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Report Highlights:

This report provides the latest update regarding developments in Vietnam's Hotel, Restaurant, and Institutional (HRI) food service sector and provides a road map for exporters wishing to enter the market. In 2022, Vietnam's HRI market achieved remarkable year-on-year growth of 51 percent to reach \$24.6 billion in revenue. Although the downturn of the global economy has negatively impacted the HRI sector in 2023, this revenue level nearly returns HRI revenue to pre-pandemic levels. In addition, although as the only major trading partner without a free trade agreement (FTA), U.S. products often face higher tariffs than competitors, Vietnam's growing economy and young and discerning population, continue to establish Vietnam as a strong potential market for U.S. consumer-oriented and agricultural products.

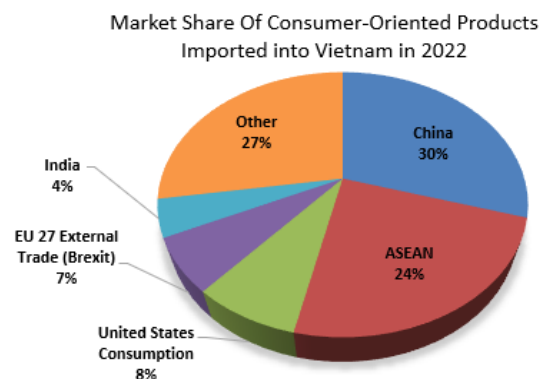
Market Fact Sheet: Vietnam

Executive Summary

In 2022, Vietnam's economy achieved a remarkable recovery from the COVID-19 pandemic with Gross Domestic Product (GDP) growth at eight percent. However, the global economic downturn has hit Vietnam, slowing down the country's GDP growth to 3.7 percent in the first half of 2023. The World Bank predicted a moderate GDP growth rate at 4.7 percent in 2023 and six percent in 2025.

Imports of Consumer-Oriented Products

According to Trade Data Monitor, LLC., global exports of consumer-oriented products to Vietnam in 2022 dropped seven percent compared to 2021 to \$12.9 billion. Meanwhile, U.S. exports in 2022 increased one percent over 2021, valued at \$1 billion, making the United States the second largest exporter of consumer-oriented products to Vietnam.



Food Service Industry

According to Euromonitor, Vietnam's HRI sector is comprised of over 330,000 outlets in the following subsectors: restaurants, bakeries, cafés and bars, street stalls, hotels, and institutional catering services. In 2022, the food service industry also saw a robust rebound from COVID-19 pandemic. The revenue from accommodation, food, and beverage services in 2022 rose 51 percent compared to the previous year to reach \$24.6 billion, the second-highest record figure of all time.

Quick Facts CY 2022

Imports of Consumer-Oriented Products

- Imports from the world: \$12.5 billion
- Imports from the United States: \$1 billion

List of Top 10 Growth Products in Host Country

- Beef and Beef Products
- Dog & cat food
- Dairy Products
- Wine and related products
- Processed fruits
- Chocolate & Cocoa Products
- Dog & Cat Food
- Packaged foods
- Processed vegetables
- Condiments & Sauces

Food Industry by Channels in 2022 (U.S. billion)

Food Processing	\$69.6
Beverages Production	\$6.7
Exports of fishery products	\$8.9
Exports of fruits and vegetables	\$3.5
Exports of cashew nuts	\$3.6

Food Service Revenue in 2022: \$24.6 billion

Top 10 Food Service Operators

Golden Gate Trade & Services	Minor International PCL
Gold Sun	Imex Pan Pacific F&B
Yum! Brands Inc	Coffee House Vietnam
Lotte Group	Starbucks Corp
Jollibee Foods Corp	Phuc Long Coffee & Tea

GDP/Population 2022

Population (<i>millions</i>):	99.3 million
GDP (<i>billions USD</i>):	\$366 billion
GDP per capita (<i>USD</i>):	\$3,756

Sources: Trade Data Monitor, LLC., Vietnam's General Statistics Office (GSO), Census and Economic Information Center (CEIC), Vietnam Customs, World Bank, Post Vietnam.

SWOT Analysis

<p>Strengths: U.S. products are perceived as safe and of premium quality.</p>	<p>Weaknesses: U.S. products are often more expensive than products of other competing countries, largely due to higher tariffs and freight costs</p>
<p>Opportunities: Growing market demand and increased focus on food safety.</p>	<p>Threats: Free trade agreements (FTAs) reduce tariffs on competitors' products. High inflation weakens consumer spending on premium products.</p>

SECTION I. MARKET SUMMARY

In 2022, Vietnam’s HRI sector witnessed a strong rebound from the devastating impact of the COVID-19 pandemic. The revenue from accommodation, food, and beverage services reached \$24.6 billion in 2022, a growth of 51 percent from a year ago. This figure marked the second-highest revenue in the history, just below the record-high level in 2019 before the COVID-19 outbreak (see Figure 1). The Vietnamese government’s effective vaccination campaign and containment of the COVID-19 pandemic led to the removal of all domestic travel restriction and social distancing across the country in early 2022. After months of lockdown and restrictions, local consumers were eager to travel and dine out, which contributed to the high performance of HRI sector in 2022. The government of Vietnam (GVN) opened the border completely and lifted all the COVID-19 testing requirements in May 2022. However, the burdensome visa application process and the lack of effective tourism promotion programs have affected the number of international tourist arrivals in Vietnam in 2022. There were only 3.7 million foreign tourist arrivals in 2022, well below the initial target of 5 million from the government.

Figure 1: Revenue from Accommodation, Food, and Beverage Services and Number of International Tourist Arrivals (2013-2023)



Source: Post calculations; Vietnam’s General Statistics Office

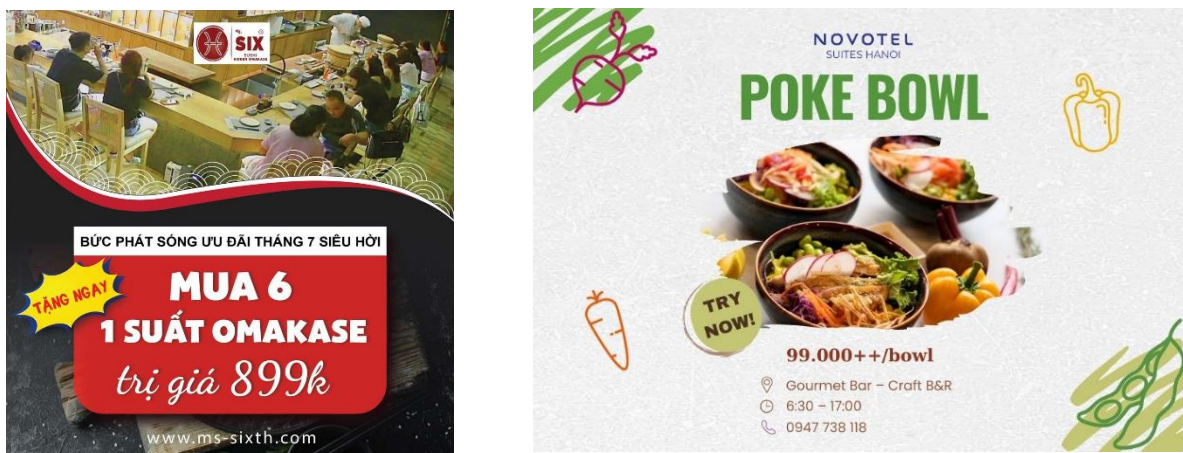
From the fourth quarter of 2022, the global economic downturn impacted Vietnam’s economy and HRI sector. When the country faced shrinking demands from its key export markets including the European, the United States, and China markets, many manufacturers had to reduce their business size or even lay off employees. The Vietnam economy also suffered from high inflation as well as a rising cost of living in all categories, from food and beverages, fuel, education, and entertainment. In the first half of 2023, Vietnam’s GDP grew only by 3.7 percent, which was the second-lowest GDP growth in the last 13 years. Consequently, Vietnamese consumers are more conscious on their spending. According to the research “2023 Consumer Insights Survey in Vietnam” by PricewaterhouseCoopers, 62 percent of the Vietnamese respondents said they plan to reduce their non-essential spending. In particular, 54 percent

of Vietnamese consumers expect to spend less on luxury products and 42 percent will reduce spending on travel in 2023.

The GVN has applied various measures to boost the economy and stimulate consumption. For example, in July 2023, the value added tax (VAT) was reduced from 10 percent to 8 percent. Since August 2023, in an effort to welcome eight million international tourists this year, the GVN has extended the e-visa validity, allowing foreigners to stay in the country up to 90 days, three times longer than the prior policy which allowed only 30 days. By the end of August 2023, Vietnam attracted 7.8 million international tourists, which was a 540 percent increase from the same period last year and achieved 98 percent of 2023 target. Vietjetair has launched 11 new direct flights connecting Vietnam with Australia, Indonesia, India, and Kazakhstan. Meanwhile, the national carrier, Vietnam Airlines, also introduced new direct flights to India and Australia and resumed many flights to China.

Despite the market challenges, foodservice operators remained optimistic about the future prospect of the HRI sector. Many foodservice operators found this is an opportunity to renovate their business, develop new concepts, search for new ingredients, launch new menus, provide better services, and design attractive marketing and promotion campaigns to cater to new consumer demands. During the market recession, consumers reduced their spending on non-necessary items; for instance, they reduced the frequency of dining out and entertainment. However, consumers still demand high quality and new experiences. One notable trend in Vietnam’s HRI sector in recent years is the popularity of “affordable omakase” – a Japanese premium meal set selected by chefs. A few years ago, consumers had to pay up to \$200 for an omakase course. Today, more omakase restaurants offer full course meals from only \$40 per person, making this premium eating concept more accessible to local consumers.

Picture 1: Foodservice Operators Introduce Attractive Promotions to Price-Sensitive Diners.



Source: Companies’ social media pages

Asian cuisine continued to dominate the Vietnamese HRI market. Cuisines from Korea, Japan, Taiwan, Thailand, and China are favorites of Vietnamese consumers due to the similarity in culture and ingredients. The latest restaurant concepts in Vietnam include “Wulao Hotpot” and “Jin Din Rou” from Taiwan, “Beauty in the Pot” from Singapore, “% Arabica” from Japan, and “Mixue Milk Tea” from China. Local beverage chains such as Phuc Long, Chuk Tea and Coffee, Katinat, and Trung Nguyen continue to expand their presence by opening new stores nationwide. Another exciting milestone in Vietnam’s foodservice sector in 2023 was the announcement of the first-ever awarded restaurant list by the prestigious MICHELIN Guide. Three Vietnamese restaurants and one Japanese restaurant were awarded one-star Michelin, while the other 99 restaurants in Hanoi and Ho Chi Minh City were recommended in the Michelin guidebook. Michelin’s recognition of Vietnam’s restaurant industry is expected to benefit the HRI sector and Vietnam’s tourism domestically and internationally.

Picture 2: The First-Time MICHELIN Guide in Vietnam



Source: The MICHELIN guide

Although increasing in popularity, U.S. food and beverage products face several advantages and challenges in the Vietnam HRI sector (See Table 1).

Table 1: Advantages and Challenges Facing U.S. Products in the HRI Sector

Advantages	Challenges
Vietnam’s ongoing global economic integration and its FTA negotiations create more openings for foreign products.	High tariffs, limited market access compared to countries with FTAs, and technical barriers to trade limit imports of U.S. consumer-oriented products.
Continued economic growth, strong inflow of overseas remittances, and stable foreign direct investment (FDI).	The uncertainty of GVN regulations negatively affect local importers of food and food ingredients.
Rising disposable incomes and improved awareness of food safety boosts demand for higher quality and safer food and food	Consumers reduced their spending on non-necessary items during the economic downturn. Most low and middle-income

ingredients.	households in small cities and rural areas cannot afford imported products.
U.S. food and food ingredients are considered high-quality and safe which is especially important to Vietnamese consumers in the context of a recent food safety scandal in Vietnam.	U.S. products are often more expensive than local products or imports from Vietnam's FTA partners.
Growing international tourism, new investment in upscale hotels and resorts projects, new international flight connections, and expanding food service outlets in first and second tier cities offer more opportunities for imported consumer-oriented products.	The lack of cold storage, logistical issues, and high-operational costs restrict the penetration of U.S. consumer-oriented products to food service outlets in third tier and smaller cities.
Vietnam's young population is open to trying new food and beverage experiences.	Many Vietnamese diners favor Asian cuisines over Western cuisines. U.S. cuisine is sometimes associated with fast food.

SECTION II. ROAD MAP FOR MARKET ENTRY

Entry Strategy

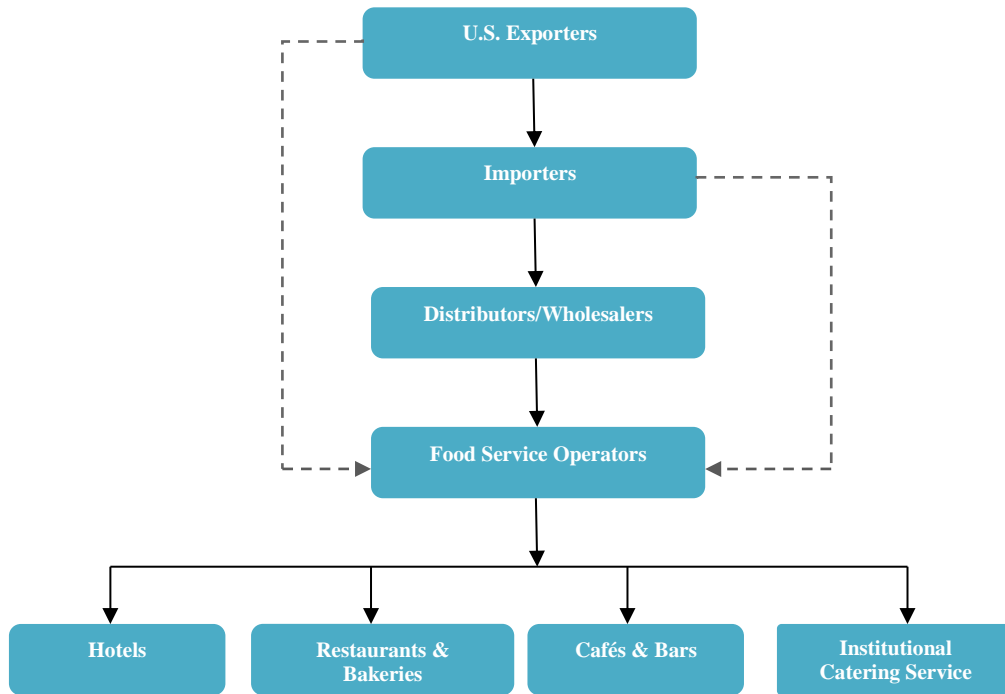
Post recommends that new-to-market U.S. exporters refer to the [Exporter Guide](#), the [Food and Agricultural Import Regulations and Standards](#) (FAIRS) report, the [Food Processing Ingredients](#) report, and the [Food Retail](#) report, which could facilitate their entry into the Vietnam market.

In addition, U.S. exporters should also refer to the United States Department of Commerce's [Vietnam Country Commercial Guide](#) for further information about doing business in the Vietnam market.

Market Structure

Partnerships with local distributors continue to be the best channel for new U.S. exporters of food and beverage products to Vietnam's HRI sector. Complex regulations, costly and burdensome import procedures, high import tariffs, and logistical concerns are some of the critical issues that most domestic HRI stakeholders are unlikely to handle; therefore, purchasing imported products from distributors or wholesalers is still popular in Vietnam's HRI sector. Only a few of the largest food service operators, such as quick-service restaurants/fast food chains, full-service restaurant chains, and bakeries, can import a few key food ingredients directly, including beef, poultry, seafood, dairy, and frozen potatoes.

Figure 2: Distribution Flow Chart for U.S. Products to Vietnam’s HRI Sector



Sub-Sector Profiles (see Attachment)

SECTION III. COMPETITION

Public awareness of hygiene and food safety has improved significantly in Vietnam over the last few years thanks to the proliferation of social networking sites. News stories about food treated or contaminated by toxic chemicals, and most recently, packaged foods with fake production and expiration dates, are recurring in the media every day. These scandals have made Vietnamese consumers, especially inhabitants of urban areas, more cognizant of food origin, quality, and safety.

In general, most Vietnamese consumers perceive imported food and food ingredients from markets other than China as high quality and safe, though many of these food products are more expensive than local options due to high import tariffs and transportation costs. In food service operations, price, quality, and supply consistency are the three most important factors across all subcategories. Most premium imported foods go to luxury hotels, high-end restaurants, bakeries, and some of the well-known fast-food chains, while lower value imported food ingredients target local eateries, street stalls, and industrial catering services.

Even though there are numerous business opportunities, Vietnam is a challenging and fiercely competitive market. In FTA negotiations, in exchange for FDI inflows and favorable export markets, Vietnam has committed to lowering import tariffs, eliminating quotas, increasing market access for

goods and services, strengthening protections for intellectual property rights, enhancing legislative and regulatory transparency, and improving commercial dispute settlement and trade facilitation processes. As of 2022, Vietnam has signed 18 FTA with over 80 countries and territories, and that threatens the competitiveness of U.S. food and agricultural exports.

SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES

Products Present in the Market which have Good Sales Potential

Tree nuts, wines, fresh fruits, fresh and processed vegetables, dog and cat foods, spices, condiment and sauces, and other packaged foods.

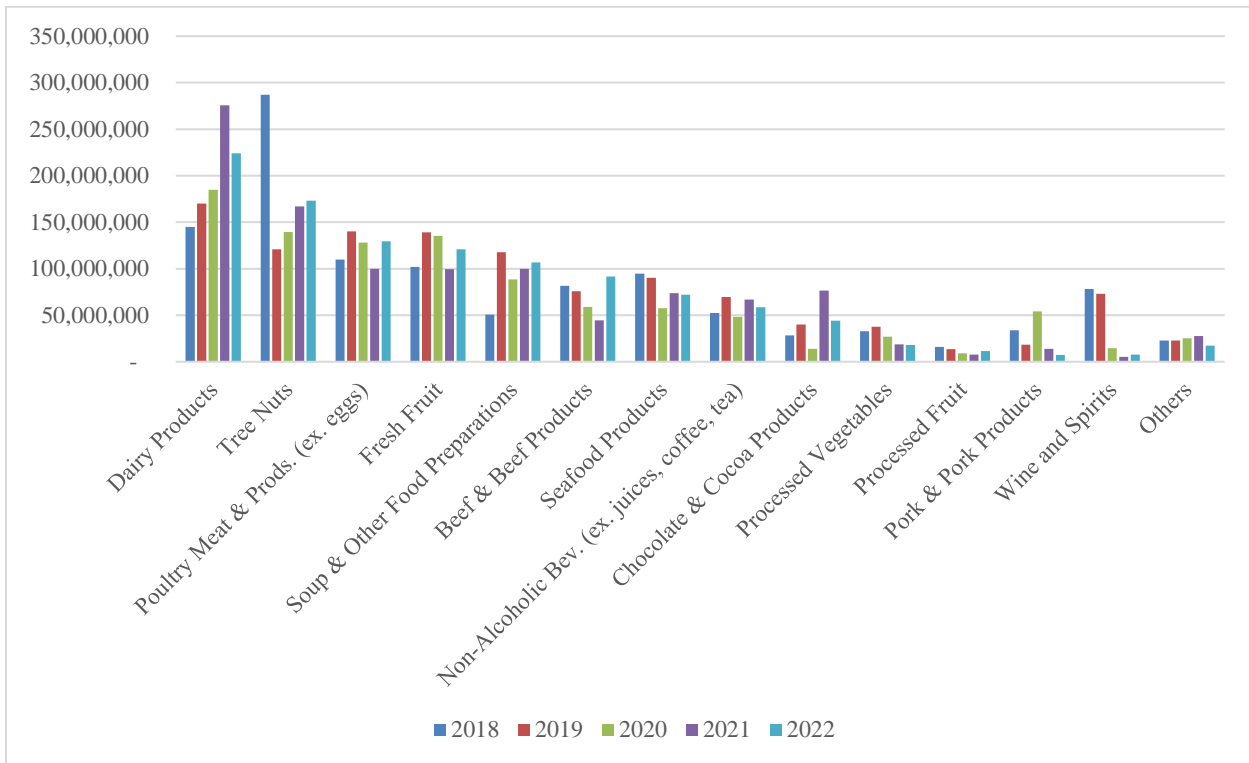
Top Consumer-Oriented Products Imported from the World

Total consumer-oriented products imported from the world to Vietnam dropped seven percent from \$13.8 billion in 2021 to \$12.9 billion in 2022. Top imported items, accounting for over 80 percent of the total export value, included fresh fruits, tree nuts, dairy products, beef and beef products, fresh and processed vegetables, packaged products (soups, food preparations, bakery goods, pasta, cereals, and spices), non-alcoholic beverages, distilled spirits, and seafood products.

Top Consumer-Oriented Products Imported from the United States

In 2022, Vietnam remained one of the top 20 largest markets for U.S. exports of consumer-oriented products. The United States continued to be the second largest exporter of consumer-oriented products to Vietnam with sales of consumer-oriented products to Vietnam rising by one percent from 2021 to 2022 to \$1.01 billion in 2022. Top U.S. consumer-oriented products exported to Vietnam included dairy products, tree nuts, poultry meat and products (excluding eggs), soup and other food preparations, fresh fruits, beef and beef products, and seafood products. These categories accounted for about 85 percent of the total export value of U.S. consumer-oriented products to Vietnam in 2022 (See Figure 3).

Figure 3: Value of Exports of U.S. Consumer-Oriented Products to Vietnam



Source: Trade Data Monitor, LLC.,

Products Not Present in Significant Quantities but which have Good Sales Potential

Products with the highest growth rates between 2021 and 2022 were wine and related products, chocolate and cocoa products, fresh vegetables, dog and cat food, spices, and condiments and sauces.

Products Not Present because of Significant Barriers

There are consumer-oriented products that have the potential for high demand but are not present in the market due to significant barriers. These products include but are not limited to some meat products including lamb, white offal products from beef, pork, and poultry, and beef bones with marrow; fresh fruits, including citrus (aside from orange and grapefruits), peaches, nectarines, plums, melon, and strawberries; and fresh vegetables (aside from fresh potatoes).

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

U.S. Department of Agriculture (USDA)/ Foreign Agricultural Service (FAS)

The first point of contact for updated reports and trade data is the USDA/FAS Web Page:

<http://www.fas.usda.gov>.

FAS has two offices in Vietnam, one at the U.S. Embassy in Hanoi and the other at the U.S. Consulate General in HCMC. These two offices are located at the major political and economic hubs of Vietnam and actively assist U.S. exporters of agricultural and related products, including consumer-oriented food products and fishery products. U.S. exporters seeking assistance for market access issues or any other trade issues in Vietnam can contact FAS Vietnam through email: aghanoi@usda.gov or atohochiminh@usda.gov.

Additionally, U.S. exporters can contact [State Regional Trade Groups \(SRTGs\)](#) and/or [FAS Cooperators and Participants](#) for their valuable assistance.

List of Ministries/Agencies Responsible for Food Policies:

[Ministry of Agriculture and Rural Development \(MARD\)](#)

[MARD/Plant Protection Department \(PPD\)](#)

[MARD/Department of Animal Health \(DAH\)](#)

[MARD/Directorate of Fisheries](#)

[Vietnam Food Administration \(VFA\)](#)

[Ministry of Trade and Industry \(MOIT\)](#)

Useful Websites:

[General Department of Vietnam Customs](#)

[Vietnam National Administration of Tourism](#)

[National Assembly of Vietnam](#)

[American Chamber of Commerce in Vietnam](#)

Useful Media Websites:

Vietnam News <http://vietnamnews.vnagency.com.vn/>

Saigon Times Daily <https://english.thesaigontimes.vn/>

Tuoi Tre News <http://www.tuoitrenews.vn/>

Vietnam Net News <https://vietnamnet.vn/en/>

VN Express News <https://e.vnexpress.net/>

Vietnam Agriculture <https://vietnamagriculture.nongnghiep.vn/>

Attachments: [2023 HRI Sub-sectors profile.docx](#)