

A woman is seen from behind, wearing a white, long-sleeved, pleated dress with a lace-trimmed back and a traditional conical woven hat. Her arms are raised in the air, and she is standing against a backdrop of a clear blue sky and distant, hazy mountains. The overall mood is one of freedom and well-being.

VIETNAM: HEALTH, WELLNESS AND TRUST

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CONSUMER LIFESTYLES

The logo for Innova Market Insights, featuring a circular arrangement of white dots of varying sizes.

INNOVA
MARKET
INSIGHTS

Vietnam: Health, Wellness and Trust

POSITIVE FORTIFICATIONS

Vietnamese marketing agency Red was recently asked to create an awareness campaign for the biscuit brand, Milkiss, that engaged 3 to 10-year-old children and their parents. The agency focused on one particular market insight: more Vietnamese consumers than ever now consider fortified and functional products a necessity, particularly when it comes to baby and infant brands. (This is a trend that has put dairy giant, Joint Stock Company (JSC), whose brands include Vinamilk, at the top of the list of the most valuable Vietnamese brands for consecutive years.)¹

The unique, milk-bottle shaped Milkiss was a new, fortified biscuit introduced by brand owners, Orion, and offered "a unique blend of 100 percent fresh milk that provides calcium for children in the morning or between meals". It was this message of quality that Red was briefed to get across to the target audience. The resulting through the line campaign included TV and digital advertising, social media, PR and product sampling, all under the strategic tagline: "A new way of eating milk."



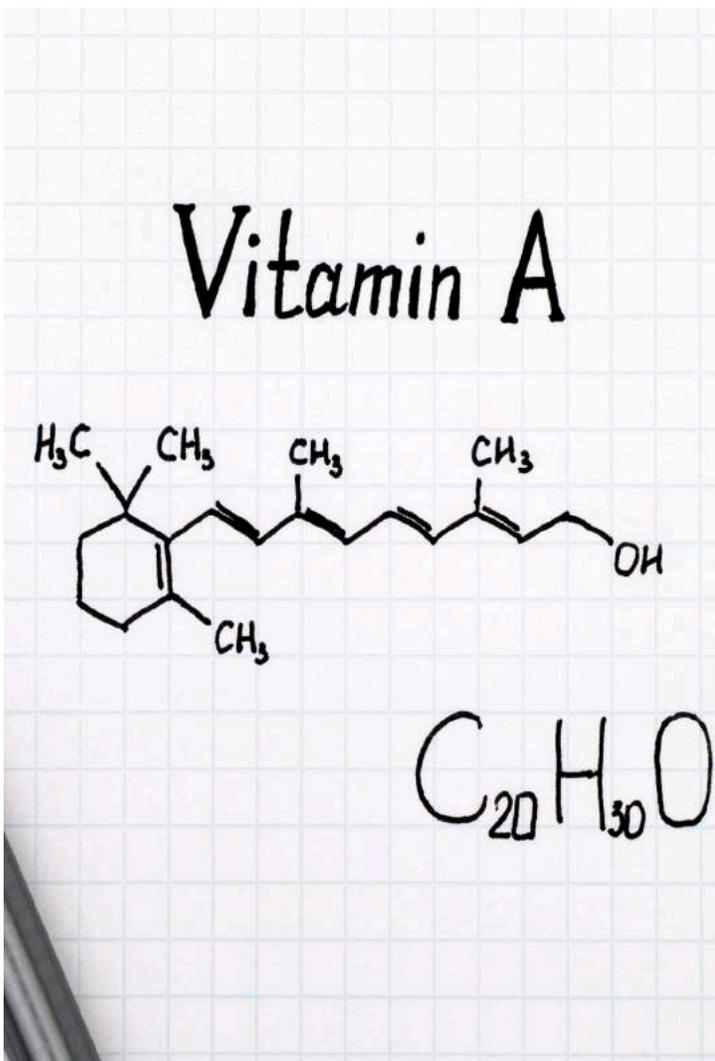
Source: Innova Market Insights



“Differentiation through fortification. While calcium and added-vitamins remain the most popular ingredient variants, other functional ingredients are projected to attract more interest. Fortified minerals and micronutrients, gluten and sugar free, low cholesterol and high fiber attributes will all become key considerations for Vietnam’s shoppers.”

Alongside the key media communications was the dominant TV ad, Not all cookies are the same.² Product sampling was conducted in 800 schools across five major Vietnamese cities: Ho Chi Minh, Hanoi, Haiphong, Da Nang and Can Tho. The initiative successfully attracted over one million young students and their parents and proved a key driver of more than 100,000 interactions on Facebook. Equally effective was the strong point of sale program activated across retail. Instore messaging tapped into consumer perception that these fortified products are crucial in a child’s development, and that parents are looking to purchase such items as often as possible.

The fortified/functional category has begun to dominate the food and beverage landscape in Vietnam, and one reason why Vinamilk has reinforced its reputation for being the most popular food brand in the country. The brand is almost invaluable to Vietnamese people, as they love adding a splash to their cup of coffee every morning – but Vinamilk’s range of fortified milks, milk formulas and probiotic yogurt have delivered owners JSC robust sales in the burgeoning health market over the last year. JSC’s desire to capitalize on Vietnam’s growing appetite for fortified products was underpinned by the launch in August of its 100% A2 – the first fresh milk in Vietnam to contain the more easily digestible A2 beta-casein.



Source: Uniben Foods, Innova Market Insights

Multinationals are also recognizing both the need and the opportunity in Vietnam. For example, Unilever works with the National Institute of Nutrition and Vietnam’s Ministry of Health on food fortification projects – it has focused on vitamin A deficiency and since 2013.³ In an effort to tackle malnutrition in the region, Unilever’s Knorr range has included seasoning granules fortified with added vitamin A and iron and iodine-fortified Bouillon Cubes. The popularity of these prompted instant noodle brand, 3 Miền, to launch a fortified seasoning pack of its own. According to its Hoc Mon-based brand owners, Uniben, the seasoning was developed in collaboration with the Ho Chi Minh City Nutrition Centre, to create the “only spice product containing iodine in the market to meet the nutritional needs of Vietnamese people”.

Vietnam's manufacturers have also begun fortifying plant and malt based hot drinks. One such brand is TH Milk's True Malt. TH Milk has something of a cult status in Vietnam thanks to its origins. Reports that the health problems some Vietnamese children were suffering from was due to melamine contained in imported powdered milk, forced now TH Milk Chairwoman, Ms. Thai Huong, into action. Huong was driven by a vision to supply a

daily glass of fresh milk to every Vietnamese child. Thus, she created her own safe brand of milk, which now, some ten years later, has become the largest turn-key dairy farm project in the world. The brand continues to support children's causes and even produces a comic, Conquer the Universe, which is designed to "stimulate imagination, help intellectual development and shape personality from a young age."⁴



“The importance of innovation. Vietnamese consumers are very receptive to new product launches and the demand for BFY (better-for-you) products will provide an attractive platform for development. Organic and Free From options are still in their infancy, and the success of breakthrough products will be determined by their distinctiveness and the value they bring to market.”

VINASOY SHINES IN AN AMBIVALENT MARKET

Despite the Vietnamese grocery industry witnessing strong growth alongside rising incomes, there is still only limited enthusiasm for more functional food and beverage brands. Their relative high prices, the lack of clear benefits, plus the processed food industry’s general apathy towards setting healthier products apart from the rest is stalling the real opportunity in the territory right now. This has led to a level of cynicism in Vietnam’s shoppers many of whom, when asked, doubt the health claims on food packaging, while even more feel the health claims are just a device so brands can charge more.

This attitude hasn’t prevented a number of progressive domestic brands from trying to change the prevailing mindset, and have increased their marketing activities to raise awareness of BFY (better-for-you) variants. Thus, an increasing amount of brand advertising is being focused on product provenance or the production processes involved – attributes that manufacturers are deploying to enable consumers to believe in their brands. But other approaches are in play.

Soy milk company, Vinasoy, is one of the most iconic Vietnamese brands in the country. Its range of brands include Vinasoy, Fami and Soymen. For the recent relaunch of its Fami Canxi soy milk (with enriched vitamin D3 and calcium), Vinasoy wanted a different communication approach to promote the benefit of “healthier and stronger bones” to a broader teenage audience. The light-hearted tone of the resulting Tough Bear, Tougher Boy TVC pitched a bear up against a movie stunt double who, with the aid of the milk’s “new and improved formula,” proved more than a match for the bear. The campaign’s use of Generation Z role models is a regular feature of Vinasoy’s communications as continues its efforts to engage with a younger audience.



Source: Innova Market Insights

Two other aspects of Vinasoy’s approach make it noteworthy in a market still maturing in the health and wellness arena. Firstly, the company has an active NPD program and September saw the launch of Fami Go in 150,000 outlets nationwide.⁵ Specially designed for breakfast, and in line with the consumption trends of young Vietnamese, Fami Go is processed from 100 percent non GMO soybeans, specially formulated soy protein, sticky rice and red or black sesame seeds. Vinasoy claims Fami Go has the essential nutrients to give consumers a “fast, convenient and sufficient start to the day.”



Source: Zing.vn, Innova Market Insights

Secondly, Vinasoy's marketing efforts built around social responsibility have delivered some impressive engagement results. Working with The Purpose Group agency, the soy milk brand created a unique position around Tết, the Vietnamese Lunar New Year. It's a period of high-commercial activity, with most brands bombarding TV screens with images of family and reunion at this special time. Vinasoy took a different angle – focusing on the issues of separation and reinforcing a cultural truth, An Lành (kindness and tranquility), often neglected by modern society.⁶

Having successfully defined An Lành with an emotional campaign back in 2016, the brand has gone on to make An Lành an act rather than just a state-of-mind. Proposing that An Lành – like a soybean seed – was something that could be sowed and reaped, the campaign strategy sought to make #gieoanlành (#sowingkindness) a meaningful Tết ritual that consumers could use to overwrite any negative experiences they might have.

An inspiring viral video – that generated over 8.5 million views – teed up the digital engagement initiative. The video led viewers to “The Garden of Kindness,” a real-time digital hub where visitors could sow kind resolutions for the year. Interestingly, further traffic to the hub was driven by flash banners strategically placed beside negative news articles of crime, scandal and disasters. With over 15,000 resolutions sown, Vinasoy converted each “seed of kindness” into gifts, scholarships and boxes of soy milk to donate to flood-stricken children in Central Vietnam.



Source: Vinasoy, Innova Market Insights

The praiseworthy work developed by Vinasoy will have reinforced the level of trust Vietnamese consumers have in the brand – particularly the key millennial and Gen-Z audiences. It's a strategy Vinasoy will need to keep up as new players in the market are expected to threaten Vinasoy's dominance. Selling trust has to be a core strategy of brands looking to motivate consumers into changing their purchasing habits. The legacy of 129 recorded cases of food poisoning in 2016 has created a culture of distrust among today's consumers. As a result, studies show that the vast majority of Vietnamese shoppers do now read the product labels to understand an item's nutritional content, while product awareness, distribution and Organic Certification remain three major concerns.⁷



“Convenience will bridge the gap. More brands will create opportunity to capture the single consumer market that lies between existing retail and e-commerce via convenient channels, formats and packaging.”

URBAN RETAIL IS THE GATEWAY

Given the status of the health and wellness opportunity in Vietnam right now, it's no surprise brands are investing their time and marketing dollars primarily into urban areas. Urban shoppers in cities like Hanoi and Ho Chi Minh City are more easily influenced by new market trends, have higher disposable incomes and greater exposure to the news and media, and these are currently consumers of interest to health and wellness brands.

It has never been easier to find healthier brands and specialized organic products in these primary cities. (Although, it's worth noting that there are regional differences in consumer taste; plainness is preferred in the north, the central region prefers spiciness and the south tends to favor sweetness.) In an effort to keep up with the growing trend of healthier lifestyles, new retail outlets carrying organic products have begun cropping up all over Ho Chi Minh City. Natural dried fruit brand, Vinamit Organics, took the step to cut out the middle man by launching its own retail fascia: The Vinamit Organic Showroom.⁸ The store features 150 of the brand's own products and while its selection may be more limited than other organic outlets in the city, it is one of the few retailers that focuses exclusively on the Vietnamese market. In fact, all its retail marketing is entirely (and unusually) in the Vietnamese language.



Source: Innova Market Insights

Vinamit has played a key role in the emergence of smart snacking in Vietnam, and benefited from strong consumer demand for convenience and healthier on-the-go solutions. This trend has impacted Vietnam's \$1.2 billion instant noodle category and hugely popular brands such as Masan's Omachi and Acecook's Hao Hao are beginning to feel the squeeze. While these brands are well known for their convenience, demand is declining as consumers look for healthier ready-to-eat alternatives such as instant rice porridge.

With urban populations projected to increase significantly in the next few years, the need for convenience and smaller, more flexible pack formats will see the number of mini-marts boom – their number has already increased over three-fold in the last four years.⁹ This spells a major opportunity for foreign chains but domestic players are not standing by idly. Domestic convenience store, VinMart+, plans to quadruple its network to 4,000 stores by 2020, while the country's leading retailer, Saigon Co.op, looks to increase annual sales by 10 percent through the opening of a further 150 Co.opSmile mini-marts that will carry more green brands and organic products.¹⁰

Sustained brand and retail marketing programs are the key if Vietnam's food and beverage industry is to fully embrace the growing opportunity that health and wellness clearly represents.



What's Next?

- Differentiation through fortification. While calcium and added-vitamins remain the most popular ingredient variants, other functional ingredients are projected to attract more interest. Fortified minerals and micronutrients, gluten and sugar free, low cholesterol and high fiber attributes will all become key considerations for Vietnam's shoppers.
- The importance of innovation. Vietnamese consumers are very receptive to new product launches and the demand for BFY (better-for-you) products will provide an attractive platform for development. Organic and Free From options are still in their infancy, and the success of breakthrough products will be determined by their distinctiveness and the value they bring to market.
- Convenience will bridge the gap. More brands will create opportunity to capture the single consumer market that lies between existing retail and e-commerce via convenient channels, formats and packaging.

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