

Supermarkets and consumer behavior in vietnam marketing essay



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Introduction; product and assignment

First I believe it is important to briefly fresh up the memory of what product this assignment is based on. Or at least what the outcome of this gathered information will be compared against. The product to introduce in Vietnam is CartCom. It provides the super markets with a new way to communicate with their customers. It is a plastic bracket that is clicked on the handle of the shopping cart and it can be provided with material as advertisements from suppliers or information from the chain. This material is printed on cardboards and put inside the bracket for customers to observe, read, remember and eventually shop.

This assignment will emphasize on the change in the Vietnamese society concerning the way they shop and where they shop. There will be focus on numbers, statistics and facts to justify my statements. First I will concentrate on the change from the charming and typical Vietnamese street markets, to the more western way of grocery shopping: the super markets. Later on I will turn the focus on to the consumer behavior in Vietnam and how the presented information affects the introduction of CartCom to the retail chains in Vietnam.

The change from traditional street markets to modern supermarkets

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UsersKamillaDesktopStreet market in Vietnam. jpg

There has been a remarkable change in the socio culture regarding the shopping in Vietnam. The trends have now changed the routines of grocery

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shopping and preferences from street markets to super markets. 56% of the total population in Vietnam is below the age of thirty.[1]A young population means growth in purchasing power and therefore the super markets could target Vietnam, expand and push the people of Vietnam to join in on this kind of shopping culture. “ Vietnam retail Industry Analysis” has found that Vietnam is set to undergo a huge transformation from 2007 to 2011.[2]The air conditions mini marts and the supermarkets are becoming dominant. This also means that Vietnam is currently experiencing significant changes to the distribution system in particular, but also the food system it selves.[3]

Supermarkets are replacing the traditional Vietnamese hawkers and markets. Their street life, shopping habits are changing because of western trends are taken into consideration and followed. Many are disappointed, especially guides and tourists, because local markets and street vendors are now closing. But this is all because of the change in the socio culture and the change in the peoples preferences regarding their shopping habits.

The government is encouraging the boom in shopping centre development and the abandoning of traditional markets.[4]The supermarket business is very successful and the Vietnamese retail market is viewed as the third most promising retail market in the world.[5]

Supermarkets versus street markets

How could the supermarkets take charge in Vietnam? Do they provide the same value as the old markets? Probably they do, if not they would not survive. Concerning the consumer behavior there are three topics to touch

upon regarding the Vietnamese retail market. The numbers are collected at Ac Nielsen's report on groceries in Vietnam from 2010.

First I found that 67% of total consumer expenditure is on fresh food. This means that eventually the supermarkets became excellent in their offerings of fresh food, so the consumers could turn from the street markets (known for the splendid fresh groceries) and to the supermarkets. If the supermarkets did not offer a satisfying solution to the consumers need for fresh food, I believe this change would not be happening so quickly and maybe the local markets would survive a bit longer. The supermarket chains knew what they needed to provide to turn the consumers into supermarket shopping instead of street market shopping. And they succeeded.

The second important issue to touch upon is that most consumers (64%) are aware of price changes and are continually searching for promotions. So the supermarkets have an advantage regarding their opportunity to purchase large amounts of goods and groceries, store them and offer promotions weekly and even daily. This in balance with the promise of always having fresh food. " High quality goods and frequent big sales are drawing large numbers of shoppers to supermarkets and away from traditional markets". Supermarkets in Ho Chi Minh City are crammed with people during weekends and attracting most middle-income customers.[6]This proves the strong positions the supermarkets are now gaining in Vietnam, and Ho Chi Minh City.

Finally it is said that Vietnamese people buy and use Vietnamese products. In connection with CartCom; this is why we chose not to provide the

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advertising material to the CartCom in addition to the bracket. The supermarkets know their suppliers and they know their customers, we have no knowledge and nothing to contribute concerning the design and decisions for the material used inside. To expand the value in our product to new highs, we will look into the possibility of introducing the screens instead of the plastic bracket. We believe this is yet to expensive and complicated, but when we have gotten the retail chains to see the effect of CartCom, we believe there is opportunities for a digital screen on the carts where you will be able to have your shopping list and also receive information and advertisements.

Consumer behavior in Vietnam; south compared to north

A finding concerning the consumer behavior alone is worth noticing. This is the differences in consumer behavior between north and south in Vietnam. We will introduce CartCom to Ho Chi Minh City (HCMC) primarily, so I will focus on this city describing the behavior. Regarding promotion the people here favor all types of promotion, and from my point of view they are more innovative and unrestricted. Price promotions alone will not appeal strongly to the consumers in HCMC. In north this type of promotion is the most effective.

As a result the CartCom can be explored in many different ways in the south and not only be used to push sale and push information on low prices. The supermarkets can use CartCom to provide advertising using the supplier brands in other promotions like for example dinner tips and exclusiveness, quality and accessibility in stores.

One last finding worth discussing is that the people in HCMC and in the south are more early adapters than in the north. It is always important to think of the decision makers. We are in the b2b market and when selling to companies, in our case the supermarket chains, the decision makers will also here be the key to success. Who are making the decisions whether or not to start using CartCom? One thing is certain; if it is people from south that makes the decisions we are more likely to be approved. The supermarkets are in the b2c market and they make decisions on the basis of what they believe their customers will approve of. People in HCMC are innovative, early adapters and approving of new ideas concerning promotions.[7]I believe HCMC is a right choice because CartCom has a good chance of succeeding there and also because the people here fit the description of what kind of customers needed for the desirable response we wish to achieve.

Conclusion; CartCom in Vietnam

We have reasons to believe that the consumer behavior inside the supermarkets in Vietnam do not differ from other countries. The reasons why that is, is the supermarkets have not done any radical changes within the stores to adapt other that of course different food and local suppliers.

The customers in Vietnam is like other customers visiting supermarkets, they usually bring a shopping list and make use of a shopping cart or a basket.

The customers shopping with kids can place the kids in the cart, but this will not cover the CartCom. As shown in the pictures there are still room for CartComs new advertising space. In the picture to the left a child has joined in on the shopping, the CartCom will be placed under the shopper's right

hand. There are cart with baby seats on top of the handle, but they only
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cover the old seat like this one is using, and not he handle. The bracket is placed on the handle where the cart is being pushed, as shown in the picture to the right.

C: UsersKamillaDesktopcartcom. jpgC: UsersKamillaDesktopbaby i vogn

The shopping will take place as it usually does, only we see a trend for larger purchases and this may make room for larger stores and bigger amount of carts in the stores. Up until now there had been a change in consumer behavior from street market shopping to the supermarket shopping. This has been

The Co-op Mart chain that is CartComs first target has had an increase in both customers and revenues by more than 40% compared to the same period last year.[8]

There has been a sufficient increase in the supermarket industry and this gains all participants as well as the chains. CartCom we believe will be one of the participants and the increase in profitability in this industry will create opportunities for CartCom to sell more and eventually expand with the screens, as shown in the picture. C: UsersKamillaDesktopskjerm cartcom

Will the consumers continue changing their behavior?

Another thing worth noticing is the perceived threat of consumers changing their behavior, as they have been doing up until now. The average perception of this is analyzed in Ac Niensens report on grocery shopping from 2010. The results tell us that Vietnamese consumers are anticipated to change their behavior on several highlighted elements. Elements like

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purchasing more local food, buy bigger packs to save money, purchase more on promotion and change channel of information received.

However because it is expected to change on every subject, I believe this is just another hint telling us that the retail industry will continue growing. I believe the consumer behavior will keep on changing into the western way of shopping, in supermarkets with carts and postponed for in-store advertising. This way of shopping also includes the large purchases to save money and advertising for low prices. The push marketing strategy is becoming old and the chains, we believe, is in need for a new and innovative way of exposing the customers with communication material.

I want to highlight one finding from this model. It states that they are anticipating the Vietnamese consumers to buy more Vietnamese products in the close future. This is likely to be a trend to support the countries operations and not import. Also it is supporting short travelled food and environmental focus.

Conclusion

How inhabitants do their shopping is different in every country. In Vietnam there has been a change from street markets to supermarkets and this creates opportunities for several participants. CartCom is one of them and by introducing a new way of reaching out to consumers during the shopping, we believe we can expand to using screens and that way not be duplicated easily because the plastic brackets are just the beginning of a revolution within in-store advertising.

The Ac Nielsen grocery report 2010

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http://docs.google.com/viewer?a=v&q=cache:y_lKXyUxcsj:www.acnielsen.com.

vn/site/documents/NielsenVietnamGroceryReportAugust2010.pdf+annual+grocery+report+vietnam&hl=no&pd=bl&srcid=ADGEEShbEBLuDEgDbLQ2NJ5S7dE88LIKbDgtivJ7sj2yy_M75REjQQvFQQx-1ui3bKdTaaBji1WKPjwytuw2cjV4lsjqpxLiHUYW0vwxkVm2Ewlo1FQo3N7N-INR1KExLRr7zmvufnOq&sig=AHIEtbSERBeXR8i9t1hcDfpPRnF00k4_7A