# Demographic Characteristics of Grocery store shoppers in Vietnam

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## KEYWORDS
Demographic characteristics, grocery stores, Vietnamese shoppers, food retailing

## ABSTRACT
*This study examines the major demographic characteristics of Vietnamese food consumers who shop from supermarkets. Study location is Vietnam where retailing, specifically the organised retail sector is relatively very young and going through an early phase. The research is based on selecting three leading grocery retailers from Vietnam. Data were collected using a random sample of consumers. This research will contribute to a better understanding of the consumers' demographic characteristics, so enabling retailers target specific groups more effectively and specifically by understanding their needs and wants.*

## INTRODUCTION
Retailing encompasses those activities involved in the exchange process of goods and services to the final consumers. According to Dunne and Robert, (2005), retailing consists of the final activity and steps needed to place a product in the hands of the consumer or to provide services to the consumer. Retailers serve as middlemen or intermediaries between the consumption and production levels in the marketing channels of distribution. The retail industry is dynamic, huge and continuously growing and expanding throughout the world, contributing a substantial proportion towards the national and global economy.

The emergence of new store formats, increased prevalence of retail chains, the development of out of town and edge of town retail parks, substantial investment in retail technology, societal developments and competitive dynamics has led to significant and considerable changes in retailing throughout the world, especially in developed countries. According to Kinsey and Senauer (1996) the entire food system is in a dynamic period of change. They believe that the food system in the U.S. market has shifted from a producer-driven focus to one that is consumer driven. Jones(1996) in a study on consumers food shopping and consumption patterns concluded that consumers have changed and that the most notable change is in their patronage of food retail outlets other than supermarkets. However, Binkley and Connor (1998) argued that the changing retail food landscape, in which grocery-product competition is no longer confined to supermarkets, is strongly shaped by the emergence of new retail formats.

The changes within the retail industry is due to the fact that consumers' behaviour has changed, and shifted towards convenience, high quality products and services, provisions for good customer care, sophisticated channel of distribution, and obviously increased consumers socio-economic situation and lifestyle. Members of the middle class now enjoy a very stable financial situation with more disposable income, increased number of car owners and other facilities. Shopping behaviour is influenced by various demographic characteristics. Therefore retailers must know those factors that are important when consumer shop from particular retail outlets.

Numerous studies can be found in marketing literature in relating to demographics and its effect on the retailing industry. But most of the studies are conducted in developed countries where the organised retailing sector is well developed. This study looks the demographic characteristics of consumers in Vietnam where organised retailing is its very early phase.

The study is organised as follows: the first section will highlight the existing literature on demographic characteristics and food retailing. Second section will explain the methodological approach followed by major findings. Final section will highlight discussions and conclusions.

## LITERATURE REVIEW ON DEMOGRAPHIC

Global demographics changed throughout the 1900s, as the growth rate of world population kept changing every year. Demographics can be used to describe a population in terms of its size, structure and distribution. Size refers to the number of individuals in the society, while structure describes the society in terms of age, income, education and occupation. Distribution refers to the physical location of the individuals in terms of geographic region – rural, suburban, and urban locations (Hawkins et al, 2000). It is very important for retailers to understand current changes such as economic, technological and demographic. Shifts in the world population growth rate and change of growth rate cause distortions in the market.

There are a number of demographic and other variables, which is have an impact on the patterns of purchasing and consumption. The changes over the past decades have created both problems and opportunities for the retailers. Gilbert (1999) gave an explanation about demographic factors which may influence demand and patterns of purchase. These are population size, growth rate and projections, geographic density of population, household size and family size, income and wealth distribution and socio-economic groups. The demographic characteristics of consumers, which retailers commonly use for marketing purposes include age, sex, race, ethnicity, income, education, occupation, family size, religion and social class (Lucas, Bush and Gresham, 1994).

Previous studies found weak association between store loyalty ad demographic factors (East et al, 1997). Studies conducted by East et al (1997) found no association between loyalty and either income or period of full time education and they rejected the view of Carman (1970) and Wrigley (1984) that store loyalty is linked to under privilege. The Study conducted by Farley (1968) in the United States, also found no associations. However, Carman, Enis and Paul's (1970) research indicated that low income and fewer years of education are associated with store loyalty. This contradicts study conducted by McGoldrick and Andre (1997) in which they found loyal shoppers tended to have larger incomes. Nevertheless their study supports Carman (1970). Carman (1970) also found that the more store loyal household tended to be one with children of school age and a female partner in employment.

Some studies have indicated that there is little difference in demographics between consumers who are brand loyal and those who are not. For example, people with less income can be loyal to brands that are more expensive particularly if they are very concerned about the brand and feel that the brand can satisfy them. Yet another study has found that age may influence brand loyalty. As consumers become older, their income tend to be higher and they experience greater risk (Schiffman & Kanuk, 1997). But even younger customers may develop a liking or trust over for a brand, making them loyal towards it even if their income is not high enough to purchase the brand regularly. According to Mason (1996) shoppers aged below 45 years were more loyal and those aged over 65 were the least loyal. Such loyalty may be witnessed is dresses and cosmetics. East et al (1995) found negative correlation between store loyalty and age. According to their study store loyalty is high within the 25-44 age group, thus making it negatively associated with age.

A study by Kim and Jin (2001) on *"consumers' patronage of discount store: domestic vs. multinational discount store shoppers' profile,"* selected married female shoppers as an important demographic variable sample. Data analysis showed no differences between the two groups studied with respect to age, family size, educational level and income. However, in terms of jobs, there were group differences. Amongst Korean shoppers who had full time jobs, higher percentage indicated that they patronised the multinational discounts stores. Differences across gender were studied by Fontenelle and Zinkan in 1993. They found that men and women viewed products and services differently. Women tend to be generally more involved with and interested in buying. Williams (2002) had investigated social class, income and gender effects on the importance of utilitarian and subjective evaluation decision criteria over a variety of products considered more or less socially significant.

## RESEARCH METHODOLOGY

Three leading grocery retailers were selected in Vietnam. Demographic characteristics of food consumers who purchase food in grocery stores were investigated. Data were collected using a random sample of consumers. The data and information were collected from selected grocery stores in Vietnam. Interviews were conducted face to face on exit from three selected superstores. Face to face interviews were conducted in order to ensure a high response rate and reduce the response bias. A low response rate is a common problem with self-completion questionnaires and can be subjected to response bias, in that people with reading and writing difficulties are less likely to respond (Robson, 2002). Furthermore, the refusal rate for face to face interviews is lower than the non-response rate for postal questionnaires. A sample of 50 consumers in each store (3*50) making a total of 150 food shopping consumers from the selected stores in Vietnam were interviewed.

The literature review suggests that the basic demographic factors influencing shopping behaviour are mainly: age, income, family status, education, and working status of consumers. The researcher used eight statements to collect demographic information. Questions regarding age and income are very sensitive Vietnam, and people are indisposed to disclosing this information to others. Thus taking into consideration the fact that they may refuse to answer straightforward questions relating to these two factors, two questions were selected on age and income. If the shopper refused to answer question number one but answers number two we are not missing the correct answer. But surprisingly, except in a few cases, the majority of the respondents answered the first question for the age category and the second question on income category.

Data were collected in early June 2006 by trained interviewers throughout the week. In order to reduce possible shopping patterns biases all interviewers used stratifying interviews across the time of the day (morning, early afternoon, and late afternoon) (Odekerken-Schroder et al, 2001) and weekend.

## RESULTS

**Table 1: Distribution of respondents by demographic characteristics**

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| Age | 140 | 1 | 5 | 2.41 | .840 |
| Gender | 140 | 1 | 2 | 1.31 | .463 |
| Marital status | 139 | 1 | 2 | 1.74 | .440 |
| Monthly income | 121 | 1 | 5 | 2.57 | 1.079 |
| Level of education | 135 | 1 | 6 | 4.02 | .988 |
| Household status | 139 | 1 | 6 | 2.98 | 1.025 |
| Working status | 140 | 1 | 6 | 3.07 | 1.599 |

## AGE PROFILE

Results show the frequency and percentage of responses falling within six age group categories. Perhaps not surprisingly, the data shows 50.7% (that the greatest number of the population included in this survey) were aged 25-34. 24.7% of respondents were aged 35-44; 11% were aged between 45 -54; 8% of respondents belonged to the 16-24 age group and consumers aged over 55, as might be expected, formed less than 1 percent of the population questioned.

**Table 2: Distribution of respondents by Age**

| AGE GROUP | Frequency | Percent |
|---|---|---|
| 16-24 | 13 | 8.9 |
| 25-34 | 74 | 50.7 |
| 35-44 | 36 | 24.7 |
| 45-54 | 16 | 11.0 |
| 55+ | 1 | .7 |
| **Total** | 140 | 95.9 |

## GENDER DIMENSIONS

Gender is very important and has a very major impact on shopping behaviour. As the traditional norm, it is mostly the males who do the everyday family shopping, although attitudes are changing due to various external factors. Today, females are assuming a more positive role: they are in employment, in education and in all the other social domains. The natural conservative attitude of females is changing as society becomes more open and fair. Most of the sophisticated shopping malls or superstores are located in major cities, thus ensuring that there are no problems for females to do their shopping. However, the gender demographic variable in this study revealed that males are still the dominant ones amongst the shoppers from these superstores as 66.4% of respondents were male while only 29.5% were female.

**Table 3: Distribution of respondents by gender**

| GENDER | Frequency | Percent |
|---|---|---|
| Male | 97 | 66.4 |
| Female | 43 | 29.5 |
| Total | 140 | 95.9 |
| System | 6 | 4.1 |
| Total | 146 | 100.0 |

### MARITAL STATUS

The study showed that married couples had a higher tendency to shop from their superstore than single individuals. Of the total population surveyed 70.5% consisted of married couples while only 21.7% were single individuals.

**Table 4: Distribution of respondents by marital status**

| MARITIAL STATUS | Frequency | Percent |
|---|---|---|
| Single | 36 | 24.7 |
| Married | 103 | 70.5 |
| Total | 139 | 95.2 |
| System | 7 | 4.8 |
| Total | 146 | 100.0 |

## HOUSEHOLD STATUS

We studied the household status of the Vietnamese food consumers by asking them who they were living with. The household status of the Vietnamese consumers in this study was classified into five categories: those living with their husband, living with their wife, living with their children, living with parents or living with others. The findings indicated that the highest number of respondents were those living with their children, representing 46.6% of the total sample. Those living with parents represented at 22.6% of the sample. 13.7% of the sample represented those living with their wife; 9.6% represented those living with their husband. As to be expected, the smallest group in this household category was those living with others. They represented just 2.7% of the sample.

**Table 5: Distribution of respondents by household status**

| HOUSEHOLD STATUS | Frequency | Percent |
|---|---|---|
| Husband | 14 | 9.6 |
| Wife | 20 | 13.7 |
| Children | 68 | 46.6 |
| Parents | 33 | 22.6 |
| Others | 4 | 2.7 |
| | 139 | 95.2 |
| System | 7 | 4.8 |
| Total | 146 | 100.0 |

## INCOME

Consumers were divided into four income groups: consumers who have low, medium, high and very high incomes. The data from the monthly income responses indicate that the greater number of consumers (29.5%) earn between 426,000Dong and 795,000Dong, which represents very high moderate income in terms of Vietnam. This is followed by the high and medium income groups at 21.2 percent and 17.1 percent respectively, whilst the lowest number of consumers fell into the low income group (14.4%).From this, it is very clear that in the Vietnam perspective it is mainly those people on middle and higher level incomes who normally shop at these superstores. Due to the cost not everyone can afford to shop there.

**Table 6: Distribution of respondents by income**

| MONTHLY INCOME | Frequency | Percent |
|---|---|---|
| 170,000-425,000 | 21 | 14.4 |
| 426,000 -795,000 | 43 | 29.5 |
| 796,000 -2,022,000 | 25 | 17.1 |
| 2,022300 -9,999,999 | 31 | 21.2 |
| 10,000,000+ | 1 | .7 |
| Total | 121 | 82.9 |
| System | 25 | 17.1 |
| Total | 146 | 100.0 |

## LEVEL OF EDUCATION

The study has shown that most of the shoppers who buy from these superstores are highly educated and have substantial disposable financial capacity. They are also very health conscious and are fully aware of imported branded products. In this educational aspect, the largest proportion of the population surveyed had a degree level qualification, representing 48.6% followed by 28.8% having master's level education. Consumers with pre-degree education were represented mainly by those with secondary level education (11%), higher secondary and primary level education accounting for small groups of 2.1 & 1.4% respectively. The smallest group was those consumers with doctoral qualifications, although this would obviously be a reflection of general social educational patterns.

**Table 7: Distribution of respondents by level of education.**

| LEVEL OF EDUCATION | Frequency | Percent |
|---|---|---|
| Primary education | 2 | 1.4 |
| Secondary education | 16 | 11.0 |
| Higher secondary education up to A level | 3 | 2.1 |
| Degree level | 71 | 48.6 |
| Masters level | 42 | 28.8 |
| Doctoral level | 1 | .7 |
| Total | 135 | 92.5 |
| System | 11 | 7.5 |
| Total | 146 | 100.0 |

## WORKING STATUS

The employment question for this study confirmed the obvious expectation that the majority of the population sampled who buy from these expensive superstores are those in full-time employment. They represented 52.1% of the sample. They were followed by self-employed consumers who represented 19.2% of the survey. The remaining consumers were distributed between students, 15.8%, part-time employed 2.7%, housewives 5.5% and unemployed 0.1%.

**Table 8: Distribution of respondents by working status**

| Working status | Frequency | Percent |
|---|---|---|
| Part-time employed | 4 | 2.7 |
| Full time employed | 76 | 52.1 |
| Student | 23 | 15.8 |
| Housewife | 8 | 5.5 |
| Unemployed | 1 | .7 |
| Self-employed | 28 | 19.2 |
| Total | 140 | 95.9 |
| System | 6 | 4.1 |
| Total | 146 | 100.0 |

## DISCUSSION AND CONCLUSSIONS

Table 9: Major Demographic characteristics of Grocery consumers in Vietnam

| **Demographic variables** | |
|---|---|
| Age | Between 25-34 |
| Monthly Household Income | High income |
| Level of Education | Higher qualification (Bachelor and Masters level) |
| Household status | Living with children |
| Working Status | Full time employed |

As Gilbert (1999) explained there are a number of demographic characteristics which have an impact on the patterns of purchasing and consumption. The population statistics help marketers to understand and keep track of changing age profiles (Dibb S. et al, 1994). The ageing nature of the Vietnamese consumers can have a positive influence on retail sales as we can see from the results of the study. The Age profile of the consumers in

Vietnam indicated that those aged 25-34 did most shopping as this group of people are the most economically active. The result of this study supports the Mintel survey in the UK, which showed that the most active UK consumers shopping in grocery stores are from the 25-34 age band (Walsh, 2003). Mason (1991) and East et al (1995) also found in their study that under 45 years old shoppers were most loyal.

Household status is important to marketing managers to understand and use as a focal point as an increasing percentage of households are changing from family to a non-family units in the western world. But, as in most of the South East Asian countries, Vietnamese household status of consumers are not the same as in other European countries. Whilst Europeans are abandoning the traditional way of living, the consumers of Vietnam are still living with their parents or children.

Income can be a very useful way of dividing markets because it strongly influences people's needs. It affects their ability to buy and their aspirations for a certain style of living (Dibb S et al, 1994) and income was expected to be an influence on evaluative criteria (Williams, 2002). The results indicated that income is very important when consumers are shopping in large superstores where a variety of quality, imported branded products are sold at relatively high prices. In Vietnam, high income earners form the majority of shoppers which does not support the finding of some researchers (i.e. Carman, Enis, and Paul 1970; Dunn and Wrigley, 1984) where low incomes correlate. However, McGoldrick and Andre (1997) found that loyal shoppers tended to have larger incomes, which supports this study. The findings are also consistent with East et al (1997) that among the lowest income group and the retired store loyalty is small.

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