

Clothing and Footwear Specialist Retailers - Vietnam

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CLOTHING AND FOOTWEAR SPECIALIST RETAILERS IN VIETNAM

HEADLINES

- In 2010, clothing and footwear specialist retailers records 12% current value growth to reach VND21 trillion
- The unorganised segment is maturing and slowing down in growth
- The channel is still highly fragmented, led by Viet Tien Garment Co (VTEC) and Bblue Co Ltd
- Moderate forecast period growth is expected, with constant value CAGR of 5%

TRENDS

- Clothing and footwear specialist retailers recorded VND21 trillion in 2010. In general, clothing and footwear specialist retailers had a widespread outlet network in the country because the majority of the retailers were independent small shops with average selling space per outlet of approximately 80 sq m. In 2010, the total number of outlets reached over 9,000, operated under the total selling space of 735,000 sq m.
- The 2010 growth was slightly slower than in 2009, which showed the fact that the channel is maturing, especially in the unorganised segment. Independent small clothing and footwear stores were very widespread and easily found in neighbourhoods throughout the country. Having said that, growth was still quite high, thanks to the expansion of the organised segment, with the fast growth of multinational brands and chained stores.
- Both the clothing and footwear categories possessed a wide range of products to offer consumers various choices in terms of price, products and styles. During the review period, clothing seemed to be more popular and common than footwear in terms of product category as consumers, especially teenagers and young working adults, paid more attention to clothing. Adult clothing accounted for the highest percentage of the total revenue in spite of the fast development of children's clothing.
- Clothing and footwear specialist retailers was a highly fragmented channel. Small retailers held 91% share of the total number of outlets, 85% share of total selling space and 86% share of total retail value. The products sold by these small retailers were quite diversified, from very cheap products either produced locally by domestic companies or imported from China to expensive boutique and designer shops. Many shops even specialised in hand-carried items from Europe, US and Thailand, which were popular amongst the teenagers and young population.
- In 2010, Viet Tien Garment Co (VTEC) maintained its leading position, despite losing some share. Due to lack of promotion, product development and brand-building activities, the company is facing the threat of losing its position in the forecast period as competition is growing tougher every year with more and more international players entering the market.
- Bblue Co Ltd with its chain Blue Exchange recorded the biggest increase in share. Its sales revenue increased from VND322 billion in 2009 to VND596 billion in 2010 – an 85% rise. The robust growth of Bblue Co Ltd was stimulated by the smart strategy applied by its management team. The company detected the increasing demand for clothing and footwear from the low- and middle-income groups; therefore, it aimed to develop casual clothing for low- and middle-income consumers to avoid high competition from foreign companies in luxury clothing and footwear as well as to tap this potential consumer niche. In addition, the company introduced new designs every week to encourage its consumers to visit its outlets more often and to attract new consumers in the meantime. The right strategies of Blue Exchange led to its splendid success in 2010.
- Independent small players lost the most shares in 2010, which was in line with the strong growth of chained retailers in the country. Thanks to rising disposable income, more and more consumers were able to afford branded clothing and footwear products. Moreover, many consumers also shifted to bigger retailers for their professional customer service, pleasant shopping environment, wide selection of products to choose from and good quality.

- Despite people's rising income, many multinational brands which would be considered mass in other countries, such as Giordano, Esprit, Charles & Keith and Bossini, were still expensive for the general consumers. Therefore, they were still considered quite premium in the country and only attracted the mid- to high-income consumers, mostly in the urban areas. In addition, the widespread presence of counterfeit products allowed consumers to experience the style of premium clothing at much cheaper price, which further hindered the growth of the premium segment.
- Domestic retailers kept their dominant role in the industry thanks to their low prices and long-established history in the country. The share held by international retailers was very small, and most of them were positioned in the premium segment. The target consumers of these stores were affluent consumers, tourists or expatriates who live and work in the country.
- In 2010, Vietnam saw the entrance of many international mid-priced and premium brands, such as Adidas Originals, Lee Jean and Emporio Armani. Catering to the niche market of very wealthy people in the country, these brands are expected to see stronger performance during the forecast period, alongside the rise of the high-income population. More and more brands like these are expected to enter in the forecast period, as big cities like Ho Chi Minh City and Ha Noi gradually become destinations for fashion shopping, like many other big cities in the region like Singapore, Kuala Lumpur or Bangkok.
- Clothing and footwear specialist retailers is expected to register a CAGR of 5% in constant value terms over the forecast period. Growth will slow down towards the end of the forecast period, which reflects the maturity of the channel, especially in the small independent segment. On the other hand, the constant development of the mid-priced and premium segments, with the participation of many international brands, helps to keep industry growing healthily.
- Over the forecast period, retailers which operate in the mid-priced segment, such as Ninomax and Blue Exchange, will likely achieve healthy growth thanks to the rising demand for this segment. On the other hand, premium brands, such as An Phuoc, Pierre Cardin and Giordano, might also see positive growth as the household income of consumers is going to increase over the forecast period. Nonetheless, their performance might not be as robust as that of players in the mid-priced segment.

CHANNEL FORMATS

Chart 1 **Clothing and Footwear Specialist Retailers: VINATEX Mart in Ho Chi Minh City**



Source: Euromonitor International

Chart 2 Clothing and Footwear Specialist Retailers: Louis Vuitton in Ho Chi Minh City



Source: Euromonitor International

CHANNEL DATA

Table 1 Clothing and Footwear Retailers: Value Sales, Outlets and Selling Space 2005-2010

	2005	2006	2007	2008	2009	2010
Value sales VND billion	10,326.9	11,772.7	13,538.6	15,366.3	17,287.1	19,361.5
Outlets	6,336.0	6,970.0	7,590.0	8,200.0	8,790.0	9,370.0
Selling Space '000 sq m	398.8	458.7	522.9	590.8	661.8	734.5

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

Table 2 Clothing and Footwear Retailers: Value Sales, Outlets and Selling Space: % Growth 2005-2010

% growth	2009/10	2005-10 CAGR	2005/10 TOTAL
Value sales VND billion	12.0	13.4	87.5
Outlets	6.6	8.1	47.9
Selling Space '000 sq m	11.0	13.0	84.2

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

Table 3 Clothing and Footwear Retailers Company Shares by Value 2006-2010

% retail value rsp excl sales tax Company	2006	2007	2008	2009	2010
Viet Tien Garment Co (VTEC)	3.0	3.2	3.4	3.2	3.1
Bblue Co Ltd	1.3	1.6	1.8	1.9	3.1
Vietnam National Textile & Garment Corp (VINATEX)	2.0	2.6	2.8	2.8	2.8
Viet Fashion Co Ltd	1.2	1.3	1.5	1.9	1.7
An Phuoc Garment Co Ltd	1.4	1.7	1.8	1.7	1.7
Binh Tien Dong Nai Imex Corp Pte Ltd	0.4	0.4	0.4	0.4	0.5
Saigon Union of Trading Cooperatives	-	-	0.2	0.2	0.2
Trung Tin Co Ltd	0.2	0.1	0.1	0.1	0.1
LVMH Moët Hennessy Louis Vuitton	0.1	0.1	0.1	0.1	0.1
adidas Sourcing Ltd	0.0	0.1	0.1	0.1	0.1
Gio Reo Co Ltd	0.1	0.1	0.1	0.1	0.1
Khai Silk Co	0.1	0.1	0.2	0.1	0.1
Mai Son JSC	0.0	0.1	0.1	0.1	0.1
Thuy Loc Co Ltd	0.2	0.0	0.0	0.0	0.0
Others	90.0	88.5	87.4	87.3	86.2
Total	100.0	100.0	100.0	100.0	100.0

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

Table 4 Clothing and Footwear Retailers Brand Shares by Value 2007-2010

% retail value rsp excl sales tax Brand	Company	2007	2008	2009	2010
Viet Tien	Viet Tien Garment Co (VTEC)	3.2	3.4	3.2	3.1
Blue Exchange	Bblue Co Ltd	1.6	1.8	1.9	3.1
Vinatex-mart	Vietnam National Textile & Garment Corp (VINATEX)	2.6	2.8	2.8	2.8
Pierre Cardin	An Phuoc Garment Co Ltd	1.7	1.8	1.7	1.7
Ninomaxx	Viet Fashion Co Ltd	1.3	1.5	1.6	1.5
Biti's	Binh Tien Dong Nai Imex Corp Pte Ltd	0.4	0.4	0.4	0.5
N&M	Viet Fashion Co Ltd	-	0.0	0.2	0.3
Ben Thanh Store	Saigon Union of Trading Cooperatives	-	0.2	0.2	0.2
Bossini	Trung Tin Co Ltd	0.1	0.1	0.1	0.1
Louis Vuitton	LVMH Moët Hennessy Louis Vuitton	0.1	0.1	0.1	0.1
adidas	adidas Sourcing Ltd	0.1	0.1	0.1	0.1
Giordano	Gio Reo Co Ltd	0.1	0.1	0.1	0.1
Khai Silk	Khai Silk Co	0.1	0.2	0.1	0.1
Mango	Mai Son JSC	0.1	0.1	0.1	0.1
Esprit	Thuy Loc Co Ltd	0.0	0.0	0.0	0.0
Others		88.5	87.4	87.4	86.2
Total		100.0	100.0	100.0	100.0

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

Table 5 Clothing and Footwear Retailers Brand Shares by Outlets 2007-2010

sites/outlets	Company	2007	2008	2009	2010
Viet Tien	Viet Tien Garment Co (VTEC)	385.0	385.0	400.0	420.0
Blue Exchange	Bblue Co Ltd	70.0	70.0	70.0	110.0
Pierre Cardin	An Phuoc Garment Co Ltd	58.0	73.0	80.0	88.0
Ninomaxx	Viet Fashion Co Ltd	78.0	72.0	75.0	70.0
Vinatex-mart	Vietnam National Textile & Garment Corp (VINATEX)	52.0	54.0	53.0	55.0
N&M	Viet Fashion Co Ltd	-	5.0	25.0	34.0
Biti's	Binh Tien Dong Nai Imex Corp Pte Ltd	25.0	25.0	25.0	29.0
adidas	adidas Sourcing Ltd	12.0	25.0	25.0	25.0
Giordano	Gio Reo Co Ltd	8.0	10.0	11.0	12.0
Bossini	Trung Tin Co Ltd	7.0	9.0	9.0	9.0
Khai Silk	Khai Silk Co	6.0	9.0	7.0	7.0
Mango	Mai Son JSC	3.0	5.0	6.0	6.0
Louis Vuitton	LVMH Moët Hennessy Louis Vuitton	2.0	2.0	2.0	2.0
Esprit	Thuy Loc Co Ltd	2.0	2.0	2.0	2.0
Ben Thanh Store	Saigon Union of Trading Cooperatives	-	1.0	1.0	1.0
Others	Others	6,882.0	7,453.0	7,999.0	8,500.0
Total	Total	7,590.0	8,200.0	8,790.0	9,370.0

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

Table 6 Clothing and Footwear Retailers Brand Shares by Selling Space 2007-2010

surface area '000 sq m	Company	2007	2008	2009	2010
Viet Tien	Viet Tien Garment Co (VTEC)	45.0	45.0	47.5	49.9
Ninomaxx	Viet Fashion Co Ltd	15.5	13.4	13.8	12.9
Blue Exchange	Bblue Co Ltd	7.0	7.0	7.0	11.5
Vinatex-mart	Vietnam National Textile & Garment Corp (VINATEX)	8.0	8.0	7.7	7.7
Pierre Cardin	An Phuoc Garment Co Ltd	4.4	4.9	5.4	5.9
Biti's	Binh Tien Dong Nai Imex Corp Pte Ltd	4.5	4.5	4.5	5.2
Giordano	Gio Reo Co Ltd	1.8	1.9	2.3	2.5
Louis Vuitton	LVMH Moët Hennessy Louis Vuitton	2.5	2.5	2.5	2.5
adidas	adidas Sourcing Ltd	1.0	2.5	2.5	2.5
N&M	Viet Fashion Co Ltd	-	0.4	1.8	2.5
Bossini	Trung Tin Co Ltd	1.4	1.6	1.5	1.5
Khai Silk	Khai Silk Co	0.9	1.2	0.9	0.9
Mango	Mai Son JSC	0.5	0.7	0.8	0.8
Esprit	Thuy Loc Co Ltd	0.5	0.5	0.5	0.5
Ben Thanh Store	Saigon Union of Trading Cooperatives	-	0.4	0.4	0.4
Others	Others	430.0	496.3	562.6	627.2
Total	Total	522.9	590.8	661.8	734.5

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

Table 7 Clothing and Footwear Retailers Forecasts: Value Sales, Outlets and Selling Space 2010-2015

	2010	2011	2012	2013	2014	2015
Value sales VND billion	19,361.5	20,523.2	21,652.0	22,734.6	23,757.6	24,707.9
Outlets	9,370.0	9,910.0	10,430.0	10,910.0	11,346.0	11,686.0
Selling Space '000 sq m	734.5	804.3	874.3	939.9	1,001.0	1,056.0

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

Table 8 Clothing and Footwear Retailers Forecasts: Value Sales, Outlets and Selling Space: % Growth 2010-2015

% growth	2014/15	2010-15 CAGR	2010/15 TOTAL
Value sales VND billion	4.0	5.0	27.6
Outlets	3.0	4.5	24.7
Selling Space '000 sq m	5.5	7.5	43.8

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