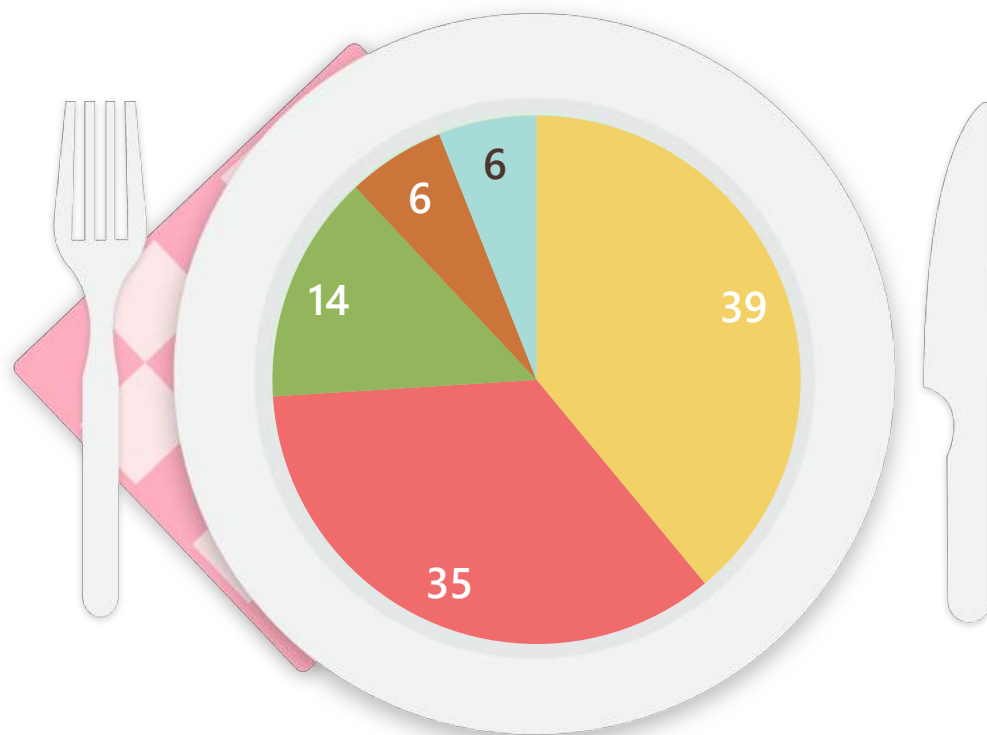
■ Convenience/Practicality

■ Treat/Indulgence

■ Health

# What do Vietnamese adults have on their plates?

% of Servings total OOH - Adults

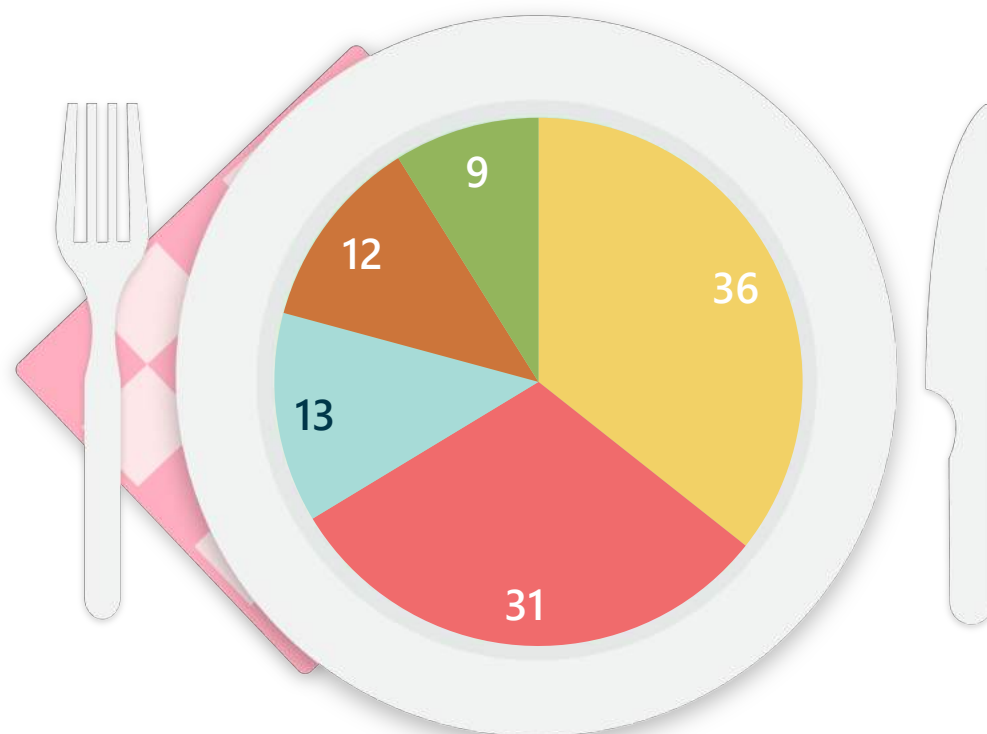


- Protein
- Carbohydrates
- Vegetable/Salad/Fruit
- Western (Pizza/Pasta/Burger/Potato)
- Desserts



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

% of Servings total OOH - Kids



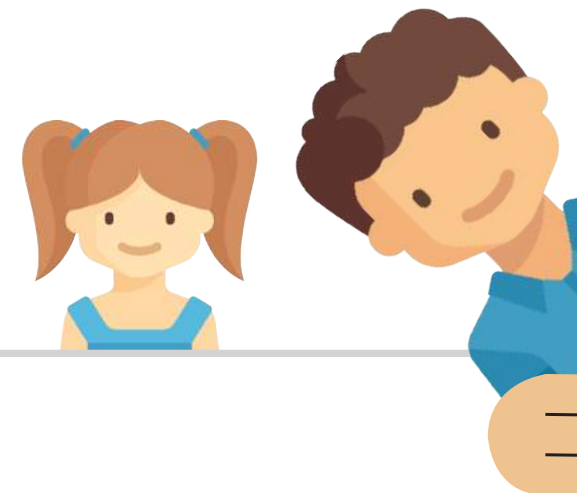
■ Protein

■ 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.

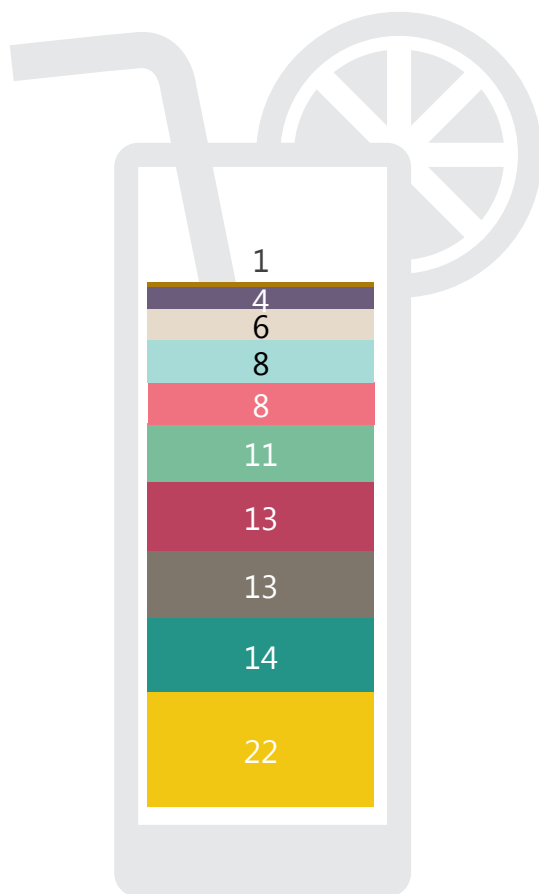


**Baked Oysters with Cheese**

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

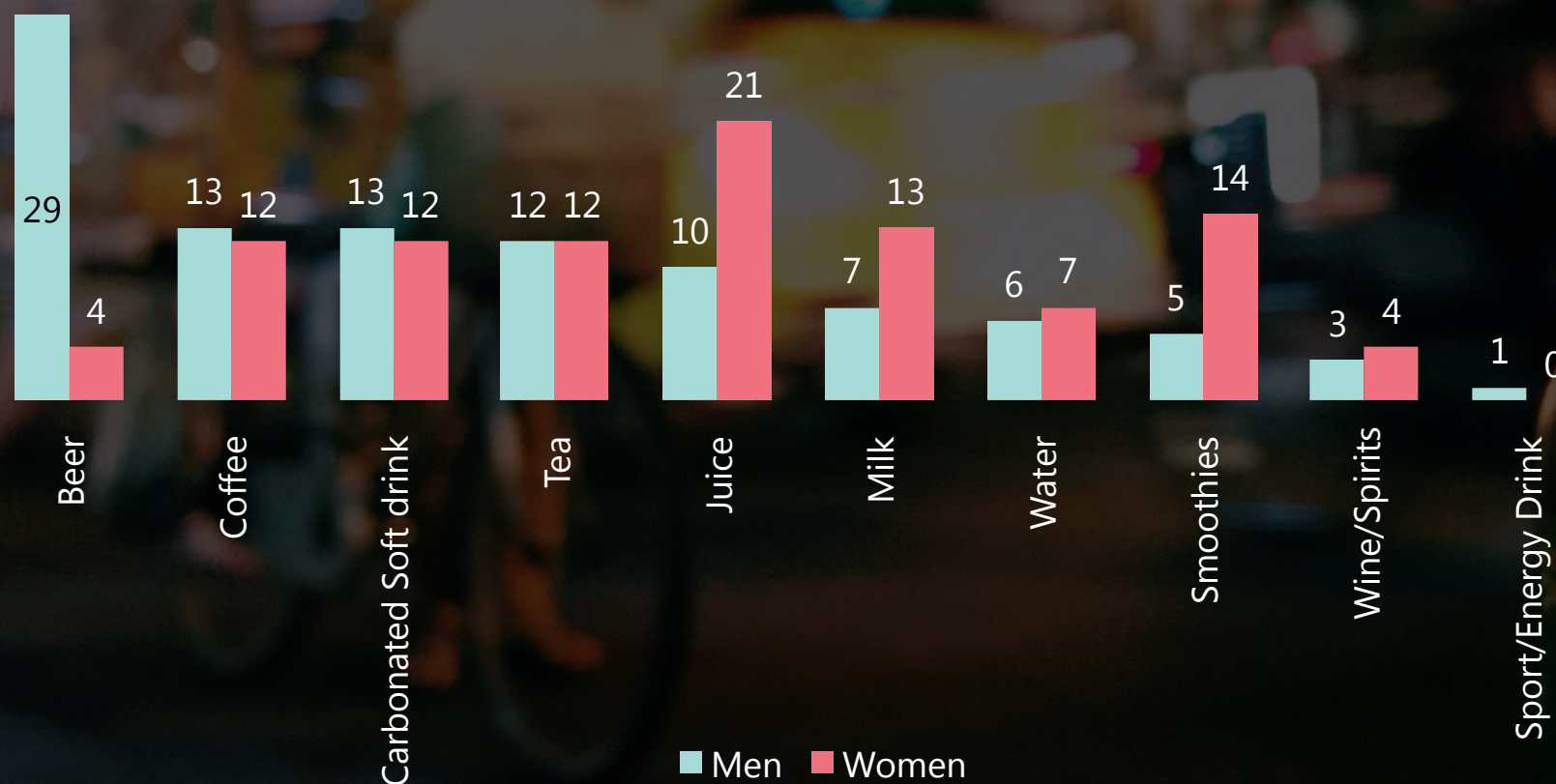
■ Water

■ Sport/ Energy



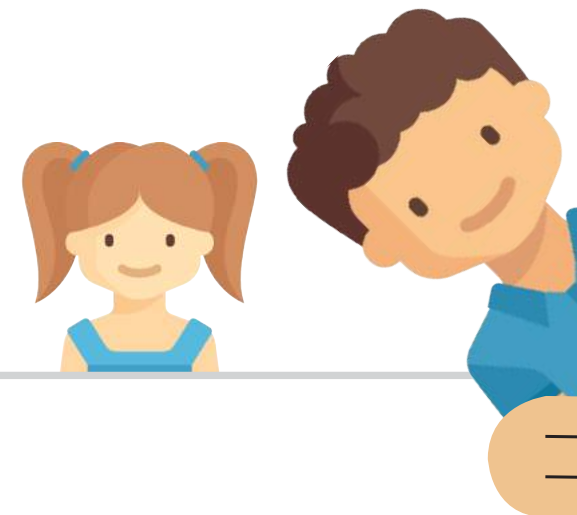
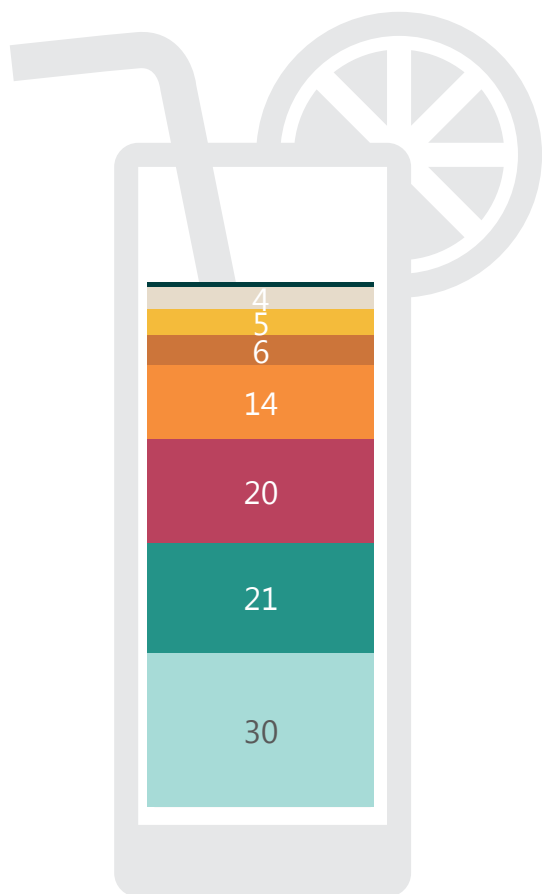
# Women make healthier drink choices while men are responsible for most beer consumption

% of Servings



# What do Vietnamese kids have in their glasses

% of Servings





# Milk is linked to consumption of sugary foods



Milk is consumed predominately 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

How is the food & drink  
offer changing?

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# 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 long dark hair and bangs is shown in profile, eating a McDonald's burger. She is wearing a white lace-trimmed top. In the foreground, there is a McDonald's cup with a straw and a burger box. The background is slightly blurred, showing other people and a sign that says "LIGHT".

How can chains stay  
ahead?

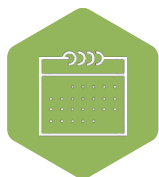
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AVAILABILITY & REACH



AFFORDABILITY



OCCASION



TASTE



CUSTOMER SATISFACTION



Keys to  
Success in  
Today's  
Competitive  
Market

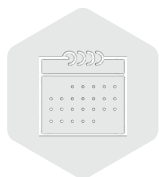




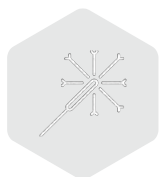
AVAILABILITY & REACH



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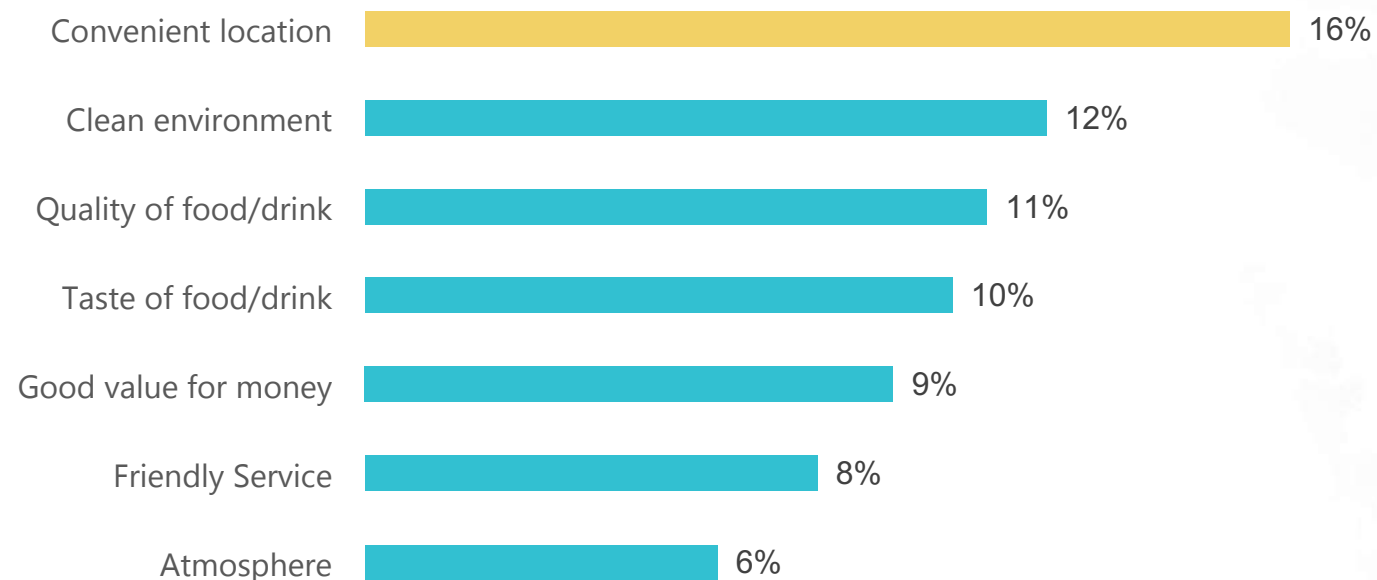


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# Convenient Location is the top reason for choosing Western/Asian outlets

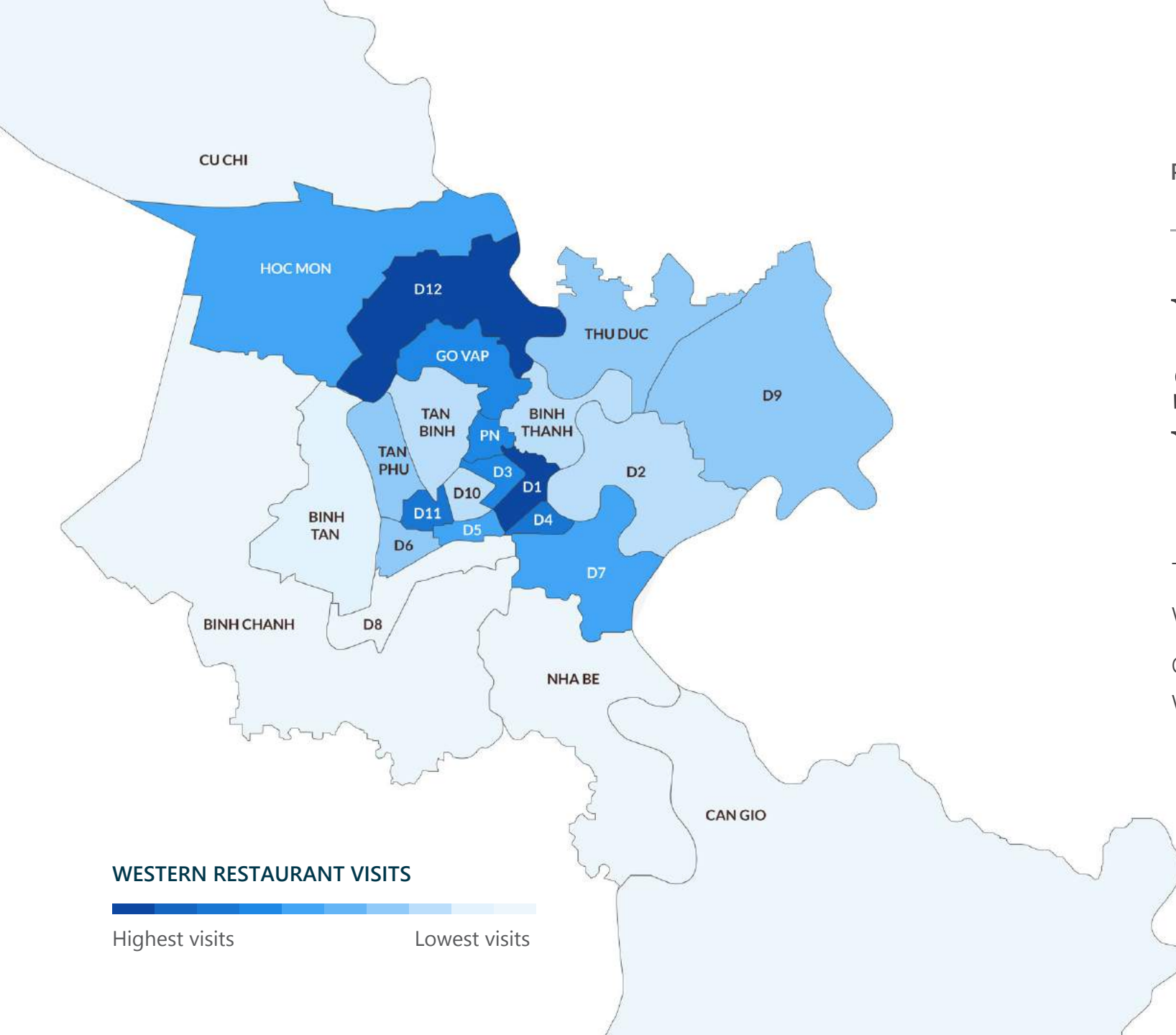
## Top reasons for choosing Western and Asian Outlets



## 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

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162,002



Delivery

80,171



On Premise

42,784



Take away

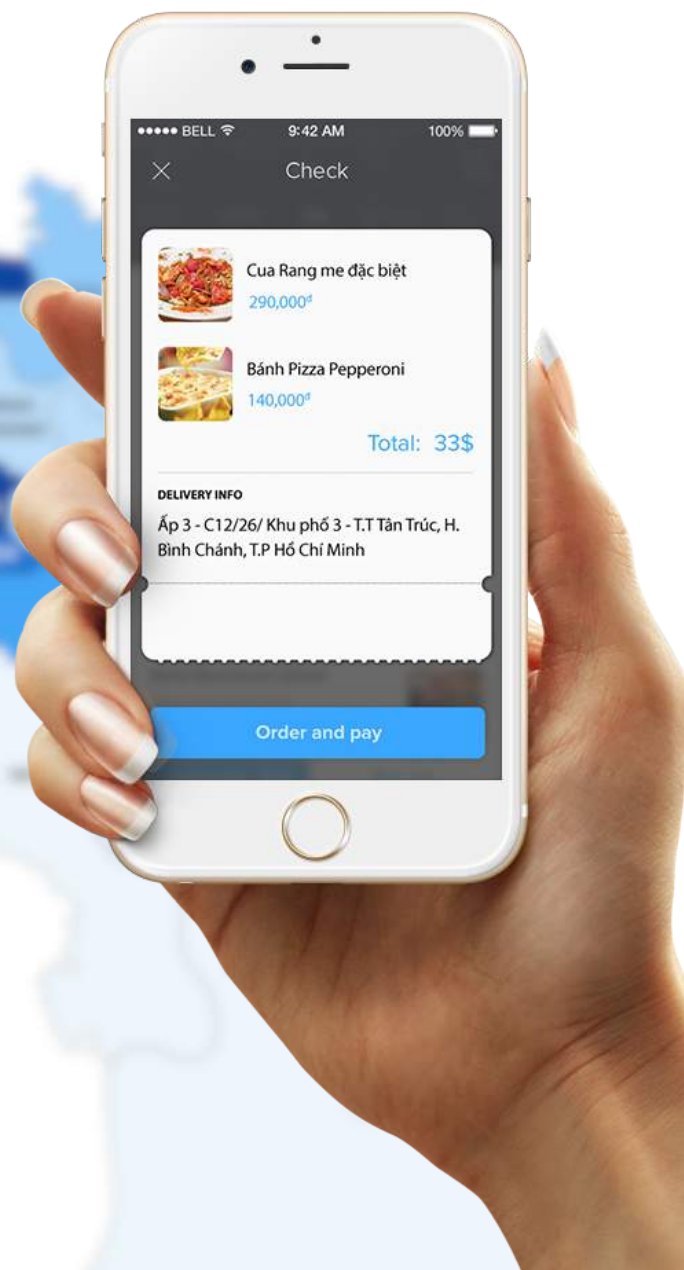
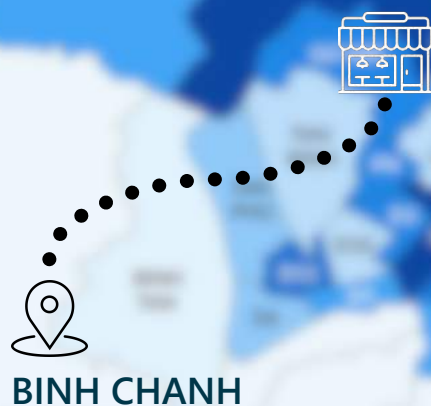




## ONLINE ORDERING

# 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.

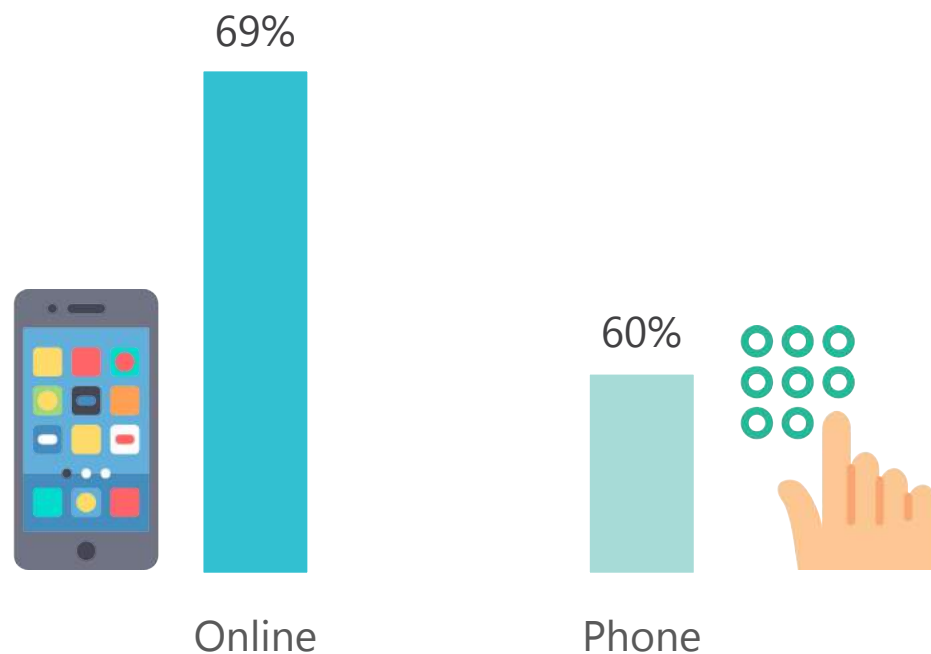




# Deliveries – Why Online/App?

T2B Customer Satisfaction – Total OOH

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DELIVERIES

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## It's time to go online

Online orders already account for nearly half of deliveries.

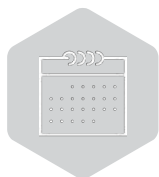
Customer Satisfaction is higher with online orders, especially with attributes such as 'Accuracy of Order'.



AVAILABILITY & REACH



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TASTE



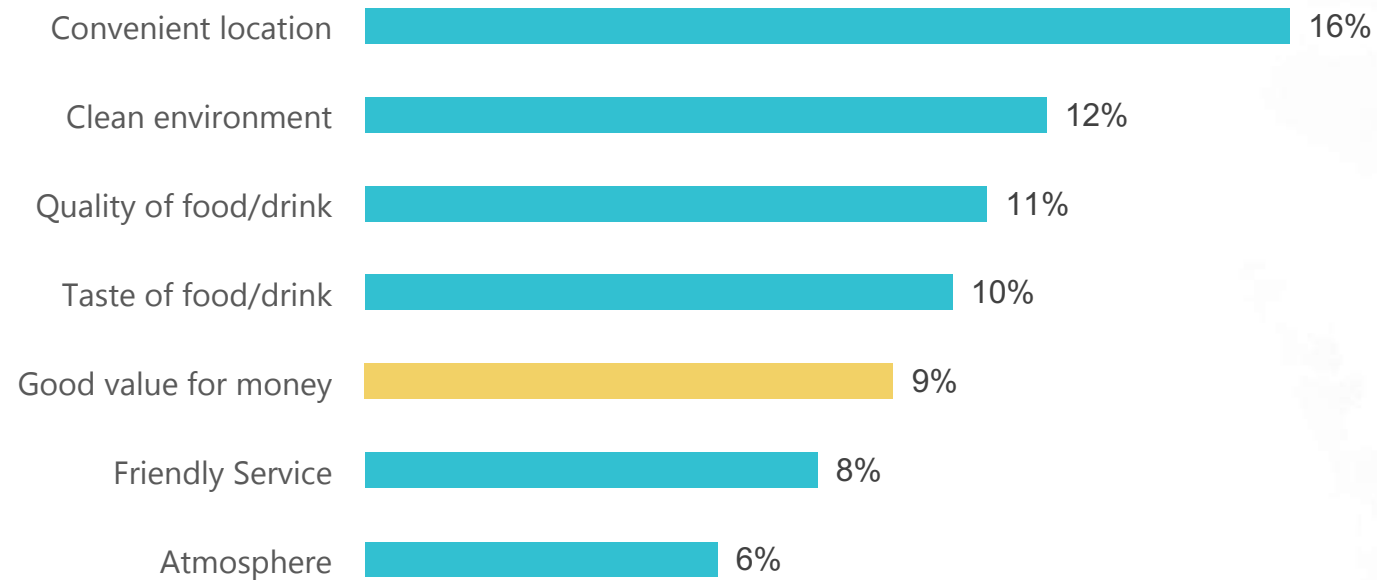
CUSTOMER SATISFACTION



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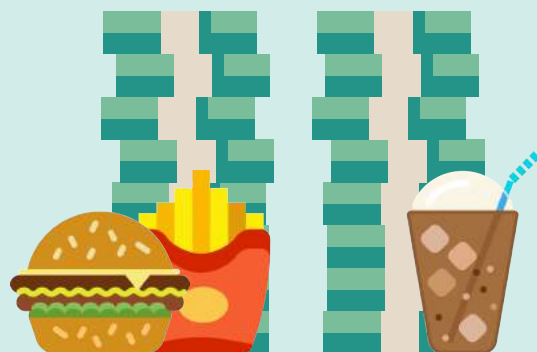
# Good value for money is the fifth most important reason when choosing Western/Asian outlets

## Top reasons for choosing Western and Asian Outlets



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

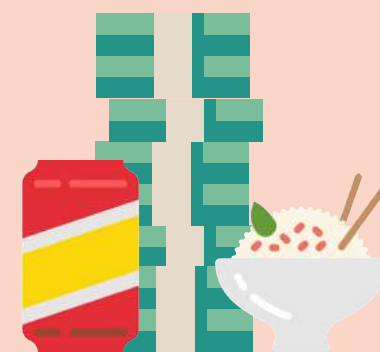
## WESTERN OUTLETS



168,352<sup>đ</sup> (2.5x)

AVERAGE SPENDING PER PERSON PER VISIT

## ASIAN OUTLETS



68,255<sup>đ</sup>

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

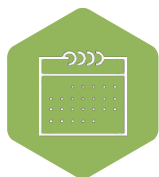




AVAILABILITY & REACH



AFFORDABILITY



**OCCASION**

OCCASION NEED

DAYPART OCCASION

LIFE STAGE OCCASION

PARTY SIZE OCCASION



TASTE



CUSTOMER SATISFACTION

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# Western outlets are low visit frequency destinations

Western vs Asian Index

**WESTERN**



**V.S**



**ASIAN**

Wanted to try something new  
Special occasion (Birthday etc.)

Free Wi-Fi

Treat

The kids love it there

Socializing with friends/colleagues/family

Convenient Location

No ingredients in the house to cook

Good value for money

Quality of food

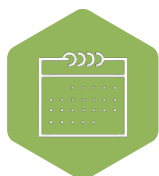
Didn't feel like cooking myself



AVAILABILITY & REACH



AFFORDABILITY



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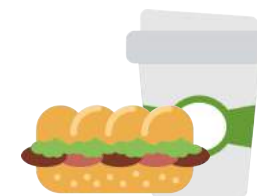
CUSTOMER SATISFACTION



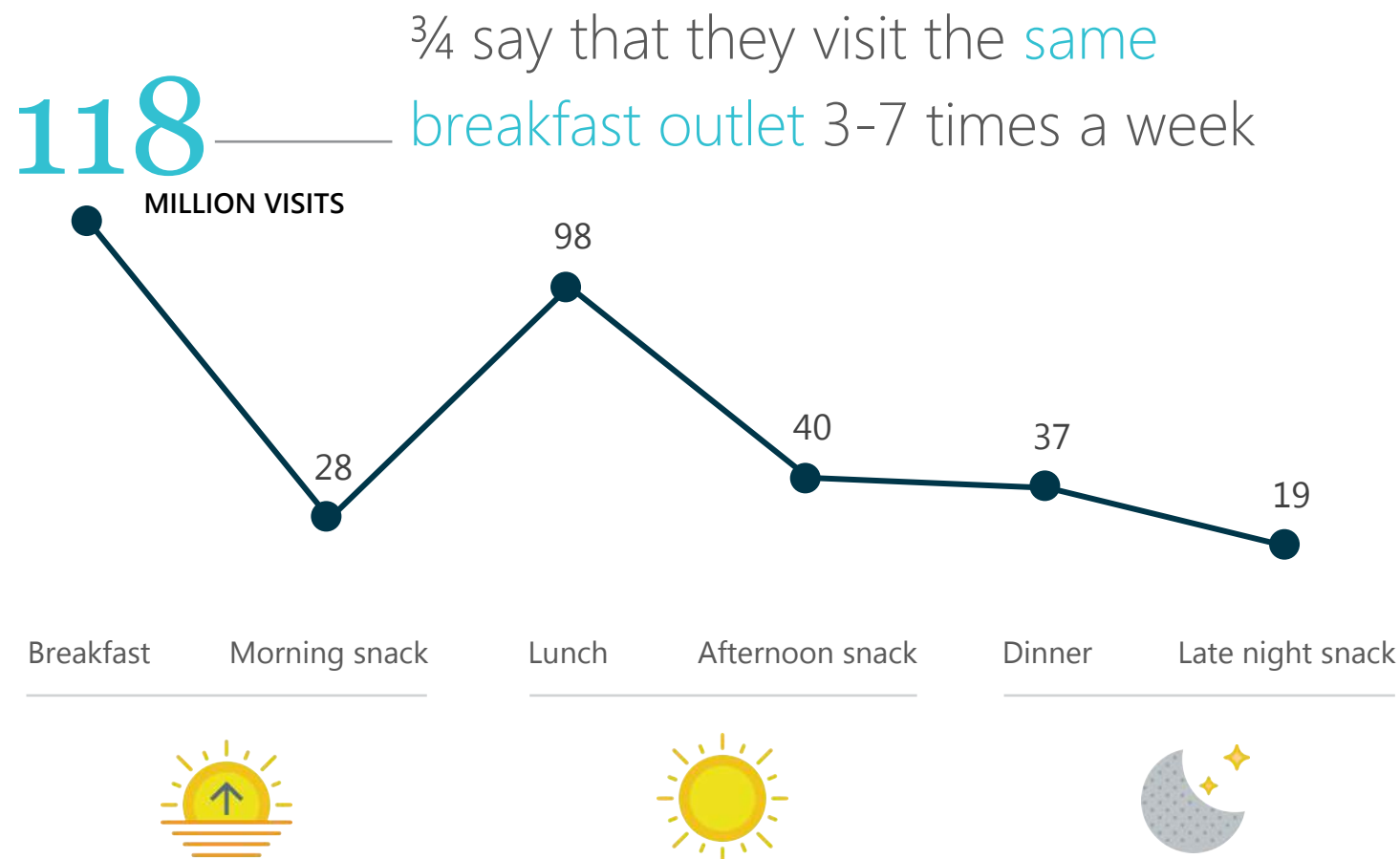
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# Breakfast is the biggest OOH occasion

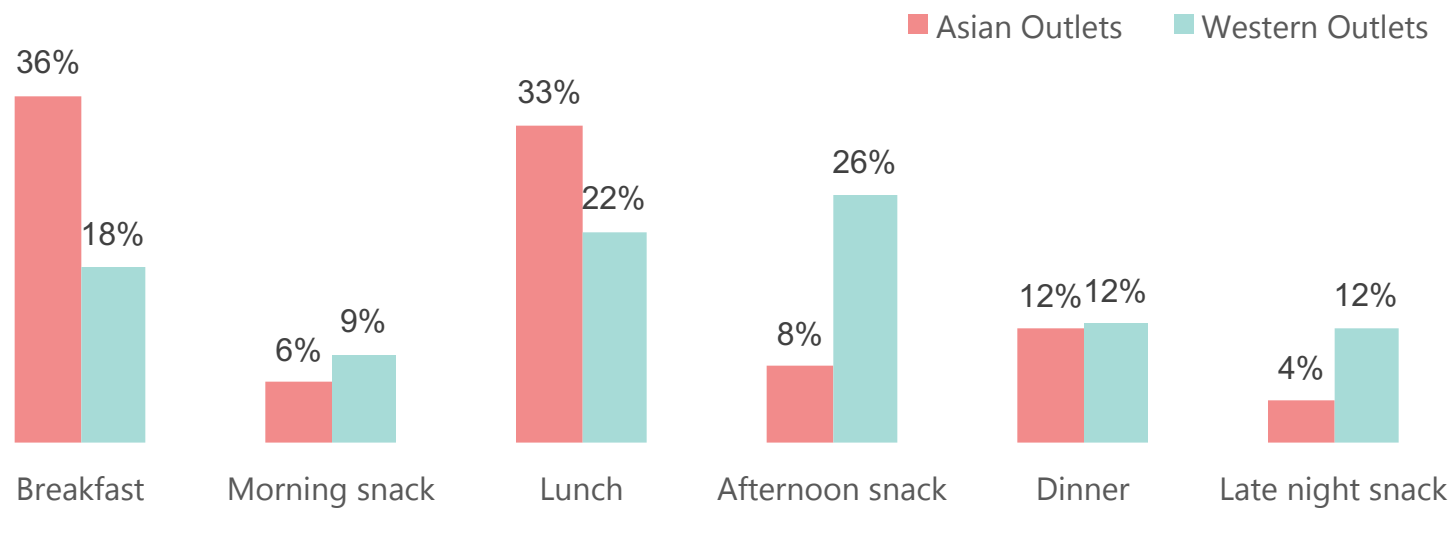


Breakfast occasion represents the biggest traffic opportunity; targeting it can be valuable because the consumer is likely to have a repetitive routine and develop a habit.



# Western outlets are underperforming at Breakfast

By Occasions - %



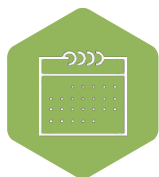




AVAILABILITY & REACH



AFFORDABILITY



**OCCASION**

OCCASION NEED

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TASTE

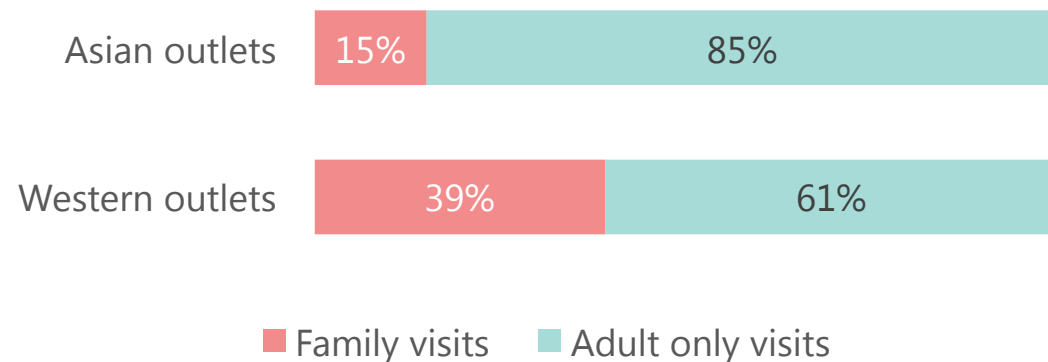


CUSTOMER SATISFACTION



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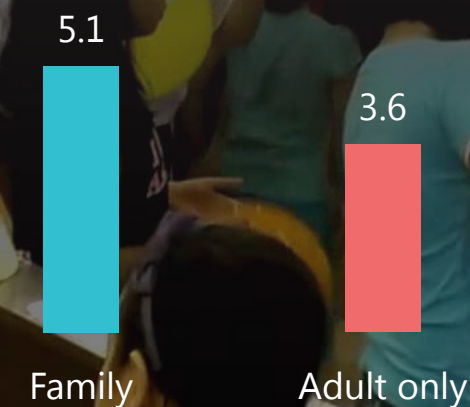
## Party composition-% visits



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

### Number items per eater



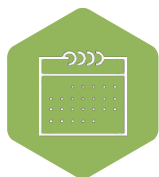




AVAILABILITY & REACH



AFFORDABILITY



**OCCASION**

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PARTY SIZE OCCASION



TASTE



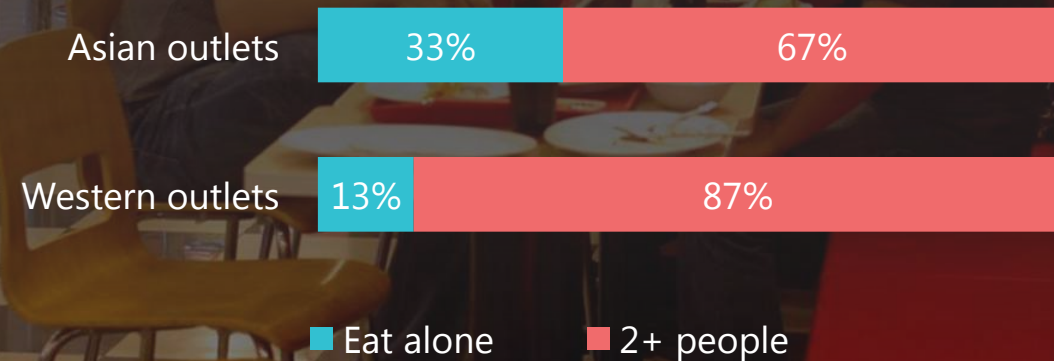
CUSTOMER SATISFACTION



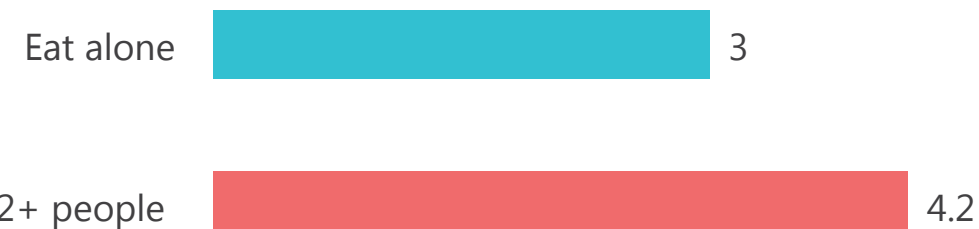
Keys to  
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Market

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

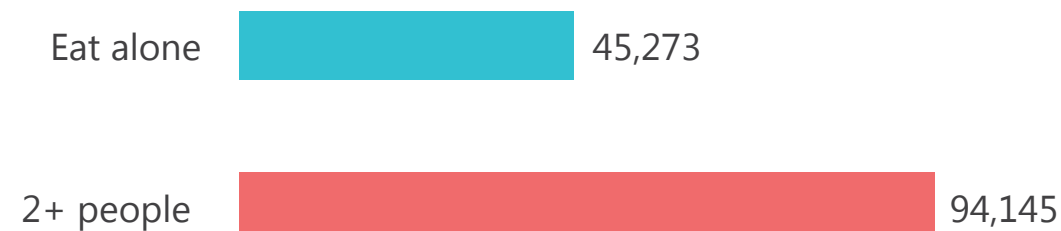
### Party size - %



### Number items per eater at Asian & Western outlets



### Average spend per eater at Asian & Western outlets

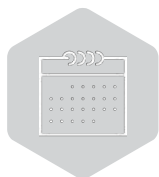




AVAILABILITY & REACH



AFFORDABILITY



OCCASION



TASTE



CUSTOMER SATISFACTION

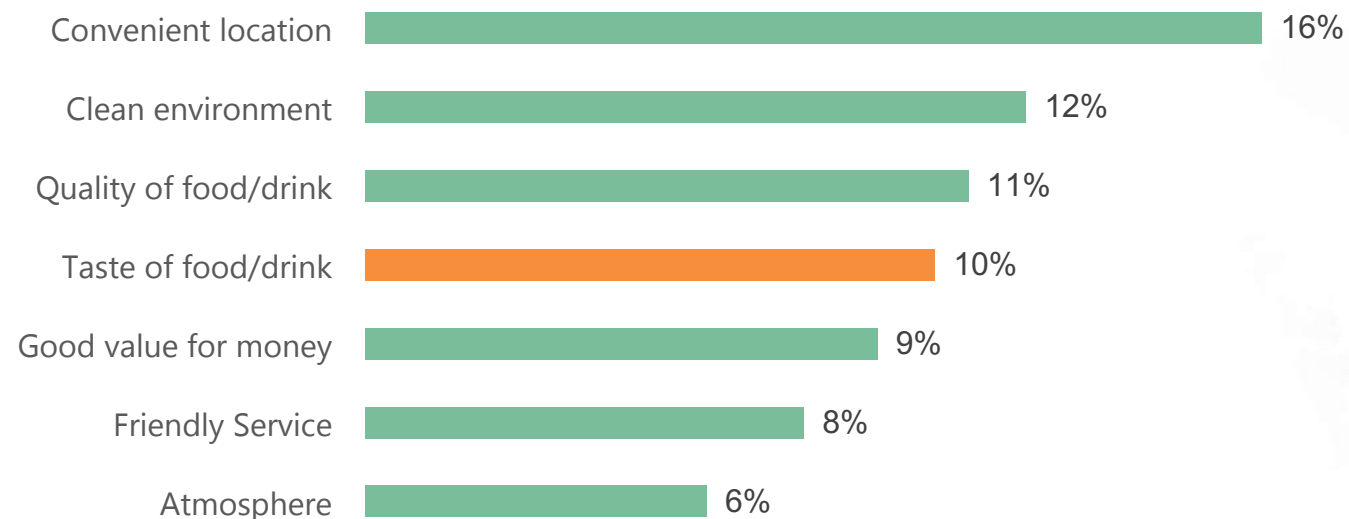


Keys to  
Success in  
Today's  
Competitive  
Market



# 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.

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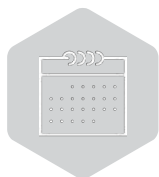
Give your menu a local touch to decrease the barrier of trial – some have adapted but is it enough?



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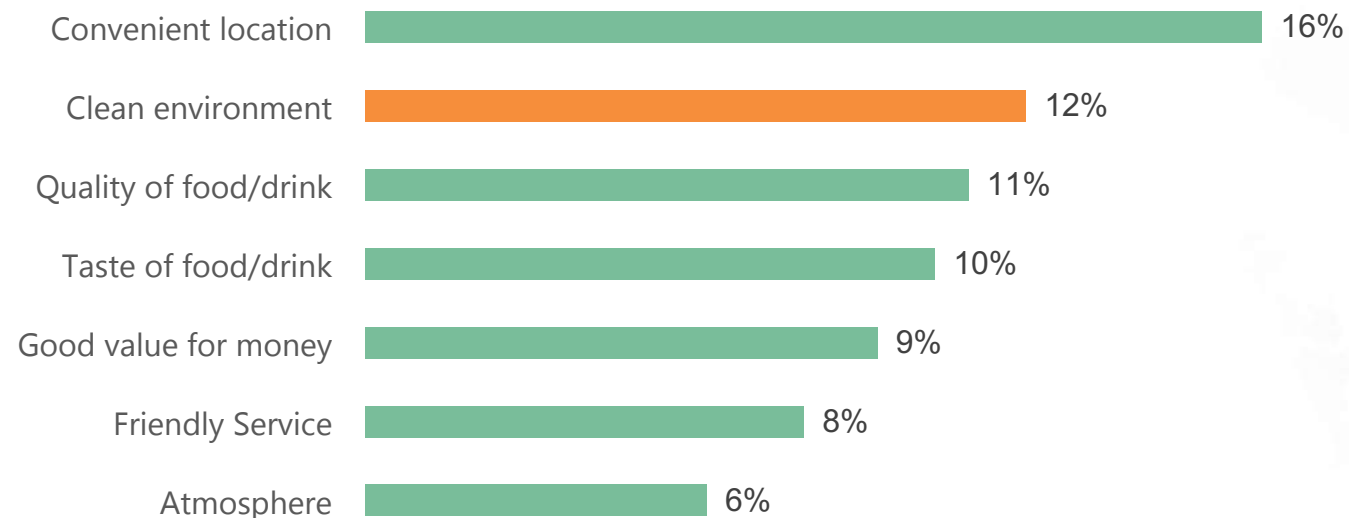
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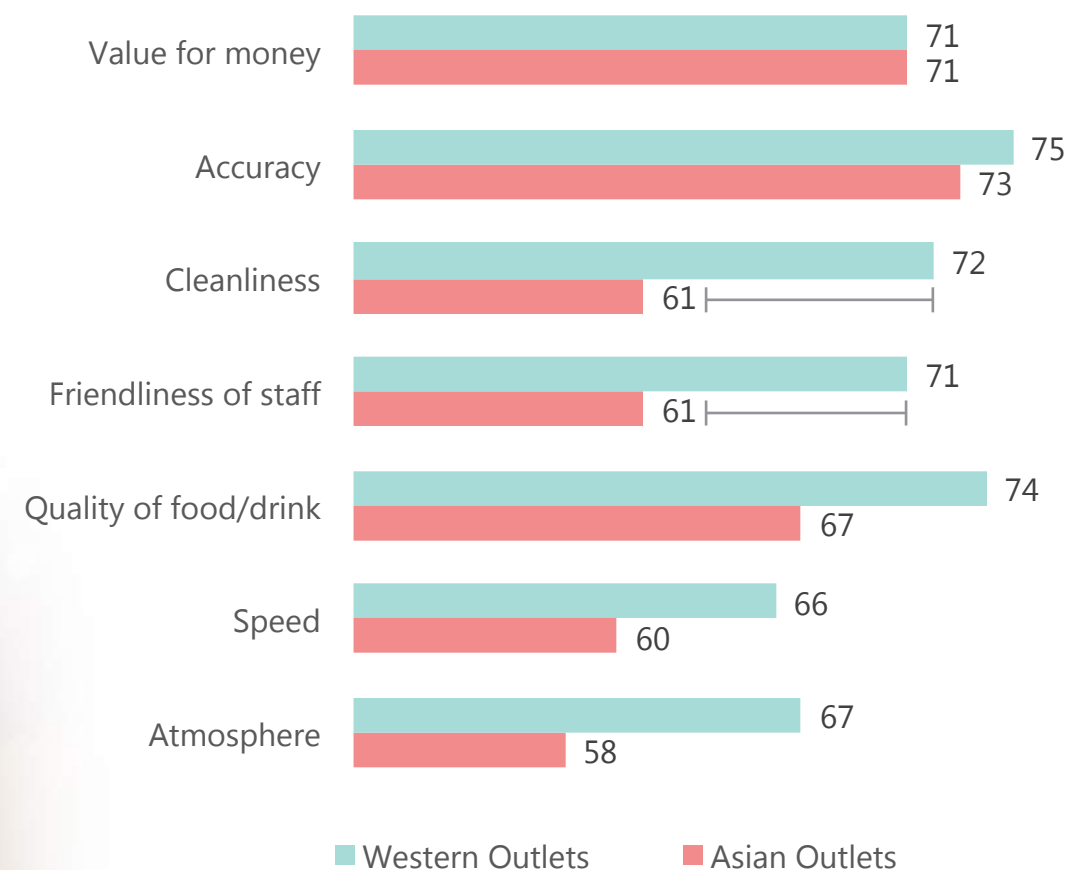
# Clean environment is the second most important reason when choosing Western/Asian outlets

## Top reasons for choosing Western and Asian Outlets



# Western outlets do not excel on value for the money

## Customer Satisfaction T2B - %

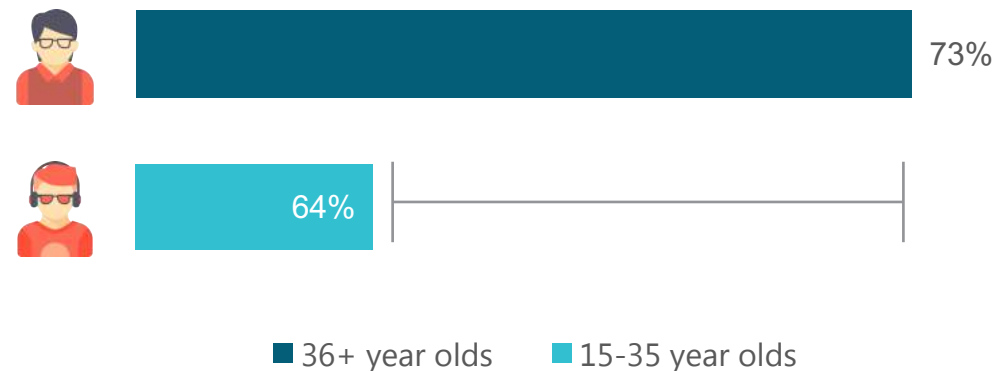




THE YOUNG ARE LESS  
SATISFIED WITH THEIR  
RESTAURANT VISIT THAN  
THEIR PARENTS

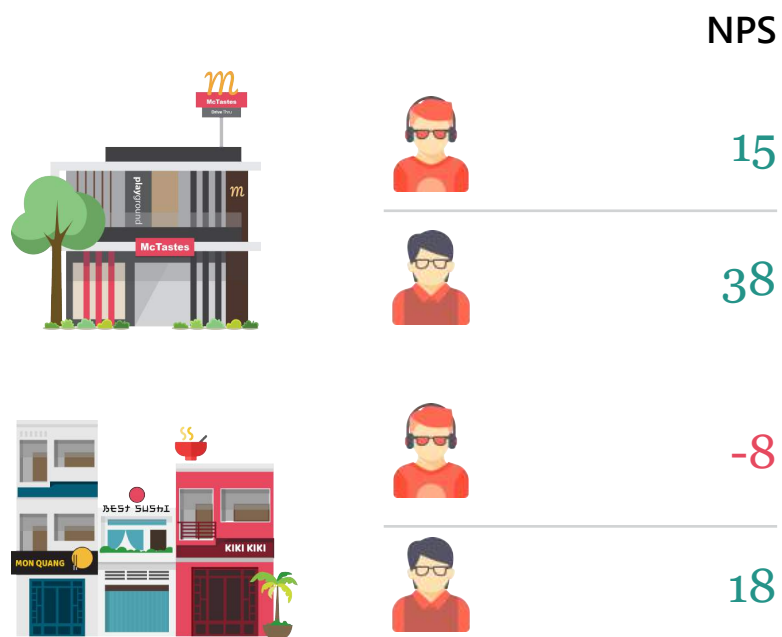
## Customer expectations & standards are rising

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<sup>\*</sup>

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

# Keys to Success

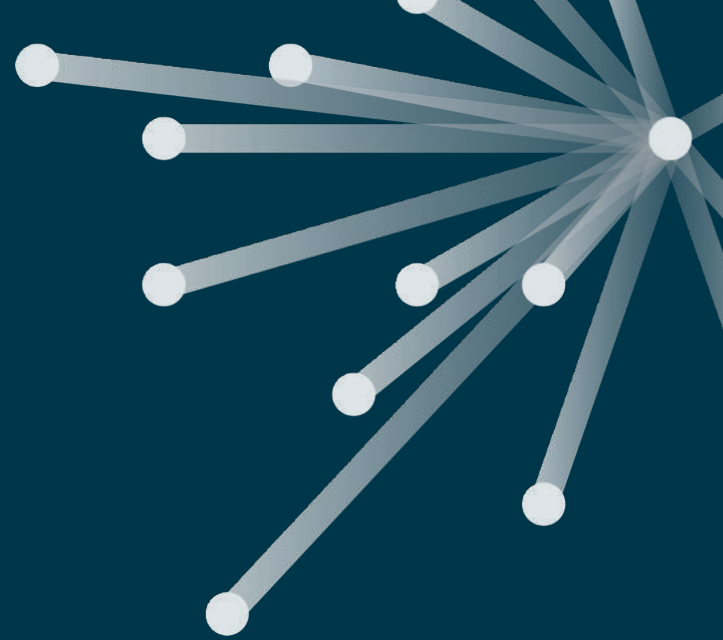
Increase reach through online ordering

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

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