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# Luxury's Last Frontier: An Analysis of Hanoi Residents' Perceptions of the Luxury Market in Vietnam

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# Luxury's Last Frontier

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An Analysis of Hanoi Residents' Perceptions of  
the Luxury Market in Vietnam

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## **Abstract**

One consequence of Vietnam's rapid economic development in recent decades is the booming luxury market in Hanoi. Although few Vietnamese consumers can afford luxury goods, luxury consumption is highly visible in Hanoi. Luxury shopping centers continue to open throughout the city, and fancy cars are a common sight on city streets. Luxury consumers often influence trends in the wider marketplace, but luxury good consumption can also be a divisive issue. In addition, luxury consumers in developing countries, even more so than those in developed countries, are often believed to be motivated by status concerns. Thus, the phenomenon economists call conspicuous consumption (the consumption of certain goods to communicate status) can be prevalent in developing countries like Vietnam. In this study, I hoped to explore perceptions of the Vietnamese luxury market among middle- to high-income Hanoi residents. Through a series of in-depth interviews and a survey, I sought to answer the following questions: 1) What does it mean to be high status in Hanoi, and how does luxury consumption relate to consumers' desires for status? 2) How do outsiders feel about people who purchase luxury goods, and how do their feelings relate to what they perceive as the motivations for luxury consumption? 3) How has the luxury market evolved in recent decades, and how has this evolution impacted the consumer class's consumption preferences? The interviews revealed a multifaceted definition of status, including money and power, but not necessarily respectability. Contradictory attitudes toward luxury consumers were exposed, with a common theme of disapproval of conspicuous consumption despite professed lack of opinion on other people's consumption. Through both interviews and survey, I found a strong preference for foreign brand names among the Vietnamese consumer class. Ultimately, this study revealed complex and multifaceted attitudes among Vietnamese consumers regarding luxury consumption.

**Keywords:** Hanoi, Economics, Consumption, Globalization, Luxury

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## 1. Introduction

Hanoi is a city of contradictions. Street vendors wearing pajama-like outfits and traditional conical hats hawk their wares across the street from luxury malls with names like *Gucci* and *Hermes* emblazoned on their walls. On the crowded city streets, Rolls Royces and Porsches pass old women on bicycles piled high with everything from chicken feet to balloon animals. The juxtaposition of poverty with decadence is striking.

Despite the growing prosperity in Vietnam as the economy continues to develop, only a small minority of Hanoi residents, and an even tinier portion of the Vietnamese population as a whole, actually have the disposable income necessary to purchase luxury goods. Yet luxury consumption is a highly visible phenomenon in Hanoi. Because I was surprised and even a bit confused by the preponderance of luxury consumption I observed in Hanoi, I wanted to explore how residents of Hanoi themselves feel about the growing trend of luxury good consumption in Hanoi.

I formulated multiple research questions in hopes of better understanding luxury good consumption in Hanoi.

- What does it mean to be high status in Hanoi, and how does luxury consumption relate to consumers' desires for status?
- How do outsiders feel about people who purchase luxury goods, and how do their feelings relate to what they perceive as the motivations for luxury consumption?
- How has the luxury market evolved over the past decades, and how has this evolution impacted the consumption preferences of the consumer class?

To answer these questions, I conducted a survey and a series of interviews with residents of Hanoi. I chose to interview middle- to upper-income individuals, some consumers of luxury goods and some not. Because the class that can afford luxury goods is quite small, I wanted outsiders' perspective on the luxury market, but outsiders who had the disposable income necessary to have strong consumption preferences themselves. Although luxury consumers have the social clout to shape consumption trends, the middle class has the numbers necessary to actually impact the market with its consumption.

The luxury market is a new but rapidly growing segment of the Vietnamese consumer economy. In the past decades, Vietnam has made the transition from an extremely poor country, suffering the results of a poorly implemented central-planning system, to a nation reaping the benefits of rapid economic growth jump-started by *Doi Moi*, a series of market reforms beginning in the 1980s. The luxury market as it exists today was enabled by *Doi Moi*, which initiated the opening of the economy and the growth of a consumer class. The events and economic changes instigating the boom in the luxury market are outlined in the sections below.

## **2. Background**

### *2.1 Doi Moi*

After nearly a century of French subjugation ending in the defeat of the French by the Vietnamese nationalists in 1954, Vietnam was divided into the Democratic Republic of Vietnam in the north and the State of Vietnam in the south. From 1954 onward, North Vietnam followed a Soviet model of socialist industrialization, forbidding private economic activity, nationalizing enterprises, collectivizing agriculture, and focusing on heavy industry.<sup>1</sup> The south, on the other

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<sup>1</sup> Van Arkadie and Mallon, *Viet Nam: A Transition Tiger?* 38.

hand, had a market economy and focused on agriculture and light industry, with an influx of foreign aid boosting the economy.<sup>2</sup>

After Vietnam was officially reunified in 1976, the government attempted to integrate the southern economy into the central planning system. However, the efforts to implement central planning eventually resulted in economic crisis. By the early 1980s, Vietnam faced shortages of consumer goods, large external debt, high inflation, and slow economic growth.<sup>3</sup>

In response to the economic crisis, in 1986 Vietnam's government began to embark on a series of economic reforms known as *Doi Moi*. The Sixth Party Congress agreed in 1986 on the need for policy reforms that would stabilize the economy and accelerate growth. To do this, the government shifted economic policy away from central planning and subsidies and toward a market orientation.<sup>4</sup> Soon, the government liberalized prices, decollectivized farms, authorized a private sector, began to dismantle the central planning system, and ended its monopoly on foreign trade.<sup>5</sup> Reforms continued through the 1980s and 1990s.

*Doi Moi* created opportunities for increases in both the supply and the demand of luxury and brand name goods in Vietnam. The opening of the economy to international trade made it possible for foreign luxury goods to enter the market and allowed foreign companies to produce their products in Vietnam, exposing the Vietnamese to western brand names. *Doi Moi* also promoted the creation of a new consumer class. The liberalization of the market has increased income levels, enabling the growth of an elite urban high-income class and a large urban middle class. These new classes have the purchasing power necessary to buy what they want, when they want, something that was impossible under earlier central planning.

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<sup>2</sup> Van Arkadie and Mallon, *Viet Nam: A Transition Tiger?* 42.

<sup>3</sup> Chaponnière et al., "Vietnam Following in China's Footsteps," 2.

<sup>4</sup> Van Arkadie and Mallon, *Viet Nam: A Transition Tiger?* 67.

<sup>5</sup> Chaponnière et al., "Vietnam Following in China's Footsteps," 4.



## 2.2 Import Policies

The opening of the Vietnamese economy has allowed foreign brands to permeate urban markets, although tariffs on certain goods keep prices high. As part of *Doi Moi*, the state's monopoly on international trade was abolished and both non-tariff barriers to trade (such as quantitative restrictions) and maximum import tariffs were reduced.<sup>6</sup> Foreign trade was strengthened after *Doi Moi* primarily through a number of bilateral trade agreements. Most agreements were motivated, on the Vietnamese side, by hopes for export growth; but, of course, they allowed for increased imports as well.

Vietnam has attempted to develop exports while protecting its domestic market from imports, but this is becoming increasingly difficult.<sup>7</sup> Due to its membership in the World Trade Organization (WTO), Vietnam will be required to decrease its maximum tariffs, and throughout the 2000s Vietnam had to decrease import protection because of various trade agreements.<sup>8</sup> Yet tariffs on luxury goods remain high. In order to reduce the imports of luxury goods and help reduce the trade deficit, Vietnam actually increased the tariffs on luxury goods in 2008.<sup>9</sup> Policy indicates that the Vietnamese government does not support the growing trend of luxury good consumption.

## 2.3 The Growth of the Consumer Class

Consumption of brand name and luxury goods in Vietnam is driven by a newly minted consumer class. The creation of this class was enabled by the rapid economic growth that resulted from *Doi Moi* and continuing liberalization of the economy. Vietnam's gross domestic product (GDP) grew by around 8% each year throughout the 1990s, a growth rate exceeded only

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<sup>6</sup> Chaponnière et al., "Vietnam Following in China's Footsteps," 3; role model 4

<sup>7</sup> Thoburn, "Vietnam as a Role Model for Development," 5.

<sup>8</sup> Thoburn, "Vietnam as a Role Model for Development," 5.

<sup>9</sup> World Bank, "Vietnam Trade Brief."

by China.<sup>10</sup> This strong economic growth brought about the emergence of a class of urban consumers, now a driving force in the Vietnamese economy.

The middle class is a powerful force in any consumer society, and this is no different in Vietnam. The middle class in Vietnam has left behind a subsistence lifestyle during the subsidy system in the pre-*Doi Moi* era. With greatly increased purchasing power, members of the middle class no longer need to worry about basic survival, and can now make consumption decisions based on wants rather than just needs.<sup>11</sup> Although this change occurs whenever a middle class emerges in a developing economy, it is especially notable in Vietnam: during the pre-*Doi Moi* era consumption was prescribed by a subsidy system, but today consumers have the freedom to make their own consumption decisions.<sup>12</sup>

In Vietnam, the new consumer class is concentrated in major cities, such as Ho Chi Minh City and Hanoi. According to a study by market research company Taylor Nelson Sofres, in 2001 the consumer class (defined in the study as individuals earning more than \$300 per month) made up 37% of the population in major cities in Vietnam, and it has certainly grown since then.<sup>13</sup> Members of the consumer class include executives who work for foreign companies, entrepreneurs, and people with high-level positions in state-owned companies and organizations.<sup>14</sup>

With the purchasing power of the consumer class comes strong preferences. International consulting firm KPMG described the new middle class in Vietnam as “conscious and sensitive about status,” and pointed out that the past economic hardships experienced by the older members of this class sometimes result in continued frugality and other times result in a desire to

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<sup>10</sup> Thoburn, “Vietnam as a Role Model for Development,” 1.

<sup>11</sup> Andrew and Yali, “The Rise of the Middle Class in Asian Emerging Markets,” 3.

<sup>12</sup> Nguyen, “An Investigation into Conspicuous Consumption,” 16.

<sup>13</sup> Nguyen, “An Investigation into Conspicuous Consumption,” 21.

<sup>14</sup> Nguyen, “An Investigation into Conspicuous Consumption,” 19.

spend to “make up for suffering.”<sup>15</sup> The younger members of the consumer class tend to care about brand names, and they associate foreign products with luxury and quality.<sup>16</sup> According to another study, these consumers desire luxury goods, travel abroad, cars, and new technology.<sup>17</sup> The preferences of the new consumer class certainly vary, but in any case, this class has a strong impact on the market.

#### *2.4 The Growing Luxury Market in Vietnam*

Due in part to the *Doi Moi* reforms, which opened the Vietnamese economy and helped create the new middle and upper classes, Vietnam has become a flourishing market for luxury goods. Although only a small portion of the population can afford luxury goods, and the government has continually attempted to quell the growing trend of luxury consumption, the market for luxury goods in Vietnam is growing rapidly. Many consumers of luxury goods are motivated by desires to communicate their status, but other factors also influence the consumption of luxury goods.

Although the Vietnamese economy has undergone liberal reforms and been opened to foreign markets, the luxury market faces a number of institutional roadblocks. The Vietnamese government imposes large tariffs on products that it wishes to discourage imports of.<sup>18</sup> Despite the fact that Vietnam joined the World Trade Organization in 2007 and thus must continue to lower tariffs, Vietnam actually increased the tariffs on luxury goods in 2008.<sup>19</sup> Additionally, a low level of infrastructure and byzantine administrative procedures serve to discourage foreign firms from entering the market.<sup>20</sup>

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<sup>15</sup> Andrew and Yali, “The Rise of the Middle Class in Asian Emerging Markets,” 3

<sup>16</sup> Andrew and Yali, “The Rise of the Middle Class in Asian Emerging Markets,” 4

<sup>17</sup> Nguyen, “An Investigation into Conspicuous Consumption,” 21.

<sup>18</sup> Thoi, “The Rich Spend Money...”

<sup>19</sup> World Bank, “Vietnam Trade Brief.”

<sup>20</sup> Lee, “Luxury Report.”

Low demand could also hamper the growth of the luxury market. Partially because wages are not keeping up with inflation, only a miniscule percentage of the population has the disposable income necessary to purchase luxury goods.<sup>21</sup> In a 2011 study, only 14% of people aged 20 to 65 in the top four largest cities in Vietnam reported making a luxury purchase in the past year.<sup>22</sup> Nonetheless, the luxury market has experienced strong growth in the past decade.

The General Department of Customs reported that in the first nine months of 2012, more than \$3.6 billion worth of luxury goods were imported, and that number was more than \$2.9 billion in the first six months of 2013.<sup>23</sup> Michel Borelli, the managing director at Lowe Vietnam, believes growth in the market will continue as incomes rise.<sup>24</sup> New high-end malls and shopping centers continue to pop up around Hanoi and Ho Chi Minh City, and luxury cars are a common sight on urban streets.

Luxury consumption in Vietnam is strongly driven by foreign brand names. Matthew Collier, chief executive at Y & R Vietnam, reported in late 2012 that the top four “luxury brands” in Vietnam were Apple, Sony, Toyota, and Honda, showing the society’s desire for high-end technology and transportation.<sup>25</sup> Clothing and accessories are popular luxury products as well, as the new rich drop cash on Gucci shoes, Louis Vuitton handbags, and Cartier watches.<sup>26</sup> The ultimate status symbols, though, are luxury cars: Vietnam’s super rich prefer to brave the hectic city traffic in BMWs and Mercedes-Benzes.<sup>27</sup>

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<sup>21</sup> Lee, “Luxury Report.”

<sup>22</sup> Lee, “Luxury Report.”

<sup>23</sup> Thoi, “The Rich Spend Money...”

<sup>24</sup> Lee, “Luxury Report.”

<sup>25</sup> Lee, “Luxury Report.”

<sup>26</sup> Stocking, “Vietnam Develops Taste for Luxury Goods.”

<sup>27</sup> Stocking, “Vietnam Develops Taste for Luxury Goods.”

## 2.5 Motivations for Luxury Consumption

Many people believe that the growing trend of luxury consumption in Vietnam is driven primarily by the phenomenon known to economists as conspicuous consumption. Coined by economist Thorstein Veblen in his 1899 work *The Theory of the Leisure Class*, “conspicuous consumption” describes the tendency of individuals to purchase and consume goods as a means of displaying or gaining social status.<sup>28</sup> Veblen used the term to describe the behavior of the *nouveau riche* in 19th-century America, but this concept is widely applicable to consumption behavior in the present.

A recent study by University of Chicago economists showed that conspicuous consumption is much more prevalent among rich people in poor places.<sup>29</sup> In generally low-income communities, high-income people feel the need to differentiate themselves from their less-well-off peers and show that they are of the higher class. This fits the context of Vietnam, where per capita GDP is under \$2,000, but a small number of consumers are ready and willing to spend \$2,000 on a designer purse without a second thought. Sabyasachi Mishra, CEO at JWT Vietnam, said, “I think the local luxury market is at stage one of evolution with key consumption motivators being externally driven – display and social recognition as opposed to, say, personal rewards or self-actualizing experiences.”<sup>30</sup> Similarly, luxury goods can be seen as a way to make newfound success tangible.<sup>31</sup>

But status is certainly not the only factor driving consumption of luxury goods. One luxury consumer in Vietnam stated, “Members of the new generation want to enjoy life and pamper themselves with luxurious things”; preference and pleasure cannot be discounted as

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<sup>28</sup> Veblen, *The Theory of the Leisure Class*.

<sup>29</sup> Postrel, “Inconspicuous Consumption.”

<sup>30</sup> Lee, “Luxury Report.”

<sup>31</sup> Lee, “Luxury Report.”

motivations for luxury consumption.<sup>32</sup> Thus, through my research I hoped to explore the many factors that influence luxury good consumption in Vietnam, and how this growing trend is perceived by both consumers of luxury goods and those who observe these consumers.

### **3. Methods**

I conducted my research in Hanoi, the capital of Vietnam. Ho Chi Minh City could, perhaps, be seen as the more natural location for a study of conspicuous consumption, but Hanoi better fit my research aims. While Hanoi is the political center of Vietnam, Ho Chi Minh City is the business center, and many Vietnamese see northerners as more saving-oriented and southerners as spending-oriented. In addition, during the Vietnam War, South Vietnam was under a market economy system and open to western influences, so western brands and ideals have a more entrenched presence there. Hanoi residents only became familiar with western goods beginning in the 1990s, and designer goods, previously only available in Ho Chi Minh City, did not start selling well in Hanoi until around 2006.<sup>33</sup> Because I wished to study conspicuous consumption as an emergent phenomenon, Hanoi was the clear choice for my study location. Adults in Hanoi today have witnessed the transition of luxury good consumption from an emerging trend to a facet of life.

In order to answer my research questions, I conducted multiple in-depth interviews and distributed a questionnaire both on paper and online. For both interviews and questionnaires, I sought out young to middle-aged, middle- to upper-income individuals. I targeted these demographic groups because they have the ability, motivation, and opportunity to consume goods to communicate their status and are exposed to consumers of truly expensive luxury goods through work and general city life. It would have been beneficial to include very high-income

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<sup>32</sup> Lee, "Luxury Report."

<sup>33</sup> Giang Tam Nguyen, conversation at World Bank in Hanoi, November 13, 2013.

individuals in my study, but due to time limitations and my lack of connections, this would have proved difficult. Additionally, although the very rich are an incredibly visible facet of luxury good consumption in Vietnam, they form a tiny minority, and I wanted to focus on consumers who form a larger segment of the population. All of my interview subjects were residents of Hanoi, but questionnaire recipients came from both Hanoi and Ho Chi Minh City, as I hoped to assess differences in attitudes and behavior between residents of these cities.

I chose to conduct interviews in order to gain a deeper understanding of the attitudes and preferences of Hanoians regarding conspicuous consumption that I could not gain from a survey alone. I interviewed five women and four men, ranging in age from 18 to 51. Two of my interview subjects were students, and the rest were working adults, including leaders in state organizations, physicians, and private-sector workers.

Most of my interviews were conducted with members of the homestay families for the SIT International Honors Program (IHP) in Hanoi. I chose to recruit interview subjects from this group because the IHP host families are middle- to upper-income, I had access to their contact information, and I thought it likely that members of these families would be willing to help me given their prior connection with SIT. Of course, this did not provide a random sample of individuals; all the families had hosted American students, which surely skewed my sample. However, given my short time frame and status as an outsider, and the omnipresent language barrier, it would have been impossible to gather a random sample of interview participants.

My template of interview questions is included as Appendix A (pg. 41). I began each interview by asking the interview subject about his or her background, family, and education, hoping to gain a general understanding of the character of the interview subject and to better get to know him or her. I followed with a discussion of status in Vietnam, asking such questions as,

*“What do you think it means to be ‘high status’ in Vietnam today?”* and *“How do you feel about ‘high status’ people?”* I then asked questions regarding that person’s own preferences regarding luxury goods and brand name products, and about his or her perceptions of other consumers of luxury goods.

I brought a list of predetermined questions to each interview, but issues were discussed as they came up in conversation, including those that deviated from the original planned content of the interview. Seven of the nine interviews were conducted in English, one with the help of a Hanoi University student for some translation, and two were conducted in Vietnamese with a family member of the interviewee translating. Interviews were kept to less than one hour so as to limit interference in the subjects’ schedules.

I chose to conduct a survey in tandem with my interviews because I wanted to quantitatively analyze the factors influencing attitudes toward conspicuous consumption, and preferences and consumption of luxury goods. I distributed my survey on paper, in English, to two classes at the National Economics University in Hanoi, an economics class for MBA students and an economics class for undergraduates. The 35 MBA students were higher-income businesspeople, most in their mid-20s, while the 41 undergraduate students were mostly 19 or 20 years old and came from middle- to high-income families. The survey was also distributed, on paper, in Vietnamese, to students at a class at Hanoi National University. I sent the online version of the survey to the IHP homestay families in Hanoi and recruited Vietnamese friends in Ho Chi Minh City to share the survey with their friends on Facebook. I also sent the online survey to the homestay families for the SIT program in Ho Chi Minh City and to a member of the Young Businesspeople Association of Ho Chi Minh City, who forwarded the survey to friends and other members of the organization. As with the interviews, this was not a random



sample, but that would have been difficult under my constraints. I aimed to survey a cross section of ages and backgrounds among my target group of middle- to upper-income urban Vietnamese.

Both Vietnamese and English versions of my survey are included in Appendices B and C (pp. 43 and 47). The original draft of my survey contained more attitudinal questions, but these were later revised when I was advised that such questions would be difficult to answer for most people. I first asked subjects about their background, family, and education. I then asked about their and their family's experiences traveling outside of Vietnam, and about their consumption of a variety of goods. I included 4 items at the end of the survey regarding attitudes toward conspicuous consumption in which respondents were asked to choose their level of agreement with a few statements on the subject. Ultimately, 129 surveys were completed.

#### **4. Limitations and Issues**

Given that I conducted this research in a developing country where I did not speak the local language nor have many local connections, it is unsurprising that many external factors made my study more difficult. The survey I conducted was of limited help to my research due to a small and skewed sample, what I believe was some confusion by respondents, and some respondents' unwillingness to answer personal questions. Although the interviews were much more informative, I still encountered difficulties due to a limited sample and language barriers. More generally, the short time period available for research made it difficult to adequately complete my study.

Although I did gain some useful information from my survey, it was not nearly as informative as I had hoped it would be. The sample of respondents did not contain enough working adults who have the ability to consume luxury goods to give much information

regarding consumption. I hoped to get a large sample of middle- to upper-class adults by distributing the survey online to the SIT homestay families in Hanoi and Ho Chi Minh City and to members of the Young Businesspeople Association in Ho Chi Minh City, but the response rate for the online survey was quite low – only 24 surveys were completed online.<sup>34</sup> I would have liked to have more young professionals and more older adults, as well as a larger sample in general.

Additionally, I was interested in exploring attitudes toward conspicuous consumption behavior on the survey, but the responses to these survey items were not informative. On the survey, participants were given three statements expressing feelings about conspicuous consumption in others and their own propensity for conspicuous consumption, and asked to share how much they agreed with these statements on a five-item scale from “Strongly Disagree” to “Strongly Agree.” However, the overwhelming majority of respondents who answered these questions (and many did not) chose “Indifferent.” I am still unsure if respondents did not fully understand these statements, or if they actually had no strong feelings about conspicuous consumption.

Another issue I encountered in my survey distribution was empty or possibly dishonest responses. Many respondents left multiple items blank, especially the “income” item. I have also been led to believe that Vietnamese people are unlikely to report their true income on surveys, but I never settled on an ideal proxy for this variable. It generally seemed that respondents were highly private; multiple respondents left all of the personal questions relating to demographics and spending blank. The preponderance of blank items and concerns about the inaccuracy of the income variable made it impossible to properly model luxury consumption from the survey data.

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<sup>34</sup> I do not know the exact response rate for the online survey, as surveys were sent to homestay families in Ho Chi Minh City and members of the Young Businessperson’s Association through intermediaries, and responses were also solicited on Facebook.

Were I to repeat this study, I would do more research on finding a proper proxy variable for income. It is hard to say how I would deal with the blank-item issue: one cannot force respondents to answer questions. Perhaps it would help to explain orally in addition to stating on the survey that all responses are anonymous, and even leave the room while respondents complete surveys. It could also help to have respondents in more private areas while they complete the survey: in the classes I visited, students were sitting right next to each other and may have been concerned about their classmates viewing their responses. Before further survey research, I would consult someone with experience conducting surveys in Vietnam.

Although my interviews were much more informative than the surveys, I still encountered some issues in this area. Again, my sample was limited, and highly skewed toward upper-middle-class parents. This is due in part to my limited connections in Hanoi. Also, when contacting the IHP homestay families, I stated that I would like to speak to multiple family members of multiple ages, but in most cases I ended up interviewing only the person to whom I sent the original email. This is a case in which extra time would have helped; I certainly could have asked my interviewees to connect me with family members and friends of different ages, but by the time my interviews were set up I did not have the time to set up a second round of interviews after the first.

It would have been informative to interview more people from very high-income groups, but I am uncertain of how I could have connected with these individuals. Ultimately, although it gave a biased sample, the IHP families were a good source of interview subjects because many people from this group were very willing to be interviewed.

The language barrier presented some difficulties in interviews, although not as many as I expected. I actually conducted most of my interviews in English, and there were few

misunderstandings, at least that I am aware of. The best interview model, when possible, was conducting the interview mostly in English with the help of a translator when necessary. The fact that my interview subjects were from higher-income backgrounds, which was my desired sample group, certainly made interviewing easier because most people spoke English.

In general, the short time frame was the biggest factor limiting my research. I simply did not have enough time to do all the things I wanted to do. I originally hoped to conduct focus group discussions, but I struggled to organize a group of enough people to meet together multiple times in such a short time period, so I eventually abandoned that plan. More time would also have allowed me to do some pilot testing with my survey before distributing it, which would have helped me design better questions to get the information I wanted. A larger, more diverse sample for interviews and surveys also could have been obtained given a longer time period.

Ultimately, although I encountered many difficulties in my research, I do think that I was able to find interesting and useful information through my interviews and survey. I would certainly do many things differently if I were to repeat this study, mostly concerning a larger and more diverse sample for interviews and surveys. However, under the circumstances I am happy with the results.

## **5. Results and Discussion**

### *5.1 What it Means to be “High Status”*

In order to understand how and if luxury consumption is used to communicate status in Vietnam, I had to figure out the meaning of status in Vietnam. Thus, I asked all of my interview subjects what it meant to them to be “high status” in Vietnam today. Responses were varied, but they centered on the themes of money and power.

Nearly all of my interview subjects mentioned wealth as a necessary characteristic of a high status individual. One person described high status people as “people who are very rich,” and another said, “High status means a rich person.” Multiple interview subjects also mentioned that along with being rich, high status people frequently purchase expensive luxury goods. One subject described high status people as “those who have money, power, luxury cars, and own luxurious brands.” Most interview subjects, though, thought that some high status people lead more “humble lives” and do not purchase expensive luxury goods. It seems that while the consumption of luxury goods connotes high status, one does not need to consume luxury goods to be considered high status.

Power was another important element of most subjects’ definitions of high status. Many subjects described high status people as leaders, either in government organizations or private companies. But although money and power connoted high status to the interview subjects, most agreed that money and power alone are not sufficient to make an individual respected.

Throughout my interviews, a theme emerged that the path a high-status person took to his or her money, power, or money and power determined the level of respect that person received. Illustrating the general sentiments of most interview subjects, one woman said, “I admire some high status people ... because they had to try so much in the past to reach their current situation now, but a lot of people, they use some kind of trick to get to their situation, and I don’t admire them.” For most interview subjects, corruption and “easy money” were seen as characteristics of rich government officials; those who had gained success and wealth in the private sector were viewed with more respect. Interestingly, most subjects who discussed corruption implied that the only way for a government official to become high status was through corruption and “under the table” money, as official government salaries are generally fairly low. The lack of respect for

certain high status people indicates that the interviewees did not consider respect as part of the definition of high status; thus it seems consuming luxury goods to show one's high status would not necessarily increase one's respectability.

Nearly all interview subjects saw high status people as a separate and almost unattainable stratum of society. Despite the fact that all of my adult interview subjects were fairly wealthy and many held leadership roles at their companies or organizations, only one man said that he considered himself high status. Another wealthy adult male described four levels in society: very poor, very low-educated; average; good, better-off; and high-status. He considered himself to be at the third level. However, both students whom I interviewed said that becoming high status was a goal of theirs. It was unclear, however, how attainable they considered that goal.

Because money was, to most interview subjects, a necessary characteristic of a high status individual, it does make sense that people would purchase and consume luxury goods to signal to others that they are rich and thus high status. However, because high status is not necessarily a precursor of respectability, visibly consuming luxury goods, it seems, would not always bring a person respect.

### *5.2 Views on Luxury Consumers*

Each of my interviews included a discussion of the interview subject's perceptions of and feelings about people who purchase luxury goods. Many interview subjects, young and old, at first stated that they had no strong feelings about other people's consumption preferences. However, upon further discussion, it emerged that they only saw luxury good consumption within certain parameters as acceptable. Multiple interview subjects found it distasteful or bothersome when people bought luxury goods they could not afford or when people bought luxury goods in order to show off.

On the surface, most interview subjects had no problem with luxury good consumption. When asked how they felt about other people who buy a lot of expensive luxury goods, many stated that luxury good consumption is a private decision and implied that it was not their place to judge it. Typical responses included “Fair enough, it’s their money,” “It’s a personal decision,” and “They have the right to do that.” Thus, at the start of most interviews, it seemed that the subject did not really care about other people’s consumption behaviors at all. But, as the interviews continued, it became clear that these neutral feelings were generally reserved for specific cases of luxury consumption, not the phenomenon in general.

Multiple interview subjects spoke harshly of people who were, in their eyes, “poor,” but bought luxury goods anyway. One woman launched into a diatribe about a coworker who she perceived as living beyond her means.

*Some people, are not rich, but they try to buy some luxury goods to be the same as high status people. In my office, have a woman she is very poor.... She has no degree, but only cleans for office. But she is always changing motorbike, changing phone, new phone, new motorbike, and she always buys fashion clothes. Before, I thought her family was very rich, but I went to her family and visited her and I see her apartment very, very small, very small. Low quality furniture, very old, very cheap. But, if not go to her home, I always, think her family is very rich....I don't, I don't like her... she has to be an ideal model for children. If she wants to buy expensive goods, her children will be the same as her. So they are not happy, hard-working and hard studying in school.*

It is difficult to capture the venom with which this woman spoke about her coworker; she sounded almost disgusted by her behavior. This type of sentiment, although to a lesser extent, was echoed by other interview subjects as well. One young woman said that some women would spend an entire month’s income on one purse, which she described as “not civil for the

economy,” and a well-off businessman expressed that poor people who want to become rich would buy luxury goods they could not afford and thus become even poorer.

Although many interview subjects spoke about “poor” people buying luxury goods with a certain level of distaste and even a bit of judgment, it was not always clear why they found this behavior unsavory. For the woman who was so bothered by her coworker’s behavior, at least part of the distaste was due to the fact that the woman thought her coworker was setting a bad example for her children. A few people said that people bought luxury goods they could not really afford to try to show others that they were high status. Perhaps this was seen as a poor choice of how to use one’s resources, an unworthy pursuit. Or perhaps people saw this as deceitful. But this directly contrasts with the widely spoken sentiment that what other people do with their money is a personal decision. But maybe the interview subjects were genuinely concerned about the well-being of people they perceived to be wasting their money on non-essential items.

Interview subjects also tended to speak somewhat harshly about people they believed were buying luxury goods in order to show off, whether those people were rich or “poor.” But most only perceived luxury consumption as “showing off” if it was done by a lower-income person or if the consumer was showing off in an extremely deliberate manner. One man said, “The singers, the models, they often say, I have a ring \$40,000, I have a bag, a Louis Vuitton or something is \$20,000 or something, and okay they can use it, they can buy it, but don’t try to make it very explicit and try to show off.” A college student expressed her distaste for peers who always told her that their clothes were from foreign countries. And, as discussed above, many people disliked it when “poor” people tried to show off by buying luxury goods.



Overall, my interview subjects' views of consumers of luxury goods were somewhat contradictory. Many people said at first that consumption decisions were personal and not to be judged, but they then proceeded to share somewhat harsh judgments of certain people's luxury consumption. These judgments were similar whether or not the interviewee purchased luxury goods himself or herself. It seems that most found luxury good consumption totally acceptable if it fit into a certain box: wealthy people who worked hard for their money consuming luxury goods in a non-ostentatious manner. But luxury consumption outside of this box was seen as distasteful or bothersome.

### *5.3 Motivations for Luxury Consumption*

The interview subjects had interesting and varied insights on what they perceived as the motivations behind luxury consumption. The factors motivating luxury consumption apparent to the interview subjects fell into two groups: personal preferences and perceptions of outsiders. On the personal preference side, the interviewees believed luxury consumers were drawn to luxury goods for their high quality. In terms of outside perceptions, interview subjects shared that they thought luxury consumers were seeking respect and attempting to communicate their status through their purchases.

In the realm of personal preferences, quality was the keyword. Almost all interview subjects described luxury goods as being of much higher quality than other goods, and they saw this as a primary motivation for consumers who buy them. Interestingly, only one interviewee stated that people buy luxury goods simply because they like them.

Multiple interview subjects believed that a desire for respect was an important motivator for luxury good consumption. Some people saw respect as an especially prevalent motivator for luxury consumption for people who might not otherwise receive respect. One student believed

that recent graduates and young professionals who had recently acquired success and stability were more likely to purchase luxury goods than well-off middle-aged consumers, perhaps because they felt a need to communicate that they were successful despite being young. Another interviewee thought that respect gained through luxury consumption was often used as a business tool: “A leader of an organization ... needs to buy good things to wear, they need to buy an expensive car, so when they meet their partner in business, they feel confident. And maybe their partner will see that car and sign a contract with them.” However, all of this seems a bit contradictory considering that many interviewees, as discussed in the section on status, did not think that all wealthy people should be respected. Perhaps, though, those who are wealthy think that wealth does merit respect.

Although the desire for respect and the desire for status could perhaps be lumped into one group as motivators for luxury consumption, interview subjects spoke about desires for status in a slightly different way than about desires for respect. Of course, one could say that with high status comes respect, but given that many interview subjects did not think high status people who had achieved their status through dishonest means deserved respect, I think it is important to distinguish between the two. It seemed to me that although many interview subjects thought purchasing luxury goods would not really make a person more respected, they viewed luxury consumption as a means to gain respect in a more positive light than luxury consumption as a means to gain status. The idea of showing off to gain status was associated by many subjects with lower-income people, as discussed in the previous section. This behavior was viewed with distaste by many. In contrast, those who thought people consumed luxury goods to gain respect associated this behavior more with rich and successful people who still felt like they had something to prove.

Much more discussion was devoted to individuals' desires to be perceived a certain way than to preferences as antecedents for luxury good consumption. This could be simply because it is hard to ascertain other people's preferences; as the old adage goes, "there's no accounting for taste." It is also possible that outside perceptions are the larger motivators behind luxury consumption in Vietnam. Research suggests that consumers in developing countries are more likely to buy luxury goods to communicate their newfound affluence, and to differentiate themselves from a generally non-affluent society, while in more developed economies, consumers focus more on taste and hedonic experiences.<sup>35</sup> Further discussion with Vietnamese people who do buy more luxury goods would help understand their motivations.

#### *5.4 The Allure of Foreign Goods*

Almost all luxury goods in Vietnam are imported from foreign countries, and during my time in Vietnam I have gotten the impression that foreign goods are generally seen as more desirable. Through my interviews, I learned that many Vietnamese people believe foreign goods are of higher quality, and thus they prefer them despite the higher prices. The government encourages Vietnamese people to buy Vietnamese goods; nonetheless, the lure of foreign products continues as well-off individuals go on shopping trips to foreign countries and friends bring each other gifts from their time studying abroad.

All interview subjects agreed that the biggest differences between foreign goods and Vietnamese goods are in quality. Some individuals had gained this impression of high foreign quality from specific experiences purchasing foreign-made products. One man shared, "You know I have two shoes. One my friend take from US, Nike shoes. You know I use three years, running shoes three years. And the other one I bought in Vietnam, I use one year." But many interviewees believed that the quality of foreign goods was higher regardless of their personal

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<sup>35</sup> Nguyen, "An Investigation into Conspicuous Consumption," 4.

experience, or lack thereof, with these products. It seems that the preferences those interviewees who did not have much personal experience with foreign goods may have been influenced by “high status” consumers’ preference for these goods.

There was a general consensus among the interviewees that the quality of foreign goods was high, and although most interviewees did not explicitly state that Vietnamese goods were of poor quality, they clearly thought foreign goods were better. The most praise interviewees could manage to garner for Vietnamese goods were that “Vietnamese products generally meet demand,” and, “Vietnamese stuff, generally, is good enough for people here.” One interviewee who had been educated in marketing, however, believed that the differences in quality between foreign goods and Vietnamese goods were not really that large, but artful advertising had seeded that impression in the Vietnamese public. In any case, it is clear that the perception of quality of Vietnamese goods must be raised if the government truly wants people to buy Vietnamese products.

Interviewees perceived the quality of Vietnamese goods to be particularly low in the technology and transportation sectors. Multiple interview subjects explicitly stated that Vietnamese electronics were of low quality, and even a man who professed not to care about technology preferred to buy American and Japanese electronics. Another man shared that Vietnamese factories cannot even be trusted to produce a good bicycle, so one could never buy a Vietnamese motorbike or car, “because the quality is terrible.” Technology and transportation can be incredibly lucrative industries, but it is understandable that these sectors are not well-developed in Vietnam, as many inputs go into the production of these products. However, the Vietnamese economy would surely benefit in the long run from better-developed technology and transportation sectors.

I did get the impression from my interviews that the government is aware of Vietnamese people's preference for foreign goods and is making efforts to change that. I was told by various interview subjects that the government has a campaign to encourage Vietnamese people to buy Vietnamese goods, and many imports are taxed heavily. In fact, the "Vietnamese buy Vietnamese Goods" campaign, started by the government in 2010, has generally been seen as successful in building consumer trust in Vietnamese products.<sup>36</sup> But the lure of foreign products persists. Some of the older, more fashion-focused women I interviewed said they shop for clothes in foreign countries, and students described receiving gifts of American and English cosmetics from friends studying abroad.

Whether it is due to actual better quality, perceived better quality, or general perceptions of higher status, it is clear from my interviews that foreign goods are generally seen as better than Vietnamese goods. The government may continue to make efforts to discourage people from buying foreign products, but as long as they are seen as better quality, Vietnamese people will continue to prefer them. In my opinion, the government should focus policies on creating higher quality standards for Vietnamese goods and improving the impressions of Vietnamese quality, as in the "Vietnamese buy Vietnamese Goods" campaign, rather than placing tariffs on foreign goods, as these can be circumvented and do not reach the heart of the problem.

### *5.5 Changes in the Luxury Market*

As the Vietnamese economy has developed rapidly over the past decades, so has the market for luxury goods in Vietnam. The transition from a centrally planned economy to a market economy has brought with it new opportunities for prosperity and a much wider range of options for consumers. The changes in the luxury market that my interview subjects had noticed over the past ten years mostly related to the increasing number of wealthy people in Vietnam, the

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<sup>36</sup> "Push for Vietnamese to Buy Local Goods Bears Fruit."

growing supply of goods, both luxury and otherwise, and the changing status symbols preferred by the rich.

Multiple interview subjects believed that more Vietnamese people can afford luxury goods today than ten years ago. Interviewees thought that both the numbers of wealthy people in Vietnam have increased and that the level of wealth necessary to be considered “rich” has increased. An interview subject who recently returned to Vietnam after living in London for ten years shared that when she left, there were few people in Vietnam that she considered “super rich,” but today there are many. One younger interviewee believed that the growing wealth of the rich was a good change, and that people getting richer is a “symbol of economic development.” Regardless of their feelings on the matter, most interview subjects agreed that much of the growth in the luxury market has been due to increased demand by an increasingly richer group of wealthy people.

The other side of the growing luxury market observed in the past decades by interview subjects is the booming supply of goods. This was especially remarkable for older interview subjects who had experienced the hardships of the subsidy system during Vietnam’s period of central planning. These interview subjects shared that getting the goods one wanted was often impossible under the subsidy system. One woman shared that the subsidy system “made it hard to buy the thing you wanted to buy, because everything, you had to exchange the stamp for that ... the richer people, even though they are rich they cannot buy the things they want to buy.” Another man who grew up under the subsidy system was still impressed by the variety of goods available at supermarkets today. Although these sentiments did not relate directly to luxury goods, these sentiments relate to the theory that the luxury market is thriving today in part due to

past hardships.<sup>37</sup> Consumers long starved of choices are ready and willing to purchase luxury goods when given the opportunity.

Even the younger interview subjects had noticed large changes in the luxury market in the past decade. One female student said that ten years ago, although Vietnamese markets were famous for fake products, no real, famous brand name goods were available in Hanoi. But today, luxury shopping centers are popping up all over the city. Both the demand and the supply sides are promoting the growth of the luxury market: the growing wealthy class attracts luxury brands, and when these new brands enter the market and open up shop in luxurious shopping centers, their visibility increases and more people desire these brands.

As wealth has increased in Vietnam, bigger-ticket items have become the tangible symbols of wealth. All interview subjects said that ten years ago, very few people had cars in Vietnam. Back then, an imported motorbike from Japan or Italy was enough to show that one was wealthy. But today, luxury cars are the preferred status symbol of Vietnam's richest citizens. Interview subjects mentioned autos from manufacturers such as BMW, Mercedes, and Bentley as the preferred cars of the super rich. However, many said that it was quite unpractical to own these cars in Vietnam because of the high running costs and frequent breakdowns. A few older interview subjects said that large houses were also a common way for the rich to communicate their wealth.

Another growing status symbol in Vietnam is a foreign education. One man said sending one's children to be educated overseas, which he described as a "luxury investment," was one of the hottest status symbols right now. Multiple older interview subjects had children studying in the United States, and those with younger children hoped to send them to study in the U.S. in the future. I think this presents interesting parallels with the United States, where studying abroad in

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<sup>37</sup> Nguyen, "An Investigation into Conspicuous Consumption," 22

a developing country during college is a growing trend. This trend in Vietnam to me reflects both the strong cultural importance of education in Vietnam and the general perception of the superiority of all things foreign.

It was clear to all interview subjects that the luxury market in Vietnam has changed rapidly in recent decades. Growing demand for and supply of luxury goods have caused the market to boom, and status symbols are changing as the rich become richer. The subject of whether the growing luxury market is a positive or negative force in Vietnam, culturally and economically, was not broached, but this would be interesting to explore further.

### *5.5 Interesting Market Phenomena Surrounding Luxury Consumption*

The Vietnamese luxury market is striking in its combination of policies meant to limit luxury consumption and weak enforcement of those policies. Heavy tariffs are placed on foreign luxury goods, but informal markets for these goods exist where tariffs can be circumvented. Real luxury goods have permeated the market, but fakes are still common. Some of my interview subjects shared interesting phenomena they have observed in the luxury market arising from these unusual conditions.

Foreign luxury goods are highly desirable for Vietnamese consumers, but due to high tariffs these products are often much more expensive than they would be in other countries. Some of my wealthier interview subjects shared that they prefer to buy luxury goods abroad, but this is not possible for all consumers, even those who can afford luxury goods. Thus, some enterprising individuals have found ways to benefit from these tariffs. A young woman I interviewed told me that some Vietnamese models and celebrities will buy luxury goods for cheaper prices while they are abroad and then sell these goods when they are back in Vietnam,



often advertising these sales using social media. This situation is win-win for everyone except the government: the celebrities make money and Vietnamese people can avoid high tariffs.

On the other side of the spectrum, one older man I interviewed said that he has a friend who often does business in China. Because China is perhaps the largest producer of fake luxury goods, and according to this man, Vietnam does not produce fake luxury goods, his friend buys fake goods in China and brings them back to Vietnam to sell. This is easy, the man said, because of the loose control of goods flowing between China and Vietnam.

Vietnam's manufacturing sector is primarily export based, especially in light industry. Thus many desirable foreign brands produce goods in Vietnam. However, few Vietnamese people can actually afford these goods. One interview subject shared that these factories often produce cheaper versions of their products for the domestic market. She said that many products available in Vietnam that have labels from what Americans see as mid-range brands, like Zara and H&M, are not technically fakes, but are of lower quality than their western counterparts.

Vietnam's developing economy has created many unusual phenomena surrounding luxury good consumption. The observations my interviewees shared are surely only some of many features of the Vietnamese luxury market that do not exist in more developed economies with stronger regulatory systems. Further study of the consequences of high tariffs and weak regulations would be informative for both improving policy and understanding the economic impacts of import protection.

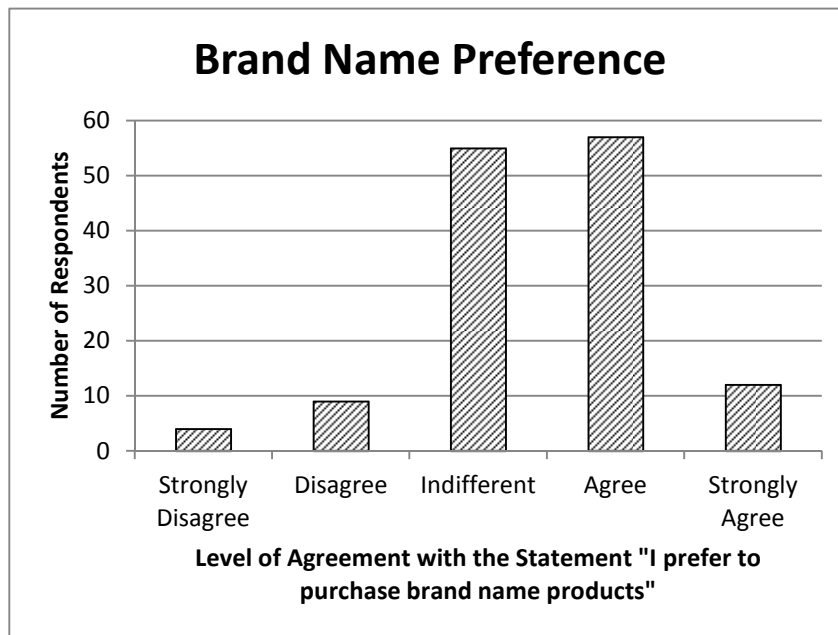
### *5.6 Survey Results and Discussion*

Although the survey portion of my research had a variety of issues, it did produce some interesting results. Responses indicated a strong and widely held preference for brand name products. The survey sample was by no means random and mostly made up of students, young

professionals, and middle-aged, upper-middle class adults. Thus I do not mean to apply the survey results to the general population but merely to explain the preferences and behaviors of this sample of individuals.

A total of 129 surveys were completed, including 24 online and 105 on paper. Survey respondents included 91 females and 38 males. 72 respondents reported their occupation as “student”; the other respondents were working adults. 112 respondents were residents of Hanoi, and 17 were from Ho Chi Minh City. The youngest respondents were 19, and the oldest 53; the mean age was 23.87. Of the working adults who completed the survey, 19 reported working for the state sector, 26 for the private sector, and 5 for the foreign sector. 90 respondents reported growing up in an urban area, while 31 came from rural backgrounds.

One survey item asked respondents to report how much they agreed with the statement, “I prefer to purchase famous brand name products,” given a five-item scale from “Strongly Disagree” to “Strongly Agree.” Although the word “foreign” was not given in this item, according to a Vietnamese student that I worked with “brand name” is generally synonymous with “foreign” in Vietnam. The responses to this item indicate a strong preference for brand name goods among respondents. After numerating the responses, with 1 representing “Strongly Disagree” on to 5 representing “Strongly Agree,” the mean response was 3.504, or about halfway between “Indifferent” and “Agree.” However, responses were strongly skewed to the high end of the distribution, with 67 respondents responding either “Agree” or “Strongly Agree,” and only 11 respondents responding “Disagree” or “Strongly Disagree.” The chart below displays the distribution.



*Figure 1: Reported preference for brand name goods*

Respondents were also asked to share their reasons for preferring brand name goods. All options can be seen in Appendix B. By far the most popular response was “These goods are of higher quality,” with 89.6% of the respondents who professed a preference for brand names selecting this reason. This corroborates the results of my interviews, in which most subjects stated that the strong allure of foreign and brand name goods in Vietnam was due to higher quality, or at least the perception of it.

Additionally, 55.2% of these respondents said they preferred the appearance of brand name goods, and 47.8% reported that using these goods made them feel confident because other people recognized the brands. Interestingly, only 6.0% of these respondents reported preferring brand name goods because their peers do so as well, which I found surprising considering that, at least in the United States, people often purchase brand name products as a way to fit in with a specific group. I do think, however, that participants may have been reluctant to select such choices as “I feel more confident because other people recognize these brands,” and “These

goods are more expensive, so buying them will show others that I can afford them,” because these may have been perceived as the “wrong reasons” to buy brand name goods. Regardless, it is clear that the perception of higher quality of brand name goods is widely held.

As the two primary groups in my sample were undergraduate students and working adults, I compared the level of preference for brand name goods between these two groups. The numerated mean level of preference for brand names for undergraduate students in my sample was 3.38, and that for working adults was 3.68. Using a t-test for difference in means, I found this difference to be statistically significant at a 5% level of significance. This indicates a greater preference for brand name goods among working adults than among undergraduate students in the sample. This was at first surprising, because from my interviews and intuition, it would seem that young people care more about brand names. However, the higher reported preference among working adults is probably due to the fact that these individuals have higher incomes and thus can actually afford brand name goods, which are generally quite expensive in Vietnam.

I also compared preferences for luxury goods among respondents who had visited western nations and those who had not. The sample mean level of preference for brand name goods among respondents who had visited western countries was 3.95, and 3.42 among respondents who had not visited western countries. Using a t-test, I found this difference to be statistically significant at a 1% level of significance, indicating a stronger preference for brand name goods among respondents who had visited western nations. This difference could again be due to income: only wealthier people have the ability to visit western countries and to buy brand name goods. However, it could also be explained in part by the exposure to foreign brand names that visitors to western countries experience. Seeing the wide availability and advertisement of

western brands in the west could make people prefer these brands when they are back in Vietnam.

Survey respondents were also asked about their actual consumption of various goods that could be considered luxury goods. All of the options respondents were given are viewable in the survey in Appendix B. The number of respondents who reported purchasing various items in the past year can be seen in the chart below. By far the most popular items were smartphones, but imported clothing and imported cosmetics were popular as well, as was dining out at expensive restaurants. The chart below displays the number of respondents who reported purchasing certain goods in the past year.

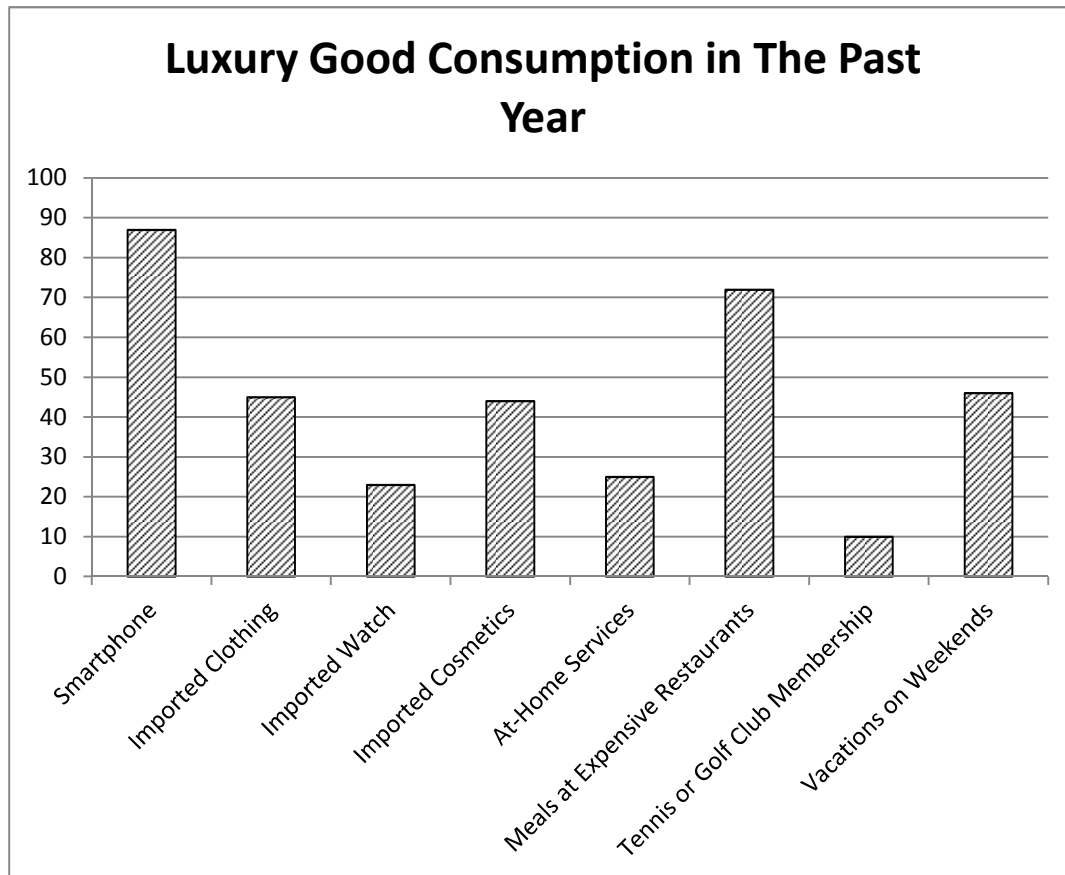


Figure 2: Luxury goods purchased in past year

Although the survey was not perfect in design or distribution, and many respondents skipped over numerous questions, some interesting results were found. The survey results matched the findings in interviews that many middle- to upper-income Vietnamese people have a strong desire for foreign brand name goods, and that they perceive foreign brand name goods to be of high quality. It was also informative to find how widespread the use of smartphones has recently become in Vietnam, despite their high prices. Overall, I would certainly change many things about the survey were I to reproduce this study, but my creation and distribution of the survey was not altogether futile.

## **6. Conclusion**

Although I encountered numerous challenges throughout my study, I believe I did accomplish my goal of gaining a greater understanding of the Vietnamese luxury market. I learned from my interview subjects about the meaning of high status in Vietnam, and how status intersects with luxury good consumption and the varying motivations for it. My interviews and survey also brought new light to the preferences of the consumer class and the changes in the luxury market over the past decade. Overall, I believe what I learned could be helpful to anyone hoping to better understand consumption preferences in Vietnam, including the government and companies wishing to understand the Vietnamese market.

Through my interviews, I learned that many residents of Hanoi associate high status people with money and power. Most middle-aged interview subjects saw high status individuals as a separate and somewhat unattainable group, yet younger interview subjects professed a desire and goal to become high status. It seems, as well, that in Hanoi, status does not necessarily lead to respect. Most notably, rich governmental officials who have engaged in corruption are

considered high status but are generally not respected; those who are seen as having worked hard for their money are more respected.

This makes it more difficult to understand how conspicuous consumption works in the Vietnamese context. Traditionally, one would think that people who consume luxury goods to show off their wealth and status are at some level looking for respect. But since wealth and status do not necessarily connote respect in Hanoi, one must take a more nuanced approach to understanding the motivations of luxury consumers.

Nonetheless, my interviewees believed that some consumers do purchase luxury goods in hopes of gaining greater respect from their peers, although many were doubtful of the success of this pursuit. Some interviewees also thought that people, especially those who did not actually have high incomes, consume luxury goods so that other people will perceive them as higher status. However, most interview subjects seemed to think that the majority of luxury good consumers buy luxury goods simply because they are of high quality. These perceived motivations strongly influenced how interviewees felt about consumers of luxury goods.

Interview subjects' stated feelings about luxury consumers were somewhat contradictory. Most interview subjects at first indicated that they did not have strong feelings about luxury consumers, that it was not their business what other people chose to do with their money. However, upon further discussion, many revealed distaste for luxury consumption they perceived as too ostentatious and for people who they believed were consuming luxury goods beyond their means. Perhaps some of these attitudes are due to the fact that in the not too distant past, a humble life was seen as a mark of status, and widespread poverty looms large in Vietnamese memory. In any case, Vietnamese attitudes about luxury consumers are not black and white, and depend on who is consuming and how they consume.

Interview subjects also spoke of the rapid changes in the Vietnamese luxury market. They shared that the elite group of high status people in Hanoi continues to become wealthier, and they prefer bigger-ticket items like luxury cars and houses and overseas educations for their children. The supply of luxury goods has also exploded in the past decade in Hanoi, with luxury malls and designer shops opening frequently throughout the city. The growing luxury market is a highly visible consequence of economic development in Vietnam.

Both the survey and interviews indicated that middle- and upper-class Vietnamese consumers have a strong preference for foreign brand name goods. Vietnamese consumers profess to prefer these goods because of better quality, although I suspect status concerns are a bigger part of these preferences than most interviewees and survey respondents were willing to admit. Given that many interview subjects noted status concerns among other consumers, but professed that their preferences were due to quality, it is clear that status was on their radar as a motivation.

Interview subjects also shared that the government is making efforts to encourage Vietnamese people to buy Vietnamese goods, but the preference for foreign brands persists. The allure of foreign products is so strong that enterprising consumers often circumvent high tariffs. I believe that if the government truly wants more Vietnamese people to buy Vietnamese products, they and Vietnamese companies must continue to increase the quality of Vietnamese products, or at least the perceptions of that quality.

It was difficult to complete this study in the short time period allotted, but I nonetheless learned a great deal about luxury consumption. If given more time, I would have pursued a larger and more diverse sample of interview subjects and survey participants. I would also put more time into constructing a more informative survey.



As with most research, my study raises as many questions as it answered. Further research on the motivations of luxury consumers, from their perspective and not that of outsiders, would be informative to understanding the luxury market in Vietnam. It would also be instructive to further explore how perceptions of luxury consumers influence the preferences and consumption decisions of the middle class. Generally, trends move down the market from higher income groups to lower ones, and because the middle class is a powerful segment of the Vietnamese economy, it would be helpful for firms and the government to understand how the upper class influences the middle class's consumption decisions. I would also be interested in generally gaining a fuller picture of the preferences of the consumer class. In addition, it would be fascinating to conduct a similar study in Ho Chi Minh City and compare the results.

As a whole, my study helped me learn a great deal, and I hope that my results can help others learn as well. I now have a greater understanding of the evolution of the Vietnamese luxury market and how this market is viewed from an outside perspective. Although the number of Vietnamese consumers who have the ability to purchase luxury goods remains small, these consumers form a visible and influential sector of the economy. Better understanding how these consumers are viewed can help us all gain a fuller picture of how more mainstream consumers perceive growing prosperity in the rapidly evolving Vietnamese economy.

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## **Appendix A: Interview Questions**

How old are you?

How many people are in your family?

Where did you grow up?

Can you tell me a little bit about your childhood?

What did your parents do for a living? How many siblings do you have?

What is your occupation?

When I say “luxury goods,” what do you think of?

What do you think it means to be “high status” in Vietnam today?

How has the meaning of “high status” changed over the past 10 years?

How do you feel about “high status” people?

Do you purchase luxury goods?

If so, what kinds of luxury goods do you purchase?

Why do you like to buy luxury goods?

How do you feel about other people who buy expensive luxury goods in Hanoi?

Why do you think other people buy expensive luxury goods?

What kinds of people buy luxury goods?

What are their jobs? Are they rich? How are they different from you?

What do you think about people who “show off” their wealth and status by purchasing expensive items?

What changes have you noticed in the market for luxury goods in Hanoi in the past ten years?

The past twenty years?

Has the supply of luxury goods changed? Why do you think so?

Do you prefer to buy famous brand name goods?

If so, why?

If not, why do you think many people prefer foreign/brand name goods?

Are there specific types of items that you prefer the brand name version of?

What are the differences between luxury goods and normal goods?

What are the differences between foreign goods and Vietnamese goods?

**Appendix B: Survey (English)**

**Survey on Luxury Consumption**

The purpose of this study is to explore attitudes toward luxury consumption behavior among residents of Hanoi and quantitatively analyze factors influencing these attitudes. The final results will be reported in a paper for the SIT Vietnam study abroad program. This study has been reviewed and approved by a Local Review Board or SIT Institutional Review Board.

All survey participants are completely anonymous. Feel free to skip any questions you do not feel comfortable answering. All responses are completely anonymous.

**Please provide the following information about yourself.**

Gender:      Male                  Female                  Other

Age: \_\_\_\_\_

Marital status:

                 Single (Never Married)                  Married                  Divorced                  Widowed

Current place of residence (district, city, province): \_\_\_\_\_

Monthly Income (VND): \_\_\_\_\_

Occupation: \_\_\_\_\_

If you are currently employed, in what sector are you employed?

   State                  Private                  Foreign

Did you grow up in a rural or urban setting?                  Rural                  Urban

What is the highest level of education you have completed?

No Formal Schooling	Primary School to 9 <sup>th</sup> Grade	Some High School (No Diploma)
High School Diploma	Some College (No Degree)	College Degree (2-3 years)
Bachelor's Degree (4-5 years)	Master's Degree	Doctorate

What is the highest level of education your mother has completed?

No Formal Schooling	Primary School to 9 <sup>th</sup> Grade	Some High School (No Diploma)
High School Diploma	Some College (No Degree)	College Degree (2-3 years)
Bachelor's Degree (4-5 years)	Master's Degree	Doctorate

What is the highest level of education your father has completed?

No Formal Schooling	Primary School to 9 <sup>th</sup> Grade	Some High School (No Diploma)
High School Diploma	Some College (No Degree)	College Degree (2-3 years)
Bachelor's Degree (4-5 years)	Master's Degree	Doctorate

How many siblings do you have? \_\_\_\_\_

How many people lived in your home when you were growing up? \_\_\_\_\_

How many people live in your current home? \_\_\_\_\_

How many children do you have? \_\_\_\_\_

Have you ever visited any foreign countries?      Yes      No

If yes, which countries have you visited? \_\_\_\_\_

\_\_\_\_\_

Have either of your parents visited any foreign countries?    Yes      No

If yes, which countries have they visited? \_\_\_\_\_

\_\_\_\_\_

Have any members of your family lived or studied in a foreign country?    Yes    No

If yes, which countries? \_\_\_\_\_

How much do you spend on food on an average day? \_\_\_\_\_

How much do you spend on housing per month? \_\_\_\_\_

How much do you spend on clothing and accessories per month? \_\_\_\_\_

How much do you spend on maintaining relationships per month? \_\_\_\_\_  
(Dates, weddings, birthdays, etc.)

How much money do you save per month? \_\_\_\_\_

How much do you spend on luxury goods per month? \_\_\_\_\_

What kinds of luxury goods do you purchase? \_\_\_\_\_

Which of the following products or services have you purchased in the past year? (Check all that apply)

- A smartphone
- An article of imported, branded clothing
- An imported watch
- Imported famous brand cosmetics or toiletries
- 'At-home' service (e.g., house cleaning)
- Eating out with family/close friends in expensive restaurants on weekends
- Being a member of a tennis club (or golf)
- Vacations on weekends

Which of the following products and services have you purchased in the past 10 years? (check all that apply)

- A new model of an imported television set
- An imported motorbike
- An air-conditioner
- A laptop computer
- A personal computer at home
- A car
- Travel abroad (tourism)
- Buying or building a big house

**How much do you agree with the following statements?**

I prefer to purchase famous brand name products.

Strongly Disagree      Disagree      Neutral      Agree      Strongly Agree

If you answered "agree" or "strongly agree," why do you prefer to purchase brand name goods? (check all that apply)

- These goods are of higher quality
- I prefer the appearance of these goods
- My friends purchase brand name goods
- I feel more confident because other people recognize these brands
- These goods are more expensive, so buying them will show others that I can afford them
- Other (please specify): \_\_\_\_\_

I would buy a product in order to show my wealth or status.

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
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I find it acceptable for other people to purchase expensive goods to show off their wealth or status.

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
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It bothers me when people try to show off their wealth or status by buying expensive goods.

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
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Inequality is a problem in Vietnam today.

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
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## Appendix C: Survey (Vietnamese)

### Nhận thức của người dân về việc tiêu dùng các mặt hàng xa xỉ tại Hà Nội

Mục đích của cuộc khảo sát là tìm hiểu thái độ hướng tới hành vi sử dụng những mặt hàng xa xỉ trong cư dân ở Hà Nội và phân tích những nhân tố ảnh hưởng tới thái độ đó.

Tất cả thông tin liên quan đến đối tượng khảo sát được cung cấp trong phiếu điều tra sẽ hoàn toàn được giữ bí mật.

Bạn/anh/chị có thể bỏ qua những câu hỏi mà bạn/anh/chị cảm thấy không thoải mái khi trả lời. Rất mong bạn/anh/chị bớt chút thời gian quý báu để trả lời các câu hỏi dưới đây trong phiếu điều tra. Mỗi ý kiến đóng góp của bạn/anh/chị đều thật sự rất có giá trị và ý nghĩa đối với quá trình nghiên cứu này.

Xin chân thành cảm ơn!

### Bạn/anh/chị vui lòng cung cấp những thông tin cá nhân sau:

Giới tính:      Nam              Nữ              Khác

Tuổi:

Tình trạng hôn nhân:

            Độc thân      Đã kết hôn      Đã ly hôn      Khác

Địa chỉ hiện tại (quận/huyện, thành phố/tỉnh):

Thu nhập hàng tháng (triệu đồng):

Nghề nghiệp:

Bạn/anh/chị đang làm trong:

            Nhà nước      Doanh nghiệp tư nhân      Doanh nghiệp nước ngoài

Bạn/anh/chị lớn lên ở:      Khu vực nông thôn      Thành thị

Trình độ học vấn cao nhất mà bạn/anh/chị đạt được

Không qua trường lớp chính quy	Tốt nghiệp cấp 2	Chưa tốt nghiệp cấp 3
Tốt nghiệp cấp 3	Đang theo học đại học/cao đẳng	Cao đẳng (2-3 năm)
Cử nhân đại học (4-5 years)	Thạc sỹ	Tiến sỹ

Trình độ học vấn cao nhất mà mẹ bạn/anh/chị đạt được

Không qua trường lớp chính quy	Tốt nghiệp cấp 2	Chưa tốt nghiệp cấp 3
Tốt nghiệp cấp 3	Đang theo học đại học/cao đẳng	Cao đẳng (2-3 năm)
Cử nhân đại học (4-5 years)	Thạc sỹ	Tiến sỹ

Trình độ học vấn cao nhất mà bố bạn/anh/chị đạt được

Không qua trường lớp chính qui	Tốt nghiệp cấp 2	Chưa tốt nghiệp cấp 3
Tốt nghiệp cấp 3	Đang theo học đại học/cao đẳng	Cao đẳng (2-3 năm)
Cử nhân đại học (4-5 years)	Thạc sỹ	Tiến sỹ

Gia đình bạn/anh/chị có bao nhiêu anh chị em?

Có bao nhiêu người sống trong nhà của bạn/anh/chị trong suốt quá trình trưởng thành của bạn/anh/chị?

Có bao nhiêu người sống trong căn nhà hiện tại của bạn/anh/chị?

Bạn/anh/ chị có con chưa? .....

Bạn/anh/chị đã từng đi du lịch nước ngoài chưa?      Có                      Chưa từng

Nếu câu trả lời là “Có”, vui lòng kể tên những quốc gia đó.

.....

Bố mẹ của bạn/anh/chị đã từng đi nước ngoài chưa?      Có      Chưa từng

Nếu câu trả lời là “Có”, vui lòng kể tên những quốc gia đó.

.....

Có thành viên trong gia đình bạn/anh/chị từng sống hoặc học tập ở nước ngoài chưa? Có      Không

Nếu câu trả lời là “Có”, vui lòng kể tên những quốc gia đó.

.....

Trung bình một ngày, bạn/anh/chị sử dụng bao nhiêu tiền cho việc ăn uống của bản thân?.....

Trung bình một tháng, bạn/anh/chị mất bao nhiêu tiền cho việc thuê nhà?.....

Trung bình một tháng, bạn/anh/chị sử dụng bao nhiêu tiền cho quần áo và phụ kiện (thắt lưng, túi xách....) của bản thân?.....

Trung bình một tháng bạn/anh/chị sử dụng bao nhiêu tiền cho việc duy trì các mối quan hệ của bản thân? (Hẹn hò, đám cưới, sinh nhật,...).....

Bạn/Anh/Chị thường tiết kiệm được bao nhiêu tiền một tháng?.....

Trung bình một tháng, bạn/anh/chị sử dụng bao nhiêu tiền cho những mặt hàng xa xỉ?.....

Loại mặt hàng xa xỉ mà bạn/anh/chị mua? .....

**Bạn/anh/chị đã mua hoặc sử dụng những sản phẩm/dịch vụ nào trong vòng 1 năm trở lại đây: (bạn/anh/chị có thể tick nhiều đáp án)**

- 1 chiếc smartphone
- 1 mặt hàng may mặc nhập khẩu/của một thương hiệu nổi tiếng
- 1 chiếc đồng hồ nhập khẩu
- Mỹ phẩm và những vật phẩm sử dụng trong nhà tắm (dầu gội đầu, sữa tắm,...) nhập khẩu/của một thương hiệu nổi tiếng
- Những dịch vụ tại nhà (dọn nhà...)
- Đi ăn ngoài với gia đình/bạn thân ở những nhà hàng đắt tiền vào cuối tuần
- Trở thành thành viên của một câu lạc bộ tennis/golf
- Những kỳ nghỉ cuối tuần

**Bạn/anh/chị đã mua hoặc sử dụng những sản phẩm/dịch vụ nào trong vòng 10 năm trở lại đây: (bạn/anh/chị có thể tick nhiều đáp án)**

- 1 mẫu TV nhập khẩu mới
- 1 chiếc xe máy nhập khẩu
- 1 chiếc điều hòa nhiệt độ
- 1 chiếc laptop
- 1 máy tính cá nhân ở nhà
- 1 chiếc ô tô
- Du lịch/Du lịch nước ngoài
- Mua hoặc xây nhà

### **Bạn/anh/chị có đồng ý với những phát biểu sau không?**

Tôi thích mua những sản phẩm của những thương hiệu có tên tuổi/nổi tiếng hơn những thương hiệu bình thường.

Hoàn toàn không đồng ý   Không đồng ý   Bình thường/Không ý kiến   Đồng ý   Hoàn toàn đồng ý

Nếu câu trả lời của bạn/anh/chị là “Đồng ý” hoặc “Hoàn toàn đồng ý”, vui lòng cung cấp lý do cho câu trả lời của bạn/anh/chị (bạn/anh/chị có thể tick nhiều hơn một đáp án)

- Những mặt hàng này có chất lượng tốt hơn
- Tôi thích mẫu mã/kiểu dáng của những sản phẩm này
- Bạn bè tôi mua những sản phẩm đó
- Tôi cảm thấy tự tin hơn khi mọi người nhận ra thương hiệu mà tôi đang sử dụng
- Những mặt hàng này đắt hơn những mặt hàng khác, vì vậy, mua chúng đồng nghĩa với việc tôi có đủ khả năng tài chính để làm điều đó.
- Khác (vui lòng liệt kê lý do cụ thể):.....

Tôi sẽ mua một sản phẩm để thể hiện địa vị/sự giàu có của mình.

Hoàn toàn không đồng ý   Không đồng ý   Bình thường/Không ý kiến   Đồng ý   Hoàn toàn đồng ý

Tôi nhận thấy nó có thể chấp nhận được khi một người mua những sản phẩm đắt tiền để khoe khoang sự giàu có/địa vị của bản thân:

Hoàn toàn không đồng ý   Không đồng ý   Bình thường/Không ý kiến   Đồng ý   Hoàn toàn đồng ý

Tôi cảm thấy khó chịu khi mọi người cố gắng khoe khoang sự giàu có/địa vị của bản thân bằng cách mua những sản phẩm đắt tiền

Hoàn toàn không đồng ý   Không đồng ý   Bình thường/Không ý kiến   Đồng ý   Hoàn toàn đồng ý

Bất bình đẳng là một vấn đề ở Việt Nam hiện nay.

Hoàn toàn không đồng ý   Không đồng ý   Bình thường/Không ý kiến   Đồng ý   Hoàn toàn đồng ý