

Vietnam Coffee - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Vietnam Coffee Market size is estimated at USD 511.03 million in 2024, and is expected to reach USD 763.46 million by 2029, growing at a CAGR of 8.13% during the forecast period (2024-2029).

Vietnam has developed a well-established culture of coffee. The country hosts several companies engaged in not only the domestic trade of coffee but also have established their presence in foreign markets. Additionally, increasing global exposure, western culture, and penetration of established coffee brands are anticipated to be the key factors that drive the expansion of coffee chains in Vietnam. At the same time, more sophisticated tastes among people in the country are expected to support the country's coffee market. Moreover, the increased acceptance of coffee is attributed to the emergence of premium stores from companies such as Highland's Coffee, Starbucks Corporation, Phuc Long, and Trung Nguyen, among others, thereby fueling the market growth. For instance, in November 2022, the Coffee House operated more than 150 outlets across Vietnam. Moreover, these outlets have ushered in an experiential element to coffee drinking by creating attractive and relaxing ambiances, which is aiding them to raise their revenues. In November 2022, The Coffee House's parent company, Seedcom, announced that the coffee chain had achieved year-on-year sales growth of 53% to reach VND 564 billion (USD 22.7 million) in the nine months ended 30 September 2022.

Furthermore, the coffee chains in the country are focused on establishing new 'upscale' store formats that are being designed to meet the increasing demand for elevated coffee and culinary experiences among Vietnamese consumers. For instance, in January 2023, Vietnamese coffee chain The Coffee House launched its new 'exclusive and upscale' coffee shop brand, SIGNATURE by The Coffee House, at the Crescent Mall shopping center in Ho Chi Minh City to cater to increasing consumer appetite for premium products and experiences across the country. Such developments happening in the country are expected to further boost the market's penetration in the country.

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Vietnam Coffee Market Trends

Increasing Demand For Specialty, Organic, And Green Coffee

The demand for organic food and beverages in Vietnam, particularly tea and coffee, is growing at a faster pace due to changes in lifestyle patterns, as well as increased expenditure on food and beverages, awareness about healthy foods, changes in meal patterns, and existing food habits, and the desire to taste new products. Nevertheless, sustainability remains important for buyers and retailers, and the certification of organic nature is no longer an option but a requirement. In addition, consumers, as well as the industry, are demanding traceability in the value chain with the increasing preference for organic food products among consumers.

In line with this, the production of coffee that aligns with consumers' demand is also being maintained high in Vietnam, which is expected to boost sales in the country. For instance, according to FAO, in 2021, Vietnam accounted for the highest production of green coffee, which amounted to close to 1.85 million tons. Moreover, with this growing demand for organic coffee in the market, players operating in the market are focused on offering organic coffee in different packaging formats, which is expected to further boost the market's growth during the forecast period. For instance, L'amant Cafe offers a wide range of organic coffee products with unique characteristics and flavor profiles. According to the company, its roasted organic coffee meets international standards. Such offerings in the country's market mark new organic coffee products, including organic instant coffee products, roasted organic coffee, and whole bean of convenience for the brands and showcase their continued commitment to innovation and ability to meet customer needs, which eventually aids the market to grow.

Instant Coffee is Gaining Traction in the Market Due to the Rising Demand

Increasingly busy lifestyles and longer working hours are resulting in strengthening and appreciation for the convenience of this product type, which is leading more consumers to switch from fresh ground coffee or standard instant coffee to instant coffee mixes. Additionally, the convenience packaging formats of instant coffee products are further supporting this demand. Traditionally, instant coffee has been packaged primarily in jars or cans, which can be bulky and not very eco-friendly. But now, brands like TNI King Coffee and G-7, among others, offer instant coffee in Vietnam in single-serve sachets or sticks, which are more convenient and easier to recycle.

Moreover, the increased instance coffee production in the country is one of the major factors driving the country's market by maintaining enough production that aligns with the demand. For instance, according to the General Statistics Office of Vietnam, in 2022, the production volume of powder and instant coffee in Vietnam amounted to approximately 154 thousand metric tons, which increased from 141.4 thousand metric tons when compared to the previous year. The volume of powder and instant coffee produced had been growing steadily in the country.

Furthermore, due to Vietnam's abundant source of Robusta coffee, which is the primary raw material for the production of instant coffee, this country has the potential to become the world's leading producer of instant coffee. Due to this strong advantage, leading coffee producers in Vietnam are focused on expanding their reach in the market by expanding their roasting and instant coffee manufacturing facilities. For instance, in August 2021, a joint venture agreement was announced between agricultural commodities company Louis Dreyfus Company (LDC) and private-label coffee maker Instant to build an instant coffee plant in Vietnam. The venture was claimed to operate as ILD Coffee Vietnam, and construction commenced at the beginning of 2022. As a result of the factors mentioned above, the demand for coffee is increasing in the country.

Vietnam Coffee Industry Overview

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The Vietnam coffee market is witnessing domination by a few popular players while the presence of a considerable number of regional and global players is increasing the competition. An advanced distribution network gives an upper edge to the manufacturers to expand their range of products suitable for various consumer needs. Moreover, it is crucial for players to continuously innovate to operate and grow in the market due to the rapidly changing consumer demands and preferences. Furthermore, the players operating in the market have been using various strategies to improve consumer recognition of their brands which can help the companies strengthen their presence in the market. The Vietnam Coffee market includes a few major players like Nestle S.A., Metrang Coffee, Jollibee Foods Corporation, Masan Group, and Trung Nguyen.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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