

Into the mind of **MILLENNIAL
PREMIUM SHOPPERS**



Content

Around the world, consumers are always looking for a good taste of a good life. In a place where the quality of life is changing so quickly for so many, trading up taps directly into the psyche of consumers who want to enjoy & to display their new prosperity. They want to show as early as possible that they have “made it” & ready to serve themselves with products or services in “premium” tier - which is defined as product or service that cost at least 20% more than the average price of the category. Shopping mission now is focusing to fulfill wishes more & more often instead of just satisfying needs. Hence, millions of consumers are increasingly reaching for the shelves with products of the highest quality, prestige & elegant league.

Currently, top segments of the luxury & premium markets are still dominated by old-gen buyers who've gained high social status & had strong purchase power. However they are becoming supplanted by a new generation, the much-talked about “Millennials” who have more sophisticated social patterns & values of life. And this study identifies the attributes that Millennials are looking for in premium products/ services & reveals the underlying sentiment behind the reasons for their purchase. We also explore what “premium” means to them & the categories' attributes for which they're most willing to pay a higher price.

Let's explore what does it all mean for premium brands?





What lead to *Premiunimization?*

01.

Growing Middle Class

With a larger group of working adults who are productive & earning more, the demand for consumption will rise correspondingly.

02.

Rise Of The Salaries

With higher salaries & better bonuses, more families would be able to save up and enjoy a better standard of living than previous time.

03.

More “Wants” Than “Needs”

Trading up taps into the consumers’ psyche who want to enjoy & to display their prosperity. Shopping mission now is to fulfill “wants” more & more often instead of just satisfying “needs”

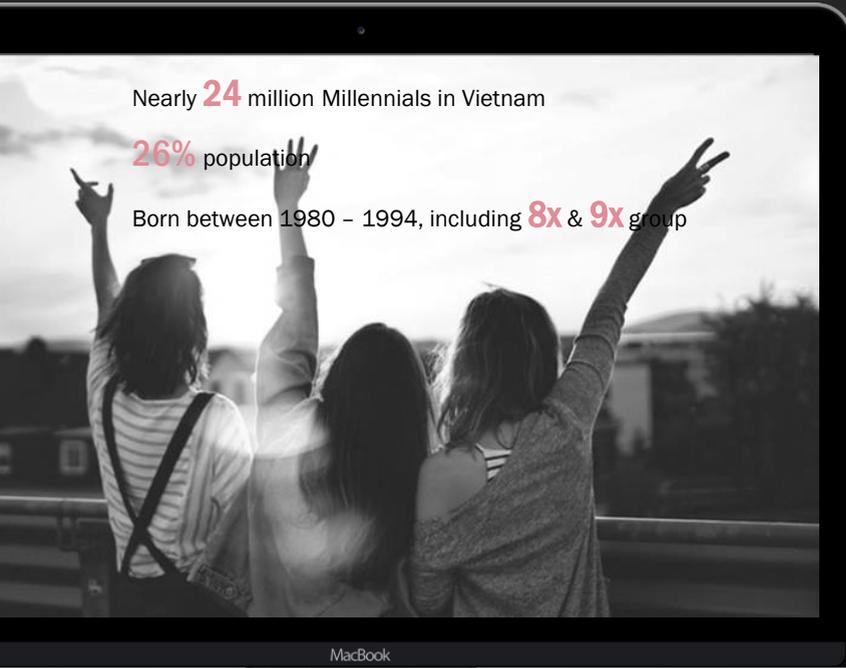
04.

The Positive Feedback Loop

When more & more people start to trade up to more expensive items, this creates a positive feedback loop which propagates the wealth effect further & leads to greater spending.

A glance at Millennials

Millennials has grown up in the age of Internet & mobile technologies with sophisticated social patterns and values of life. The portrait of Vietnamese Millennials, whose distinctive thinking, lifestyles & expectations have greatly differentiated their shopping behaviors from older generations.



Nearly **24** million Millennials in Vietnam

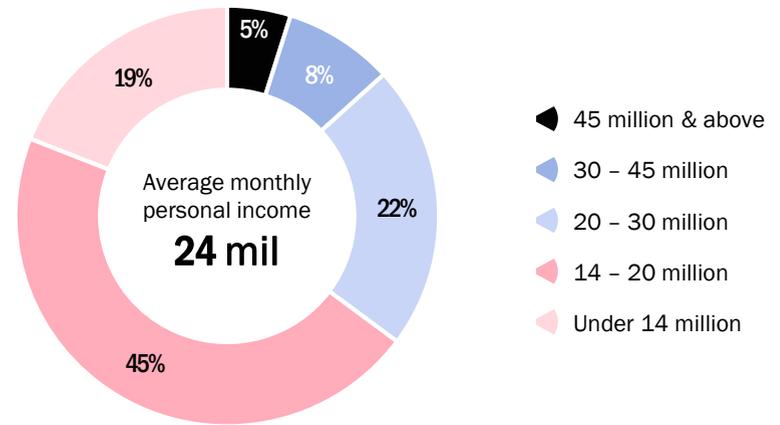
26% population

Born between 1980 - 1994, including **8x & 9x** group

& Millennial Premium Shoppers

Within Millennials segment, there is a large majority of wealthy individuals that are distinguished by a distinctive spending mindset & willing to outspend other shoppers in a variety of categories. They tend to have higher income & both the ability to spend on higher priced & higher margin products/ services.

How much is an affluent Millennial's monthly personal income?



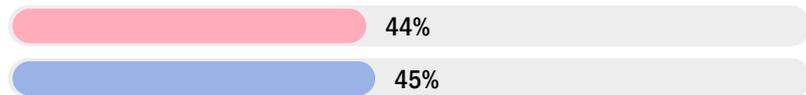
Most premium shoppers enter early into high-end segment, especially the Young Millennials who are under 30

The premium industry once dominated by middle-aged-high-net-worth shoppers is now seeing a new generation of young & affluent consumers who are in the age of under 30. Interestingly, they seem to enter into high-end segment earlier than the Mature Millennials.

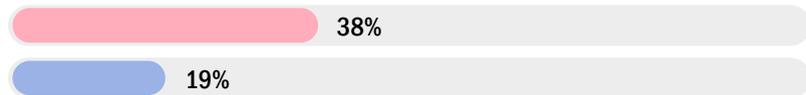
When did you start buying high-end product/ service?



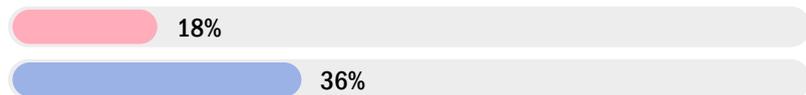
From more than 2 years



From last year



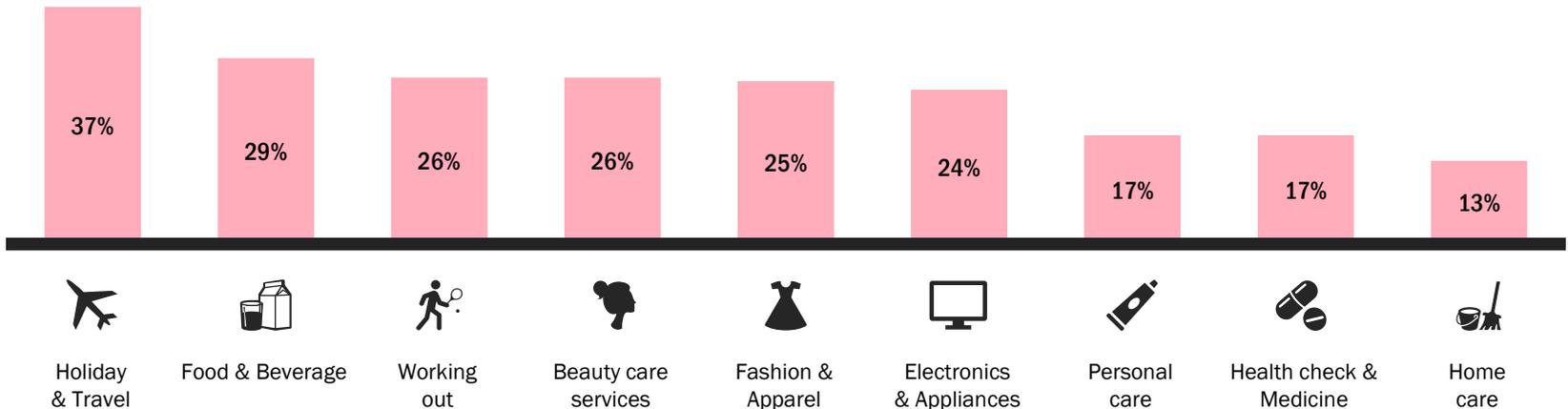
In a few recent months



Spending sentiment of young Millennials (23-30 yo.) will also remain positive in the next 1 year, especially for some experimental categories

Nearly as important as consumers' income is how they feel about their ability to spend. In general, consumers tend to hold their purse strings, but they show the signal to increase spending for F&B and some experimental categories as holiday & travel, working out & beauty care.

Which categories will you spend more in the next 1 year?



What defines a premium product is the *exceptional experience* from customer service & the quality itself

While a high price tag falls relatively low on the list, consumers perceive "premium" by caring-service, superior function, exceptional performance & high-quality materials/ ingredients. A trusted brand name is also commonly selected as top criteria for premium.

How do you perceive a premium product/ service?



65%

Provide superior customer experience



58%

Offer superior function or performance



57%

Made with high-quality materials/ ingredients



56%

From a well-known or trusted brand



44%

Has a new & unique features



37%

From a location known for superior quality



28%

Has superior style or design



20%

Be sold in luxury/ premium retailing



16%

It's expensive



16%

Handcrafted by designers



14%

Only available to exclusive membership



9%

Hard to find/ need to pre-order



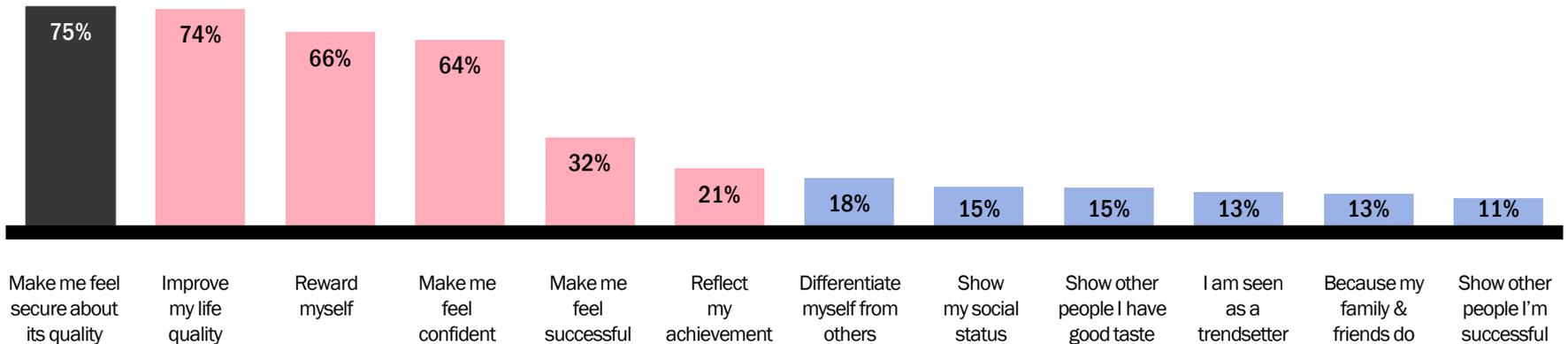
Premium purchase drivers mostly focus on the "self" rather than perceptual factors



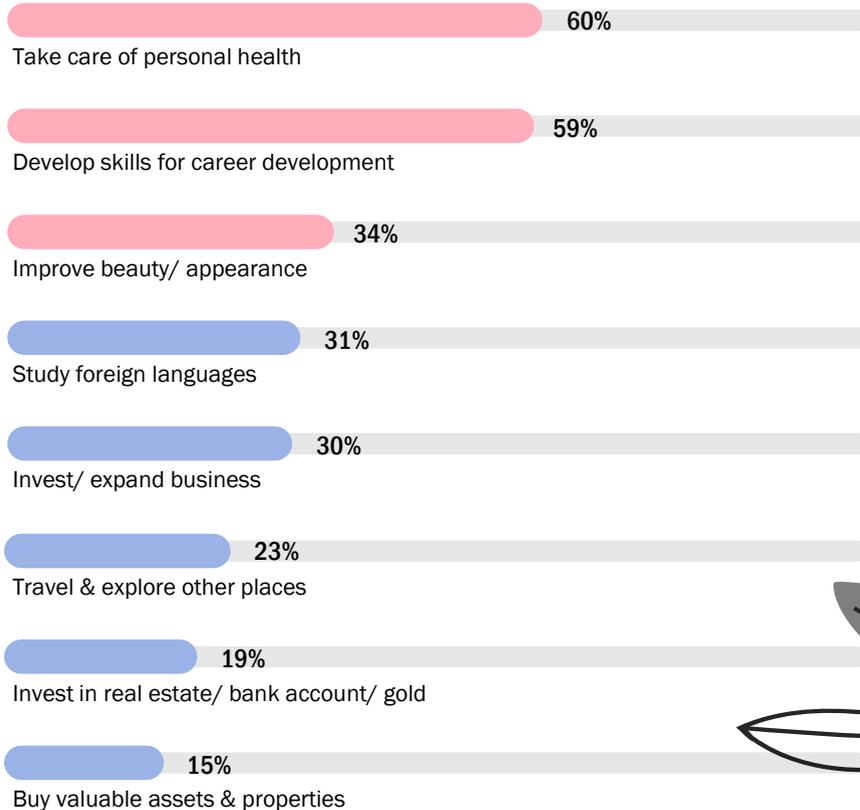
When saying about "premium", the quality itself is listed as the "king" decision factor. Quality is also the one attribute likely to push a consumer to buy luxury when they could buy utility. Besides that, consumer mindset is very self-direct & sophisticated. Their desire to improve life quality has risen substantially & they are more likely to buy for themselves, to please themselves than to impress others.

What are driving consumers to premium products/ services?

■ Self-esteem drivers ■ Perceptual drivers



...with health, career & beauty/ appearance are indicated as the top three priority matters



Increasing usage for health & beauty care services also reflects the self-direct mindset & consumers' ability to afford those expenses

91%



use at least one beauty service to improve their beauty & appearance

87%



use at least one type of functional foods to support their health

54%



do exercise (gym, yoga, fitness, ...) or play at least one type of sports

Which health & beauty care activities have you done in P12M?



74%

Go to massage/
relaxing service



74%

Go to clinic/
beauty care center



52%

Being member of a Yoga/
Gym/ Fitness club



27%

Do non-surgical
beauty service



23%

Being member of a
sport club



12%

Do plastic
surgery service

Travel target: farther destination & higher expenses

While travelling has become one of the indispensable spending categories, Vietnamese made 4.2 leisure trips in the last 1 year in which there are 1.4 overseas trips. Travelers nearly almost conquered the Asia and plan to explore other further outbound destinations with higher expenses as Europe, North America, ...



Which locations have you travelled to for leisure over the P1Y & which one will you intent to travel to in the N1Y?

Have leisure travel in the P1Y

Intent to travel in the N1Y

South East Asia



67%

41%

Other Asia regions



52%

58%

Europe



12%

23%

North America



8%

11%

South America



2%

5%

A new definition – “The Traveler-Shopper”

Motivations for travel are increasingly diversified. Besides the trigger to explore the destination’s culture, history & sightseeing, people are also looking for a place with many shopping options. We call them “the Traveler-Shopper”.

Interestingly, shoppers also like to make their premium purchases overseas where they can seek for famous brands which are still not available in Vietnam or being on big sale. The more they travel abroad, the more opportunities they will have to buy overseas products & it leads to the need of hand carry service which is used more & more often by local shoppers.



Paths to win Premiumization

Looking at factors which are drawing consumers to higher spending, we find that their willingness also differs category by category, but the key values still focus on **SAFETY, QUALITY, SOPHISTICATION & MEMORABLE EXPERIENCE**.

Specially for Clothing, Footwear & Accessories category, catching up with the “going green” trend, environmental-friendly materials can also be an important element for brand to push up their prices.

Top 03 attributes that inspire shoppers to pay a higher price

Cosmetics & Personal care



Have clear traceability



Have high quality standard



Provide superior function/ performance

Services (beauty care, food service, ...)



Bring special caring & personalized experience



Outstanding quality of experience



Consistency in every process

Clothing, Footwear & Accessories



Made from environmental-friendly materials



Have high quality standard



Always in style/ Timeless

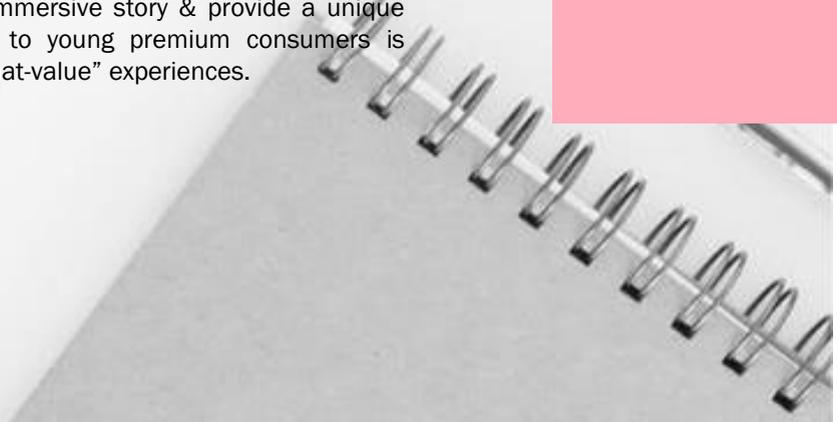
What does it all mean for premium brands?

- It's time for premium brands to turn their attention to young generation because their favor for premium does not depend on how old they are, yet depend on how that product/ service compatible with their lifestyles & values.
- Millennials value experience over ownership. They are drastically reshaping perceptions of premium, with superior customer care, outstanding performance, environmental friendliness, authenticity & innovation as the new indicators of premium.
- Millennials don't buy premium products to impress others, but to make them feel better. Hence, they don't hesitate to spend on health & beauty services as well as leisure travel.
- Since the majority of premium purchases are made offline, brands should also reimagine the in-store experience, craft an immersive story & provide a unique experience around their products. Catering to young premium consumers is bringing them the feeling of care and "worth-that-value" experiences.

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Go beyond product or service itself and give consumers inspiration on the lifestyles they value.

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About VIETRACK

VIETRACK is an annual research which aims to deliver facts & indicators about various topics including consumers' changing perceptions & behaviors on general market trends or any categories or services, ... We believe that VIETRACK could bring the breath of consumers to marketers, from which they find out the most appropriate way to connect & to satisfy their needs that are becoming more sophisticated by time.

This study was conducted in November 2019 and polled 459 Millennial online respondents from urban Ha Noi and Ho Chi Minh City who have bought or used at least one premium products/ services in the last 12 months.



TARGET PROFILES

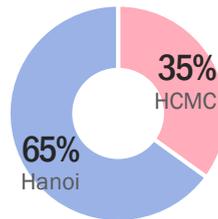
- Male & female
- Age: 23-38 yo.
- SEC: B, A, A+



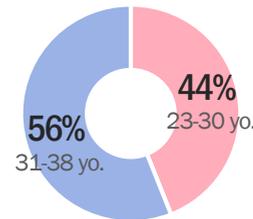
METHODOLOGY:

- Quantitative
- Online Survey

LOCATION



AGE GROUP



GENDER

