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FINANCE

VN-Index heading toward 1,400 points this week on bullish sentiment: analyst

Even though the stock market fell last week, analysts from securities firms said that investors' bullish sentiment can continue to support the benchmark VN-Index reaching 1,400 points this week.

The VN-Index on the Ho Chi Minh Stock Exchange (HoSE) closed last week at 1,351.74 points, recovering on the back of large-cap stocks. But for the week, the index still lost 0.5%.



PVCoating's worker moving pipes. The company shares lost 12.4% in market capitalisation last week.

On the Ha Noi Stock Exchange (HNX), the HNX-Index rose 1.72% last Friday to 316.69 points. The index, however, slightly declined by 0.6% for the week.

After plummeting due to strong profit-taking activities earlier last week, the market rebounded later in the week as risk appetite increased.

The market also received support from the improvement of the overload order problems and the comeback of foreign investors after net selling for eight consecutive sessions.

Analysts from MB Securities Corporation (MBS) said that the market was showing investors' optimism. The positive sentiment would continue throughout this week, helping the market in the race to the 1,400 point-level.

On the technical front, MBS thought that the strong recovery of the market in late sessions last week ended the correction period around 1,300 points, creating momentum for the market to enter a new rising wave.

"With the current strong rally, we think the market can head to the target of 1,400 points in the coming sessions," MBS said.

SSI Securities Corporation (SSI) also expressed optimism. "The VN-Index followed a positive scenario once there was confirmation about the recoveries of large-cap stocks, as well as the even spread of cash inflows," SSI said.

"Therefore, there is the possibility that the VN-Index will continue to reach higher in the near future and head toward the target zone of 1,400 points."

According to BOS Securities Corporation (BOS), technically, the market benchmark breached the resistance level of 1,350 points on strong demand, along with weaker selling pressure. This made some technical indicators reverse and showed positive signs in the short term.

However, cash flow warned about the possibility of weaker demand in some coming sessions. The VN-Index is likely to maintain its rally and head back to its previous peak of 1,370 points this week.

“Nevertheless, selling pressure is expected to increase during rallies, making the market face some more fluctuations,” BOS added.

Meanwhile, Saigon - Hanoi Securities JSC (SHS) said that the market corrected after five straight weekly gains, but last week’s market liquidity remained at a high level with an average of nearly VND31.3 trillion (US\$1.36 billion) per session on both bourses, which showed relatively strong selling pressure.

SHS forecast that the market might see some corrections when selling pressure rises at the current level.

As the market corrected last week, most pillar stocks edged down. Of which, gas and oil stocks fell the most in market capitalisation, down 5.7%. PetroViet Nam Coating JSC (PVCoating, PVB), PetroVietnam Oil Corporation (OIL), PetroVietnam Drilling & Well Services Corporation (PVD), Binh Son Refining and Petrochemical Company Limited (BSR) and PetroVietnam Technical Services Corporation (PVS) all posted losses of more than 5% in market cap.

They were followed by utilities and banking sectors, down 4.3% and 3.8%, respectively.

Foreign investors were still net sellers last week as they net sold a value of VND730 billion (US\$32 million). But this amount was lower than that of the week before, which was nearly VND6.2 trillion (US\$267.8 million). VNS

VietQR launched to promote digital transformation in banking sector

Vietnam National Payment Corporation (NAPAS) and 14 banks on Tuesday officially announced VietQR brand identity and Napas247 Quick Money Transfer Service by QR code.



VietQR is a common brand identity for QR code payment and transfer services processed through the network of NAPAS and member banks

Accordingly, VietQR is a common brand identity for QR code payment and transfer services processed through the network of NAPAS and member banks, payment intermediaries and partners both inside and outside the country. VietQR complies with EMV Co's QR payment standard and those set by the State Bank of Vietnam for QR codes.

Speaking at the launching ceremony which took place online, Nguyen Dang Hung, NAPAS’s deputy general director said: “VietQR aims to create a common standard, ensure the interoperability and

synchronisation of payment infrastructure via QR Code in Vietnam, which is the basis for expanding international payment links.”

This has been one of the key tasks of the banking sector in its digital transformation plan to 2025 with a vision to 2030 to promote non-cash payment and national financial inclusion.

The Napas247 Quick Money Transfer Service allows customers to transfer money from their account to another at other banks in the NAPAS network 24 hours a day, with a maximum of VND500 million (US\$21,800) by scanning their personal QR code.

The payment QR code of each individual has encrypted payment information including account number, bank code, amount, payment content, order information and other relevant information.

Recipients can easily get a personal QR code once they have a bank account by creating a QR code on the mobile banking app of the first 14 participating banks, accounting for 70% of transactions Napas247 Quick Transfer or created on VietQR.net website.

Vu Thanh Trung, Director of Digital Banking at MBBank – one of 14 participating banks – said MB has been a pioneer in implementing Napas247 by QR code. This aims to bring new experiences and minimise risks for customers.

“MB targets to serve all customers segments from individuals to businesses, especially shop owners who have not used technology regularly and often use cash. After registering the bank account on MBBank app, customers could easily create their own VietQR code. The bank has offered free money transfer fee for customers using MBBank app,” he added.

The launch would help promote the digital transformation process and non-cash payment of people who still prefer traditional payment methods. — VNS

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E-COMMERCE

Amazon courts Vietnam merchants in Alibaba's backyard

Amazon is stepping up its recruitment of sellers in Vietnam as the U.S. e-commerce giant takes on China's Alibaba in its own backyard.

The focus on Vietnam is part of Amazon's broader strategy of tapping suppliers in Asia, and it is starting to bear fruit -- the company says the number of merchants exporting at least \$1 million worth of goods from Vietnam tripled last year as overseas customers in lockdown spruced up their homes and refreshed their wardrobes.

Amazon declined to say how many Vietnam vendors surpassed the \$1 million sales mark, but said the increase was driven by demand for tools, kitchenware, handicrafts, home goods, and apparel.

"Vietnamese sellers have enriched our global product selection," Gijae Seong, head of Amazon Global Selling in Vietnam, told Nikkei Asia.

The communist country is already a top source of the world's clothing, coffee and seafood, which are sent to professional importers. But the rise of e-commerce means more Vietnamese businesses can now ship lamps and lawn chairs straight to overseas consumers, a trend Amazon is eager to accelerate.

Amazon Global Selling, which brings international merchants onto the platform, has opened offices in Asian locations from China to Thailand in recent years. In March it set up a Hanoi office to train new merchants in Vietnamese, adding to its Ho Chi Minh City branch.

Seong said companies "have competitive advantages in manufacturing" in Vietnam, where a wave of factories relocated from China to sidestep the trade war with the U.S. and to reduce other costs and risks. Vietnam was America's eleventh-biggest source of imports in 2015, according to U.N. Comtrade data. By 2020, it had risen to No. 6.

The U.S., meanwhile, is Vietnam's biggest customer, a fact intensified by the pandemic as Americans stuck at home ordered more made-in-Vietnam goods for remote work and leisure.

Alibaba was a pioneer in bringing small merchants into its online store in China before expanding abroad, and it makes sense for Amazon now to do something similar, according to Hieu Dinh, a former consultant turned entrepreneur.

"If you get more suppliers on the platform, you can compete. That drives prices down and attracts more customers. They'll be more sticky," he said in an interview.

This creates a "virtuous circle," as more shoppers attract more sellers and vice versa, he added.

The COVID pandemic, moreover, has made Vietnamese companies more open to doing business on the internet, according to Amazon. A study this year from the Vietnam E-commerce Association showed 22% of businesses used online marketplaces in 2020, up from 13% in 2015.

But as Amazon gears up to compete with Alibaba, the two companies also have a common issue to tackle. Both have faced criticism over their handling of counterfeit goods and their policies toward merchants. Vietnam, Amazon, and Alibaba all have featured on the U.S. Trade Representative's list of "Notorious Markets" for counterfeiting. All three say they have taken steps to keep fake products out of their marketplaces.

As part of efforts to develop the internet economy, Vietnam's government works with Amazon to hold training sessions for hundreds of businesses in towns across the country, teaching merchants how to do everything from list items and register trademarks to ship goods through Fulfillment by Amazon. The company was even given a subdomain on the website of the state e-commerce agency.

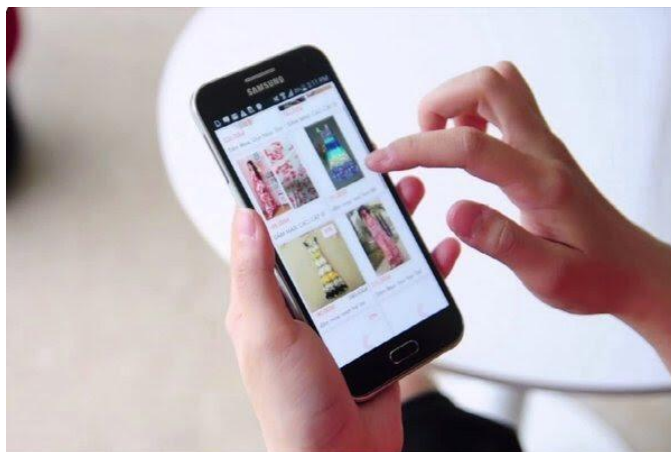
Alibaba offers similar training for its Vietnamese merchants with state backing. In a joint statement with the trade ministry in March, it quoted a trade official as saying the two sides choose potential businesses to take part in workshops on payment methods, livestreaming, and other e-commerce tools.

Vietnam is also a retail market for the Chinese company, which owns Lazada and thus competes against Sea's Shopee and JD.com-backed Tiki for Vietnamese online shoppers.

E-commerce clears the way for Vietnamese goods to reach global market

E-commerce has not only become an effective tool to help enterprises overcome obstacles posed by the pandemic but is also expected to act as a key to clearing the way for Vietnamese goods to make further inroads into the global market.

E-commerce in Vietnam is being expanded with many models and players, and supply chains are gradually being modernised with the assistance of digitisation and information technology.



With a young population and high smartphone ownership, Vietnam has seen rapid growth in e-commerce with 35 million users, creating revenue of US\$11.8 billion in 2020, accounting for 5.5% of total retail sales and consumer services, compared to 4.9% a year earlier.

A report by Google, Temasek and Brain & Company on e-commerce in Southeast Asia has projected growth of 29% for Vietnam's e-commerce market during the 2015-2025 period. The size of e-commerce in Vietnam is forecast to reach US\$43 billion in 2025, ranking third in ASEAN.

Amid the impacts of Covid-19, the e-commerce market is becoming more dynamic, and the creation of new distribution channels on digital platforms is helping Vietnamese enterprises overcome difficulties and change consumers' shopping habits - from physical to online stores.

Cross-border e-commerce is also an effective means for Vietnamese enterprises to participate in the global supply chain, helping reduce risk when traditional supply chains are disrupted.

According to Director of the Vietnam E-Commerce and Digital Economy Agency (IDEA) Dang Hoang Hai, despite recognising the benefits of expanding further into the global market through e-commerce, many Vietnamese sellers remain hesitant as they have yet to acquaint themselves with the procedures related to export through e-commerce and display a lack of knowledge in the area.

IDEA has rolled out various programmes to help Vietnamese enterprises adopt this method. Most recently, IDEA collaborated with Amazon Global Selling to provide knowledge on cross-border e-commerce for Vietnamese sellers, support the setup and operation of stores on Amazon and improve competitiveness so as to expand their scope of business to more countries.

Director of Amazon Global Selling in Vietnam Gijae Seong said Vietnam is one of the most dynamic emerging economies in the world and has demonstrated its firm position amid the Covid-19 pandemic. Amazon wishes to make more contributions to the development of cross-border e-commerce in Vietnam and promote Vietnamese enterprises to reach further into the global market, said Seong.

The Amazon official added that the retailer is actively realising that by expanding cooperation with organisations in Vietnam, training small and medium-sized enterprises in cross-border e-commerce skills, fostering changes to the future of Vietnam's export and digital economy.

The breakneck growth of e-commerce recently has made Vietnam one of the markets with the greatest potential in ASEAN. But besides benefits such as helping enterprises widen their markets, cut costs, increase profits and fast payment, there are several drawbacks of trading online.

Fake and smuggled goods and goods in violation of intellectual property rights are quite commonplace on many digital shopping sites. Social media networks are also emerging as popular e-commerce platforms, but are not properly regulated.

IDEA is proposing a new decree to regulate e-commerce activities, including mandatory requirements on publicising product information in order to make it transparent to consumers, aiding in the prevention of trade fraud. The new decree will also change the regulations on the presence of sellers and foreign organisations engaged in e-commerce in Vietnam.

IDEA is also building an e-commerce credit platform as a tool to evaluate those doing business in the online space and credit ratings will be widely announced to consumers.

Vietnam considered promising market for e-commerce: South China Morning Post

With a developing economy and a population of over 97 million in 2020, Vietnam is a promising market for e-commerce and that promise has only grown over the last year despite the coronavirus pandemic, said an article published by the South China Morning Post on June 1.

The article cited a January 2021 report by the country's Ministry of Industry and Trade's Department of E-commerce and Digital Economy, which said 53% of the Vietnamese population has already taken part in online retail.

It also said the "E-conomy SEA 2020" report from Google, Temasek and Bain & Company pointed out that e-commerce in Vietnam grew 46% year on year, alongside strong growth across most sectors except for travel. Looking towards 2025, the report suggested the economy will reach 52 billion USD in value, ranking third in Southeast Asia.

According to the article, the fast-growing middle class is driving the sector's increasing expenditure, with its number reaching 33 million in 2020, up from 12 million in 2012. As the local middle class expands, there's also a growing interest in top luxury brands, the author said.

The second most popular channel for shopping for luxury brands is through social networks, the article said, adding that Vietnamese spend about seven hours per day on average on the internet, mostly on Facebook and YouTube but also on Zalo (a local chat app) and Instagram.

It concluded that this all suggests Vietnam can be a gold mine for individual small sellers with private online shops. Fashion and beauty are the two most common searches and purchases online too, accounting for 55% and 30 % respectively, according to the Asia Plus survey.

During COVID-19, e-commerce further surged, noted the author, citing a report conducted by iPrice Group and App Annie, which showed that the total number of visits to online shopping applications in Vietnam in the second quarter of 2020 reached 12.7 billion, the highest ever, and up 43 % compared to the first quarter. In the first six months of 2020, the average spending on online shopping of Vietnamese people increased by 31 % compared to the same period in 2019./.

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ENERGY

Eight wind power plants in Soc Trang to be finished by October

Contractors building eight wind power plants in Soc Trang Province have promised to speed up work so that they can begin generating electricity before the end of October.



Turbines of a wind power plant in Soc Trang Province.

Pham Quoc Hung, Director of Quoc Vinh Soc Trang Wind Power Co., Ltd., said his company's plant in Vinh Chau township, with an expected output of 30MW in its first phase, would have its turbines put together on site in June and begin commercial operation in September.

The seven other plants, being built in the town along the coast, are 30-70% completed and will begin operating in September or October.

Speeding up the work would mean the national grid would have access to this clean energy sooner, according to Lam Van Man, Secretary of the provincial Party Committee.

The wind power turbines could themselves become tourist attractions, he added.

Soc Trang has around 72km of coast with constant strong winds, suitable for generating power.

It plans to have 20 wind power plants in all with a total output of 1,435MW.

Sixteen have been approved, with nine of them now under construction. — VNS

Offshore wind likely contribute 12% to Vietnam's power by 2035: World Bank

Vietnam has a globally relevant offshore wind resource, enabling it to generate 30% of total national electricity by 2050.

Offshore wind is projected to supply between 5% and 12% of Vietnam's electricity needs by 2035 in two possible growth scenarios built by the World Bank (WB).

It's equivalent to 11 GW and 25 GW by 2035 in the low and high growth scenarios, respectively, the WB said in a recent report titled "Offshore Wind Roadmap for Vietnam."

Both the low and high growth scenarios require similar enabling actions but the latter requires earlier action, WB said, adding that the headline impacts of these two growth scenarios include key metrics of electricity generation, cost, economic, and emissions.

The high growth, by replacing coal-fired generation, could help to avoid over 200 million metric tons of CO2 emissions and add at least US\$50 billion to Vietnam's economy by stimulating the growth of a

strong supply chain, creating thousands of skilled jobs, and exporting to other offshore wind markets globally.

In addition, both the scenarios could deliver substantial benefits to Vietnam, however, results indicate that the high one could bring much larger economic benefits for a lower overall cost.

Notably, the vision to 2050 is set to mark the volume of 35 GW and 70 GW for the low and high growth scenarios, respectively, generating up to 30% of the country's electricity by the year.

Meaning of the roadmap

The roadmap suggests that the existing regulations, legislation, processes, and infrastructure need to be improved or developed to deliver the vision that is eventually set by the Government of Vietnam.

This roadmap provides a series of recommended next steps to help create the conditions for establishing and growing the industry.

Accordingly, it begins with setting a vision in the Power Development Plan VIII (PDP8). Specifically, the roadmap starts in 2021 by setting the 2030-2035 targets and vision to 2050. In 2021-2022, it creates the processes with marine spatial plan, leasing, permitting, power purchase, and supply chain development. Between 2022 and 2035, it focuses on developing infrastructure namely transmission networks, ports, and supply chains.

Among the steps and issues for the long-run development, the roadmap stressed the importance of maintaining Vietnam Electricity (EVN) as a power purchase agreement (PPA) counterparty and enable bankable PPA terms; Revising the terms and conditions of the existing feed-in tariff (FIT), including the incorporation of environmental and social requirements, and make it bankable for offshore wind; Encouraging financial mechanisms to reduce the cost of capital.

And establishing development zones through marine spatial planning, taking into account environmental and social constraints becomes especially important.

Types of offshore wind in Vietnam

Vietnam has a globally relevant offshore wind resource located close to their shores and population centers and in relatively shallow water.

The two main types include conventional fixed offshore and floating. The first kind covers projects typically in water depths of between 10 and 50 meters, using fixed foundations, installation methods, and very large turbines similar to those used in many projects in Europe and elsewhere in Asia.

The WB anticipates that this will make up the bulk of the offshore wind market in Vietnam.

The second type includes projects in deeper water, typically more than 50 meters, using floating foundations. Commercial-scale projects are likely only to be installed toward the end of the 2020s, but potentially make up half of the newly installed capacity by 2050.

In addition, they classify another kind which is nearshore projects which are defined as those sited within 5.5 km of the shore, where access may be directly from the land. Foundations typically are concrete-capped piles or monopiles, and turbines used are onshore models, with minor changes to make them suited for use in the marine environment.

Recommendations for successful industry

The authors of the report, based on experience in a range of countries, summarizes key ingredients for a successful offshore wind industry, including (1) stable policies and pipeline visibility; (2) a coherent industrial strategy; (3) resourced institutions; (4) competitive environment; (5) supportive and engaged public; (6) a commitment to safety; and (7) using the best locations.

Vietnam has already been an early adopter of offshore wind through its nearshore projects in the south. At the end of 2019, Vietnam had the ninth highest installed capacity of offshore wind, with 99 MW operating, which was more than Japan, Korea, and the US.

Developing an offshore wind project is long-term infrastructure investment. Developing a national program of many projects needs to be considered within the context of strategic energy plans over decades.

Vietnam can accelerate offshore wind projects rapidly over the next few years. The success of this acceleration will depend on the clarity of the government's long-term ambition and the actions that the government takes to facilitate growth, said the report.

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RETAIL

Foreign retailers make quiet landing as domestic counterparts shut down

Many shops hit hard by Covid-19 have had to close, but some foreign retailers have taken advantage of the opportunity to scale up their business in Vietnam.



The Covid-19 crisis has hit the fashion industry hard worldwide, causing a loss of hundreds of billion of dollars. US fashion retailer J.Crew, for example, filed for bankruptcy. But now is the time for many foreign retailers to expand networks in Vietnam.

In early April, the Japanese fashion brand Uniqlo opened another store at Vincom Phan Van Tri in HCMC. Coming to Vietnam later than H&M and Zara, Uniqlo has expanded its network more quickly. There are now eight Uniqlo stores in Hanoi and HCMC.

Though the fashion brand has not revealed its business results and sales, its owner has revealed a plan to open 100 Uniqlo stores in Vietnam in the next 10 years. Southeast Asia is a large market for Uniqlo and Vietnam is seen as the one with the most potential.

Decathlon, a fashion and sports equipment brand, has opened its second shop at Mega Mall Thao Dien in Thu Duc City.

Some international brands, mid- to high-end, such as Balenciaga and Tiffany & Co are also planning to enter the Vietnamese market.

The Hanoi retail market in the first quarter witnessed the expansion and joining of a series of fashion brands, including Pandora and Weekend Max Mara. CBRE Vietnam predicted that some other fashion brands would open.

Prior to that, Louis Vuitton and Christian Dior opened stores in Hanoi.

Savills commented that Vietnam's luxury market remains relatively stable despite Covid-19. Domestic demand has not declined too sharply, despite the sharp fall in foreign travelers.

Viract's report showed that more than 200 foreign fashion brands in Vietnam, mid- and high-end, have official stores.

Colliers International Vietnam also reported that the occupancy rate at large shopping malls in Vietnam is still high despite the pandemic.

Tu Thi Hong An from Savills Vietnam noticed a wave of expansion by foreign brands in the retail market. The retail premises in central areas have better performance, and vacant spaces quickly find tenants. Most of the shopping centers have been filled.

Trading Economics predicts an 11% growth rate in retail sales in 2021, far exceeding other Southeast Asian countries. Vietnam's household spending in 2021 is expected to increase 9.6% year on year, according to Fitch Solutions.

McKinsey believes that luxury consumers are likely to come back sooner than they did after the 2008 financial crisis, with a predicted growth rate of 1-4% in 2021.

According to CBRE's Nguyen Hoai An, the Hanoi retail market is expected to have an additional 73,000 square meters of retail premises in the next three quarters.

Domestic retailers realise their potential of retaking Vietnam

The rise of local retailers via mergers and acquisitions is expected to transform the competitive landscape of Vietnam's retail market, which used to be dominated by foreign investors, and help domestic equivalents complete their ecosystems.



While foreign retailers have partially been struggling to expand their outlet numbers, local chains are slowly beginning to overtake the market.

Last month, Truong Hai Auto Corporation (THACO) inked a deal to acquire Emart Vietnam Co., Ltd., the operator of the Emart hypermarket in Ho Chi Minh City's Go Vap District. Following the deal, THACO is planning to expand the Emart chain to 3-4 hypermarkets into next year and to 11 by 2025.

Around the same time Masan, with its vision to develop its retail arm into a one-stop shop for both online and offline shoppers, received \$400 million investment from a consortium led by Alibaba and Baring Private Equity Asia. As part of the deal, Masan will

team up with Lazada, Alibaba's Southeast Asian e-commerce unit, to step up its online presence.

The recent merger of VinCommerce JSC of Vingroup (retail), VinEco (agriculture), and Masan Consumer Holdings (consumer goods), meanwhile, aims to create the leading group of retail and consumer goods in Vietnam. The new company owns a distribution network of 2,600 VinMart and VinMart+ stores in 50 cities and provinces with millions of customers along with a system of 14 high-tech farms of VinEco.

Before the pandemic hit, other local retailers also left marks in the retail market, such as Saigon Co.op's acquisition of France's Auchan, and BRG Group's partnership with Sumitomo Corporation from Japan to develop the Fuji Mart supermarket chain, both in 2019.

Samuel Son-Tung Vu, partner at law firm Bae, Kim & Lee Vietnam, said that local investors making significant investment in the retail sector is the result of the shift in dynamics of both foreign and local investors. Specifically, the accumulation of financial potential and network along with the gradual formation of business chains from production to distribution have created motivation for Vietnamese groups to embark on aggressive expansion strategies.

“Local investors who have strong production capacity have successfully seized mergers and acquisitions (M&A) opportunities to acquire the distribution channels of exiting foreign investors to further control the flow of goods, especially those they produce,” Vu added.

Withdrawing foreign players

According to a report by Deloitte Vietnam on the retail market in Vietnam in 2020, key players in the hypermarket segment include Big C from Thailand, Lotte Mart from South Korea, and AEON Mall from Japan dominating the market with a 57.6% market share. On the other hand, the supermarket segment is dominated by local players such as Saigon Co.op and Bach Hoa Xanh, which are leading the pack with market shares of 43% and 14%, respectively.

That segment’s consistent growth over the last four years can be attributed in large part to a deep understanding of their local markets, as well as increasing popularity of private label products, according to the Deloitte report.

The withdrawal of Emart reflects the challenges facing foreign retailers in Vietnam. Emart struggled for years but failed to open new hypermarkets due to legal and land site barriers. Previously, other retailers also departed from the local retail market like Auchan, Casino Group, and Metro Group.

Some retailers have to scale down operation due to a lack of modern retail concept to compete with new rivals. Malaysian retail giant Parkson Retail Asia also narrowed its loss-making businesses and disposed of its stores in Vietnam through 2019 and 2020.

The fierce competition in the retail market is forcing retailers to adjust strategies. Last week, Lotte Mart announced that it will shut down its Dong Da supermarket in Hanoi. The news sparked rumours about the potential withdrawal from the market. However, a representative of Lotte Mart denied them, stating that the closure was part of its strategy to develop and expand its chain in Vietnam, and does not affect the business operation of other outlets.

Lotte Mart said that the chain is in its investment phase, after opening a second supermarket in the south-central province of Khanh Hoa in April and planning to launch another one in the central province of Nghe An.

Lawyer Vu explained, “On the side of foreign investors, subject to obstacles from the instrument set by the state to control the expansion of foreign retail network such as the economic needs test, foreign investors often struggle with establishing their second and subsequent outlets to expand the distribution chain in Vietnam. Further, financial stress due to the pandemic is also affecting the business plan for scaling down operation.”

Realising their potential, local companies have jumped on the bandwagon. However, different from the traditional retail models as similar as the way that almost all of foreign players are implementing, which is the supermarkets and shopping malls, the domestic groups' ambitions are to complete their ecosystem.

Talking about THACO's deal, Tran Bang Viet, CEO of Dong A Solutions, said that THACO entered the retail market in order to sell more experiences to its existing customer files.

"Around half of the cars here are assembled or distributed by THACO. Meanwhile, the demand for car-washing services and maintenance is rising. Most customers feel bored while waiting for these services to be carried out, so we can turn that meaningless waiting time into relaxation time and for families via experiencing more utilities," Viet said.

"For example, one parent can look for technical goods for the car while the other can go shopping, and the children can go to book stores or play at recreation centres. After that, the family can enjoy a meal together or go to the cinema. It is best if customers can enjoy all-in-one services such as these, in a model of hypermarket that is common in developed countries," he added.

Successful restructure

Chairman Tran Ba Duong said there were certain reasons for THACO to acquire the South Korean retail giant's Vietnamese operations. "THACO seeks to set up complexes where people can buy and service cars, hold conferences and weddings, enjoy amusement activities, and shop for groceries – and retail is the missing piece," Duong said.

Nova Group also expressed its ambition to develop its own ecosystem after restructuring. It has announced the member companies in its economic group, after a long time of implementing the M&A strategy, which is a way for the group to complete its multi-industry ecosystem, adding value to real estate products.

Until the beginning of 2021, Nova Group successfully restructured with Novaland in real estate, Nova Service in trade and services, and Nova Consumer operating in agriculture and consumer goods.

Masan meanwhile diligently acquired stakes in domestic enterprises such as Phuc Long, VinCommerce, and Vinacafe Bien Hoa among others during the past 10 years to perfect its retail and consumer goods ecosystem.

Truong Cong Thang, CEO of VinCommerce, said, "I believe that in combining the Phuc Long products and current VinMart+ network of more than 2,200 stores and 10,000 stores in the next five years, we will provide 100 million Vietnamese consumers with the opportunity to enjoy the freshest and most delicious tea and coffee."

"In the near future, we hope to take the Phuc Long tea and coffee brands global, contributing to spreading our cultural identity and promoting the signature drinks of Vietnam. At the same time, this

partnership also helps speed up Masan’s strategy to develop the Point of Life consumer ecosystem,” Thang said.

Vu at Bae, Kim & Lee Vietnam shared the same view that local investors may have to look for unique development strategies, involving the omnichannel sales model.

“At the same time, creating synergy in business via placing different retail outlets next to each other would create convenience for consumers and make more products available to the same customer in one visit,” he said. “This model has been tested with great success in many countries with slightly different variants depending on consumer behaviour in each country. The local investors who truly understand the behaviour of Vietnamese consumers would reap great success.”

Vietnam’s TNI King Coffee opens first coffee-chain store in the US

Vietnam’s acclaimed coffee brand TNI King Coffee has opened its doors to California’s residents. The cafe-chain store which originated from Vietnam is strategically located in Anaheim California. This marks the second overseas store of the cafe-chain which operates more than 50 outlets in Vietnam, South Korea and now the US.



The first store of Vietnam’s TNI King Coffee was opened in California, the US. The company plans to open an additional 20 stores this year in the US.

The layout is designed to combine Eastern and Western culture, reminiscent of the country and people of Vietnam, while the Grab & Go area provides a feeling of convenience and comfort to visitors.

TNI King Coffee’s shop in the United States serves a full range of traditional Vietnamese coffees, such as filter coffee, iced coffee and iced milk coffee, with beans imported from Vietnam and around the world with the ingredients of TNI King Coffee's specialty roasted and ground products.

“The opening of the first store in the US marks the strong development of TNI King Coffee in the world market,” said Le Hoang Diep Thao, Founder and CEO of TNI King Coffee brand.

In 2020, the TNI King Coffee's international market expanded from 60 countries to more than 120 countries and territories. Revenue and market share increased by 200%, the Russian market alone grew by up to 350% despite the on-going global pandemic.

The opening of TNI King Coffee cafe-chain in Anaheim California marks the very first global expansion plan for the coffee magnate in the US. The company plans to open an additional 20 stores this year and 100 stores by 2022 in the US through the franchising business model. Globally, the company aims for

further expansion into many countries such as China, Middle East, Europe, Russia & all over Southeast Asia.

The US is the first market that Thao chooses to launch TNI King Coffee in October 2016. To date, TNI King Coffee products are sold at multiple Asian supermarkets across the US. — VNS

Technology retailers enter new businesses amid market saturation

At FPT Digital Retail Joint Stock Company’s annual general meeting recently, shareholders gave the green light for plans to diversify from core businesses and enter some new product categories.

This is not the first time the company is eyeing new products.

In the first quarter of this year the company reported sales of VND4.67 trillion(over US\$203 million), a year-on-year increase of 14%.



An FPT shop in the southern province of Đồng Nai.

An FPT spokesperson told that the company’s two retail chains, FPTShop and F-Studio by FPT, which sell digital products such as mobile phones, tablets and laptops, were still the main revenue spinners but non-core businesses also brought significant revenues.

The Long Chau Pharmacy Store chain for instance is expected to report sales of VND582 billion (over \$25.3 million) in the period, up 144%. Its consolidated profit before tax was up 265% to

VND39 billion (\$1.7 million).

Last December MobiFone and FPT Retail signed a deal to sell co-branded sim cards at FPT Shop nationwide. Customers who buy MobiFone-FPT Shop sims get special deals when shopping at FPT Shop.

The positive results from such non-core businesses have encouraged FPT Retail to consider entering more new product categories.

In April FPT Shop began selling Xiaomi’s IoT household appliances, and, together with Garmin, opened the first Garmin Brand Store in Hà Nội, the first in Vietnam.

With the new product categories lending a hand, FRT expects to generate sales of VND 6.4 trillion (\$713 million) in 2021 and pre-tax profits of VND120 billion representing year-on-year increases of 12% and 320%.

Similarly, non-core products have also made an important contribution to electronics retail giant Mobile World Joint Stock Company (MWG)’s turnover.

In the first three months of this year its consolidated net revenues were VND30.83 trillion, up 5% from the same period last year, and after-tax profit was VND1.34 trillion, up 18%.

But interestingly its food and grocery chain, Bachhoaxanh, was a leading contributor, with 19.3% of MWG's revenues after registering 32% growth. Its core business, the Thegioididong chain, accounted for only 26.8% of revenues after they fell by 1%.

Bachhoaxanh's gross profit margin in March stood at 25%, and it is expected to go up thanks to adding several new food products and fast moving consumer goods to its line-up.

A company spokesperson said the effort was always to diversify the mobile phones and electrical and electronic devices sold to give customers more options. But the company would also focus on further developing the new product and fast moving consumer goods categories to tap a promising market of \$60 billion, much higher than the phone and electronic devices market which is only worth \$10 billion.

DigiWord Corporation (DGW) recently floated plans for entering the medical and cosmetics retail market at its AGM. A company executive, Lu Tran Anh Dung, admitted to Investment and Securities magazine however that DGW only wanted its shareholders to apply their minds to the proposal at this time so that it could move rapidly if any opportunities come in future.

DGW also expected to enter other new product categories in the coming years, he said.

It already had a strategic partnership with Nestle to sell the latter's nutrition products through its distribution channels. This fetched DGW revenues of VND81 billion in the first quarter of this year, a year-on-year increase of 29%.

DGW also owns a 21.86% stake in pawn chain operator Vietmoney.

Analysts said technology retailers had managed to sustain growth though the market had gradually become saturated because they had shown the flexibility to enter other businesses.

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LOGISTICS

Struggling logistics firms in dire need of support to survive COVID-19 crisis

The COVID-19 health crisis and resulting wide-ranging and deeply-felt economic upheaval has flipped the logistics industry on its head, leaving ill-protected freight firms in dire need of emergency State support to survive hardships.

Mandatory preventive measures among nations to contain the spread of the pandemic has resulted in disrupted trade flow and fragmented supply lines, dealing a blow to the logistics industry, which is viewed as an auxiliary for trade and commerce, enabling other industries to deliver goods and services to consumers.



A worker wears protective clothing while working at Golden Logistic Co Ltd in the northern province of Bac Ninh. Every stage involving transportation, warehousing, regular health check-ups for workers and drivers transporting goods in pandemic-hit areas.

Factories reducing production or suspending operations has led to a curtailment in the transportation and delivery of goods in the supply chain, greatly affecting the operation of logistics companies.

Shrinking orders, surging costs

“Right from the early stages of the COVID-19 outbreak, the number of freight orders received by logistics companies in Bac Ninh fell sharply, at the same time, the delivery of goods, storage and warehousing activity is slowed and disrupted,” Nguyen Hoai Nam, sales manager of Golden Logistic Co. Ltd. in the northern province of Bac Ninh.

“Following government guidelines on COVID-19 prevention and control, we businesses are making a continuing effort to realise the dual goal of maintaining production while ensuring work-related safety during the pandemic, prioritising workers’ health,” he said.

Every stage involving transportation, warehousing, regular health check-ups for workers and drivers transporting goods in pandemic-hit areas was all in strict compliance with guidelines for disinfection and sterilisation. But this had resulted in a surge in operational costs.

Travel restrictions also led to worsening shortages of truck drivers to pick up containers, he said.

“Multiple unexpected costs have pressured logistics service providers. However, it is time both manufacturing enterprises and logistics enterprises need to work together,” Nam said.

Logistics costs in Vietnam account for about 20% of the goods value, which is relatively high compared to the average costs over the world.

“However, devastating consequences caused by the prolonged pandemic, together with the rising prices of warehousing and freight services, makes logistics costs continue to increase, putting great pressure on businesses,” Nam said.

Businesses also faced a significant reduction in revenue from goods exported and imported from pandemic-affected countries. Commodities shipped to Vietnam dropped dramatically, those undergoing customs clearance were strictly quarantined. Delivery times from suppliers in the Asian market and some other regions is reportedly longer.

According to statistics of the Vietnam Logistics Business Association, up to 50% of enterprises providing logistics services of all types experienced a downturn in activities and revenue. Air and road transportation services were hit the hardest.

Roughly 80% of the association's members are micro, small and medium enterprises, thus many of them are on the brink of collapse, meaning workers are losing their jobs.

In Vietnam, infection cases were detected at large-scale industrial parks of Bac Ninh and Bắc Giang, causing many disturbances in the production lines of enterprises, which inevitably placed a direct impact on logistics enterprises.

Tax payment postponement

A report summarising recommendations of businesses and associations in April-May 2021 has been submitted to the Prime Minister by the Private Sector Development Research Board (Board IV), under the government's Advisory Council for Administrative Procedure Reform and Young Presidents' Organisation (YPO).

In the report, Board IV said amid the pandemic, manufacturing enterprises in industrial parks, logistics and transportation businesses suffered, causing economic hardship and supply chain disruption.

Exporting enterprises confronted great challenges due to worsening shortages of containers and merchant ships on a global scale, as well as skyrocketing fees.

Board IV, therefore, recommended the Government consider and direct ministries, branches and localities to simplify administrative processes or consider according to priority for import and export processes, as in the priority just applied to the export of Bắc Giang lychee.

This would help businesses optimise time and costs in the domestic stages to speed up the import procedures for essential goods or accelerate the export of agricultural products and other key export commodities.

Le Duy Hiep, Chairman of the Vietnam Logistics Service Association (VLA), said in light of COVID-19 developments, in order to support logistics businesses, VLA proposed the Government grant a reduction of 50% on corporate income tax for 2020 as a way to support businesses to overcome hardships.

It also proposed the extension and postponement for employers' tax payment, their contributions to the Social Insurance Fund, Unemployment Insurance and Health Insurance Fund, Hiep told Vietnam News.

VLA's recommendations on tax payment extension have been approved by the Government. However, "this takes time and many procedures are required by the banks," Hiep said.

Decisions on petrol retail price reduction benefited both businesses and the whole economy, he said.

The Vietnam Maritime Administration in May last year decided to reduce the pilotage fee by 10% for Vietnamese shipping enterprises operating on domestic routes, as a support measure amid the COVID-19 pandemic.

Hiệp said Vietnam's logistics costs were still higher than the regional and global averages of 16-20%.

"We are trying to reduce the cost to equal other countries in the region, such as Thailand at 14-15% and Singapore at 8-10%," Hiệp told Vietnam News.

The government targets that by 2025, the contribution of logistics services to Vietnam's GDP will touch 5-6%, with the growth rate of logistics industry reaching 15-20%, the rate of outsourced logistics services at 50-60%, achieving Global Logistics Performance Index at 50 or higher.

Logistics enterprises should urgently apply IT solutions, modernising management and operation methods, use software systems and logistics optimisation platforms to cut costs and improve service quality, Hiệp said.

They should promote linkages with other logistics providers and with manufacturing enterprises in order to create competitive advantages in negotiation and improve service provision capacity, Hiệp said.

VLA would actively co-ordinate with localities and manufacturing companies to devise solutions promoting the transportation and circulation of goods, ensuring safety amid the pandemic, at the same time applying supportive measures such as reducing freight, storage and warehousing costs.

Trade centres and supermarkets should consider augmenting the purchase of agricultural products from farmers in pandemic-hit localities such as Bắc Giang, he said. — VNS

Egyptian localities wish for closer ties with Vietnam in port services, logistics

Egypt's coastal governorates of Damietta and Port Said want to beef up cooperation with Vietnam in various fields, including port services and logistics, heard the meetings of their governors with Vietnamese Ambassador Tran Thanh Cong on June 9.

Cong and his entourage met with Port Said Governor Adel e-Ghadban and Damietta Governor Manal Awad Mikhail to continue effectively enforcing agreements signed by the two countries.

The Vietnamese diplomat said Vietnam and Egypt have maintained a good relationship in wartime in the past and national construction at present. The bilateral ties have seen important progress over the previous years, particularly after the official visits made by the two countries' leaders in 2017 and 2018, he said.

Briefing about Vietnam's economic development and advantages alongside its incentives for investment attraction, he said Vietnam and Egypt have inked various documents and agreements to bolster the bilateral relations in economics, trade and investment.

Cong proposed the two sides to hold more seminars and trade promotion events to connect enterprises from both countries and help them explore the strengths of each other.

He also asked the Egyptian side to share experience in managing ports and logistics and to facilitate Vietnamese investors to do business in the two governorates.

Port Said Governor Adel e-Ghadban expressed his hope the two sides step up partnership in port services, logistics, gas, fisheries, textile-garment, agriculture, road construction, tourism and culture.

Damietta Governor Manal Awad Mikhail, meanwhile, expected the two sides to enhance cooperation in port services, logistics, canned seafood, agriculture, timber production, medical equipment, textile-garment, cultural exchange.

Both of them welcomed Vietnamese firms to invest in the East Port Said and Damietta export processing zones./.

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INVESTMENT

Foreign investors attracted to industrial property

Foreign capital continued flowing to industrial real estate via mergers and acquisitions (M&A) in five months of this year, particularly in Hanoi and Ho Chi Minh City.



A corner of the VSIP Bac Ninh industrial and urban park with full basic infrastructure

Singapore's Boustead Projects, whose affiliate BP-Vietnam Development recently signed an option agreement with Khai Toan Group (KTG) to buy a 49% stake in KTG & Boustead JSC, hailed Vietnam as one of the fastest-growing economies in the world with ideal business environment for production and logistics development.

Via its affiliates and joint ventures, Boustead Projects established partnership with KTG to buy Boustead & KTG Industrial Management Company Ltd (BKIM) and

proposed acquiring a 49% stake in KTG Industrial Bac Ninh Development JSC.

The KTG and Boustead Industrial Logistics JSC (KBIL) is expected to become a leading fund in Vietnam for logistics and industrial property development. It will hold 13 real estate seed assets based in industrial parks (IPs) in Hanoi and Ho Chi Minh City and plan for further expansion via M&A.

Earlier, Hong Kong's ESR Cayman Limited and BW Industrial Development JSC announced the establishment of a joint venture to develop and own My Phuoc 4 IP in the north of Ho Chi Minh City. Once completed, it will sit on a site of around 240,000 sq.m in service of logistics and light industrial facilities.

Jeffrey Shen and Stuart Gibson, co-founders and CEOs of ESR Cayman Limited, said industrial and logistics property in Vietnam is at premature age, making the country one of the most promising markets in Southeast Asia which benefits from favourable macro-economic factors, including high and stable economic growth, increasing income, emergence of the middle-income class, rapid urbanisation and upgraded infrastructure.

As of the late May, a joint venture between Vietnam's SEA Logistic Partners (SLP) and GLP China Holdings Ltd purchased five industrial land projects covering nearly 700,000 sq.m in Hanoi and Ho Chi Minh City.

Kent Yang, founding partner of the SLP, also told of a plan to invest some 1 billion USD in logistics real estate across Vietnam in the next 3-4 years.

Amid the fourth wave of COVID-19 pandemic, foreign investment in Vietnam still flourished, reaching around 14 billion USD in five months of this year, up 0.8% annually.

Real estate was the third largest source of FDI attraction with 1.05 billion USD, or 7.5% of the total registered capital. Foreign investors' capital contribution and stake purchase in the field surpassed 248.4 million USD, up 13.5% year-on-year.

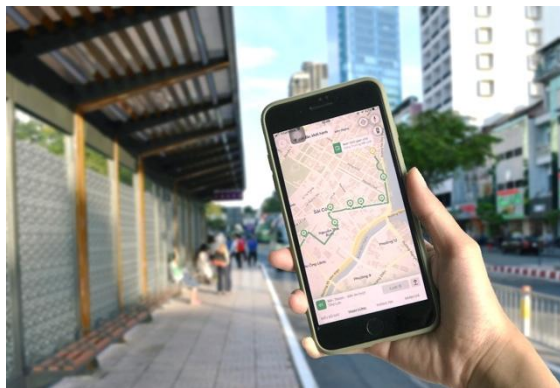
John Campbell, head of the Savills Vietnam's industrial property unit, said the supply of industrial properties in Vietnam is abundant in the short and medium term.

In the first quarter, tens of industrial property development projects in 13 cities and provinces were approved.

According to the Ministry of Planning and Investment, there were 370 IPs nationwide as of the first quarter with a total area of nearly 115,200ha. Of which, 328 are outside economic zones (EZs), 34 in coastal EZs, and 8 in border gate EZs./.

Phenikaa Group injects \$1.5 million in local tech startup

Phenikaa Group is promoting Vietnam's scientific development by financing and endorsing potential startups, spinoffs and entrepreneurs with disruptive, practical, and socially-beneficial technological initiatives.



As a member of Phenikaa Group and part of the Phenikaa Ecosystem, Phenikaa MaaS will continue to restructure its operations and create products and services that are highly applicable and accessible to potential customers.

A number of tech products and solutions made by Phenikaa Group – a major multifield group with core business lines in technology, industry, scientific research, education and training – have recently been brought into life, marking a watershed in the group's pursuit of becoming one of the top-tier technological and industrial corporations in the region.

Along with this, a majority of core technologies are reportedly developed by Vietnamese engineers and scientists of Phenikaa Group, especially the young, talented, and passionate ones whose businesses have become parts of the Phenikaa Ecosystem.

The group's headhunting policy showcases its strategy to promote science and technology development while cultivating young Vietnamese intellectuals and capable talents.

Among the completed deals was the \$1.5 million investment in BusMap JSC – the developer of Vietnam's top free public transportation application BusMap.

The investment was expected to enable Phenikaa Group to keep its promise of nurturing Vietnamese talents and enhance the Phenikaa Ecosystem.

Moving forward, the deal would hasten the sustainable development and construction of smart cities in Vietnam and facilitate the government to implement its policies and achieve set targets through intensive digital transformation.

The deal made BusMap JSC a member of Phenikaa Group and it provided the former with manpower, organisational structure, and technical fundamentals.

BusMap was then renamed Phenikaa MaaS JSC and the company has made great efforts to rebuild its organisational structure and expand its vision and strategic direction to become the leading developer and provider of products, solutions, and services to drive Vietnam's transport and city development by applying smart solutions through comprehensive digital transformation.

Distinct growth story of BusMap JSC

In 2013, a group of young, talented technicians led by CEO Le Yen Thanh founded the technological startup BusMap with strong aspirations.

In the early days, the founders wanted to create a charge-free public transportation app for urban bus passengers. The app was designed to help people to optimise their travel routes, saving money and time in comparison to other means of transportation, thus encouraging the use of public transport and reducing traffic congestions and environmental pollution.

From the beginning of a small-scale startup with a handful of employees, BusMap has been constantly growing and improving.

At the moment, the application has reached more than two million users, assisted the completion of more than 50 million trips, and become Vietnam's top free public transportation app.

The application is based on digital map technology and AI. It uses a consultancy algorithm to offer users the best travel route for the lowest fare and time.

At the end of 2020, the BusMap app came ahead of other popular names to win the first prize for "Smart Cities, Smart Living" at the International Telecommunication Union's ITU Award 2020 – a worldwide recognition for outstanding technological initiatives in contribution to a better world.

In respect to the deal with BusMap JSC, now known as Phenikaa MaaS JSC, Phenikaa Group spokesperson said: "Phenikaa Group has always sought to work with and foster young talents and projects which are highly disruptive, applicable, and influential for the community. The success of the BusMap app shows that Vietnamese young entrepreneurs can create core technologies and bring them into reality for a smarter, better life."

Under the strategic direction of Phenikaa Group with long-term assistance, Phenikaa MaaS will use BusMap as the core technology to create "personalised" applications that each user can tailor to their own needs to help with their personal life and professional work.

Phenikaa MaaS will also come up with transportation products and services for local companies, organisations, and communities.

Beyond an ordinary investment project, the investment in the young Vietnamese startup BusMap attests to Phenikaa Group's commitment to nurturing young Vietnamese entrepreneurs in smart transportation, smart city development, and digital transformation.

The combination of young, passionate entrepreneurs dedicated to technological advancements and a top-tier technological-industrial pioneer will create a smarter and better life for all.

As a member of Phenikaa Group and part of the Phenikaa Ecosystem, Phenikaa MaaS will continue to restructure its operations and create products and services that are highly applicable and accessible to potential customers.

This will enable the company to scale up its market presence in other public transportation segments such as railway and waterway in addition to urban bus networks, accelerating the development of smart transportation through extensive digital transformation.

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