

# Insights and Recommendations

## 1. Quality Fuels Revenue, But It's a Fragile Edge

### Insight:

Electronics, particularly mobile phones, and self-help books, are Tiki's primary revenue drivers. The popularity of mobile phones, especially among young consumers (70% of the population is under 35), is a significant contributor to sales. These consumers upgrade their phones every 1-2 years not only for technological improvements but also for social status. On the other hand, self-help books cater to a deeper need: young professionals facing burnout from remote work, seeking solutions to improve mental peace and productivity.

Tiki's reputation is built on reliability, reflected in its 4.6 rating. This rating symbolizes authenticity and fast delivery through TikiNOW, which keeps customers returning. However, the edge is fragile; any slip in product quality or delivery service could cause the trust that customers have in Tiki to crumble.

The youth demographic in Vietnam is highly tech-savvy and focused on lifestyle, with smartphones playing an essential role in social identity. Studies show that mobile phones remain the top priority for consumers in Vietnam, as tech upgrades are seen as a necessity, not a luxury. Similarly, self-help books are booming in popularity due to a growing focus on mental health and personal development, especially after the COVID-19 pandemic, which has led to increased stress among professionals. Vietnam's urban consumers are increasingly looking for ways to improve both mental and physical well-being.

## 2. Discounts Are a Trap - Tread Carefully

### Insight:

High discounts, especially in the range of 40%-44%, lead to a spike in sales but also significantly lower the product rating to around 3.9-4.0. On the other hand, moderate discounts between 20%-30% maintain a steady sales volume (10.7M units) while preserving the 4.6 rating. The issue with large discounts is that customers often perceive products offered at such discounts as low-quality or "clearance" items, leading to a negative impact on reviews. Discounts in the range of 20%-30% seem to provide the optimal balance, enticing customers without damaging Tiki's premium reputation.

Discounting practices heavily influence consumer perceptions. According to McKinsey and Nielsen, consumers associate deep discounts with poor product quality or excess inventory.

When discounting is too aggressive, particularly beyond 40%, consumers start questioning the authenticity and value of the product. On the other hand, a 20%-30% discount is typically seen as a reasonable incentive, without negatively affecting the perceived value of the product. This insight aligns with research from Mintel, which emphasizes that consumers today are highly sensitive to price-value correlations and are less likely to purchase when the perceived value of a product drops due to extreme discounts.

### **3. Brands and Sellers: Loyalty Meets Logistics**

#### **Insight:**

Brands like Apple, OPPO, Samsung, and LocknLock are the backbone of Tiki's revenue. Apple captures high-end consumers through its ecosystem, where customers are locked into a continuous upgrade cycle across products like iPhones, MacBooks, and accessories. OPPO and Samsung target the middle-class market with flashy ads and reliable products. LocknLock builds loyalty by offering quality daily-use products.

Tiki Trading, the in-house giant, plays a critical role in this ecosystem by securing direct deals with top brands, ensuring reliable delivery with TikiNOW, and earning customer trust. Smaller sellers, like HappyLive, although generating lower sales, show that outstanding service can build a loyal customer base even with lower volume. LagiHITECH2 offers a blend of tech-focused products with decent quality, capitalizing on a growing interest in electronics.

Brand loyalty is crucial for Tiki's success, especially as e-commerce in Vietnam becomes increasingly crowded with global players like Shopee and Lazada. Apple's ecosystem, for example, is a key driver in retaining high-end customers, with brand loyalty being one of the strongest factors in repeat purchases. The rise of local brands also presents a significant opportunity, as consumers are becoming more inclined toward domestic products that offer good quality at a lower price point. Furthermore, studies by Nielsen show that fast shipping and easy returns are key factors in building brand trust and fostering long-term customer relationships, making customer service a critical element for sellers to maintain competitive advantage.

### **4. Tomorrow's Growth Hides in Today's Trends**

#### **Insight:**

Categories like Self-help Books, Face Wash, and Shampoos are currently underperforming in sales volume but have significant growth potential. The wellness boom in Vietnam, particularly among urban consumers dealing with the stress of work-from-home situations, is a major driver. As young consumers prioritize skincare and self-care, the demand for beauty products like Face Wash and Shampoos is growing at a 15-20% annual rate.

Tiki's trusted 4.6 rating gives these products an early advantage in the market, as customers are more likely to purchase from platforms they trust. These products aren't just items; they represent solutions for modern-day struggles such as mental burnout and personal well-being.

Mintel's 2023 report on the beauty and wellness market indicates that the industry is expected to grow 15-20% annually in Vietnam, with a particular surge in the demand for personal care products such as face wash, skincare, and grooming essentials. The shift toward wellness and self-care products is particularly strong among the millennial and Gen Z demographic, who are increasingly focusing on skincare and self-help as part of their wellness routines. These categories present significant opportunities for Tiki to tap into growing trends and establish dominance before competitors flood the market.

## Strategic Recommendations

### 1. Balance Discounts with Dignity

- Strategy: Adopt a tiered discount structure:
  - 10%-15% for new customers to capture interest.
  - 25%-30% for loyal customers to reward repeat purchases.
  - 40%-44% for seasonal products to clear inventory.
  - Test the impact of 20% vs. 40% discounts on 4,000 SKUs for three months to identify the most effective discount rate for maintaining sales volume and rating.
- Target: Achieve +10% revenue increase (2.838T VND) without diminishing the premium value associated with Tiki.

### 2. Seize the Wellness Wave

- **Strategy:** Invest 50B VND into targeted campaigns (Instagram, influencers) to boost sales for Self-help Books, Face Wash, and Shampoos. Expand product offerings by adding 300 SKUs in these categories over the next year.
- **Target:** Achieve +15% revenue growth (~200B VND) within 12 months by leveraging the wellness trend in Vietnam's urban markets.

### 3. Make Service a Superpower

- **Strategy:** Supercharge TikiNOW by piloting 1-hour delivery in Ho Chi Minh City and rewarding 500K reviews per year for verified customer feedback. Improve customer engagement through incentives and premium services.
- **Target:** Increase customer satisfaction and repeat sales by +10% (1.07M units) and raise the average rating to 4.7.