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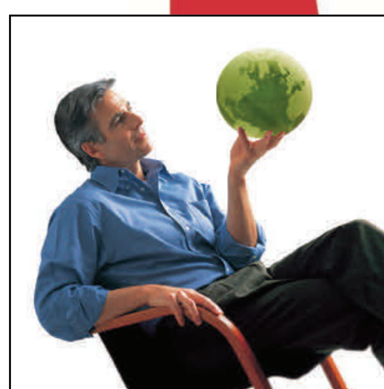
International Markets Bureau

MARKET ANALYSIS REPORT | JULY 2012

Foodservice Profile
Vietnam

Source: Planet Retail.


Source: Planet Retail.



Growing Forward

Canada

EXECUTIVE SUMMARY

Since 1990, Vietnam has moved from a closed, controlled economy to a vibrant part of the global economy. Average prosperity has risen and poverty rates have fallen, as a result of improved access to education, health care and higher incomes.

Hồ Chí Minh City is the economic centre of Vietnam. The city claims 7.5% of the country's population, contributes over 20% toward the Gross Domestic Product (GDP), and accounts for 27.9% of industrial output. The city has three export processing zones and 12 industrial parks.

The global trend in the consumer foodservice industry is to maximize traffic and broaden appeal, and this trend is manifesting in Vietnam. For Hồ Chí Minh City, there are 171 medium- and large-scale markets, as well as several supermarket chains, shopping malls and fashion and beauty centres. As high operating costs drive down the profits of traditionally located stand-alone outlets, they may not be the optimal choice for foodservice operators. The expected growth of new shopping malls and buildings will provide more space for high-traffic retail locations and make these new locations a preferred choice for foodservice operators.

Hồ Chí Minh City houses the country's largest airport, accounting for more than half of Vietnam's air passenger traffic. In 2011, tourism accounted for 9.2% of Vietnam's GDP, according to the World Trade and Tourism Council. The Council ranked the Vietnamese tourism sector 57th out of 181 nations in terms of general development, and 17th for its long-term growth prospects. As an example, Vietnam's Da Nang city has witnessed a sharp increase in Asian visitors since December 2010, due to an increase in charter flights from China, Hong Kong, Taiwan and Korea, as well as cheap direct flights from Malaysia. International visitors to Vietnam from January to November 2011 totalled nearly 5.5 million arrivals, a growth of 17.8% over the same period in 2010. In January 2012, the United States Tour Operators Association named Vietnam as the world's top emerging tourist attraction. All signs are pointing to a continued strong performance in Vietnam's tourism sector, suggesting growing importance of, and opportunity in, the country's consumer foodservice sector.

INSIDE THIS ISSUE

COUNTRY OVERVIEW

Economy

- According to the World Bank's 2011 Annual Report, Vietnam has made substantial progress in adopting market-oriented reforms. Since the introduction of free market economic reforms in 1986, the government has encouraged private ownership in industries, commerce and agriculture. As a result, the economy has grown at an annual rate of approximately 5.35% since 1986, making Vietnam one of the world's fastest growing economies. PricewaterhouseCoopers forecasts that Vietnam could be one of the fastest-growing emerging economies in the world by 2025. Even after the 2008-2009 global recession, the country's economy held steady, with 6.8% growth in 2010. On the downside, year-on-year inflation in Vietnam was 11.8% in December 2010, with the Vietnamese dong (VND) devalued three times. With high inflation and a large deficit, Vietnam still has some macroeconomic challenges ahead. In addition, there is still room for improvement in terms of strengthening Vietnam's institutional environment.

- Vietnam is located at the centre of the Indochina region and acts as a bridge between China and other Association of Southeast Asian Nations (ASEAN) countries. Vietnam is an active member of the ASEAN, an organization designed to strengthen relations and promote economic and cultural growth among states in the Southeast Asian region. The ASEAN-China Free Trade Area, launched January 1, 2010, is the largest regional emerging market in the world.

- Vietnam is in an intense urbanization phase, with many buildings and shopping malls under construction. This growth is taking place in the country's major cities, causing retail to experience rapid growth in terms of both the number of foodservice outlets and value sales.

- Vietnam's growth is being driven by its abundance of low-cost labour. Hồ Chí Minh City and Hanoi have seen the strongest economic growth in the country. Infrastructure and political institutions are solid and stable,
however other institutional organizations continue to struggle with corruption and poor governance.

- The estimated GDP in 2011 was US$121.6 billion, roughly US$1,361 per capita. In relative terms, the country's GDP growth has been impressive, however it remains low compared to its Asian neighbours.

Demographics

- Vietnam has a population of approximately 87.9 million, as of mid-year 2011. It is the world's 13th-most populous country and the eighth-most populous Asian country. Hồ Chí Minh City, with a population of 7.3 million, is the country's largest city, however Hanoi is the capital. The Greater Hồ Chí Minh City Metropolitan Area encompasses most parts of Dong Nam Bo, plus Tien Giang and Long An provinces, and boasts a population of 9 million, which is predicted to reach 20 million by 2020.

- The Viet (Kinh) ethnic group makes up 90% of Vietnam's population. While these individuals live in all provinces, they are more densely clustered in the delta areas and urban centres.

- Vietnam's urban population, as a percentage of the country's total population (absolute), was 30.83% in 2010. Datamonitor predicts the urban population will grow by approximately 2% per year from 2011 to 2016.

- Women represented 50.11% of the total population in Vietnam, using Datamonitor's mid-year 2011 numbers.

- The inhabitants of Hồ Chí Minh City are usually known as Saigonese in English, *Saigonnais* in French and *dân Sài Gòn* in Vietnamese. Varying degrees of English is spoken in this city, especially in the tourist and commerce sectors, where dealing with foreign nationals is a necessity, in fact English has become a *de facto* second language for some Saigonese.

COUNTRY OVERVIEW (continued)

Vietnam – Food Consumption Market Value by Age – % of Total						
Age Group	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
0-14	19.11%	19.12%	19.13%	19.10%	19.10%	19.06%
15-24	22.56%	22.51%	22.49%	22.46%	22.43%	22.39%
25-34	19.85%	19.84%	19.86%	19.88%	19.88%	19.89%
35-44	17.58%	17.62%	17.68%	17.74%	17.79%	17.84%
45-54	11.47%	11.48%	11.46%	11.46%	11.46%	11.48%
55+	9.43%	9.43%	9.38%	9.36%	9.33%	9.34%

Vietnam – Food Consumption Market Value by Consumer Status – % of Total						
Status	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Married/living as married	33.20%	33.26%	33.35%	33.41%	33.47%	33.51%
Single	43.89%	43.74%	43.60%	43.51%	43.37%	43.27%
Widowed	10.16%	10.23%	10.28%	10.32%	10.38%	10.43%
Divorced	12.76%	12.77%	12.78%	12.76%	12.79%	12.79%

Vietnam Country Statistics – Historic Household Consumption		
Indicator	**Unit**	**2010**
Household final consumption expenditure per household	US$ (absolute)	2,846.874
Household final consumption expenditure	US$ millions	65,027.68

Source for all: *Datamonitor, January 2012.*

Eating Habits

- In Vietnamese culture, tea and plain rice are mainstays. In general, the country's cuisine is an exciting combination of sweet smells and tastes with butter, salt, sour, bitter, and peppery-hot characterizations.
- Very little oil is used in Vietnamese cooking, and most meals incorporate many vegetables.
- Favourite dishes include rolled rice pancakes, grilled fish pies, fried shrimp cakes, roasted pork, grilled rice with crayfish, and river mussels with cooked rice. Depending on the region, vegetable and meat hotpots, shaddock salad, bloating and/or bare-fried fish, boiled catfish, and salted crab dishes can also be found.
- Honey, sugar, pickled vegetables, fish sauce, garlic, chillies, serrano peppers, lime, mint and basil are often used to add flavour and variety to meals.
- Soups are popular meal choices and are made using rice or vermicelli noodles, in a sweet or sour broth. A variety of meats, such as pork, shrimp, crab and chicken, are added to soup, along with ginger leaf, lemon leaf, Chinese herbs, and shallots.
- A Nielsen "Out-of-Home Dining" report (May 2009) found that consumers across the Asia-Pacific region ate out more often than their counterparts in other regions, especially in Hong Kong, where 31% eat at restaurants on a daily basis.
- Generally speaking, in harder economic times, time-constrained consumers in the Asia-Pacific region increase their demand for takeaways, which offer a favourable cost/quality compromise for eating at home versus dining out. Time-constrained consumers are also spending less time preparing meals at home.

COUNTRY OVERVIEW (continued)

Income Levels

- According to the World Bank's 2011 Annual Report, Vietnam is well on its way to achieving the economic status of a middle-income country. This is positive recognition of Vietnam's considerable progress in recent years.

- In 2010, approximately 28.52% of the Vietnamese population lived on less than US$2.00 per day; this percentage has been declining steadily over the last few years. The relative poverty rate in Vietnam is less than that of China, India and the Philippines. This decline is attributed to economic policies and improved living standards.

- In 2010, Vietnam's unemployment rate stood at 4.9%.

- Vietnam's level of income equality is still low relative to other Asian countries, such as China, Thailand, the Philippines, Malaysia and Cambodia.

- In 2010, median household income, based on purchasing power parity (PPP), was US$6,408.29 and just 0.2% of households enjoyed a yearly income of more than US$20,000 (Datamonitor, 2011).

Vietnam – Food Consumption Market Value by Consumer Income – % of Total

Income	2005	2006	2007	2008	2009	2010
US$ 4,800 +	23.10%	23.09%	23.08%	23.07%	23.06%	23.05%
US$ 2,300 - 4,799	20.81%	20.83%	20.83%	20.84%	20.84%	20.85%
US$ 1,600 - 2,299	20.55%	20.53%	20.53%	20.53%	20.54%	20.54%
US$ 1,300 - 1,599	18.65%	18.65%	18.65%	18.65%	18.65%	18.65%
US$ 0 - 1,299	16.89%	16.89%	16.90%	16.91%	16.90%	16.90%

Source: *Datamonitor, January 2012*

Vietnam – Historic Population by Income Bracket in '000s

Income	2007	2008	2009	2010	2011
US$ 0-500	25,971.9	18,412.0	18,013.3	16,884.9	14,386.8
US$ 501-1,000	19,327.4	20,398.0	20,581.4	20,585.5	19,628.7
US$ 1,001-1,500	7,577.5	10,314.6	10,739.2	11,349.4	12,131.0
US$ 1,501-2,500	5,053.0	7,853.5	8,371.3	9,197.3	10,794.0
US$ 2,501-3,500	1,578.5	2,618.0	2,838.2	3,201.7	4,046.5
US$ 3,501-5,000	874.9	1,473.2	1,611.1	1,840.2	2,427.5
US$ 5,001-7,500	477.7	802.1	882.9	1,016.9	1390.0
US$ 7,501-10,000	179.4	280.7	310.4	359.2	504.3
US$ 10,001-15,000	167.2	237.5	253.3	277.8	367.5
US$ 15,001-20,000	77.7	110.3	117.7	129.2	155.9
US$ 20,001-30,000	72.4	102.7	109.7	120.5	145.6
US$ 30,001-40,000	33.6	47.7	51.0	56.0	67.8

Source: *Datamonitor, January 2012*

FOODSERVICE DATA

Vietnam Consumer Foodservice – Historic/Forecast				
Market	**Measure**	**2005**	**2010**	**2014**
Total foodservice	Transactions (millions)	13,070.3	15,506.94	18,735.5
	Outlets (count)	524,017	541,789	584,662
	Sales (US$ millions)	5,682.84	7,512.33	8,966.9
Total food	Sales (US$ millions)	4,543.05	6,060.2	7,088.35
Total drinks	Sales (US$ millions)	1,139.8	1,452.12	1,878.55

Source: *Datamonitor, January 2012.*

Vietnam Foodservice Value in US$ millions – Historic/Forecast –Current Prices – Fixed 2010 Exchange Rate				
Category	**2005**	**2009**	**2010**	**2015**
Consumer foodservice by type	16,348.0	24,989.4	26,856.1	37,250.7
100% home delivery/takeaway	-	-	1.2	34.5
Cafés/bars	965.4	1,909.0	2,079.5	3,053.3
Full-service restaurants	8,953.7	12,597.5	13,638.7	20,307.6
Fast food	179.4	338.4	383.0	670.6
Self-service cafeterias	-	-	-	-
Street stalls/kiosks	6,249.5	10,144.5	10,753.7	13,184.7
Pizza consumer foodservice*	7.6	33.4	42.3	155.7

Source: *Euromonitor, January 2012.*
**Please note that pizza consumer foodservice is also counted within the other category types (for example, within the 100% home delivery/takeaway segment and the fast food segment).*

Vietnam –Top 10 Chained Consumer Foodservice Brands by Number of Units, 2010		
Brand	**Global Brand Owner**	**Outlets**
Trung Nguyen	Trung Nguyen Coffee Co. Ltd.	1,020
Highland Coffee	Viet Thai Int'l. Joint Stock Co	93
KFC	KFC Vietnam Co. Ltd.	88
Lotteria	Vietnam Lotteria Co. Ltd.	80
Pho 24	Nam An Group	62
Hoa Huong Duong	Hoa Huong Duong Co. Ltd.	44
Jollibee	Jollibee Vietnam Co. Ltd.	22
TapioCup	VinaFranchise Corp.	20
Pizza Hut	Pizza Hut Vietnam Ltd.	14
Café Goethe Doner Kebab	Tran Minh Ngoc	10

Source: *Euromonitor, January 2012.*

CONSUMER FOODSERVICE BY CHANNEL

100% Home Delivery/Takeaway

- The 100% home delivery/takeaway segment in Vietnam consisted of only one category in 2010: chained pizza. The "Other 100% home delivery/takeaway" category was negligible in 2010, even though its popularity is on the rise. Consumers are leading busier lifestyles, so delivery has proven to be a convenient and affordable choice.

- Domino's Pizza accounted for a 68.5% market share in 2010, followed by Pizza Hut Express, with a 31.5% share.

- In 2010, Vietnam saw the arrival of both Domino's Pizza and Pizza Hut Delivery, with their very first delivery outlets located in Hồ Chí Minh City. These outlets were located in densely populated, high-end residential areas.

- All outlets in the 100% home delivery/takeaway foodservice segment were global players, who relied heavily on brand recognition/awareness that generated high sales per outlet.

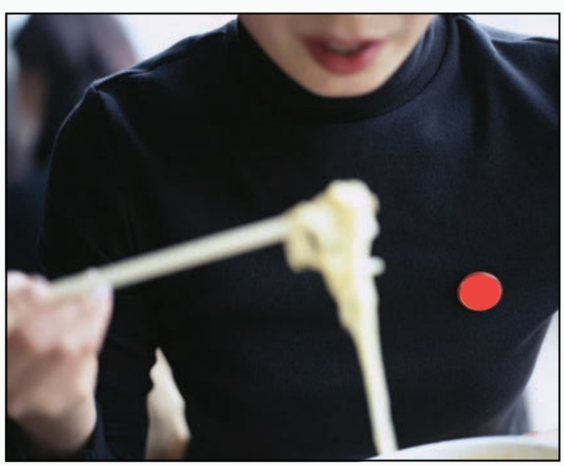
- In 2010, food sales accounted for 80% of value sales in this segment. This is due to the fact that most outlets offer set meals, which include a beverage. These set meals are popular with Vietnamese consumers, as they often provide better value for money.

- The Vietnamese 100% home delivery/takeaway foodservice segment is forecast to see a Compound Average Growth Rate (CAGR) of 84% in constant value terms in the next five years. The success experienced by both Domino's and Pizza Hut will encourage more international players to enter the channel.

Vietnam Consumer Foodservice – 100% Home Delivery/Takeaway – Historic/Forecast Market Sizes

	2005	2010	2015
Transactions (in '000s)	n/a	136.9	2,801.7
Foodservice value (US$ millions, current prices, fixed 2010 exchange rates)	n/a	1.2	34.5
Units/outlets	n/a	3.0	47.0

Source: *Euromonitor, January 2012.*



CONSUMER FOODSERVICE BY CHANNEL (continued)

Café/Bars

- Cafés/bars in Vietnam are highly diversifed, catering to all consumer types and demographics.
- Robusta coffees is the prefered offering at cafés/bars, where it is served in the traditional drip format. Traditional tea houses offer various herbal teas and lessons in the art of making and enjoying tea.
- To better address the needs of office workers, specialist coffee shops expanded their food offerings to include finger foods and convenient meals.
- Bars/pubs are most popular among younger Vietnamese. Their main offering is alcoholic beverages, with food playing an insignificant role in overall sales. Bubble tea outlets were also very popular with teenagers and the younger set in 2010. The young, urban population, who lead modern lifestyles, will continue to be a significant influence within this segment for the foreseeable future.
- Independents dominated in the cafés/bars segment, in terms of the number of outlets, transactions and value sales in 2010. However, chained outlets led the segment in growth over the last few years. This growth is attributed to the attractiveness of independent cafés and bars to mass-market, low-end consumers who drink tea and/or coffee on a daily basis.
- Domestic player Trung Nguyen Coffee dominated in the cafés/bars segment in 2010. Its popularity was based on first-mover advantage, however, two aggressive franchise expansions have negatively affected the company. Inconsistent quality, pricing, and overall service has bred dissatisfaction among its customers. This could affect the company’s position in the near to medium term.
- Owners of modern-style specialist coffee shops saw their best performance in 2010, regardless of domestic or international origin. However, it was domestic players in the overall cafés/bars segment who dominated over the same timeframe.

Vietnam Consumer Foodservice – Cafés/Bars – Historic/Forecast Market Sizes

	2005	2010	2015
Transactions (in ’000s)	463,389.3	136.9	2,801.7
Foodservice value (US$ millions, current prices, fixed 2010 exchange rates)	965.4	1.2	34.5
Units/outlets	13,684.0	3.0	47.0

Vietnam Consumer Foodservice – Cafés/Bars – Market Share by Brand

Brand	Global Brand Owner	2007	2008	2009	2010
Trung Nguyen	Trung Nguyen Coffee Co. Ltd.	69.4	63.1	59.2	56.6
Highland Coffee	Viet Thai International Joint Stock Co.	3	3.7	4.6	6
Hoa Juong Duong	Hoa Huong Duong Co. Ltd.	1	2	2.2	2.3
Gloria Jean's	Vietlifestyle JSC Co.	0.4	0.4	0.5	0.6
TapioCup	VinaFranchise Corp	0.5	0.7	0.5	0.5
The Coffee Bean & Tea Leaf	Viet Café Trading Co. Ltd.	0	0	0.3	0.4
Angel-i-us	Vietnam Lotteria Co. Ltd.	0	0.2	0.3	0.4
Bud's Café	North American food Corp.	0	0.1	0.2	0.2
Others	Others	25.8	29.8	32.2	33

Source for both: *Euromonitor, January 2012.*

CONSUMER FOODSERVICE BY CHANNEL (continued)

Full-Service Restaurants

- The full-service restaurant segment in Vietnam is diverse, ranging from small outlets to large restaurants, from traditional food to modern, and Western cuisine. Both independent, local and international operators can also be found in this segment.

- Both Hồ Chí Minh City and Hanoi are the focal points of urbanization and have the highest concentration of full-service restaurants. As Vietnam's urban expansion continues, expect to see full-service restaurants also expanding. However, in 2010, high inflation and quickly rising living costs had a slight impact on the segment and offset some of the expected growth. As a counter measure, many operators implemented discounts, and more varied menus and concepts, resulting in better growth results.

- It is no surprise that Asian full-service restaurants were the most popular category in this segment, for 2010, claiming 98% of the total number of outlets, and almost 94% of value sales for the segment. To differentiate themselves, operators used décor, service quality, and regional taste preferences to distinguish their restaurants. These options were well received by the consumer.

- The fastest growth in the segment in 2010 came from chained full-service pizza outlets, with heavy competition among the players. This popularity was due to standardized quality and service, and brand recognition. Pizza Hut was the preferred choice in 2010 and registered 43% growth in value sales over the previous year.

- In Vietnam, beverages accounted for approximately 20% of overall sales in full-service restaurants for 2010. Consumers are moving from not ordering drinks, to taking advantage of operators' new push towards encouraging the consumption of soft drinks and healthy drinks, such as fruit juice and smoothies.

- Most full-service restaurants in Vietnam are grouped in either the economy or premium end of the market, with corresponding pricing and atmosphere.

- The franchising of full-service restaurants in Vietnam is not common, with the only significant franchiser being Pizza Hut. Both Kichi Kichi and Ashima Mushroom Hotpot, two local players, have adopted the consistent service and quality needed to ensure the success of its outlets. Expect to see an increase in the franchising of full-service restaurants, as international players begin qualifiying business opportunities in the country.

- Domestic independents dominated the full-service restaurant segment in 2010. Their popularity can be attributed to their knowledge of the market, their customers and their tastes. Being independent, they also have the flexibility needed to respond to new opportunities in menu variation to meet customer demands.

- In 2011, newly opened full-service restaurants in Vietnam used pricing discounts obtained through group sales to market their outlets, enjoying success by gaining awareness in an affordable way.

Full-Service Restaurants (continued)

Vietnam Consumer Foodservice – Full Service Restaurants – Historic/Forecast Market Sizes			
	2005	**2010**	**2015**
Transactions (in '000s)	4,108,415.9	5,230,008.7	6,385,656.9
Foodservice value (US$ millions, current prices, fixed 2010 exchange rates)	8,953.7	13,638.7	20,307.6
Units/outlets	67,746.0	80,315.0	89,892.0

Source: *Euromonitor, January 2012.*

Vietnam Consumer Foodservice – Full-Service Restaurants – Chained vs. Independent – Historic/Forecast Market Sizes				
Category	**Measure**	**2005**	**2010**	**2015**
Chained	Transactions (in '000s)	49,246.6	121,538.8	179,384.1
	Foodservice value (US$ millions, current prices, fixed 2010 exchange rates)	79.0	298.7	575.4
	Units/outlets	964.0	2,028.0	2,845.0
Independent	Transactions (in '000s)	10,817,814.0	14,777,188.2	16,079,758.3
	Foodservice value (US$ millions, current prices, fixed 2010 exchange rates)	16,269.0	26,557.4	36,675.3
	Units/outlets	470,513.0	540,974.0	567,173.0

Source: *Euromonitor, January 2012.*

Fast Food

- The fast food sector in Vietnam experienced impressive growth of 13% in 2010. This is attributed to the low-cost of food in this segment, which makes it more affordable to consumers. Busier lifestyles, combined with the appeal of fast food to teenagers and young working adults, also played key roles in the segment's impressive performance.

- In Vietnam, eat-in fast food accounted for a 91% share of value sales in 2010.

- Approximately 95% of fast food outlets in Vietnam are independents. For 2010, the most popular fast food outlets were those serving Asian fare.

- Unlike many of its neighbours, the next most popular fast food category in Vietnam was ice cream, with the popular chained outlets surpassing their independent counterparts. The segment saw the fastest growth in 2010, with 39%. Burgers were the third-most popular category, with growth slightly slower over the same timeframe, at 37%.

Fast Food (continued)

- For the bakery products category, sandwich shops represented the majority of outlets. Baguettes used to make Western-style sandwiches were the most sought after. With the increasing popularity of Western culture in urban areas, outlets specializing in sweet bakery goods are on the rise.

- The fast food segment is becoming mature within Vietnam. The entry of global fast food brands has meant more competition, creating a saturation effect.

- Nevertheless, fast food in Vietnam is expected to continue to grow in the next few years, and is forecast to have a constant value CAGR of 6%. The continuing adoption of Western lifestyles and cuisine will likely continue to foster this growth. Expect to see continued proliferation of international players across the Vietnamese fast food landscape.

Vietnam Consumer Foodservice – Fast Food – Historic/Forecast Market Sizes

	2005	2010	2015
Transactions (in '000s)	218,705.4	332,551.5	424,930.6
Foodservice value (US$ millions, current prices, fixed 2010 exchange rates)	179.4	383.0	670.6
Units/outlets	5,117.0	7,177.0	8,614.0

Source: *Euromonitor, January 2012.*

Street Stalls/Kiosks

- In 2010, street stalls/kiosks in Vietnam numbered 432,805 outlets. Datamonitor is predicting that number to grow to 444,412 by the end of 2014.

- In 2010, market sales grew by 6%, the number of transactions grew 0.5%, and the number of outlets grew by 0.9% from 2009 figures. The increasing popularity of fast food outlets has been identified as the reason behind the growth rate of market sales. Slow outlet growth has been attributed to a government initiative to improve food safety, which makes it more difficult to obtain an operating permit, and therefore contributed to a reduction in the number of vendors in cities.

- Independent street stalls enjoy enormous popularity with the Vietnamese, due to the traditional nature of the food, its affordability, and its convenience.

- 99.9% of street stalls are independently owned. In 2010, there were fewer than 100 chained street stalls in Vietnam.

- Street stalls/kiosks offer a variety of low-priced foods, such as traditional cuisine, drinks, ice cream and confectionery.

CONSUMER FOODSERVICE BY CHANNEL (continued)

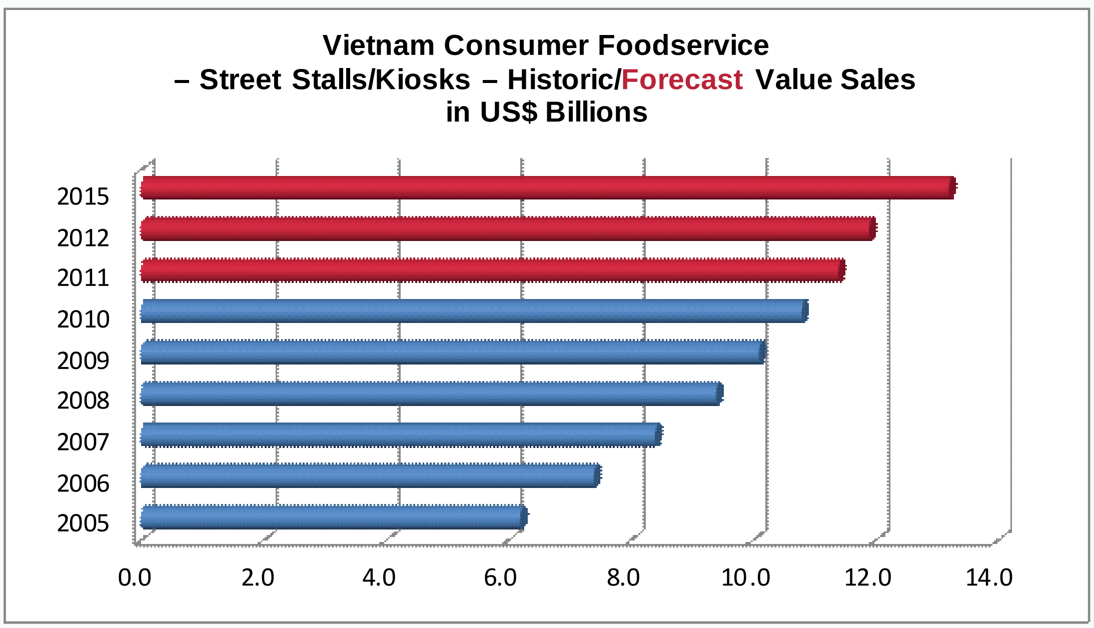
Street Stalls/Kiosks (continued)

- The only notable chain of street stalls/kiosks in Vietnam in 2010, was Café Goethe Doner Kebab, with 10 outlets concentrated in Hanoi. The chain's strict food safety and hygiene standards are cited as main reason for its success.
- In 2010, there was a new player in the street stall/kiosk industry in Vietnam—takeaway coffee outlets offering Western-style Italian coffee, targetting white-collar workers.
- With consumers' increasing awareness of food safety issues, Euromonitor is expecting chained street stalls to increase their presence, experiencing a surge in growth of 84.2% from 2010 to 2015.
- Euromonitor is also forecasting that more and more consumers will be shifting their food purchases away from private street stalls/kiosks to full-service restaurants and other foodservice channels. The more modern coffee takeaways will continue to slowly increase their market value shares.

Vietnam Consumer Foodservice – Street Stalls/Kiosks – Historic/Forecast Market Sizes

	2005	2010	2015
Transactions (in '000s)	6,076,550.0	8,448,692.6	8,325,571.6
Foodservice value (US$ millions, current prices, fixed 2010 exchange rates)	6,249.5	10,753.7	13,184.7
Units/outlets	384,930.0	432,805.0	444,412.0

Source: *Euromonitor, January 2012.*



Source: *Euromonitor, 2012.*

CONSUMER FOODSERVICE BY LOCATION

Vietnam Consumer Foodservice by Location – Historic/Forecast Market Sizes			
Category and Measure	**2005**	**2010**	**2015**
Consumer foodservice through stand-alone			
Transactions (in ’000s)	10,397,120.2	13,940,936.2	14,928,991.9
Foodservice value (US$ millions, current prices, fixed 2010 exchange rates)	15,451.2	24,733.6	33,694.7
Units/outlets	456,693.0	514,979.0	530,992.0
Consumer foodservice through retail			
Transactions (in ’000s)	137,054.6	387,715.8	582.299.8
Foodservice value (US$ millions, current prices, fixed 2010 exchange rates)	195.9	636.3	1,215.3
Units/outlets	5,427.0	13,606.0	20,176.0
Consumer foodservice through lodging			
Transactions (in ’000s)	185,313.3	335,055.4	453,932.4
Foodservice value (US$ millions, current prices, fixed 2010 exchange rates)	420.9	840.0	1,376.4
Units/outlets	3,158.0	5,880.0	7,397.0
Consumer foodservice through travel			
Transactions (in ’000s)	147,572.2	235,019.3	293,917.9
Foodservice value (US$ millions, current prices, fixed 2010 exchange rates)	280.0	646.2	964.2
Units/outlets	5,841.0	8,539.0	11,455.0

Source: *Euromonitor, January 2012.*

Stand-alone

- In Vietnam, stand-alone outlets comprised the largest portion of consumer foodservice stores, with 92% of value sales in 2010. Convenience of location is the main driver in this trend and is attributed to the most popular mode of travel in the country: the motorbike. Greater access and convenience translated into more traffic, which generated more sales. This trend is expected to remain unchanged well into the future.

- However, the rising costs of stand-alone rental space, and increasing scarcity of this space, might begin to make alternative locations, such as retail outlets, look more appealing.

- In 2010, Vietnamese consumers had access to all types of stand-alone foodservice venues, including cafés/bars, restaurants, street stalls and fast food. It is only over the last two to three years, with the increasing proliferation of shopping centres, that many mid-range to high-end stand-alone operators also opened outlets in retail locations to capture the growing popularity of these locations.

- Euromonitor is predicting the number of consumer foodservice through stand-alone outlets to continue to lead the segment in growth.

▶ CONSUMER FOODSERVICE BY LOCATION (continued)

Retail Foodservice

- In 2010, foodservice through retail comprised 2% of the total foodservice sales in Vietnam; this channel experienced the fastest growth over other locations, with 19% growth in value, over 2009 figures.
- Retail outlets in Vietnam experienced stable consumer traffic, when located in shopping centres where rental fees are less costly than those of stand-alone outlets.
- Street stalls/kiosks slightly edged-out full-service restaurants as the most popular source of foodservice in the retail segment for 2010. Combined, these categories accounted for approximately 75% of the segment's total sales.
- While stand-alone is the first choice of consumers and operators, established food operators, such as KFC, An Nam, and Lotteria, are beginning to find retail locations appealing.

Lodging/Travel/Leisure

- Lodging, travel, and leisure stand-alone outlets are an unfamiliar format in Vietnam. However, they are the most popular choice of consumers in the travel category, garnering 62% of value sales.
- In 2010, travel locations enjoyed the highest revenue transactions, as they were limited in availability and charged a higher price for this exclusivity.
- In 2010, full-service restaurants through lodging locations generated 81% of value sales in the lodging segment.
- In 2010, value sales per outlet in both lodging and travel locations were higher than those in retail or stand-alone outlets, as the latter cater to the mass market with low prices.
- Since 2010, the Vietnamese government has been investing heavily in the promotion and development of its travel and tourism industry. This environment could bring potential growth and expansion opportunities for food outlets.
- Foodservice outlet growth in lodging locations is forecast to be dominated by high-class, full-service restaurants, with a specific focus on large hotel chains.

INSTITUTIONAL FOODSERVICE BY LOCATION

Vietnam Institutional Foodservice by Location – Historic/Forecast				
Institutional Location and Measure	**Unit**	**2005**	**2010**	**2014**
Workplace				
Sales	US$ millions	107.36	138.69	168.24
Transactions	Millions	31.17	36.01	42.04
Outlets	Number	1252.0	1331.0	1471.0
Education				
Sales	US$ millions	481.5	582.87	692.49
Transactions	Millions	50.62	55.54	63.08
Outlets	Number	875.0	899.0	964.0
Hospitals				
Sales	US$ millions	130.43	162	188.15
Transactions	Millions	15.69	17.99	20.97
Outlets	Number	103.0	109.0	123.0
Welfare and Services				
Sales	US$ millions	178.37	220.86	266.82
Transactions	Millions	26.65	29.17	33.62
Outlets	Number	566.0	591.0	646.0

Source: *Datamonitor, January 2012.*

OTHER CAPTIVE FOODSERVICE BY LOCATION

Vietnam Other Captive Foodservice – Historic/Forecast Market Sizes in US$ millions			
Type	**2005**	**2010**	**2014**
Air	2.60	3.00	3.56
Rail	0.17	0.23	0.26
Sea	0.07	0.10	0.11
Coach	0.41	0.54	0.60

Source: *Datamonitor, January 2012.*

FOODSERVICE TRAVEL AND TOURISM

Vietnam Foodservice through Tourism – Historic/Forecast – US$ Millions			
Indicator	**2005**	**2010**	**2015**
Business Travel and Tourism Spending (Absolute)	837	1,132	1,802
Internal Travel and Tourism Consumption, Total (Absolute)	3,569	6,494	10,546
Leisure Travel and Tourism Spending (Absolute)	2,732	5,362	8,744
Travel and Tourism Spending, Domestic Visitors (Absolute)	1,683	2,901	4,574
Travel and Tourism Spending, International Visitors (Absolute)	1,880	3,582	5,954

Source: *Datamonitor, January 2012.*

- International visitors to Vietnam from January to November 2011 totalled 5,420,624, a growth of 17.8% over the same period in 2010. The largest group of international visitors originated from China, with over 1.2 million. South Korea, Japan, the United States, Cambodia, and Taiwan send on average 400,000 visitors to the country every year. Travelers from Australia, Malaysia, France and Thailand made up most of the difference.

- Da Nang has seen a decline in the number of visitor arrivals from the United States, Europe and Australia. Vitours Travel Agency Operations indicate that the religious Tet holiday is the peak season for tourists, especially domestic, in the central region. Da Nang's beaches, Hoi An and Hue, along with Laos are among the most popular attractions for tourists.

- In January 2012, the United States Tour Operators Association named Vietnam as the world's top emerging tourist attraction. In addition, Smart Travel Asia, an online travel magazine, highlighted Hanoi and Hoi An as being among the top ten most attractive tourist destinations in Asia in 2011.

FOODSERVICE VALUE BY PACKAGED FOOD CATEGORY

Vietnam Foodservice Food and Drink Market Analysis Historic/Forecast Sales in US$ Millions		
Market	**2010**	**2014**
Bakery and cereals - Total	**282.57**	**352.84**
Bread and rolls	25.72	33.38
Breakfast cereals	4.32	5.22
Cakes and pastries	117.72	140.85
Cereal bars	0	0
Cookies (sweet biscuits)	125.61	161.82
Crackers (savoury biscuits)	8.41	10.57
Morning goods	0.79	1
Canned food - Total	**156.26**	**195.3**
Canned desserts	0.48	0.63
Canned fish/seafood	42	53.25
Canned fruit	32.52	41
Canned meat products	65.08	79.88
Canned pasta and noodles	4.32	5.31
Canned ready meals	3.73	4.73
Canned soup	7.72	9.99
Canned vegetables	0.41	0.52
Chilled food - Total	**419.88**	**529.29**
Chilled bakery	0	0
Chilled fish/seafood	0	0
Chilled fresh pasta	1.18	1.49
Chilled meat products	418.14	527.08
Chilled pizza	0	0
Chilled ready meals	0.26	0.33
Chilled soup	0	0
Deli food	0.31	0.39
Sandwiches/salads	0	0
Confectionery - Total	**0.22**	**0.28**
Chocolate	0.11	0.14
Gum	0.09	0.12
Sugar confectionery	0.02	0.02
Dairy food - Total	**775.96**	**974.8**
Cheese	0.72	0.96
Chilled desserts	0	0
Cream	0.49	0.61
Fromage frais	0	0
Milk	724.24	908.82
Spreadable fats	39.52	50.19
Yogurt	10.98	14.21
Dried food - Total	**490.96**	**621.01**
Dessert mixes	1.27	1.66
Dried soup	2.98	3.66
Dried pasta	329.87	406.07
Dried ready-meals	0.84	1.02
Rice	156	208.6

Continued on the following page...

FOODSERVICE VALUE BY PACKAGED FOOD CATEGORY (continued)

Vietnam Foodservice Food and Drink Market Analysis Historic/Forecast Sales in US$ Millions (continued)		
Market	**2010**	**2014**
Drinks - Total	**1,452.12**	**1,878.55**
Beer	465.44	610.63
Cider and perry	4.56	6.01
Brandy	5.59	7
Gin and genever	0.57	0.73
Liqueurs	2.59	3.23
Rum	0.92	1.2
Specialty spirits	40.2	50.98
Tequila and Mezcal	2.47	3.14
Vodka	14.56	18.53
Whiskey	149.21	193.58
Fortified wine	2.26	2.94
Still wine	45.26	58.83
Champagne	0.74	0.95
Coffee	74	100.53
Tea	261.42	337.47
Other hot drinks	70.67	89.79
Bottled water	29.16	40.09
Carbonates	80.03	104.89
Concentrates	0	0
Functional drinks	161.82	195.49
Juices	17.96	24.38
Ready-to-drink (RTD) Tea and coffee	16.5	20.16
Fresh food - Total	**1532.82**	**1985.64**
Fresh fish	769.2	998.01
Meat - beef	52.02	67.45
Meat - lamb	0	0
Meat - pork	447.14	572.26
Meat - poultry and other	58.99	77.3
Fresh vegetables - potatoes	20.73	26.85
Fresh vegetables - other	184.74	243.78
Frozen food - Total	**813.74**	**1050.9**
Frozen bakery products	1.67	2.27
Frozen desserts	0.79	0.96
Frozen fish/seafood	13.58	16.69
Frozen fruit	4.59	5.83
Frozen meat products	775.45	1003.19
Frozen pizza	0.82	1.06
Frozen potato products	2.31	2.88
Frozen ready meals	9.62	11.63
Frozen vegetables	4.93	6.39
Ice cream - Total	**64.09**	**83.29**
Artisanal	10.6	13.43
Frozen yogurt	0	0
Impulse	53.27	69.59
Take-home	0.22	0.28

Continued on the following page...

FOODSERVICE VALUE BY PACKAGED FOOD CATEGORY (continued)

Vietnam Foodservice Food and Drink Market Analysis Historic/Forecast Sales in US$ Millions (continued)		
Market	**2010**	**2014**
Oils and fats - Total	**459.22**	**566.37**
Oils	413.34	508.09
Solid fats	45.89	58.28
Sauces, dressings and condiments - Total	**368.58**	**478.08**
Dry cooking sauces	2.98	3.94
Condiment sauces	337.56	439.52
Dips	0	0
Dressings	7.98	10.36
Pickled products	0	0
Seasonings	0	0
Table sauces	19.88	24.05
Wet cooking sauces	0.17	0.21
Savoury snacks - Total	**121.29**	**152.38**
Nuts and seeds	59.9	75.51
Popcorn	5.07	6.22
Potato chips	24.94	30.65
Processed snacks	25.09	31.87
Other savoury snacks	6.28	8.13

Source: *Datamonitor, January 2012.*

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Agriculture and Agri-Food Canada
1341 Baseline Road, Tower 5, 4th floor
Ottawa, ON
Canada K1A 0C5
E-mail: infoservice@agr.gc.ca

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