

Retailing

Modern trade channels win out in April data

Big hit to sales of consumer goods & services in April, especially travel services

— April retail sales of consumer goods and services plunged 21% MoM and 26% YoY according to data from the General Statistics Office. Travel services were hit hardest and down 98% YoY with April taking the brunt of damage after the start of the nationwide lockdown on April 1. On a year-to-date basis, retail sales and services were down 4.3% YoY at VND1,520 billion for the first four months of the year. One bright spot was the slight increase in retail sales of goods that rose by 1% to VND1,228 billion in the first four months of the year as customers shifted to ecommerce platforms for their purchases. This trend was confirmed at one of Vietnam's top retailers when Mobile World Investment (MWG) witnessed a 20% drop in April sales due to store closures yet saw online sales for smart phones and electronics surge to 20% of the chain's total revenue.

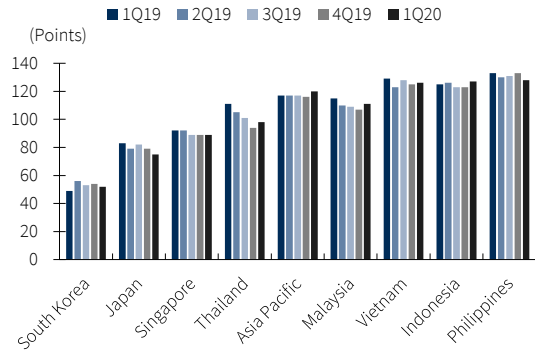
Consumers optimistic but concerned pandemic will impact living & consumption habits

— Vietnam was the world's fourth-most-optimistic country entering the coronavirus (behind Pakistan, Philippines and Indonesia) after scoring 126 points on the consumer confidence index in February's *Global Consumer Confidence Survey* conducted by the Conference Board and Nielsen. A follow-up survey by Nielsen conducted later in February revealed that COVID-19 caused 47% of Vietnam's consumers to change eating habits, 60% to alter entertainment activities and 70% to re-evaluate travel plans. The study also showed that 44% of respondents witnessed an impact to income.

Modern trade channels win out during COVID-19 & should benefit most from recovery

— Although April data may be too early to find any signs of recovery, the continued emergence of the modern trade channel was clearly evident. E-commerce sales jumped by 122% YoY according to research from Kantar Worldpanel as consumers limited travel amid social distancing. Other retail formats that saw sales surge during COVID-19 were drugstores (+168% YoY) and pharmacies (+164% YoY) on purchases of protection masks and hand sanitizer. Hypermarkets, supermarkets and minimarkets offering hygienic facilities, home delivery and stable product prices also won over traditional trade. With the expansion of modern retailing likely to continue – and given the underlying strength in Vietnam's consumer confidence – well-positioned modern retailers and consumer brands with strong expansion and execution strategies should benefit the most from the post-pandemic recovery.

Fig 1. Global Consumer Confidence Index – Asia Pacific, 1Q19–1Q20 (points)



Source: The Conference Board® *Global Consumer Confidence Survey* in collaboration with Nielsen

Fig 2. Vietnam Retailing – Sales growth by channel, % value growth across channels – Vietnam, Feb 20



Source: Kantar Worldpanel

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(based on expectations for absolute price gains over the next 6 months)

| Buy: | Hold: | Sell: |
|--------------|--------------|--------------|
| +15% or more | +15% to -15% | -15% or more |

Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

| Positive: | Neutral: | Negative: |
|-----------------------|---------------------------------|-------------------------|
| Outperform the market | Perform in line with the market | Underperform the market |

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