

CONSUMPTION HABITS OF HANOIANS AND SAIGONESES

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Hanoi and Hồ Chí Minh city are two major cities where have highest average income per people over the country. However, there are consumption typical differences between two places due to different regional features on geographic, culture, historic circumstances...Basing on survey results of domestic and foreign market researching organizations, the author found similarities and differences in current purchasing behaviors of people in Hanoi and Hồ Chí Minh city and then we can see profound changes of consumption in comparing with traditional image in our common concept.

I. It is important to study behaviors of consumers. Results from these studies will help: *firstly* the State to understand more the consumption habits of its citizen, which influences facing consumers, how do they think before making decision. Then the State will release policies aiming at controlling the market, giving orientation to consumers; protecting health and right of consumers throughout propaganda activities or legal documents; it also helps the State give out policies encouraging enterprises to produce qualified products, as well as penalty measures applied to enterprises that product quality is poor or unsafe to consumer's health.

Secondly, studying consumer behaviors helps manufacturers and importing companies have deep view on factors

impact to consumer choice such as: cultural factor, social factor, individual; factor, psychological factor and specific circumstances. As a result, enterprises can see the consumer's motivation for buying product. They will know why consumer chose this product, why he/she bought at this shop... They will know whether the model, shape, color and function of a product can meet the needs of consumer. From all above, an enterprise will have competitive strategy to defeat the rivals and enhance its prestige by: deciding a short-term or long-term business plan in both quantity and types of goods; improving product or publishing a brand new product into

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market; which marketing strategy has many influences on consumer...

Thirdly, in terms of consumer: consumption is necessary in living days of people. However, this matter in Vietnam currently is facing some problems. From the beginning of a poor agricultural country changing to market economy with variety of products and goods, many of Vietnamese consumers have no right orientation in their own consumption habits leading to waste and exceeded consumption. From experience of other nations, a consumer can be in debt, bankrupt or even suicide that harmful effect to his own family and community. It's shown in survey of market studying organizations that a part of Vietnamese youth have never ever been in difficult time, under their careful protection of parents, they tend to have extravagant spending, external expectations, and no savings for future. Wasteful consumption behavior is one of reason causing disintegration of many young families. Facing to this situation, parents should update their knowledge about consumption behavior to firstly adjust their own action and then be an example for their children and promptly limit excessive consumption of them. Moreover, due to poor understanding of the goods, relying much on advertising so Vietnamese consumers can not be considered as "smart consumers" who know how to protect their right, and just wait for good will from manufacturers and distributors. We can only avoid this situation unless we have enough knowledge about consumption.

II. Hanoi and Hồ Chí Minh city are two

major cities of Vietnam, where have highest average income per person. They are also biggest consumption markets in Vietnam. According to results of Cost living Survey of Human Resource Consulting Organization MHRC, in 2003, living cost level of Hanoi and Hồ Chí Minh city ranked respectively at the 14th and 16th, in 2004 at 29th and 36th among 144 cities in the world. In 2007 these numbers were 56th and 60th and in 2008 were 91st and 100th – lower than previous years but they are still two out of most expensive cities in South East Asia, just followed Singapore. Especially, in the year 2009, Hanoi jumped up to 58th place and Hồ Chí Minh city up to 69th place among 100 most expensive cities of the world (see: 1). This expensiveness is mainly due to usurious price of real estate, especially in Hanoi. And actually consumption in Hanoi maybe higher than in Hồ Chí Minh city in era of Renewal.

Many of market research companies such as Nielsen Vietnam, Taylor Nelson Sores (TNS), MHRC, *Saigon Marketing Newspaper*... had conducted surveys on consumption behaviors of Hanoians and Saigonese. Within this article, basing on results from surveys on consumption behavior of above companies, we should only point out changes in consumption habits of citizens of the two cities in aspects of: Needs recognition, information search, evaluation and solution, and choosing shop and purchasing.

According to Margot Cohen, a journalist of FEER, currently, Northerners love luxury goods while their Southern

counterparts prefer to cheaper goods (2). Mr. Hiromoto Harano - Sale Manager of TOTO Vietnam company agreed with this opinion, he confirmed “*Hanoians alike Japanese. They do not like bargaining*” (3). These judgments are similar to result of survey conducted by *Sài Gòn Marketing Newspaper* (table 1).

Table 1: Expenditures in the last 12 months for two regions

Order No	Expenditures	Hà Nội			Hồ Chí Minh city		
		Frequency	Amount	Amount/ time	Frequency	Amount	Amount/ time
1	Domestic travel						
2	Abroad travel	1.92	2.609	1.358	1.71	3.962	2.322
3	Clothes, cosmetic	1.00	8.772	8.772	1.17	14.875	12.750
4	Furniture	3.85	1.788	464	7.32	2.206	302
5	Electric equipments	1.28	7.974	3.760	1.24	5.873	4.736
6	Healthcare services	3.38	1.208	358	3.16	1.039	329
7	Other services	1.64	38.892	23.715	23.715	1.83	52.533

Basing on above table we can see in most of expenditures, total amount of Hanoians is higher than of Southerners, even in some expenditures the frequency and spending amount of Hanoians is higher (such as foreign tourism, clothes, cosmetic and other service products). This tendency is clearer in current times. Apparently consumption center has been moved from Hồ Chí Minh city to Hanoi that change the traditional concept of people that “Thrifty Hanoians and thrifless Saigonese.”

In 2009, AC Nielsen - a global market research company carried out a survey on consumption situation of more than 1,000 people in Hanoi and Hồ Chí Minh city and they found some main features in consumption habits of people in these two cities:

1. Needs recognition

Consumers in two cities have different priority in purchasing.

The first outstanding difference is that people in both cities worry much on cost but the worry of Hanoians is more specific, firstly is about cost of food, cost of fuel... It means spending for food is most important to Hanoians. As for developing countries, spending for food is just 10-15% of total income while it is 29% in Hanoi and 24% in Hồ Chí Minh city (see: 4). The difference in this rate between two cities can be explained. In common, people in developed places have higher income so this rate is still lower even

their spending on food is higher or similar to of other places. Higher spending rate for food shows the lower living standard, it means food is still a burden for households. Moreover, it is considered as a cultural impression.

Table 2: Priority of demands of people

Order No.	Hà Nội	Hồ Chí Minh City
1	Increasing food prices	Health
2	Job security	Increasing costs of bills
3	Increasing costs of bills	Job security
4	Petrol price increases	Work life balance
5	Children's welfare	Debt

The Vietnamese traditionally respects the food because it has not only meaning in material life but also to satisfy lots of mental factors. Food expresses the expectation to prestige: “*A piece outside is worth a whole pie inside*”. Food expresses the behavior of people: “*Greeting is more important than food*”.

Food also expresses the politeness of people: “*Look other when do something*”... The importance of how to eat roots from timidly nature of Easterners and Hanoians is representative.

Under much affection from Western culture, the Southerners are not timidly when satisfy their own natural needs. Under affection of traditional culture, the Northerners concern more on job security and children’s welfare. By contrast the Southerners with more experiences on industrial life care much about their health and Work life balance. These are similar to results in a survey of *Sài Gòn Marketing Newspaper* in 2006. Different concerns cause different consumption needs. As proved by experts of AC Nielsen, Hanoi’s consumers are much more fastidious than the counterparts with below features:

- Want it all but are willing to wait
- Want the best and will tell you the price
- More conservative in their purchasing behavior

As a result, the process of information search of people in both cities are different as well.

2. Information search:

Both Hanoians and Saigoneses searching for information through advertising but in different way of receiving. Hanoians are impacted much by advertising due to their less

experience on market economy. Studying of TNS Vietnam conducted in 2001 shows that advertising on TV is more crucial than other types of advertising. However, number of Saigoneses concerning on advertising on TV and newspapers is higher partly due to public media means in the South is more active. Among three places of Vietnam, journalism gains most success. By contrast, rate of Hanoians interested in most of advertising types (except advertising on newspaper) is higher. This comes from typical characteristics of the Northerners that they prefer specific and practical experiences and which advertising types that allow them to directly use the products such as by trade fair, sample testing, home delivery or promotion on spot... will be more effective (see Table 3).

Table 3: Role of advertising

Order No.	Opinions	Hà Nội	Hồ Chí Minh city
1	Watch advertising and asking for others recommendation	57%	81%
2	I prefer new, attractive and comic advertising that make me laugh and more concern on it	44%	75%
3	Advertising is necessary when I need to buy something	28%	73%
4	I tend to love advertising with hidden meaning	30%	68%
5	I feel more comfortable with products which are advertised regularly	19%	49%
6	The favorability of a product depends on the popularity of its advertising	17%	49%

Results of studying on role of advertising in table 3 shows that purchasing decision of people in two cities is mainly affected by advertising but much more to Ghanaians, (see Table 3).

3. Evaluation and solution

Cultural factor affects to process of product evaluation and making decision of consumer

Researching results of Nielsen shows that Hanoians are much influenced by collective spirit while people in Hồ Chí Minh city depend on their individual needs. Generally before buying a product, Vietnamese people usually listen to recommendations from others as friends, relatives, sellers... but Saigonese care less about other's opinions while Hanoians concern on opinion of their peers (see: 7, pg.17). Awareness of keeping face also influences on purchasing decision of Hanoians while it has less impact on Saigonese (see: 7, pg.17).

It is more difficult to persuade Hanoi consumers due to it needs to persuade the whole community first but surely Hanoians are more loyal customers. For example: to answer the question "How do economic crisis and lower income affect to individual consumption?" Saigonese say they are willing to switch to a cheaper brand or reduce consumption while Hanoians only buy less in quantity but are staying loyal to their chosen brand.

4. Choosing place and purchase

As a region with long cultural tradition, Hanoi residents usually go to open-air markets. However, they are gradually interested in current modern distribution methods as supermarkets, trade centers. Number of people purchasing on trade centers or supermarkets since 2005 to 2007 increased 5.2% on average. In details, turns of people shopping at supermarket

and trade center at four main cities as Hồ Chí Minh city, Hanoi, Đà Nẵng and Cần Thơ jumped up continuously from 7.7 millions in 2005 to 7.9 million in 2006 and 8.5 millions in 2007. In which, in Hanoi there are around 1.25 million people who visit supermarket once a week per year, just after Hồ Chí Minh city, and this number is tent to be higher. Another research of AC Nielsen also proves that: in Vietnam, number of people who sometimes purchase in supermarkets has increased by 40%, from 66% in the year 2007 to 96% in the year 2008. Number of consumer mainly shopping at supermarkets has increased from 11% (in 2007) to 21% (in 2008) (see: 5).

According to statistical data of Hanoi Trade Department, number of supermarkets, trade centers in Hanoi has been tripled in period of 2000-2006. Currently, there are approximately 70 supermarkets and trade centers in different scales operate in Hanoi. Some foreign distribution corporations have invested in operating supermarkets and trade centers such as Metro Cash & Carry (German), Bourbon (France), and Zen Plaza (Japan). Estimated in the year 2005, total flow of goods of trade centers and supermarkets reached to 5,088 billion dongs, up to 11.3% of total flow of retail goods locally (6).

In addition with selecting distribution channel, how to make purchase decision of residents in both cities is different too. Current surveys show that the foremost factor that Hanoians concern on is price. With same question about a preferential promotion method, the

Southerners point out three factors: increase quantity, attach gift and reduce price while the Northerners only concern on price reduced. As a reason, Hanoians prefer promotion on spot (69%) and after-sales services (57%), higher than of Saigonese with respectively rates at 52% and 34% (7). Hanoi consumers have long term perception in consumption and they are willing to pay a high price to have a qualified product. One more thing, to keep good image the Hanoians tend to keen on premium products more than Saigonese even their income is lower (table 4).

Table 4: People's opinions on luxury goods

Hà Nội	Hồ Chí Minh City
Love luxury goods	Like luxury goods but not really have to buy
Want an attractive appearance	Buy what they need, not what helps them to show off
Feel free to pay much for luxury goods	When economy goes down they are eager to use cheaper one
Save and have long term thoughts => be afford to spend an amount for luxury goods when need	Spend a lots => rarely buy luxury goods

Especially Hanoians are really interested in products with “badge value” which help them be more attractive to other or help them more confident (Table 5).

Table 5: Attention rate of people

Goods	Hà Nội	Hồ Chí Minh city
Cellphone	72%	45%
Cosmetics	26%	14%

As a result, Hanoi is surely a most potential

market for high quality products, luxury goods and Vietnamese products if manufacturers and distributors have appropriate investment plan.

5. Conclusion

Through researches on consumption

behavior of Hanoi and Hồ Chí Minh city residents we can see the importance of this behavior in living days of each individual as well as in business of enterprises. Most of market research companies belong to foreign corporations and not much of Vietnamese enterprises use this service. This is one of reasons why domestic market is gradually controlled by foreign distributors instead of domestic distributors.

Actually as seen from surveys and researches, there are positively changes in consumption habits of Vietnamese

people. It's increased in number of consumers choosing Vietnamese products and comparing the quality and price of domestic goods and foreign goods. Hanoi

customers tend to keep loyal love to domestic goods. But to take this advantage, enterprises and authorized organizations of Vietnam in general and of two cities in particular should pay more attention on studying consumption habits of its residents together with improving quality of the product.

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