



News release

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Empowered consumers are prepared to make changes in response to supply chain disruptions and inflation

- *Consumer expectations are shifting as inflation, supply chain issues, ESG awareness and activism, and a possible recession affect availability, competition and values.*
- *Supply chain disruption and inflationary pressure directly affect consumer behaviours, yet consumer appetites for seamless shopping experiences have not diminished.*
- *Young people are particularly tuned into ESG concerns, with millennials and Generation Z significantly more likely to consider ESG in relation to trust, advocacy and purchasing from companies.*

Vietnam, 29 July 2022 – Consumer resilience has been put to the test over the past two years. The **PwC June 2022 Global Consumer Insights Pulse Survey** finds consumers are continuing to adapt to supply chain disruptions and increasing inflation. The Survey captures the views of 9069 consumers across 25 countries and territories, including Vietnam.

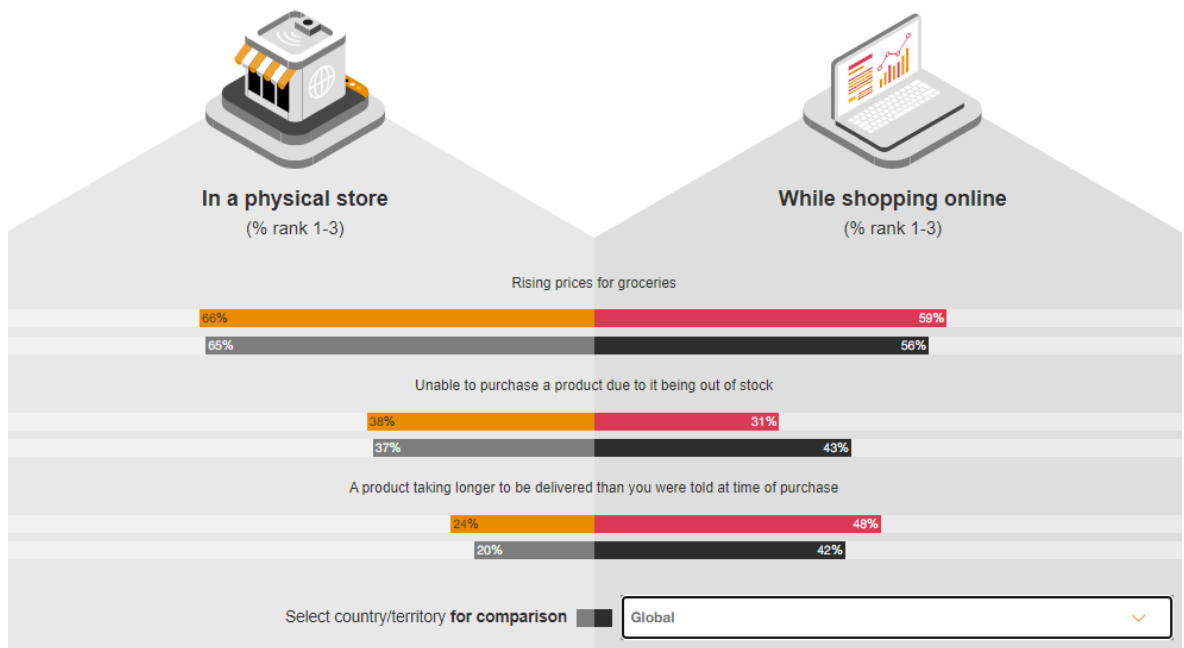
For consumers experiencing supply chain issues, such as lack of product availability or later than expected delivery, many say they are not hesitant to make a change. More than one third, 37%, say they would go to different retailers to meet their needs, or if they are in-store shoppers, would switch to online. Nearly a third, 29%, of online shoppers say they would give in-store retail a chance to better meet their needs, and 40% would use comparison sites to check product availability.

Global uncertainties and supply chain issues are also leading many consumers to look more to their home markets. Eight in ten respondents expressed a willingness to pay a higher than average price for products produced locally or domestically.

So far, the majority of consumers surveyed are coping with higher inflation. Over 75%, expect to maintain or increase current levels of spending across most categories in the next six months. Notably, 47% of respondents expect to spend more on groceries. But in what may be a sign of what is to come, more than a quarter of consumers plan to reduce spending in a number of categories, including luxury/premium goods (37% of respondents), dining out (34%), arts, culture & sports (30%); and fashion (25%).

Overall, rising prices for groceries was the most prevalent issue with the shopping experience cited by consumers shopping in-store (65%) and online (56%). More than half of consumers surveyed,

57%, say they almost always or frequently experience rising prices for groceries. At 69%, US and Canada trail only South Africa (76%) and Brazil (74%) for countries with the most respondents experiencing grocery inflation. Meanwhile in Vietnam, the proportions reported in both in-store and online shopping are slightly higher than the global average.



Vietnamese consumers' answers about the issues that have the greatest impact on them when shopping, compare to global data

Supply chain issues were also seen as affecting the shopping experience globally, most notably being unable to purchase a product due to it being out of stock (online, 43%; in-store 37%). Consumers also cite longer delivery times for online purchases (42%) and longer lines or busier in-store locations (36%). Supply chain disruptions are observed to have greater impact on Vietnamese consumers regarding delivery times with 48% for online purchase and 24% for in-store shopping.



Responses from Vietnamese consumers under supply chain disruption and inflationary pressure



Mohammad Mudasser, Advisory, Director, PwC Vietnam, said: “Vietnamese consumers are adapting to newer ways of purchase, especially in Tier 1 cities. In the midst of supply chain disruptions, customers have quickly manoeuvred their shopping behaviours, especially in the current inflationary environment. They haven’t compromised on quality, choice and service, actively switching between channels to ensure their fit-for-purpose shopping experiences. Disruption presents new opportunities for businesses in mining green shoots that are emanating out of the challenging economic environment. Opportunity mining in the business of today and tomorrow will test the agility of enterprises and the robustness with which organisations adapt will ensure organisations handle turbulence and not degrade customer experience, expectations and association”.

New consumer habits are taking hold

Consumers changed their lifestyle and purchasing habits as a result of the COVID pandemic and it appears many of these habits have become ingrained and will actually strengthen over the next six months.

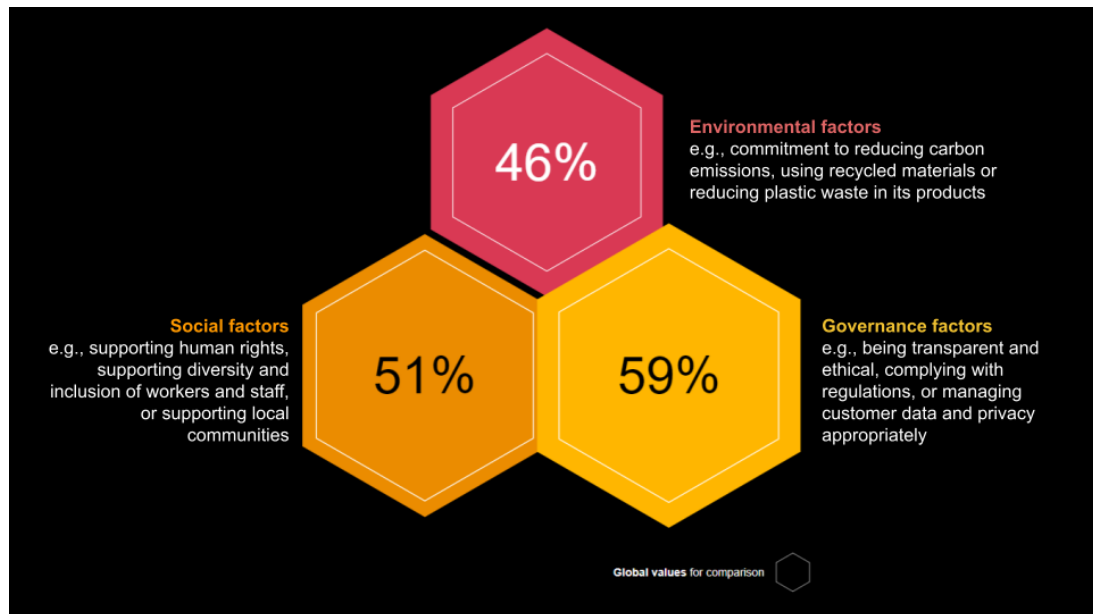
Due to the pandemic, 63% of consumers surveyed said they had already increased their shopping online, while 42% decreased shopping in physical stores. Half of respondents were cooking at home more and 50% had increased home recreation/leisure activities.

Looking ahead, these consumers expect to do more of the same:

- 50% expect to shop more online – this is highest among core millennials (58%), young millennials (57%) and Gen Z (57%); lower among baby boomers (32%), Gen X (42%). 39% expect to continue online shopping at current levels;
- 46% plan to cook more at home;
- 41% will do more recreation/leisure activities at home;
- 41% will buy more from retailers that provide efficient delivery/collection
- 22% will shop less at physical stores; only 33% will increase in-store shopping

ESG factors along with data security strongly influence brand trust

Environmental, social and governance (ESG) factors continue to influence consumer perceptions. For about half of consumers surveyed, a company’s actions related to ESG often or always influences their trust in the company or the likelihood to recommend the company or brand to others. Among the 25 countries or territories in our survey, ESG factors are most likely to affect the shopping behaviours of respondents in India, the Philippines and Vietnam, and least likely to affect respondents in Japan, France and Hong Kong. For Vietnamese’s purchase consideration, governance (59%) and social (51%) factors outweigh a company’s environmental commitment (46%). ESG factors carry more weight for Gen Z and young millennials surveyed, and less for Gen X and baby boomers.



Vietnam witnessed a higher rate of consumer whose behaviour to purchase a product or service from the company influenced by ESG factors

The most significant factors identified for fostering brand trust are around data security and the customer experience. Protecting personal data is top ranked (by 58% of respondents) for impacting brand trust to a great extent – an increase of 11 points in the past six months. ‘Always meets my expectations’ and ‘provides exceptional customer service’ were highly ranked by over half of respondents as well (53% and 52% respectively).

“ESG criteria for measuring performance is not optional anymore as it will become a necessity in times to come. ESG will only grow as both a filter criteria to evaluate businesses, its sustenance and creator/driver of value generators. Investors are clamouring for more insight into ESG risk and performance, and global regulators are converging around common non-financial reporting standards. The Vietnamese government has recently made a stronger commitment to tackle climate change in COP26 and is moving ahead with new regulations. Such changes will impact all industries, specifically consumer product companies and retailers operating in Vietnam on the way they do business, how products reach consumers and which products to launch and grow. Inflation is expected to continue to push prices up and will be a threat to consumer commitment to ESG in the short to medium term”, **said Mohammad Mudasser, Advisory, Director, PwC Vietnam.**

Ends.

About the Global Consumer Insights Pulse Survey

The 2022 Global Consumer Insights Survey is a biannual study seeking to keep a closer watch on changing consumer trends. For our Spring 2022 pulse survey, we polled 9,069 consumers across 25 territories (Australia, Brazil, Canada, China, Egypt, France, Germany, Hong Kong SAR, Indonesia, India, Ireland, Japan, Malaysia, Mexico, Philippines, Qatar, Saudi Arabia, Singapore, South Africa, South Korea, Spain, Thailand, United States, United Arab Emirates, Vietnam). The respondents were at least 18 years old and were required to have shopped online at least once in the previous year.



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