

Vietnam Air Conditioner Market By Type (Splits, VRFs, Chillers, Windows, Others), By End User (Residential, Commercial), By Region, Competition, Forecast & Opportunities, 2020-2030F

Market Report | 2025-01-31 | 83 pages | TechSci Research

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Report description:

The Vietnam Air Conditioner market was valued at USD 1.02 Billion in 2024 and is expected to grow to USD 2.89 Billion by 2030 with a CAGR of 7.98% during the forecast period. The Vietnam Air Conditioner market is driven by several factors, including the rising temperatures and humidity levels across the country, which increase the demand for cooling solutions. Rapid urbanization and growing disposable incomes have led to more consumers in cities opting for air conditioning in homes, offices, and commercial spaces. Also, the construction boom in residential, commercial, and industrial sectors is fueling the market growth as new buildings require air conditioning systems. The growing focus on energy efficiency, along with advancements in technology, has also pushed demand for more eco-friendly, cost-effective, and smart air conditioners in the region.

Key Market Drivers

Rising Temperature Levels Across the Region in Summer

Rising temperature levels across Vietnam, particularly during the summer months, are a major driver of the country's air conditioner market. As a part of this, according to a recent study, as of April 2024, a temperature of 43.2 C was recorded here. The hottest meteorological summer from June to August, according to all 17 weather stations in Vietnam below 680 meters altitude, occurred in 2023, with an average temperature of 29.0 C. With increasing global temperatures, Vietnam experiences prolonged and more intense hot spells, which significantly raise the demand for cooling solutions. The tropical climate, characterized by high humidity and soaring temperatures, particularly in urban areas like Ho Chi Minh City and Hanoi, makes air conditioning an essential appliance in both residential and commercial settings.

As temperatures climb, consumers increasingly rely on air conditioners to ensure comfort and health, particularly during the hottest months. This growing need for temperature control extends beyond homes, with businesses, restaurants, offices, and shopping malls also investing in air conditioning systems to maintain a pleasant environment for employees and customers. As climate change continues to increase average temperatures, the reliance on air conditioning systems is expected to grow, further

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driving market expansion.

Growing Middle Class Population

The growing middle-class population in Vietnam is a significant driver of the air conditioner market. As a part of this, according to a recent study, Vietnam's middle class currently comprises 13% of the population (97 million) and is projected to grow by 2026. As the country experiences rapid economic development, an increasing number of households are rising into the middle-income bracket. This demographic shift is leading to higher purchasing power and changing consumption patterns. With improved financial stability, more consumers are investing in comfort-enhancing products, such as air conditioners, to cope with the region's rising temperatures and humidity.

The expanding middle class is concentrated in urban areas like Ho Chi Minh City and Hanoi, where the demand for modern appliances, including air conditioners, is accelerating. These consumers prioritize convenience and comfort, and as living standards improve, air conditioning is increasingly viewed as a necessity rather than a luxury. Also, the growing demand for air conditioners extends beyond residential settings to commercial and industrial spaces, such as offices, retail outlets, and restaurants, all of which are integral parts of the booming middle-class economy. Also, the middle class is more inclined to invest in energy-efficient and technologically advanced air conditioning systems that offer better performance and lower energy consumption. This preference for high-quality, sustainable products is pushing manufacturers to innovate and cater to the evolving needs of Vietnam's growing middle class, making it a key driver of the air conditioner market.

Growing Disposable Income

The growing disposable income in Vietnam is a major driver of the air conditioner market. As a part of this, according to a recent study, as of 2025, the household disposable income per capita in Vietnam is expected to be USD 3.78k. As the country's economy continues to expand, more Vietnamese consumers have access to higher income levels, especially in urban areas. With increased disposable income, there is a greater willingness to spend on comfort-enhancing products, such as air conditioners, which are increasingly seen as a necessary household and commercial appliance. The rising purchasing power enables consumers to invest in modern, energy-efficient, and high-performance air conditioning systems that offer better cooling solutions and lower operating costs.

In particular, the younger generation of working professionals and middle-income households are driving the demand for air conditioners, as they seek to improve their living conditions and create comfortable indoor environments. Also, as disposable income grows, there is an increasing trend towards upgrading existing appliances to more advanced models, including split and inverter air conditioners that are energy-efficient and come with smart technologies. The growing affordability of air conditioners, combined with attractive financing options and easier access to credit, has further fuelled their adoption. With more consumers able to afford high-quality air conditioning systems, the demand is expected to continue to rise, further supporting the growth of the Vietnam Air Conditioner market. As disposable incomes increase, the need for reliable and energy-efficient cooling solutions remains a key driver of market expansion.

Key Market Challenges

Intense Competition Among Major Players

Intense competition among major players is a significant challenge in the Vietnam Air Conditioner market. With a rapidly growing demand for air conditioning systems, numerous local and international brands are vying for market share, making the industry highly competitive. Major global brands such as Daikin, LG, Samsung, and Panasonic compete with regional players, each offering similar features and technologies. This intense competition drives price wars, often pushing companies to lower their prices, which can reduce profit margins and impact long-term sustainability.

Also, companies are continually innovating to differentiate themselves, offering energy-efficient models, smart air conditioners, and advanced cooling technologies. However, maintaining a competitive edge requires substantial investments in research and development, marketing, and customer service. The competition also leads to challenges in distribution and retail, as brands must secure shelf space in retail stores and e-commerce platforms, further intensifying the battle for visibility. Also, local brands may struggle to compete with established global names that have stronger brand recognition and larger marketing budgets. As the market matures and more players enter, standing out in the crowded space becomes increasingly difficult. Companies must continually innovate and improve their offerings to meet consumer demands and retain market share, making intense competition a significant challenge in the Vietnam Air Conditioner market.

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Fluctuating Prices of Raw Material

Fluctuating prices of raw materials pose a significant challenge in the Vietnam Air Conditioner market. Key components like compressors, refrigerants, metals (such as copper and aluminum), and plastic materials are subject to price volatility due to factors such as global supply chain disruptions, geopolitical tensions, and fluctuations in commodity prices. These price fluctuations can significantly impact the overall cost structure of air conditioners, making it difficult for manufacturers to maintain consistent pricing. When raw material prices rise, manufacturers may be forced to increase the price of finished products, which can make air conditioners less affordable for consumers, especially in price-sensitive markets. This can result in decreased demand and a potential loss of market share, particularly for cost-conscious buyers in the lower-income segments. Also, fluctuations in raw material costs can strain profit margins for manufacturers, especially smaller players who lack the resources to absorb these increased costs. To manage this challenge, companies may need to rethink their supply chain strategies, negotiate better contracts with suppliers, or explore alternative materials and technologies to mitigate cost increases. Overall, the volatility in raw material prices makes it harder for manufacturers to plan effectively, maintain competitive pricing, and sustain profitability in a highly competitive market.

Key Market Trends

Rising Demand of Smart & Connected Air Conditioner

The rising demand for smart and connected air conditioners is a significant trend in the air conditioner market. As the world moves toward smarter homes, consumers increasingly seek air conditioning systems that can be controlled remotely, providing enhanced convenience, energy management, and comfort. Smart air conditioners are equipped with Wi-Fi connectivity, allowing users to control settings via smartphones, tablets, or voice assistants like Amazon Alexa or Google Assistant. This feature enables users to adjust temperatures, set timers, or even monitor energy usage while away from home.

Also, the integration of artificial intelligence (AI) and machine learning in smart air conditioners allows them to learn user preferences and adjust settings accordingly for optimal comfort and energy efficiency. These systems can detect room occupancy, adjust cooling based on activity levels, and even optimize energy consumption by adapting to real-time usage patterns. Another advantage is the ability to monitor air quality. Many smart air conditioners now come with built-in air purification systems that can track pollutants and allergens, offering healthier indoor environments. As consumers become more tech-savvy and environmentally conscious, the demand for smart, energy-efficient, and multi-functional air conditioners is set to continue rising. This trend is reshaping the air conditioning market, with manufacturers focusing heavily on connected and innovative technologies to cater to these evolving consumer needs.

Rising E-Commerce Growth

The rising growth of e-commerce is a key trend reshaping the air conditioner market. According to a recent report by Vietnam's Ministry of Industry and Trade's E-Commerce and Digital Economy Department, the country's e-commerce business is expected to be worth USD 13.7 billion in 2021, accounting for roughly 6.5% of total retail revenue. As more consumers turn to online platforms for purchasing products, e-commerce has become a critical channel for air conditioner sales. The convenience of browsing a wide range of products, reading customer reviews, comparing prices, and having air conditioners delivered directly to homes is fuelling this trend. The ongoing digital transformation and increased internet penetration in many regions have also contributed to the rapid expansion of online retail.

E-commerce platforms offer an advantage in reaching a broader consumer base, including those in remote or underserved areas where physical stores may be limited. Many consumers now prefer the convenience of ordering air conditioners online, where they can access a wider variety of models, including premium or specialized air conditioning systems that may not be available in traditional retail outlets. Also, the rise of online promotions, discounts, and financing options through e-commerce platforms has further boosted consumer interest. The ability to purchase air conditioners with flexible payment plans and additional services like installation and warranty support makes the online shopping experience more appealing. As a result, e-commerce is becoming a significant driver of growth in the air conditioner market, particularly in urban areas with a growing preference for online shopping.

Rising Demand for Energy Efficient Air Conditioner

The rising demand for energy-efficient air conditioners is a prominent trend in the air conditioner market, driven by increasing environmental concerns and the need for cost-effective solutions. As global temperatures rise and electricity costs increase,

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consumers are becoming more conscious of energy consumption and are actively seeking air conditioning units that offer better efficiency and lower running costs. Inverter air conditioners, known for their ability to adjust compressor speeds and minimize energy usage, have gained significant popularity. These units consume less power by maintaining a consistent temperature, avoiding the energy spikes seen in traditional air conditioners.

Also, many consumers are opting for air conditioners that are equipped with smart technologies to further optimize energy use. Features like programmable timers, motion sensors, and remote control via apps allow users to control and monitor their energy consumption more effectively, reducing wastage. Government regulations and incentives promoting energy efficiency also play a crucial role in this trend. Many regions are implementing stricter energy standards, encouraging manufacturers to produce eco-friendly units with advanced refrigerants and lower carbon footprints. As awareness of climate change and sustainability grows, the demand for energy-efficient air conditioners is expected to continue rising, shaping the future of the market.

Segmental Insights

End User Insights

Residential dominated the Vietnam Air Conditioner market, due to increasing urbanization, rising disposable incomes, and a growing middle class. With hot and humid weather prevalent across the country, more households are investing in air conditioners for comfort and health reasons. Also, the trend of smaller living spaces in urban areas has led to a higher demand for efficient and compact cooling solutions. The availability of affordable air conditioning options, along with promotions and financing plans, has made it easier for consumers to purchase units. As living standards improve, the residential sector continues to drive the growth of the air conditioner market in Vietnam.

Regional Insights

Northern dominated the Vietnam Air Conditioner market, due to its rapid urbanization, growing disposable incomes, and increasing demand for modern appliances. Cities like Hanoi and Haiphong have seen significant economic growth, with more residents and businesses opting for air conditioning to combat the region's hot and humid summers. The rise in construction activities, including new residential and commercial buildings, has also driven demand for air conditioning units. Also, Northern Vietnam's expanding middle class and greater focus on comfort and lifestyle have further fuelled the region's dominance in the air conditioner market.

Key Market Players

- Daikin Vietnam
- Panasonic Vietnam Co., Ltd
- LG Electronics Vietnam Hai Phong Company
- Samsung Vina Electronics Co., Ltd
- Midea Vietnam
- Trane Technologies Company, LLC
- Gree Air Conditioner (Vietnam) Co., Ltd
- Hitachi Energy Ltd
- Mitsubishi Electric Vietnam
- Carrier Global Corporation

Report Scope:

In this report, the Vietnam Air Conditioner Market has been segmented into the following categories, in addition to the industry trends which have also been detailed below:

□□ Vietnam Air Conditioner Market, By Type:

- o Splits
- o VRFs
- o Chillers
- o Windows
- o Others

□□ Vietnam Air Conditioner Market, By End User:

- o Residential

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- o Commercial

☐Vietnam Air Conditioner Market, By Region:

- o Southern
- o Northern
- o Central

Competitive Landscape

Company Profiles: Detailed analysis of the major companies presents in the Vietnam Air Conditioner Market.

Available Customizations:

Vietnam Air Conditioner Market report with the given market data, TechSci Research offers customizations according to a company's specific needs. The following customization options are available for the report:

Company Information

☐Detailed analysis and profiling of additional market players (up to five).

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