VIETNAM
MOBILE APP
MARKET REPORT
First half of 2018
EXECUTIVE SUMMARY

The smartphone ownership since 2012 has penetrated about 72% of the total population in 2018, making Vietnam one of the world fastest growing Mobile Application market. As an expert in mobile game & apps publishing, advertising, monetization, payment service and server-hosting provider, Appota proudly introduces the Vietnam Mobile App Market Report, which covers a wide range of topics related to Mobile Application. This report is expected to provide an overview of Vietnam Mobile Application market, aiding strategic decision making of businesses.

1. Vietnam has a significant amount of young and middle-class consumer, along with high digital media consumption, as well as mobile gaming habit. Any enterprises who wish to tap into Vietnam should develop mobile-friendly websites, videos, pictures, apps, etc.
   - 72% of the Vietnamese people own Smartphone.
   - 68% of the Vietnamese come online via smartphone more often than computer
   - 25% of the Vietnamese are frequent mobile internet users, engage in all online mobile-related activities.
   - Many Vietnamese people own more than two Internet-connected devices, as the national average is 1.7%.
   - 69% of The Vietnamese watch video and listening to music on their phone every day.

2. The Vietnamese are willing to try new apps, but at the same time, they have the highest uninstall rate among APAC markets.
   - The Vietnamese people install five new apps every month on average resulting in a difficult challenge for publishers to retain user.
   - Three apps are uninstalled every month on average by Vietnamese people.
EXECUTIVE SUMMARY

3. Smartphone plays an essential part in the Vietnamese daily life. A vast amount of the Vietnamese checks their mobile phone right after waking up and spend over 2 hours a day on their phone. Besides, the Vietnamese willingly give away information in exchange for free items. Brands should find ways to attract people by mobile phone advertising, in-app offers.
   - 46% of the Vietnamese use their phone within 5 minutes after waking up.
   - 82% of the Vietnamese are willing to trade personal information for free items.

4. Mobile E-Commerce is reaching the highest growth, and more people start to look for a product through their phone, then ending up the purchase on a computer. It is essential for websites to be mobile-friendly. Besides, the consumers are afraid of getting scammed, so they prefer cash-on-delivery than any other purchase methods. Therefore, a better online consumer protection legislation is necessary to encourage consumers to use e-banking when shopping online.
   - 72% of total visits on e-commerce websites are from mobile phone.
   - 53% of e-commerce purchases are made on mobile phone.
   - E-commerce conversion rate from mobile phone is 1.4 while PC is 3.6.
   - 88% of e-commerce payments are cash-on-delivery.

5. Vietnam is a deep-rooted cash society with a majority of transaction is made with cash. While mobile fin-tech ecosystem is still under development in the early stage, the foremost challenge is to educate the consumer to use e-banking, as well as gaining trust from the consumer.
   - 6.14 billion USD in e-payments in 2017, with CAGR of 22%.
   - 46% say they don’t want to use mobile payment because they don’t have a bank account, and concerns about losing banking information.
EXECUTIVE SUMMARY

6. Mobile Game Market occupies the majority in the market share in Vietnam, however, the demand has slowed down but consumer value is slowly increasing, showing that people are willing to pay for in-game items and premium features. Therefore, mobile game publishers need to find attractive ways to monetize from their apps and reach deeper into the consumer pocket.
   - 124 million game downloads in May 2018 with average revenue per user of 0.049 USD.

7. Mobile game eSport has proved its popularity in Vietnam, attracting investment of billions of VND from brands and publishers into eSports events. Along with the presence of Vietnam national team in mobile eSport at Asia Games, battle royale games and smartphone ownership are increasing, leading to the number of viewership increasing, thus, benefit all parties involved.

8. Mobile Advertising in Vietnam is still a tiny market comparing to other SEA countries. However, total spending on mobile ads has been increasing rapidly. Although being one of the fastest growing app markets, Vietnam still keeps a low CPI. This allows the developers to quickly gain users with relatively smaller investment than other markets.
   - 78 million USD was spent on mobile ads in 2017, and it is expected to reach 200 million by 2020
   - Vietnam CPI is $0.38 for Apple iOS and $0.15 for Android OS.
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Market Overview

An overview of Vietnam internet usage and connected devices
Vietnam over 70% of the population in the working age; 24% are millennial generation and 40% under 25 years old. This guarantee an enormous consumer base for new products and services in years to come.
According to Global Confidence Report by The Conference Board – a global independent research association, Vietnam Consumer Confidence index soared to 124 point by the end of 1st quarter of 2018. This shows that the Vietnamese is content about the economic aspect, which will likely encourage them to spend more.
INTERNET USER DEMOGRAPHIC

Internet user excess 57% of total population

45% of total population uses mobile internet

Vietnam internet user projection 2017-2022

Vietnam mobile internet user projection 2017-2022

MOBILE INTERNET

70%

Of total mobile internet user subscribes for 3G and 4G

14.6 Mb

Vietnam mobile internet average speed (3G & 4G)

Vietnam aggressive investment in telecommunication has quickly put the population under 4G coverage. Second to only Singapore in term of 4G speed in Southeast Asia, Vietnamese can enjoy all kind of mobile internet content, including online games and even 4K videos. Second to only Singapore in term of 4G speed in Southeast Asia, the Vietnamese can enjoy all kind of mobile internet services, including online games and even 4K videos.
More than 50% of mobile phone users use their phone to text or make voice calls only. About 25% is heavy users, prone to engage in e-commerce and tech-savvy. In comparison with India – the biggest app market and fintech powerhouse in APAC – the percentage of moderate to high usage users in Vietnam is significantly higher.

* **Aficionados**: heavy mobile internet user, engage in all mobile related activities, very tech-savvy and ready to pay
* **Pragmatists**: heavy mobile internet user, less engage in commercial activities than Aficionados, prefer free content
* **Networkers**: moderate use of mobile internet, primary use for social network, video streaming and web browsing
* **Talkers**: low internet usage, do not engage in commercial activities, mainly use phone to call and text

The average number of connected device has increased significantly from 2013, indicating that parts of Vietnamese are becoming multi-screener.

Average connected device from 2013-2017
The Vietnamese are moving away from “big screen” and shifting towards smartphones. This can be explained by the rise of on-the-go lifestyle of Vietnamese people, demanding for a more convenient device. Furthermore, a smartphone is far more accessible than a TV or any other personal computers.

Source: Google Consumer Barometer [2017]
Smartphone now exists everywhere in Vietnam, penetrate most parts of the country. In major cities such as Hanoi, Ho Chi Minh city; The average adoption rate of smartphones is 6.5% per years. This rapid transition of mobile phone user benefits both mobile retailers and services.

Source: Google Consumer Barometer (2017)
App developers who want to involve the mass scale must be present on Google Play Store as the Android OS share excess 57% of total market, and 63% new smartphone sale in the first quarter of 2018 runs Android. According to IDC Indochina, in Vietnam smartphone market, we have seen a boom of Xiaomi – a Chinese brand with its mid-range smartphone Redmi 5 Plus – snapping 7% of the market share. The average price of purchased smartphone is 233 USD, so, it shows that the Vietnamese are prone to mid-range devices. The app developer should note this information to create suitable apps for these devices.
VIETNAM ANDROID SMARTPHONE SCREEN BREAKDOWN

- 720x1280: 20.65%
- 1080x1920: 13.10%
- 480x800: 10.15%
- 540x960: 8.08%
- 720x1184: 7.71%
- 480x854: 5.68%
- 1080x1776: 4.07%
- 1440x2560: 3.30%
- 600x976: 2.42%
- 1280x800: 1.48%

VIETNAM MOBILE APP LANDSCAPE

Active Apple App Store publisher in 2017

- Games: 33.4%
- Entertainment: 10.9%
- Photography: 7.6%
- Shopping: 6.6%
- Utilities: 5.5%
- Social/Networking: 4.6%
- Music: 4.5%
- Lifestyle: 4.0%
- Healthcare/Fitness: 3.8%
- Finance: 3.0%
- Productivity: 3.0%
- Travel: 2.7%
- Food & Drink: 1.9%
- Education: 1.8%

Top Apple App Store grossing app category 2017

- Game: 86.80%
- Education: 1.80%
- Social: 1.70%
- Tools: 1.70%
- Productivity: 1.70%
- Entertainment: 1.30%
- Communication: 1.10%
- Music and Audio: 0.70%
- Media and Video: 0.70%
- Business: 0.60%
- Travel and Local: 0.40%
- Dating: 0.40%
- Book and Reference: 0.40%

Active Android Google Play publisher in 2017

Top Play Store grossing app category 2017

Source: Applyzer (2017)
THE SMARTPHONE USER HABIT

Explore the screen behavior of Vietnamese consumers
Vietnam is considered to be a smartphone-centric, so if advertisers or content creators want to join this market, they should focus on mobile strategy first.

Source: Google Consumer Barometer [2017]
The percentage of one screen user is dropping fast over time, while multi-screens has picked up its growth rate. That means more devices are being used at one time by Vietnamese consumers, thus, bringing more advertising impression opportunities.

Source: Google Consumer Barometer (2017)
Socializing and entertainment activities is king. Firms need to tap into these channels to better communicate with Vietnamese connected consumers.

46% of Vietnamese uses their smartphone within 5 minutes after wake up, and only 7% delay their smartphone usage up to 2 hours. This shows how important smartphone is on Vietnamese daily life. Advertisers and Apps developer should take this 5 minutes chance to greet Vietnamese users or imprint their brand’s message.

Smartphone usage is at peak at 9 – 11AM and 7-9PM. For most Vietnamese people, these are during and after meal time, thus, they are likely to chat with friends/family while surfing social media at the same time. Therefore, these are the time brand should race to get the most mentions by the user.

A DIGITAL SAVVY SOCIETY

Using internet is fun and informative, thus, Vietnamese would love to be able to do tasks digitally. This open up great opportunities for startups to answer the need of Vietnam connected consumers.

Using Internet is fun to me

I search internet whenever I need information

I will do tasks digitally if it available

Source: Google Consumer Barometer [2017]
WILLINGNESS TO EXCHANGE

76% of Vietnamese consumers stated that data privacy and data protection are very important to them.

82% people ready to give away personal information for freebies from brands. This is the opportunity for bands to collect data and understand the consumer deeper.

54% Vietnamese consumer trust international brands. The trust level is second highest in Asia-Pacific region, giving global names a competitive edge against local producers.

Source: Google Consumer Barometer (2017), Kantar TNS (2017)
The average number of application on Vietnamese smartphone is 33. Only 8 are used daily, mainly social networking and entertainment apps.

Source: Google Consumer Barometer (2017)
Vietnamese installs 5 new apps per month in average, the highest in APAC market. Games and social networking are among the most frequent app category installed each month.
Vietnamese uninstalls 3 apps per month in average, the highest uninstall rate in the world. Game is also the most frequent app category installed each month, indicate a low retention rate of Vietnamese mobile gamers.
MOBILE E-COMMERCE OVERVIEW

A look in one of the most potential online payment market in the world
The Vietnamese online shoppers in 2017 were estimated to be 35.1 million people, with revenue exceeded 2 billion USD. The figure is expected to reach 43.9 million users and over 4 billion USD in revenue. Meanwhile, majority of e-shopper purchase items via Facebook, increase the penetration rate to 83% of internet mobile user.
The Millennial (aged 18-35) accounts for 82% of Vietnam E-commerce market, making it the most attractive segment for online retail/service.

The market is fairly distributed for both minor provinces and major cities, with Ho Chi Minh City, is the largest single market (38%).

Of total e-commerce site visits are via mobile phone. Increased by 26% from 2016.

Iprice Group’s report showcased a strong contribution of mobile phone in total visit on E-commerce sites across South East Asia region. Although Vietnam is still far behind other countries with only 72% visits via mobile phone, but reported the strongest rise in this figure (by 26%) from 2016.

Source: iprice.vn
Vietnamese e-shopper is starting to adopt mobile browsers and apps as their means of purchase. Therefore, a mobile-friendly interface and content is essential to reach Vietnamese e-shopper. At the same time, Home PC usage stagnate at 52% while office PC made a whopping increase of 12% from 2016 to 2017. This shows that Vietnamese are eager to buy online anywhere at any given time.

Source: Q&Me[2017]
Iprice report found the conversion rate via PC is much higher than that of Mobile phone, while average value per online baskets also reflect the difference between mobile and PC. However, the total visit to e-commerce sites via mobile phone is significantly higher than PC. Thus indicate that generally, Vietnamese tend to surf e-commerce sites and research product on mobile phone then finalize the purchase on PC.
WHICH E-COMMERCE MODEL WORK BEST?

Business-to-Consumer E-commerce sites like Lazada, Tiki,, Sendo,... holds the highest number of visitor and performed well in 2017. While Consumer-to-Consumer (5giay, Muare, enbac, EbayVN,...) and Peer-to-Peer model (Nhattao, Rongbay,...) show a clear downward trend in the number of visitors throughout 2017.

Source: ecommerceiq (2017), Similarweb (2017)
E-BANKING IS ON THE RISE, BUT CASH STILL KING

Although internet banking penetrated 81% of existing banking users. However, cash-on-delivery is still the foremost option for e-shoppers and accounted for 88% total e-commerce payments. The reason for this is only 42% of Vietnamese adult own bank account, and trust issue with online sellers, and poor regulation over online retailing pushes the consumer to "play safe" and only pay when they receive the good.

THERE IS NO TRUST IN PRODUCT QUALITY

44% Of online shopper complain about quality of the product bought on e-commerce channels.

Expert take

“Ecommerce channels are opening up a range of new items to consumers in emerging countries, however trust is still a barrier when it comes to completing the sale. The security of knowing they are buying better quality goods is a key factor that would make consumers in the markets more likely to buy online, so brands should focus on making sure that authenticity is front and center of their strategy.”

Nitin Nishandar, Regional Managing Director, Brand & Shopper, Kantar TNS

MOBILE FINTECH OVERVIEW

A cashless economy future, what lies within Vietnam fintech
Vietnam e-payment increased to 6.14 billion USD in the end of 2017 according to Statista. And the market is expected to double to 12.33 billion USD by 2022 due to explosion of middle class and telecommunication technology improvements.

Number of e-wallet customers as of 2017. Growth of e-wallet still slow due to low banking penetration.

The Government and State Bank Vietnam are pushing for a cashless economy. The plan is to reduce cash transaction to 20% of total payments and increase total of population own bank account to 70% by 2020. This is the initiative for fintech startup to work with banks and e-commerce businesses under the support of The Government.

According to Solidiance – a strategic consultancy firm in Asia – Digital payment made by consumer account for over 89% of totals market share, and will continue to lead the market for years to come. Beside, corporate finance sector is predicted to have highest growth rate (35.9%). Thus, this is a potentially lucrative sector for firms and startup to address.
BARRIER TO MOBILE PAYMENT

Of Vietnam online consumers do not want to use mobile payment due to low level of credit card ownership and concern about data protection.

**Expert take**

“To build and protect trust, brands need to put the customer first. That means understanding their motivations, understanding the right moments to engage with them, respecting their time as valuable, and being more transparent about how and when they collect and use their personal data. Above all, that means putting the customer first – something that many marketers have forgotten to do.”

Michael Nicholas, Global Lead of Connected Solutions, Kantar TNS

Source: Kantar TNS [2017]
VIETNAM MOBILE FINTECH PLAYERS

MoMo  #1
Category: E-wallet
Vendor: M_Services JSC

Bankplus  #2
Category: E-wallet
Vendor: Viettel

MiSA Money Keeper  #3
Category: personal finance
Vendor: MISA JSC

Appota  #4
Category: Entertainment
Vendor: Appota INC

Money Lover  #5
Category: personal finance
Vendor: Zoo Studio
The Fintech Challenge Vietnam was launched in November 2017 by the State Bank of Vietnam in partnership with Mekong Business Initiative to foster financial technology innovation and promote greater financial inclusion in Vietnam. The program aims at startups in electronic payments, digital identity, KYC, open APIs, blockchain and peer-to-peer lending.

The Blockchain Festival Vietnam held from 24-25 May 2018, featured 30 speakers including government officials and experts in Blockchain industry. The speaker highlighted the importance and uses of Blockchain technology in developing Vietnam economy. Furthermore, Houbi’s Strategic Investment Director made a remark indicated the firm ambition in Vietnam market.

Source: Blockchain Festival Vietnam (2018), VNExpress (2018)
The world’s leading global digital asset announce their movement to enter Vietnam market. As Frank Fan, strategic investment director of Huobi made a remark at Blockchain Festival Vietnam, indicate its intention to collaborate with local institution in regulation, banking and marketing.

GrabPay officially entered Vietnam following GrabFood – an extension of grab service to dinning delivery sector. GrabPay is integrated into the Grab app, and offer Grab Credits service which allows users to pre-paid for services and even transfer credit between different account.

Pay by QR code has rapidly been adopted by banks and payment platforms in the hope of easing user experience, thus, encourage Vietnamese consumers in using financial service and goes cashless. The list of banks and payment services using QR code is: TPBank, Maritime Bank, Sacombank, Lien Viet Post Bank, VNPay, Momo, etc. Even the Petro Vietnam Oil has introduced QR code payment to ease congestion at gas stations.

Source: Fintechnews Singapore (2018), VNExpress (2018)
MOBILE GAME OVERVIEW

Top money maker in both IOS and Android, how mobile game works in Vietnam?
MOBILE GAME MARKET

There is a slight decrease in total game downloads from May 2017 to May 2018. The trend may indicate that mobile game market is matured in Vietnam, however, a longer observation period is required to conclude this idea. On the other hands, average revenue per user shows a clear upward trend, thus, suggest that consumers value is on the rise and an increase in total revenue. Therefore, publisher need to find more ways to monetize existing games and reach deeper into the customer pocket.

Source: Statista [2017], Adsota [2018]
As more game are closing than new game entering the market, Vietnam mobile game market proven increasingly difficult for small and medium game publishers. However, as number of game fall, so does the competition. As the number of gamer stay stable, less game means bigger community for each remaining games. But publishers still needs to educate their players, as well as introduce high quality contents to retain players and dig deeper into their pocket, or face closure of the game.
AMONG TOP 100
22 titles are Action game
16 titles are Casual game
14 titles are Arcade game
11 titles are Puzzle game

MOBA and Battle Royale games are on the top in term of new download. This shows popular MOBA games are still the biggest star on mobile devices. However, two of top three are Battle Royale games, along with PUBG mobile also sits at sixth position, which shows the rising popularity of Battle Royale games is undeniable in Vietnam.

On the other hand, the majority of smartphone owners play Casual, Arcade and Puzzle games, as these genres took up almost halve of the Top 100 chart.
Mobile eSport is newly introduced in Vietnam, but the investment into the sport is huge, reaching nearly 7 billion VND in prize value in 2017, and is catching up quickly with PC and Console based eSport. That shows how importance mobile eSport is for publishers and brands and the undeniable fact that mobile eSport is gaining massive viewership from fans in Vietnam.

The rise of mobile game in Vietnam largely due to the high penetration rate of smartphone through our the country. As smartphones are far more affordable for the majority of Vietnamese than PC.

Some top Mobile eSport games in Vietnam

Source: Appota [2018]
The Honour of Kings (Arena of Valors) National Team of Vietnam, which mainly composed by Team Flash players, had secured its spot on the region’s biggest sporting event – 2018 Asia Games in Indonesia. With this success, this is the very first mobile eSport team representing Vietnam in a multi-sporting event. Thus, it will surely attract lots of attention from Vietnamese viewers, especially young people.
ADVERTISING AND MONETIZATION

How App can generate money in Vietnam
Vietnam still lags behind other South East Asia countries in term of advertising spending. However, Mobile advertising is rising fast in digital ad sector. Vietnam marked 78 million USD in mobile ad spending, which accounted for 36.6% of total advertising spending in the country in 2017. The figure is expected to reach 220 million USD, accounts for 68% of digital ad spending by 2020.
Singapore lead Southeast Asia (SEA) in CPI ($1.37 on Google Play, $1.67 on Apple Store). Surprisingly, top 3 most potential and fastest growing mobile markets of SEA (Indonesia, Philippines, Vietnam) were recorded with the lowest CPI on both Android and iOS platform.

Note: Mobile Ads Spending on mobile phones, tables & other internet-connected devices, excluding MMS, P2P messaging-based ads.
MOBILE & IN-APP ADS TRENDS FOR 2018

Mobile Video Ads
Video was in high demand with high in-app ads request during 2017. This ads format also received positive review from both advertisers and publishers. Video will singularly contribute to mobile ads success in 2018.

ePrivacy Directive (Cookie Law)
ITP (Intelligent Tracking Prevention), ad blockers or data protection regulation will be huge challenges for mobile & in-app ads industry in 2018, requiring action from programmatic ads strategists to adapt to the situation.

Rising eCPMs
The growth in smart devices adoption and time spent in mobile apps encourages advertisers to invest more in app platform, which generates higher in-app revenue (eCPM). Global eCPM’s forecasted to increase about 4% month-over-month throughout 2018.

Rewarded ads
As a value-exchanged solution, rewarded ads offers advantages of UX friendliness and high revenue for app publishers, and benefits of full ads engagement for advertisers, at the same time. The rise of rewarded ads in 2018 is predictable.

For more in-depth information, please read the “Vietnam Mobile App Advertising & Monetization Report (2017)” at: https://bit.ly/2FQoPwh

SUMMARY & KEY FINDING

Things you should remember
Vietnam is an tech savvy country. With strong smartphone adaption rate and high media consumption, any firms wish to tap in Vietnam market should develop mobile-first strategy.

Vietnamese willing to try new apps, but at the same time, have the highest uninstall rate among APAC markets. Thus, pose a difficult challenge to retain user.

Multi-screen is the trend, thus, Vietnamese consumer are easy to reach more than ever before.

From morning till sleep, smartphone play an important part in Vietnamese daily life.

More people starts to look for product online through mobile phone screen, and later finalize the purchase on PC. It is essential for web sites to be mobile-friendly. Better regulation regarding online consumer protection is necessary.

Vietnam is a cash society with majority of transaction made with cash at hand. The foremost challenge is to educated the consumer to open bank account and use e-banking, as well as gaining consumer trust.

Mobile game market is at it maturity state in downloads volume. However, average revenue per user is still increasing.

Mobile eSport is the next big thing for publishers and brands in Vietnam as it picking up popularity from consumer.

Vietnam Cost per Install is still very low, thus, make it an easy to enter market
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For inquiry, please contact: marketing@appota.com
Appota is the leading mobile platform publisher, advertising and payment service provider in Vietnam with more than 50 million users, partners with over 15,000 developers; operates in Hanoi, Ho Chi Minh City, Indonesia and Singapore. It is the top 3 mobile game publisher in Vietnam, with hit game titles that attract millions of gamers.