



group<sup>m</sup>

FACEBOOK

KANTAR

# DEMYSTIFYING RURAL VIETNAM

Exploring rural Vietnam and uncovering its potential



The logo icon for Vietnam Touch Point features a stylized sun, a cloud, and a green field with a small house.

## VIETNAM TOUCH POINT

This whitepaper is based on the findings conducted from ‘Vietnam Touch Point’ 2020 by GroupM Knowledge Vietnam, and ‘Understanding The Usage and Attitudes Towards Digital Video Watching in Vietnam’ by Kantar for Facebook.

‘Vietnam Touch Point’ is a GroupM Vietnam’s proprietary and syndicated research survey which explores how consumers interact with media, enabling marketers to recognize differences in media consumption among current consumers and potential consumers to figure out better approaching solutions for their own brands. The study covers urban and rural areas of 30 secondary provinces and cities representing Vietnam nationwide, with more than 60% national population.

‘Understanding The Usage and Attitudes Towards Digital Video Watching in Vietnam’ is a bespoke research study conducted by Kantar exclusively for Facebook, which delves into the behaviors of online video heavy users across the country.



FACEBOOK



The study traverses across 30 provinces,  
in which we learn how 13 major media touch points  
play their role in a consumer's daily life



**LINEAR  
TELEVISION**



**OTT**



**SOCIAL  
MEDIA**



**INSTANT  
MESSAGING**



**E-COMMERCE**



**ONLINE  
VIDEOS**



**MUSIC**



**SEARCH**



**GAMING**



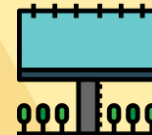
**RADIO**



**NEWS**



**PRESS**



**OUT-OF-HOME**

# THE AUTHORS

Findings in this whitepaper were conducted by the researchers at GroupM and Kantar, who have 25 years of collective experience in media and consumer research. This report is in partnership with Facebook.



**NGHIA NGUYEN**

group**m**

Head of Knowledge



**NHI PHAM**

group**m**

Qualitative  
Researcher



**KHOA DOAN**

**KANTAR**

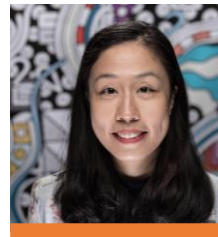
Executive Director,  
Kantar Insights



**VIET-ANH TRINH**

**FACEBOOK**

Vertical Lead



**YEN NGO**

**FACEBOOK**

Head of Client Solutions



**MINH NGUYEN**

**FACEBOOK**

Senior Business  
Strategy Manager

# GETTING STARTED

## Decoding the old myths to uncover hidden potential for business

Fueled by a young population and a rising middle-class demographic, Vietnam has seen tremendous growth and development within recent years. Internet penetration is spreading beyond urban hubs and smartphone usage is becoming a default. As almost two third of the population lives in secondary provinces, the rural is the next source of growth.

Indeed, as Vietnam Touch Point demonstrates, digital media consumption has already surpassed that of traditional channels. Hence, it is more crucial than ever for brands to grasp the big picture and recognize the most up-to-date trends in rural Vietnam to gain deeper insights of the target market and win consumers' mind.

This report taps into the rapidly emerging market with huge potential for growth with the guide of our media deep-dive on every media touch point by cracking the biggest myths in Rural Vietnam.

90%



of the rural population **has access to the internet**. Most of the internet users are between 15 to 34 years old. Consumers are equipped with more devices to access the internet than ever. Rural Vietnamese access the internet daily and most of them spend an **average to two to three hours**.

92%



of rural household **owns at least a smartphone**, opening an incredible potential to reach consumers via this channel. Internet usage in Vietnam is predominantly mobile based as a large share of the population lives in rural areas where mobile internet is more accessible.



01

## Rural as The Next Source of Growth

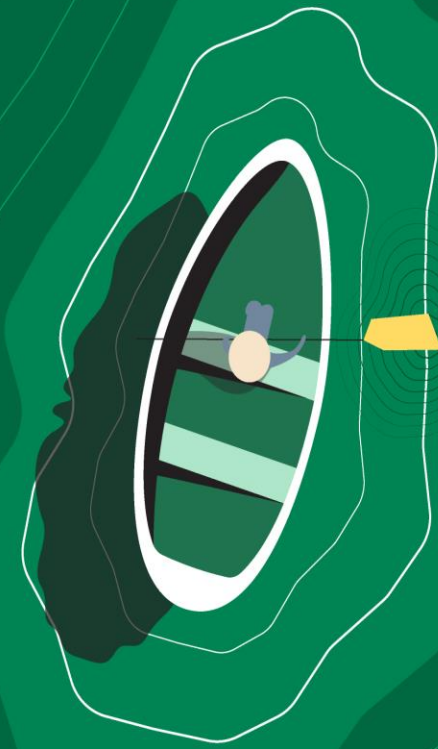
02

## Three Rural Myths Busted

03

## Steering The Future

FACEBOOK





## **RURAL CONSUMERS ACCOUNT FOR 63% OF POPULATION & 60% GDP**

---

The first important reason why Rural Vietnam represents such a big opportunity is the sheer number of people that currently reside in rural areas.

Today, there are 63 million people living in rural areas, representing two thirds of the population.

Those account for 60% of GDP with plenty of agriculture, forestry and fishing taking place.

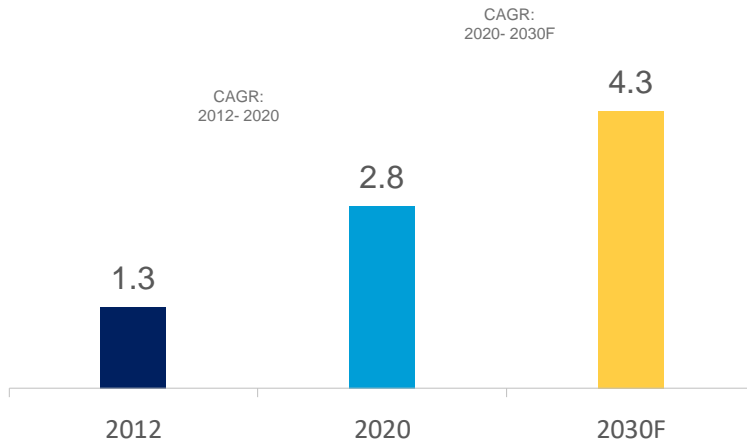
# CONSUMERS ARE GETTING RICHER. POVERTY IS DECREASING.

What makes it even more potential is that the rural consumers are getting richer.

Various poverty reduction programs by government and companies have helped drive the poverty rate down to only 8% - meaning that 92% of rural people have an income which is higher than the poverty line in Vietnam, with a CAGR of 11% between 2012-2020.

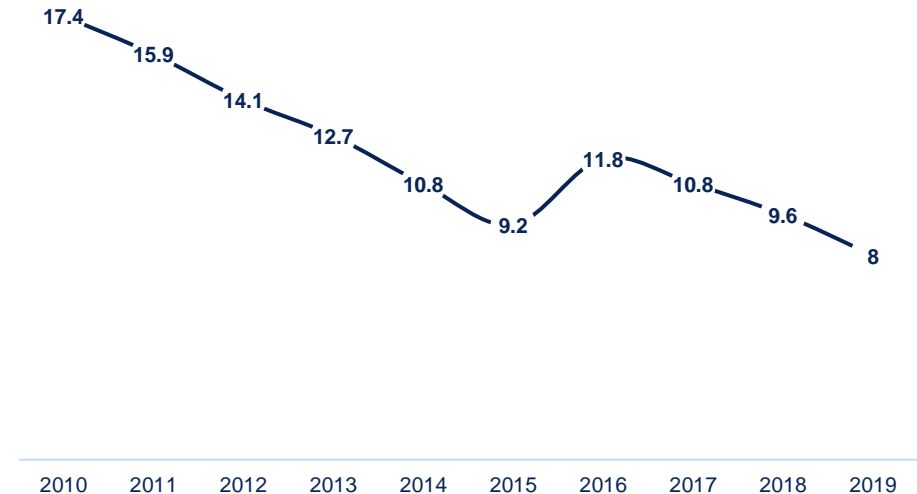
It is expected that income will continue to rise, with CAGR of 7% between 2020-2030.

RURAL PER CAPITA INCOME/ MONTH



Source: Worldpanel Division | Household Panel | Rural Vietnam excluding gift

THE POVERTY RATE (%) IN RURAL VIETNAM



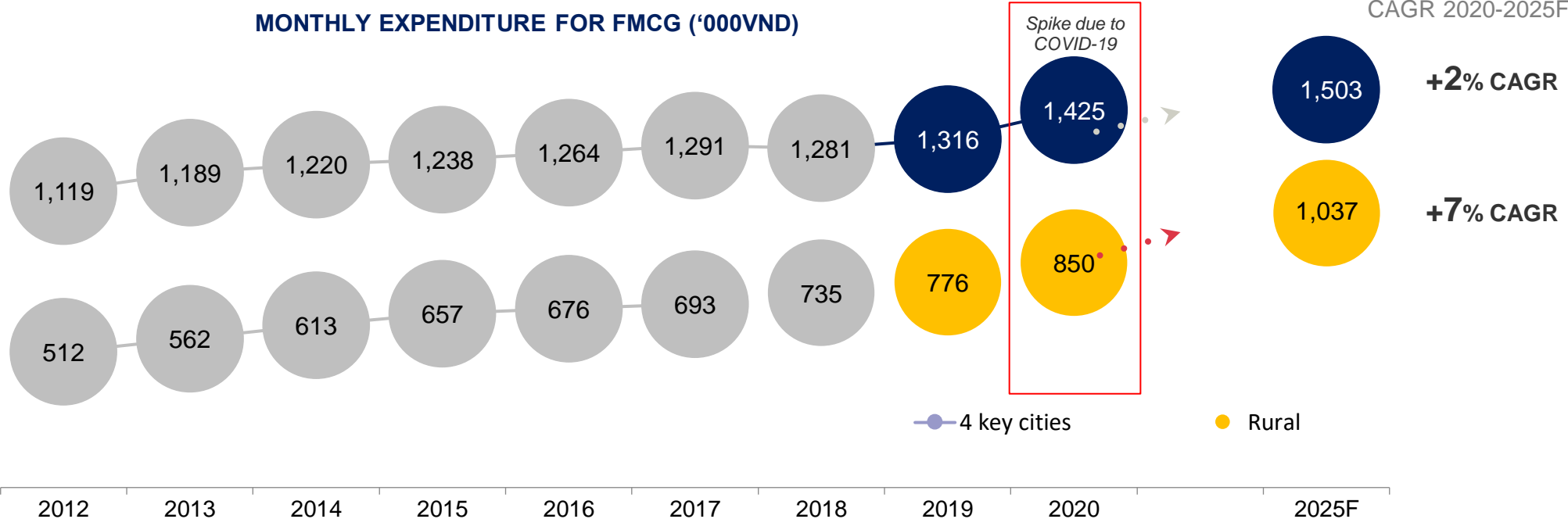
Source: GSO Vietnam



# SPENDING GAP IN FMCG GOODS IS NARROWING

As incomes rise, so does spending. Monthly spending for FMCG has reached 850,000 VND per month in rural, compared to 1.4m in Urban 4 key cities, which was less than half the amount of Urban 4 just 8 year ago.

MONTHLY EXPENDITURE FOR FMCG ('000VND)



Source: Worldpanel Division | Households Panel | Urban 4 Key Cities & Rural Vietnam | FMCG excluding Gift

01

## Rural as The Next Source of Growth

02

## Three Rural Myths Busted

03

## Steering The Future

FACEBOOK





Myth #1

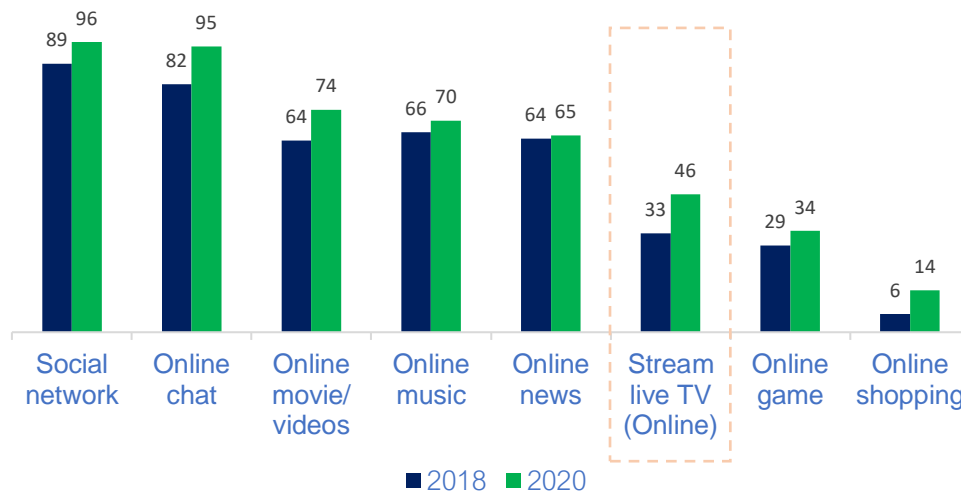
# Rural Consumers Mostly Consume Traditional Media Only





# TV STREAMING AND ONLINE SHOPPING RECORDED AN INCREDIBLE 29% AND 58% GROWTH JUST AFTER 2 YEARS

Rural consumers maintain digital consumption on basic channels and continuously adapt more to new technologies. While most still stay faithful to their usual favorite online activities, such as chatting with friends and surfing social media; the consumers have started to consume TV content on digital platforms and shop online much more.



Social network 7% ↑



Chatting 13% ↑



Online videos 14% ↑



Online music 6% ↑



Online news 0.1% ↑



TV Streaming 29% ↑



Online gaming 15% ↑



Online shopping 58% ↑

**Growth of TV Streaming notably has increased 4 times as fast as social media.**

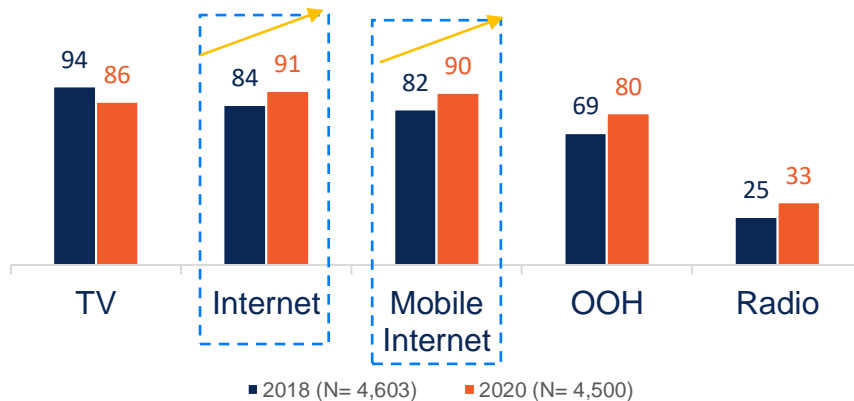
Other internet-based activities such as online music, news, gaming, and especially online shopping also saw a record growth in rural in 2020.

# A SHIFTING TREND TOWARDS DIGITAL CHANNELS

Contrary to the assumption that consumers in rural Vietnam are unfamiliar with non-traditional media, there is increasing use of digital media consumption across multiple channels.

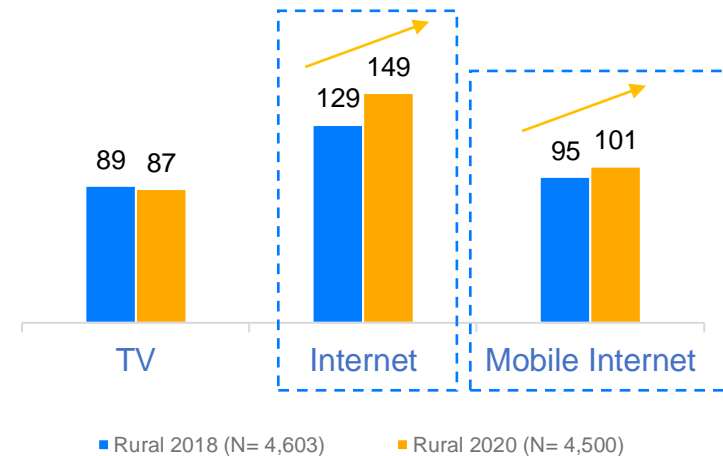
For the first time ever, Internet has surpassed TV in both penetration and time spend. This trend is consistent across all age groups as well as geographic regions.

**MEDIA PENETRATION P7D**



Internet and mobile internet both grew significantly in 2020, while TV has seen a slight decrease. OOH and Radio also record a slight increase in 2020 in rural provinces. For the first time ever, the Internet has become as the main media channel in rural Vietnam.

**MINUTES PER AVERAGE DAY**



On average, compared to 2018, consumers spend almost 20 more minutes on the internet and less time watching TV, showing a shifting trend towards online alternatives.

# DIGITAL MEDIA AS A TRANSFORMATIVE TOOL THAT CHANGES THE WAY CONSUMERS BEHAVE

Gone are the days that majority of human interactions are done in person. Communication is no longer limited to just people within your neighborhood, and businesses are spanning well beyond their own town. With the transformative power of digital media, opportunities are limitless.



**90%** are using the Internet now, with **91%** of that is on mobile.



**96%** own at least a smartphone at home while smart TV penetration already reaches more than half of the population.



**94%** internet users access internet on mobile. On average, time spend on digital is **149 minutes** a day, already surpassing TV **by an hour**

## HIGHLIGHTING THE ALTERNATIVE: WHAT'S THE FUTURE OF TV?

TV penetration has slightly decreased from 91% to 86%; however, that doesn't mean consumers have watched TV less – they have shifted to a different platform to consume videos generally: Connected TV, or OTT.



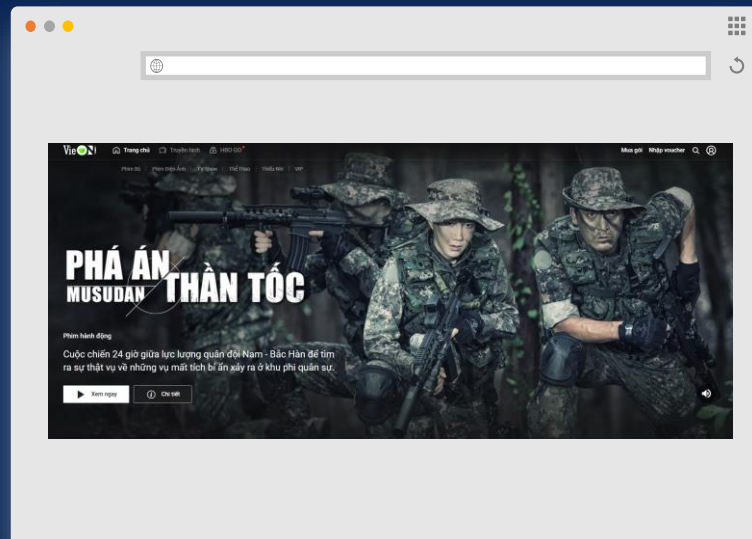
# THE RISE OF CONNECTED TV AND OTT IN RURAL

An over-the-top (OTT) media service is a streaming media service offered directly to viewers via the Internet

2020 has recorded a biggest trend change in TV consumption behavior in rural, in which consumers have switched from a traditional TV set to watching more content on digital platforms. TV is still here to stay; it's just existing in a much more diverse form.

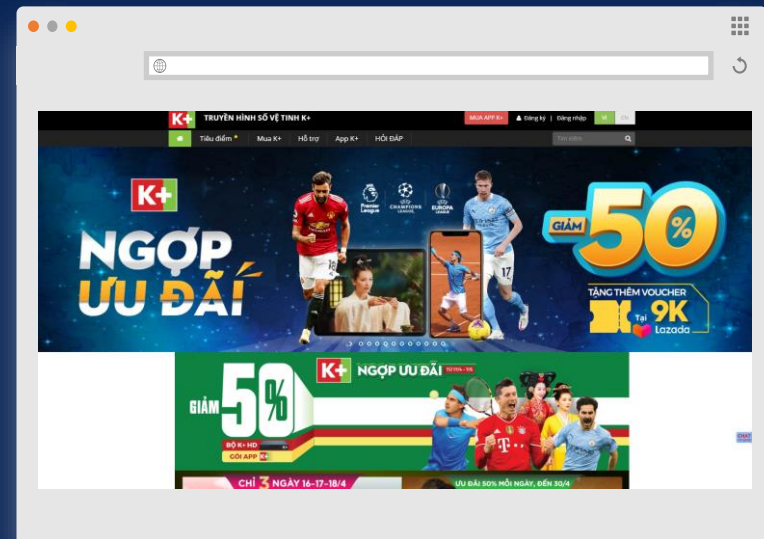
## Advertising-based Video On Demand (AVOD)

- 01** AVOD is an online video service in which consumers do not have to pay to use in exchange with exposure to advertising (for example: VieOn, VTV Go, VTV Giai Tri, FPT play, YouTube, Facebook Watch, etc...)



## Subscription Video On Demand (SVOD)

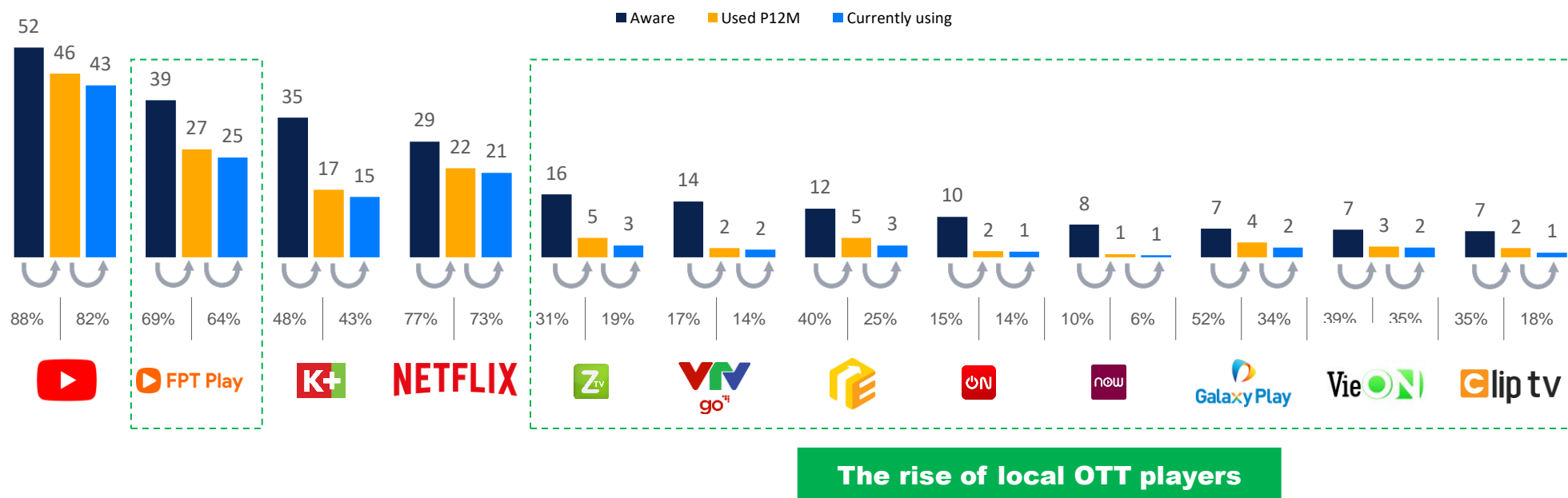
- 02** On top of their free version, for a small monthly fee, SVOD services provide consumers with an ad-free environment where they can watch all their favorite content that they're used to from a traditional TV set and more. (for example: K+, VieOn, FPT Play, etc...)



# THE RISE OF CONNECTED TV AND OTT IN RURAL

YouTube takes the first spot as consumers opt for the world's most popular video platform for both online videos and TV program recaps. Among the consumers who are currently paying for an OTT streaming service, they're very aware of the recent development of local players. They are either currently using some of the services or at least did use them in the past year.

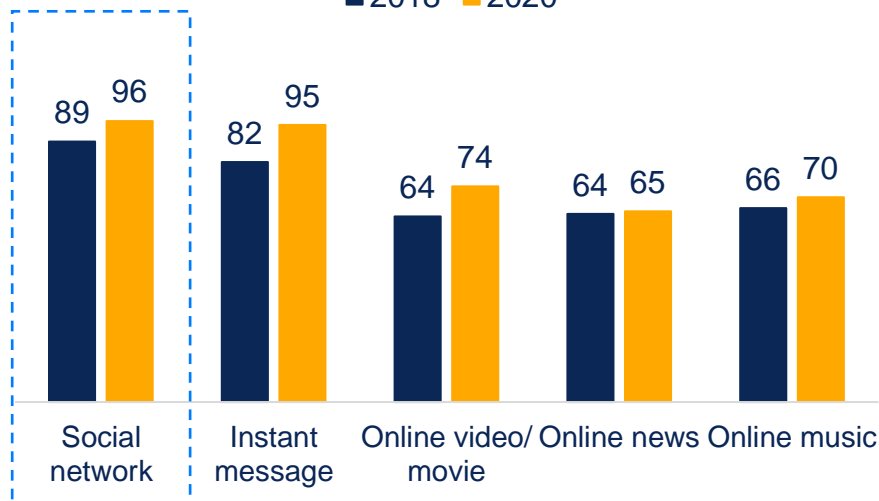
Aside from YouTube and Netflix, rest of top 12 OTT platforms are Vietnamese products.



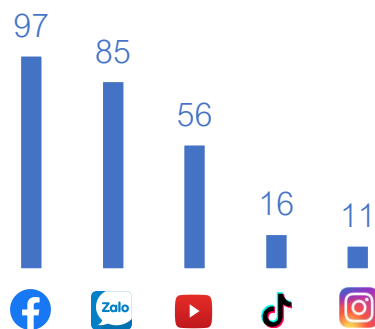
# SOCIAL MEDIA REMAINS THE MOST POPULAR ONLINE ACTIVITY

TOP 5 DAILY ONLINE ACTIVITIES

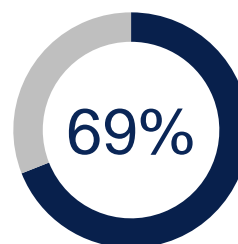
■ 2018 ■ 2020



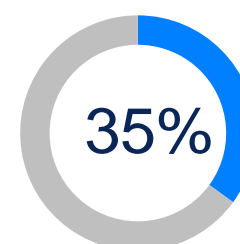
Accessing social media and staying in touch with friends are the most popular activities, with Facebook expanding its dominance with an impressive 97% penetration, increasing another 5% since 2018, followed by Zalo and YouTube.



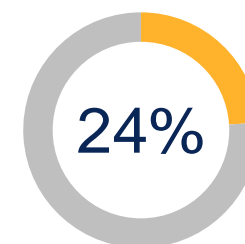
**Digital media users** are largely interested in their social circles, news or events that are relevant to them. Actual engagement on news feed (posting, commenting), updating daily story, and online shopping are particularly popular among 15-34 age group.



WATCH STORIES FROM FRIENDS



SHOPPING VIA LIVESREAM



MESSAGE A SHOP

To optimize reach and engagement, brands need to first recognize the fast-growing usage of digital media consumption in rural Vietnam and its implications; then, they ought to transform and make themselves available digitally to serve this class of consumers.



# SUCCESS STORY: MAGGI RURAL

Maggi conducted a cross-media study with Kantar to evaluate the channel effectiveness during their 85-year campaign to drive brand considerations & purchase intent in Rural Vietnam

# #1

Is Facebook's rank in  
**Cost-efficient Medium**  
to drive Reach in Rural

# 15%

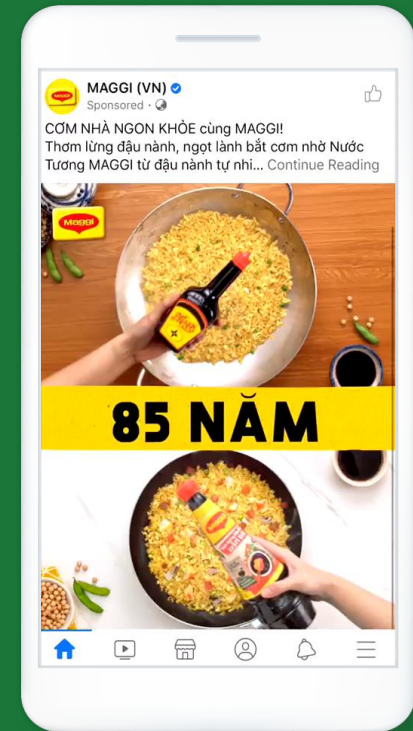
Incremental Reach over TV

# #1

**Medium** to drive  
Brand Impact in Rural

# 32%

Contribution in **Brand Metrics Lift**  
(Awareness, Considerations & Equity)  
– disproportionate to spend



Myth #2

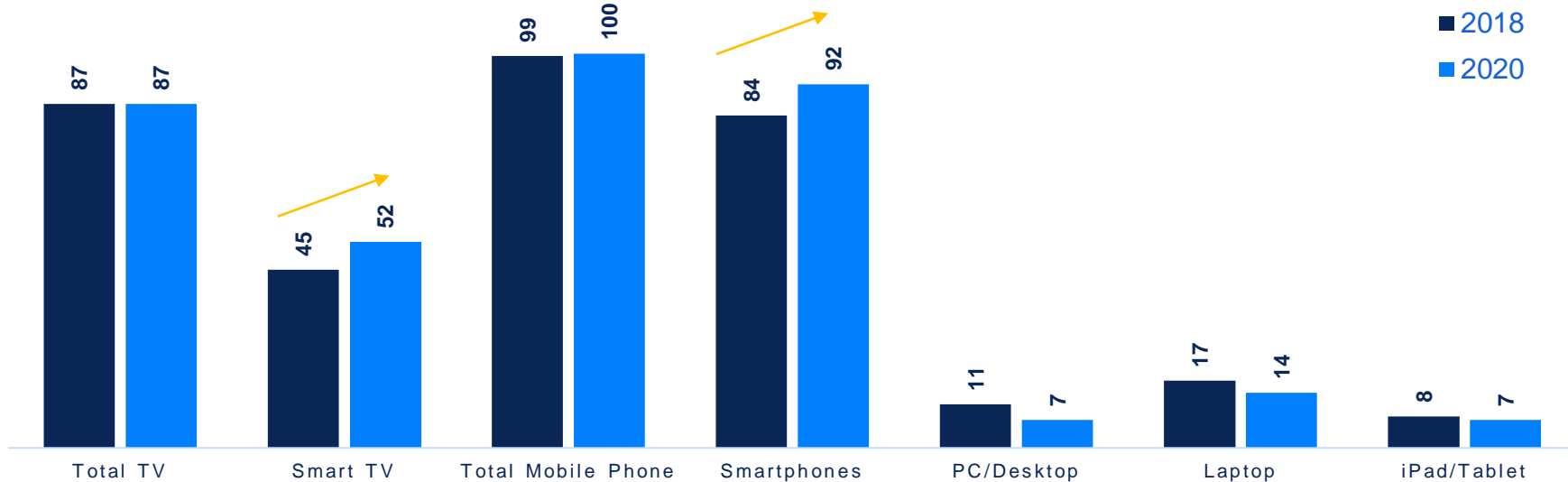
# Rural Consumers Are Not Tech-savvy



# RURAL CONSUMERS ARE ONLINE MORE THAN EVER

Smartphones getting more popular, combined with data packages getting much more affordable, has given smartphone penetration a big boost in recent years. Out of every 100 people in rural, 92 are using smartphones. Smart TV is also stepping up as well – one out of every two households in rural now owns a Smart TV.

## HOUSEHOLD ITEMS AVAILABLE



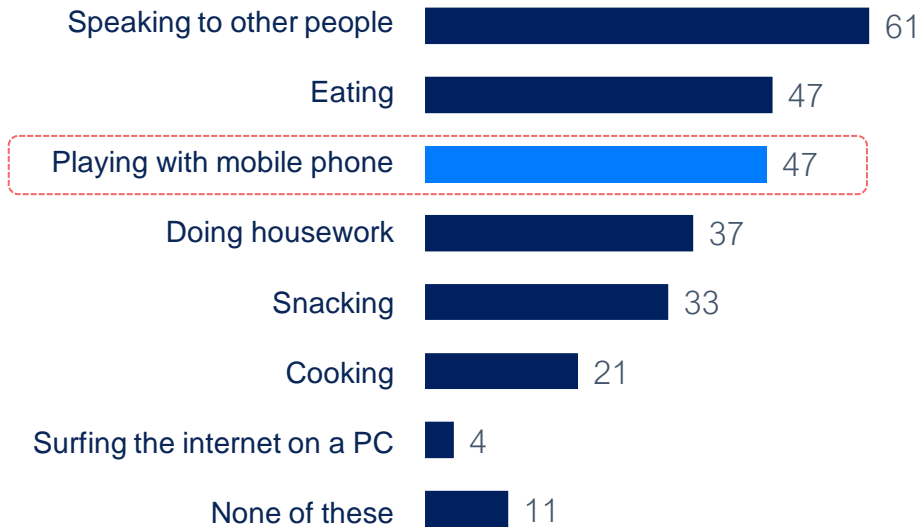


# SCREEN STACKING

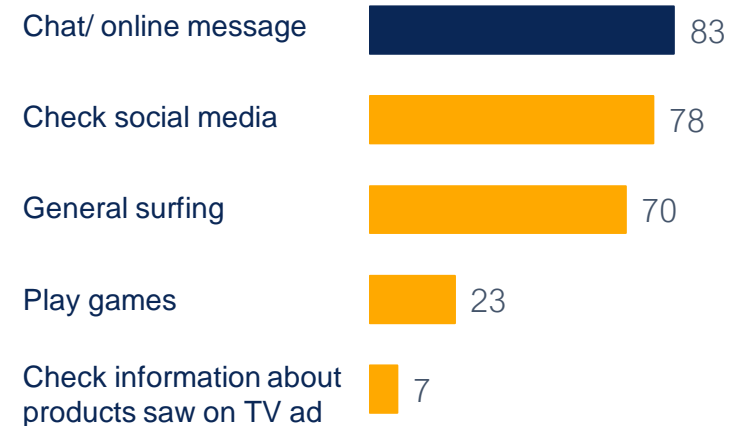
The rural Vietnamese are not only consuming more non-traditional media, but they are getting more adept at it.

Screen stacking is a technical practice that is becoming more common among consumers, where they use multiple devices at the same time. This contradicts the myth that rural consumers are tech averse. Instead, they are tech-adopters who seek to be more efficient and make the most out of their time online.

## ACTIVITIES WHILE WATCHING TV



## TOP 5 ACTIVITIES ON MOBILE



**47%** of those who watch TV also use their phones simultaneously.

Screen stacking is largely attributed to the increasing use of smartphone and other personal devices such as laptops and tablets.



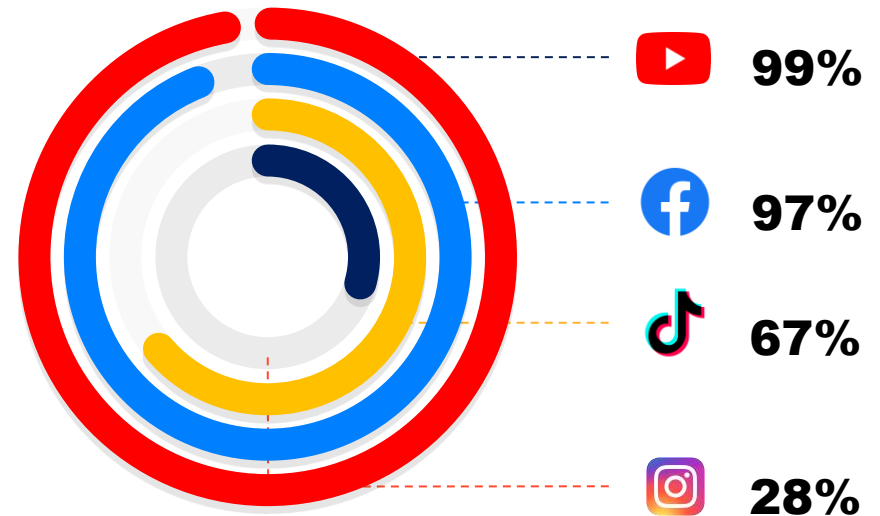


## ONLINE VIDEOS CONTINUE TO GROW.



# 80%

rate of penetration to the young age group 15-24,  
almost *double* the increase from 2018 (48 to 80).



Facebook has closed the gap with YouTube, with 97% opt for the service when asked specifically about online videos platforms.

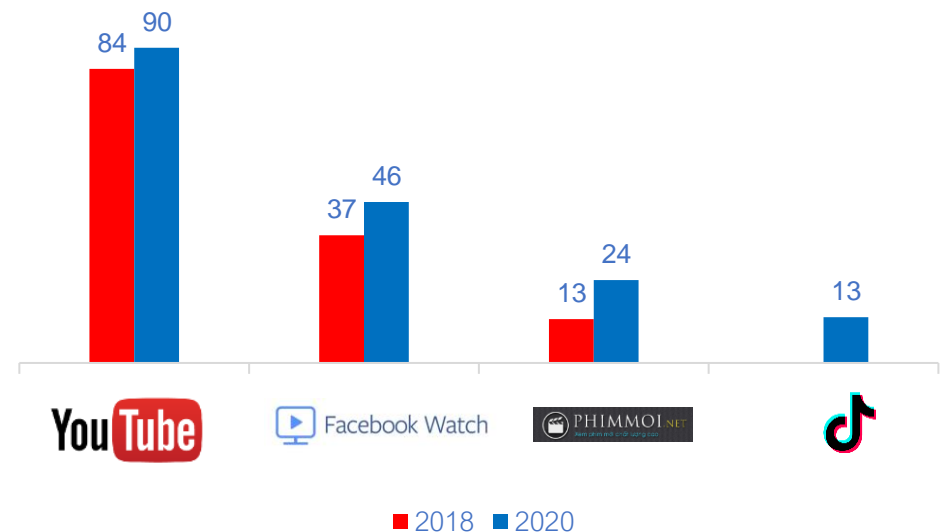


# Facebook Watch

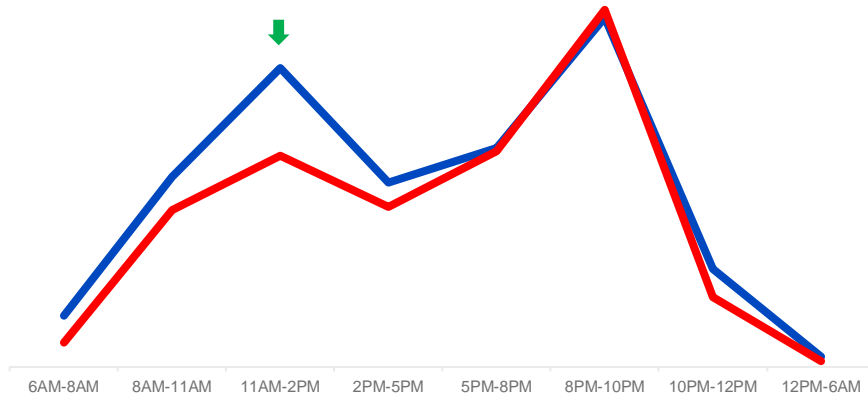
## FACEBOOK WATCH ADOPTION HAS CONTINUED TO RISE



Online video penetration is growing rapidly. YouTube ranks first for online videos platform with 90% penetration. Facebook Watch, a specific tab on the social media app designed for online video consumption, despite launching much later in 2017, has seen a huge surge, tying up closely with **46%** penetration and putting other competitors far behind.



## YOUTUBE RECORDS ONE PEAK A DAY, WHILE FACEBOOK HAS TWO.



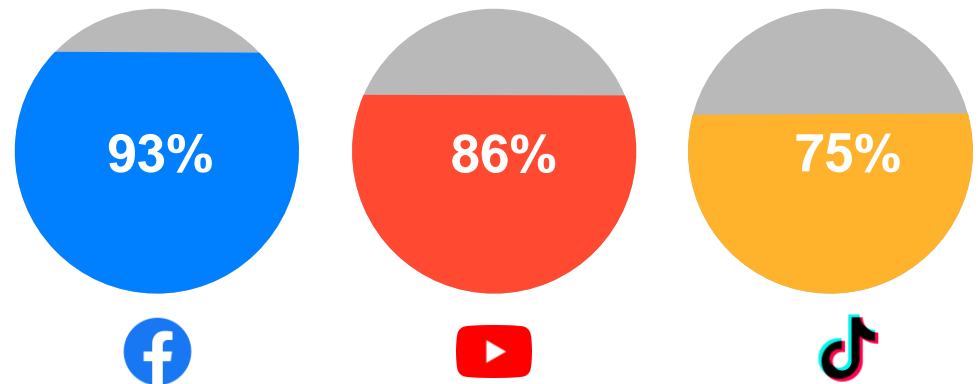
Consumers in urban cities tend to watch online videos more in the evening, while in Rural, Facebook is preferred watching across the day.

YouTube records a single peak after dinner time (8PM) while Facebook records two peaks: lunch time (11AM-2PM) and after dinner time (8PM), which implies Facebook is much more preferred during lunch break as a video consumption platform.

## HEAVY USERS (\*) SPEND MORE TIME ON FACEBOOK THAN YOUTUBE

Within the heavy-video users, Facebook registers higher time spend per session than YouTube. 93% of consumers in Rural tend to consume online videos on Facebook at least 4-6 times a week, while YouTube registers 86%.

\* Heavy user definition: those who watch videos on any online video platform at least once every week in past 3 months on any device, M/F, 15-59 in both urban and rural.



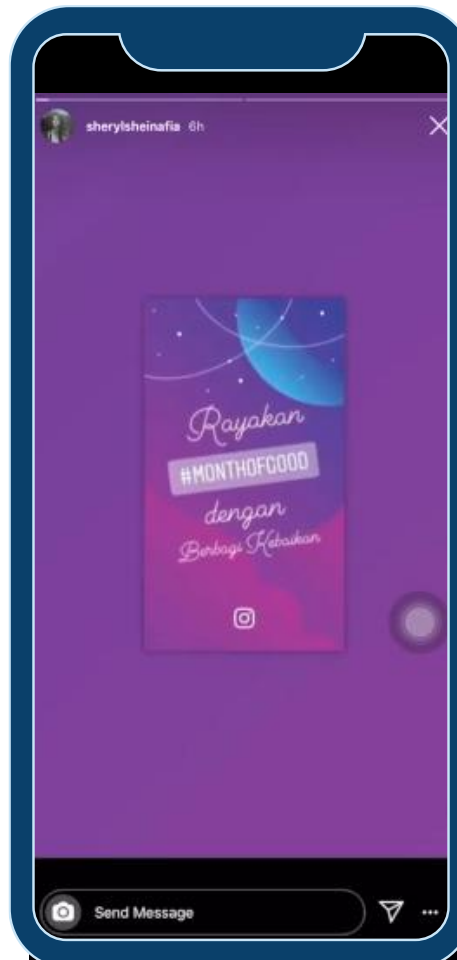


# FACEBOOK SOLUTIONS FOR THE EVOLVING VIDEO HABITS

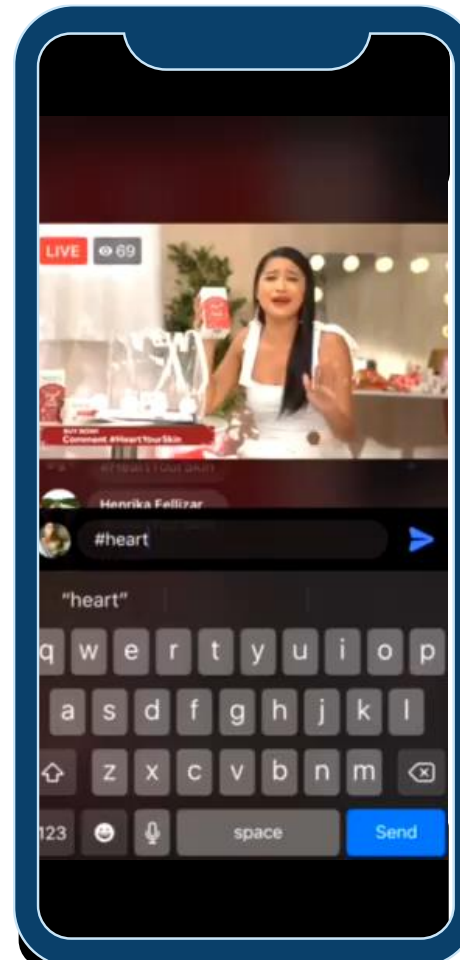
News Feed



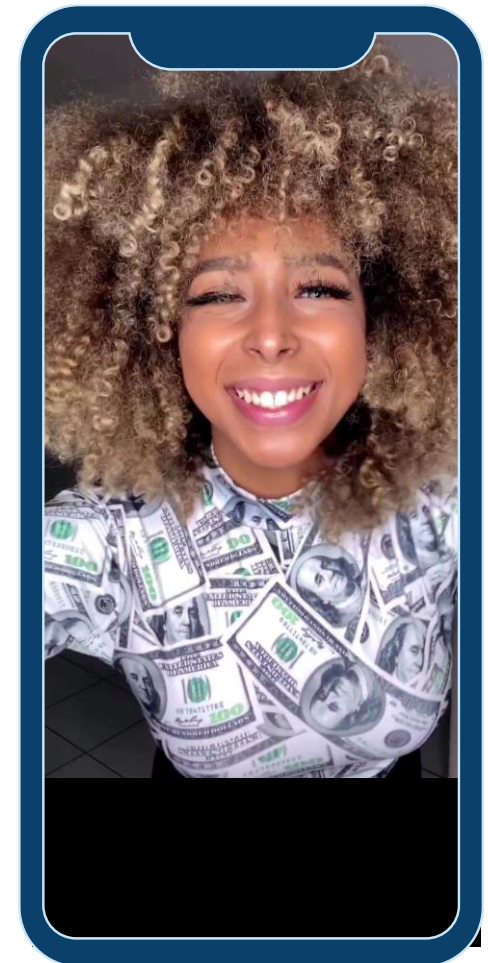
Stories



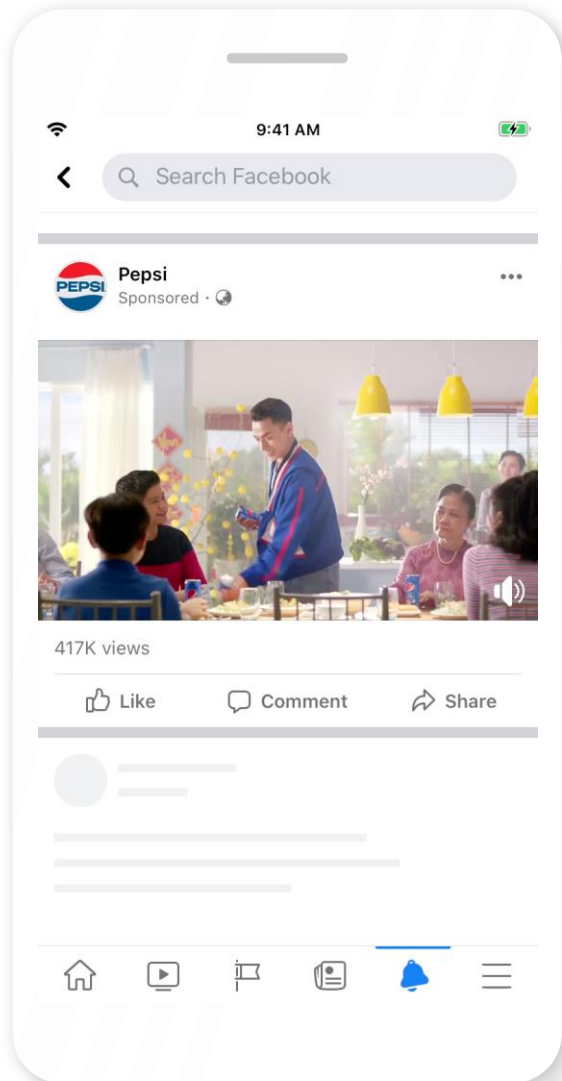
Livestream



Reels



# PEPSI



The soft drink brand ran an awareness campaign during Tet, the Vietnamese New Year, that used mobile-first in-stream video ads and resulted in a 10.6-point lift in ad recall

**10.6X**

lift in Ad recall

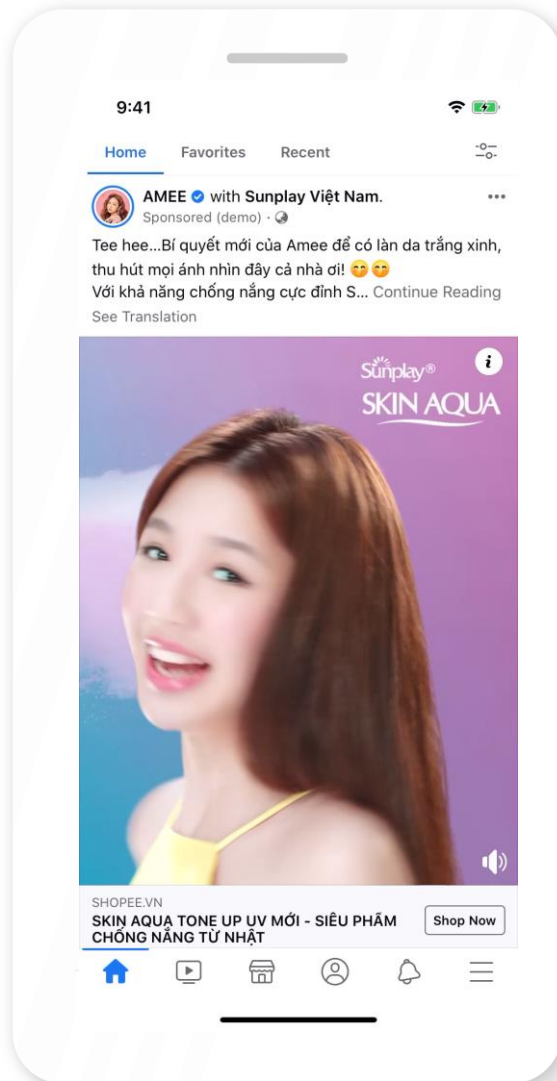
**6X**

lift in message  
association

**84%**

view completion rate

# SKIN AQUA



The Japanese skincare company partnered with a local celebrity and used Facebook branded content ads to launch a new product aimed at a younger audience in Vietnam.

**6.5X**

lift in ad recall

**1.7X**

lift in message  
association



Myth #3

# Rural Consumers Do Not Shop Online





## A FAST-GROWING E-COMMERCE MARKET

**E-Commerce** has seen a dramatic surge in 2020, with increases in all age groups and regions across rural Vietnam. The rise of e-commerce presents a huge opportunity for brands to tap into the emerging middle class of rural market.

With constantly improving logistics and supply chains, brands can reach wider audience base and deliver their products in a more timely and efficient manner. Overall online shopping penetration for rural Vietnam in 2020 is 46%, showing sharp growth with a 17% increase from 2018.

**17%**

growth in total **online shopping** penetration from 2018. The youth, especially, is quickly incorporating e-commerce to their daily online habit.

**11 min/day**

As the average time that internet users spend on online shopping.

**>50%**

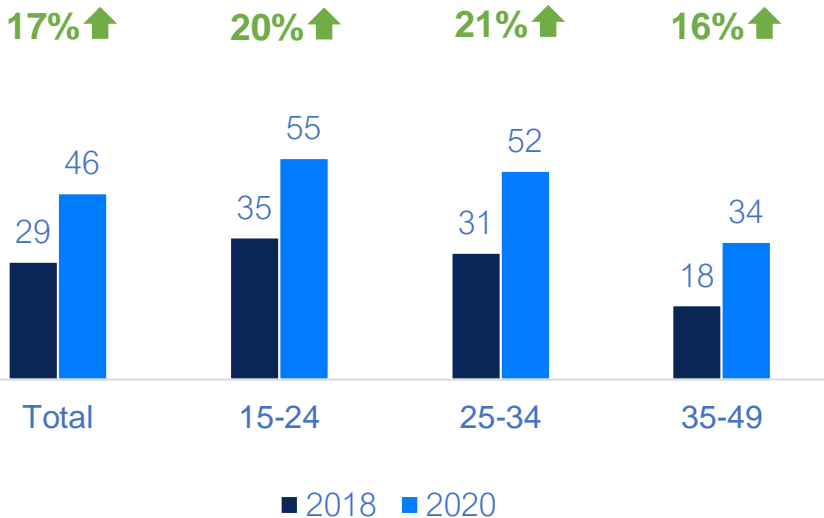
of young adults of age 15-34 are opting for online shopping.

---

**Technology developments** has contributed to the rise of e-commerce. Live streaming has allowed sellers and buyers to connect more closely on a visual level, while instant and direct message has allowed for greater ease of communication. Comments, tags, and customer feedback are other useful tools that have heightened consumer's confidence, thus encouraging them to purchase online.

## BREAKING BARRIERS AS THE KEY TO UNLOCK POTENTIAL & WELCOME MORE CONSUMERS

Online shopping experiences significant growth, with the greatest support from the younger population.



Source: Vietnam Touch Point 2020, GroupM Knowledge Vietnam.

E-commerce has successfully teared down the barrier of communication between shops/brands and potential consumers, with the help of innovation and technology.



Chat with shop/ brand



Watch product demo



Watch Live shopping videos from shops/brands



Read reviews about products on these platforms

Searching for products and their information online has never been easier, with various approaches. This ease of access and abundance of information has allowed consumers to be more comfortable with online shopping knowing they have done prior research, and therefore more confident in their purchases.

## FACEBOOK AS THE MOST PREFERRED ONLINE SHOPPING PLATFORM



# 52%

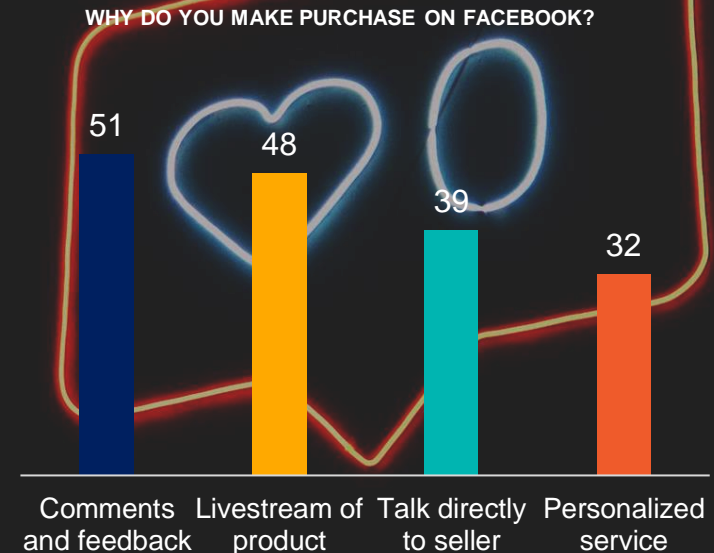
of consumers vote Facebook as their favorite platform for online shopping, emphasizing Facebook's dominance in e-commerce.

# 72%

of consumers engage in online shopping on Facebook despite the constantly aggressive competition from other platforms.

## Why do consumers love Facebook as an e-Commerce platform?

Embedded with the nature of a social platform, it's easy for consumers to see real feedback from friends on Facebook, to be able to see the products through others' pictures, Livestream capabilities, to be able to communicate directly with the pages, and personalized services.



Brands should opt for interactive and user-friendly platforms to maximize engagement between consumers and brand, building customer relationship and brand loyalty.



# KIEHL'S



*Kiehl's*  
SINCE 1851

“This short campaign gave us the confidence that social commerce works also for global brand. Creating an end-to-end ecosystem that includes a bot for Messenger has not only resulted in more sales than we expected, but it has also helped us create new conversations with consumers, which is in tremendously valuable for our customer acquisition plan.”

—Pierre-Oliver Guy, Chief Digital Officer, L'Oréal Vietnam

**1.8X**

return on ad spend

**22%**

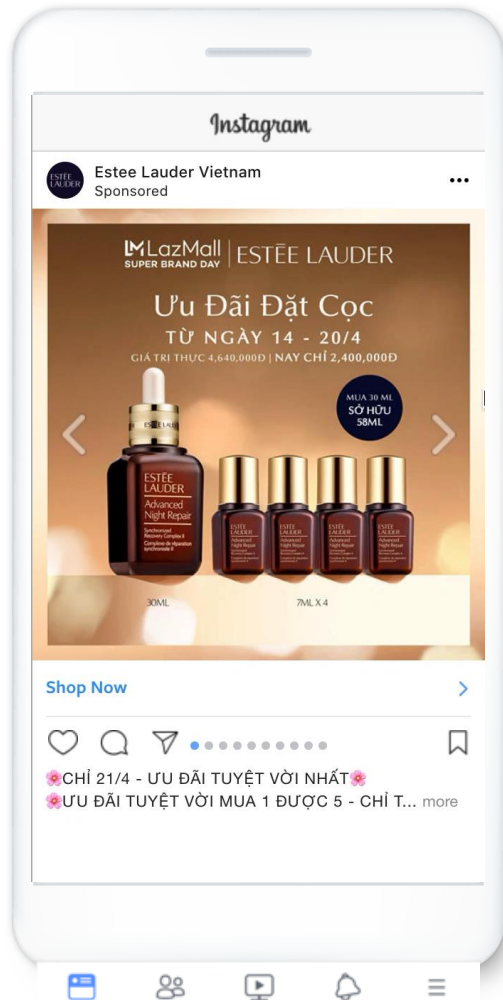
growth in sales  
(compared to non-  
campaign period)

**300%**

increase in new  
conversations weekly  
(compared to non-  
campaign period)

The luxury beauty brand ran its first end-to-end Facebook social commerce campaign, which included a bot for Messenger backed up by a full logistics and inventory management system and achieved a 1.8X return on ad spend.

# ESTÉE LAUDER



The beauty company ran Collaborative Ads in Vietnam in partnership with Lazada during the ecommerce platform's Super Brand Day to cost-effectively increase sales, and saw an 8.2X return on ad spend.

**8.2X**

overall return  
on ad spend for  
Super Brand Day

**3.9X**

return on ad spend  
from prospecting  
audiences

**10.3X**

return on ad spend from  
retargeted audiences

01

## Rural as The Next Source of Growth

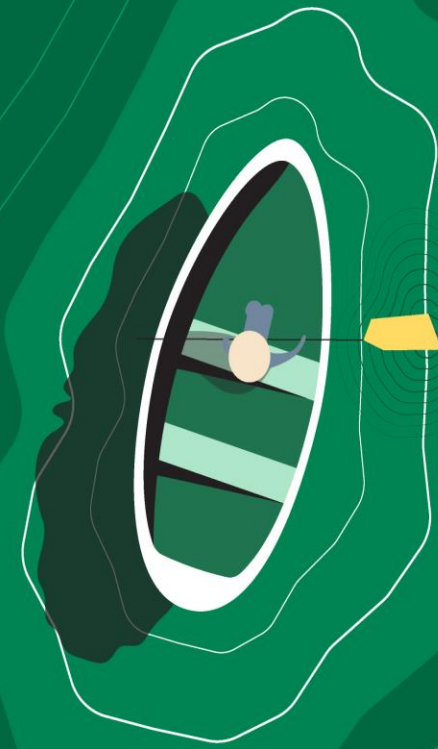
02

## Three Rural Myths Busted

03

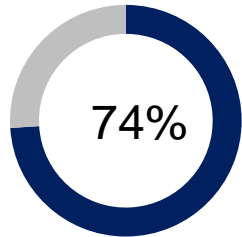
## Steering The Future

FACEBOOK

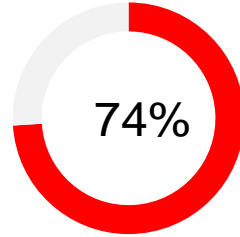




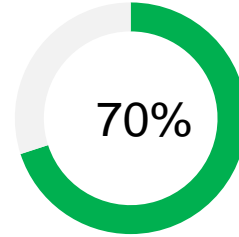
## A SHIFTING MINDSET TOWARDS DIGITAL MEDIA DRIVEN BY POSITIVE EXPERIENCE



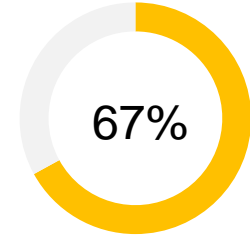
Using the internet has become part of my routine



I consider mobile phones to be an essential part of my life



The media are a good reflection of the way Vietnam society is today



Advertising often helps me find products or services that I want

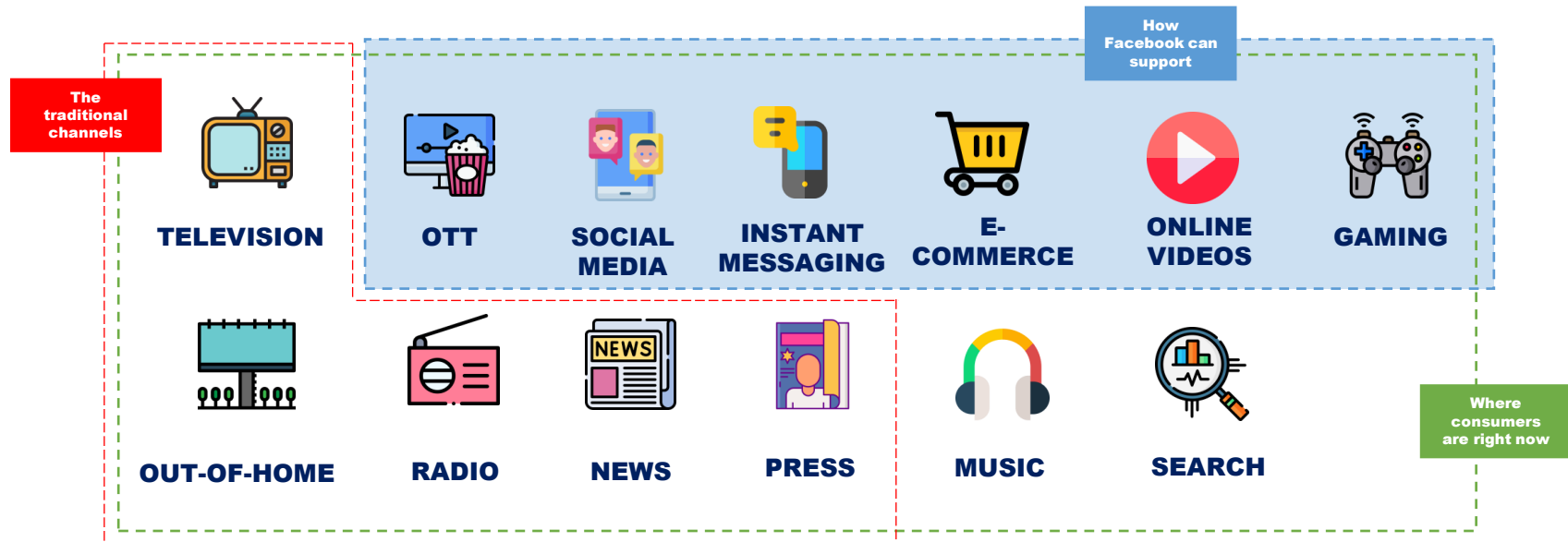
## SEIZING THE OPPORTUNITY: HOW TO SUCCEED IN RURAL VIETNAM

The digital age has propelled the advertising industry, increasing the size of the audience brands can reach and created more opportunities to connect with consumers.

Advertising campaigns need to resonate with their audiences across different media channels in rural. Consumers are not just spending more time on digital platforms; they stay there all day.

# WHERE CONSUMERS ARE RIGHT NOW, AND HOW FACEBOOK CAN SUPPORT YOUR BUSINESSES

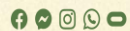
After decades of dominance in Vietnam, TV is no longer the go-to channel to reach consumers. The big picture now expands to a lot more mediums, most of which are Internet-based.



With a compelling portfolio of products spanning across social media, instant messaging, E-Commerce, online videos, and OTT, Facebook is in a good position to strengthen its dominance in rural. Not only does it provide convenience but also a holistic coverage, making it easier for brands to optimize reach, track progress and evaluate performance of campaigns.

Overall, brands and advertisers should be aware of the various digital resources available to them and use the most suitable option in order to stay accessible and relevant to their target market.

FACEBOOK



# THANK YOU!

FACEBOOK group<sup>m</sup> KANTAR

