Hot Drinks - Vietnam

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HOT DRINKS IN VIETNAM

EXECUTIVE SUMMARY

Healthy Growth Despite Global Economic Crisis

Hot drinks in Vietnam was largely unaffected by the financial crisis in 2008-2009, due to the fact that most products are considered daily necessities by many consumers. As a result, volume sales only saw a marginal slowdown in growth during the period 2007-2009. A return to stronger volume sales growth was seen in 2010, as the economy began to recover and consumer confidence returned.

Hectic Lifestyles Drive Demand for Instant Hot Drinks

With the rapid pace of urbanisation and industrialisation in the country, consumers are leading busier and more stressful lifestyles. Thus, instant products are in high demand thanks to their convenient format. This resulted in outstanding performance for instant tea, instant coffee and malt-based hot drinks, which are usually sold in an instant format. Most of the new product developments in 2010 focused on these categories, as manufacturers tried to capitalise on the fast rising demand.

Intense Competition in Coffee and Tea

Coffee and tea, which are traditionally consumed by the majority of Vietnamese consumers, saw intense competition among local and foreign players alike over the review period. In both categories, manufacturers invested significantly in the research and development of new products, in an attempt to attract consumer interest. Furthermore, significant amounts were devoted to marketing activities with a view to raising brand awareness and enhancing brand image. On the other hand, only limited competition was seen in other hot drinks, due to its limited potential and relatively small consumer base.

Small Grocery Retailers Continue To Lead

Despite seeing a loss of retail volume sales share to supermarkets/hypermarkets, small independent grocers continued as the preferred channel in which to purchase hot drinks products in Vietnam, due to the easily accessible, convenient location of outlets. Most small independent grocer outlets are located in neighbourhood areas, and owners usually have good relationships with those living in the vicinity, which affords the channel another advantage over supermarkets/hypermarkets.

Stronger Sales Growth Expected Over the Forecast Period

Hot drinks is expected to see accelerating retail volume and value sales growth over the forecast period, resulting in higher CAGRs than were seen over the review period. This will be mostly driven by accelerating demand for instant standard coffee, allied to the strong performance of many other categories, such as malt-based hot drinks and fruit/herbal tea.

KEY TRENDS AND DEVELOPMENTS

Rapid Expansion of Specialist Coffee Shops Bolster Performance

In general, Vietnam is still very much a coffee society, with coffee shops and cafés remaining popular places for people of different ages to meet and socialise. As a result of rising income levels and improving living standards in the country, the consumer foodservice industry, especially specialist coffee shops and cafés, saw strong development over the review period. Both local and international chained coffee specialists, such as Highlands, Trung Nguyen, Gloria Jeans, The Coffee Bean and Angel-In-Us, expanded their outlet networks rapidly. Independent coffee specialists and cafés also mushroomed, with many interesting new concepts and store designs introduced to attract customers. All of this contributed in a significant way to the development of on-trade hot drinks consumption over the review period.

Current Impact

Chained specialist coffee shops usually offer high-quality coffee and a wider range of flavours. Furthermore, they played a pioneering role in introducing speciality Italian coffee, such as cappuccino and latte, to consumers in Vietnam. With their modern image, chained specialist coffee shops helped in widening the target demographic to younger consumers and females.

Besides their contribution to the development of on-trade consumption in Vietnam, chained specialist coffee shops also contributed to the development of off-trade coffee consumption. Leading local chains, including Highlands and Trung Nguyen, sell ground coffee in their shops for consumption off-trade, in an attempt to leverage their famous brand names. Over the review period, consumers increasingly purchased ground coffee in these specialist coffee shops to consume at home.

Outlook

Due to ongoing rapid urbanisation and improvements in living conditions in the country, the consumer foodservice industry is expected to continue see strong development over the forecast period. This is also true of specialist coffee shops and cafés, as they remain a popular place for people to socialise. Strong players like Viet Thai International, the owner of the Highlands chain, and Trung Nguyen, will continue to expand their outlet networks throughout the country. On the other hand, international players, such as Starbucks, are likely to look to become established, in order to capitalise on fast growing demand.

Future Impact

With the rising trend of eating out and the increasing number of coffee shops and cafés, it is expected that on-trade consumption of hot drinks, particularly coffee, will continue to see strong development over the forecast period. Demand for high quality coffee is also likely to increase, as consumers become increasingly sophisticated.

Despite this, on-trade consumption of hot drinks might face a threat from soft drinks, following the rapid pace of development seen over the review period. Many shops have begun to offer a wider variety of drinks to satisfy different consumer needs, including soft drinks. As such, hot drinks can be expected to face increasing competition from some soft drink categories, including RTD tea and fruit/vegetable juice.

Small Independent Grocers Remains the Leading Distribution Channel

Despite seeing a loss of sales share over the review period, small grocery retailers remained the dominant distribution channel for hot drinks in Vietnam, in accounting for a 63% share of retail volume sales in 2010. Small independent grocer outlets are found throughout Vietnam in almost every neighbourhood. Due to the proximity of these outlets to crowded residential areas, they are much more convenient for many consumers than modern retail channels, such as supermarkets/hypermarkets and convenience stores. Thus, despite the relatively limited range of products small independent grocer outlets tend to carry, they, nonetheless, hold a strong competitive advantage over other competing channels. This is especially true for hot drinks products, which are considered a daily necessity in many Vietnamese households.

Current Impact

With its importance and widespread outlet network throughout the country, small independent grocers represent the most important channel for hot drinks manufacturers to ensure their success over the review period. However, the disorganised and fragmented nature of the channel, also presents a significant challenge to players, in terms of establishing good relationships and distribution partnerships with channel players. Furthermore, the small-scale nature of outlets presents another challenge, in terms of lack of storage space, which necessitates more frequent restocks and near continuous support from manufacturers. Some large players, such as Vinacafe Bien Hoa, Nestlé and Unilever, have successfully established extensive distribution networks throughout the country to meet the needs of small independent grocers, which has contributed greatly to their success in hot drinks in Vietnam. For smaller players, however, the fragmented nature of the small independent grocers channel represents a major challenge.

Outlook

Modern grocery retailers, including supermarkets/hypermarkets and convenience stores, will most likely see improvements in the near future and continue to gain retail volume sales share at the expense of small independent grocers. As unpackaged products decline in popularity, due to concerns regarding their quality and authenticity, the development of packaged products is likely to bolster the performance of modern retailers.

Despite this, small independent grocers are expected to continue to dominate hot drinks in Vietnam over the forecast period, due to the well-established tradition of shopping at these outlets in Vietnam. Furthermore, the underdeveloped infrastructure in rural areas makes it difficult for modern retail outlets to expand to these regions. This leaves rural consumers largely dependent on small independent grocers for their general shopping needs, including hot drinks.

Future Impact

Besides having good distribution partnerships with modern retail chains, building a wide distribution network with a focus on small independent grocers is of the utmost importance for players hoping to succeed in hot drinks in Vietnam. A strong relationship with local distributors is the key to effectively servicing the channel. Along with brand building, high mark-up rates accompanied with special discounts from manufacturers are often necessary to tempt small independent grocers to distribute a new hot drink product. Providing continuous support for these small retailers will continue to be essential for manufacturers, due to their lack of storage space necessitating relatively frequent restocks and attention from manufacturers.

Increased Product Innovation As the Economy Recovers

Hot drinks in Vietnam was largely unaffected by the economic crisis in 2008-2009. As the beginning of an economic recovery was seen in 2010, hot drinks saw even stronger retail volume and value sales growth than in the two previous years. This prompted many manufacturers to launch new products to capitalise on rising local demand.

In 2010, many new product developments illustrated manufacturer’s attempts to be innovative, as they sought to appeal to specific demographics. For instance, Passiona, which was launched by Trung Nguyen, is an instant 3-in-1 coffee with low caffeine content and added collagen that is targeted at the country’s female population. Nestlé introduced Milo Fruit, which, unlike traditional Milo, can be mixed with cold water instead of hot water. This makes preparing the product more convenient for parents, while providing children with a wider range of flavours to choose from. In early 2011, Nestlé launched Café Vi?t 3-in-1 instant iced coffee, which is differentiated from the competition by its strong traditional milk coffee taste.

Current Impact

New product developments in 2009-2010 certainly created a better dynamic and drew consumer attention by offering more interesting choices. Products, such as Passiona and Café Vi?t instant iced coffee, showed manufacturers attempting to appeal to the increasing sophistication of urban consumers, while Milo Fruit seemed to address the need for products more compatible with increasingly hectic lifestyles. All of these products proved to be relevant to urban consumer demand, and served to improve the brand image of the players involved. However, as these products are relatively new, it will take time to judge the true level of their success.

From the perspective of manufacturers, these developments served to bring competition to a new level, whereby manufacturers need to look closely at and respond to emerging trends, in order to ensure their continued success. As most of the leading players are on a par in many regards, such as having extensive distribution networks and strong advertising budgets, launching new interesting products could prove vital to players in achieving differentiation from the competition.

Outlook

With increasingly sophisticated demand and intensifying competition amongst the leading players, it is expected that soft drinks in Vietnam will see an increasing number of new product developments in coming years. Improving quality is likely to remain the main focus for many new products. Furthermore, manufacturers are expected to look to better address many consumer needs, through improving the convenience of products, adding more fortified ingredients, introducing a greater range of healthy products, and utilising more premium ingredients.

Future Impact

Consumers will benefit the most from intensifying competition and new product developments, as products are likely to better address the divergent needs of various niches.

For players in hot drinks in Vietnam, the forecast period is likely to be marked by increasing competition. Smaller companies tend to be at a disadvantage in terms of new products development, as they have smaller budgets for research, development and advertising. As a result, larger players, such as Nestlé, Unilever, Trung Nguyen and Viet Thai International, are the most likely to launch new interesting products over the forecast period. It is also likely that more foreign players will enter hot drinks in Vietnam over the forecast period, which is likely to result in more new products being introduced and competition intensifying yet further.

Busy Lifestyles Lead To Increased Demand for Instant Hot Drinks

Tea and coffee are long established as drinks for daily consumption in Vietnam. As a large proportion of consumers have study or work commitments, it means they have little time to devote to drink preparation and consumption. The pace of life in Vietnam grew increasingly hectic over the review period, as a result of rapid urbanisation and industrialisation. This, in turn, created increasing demand for instant hot drinks, due to the convenience such products offer. Over the review period, manufacturers continuously sought to improve the quality of their instant products, in an attempt to achieve parity with non-instant products, and increase consumer demand.

Current Impact

In 2010, instant hot drink products, including instant coffee, instant tea and some instant malt-based products, recorded strong retail volume sales growth. Various developments were seen within these categories over the review period, including the introduction of 3-in-1 and 2-in-1 products, as well as the launch of new improved flavours. The most notable developments were seen in instant coffee, where manufacturers introduced products of similar taste and quality to ground coffee. The majority of the developments seen were initiated by larger players, such as Nestlé, Vinacafe Bien Hoa and Trung Nguyen. These products managed to attract many consumers, particularly younger consumers, due to the convenience and improved choice that they offer.

Outlook

With urbanisation and industrialisation expected to continue apace across Vietnam over the forecast period, demand for instant products is likely to increase further, particularly among urban consumers. As a result, it is expected that further innovation will be seen, with larger players, such as as Nestlé, Unilever and Vinacafe Bien Hoa, providing leadership in this regard. Furthermore, as demand becomes increasingly sophisticated in relation to quality and nutritional considerations, competition is likely to intensify further, as players compete to address consumer needs.

Future Impact

Over the forecast period, players are likely to continue in their efforts to improve the quality of instant hot drinks products, with the goal of achieving parity with fresh ground coffee and freshly made tea in terms of taste. As most of the coffee and tea produced in Vietnam is exported, instant coffee producers are likely to first improve and test products domestically, prior to introducing them overseas. Larger players, such as Vinatea, Vinacafe and Trung Nguyen, are likely to invest in their production facilities, in order to meet the requirements of both domestic and international consumption.

Gap To Result in Higher Pricing

Coffee and tea produced according to the standards required under GAP (Good Agricultural Practices) tend to receive greater acceptance, as well as yield much higher prices, overseas. This serves as a great incentive for domestic producers to apply the principles of GAP to their production. The Vietnamese government has drawn up plans to establish areas where tea and coffee plantations comply with GAP standards, in order to increase the quantity and value of the country's exports of these commodities. Lam Dong was chosen as one of these areas for both coffee and tea, with most of the output of the region used for exports.

Current Impact

In general, domestic consumers have not paid much attention to GAP or the impact that it has in terms of conserving resources and addressing many environmental issues. As a result, a large part of GAP-compliant tea and coffee production was exported over the review period, leaving little room for domestic consumption.

However, as a result of various government initiatives and media coverage, a niche group of consumers began to pay increased attention to developments in this area. As a result, several local players started to offer GAP-compliant products to domestic consumers over the review period, including Lam Dong Tea and Di Linh Tea.

Outlook

With rising global demand for sustainable agriculture products, the volume of tea and coffee produced under GAP standards is likely to increase further to meet rising export demand. During their first years of operation, the majority of the country's GAP-compliant plantations receive government support, in an attempt to incentivise growers to make the switch. As a result, it is likely that more extensive media coverage will be given to the issue in coming years, which will help in raising consumer awareness.

Furthermore, with better education, higher awareness of environmental issues and improving living standards, consumers are expected to pay greater attention to GAP products, due to the sustainable image which they enjoy. This is likely to create new potential for high-end tea and coffee products in Vietnam over the forecast period.

Future Impact

Over the first two to three years of the forecast period, it is not expected that GAP products will see significantly increased demand in Vietnam, as consumers are likely to be still facing many problems related to the financial crisis, such as high inflation and rising commodity prices. However, towards the end of the forecast period, there are likely to be more opportunities for GAP products to become established, as disposable income levels rise. Such a development is likely to result in higher unit prices for many hot drink products, particularly in tea and coffee.

While, in previous years, many important trends were led by larger players, it is likely that this trend will be shaped by smaller players, for whom it is relatively easy to switch to GAP production. As such, it is likely that more niche players will emerge, as this trend takes shape over the forecast period.

MARKET DATA

Table 1 Retail Vs Foodservice Sales of Hot Drinks: % Volume Breakdown 2005-2010

% volume analysis

	2005	2006	2007	2008	2009	2010
Off-trade	53.2	53.5	53.9	54.2	54.7	55.5
On-trade	46.8	46.5	46.1	45.8	45.3	44.5
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 2 Retail Vs Foodservice Sales of Hot Drinks: % Volume Growth 2005-2010

% volume growth

	2009/10	2005-10 CAGR	2005/10 TOTAL

Retail	35.3	34.1	206.2
Foodservice	29.2	31.3	184.0
Total	32.1	32.1	190.7

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 3 Retail Sales of Hot Drinks by Category: Volume 2005-2010

Tonnes

	2005	2006	2007	2008	2009	2010
Coffee	18,324.9	20,123.7	22,047.5	24,194.3	26,601.5	29,334.3
Tea	9,672.3	10,319.3	10,727.2	11,048.0	11,264.4	11,678.0
Other Hot Drinks	6,590.3	7,337.4	8,206.9	9,139.5	10,206.1	11,450.5
Hot Drinks	34,587.6	37,780.5	40,981.7	44,381.8	48,072.0	52,462.8

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 4 Retail Sales of Hot Drinks by Category: Value 2005-2010

VND billion

	2005	2006	2007	2008	2009	2010
Coffee	1,241.4	1,497.3	1,763.5	2,074.4	2,422.9	2,785.3
Tea	2,324.7	2,539.2	2,661.6	2,753.2	2,820.3	2,950.0
Other Hot Drinks	587.2	672.0	769.7	877.0	1,001.2	1,153.7
Hot Drinks	4,153.3	4,708.6	5,194.8	5,704.6	6,244.4	6,889.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 5 Retail Sales of Hot Drinks by Category: % Volume Growth 2005-2010

% volume growth

	2009/10	2005-10 CAGR	2005/10 TOTAL
Coffee	10.3	9.9	60.1
Tea	3.7	3.8	20.7
Other Hot Drinks	12.2	11.7	73.7
Hot Drinks	9.1	8.7	51.7

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 6 Retail Sales of Hot Drinks by Category: % Value Growth 2005-2010

% current value growth

	2009/10	2005-10 CAGR	2005/10 TOTAL
Coffee	15.0	17.5	124.4
Tea	4.6	4.9	26.9
Other Hot Drinks	15.2	14.5	96.5
Hot Drinks	10.3	10.6	65.9

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 7 Foodservice Sales of Hot Drinks by Category: Volume 2005-2010

Tonnes

	2005	2006	2007	2008	2009	2010
Coffee	27,581.1	29,651.0	31,624.8	33,594.6	35,553.2	37,472.5
Tea	2,234.6	2,458.1	2,716.2	3,015.0	3,286.3	3,615.0
Other Hot Drinks	650.4	709.0	769.2	830.8	893.1	964.5
Hot Drinks	30,466.2	32,818.1	35,110.3	37,440.4	39,732.6	42,052.0

Source: *Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources*

Table 8 Foodservice Sales of Hot Drinks by Category: % Volume Growth 2005-2010

% volume growth

	2009/10	2005-10 CAGR	2005/10 TOTAL
Coffee	5.4	6.3	35.9
Tea	10.0	10.1	61.8
Other Hot Drinks	8.0	8.2	48.3
Hot Drinks	5.8	6.7	38.0

Source: *Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources*

Table 9 Total Sales of Hot Drinks by Category: Total Volume 2005-2010

Tonnes

	2005	2006	2007	2008	2009	2010
Coffee	45,906.0	49,774.7	53,672.4	57,788.9	62,154.7	66,806.8
Tea	11,907.0	12,777.4	13,443.4	14,063.0	14,550.7	15,293.0
Other Hot Drinks	7,240.7	8,046.4	8,976.1	9,970.3	11,099.1	12,415.1
Hot Drinks	65,053.7	70,598.5	76,091.9	81,822.2	87,804.6	94,514.8

Source: *Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources*

Table 10 Total Sales of Hot Drinks by Category: % Total Volume Growth 2005-2010

% total volume growth

	2009/10	2005-10 CAGR	2005/10 TOTAL
Coffee	7.5	7.8	45.5
Tea	5.1	5.1	28.4
Other Hot Drinks	11.9	11.4	71.5
Hot Drinks	7.6	7.8	45.3

Source: *Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources*

Table 11 Hot Drinks Company Shares by Retail Value 2006-2010

% retail value rsp

Company	2006	2007	2008	2009	2010
Nestlé Vietnam Ltd	15.9	17.9	19.6	21.7	23.4
Vinatea - Vietnam National Tea Corp	23.4	21.6	19.6	17.6	15.5
Vinacafe Bien Hoa JSC	12.8	13.0	13.7	14.5	14.9
Trung Nguyen Corp	5.3	6.6	7.0	7.1	7.3
Unilever Vietnam International Co Ltd	-	-	-	-	5.8
Associated British Foods Plc (ABF)	2.3	2.6	2.8	2.9	2.9

Ecological Product JSC	3.1	3.1	3.0	2.9	2.8
Viet Thai International Joint Stock Co	1.4	2.0	2.4	2.3	2.3
Hoang Long Tea Co Ltd	1.9	1.8	1.8	1.9	1.7
Vinh Tien Co Ltd	0.8	0.9	1.1	1.2	1.4
Cau Tre Export Goods Processing JSC	0.3	0.4	0.4	0.5	0.6
Herbapol Lublin SA	0.4	0.5	0.5	0.5	0.6
MJF Group	0.7	0.7	0.6	0.5	0.5
Gold Roast Vietnam Co Ltd	0.4	0.5	0.5	0.5	0.5
Super Coffeemix Mfg Pte Ltd	0.8	0.7	0.6	0.5	0.3
Hung Phat Co Ltd	0.2	0.3	0.3	0.3	0.3
Future Enterprises Pte Ltd	0.3	0.4	0.4	0.3	0.3
Orient Biotech Sdn Bhd	-	0.1	0.2	0.2	0.3
Khoi Nguyen Co Ltd	-	0.1	0.1	0.1	0.2
Qualitea Ceylon (PVT) Ltd	0.3	0.3	0.2	0.2	0.2
Hopharco JSC	-	0.1	0.1	0.1	0.1
Phuc Long Coffee & Tea Co Ltd	0.3	0.2	0.2	0.1	0.1
Binh Minh Import Export Co	0.3	0.1	0.0	0.0	0.0
Quang Ha Co Ltd	0.1	0.0	0.0	0.0	0.0
Krüger GmbH & Co KG	0.1	0.0	0.0	0.0	0.0
Unilever Vietnam Co Ltd	8.3	8.2	7.3	5.8	-
Bien Hoa Coffee Factory	-	-	-	-	-
Cau Tre Enterprise	-	-	-	-	-
Novartis Vietnam Ltd	-	-	-	-	-
Trung Nguyen Coffee Co Ltd	-	-	-	-	-
Unilever Best Foods & Elida P/S Vietnam Co Ltd	-	-	-	-	-
Unilever Best Foods Co Ltd	-	-	-	-	-
Others	20.9	18.2	17.4	18.0	18.1
Total	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 12 Hot Drinks Brand Shares by Retail Value 2007-2010

% retail value rsp

Brand	Company	2007	2008	2009	2010
Vinatea	Vinatea - Vietnam National Tea Corp	21.6	19.6	17.6	15.5
Vinacafé	Vinacafe Bien Hoa JSC	13.0	13.7	14.5	14.9
Nescafé	Nestlé Vietnam Ltd	8.7	9.9	11.4	12.2
Milo	Nestlé Vietnam Ltd	9.3	9.7	10.3	11.1
Trung Nguyen	Trung Nguyen Corp	4.8	4.9	5.4	5.9
Lipton	Unilever Vietnam International Co Ltd	-	-	-	5.8
Ovaltine	Associated British Foods Plc (ABF)	2.6	2.8	2.9	2.9
Cozy	Ecological Product JSC	3.1	3.0	2.9	2.8
Highland	Viet Thai International Joint Stock Co	2.0	2.4	2.3	2.3
Hoang Long	Hoang Long Tea Co Ltd	1.8	1.8	1.9	1.7
G7 Instant Coffee	Trung Nguyen Corp	1.8	2.1	1.7	1.5
Vinh Tien	Vinh Tien Co Ltd	0.9	1.1	1.2	1.4
Cau Tre	Cau Tre Export Goods Processing JSC	0.4	0.4	0.5	0.6
Figura	Herbapol Lublin SA	0.5	0.5	0.5	0.6

Dilmah	MJF Group	0.7	0.6	0.5	0.5
Super	Super Coffeemix Mfg Pte Ltd	0.7	0.6	0.5	0.3
Tam Diep Slim	Hung Phat Co Ltd	0.3	0.3	0.3	0.3
Future	Future Enterprises Pte Ltd	0.4	0.4	0.3	0.3
Calsome	Gold Roast Vietnam Co Ltd	0.3	0.3	0.3	0.3
Diet Herbal Tea-Lite	Orient Biotech Sdn Bhd	0.1	0.2	0.2	0.3
Gold Roast	Gold Roast Vietnam Co Ltd	0.2	0.2	0.2	0.2
Thanh Diep	Khoi Nguyen Co Ltd	0.1	0.1	0.1	0.2
Qualitea	Qualitea Ceylon (PVT) Ltd	0.3	0.2	0.2	0.2
Vislim	Hopharco JSC	0.1	0.1	0.1	0.1
Phuc Long	Phuc Long Coffee & Tea Co Ltd	0.2	0.2	0.1	0.1
Binh Minh Coffee	Binh Minh Import Export Co	0.1	0.0	0.0	0.0
Quang Ha Coffee	Quang Ha Co Ltd	0.0	0.0	0.0	0.0
Krüger	Krüger GmbH & Co KG	0.0	0.0	0.0	0.0
Lipton	Unilever Vietnam Co Ltd	5.8	5.7	5.8	-
Cay Da	Unilever Vietnam Co Ltd	2.4	1.6	-	-
Cau Tre	Cau Tre Enterprise	-	-	-	-
Cay Da	Unilever Best Foods & Elida P/S Vietnam Co Ltd	-	-	-	-
Cay Da	Unilever Best Foods Co Ltd	-	-	-	-
G7 Instant Coffee	Trung Nguyen Coffee Co Ltd	-	-	-	-
Lipton	Unilever Best Foods & Elida P/S Vietnam Co Ltd	-	-	-	-
Lipton	Unilever Best Foods Co Ltd	-	-	-	-
Ovaltine	Novartis Vietnam Ltd	-	-	-	-
Trung Nguyen	Trung Nguyen Coffee Co Ltd	-	-	-	-
Vinacafé	Bien Hoa Coffee Factory	-	-	-	-
Others		18.2	17.4	18.0	18.1
Total		100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 13 Sales of Hot Drinks by Distribution Format: % Analysis 2005-2010

% retail volume

	2005	2006	2007	2008	2009	2010
Store-Based Retailing	100.0	100.0	100.0	100.0	100.0	100.0
Grocery Retailers	100.0	100.0	100.0	100.0	100.0	100.0
Supermarkets/Hypermarkets	22.9	24.0	25.2	26.3	26.8	27.5
Discounters	-	-	-	-	-	-
Small Grocery Retailers	65.2	64.3	64.6	64.0	64.1	63.8
Convenience Stores	-	-	0.2	0.2	0.3	0.3
Independent Small Grocers	65.2	64.3	64.4	63.8	63.8	63.4
Forecourt Retailers	-	-	-	-	-	-
Other Grocery Retailers	11.9	11.6	10.2	9.6	9.1	8.8
Non-Grocery Retailers	-	-	-	-	-	-
Non-Store Retailing	-	-	-	-	-	-
Vending	-	-	-	-	-	-
Homeshopping	-	-	-	-	-	-
Internet Retailing	-	-	-	-	-	-
Direct Selling	-	-	-	-	-	-
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 14 Sales of Hot Drinks by Category and Distribution Format: % Analysis 2010

% retail volume

	C	T	OHD

Store-Based Retailing	100.0	100.0	100.0
Grocery Retailers	100.0	100.0	100.0
Supermarkets/Hypermarkets	26.0	17.0	42.0
Discounters	0.0	0.0	0.0
Small Grocery Retailers	68.0	61.2	55.5
Convenience Stores	0.5	0.2	0.0
Independent Small Grocers	67.5	61.0	55.5
Forecourt Retailers	0.0	0.0	0.0
Other Grocery Retailers	6.0	21.8	2.5
Non-Grocery Retailers	0.0	0.0	0.0
Non-Store Retailing	0.0	0.0	0.0
Vending	0.0	0.0	0.0
Homeshopping	0.0	0.0	0.0
Internet Retailing	0.0	0.0	0.0
Direct Selling	0.0	0.0	0.0
Total	100.0	100.0	100.0

Source: *Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources*
Key: *C = coffee; T= tea; OHD = other hot drinks*

Table 15 Forecast Retail Vs Foodservice Sales of Hot Drinks: % Volume Breakdown 2010-2015

% volume analysis

	2010	2011	2012	2013	2014	2015
Off-trade	55.5	56.4	57.3	58.4	59.6	60.9
On-trade	44.5	43.6	42.7	41.6	40.4	39.1
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: *Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources*

Table 16 Forecast Retail Vs Foodservice Sales of Hot Drinks: % Volume Growth 2010-2015

% volume growth

	2014/15	2010-15 CAGR	2010/15 TOTAL
Retail	33.5	34.2	207.8
Foodservice	20.2	23.8	135.3
Total	28.1	29.7	174.3

Source: *Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources*

Table 17 Forecast Retail Sales of Hot Drinks by Category: Volume 2010-2015

Tonnes

	2010	2011	2012	2013	2014	2015
Coffee	29,334.3	32,404.2	35,832.0	39,724.8	44,114.0	49,181.7
Tea	11,678.0	12,087.5	12,490.6	12,891.6	13,286.7	13,671.7
Other Hot Drinks	11,450.5	12,792.1	14,234.7	15,779.5	17,427.0	19,102.2
Hot Drinks	52,462.8	57,283.8	62,557.3	68,395.9	74,827.8	81,955.6

Source: *Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources*

Table 18 Forecast Retail Sales of Hot Drinks by Category: Value 2010-2015

VND billion

	2010	2011	2012	2013	2014	2015

Coffee	2,785.3	3,109.4	3,466.6	3,858.4	4,285.5	4,748.7
Tea	2,950.0	2,823.0	2,756.5	2,731.6	2,744.2	2,783.9
Other Hot Drinks	1,153.7	1,198.7	1,264.6	1,353.2	1,456.0	1,574.9
Hot Drinks	6,889.0	7,131.1	7,487.7	7,943.3	8,485.7	9,107.5

Source: *Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources*

Table 19 Forecast Retail Sales of Hot Drinks by Category: % Volume Growth 2010-2015

% volume growth

	2014/15	2010-15 CAGR	2010/15 TOTAL
Coffee	11.5	10.9	67.7
Tea	2.9	3.2	17.1
Other Hot Drinks	9.6	10.8	66.8
Hot Drinks	9.5	9.3	56.2

Source: *Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources*

Table 20 Forecast Retail Sales of Hot Drinks by Category: % Value Growth 2010-2015

% constant value growth

	2010-15 CAGR	2010/15 TOTAL
Coffee	11.3	70.5
Tea	-1.2	-5.6
Other Hot Drinks	6.4	36.5
Hot Drinks	5.7	32.2

Source: *Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources*

Table 21 Forecast Foodservice Sales of Hot Drinks by Category: Volume 2010-2015

Tonnes

	2010	2011	2012	2013	2014	2015
Coffee	37,472.5	39,336.3	41,132.5	42,843.6	44,453.2	45,946.8
Tea	3,615.0	3,958.4	4,314.6	4,681.4	5,055.9	5,435.1
Other Hot Drinks	964.5	1,036.9	1,109.4	1,181.6	1,252.5	1,321.3
Hot Drinks	42,052.0	44,331.5	46,556.6	48,706.5	50,761.5	52,703.2

Source: *Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources*

Table 22 Forecast Foodservice Sales of Hot Drinks by Category: % Volume Growth 2010-2015

% volume growth

	2014/15	2010-15 CAGR	2010/15 TOTAL
Coffee	3.4	4.2	22.6
Tea	7.5	8.5	50.3
Other Hot Drinks	5.5	6.5	37.0
Hot Drinks	3.8	4.6	25.3

Source: *Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources*

Table 23 Forecast Total Sales of Hot Drinks by Category: Total Volume 2010-2015

Tonnes

	2010	2011	2012	2013	2014	2015
Coffee	66,806.8	71,740.4	76,964.5	82,568.4	88,567.2	95,128.5
Tea	15,293.0	16,045.9	16,805.2	17,573.0	18,342.6	19,106.7
Other Hot Drinks	12,415.1	13,829.0	15,344.1	16,961.0	18,679.5	20,423.5
Hot Drinks	94,514.8	101,615.3	109,113.9	117,102.5	125,589.3	134,658.8

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

Table 24 Forecast Total Sales of Hot Drinks by Category: % Total Volume Growth 2010-2015

% total volume growth

	2014/15	2010-15 CAGR	2010/15 TOTAL
Coffee	7.4	7.3	42.4
Tea	4.2	4.6	24.9
Other Hot Drinks	9.3	10.5	64.5
Hot Drinks	7.2	7.3	42.5

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

APPENDIX

Production Data

- Production data for fresh coffee beans, fresh tea leaves and ground tea are published annually by the General Statistics Office of Vietnam. Coffee production was expected to see some decline in 2009 and 2010 due to poor weather conditions and the re-cultivation of many coffee growing areas in the country. On the other hand, tea production saw stable growth over the review period and was expected to reach nearly 800,000 tons in 2009.

Table 25 Production of Hot Drinks by Sector 2005-2009

Production ('000 tons)

	2005	2006	2007	2008	2009*
Coffee bean	752.1	985.3	915.8	1,055.8	1,045.1
Tea leaves	570,0	648,9	705,9	746,2	798,8
Ground tea	127.2	124.2	182.0	208.4	201.1

Source: General Statistics Office of Vietnam
*Note: * Data in 2009 is preliminary*

DEFINITIONS

This report analyses the market for Hot Drinks in Vietnam. For the purposes of the study, the market has been defined as follows:

- Coffee
- Tea
- Other Hot Drinks

Sources used during the research included the following:

Summary 1 Research Sources

Official Sources	FPT Securities Co
	General Statistics Office
	Ministry of Agriculture & Rural Development
	Ministry of Finance
	Ministry of Industry
	Ministry of Planning & Investment
	Ministry of Trade
	State Bank of Vietnam
	US Vietnam Trade Council
	Vietnam Chamber of Commerce & Industry
	Vinanet
Trade Associations	Brazil Specialty Coffee Association
	Food & Foodstuff Association
	International Coffee Organisation
	UNESDA & CISDA
	Vietnam Beverage Association
	VietNam Tea Association
	Vietname Coffee & Cocoa Association
Trade Press	Asahi Shimbun
	Asian News & Media
	Beverage Digest
	Beverage Net
	Beverage World
	Business Forum
	Business News for the Food Industry
	Centre of SMEs supports
	Coffee Review
	Cong An Newspaper
	Dan Tri
	Dau Tu Chung Khoan
	High Quality Vietnamese Products
	Industry Magazine
	Khanh Hoa Newspaper
	Market 24hrs
	Ministry of Science & Technology for Agriculture & Rural Development
	Ngoisao.net
	Saga Tai Chinh
	Saigon Liberation
	Saigon Tiep Thi
	Saigon Times Daily

	Saigon Times Online
	Saigon Times Weekly
	Tea & Coffee Asia
	The Laborer
	Tin moi
	Tin Tuc Vietnam
	Tinkinhte
	Tuoi Tre
	Vietnam Business News
	Vietnam Economic News
	Vietnam Economy
	Vietnam Investment Review
	Vietnam News
	Vinh Phuc Service of Trade
	VnExpress
	VnMedia

Source: Euromonitor International