



# OVERVIEW REPORT ON VIETNAM'S DOMESTIC MARKET 2025

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ANALYSIS OF THE CURRENT SITUATION, TRENDS, AND DEVELOPMENT PROSPECTS OF VIETNAM'S DOMESTIC MARKET

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PUBLISHING HOUSE FOR INDUSTRY AND TRADE





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# PREFACE

The year 2025 marks a pivotal turning point for Vietnam's economy in general and the domestic goods market in particular. With key decisions on restructuring governmental organizational apparatus and local administrative boundaries; merging ministries, agencies, and units; and promoting decentralization and delegation of authority to local governments, the Party and the State aim to build a streamlined, effective, and efficient administrative system. From the perspective of the goods market, these institutional and administrative changes are expected to create favorable conditions for organizing supply chains, strengthening regional linkages, facilitating market connectivity, promoting infrastructure investment, and advancing the development of domestic trade. These efforts aim to better meet consumer demand, enhance the resilience of the domestic market against fluctuations in global markets (especially amid rising geopolitical and trade uncertainties), and create momentum for the stable, transparent, and sustainable development of Vietnam's goods market.

In addition, in 2025, various policies promoting investment, supporting private-sector development, encouraging innovation, and accelerating digital transformation have been actively implemented. These policies significantly influence the Vietnamese goods market, generating new growth drivers, promoting the development of the retail sector, and improving the quality of trade and logistics infrastructure.

These new economic development orientations and changes in the administrative management apparatus from central to local levels will open new opportunities for Vietnam's economy as a whole, as well as for the retail industry and supporting services for the circulation and transportation of goods in the years ahead.

To analyze the influencing factors, opportunities, and challenges, and to provide comprehensive information on the domestic market in 2025 - supporting policymakers and enterprises in the distribution and retail sectors in making management decisions and developing investment strategies to foster sustainable development of the domestic trade sector, Agency for Domestic Market Surveillance and Development - Ministry of Industry and Trade has prepared and published **Overview Report on Vietnam's Domestic Market 2025**.

## 1. Objectives of the Report

- To provide an overall assessment of Vietnam's domestic market in 2025.
- To analyze key factors affecting market development.
- To identify future trends and development opportunities.
- To propose recommendations for policymakers and enterprises in the distribution and retail sectors to enhance market management and foster sustainable development of domestic trade.



## 2. Structure of the Report

The Report consists of three main parts:

**Part I:** Assessment of the current situation and factors affecting the domestic market in 2025, including an evaluation of the scale and structure of Vietnam's retail market; macroeconomic, demographic, and technological factors; relevant mechanisms and policies; and a SWOT analysis of the domestic market.

**Part II:** Forecast on trends and development prospects of the domestic market for the period 2026 - 2030, including an analysis of global and domestic economic factors, consumption trends, development outlook; compare with selected countries in the region to determine Vietnam's position and draw lessons learned as well as identify potential opportunities for cooperation.

**Part III:** Conclusion and recommendations. Based on the assessment and analysis of the market situation, the Report proposes several recommendations for state management agencies, retail enterprises, and businesses operating in supporting services such as logistics.

*The Report was prepared based on estimated data as of November 2025*

The **e-book** version of the Report is available on the website of the Agency for Domestic Market Surveillance and Development - Ministry of Industry and Trade at:  
<https://dms.gov.vn>

# OVERVIEW

The year 2025 marks significant transformation in the domestic market, signalling a strong shift from the recovery phase (after the Covid-19 pandemic) to a breakthrough growth period in Vietnam's economic rising. Despite the impact of several unfavorable global factors, the domestic market maintained solid growth, continuing to serve as one of the key pillars supporting the national economy amid external volatility. The modern retail distribution infrastructure continued to undergo substantial investment and development, complemented by the robust expansion of e-commerce, which greatly enhanced the circulation of goods and improved Vietnamese consumers' access to domestic products. Market stabilization programs and policies continued to be implemented effectively, ensuring adequate supply - demand balance, contributing to inflation control at a reasonable level, and supporting social welfare. Both modern and traditional retail channels were further upgraded, facilitating the consumption of domestically produced goods, supporting production, and enhancing the competitiveness of Vietnamese enterprises.

## External impacts

In 2025, global trade and international political dynamics remained highly volatile, particularly due to the United States' reciprocal tariff policies, stringent environmental and green-transition requirements imposed by EU countries, and ongoing geopolitical tensions in regions (such as Russia - Ukraine, the Middle East, and emerging hot spots in Asia). These developments exerted considerable pressure on the global goods market and Vietnam's economy. Following statements by President Donald Trump regarding the imposition of reciprocal tariffs on countries with trade surpluses with the U.S., combined with escalating geopolitical tensions, global import costs increased, supply chains were disrupted, and inflationary pressures intensified across many economies. Global economic and trade growth forecasts were repeatedly revised downward. International organizations (WB, IMF, OECD) lowered their 2025 global growth forecasts from 3.3% (early-year projections) to 2.3%-3.1% (June 2025). The WTO projected global trade growth at only 1.8% in 2025 and then 2.4% - significantly lower than 2024's 3.4%. Global inflation in 2025 was forecast at 4.2% (IMF, October 2025), although slightly improved from 2024's 5.8%, still well above the 3% than before Covid 19 Pandemic, prompting continued cautious monetary policy across many economies. Moreover, consumer inflation expectations across 31 countries, reported by the Bank for International Settlements (BIS) in Sept. 2025, stood at 8% - far above target levels - indicating increased consumer caution, thereby affecting goods consumption, market development, and overall economic growth. Global Brent crude oil prices declined from an average of USD 80/barrel in 2024 to USD 68/barrel in 2025. While this supported reduced transportation and logistics costs for global trade, the steep decline raised concerns over potential economic slowdown in the near future.



## Domestic resilience and the economy's adaptive capacity

To mitigate the adverse effects of external factors and achieve the 2025 economic growth targets, the Government and ministries effectively employed various macroeconomic tools, particularly fiscal and monetary policies and market management measures. The Government maintained an expansionary fiscal policy to support growth, generate employment and income, and stimulate consumer spending. In terms of monetary policy, the State Bank of Vietnam managed interest rates and exchange rates at relatively low levels to boost investment and support exports, thereby strengthening market purchasing power and helping enterprises sustain production. Simultaneously, market management, anti-smuggling, and food safety enforcement were carried out intensively, restoring discipline in the market and reinforcing long-term consumer trust in domestically circulated goods. Throughout 2025, the Government issued numerous resolutions and directives to pursue the national growth target of above 8% (later adjusted to 8.3 - 8.5%). The Ministry of Industry and Trade actively implemented trade promotion programs, consumer stimulation policies, domestic market development initiatives, digital transformation support for enterprises, e-commerce participation programs, and measures to develop modern distribution systems - enhancing market access for domestic goods. In parallel, local authorities continued implementing market stabilization programs to help control inflation and maintain stable consumer sentiment. As a result, domestic purchasing power improved, retail goods circulation maintained stable growth, and the domestic market contributed significantly to national economic growth and overall market stability in 2025.

## Development prospects

With strong performance despite unfavorable conditions, Vietnam's domestic market reaffirmed its critical role as a stable pillar of the national economy - especially when export markets faced challenges. The domestic market demonstrates substantial development potential in the coming years due to:

- A rapidly modernizing commercial infrastructure system and accelerating urbanization.
- Breakthrough economic growth in a new development era, driving rapid increases in per capita income, combined with a large population of over 100 million and a favorable demographic structure.
- A highly open economy with extensive cooperation through numerous signed FTAs, offering significant opportunities for supply chain development and technology transfer.
- Strong growth in e-commerce, with the fastest expansion rate in Southeast Asia.
- Multiple supportive government policies in economics, science, and technology providing a solid foundation for the development of the goods market.

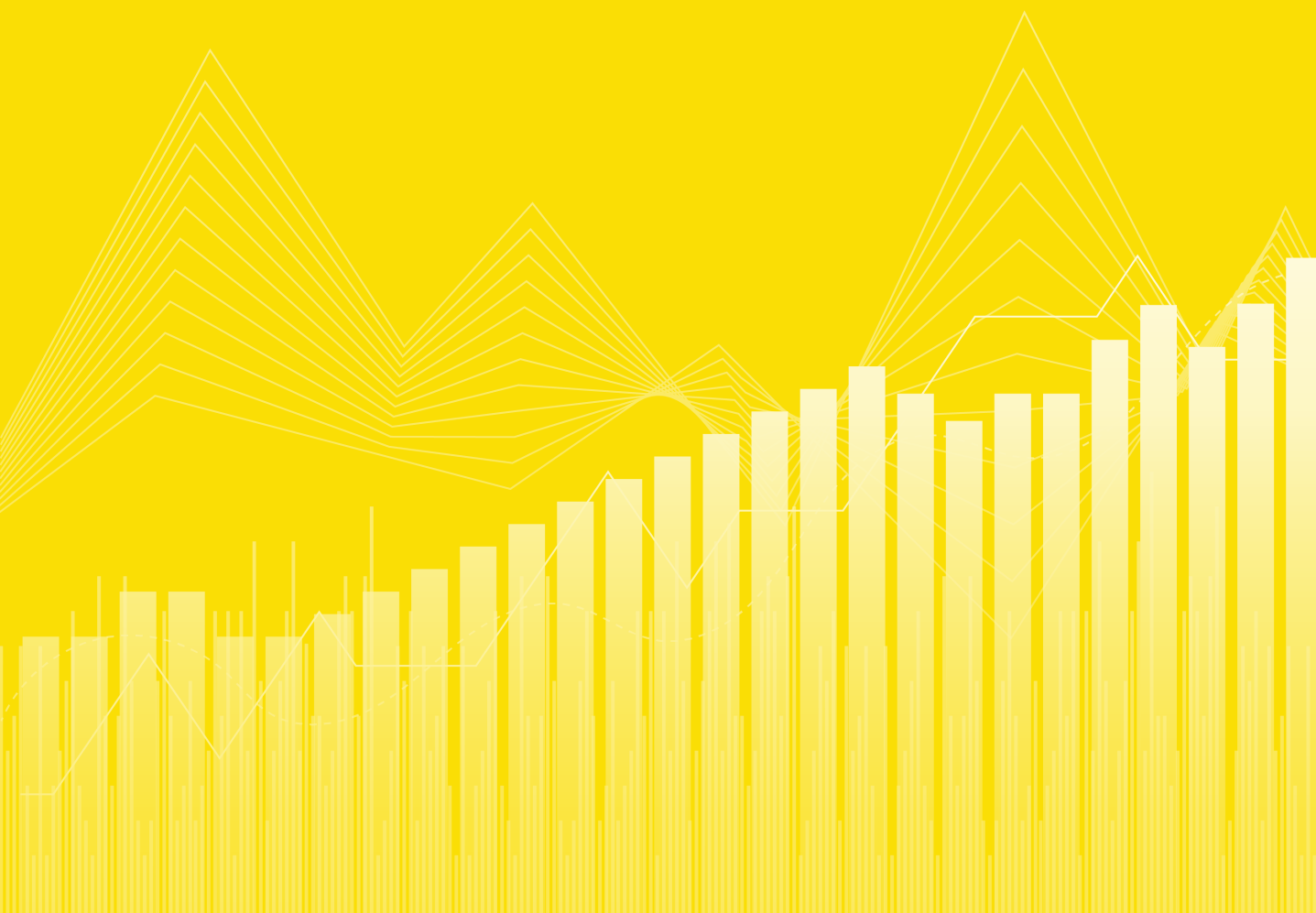
With these strengths and potentials, Vietnam's domestic market is and will continue to be a promising sector for domestic retailers and an attractive destination for regional and global retail enterprises.



PART I

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# **CURRENT SITUATION AND FACTORS AFFECTING THE DOMESTIC MARKET IN 2025**





## I. CURRENT SITUATION OF THE DOMESTIC MARKET IN 2025

### 1. Market Size and Structure

#### 1.1. Market Size

Vietnam's retail goods and services market, with a total value of approximately USD 269 billion, of which retail goods account for about USD 205 billion (estimated by the end of 2025), continues to be regarded as highly potential and attractive to major domestic and international retailers. In recent years, large foreign retail corporations such as Aeon (Japan), Lotte (Korea), Central Retail and MM Mega Market (Thailand), Circle K (Canada), along with major domestic retailers such as Saigon Co.op, Hapro Mart, WinCommerce, and Bách Hóa Xanh, have continuously expanded investments and developed modern retail locations, contributing to the transformation of the retail landscape, improvement of commercial infrastructure quality, and enhancement of supply capacity across many provinces nationwide.

In 2025, alongside the development of commercial infrastructure, trade promotion programs were actively implemented, resulting in strong growth in retail goods circulation. The total retail sales of goods and services nationwide reached VND 7,093 trillion, a 10% increase compared to 2024. This marks the highest growth rate in the past five years (excluding 2021 - 2022, which saw abnormal fluctuations due to social distancing during and after the Covid-19 pandemic).

In 2025, domestic purchasing power was influenced by several factors, including:

- Labor market fluctuations caused by administrative restructuring and workforce reductions in some sectors affected by technological advancements and artificial intelligence. Concerns over employment stability and future income caused consumers to become more cautious, prioritize savings, and mainly spend on essential goods.
- Stricter enforcement of regulations on product quality, origin, and tax compliance in production and business operations. While these measures create a healthier business environment in the long run, they initially impact consumer sentiment, affect price levels, and temporarily influence purchasing power.

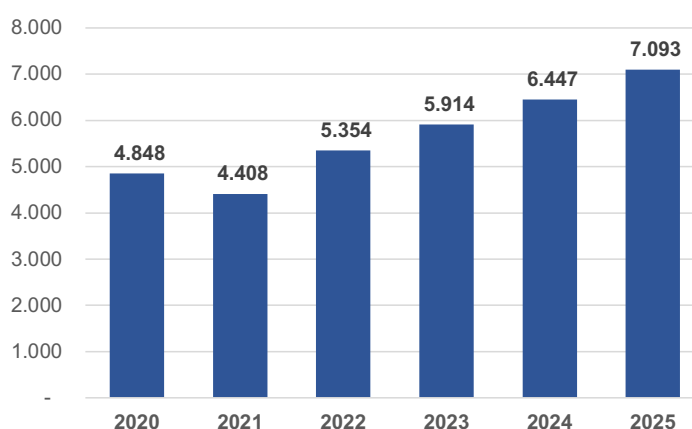
Despite the Government's expansionary fiscal policy and emphasis on public investment, in the first half of 2025, many localities were still focused on reorganizing and operating newly restructured administrative systems. As a result, public investment disbursement was slower, and the associated capital inflows had not yet significantly stimulated market demand.

Faced with these adverse factors, from August 2025 onward, the Government and relevant ministries continuously issued directives to accelerate socio-economic development and to achieve the growth targets. Key measures to develop the domestic market such as: Resolution No. 226/NQ-CP (August 5, 2025), Directive No. 31/CT-TTg (October 18, 2025), Official Telegram No. 172/CĐ-TTg (September 25, 2025), and Official Telegram No. 179/CĐ-TTg (September 29, 2025) - were implemented.

Following these instructions, the Ministry of Industry and Trade actively deployed solutions to stimulate domestic consumption, including issuing detailed guidance for local authorities and enterprises, and directly organizing major trade promotion programs such as the Autumn Fair, the National Trade Promotion Program, Agricultural Product Weeks, auctions, and livestream sales campaigns to promote agricultural brands.

From September 2025, once localities began operating their newly structured administrative systems more fully, investment activities and trade promotion programs were further strengthened. As a result, by the end of 2025, total retail sales of goods and services estimated to record a growth rate of over 9%, higher than the 9% growth rate recorded in 2024.

**Figure 1: Total retail sales of goods and service revenue in the period 2020-2025 (Unit: trillion VND)**

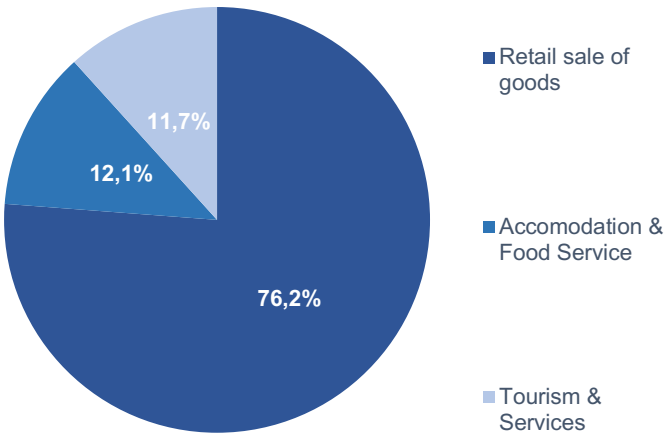


Source: General Statistic Office of Vietnam (Ministry of Finance) and Agency for Domestic Market Surveillance and Development (Ministry of Industry and Trade)  
1.2. Structure of the Domestic Retail Market by Product Category

## **1.2. Structure of the Domestic Retail Market by Product Category**

Within the composition of total retail sales of goods and services in 2025, the retail goods segment continued to represent the dominant share, accounting for approximately 76.2%, equivalent to around VND 5,405 trillion, reflecting an increase of about 9.7% compared with 2024. The remaining components consist of the accommodation and food services sector, which accounted for approximately 12.1%, and the travel and related service sector, representing around 11.7%, equivalent to VND 858 trillion and VND 830 trillion, respectively - each recording growth rates in the range of 12 - 14% relative to the previous year. Over the past decade (excluding the period significantly affected by the Covid-19 pandemic), service-related sectors have exhibited a consistently higher growth trajectory than retail goods, with annual expansion ranging from 10% to 14%. This trend is the indicator of typical consumption patterns observed in developing economies: as income levels improve and greater emphasis is placed on quality-of-life enhancement, consumer expenditure on services tends to increase at a faster pace than expenditure on tangible goods. Consequently, the proportion of service consumption within total retail sales has demonstrated a gradual upward shift.

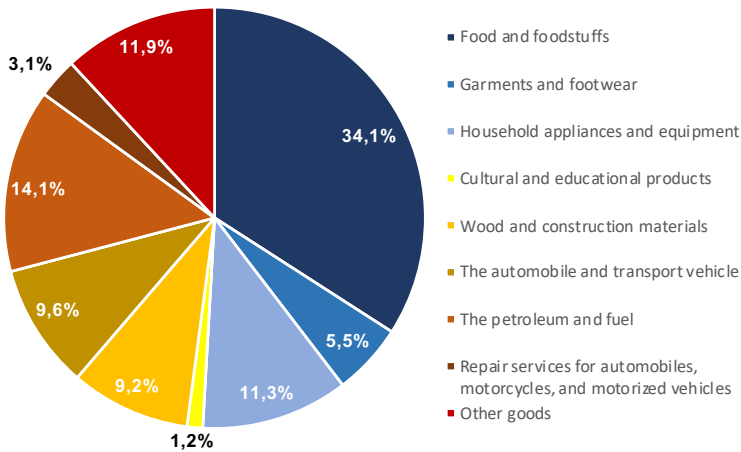
**Figure 2: Sectoral Composition of Total Retail Sales of Goods and Services in 2025**



Source: Estimated by The Agency for Domestic Market Surveillance and Development (Ministry of Industry and Trade)

Within the retail goods category, in the context of a middle-income economy such as Vietnam - despite rising per-capita income and a progressive increase in expenditure on service-related activities - spending on essential goods for daily living continues to constitute the largest share. These include staples such as food, beverages, fuel, and household appliances. This is followed by expenditure on apparel, construction materials, furniture, and cultural or educational items. Specifically:

**Figure 3: Composition of Product Groups within Retail Goods Sales in 2025**



Source: Estimated by The Agency for Domestic Market Surveillance and Development (Ministry of Industry and Trade)

(Food and foodstuffs, Garments and footwear, Household appliances and equipment, Cultural and educational products, Wood and construction materials,



The automobile and transport vehicle, The petroleum and fuel, Repair services for automobiles, motorcycles, and motorized vehicles)

- Food and foodstuffs constitute the largest share among all product groups, accounting for 34.1% in 2025, with an estimated value of VND 1,878 trillion, representing a 10% increase compared with 2024.
- The petroleum and fuel category represents approximately 14.2%, equivalent to VND 770 trillion, marking a 12.5% year-on-year increase.
- Household appliances and equipment account for around 11.3%, equivalent to VND 611 trillion, growing by 7% relative to 2024.
- The automobile and transport vehicle category (including spare parts) makes up around 9.6%, equivalent to VND 519 trillion, showing no growth compared with 2024.
- Wood and construction materials represent approximately 9.2%, equivalent to VND 498 trillion, reflecting a 17.2% increase year-on-year - one of the highest growth rates among the main categories.
- Garments and footwear account for about 5.5%, equivalent to VND 297 trillion, an 8.5% increase compared with 2024.
- Repair services for automobiles, motorcycles, and motorized vehicles constitute around 3.1%, equivalent to VND 170 trillion, experiencing a strong 15.5% increase from 2024.
- Cultural and educational products account for about 1.2%, equivalent to VND 66 trillion, increasing by 7% over 2024.
- Other goods (products not classified in the above categories) make up approximately 11.9%, equivalent to VND 643 trillion, increasing by 9.7% compared with 2024.

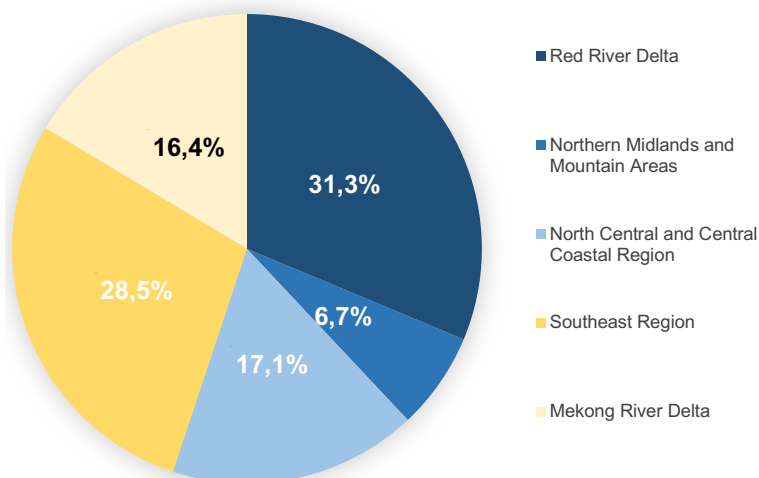
Regarding service Sector, although the share of consumer spending on services in Vietnam remains relatively low compared with several countries in the region, the sector has shown notable upward momentum in recent years - achieving an average growth rate of 12 - 14%, surpassing overall market growth. Given this potential and positive outlook, the service sector is expected to attract increased attention from enterprises seeking investment opportunities in Vietnam's retail and service markets in the coming years.

### ***1.3. Structure of the Domestic Retail Market by Region***

Across the five major economic regions, total retail sales of goods and services exhibit substantial disparities. Regions containing major metropolitan centers such as Hanoi and Ho Chi Minh City - with large populations and highly developed economic and commercial activities - account for significantly higher proportions than others.



**Figure 4: Structure of Total Retail Sales of Goods and Services by Economic Region, 2025**



Source: General Statistic Office of Vietnam (Ministry of Finance)

(Red River Delta 31.3%, North Central and Central Coastal Region 17.1%, Mekong River Delta 16.4%, Northern Midlands and Mountain Areas 6.7%, Southeast Region 28.5%)

- **Red River Delta:** This region records the highest total retail sales, accounting for 31.3% of the national total. Notably, Hanoi alone contributes more than 50% of the region's retail sales value.
- **Northern Midlands and Mountain Areas:** This region has the lowest total retail sales, representing 6.7%, due to the predominance of mountainous provinces with lower levels of economic development and household income derived mainly from small-scale agricultural activities.
- **North Central and Central Coastal Region:** This region accounts for 17.1% of total retail sales. Economic activities primarily rely on coastal advantages such as fishing, seafood processing, and tourism; however, these sectors remain relatively underdeveloped, limiting overall economic efficiency and household income.
- **Southeast Region:** This is the second-largest region in terms of total retail sales, representing 28.5%. The region's high share is mainly attributable to Ho Chi Minh City, which has the largest retail market in the country and contributes 76% of the region's total retail value.
- **Mekong River Delta:** This region records the second-lowest share, at 16.4%, largely because its economy depends heavily on agriculture, with household income subject to fluctuations related to seasonal aquaculture and rice cultivation.

### 1.4. Structure by Shopping Method

In line with the rapid development of information technology, e-commerce has become increasingly widespread. Many enterprises have effectively leveraged technological advancements and artificial intelligence, enabling digital shopping platforms to become more sophisticated and better tailored to consumer needs. As a result, online shopping channels have experienced strong growth in recent years. According to the “Voice of the Consumer Survey 2024” conducted by PricewaterhouseCoopers (PwC) with more than 7,000 participants across 11 Asia-Pacific countries and territories - including 515 respondents from Vietnam - 67% of surveyed Vietnamese consumers engaged in online shopping, reflecting a significant shift toward digital platforms.

Based on data from Metric (Data Science Joint Stock Company) and national estimates, e-commerce transactions across major platforms (Shopee, TikTok Shop, Lazada, Tiki) reached approximately VND 455 trillion in 2025. The estimated total value of domestic e-commerce transactions (including other online businesses) reached about VND 830 trillion, equivalent to approximately USD 32 billion. Thus, e-commerce revenue accounted for around 12% of total national retail sales of goods and services in 2025. The online shopping trend has accelerated rapidly in recent years, particularly following the restrictions on in-person shopping during the Covid-19 pandemic (2021 - 2022). According to the Vietnam E-commerce Association, Vietnam’s e-commerce sector is currently growing by around 20% per year, significantly higher than the overall growth rate of total retail sales (approximately 9 - 10% per year).

## 2. Distribution Characteristics and Sales Channels

### 2.1. Proportion of Retail Sales via Modern and Traditional Channels

Prior to the outbreak of the Covid-19 pandemic, the share of modern retail channels accounted for approximately 22% of total retail sales. However, during the pandemic period (2021 - 2023), consumers tended to avoid crowded places such as shopping malls and supermarkets to reduce the risk of infection, resulting in a decline in this proportion. By 2025, the modern retail share had recovered and increased to 25%. In major cities such as Hanoi and Ho Chi Minh City, this proportion was even higher, ranging from 28% to 30%.

**Table 1: Proportion of Retail Sales of Goods by Distribution Channel, 2022 - 2025 (Unit: %)**

Distribution channel	2021	2022	2023	2024	2025
<b>Modern distribution channels</b>	<b>28</b>	<b>26</b>	<b>33</b>	<b>27</b>	<b>30</b>
Of which <i>e-commerce</i>	9	9	10	11	12
<b>Traditional distribution channels</b>	<b>72</b>	<b>74</b>	<b>67</b>	<b>73</b>	<b>70</b>

Source: The Agency for Domestic Market Surveillance and Development (Ministry of Industry and Trade)-Estimated



At traditional retail channels (such as markets and small independent shops...), although experiencing a gradual decline, continue to dominate the retail distribution system, currently accounting for approximately 67 - 70% of total retail sales of goods.

## **2.2. Expansion of Major Retail Chains in Vietnam**

In recent years, both domestic and foreign retailers have increasingly focused on investing in and expanding their distribution networks in Vietnam. This expansion has been implemented through the development of shopping malls, supermarkets, and convenience store systems aligned with modern and civilized retail standards, particularly in urban areas across provinces and cities nationwide.

**Central Retail:** Central Retail began operating in Vietnam in 2012. As of 2025, it operates approximately 330 supermarkets and stores, including GO!, Big C, and Tops Market, with a total retail floor area of 1,300,000 m<sup>2</sup>, employing around 15,000 workers, and serving about 500,000 shoppers per day.

The company plans to invest an additional USD 1.38 - 1.44 billion between now and 2027 to further expand its distribution network in Vietnam.

**AEON Vietnam:** Officially operating in Vietnam since 2011, AEON has continuously expanded its retail network through AEON Malls, general merchandise stores (SSM), mini-stores (AEON The Nine), and MaxValu convenience stores to reach a wide range of customer segments. By the end of 2025, AEON Vietnam operated:

- 8 shopping malls,
- 15 general merchandise stores and supermarkets,
- 45 medium- and small-sized supermarkets,
- 180 convenience stores,
- 29 specialty stores, and
- 1 pharmaceutical and cosmetics store.

10-year plan: AEON plans to invest USD 1.5 billion, targeting annual revenue growth of around 30% and aiming to triple its scale by 2030.

**WinCommerce - WinMart (Masan Group):** After acquiring and restructuring the VinMart retail system, WinCommerce has aggressively expanded its distribution network, particularly in rural areas, which remain underserved by other retailers.

By the end of 2025, WinCommerce operated approximately 4,600 stores nationwide. In 2025 alone, the company opened around 800 new stores, with about 70% located in rural areas.

Long-term goal: By 2030, WinCommerce aims to operate around 10,000 stores,





targeting the presence of at least one WinMart+ outlet in every commune, village, and hamlet. The company consistently prioritizes using more than 90% Vietnamese-made products, supporting domestic consumption.

**Lotte Mart:** Lotte Mart, part of South Korea's Lotte Group, entered Vietnam in 2008. As of 2025, it operates 15 supermarkets in major cities and provinces including Ho Chi Minh City, Dong Nai, Khanh Hoa, Da Nang, Nghe An, and Hanoi.

By 2030, Lotte plans to develop two additional large-scale shopping malls, aiming to double profitability through these new centers.

**Bách Hóa Xanh (Mobile World / MWG):** Established in late 2015 by Thế Giới Di Động, Bách Hóa Xanh initially piloted a fresh-food supermarket model in Ho Chi Minh City. It has since expanded its network and optimized its business model. By the end of 2025, its retail network reached about 2,000 stores, including nearly 400 new stores opened in 2025, with 70% concentrated in the Central and Central Highlands regions.

The chain has leveraged synergies with the Mobile World and Điện Máy Xanh systems to boost sales and accelerate the shift from traditional to modern distribution - especially in the grocery market.

Revenue target:

- 2025: USD 280 million
- 2030: USD 10 billion

**BRG Retail:** BRG Retail, under Vietnam's BRG Group, has developed a retail network of nearly 100 supermarkets and minimarts across 5 cities including Hanoi, Hai Phong, Quang Ninh, Hung Yen, and Ho Chi Minh City.

**Saigon Co.op:** Established in the 1990s, Saigon Co.op is one of Vietnam's earliest and longest-standing retailers. Originally serving Ho Chi Minh City and southern provinces, it has expanded significantly into northern provinces over the past decade. By 2025, Saigon Co.op operated over 800 retail points, including Co.opmart supermarkets and other brands within its retail ecosystem such as Co.opXtra, Co.opFood, Co.op Smile, Cheers 24h, SC VivoCity, Sense City, and SenseMarket.

**Convenience Store Chains:** As modern and fast-paced lifestyles grow - especially among younger demographics - convenience stores located in residential areas have gained strong momentum, with both local and foreign brands expanding rapidly.

- *Circle K:* The first foreign convenience-store chain in Vietnam; currently the market leader with over 460 stores.
- *GS25 (Korea):* The second-largest chain with over 200 stores. Initially concentrated in Ho Chi Minh City, GS25 began expanding to Hanoi in 2025, targeting 700 stores by 2027.



- *7-Eleven*: Entered Vietnam in 2017; expanded from Ho Chi Minh City to Hanoi in 2025. By the end of 2025, it operated approximately 150 stores, increasing competition in the 24/7 convenience segment.
- *Emart (Korea)*: Expected to operate 7 hypermarkets in Vietnam by 2025.
- *Long Châu Pharmacy (FPT Retail)*: Established in 2017, this is the largest pharmacy chain in Vietnam. By the end of 2025, Long Châu operated 2,343 pharmacies, 226 vaccination units, and achieved USD 1.28 billion in revenue.

**2.3. Network of Supermarkets and Shopping Centers**

Alongside the development of commerce, modern retail infrastructure - including supermarkets and shopping centers - has expanded rapidly, especially in urban areas.

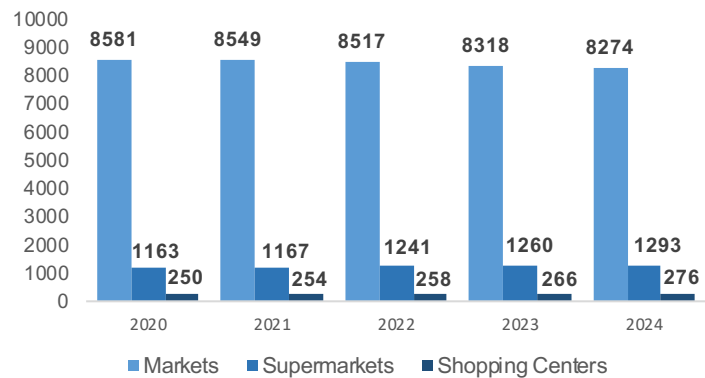
From 2020 to 2024, the number of supermarkets and shopping centers increased significantly:

- Supermarkets: from 1,163 (2020) to 1,293 (2024)
- Shopping centers: from 250 (2020) to 276 (2024)

Growth rates for these two categories were substantially higher than those for traditional markets:

- Supermarkets: +9.72% (average +2.2% per year)
- Shopping centers: +10.4% (average +2.6% per year)

**Figure 5: Number of Markets, Supermarkets, and Shopping Centers, 2020 - 2024**



(# of Major Trade frastructures - # of markets - # of Supermarkets - # of Shopping Centers)

Source: General Statistic Office of Vietnam (Ministry of Finance)

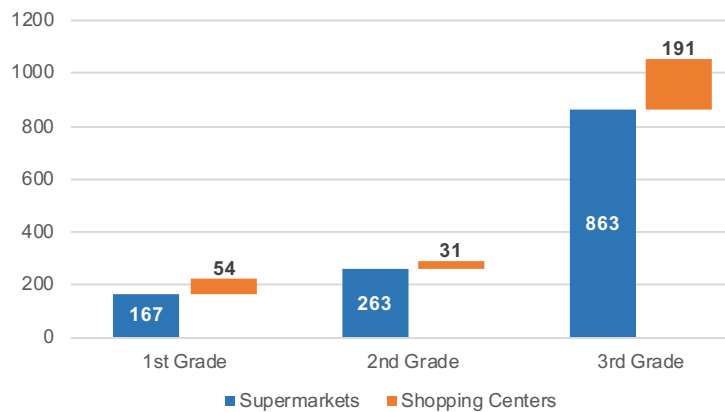
In recent years, to align with the evolving shopping needs of the population - driven by rising living standards, higher incomes, and rapid urbanization - the number



of traditional markets has shown a declining trend (from 8,581 markets in 2020 to 8,274 in 2024, a reduction of 3.6% compared with 2020). Replacing these traditional category is the rapid expansion of modern commercial infrastructure such as supermarkets and shopping centers. Within the category of modern commercial infrastructure, supermarkets - due to their smaller scale and lower investment requirements relative to shopping centers - are far more numerous. According to statistical data, supermarket classification in Vietnam indicates that the majority belong to Grade III, with 863 units accounting for 66.8%, while Grade II supermarkets represent 20.3% and Grade I account for only 12.9%. This shows that although the supermarket system has expanded strongly in terms of quantity, its quality remains uneven, with the majority operating on a small to medium scale.

For shopping centers, although the total number is only 276, Grade I centers account for 19.6%, a proportion higher than that of Grade I supermarkets. Shopping centers are primarily concentrated in major urban areas to meet high-end consumption demands and serve as commercial anchors within local service ecosystems.

**Figure 6: Quality Classification of Modern Commercial Infrastructure**



*(Shopping centers- Supermarkets: Total, 1st Grade, 2nd Grade, 3rd Grade)*

Source: The Agency for Domestic Market Surveillance and Development (Ministry of Industry and Trade)

Regarding the distribution of modern commercial infrastructure: As of 31 December 2024 (data released in March 2025), Vietnam had 1,293 supermarkets and 276 shopping centers. However, these establishments were largely concentrated in major cities, which collectively accounted for nearly 50% of all supermarkets and shopping centers nationwide. Notable concentrations include:

- Hanoi: 30 shopping centers, 131 supermarkets
- Hai Phong: 14 shopping centers, 34 supermarkets
- Da Nang: 8 shopping centers, 74 supermarkets
- Khanh Hoa: 12 shopping centers, 18 supermarkets

- Ho Chi Minh City: 64 shopping centers, 302 supermarkets

## **2.4. Development of E-Commerce and Digital Platforms**

In 2025, e-commerce and digital platforms continued to consolidate their position as a key distribution channel, recording the fastest growth rate within the domestic trade system. Digital transformation in distribution and retail expanded rapidly, exerting significant influence on consumer behavior, business models, and the structure of the retail market.

### *(i) Scale and growth rate*

Vietnam's e-commerce sector in 2025 sustained double-digit growth, with the online retail market estimated at USD 32 billion, accounting for approximately 12% of total retail sales of goods and consumer service revenue. Of this amount, online retail of goods contributed USD 22.5 billion.

Key drivers of e-commerce growth include:

- Internet penetration exceeding 80%, with a large portion of users frequently engaging in online shopping.
- Rapid development of digital payments, including e-wallets, digital banking, and online payment platforms, improving convenience and transaction safety.
- Explosive growth in logistics and express delivery services: postal services handled an estimated 2.4 billion parcels in 2024, up 30% from 2023, alongside the expansion of smart warehouses and urban delivery networks.

### *(ii) Characteristics of digital-platform distribution in Vietnam*

Major e-commerce platforms - Shopee, Lazada, Tiki, and TikTok Shop - continued to dominate online transactions. Competition intensified, with platforms expanding service offerings, increasing promotional programs, and adjusting fee structures to comply with new regulations (for instance, Shopee and Lazada reduced average fees by 6.5 - 15% from early 2025). Simultaneously, social commerce and livestream-based selling surged, especially on TikTok Shop, becoming a fast-growing channel for fashion, cosmetics, food, and FMCG. This model enables small sellers to reach consumers at low cost but also raises new requirements for product transparency and quality control.

Domestic enterprises - particularly SMEs - increasingly participated in digital distribution channels. Government support policies, such as Decree No. 80/2021/ND-CP, which subsidizes up to 50% of the cost of maintaining e-commerce platform accounts (up to VND 50 million per year per enterprise for two years), have enabled tens of thousands of small businesses, household enterprises, and cooperatives to expand online sales and strengthen competitiveness.

Omni-channel and multi-channel retail models have also been widely adopted. Businesses integrate physical stores with e-commerce storefronts, proprietary

apps, social media platforms, and express delivery services to enhance customer experience and improve product accessibility. Modern retail formats such as supermarkets and convenience stores are accelerating digital transformation through online shopping apps, home delivery services, and digital loyalty programs to maintain competitiveness amidst rapid e-commerce growth.

*(iii) Changes in consumer behavior associated with e-commerce development*

When shopping online - where consumers make purchasing decisions without directly experiencing products - they place higher expectations on sellers in areas such as:

- Transparency of product origin, traceability, clear product information, and publicized promotional policies - particularly for FMCG, foods, and health-related products.
- Higher demands for delivery speed and accuracy, as well as transparent return policies and customer service commitments.
- Greater diffusion of digital consumption to rural, remote, and mountainous areas, aided by expanded telecommunications infrastructure and national digitalization programs (e.g., free provision of “.vn” domain names for household businesses and SMEs). This creates significant opportunities for local enterprises and cooperatives to access larger markets, reduce physical store costs, and integrate into the digital economy.

Overall, the robust development of e-commerce is not only reshaping consumer behavior but also serving as an important catalyst for enhancing the competitiveness of Vietnamese enterprises. It opens opportunities for small-scale units to participate more deeply in the domestic market and supports the potential for cross-border e-commerce in the future.

However, alongside these advantages, e-commerce also poses challenges for state management, including:

- Quality control and prevention of commercial fraud;
- Technology-access gaps between urban and rural areas, and between large and small enterprises;
- High investment costs for technological infrastructure;
- Issues related to data security, cybersecurity, and electronic transactions.

In the coming period, harmonizing policies, strengthening regulatory oversight, supporting enterprise digital transformation, and developing logistics and technological infrastructure will be key to enabling e-commerce to continue playing a pivotal role in Vietnam's digital economy.



### 3. Distribution Channels for Selected Product Categories

The report analyzes distribution channels for selected product groups, including:

- Energy (petroleum),
- Construction materials (steel, cement),
- Food and agricultural products (rice, pork, seafood),
- Consumer goods (textiles, footwear), and
- Restricted products (alcohol, tobacco).

The analysis covers supply - demand conditions, distribution system organization, and major policies related to each product category.

*Details are provided in Appendix of the Report.*

## II. ANALYSIS OF FACTORS AFFECTING THE DOMESTIC MARKET IN 2025

### 1. Socio-economic factors

#### 1.1. Macroeconomic factors

##### *(i) Economic growth, per capita income, and purchasing power*

In 2025, Vietnam's economy recorded a strong GDP growth rate. Following decisive directions from the Government and active implementation of measures by ministries, sectors, and local authorities - together with accelerated investment promotion efforts - GDP for the year of 2025 grew by 8.0%, the highest rate in over 20 years (excluding 2022, which rose 8.5% due to the low base of 2021 affected by the Covid-19 pandemic).

Compared with other Southeast Asian economies, Vietnam's economic growth surpassed the regional average of around 5%. With its dynamism and openness, Vietnam continued to serve as one of the region's main growth drivers.

Despite global political uncertainties and unfavorable shifts in international trade policies affecting import - export activities, Vietnam achieved an impressive GDP growth rate in 2025, exceeding 8%, demonstrates the agility of domestic enterprises and timely government intervention to address logistical bottlenecks, maintain production, and stabilize consumption. These developments reaffirm that the domestic market remains a critical buffer for manufacturers and traders when export markets weaken or global supply chains face disruptions.

Regarding household income: from late 2024 to mid-2025, administrative restructuring across ministries, sectors, and localities - alongside workforce reductions in enterprises (particularly in banking and IT amid widespread digital adoption) - led to increased unemployment. In the public sector alone, more than

100,000 workers were laid off. Many large private firms also downsized by 120 to 2,000 employees each, affecting overall income levels.

However, from the end of the third quarter of 2025, as local governments completed administrative restructuring, public investment disbursement accelerated, and international trade policies stabilized, business operations improved, supporting labor market recovery. With GDP growth exceeding 8%, per capita income reached approximately USD 5,800 in 2025 - higher than in Laos, Cambodia, the Philippines, and Myanmar - placing Vietnam in the upper-middle-income group according to World Bank classifications.

Nevertheless, consumption patterns remain centered on essential goods, while spending on services and savings continues to represent a modest share.

### *(ii) Inflation and consumer sentiment*

According to estimated data published by the General Statistics Office under the Ministry of Finance, the average national CPI in 2025 increased by 3.3% compared with the previous year, meeting the inflation-control target set by the National Assembly for 2025. In the structure of the average CPI for 2025:

#### *Groups contributing to increases in the average CPI in 2025:*

- The group with the highest increase was medicine and healthcare services (up 13%), due to upward adjustments in medical service prices following the schedule stipulated in Circular No. 21/2024/TT-BYT.
- Housing and construction materials (up 6.2%) driven by rising rents, higher construction material prices, and electricity price adjustments in 2025.
- Other goods and services (up around 5%) due to increased notarial fees, insurance, and personal effects.
- Food and catering services (up 3.2%) as prices of certain items - such as pork and out-of-home dining - rose. Given this group holds the highest weight in the CPI basket and recorded a relatively strong increase, it was one of the most important contributors to the overall CPI rise.
- Other groups - including apparel and footwear, beverages and tobacco, household equipment, education, culture - entertainment - tourism - recorded modest increases of 1.3% to 2.2%.

#### *Groups helping to curb the CPI increase in 2025:*

- Transport decreased by 2.2%, primarily due to declining domestic fuel prices in line with global trends.
- Post and telecommunications decreased by 0.5%, influenced by promotional programs and price reductions for older-generation mobile devices.





With GDP growth exceeding 8% and average CPI rising only 3.3% in 2025, these indicators reflect a highly favorable macroeconomic environment, suggesting solid economic growth quality. Inflation being kept within the macroeconomic management threshold helped stabilize consumer sentiment and allowed the Government greater flexibility in implementing fiscal and monetary measures to stimulate economic growth and boost domestic demand.

### *(iii) Monetary and Fiscal Policies*

#### *Fiscal policy:*

In 2025, the Government pursued an expansionary fiscal policy to stimulate aggregate demand and support economic growth. Key measures included:

- Tax and fee reductions aimed at lowering production costs and stimulating consumption. Specifically, the 2% VAT reduction was extended until the end of 2026 under National Assembly Resolution No. 204/2025/QH15 and Government Decree No. 174/2025/NĐ-CP; land-use fee exemptions and reductions were implemented under Decree No. 230/2025/NĐ-CP dated 19 August 2025.
- Acceleration of public investment: The Government repeatedly issued Resolutions and Directives requiring strict monitoring and faster disbursement of public investment, especially for infrastructure projects assigned to ministries and localities. By the end of 2025, public investment disbursement reached nearly 100% of the plan, representing an increase of over 60% compared with 2024. This boosted sectors such as construction materials (steel, cement, sand, stone), machinery, and other related industries; created employment and income for workers; increased disposable income; and stimulated the goods market. In the long term, infrastructure investment also reduces transportation and logistics costs, facilitating smoother goods circulation.

#### *Monetary policy:*

In 2025, the State Bank continued to implement a flexible monetary policy, maintaining low interest rates and harmonizing monetary and fiscal measures to support growth while ensuring inflation control.

- Credit growth: By the end of 2025, total outstanding credit was expected to reach VND 35 quadrillion, up 19 - 20% from 2024 - the highest level in the past 15 years. The sharp rise in credit supply injected a large volume of money into circulation, boosting aggregate demand. Following the Prime Minister's Directive No. 128/CD-TTg dated 6 August 2025 on piloting the removal of credit-growth ceilings, the State Bank developed a roadmap and regulatory framework to abolish credit limits. The pilot began in late 2025 and is scheduled for full implementation starting in 2026. Removing the ceiling is expected to expand investment projects and stimulate consumption.
- Exchange-rate management and interest rates: The SBV adopted a flexible exchange-rate regime and moderately reduced policy rates to support exports



and encourage investment. By end-2025, average lending rates for new commercial-bank transactions had fallen slightly (by 0.3 - 0.5 percentage points compared with late 2024). Lower interest rates stimulate investment, production expansion, and demand for goods.

In 2025, the USD/VND exchange rate continued to rise - despite the global depreciation of the USD against the Euro, Yen, and Pound. The average USD price in 2025 increased 3.5% year-on-year (GSO data). Foreign-currency supply remained sufficient to meet economic demand. The exchange-rate policy aimed to support exports amid adverse global trade developments affecting the competitiveness of Vietnamese goods. However, a stronger USD increased input costs for imports, thereby raising domestic production costs and potentially weakening consumer purchasing power.

## **1.2. Social and Demographic Factors**

### *(i) Population structure and aging trends*

By 2025, Vietnam's population reached approximately 101 - 102 million. Although the country remains within the "golden population structure," with 67% in the working-age group (15 - 64), demographic aging is accelerating. Statistics released in early 2025 indicated 14.2 million people aged 60+ (14% of the population) and 9.3% aged 65+, officially classifying Vietnam as an "aging society" under international standards. Life expectancy reached 74.6 - 74.7 years, but healthy life expectancy remains lower, creating a significant gap between lifespan and quality of life. This places increasing pressure on the healthcare system and raises long-term demand for care services.

### *(ii) Urbanization and middle-class expansion*

Urbanization in Vietnam has progressed rapidly: the urban population share rose from 38.1% in 2020 to 42 - 42.7% in 2023, surpassed 44.3% in 2024, and is projected to reach 46% in 2025, exceeding the National Assembly's target. Vietnam aims for at least 45% urbanization by 2025 and over 50% by 2030, along with 950 - 1,000 well-planned cities (902 cities as of 2023). Urbanization creates employment opportunities, boosts incomes, improves living standards, attracts investment, and supports the development of distribution, retail, and commercial infrastructure.

Alongside urbanization, Vietnam's middle class has expanded rapidly - from nearly 10% of the population in 2000 to about 40% today, with forecasts exceeding 50% by 2030 (World Data Lab). This expansion enhances domestic purchasing power and drives demand for higher-quality goods and services - from real estate and automobiles to premium home appliances, healthcare, education, tourism, and entertainment - contributing significantly to the shift toward growth driven by domestic demand rather than exports.

### *(iii) Changing Vietnamese consumer behavior*

In recent years, with access to abundant information, rising incomes, and evolving consumption habits, Vietnamese consumers have become more discerning and



rational in their spending decisions. In 2025, labor-market volatility and income uncertainty caused consumers to adopt more cautious spending behavior: cutting back on non-essential items such as luxury goods and electronics while maintaining stable expenditure on daily necessities such as food, healthcare, and education.

When evaluating products, consumers increasingly prioritize value and experience over price alone. They rely more on user reviews, detailed product descriptions, and community recommendations rather than traditional promotions and advertising - indicating a more mature consumption mindset.

Sustainable and environmentally friendly consumption has gained momentum as Vietnamese consumers are willing to pay higher prices for green, organic, and certified products. Health awareness rose sharply, with greater adoption of healthy diets, organic foods, functional supplements, and mental-wellness services as people seek improved overall quality of life.

### **1.3. Technological Factors**

#### *(i) Impact of technology on shopping habits*

In recent years, digital technologies have profoundly reshaped Vietnamese consumers' shopping behaviors. Thanks to their convenience and wide variety, e-commerce platforms have grown rapidly and steadily, with annual growth of around 20% (Ministry of Industry and Trade - E-Commerce Department). By 2025, Vietnam ranked among the Top 3 largest e-commerce markets in Southeast Asia, with an estimated market value of USD 32 billion. Consumers increasingly adopt omni-channel shopping, integrating traditional commerce with digital platforms.

Regarding digital payments, under government guidance and with the support of banks, telecom providers, and e-wallet operators, cashless payments have expanded strongly - facilitating online shopping. Furthermore, under Government Resolution No. 87/NQ-CP dated 15 April 2025, the pilot program allowing telecommunication accounts to be used for small-value payments was extended. This has supported cashless adoption, particularly in areas with limited banking access, helping rural and remote consumers gradually shift toward non-cash payment habits.

#### *(ii) Digital Transformation in Commerce*

Digital transformation in commerce - most notably the development of e-commerce and omnichannel retail models - had significant impacts on Vietnam's domestic trade in 2025 through the following dimensions:

##### *Positive Impacts (Drivers of Growth and Modernization)*

Aspect	Analysis points / Key analysis	Impact on domestic trade in 2025
<b>Stimulating demand</b>	E-commerce provides convenience, diversifies choices, and personalizes the shopping experience (leveraging AI and Big Data), stimulating consumers to spend more.	<b>Increasing total retail sales:</b> Directly contributes to the goal of growing total retail sales of goods and consumer service revenue in 2025.
<b>Extending reach</b>	Digital platforms enable goods - especially OCOP products, agricultural produce, and local specialties - to easily reach consumers nationwide, removing geographical barriers.	<b>Bridging the digital divide:</b> Promotes trade in rural and mountainous areas, making the domestic market more widely and evenly covered.
<b>Optimizing operations</b>	Businesses apply digital transformation (from warehouse management and logistics to digital marketing promotion) to reduce costs, increase productivity, and improve operational efficiency.	<b>Enhancing competitiveness:</b> Helping domestic businesses improve profits, offer more competitive prices, and provide better services.
<b>Developing new models</b>	The trend of omnichannel retail ( <b>Omnichannel</b> ) and quick commerce ( <b>Quick Commerce</b> ) developing and integrating online shopping with fast delivery.	<b>Enhancing customer experience:</b> Creating a modern and convenient marketplace that meets consumers' instant needs and strengthens loyalty to domestic brands.

### Challenges

**Enterprise capacity:** Most enterprises still face limitations in resources for investing in technological infrastructure and adopting advanced digital solutions to implement comprehensive digital transformation.

**Logistics infrastructure:** Rising expectations regarding delivery speed and service quality have imposed significant pressure on logistics systems and supply chains.

**Data security:** Ensuring personal data protection and preventing fraud in e-commerce remains a critical factor in maintaining consumer trust.

### (iii) Impacts of Electronic Payment Infrastructure Development

The development of electronic payment infrastructure - particularly cashless payment solutions - serves as an indispensable catalyst for the digitalization of domestic commerce in 2025.



*Positive Impacts (A Lever for Digital Transactions)*

Aspect	Analysis points / Key analysis	Impact on domestic trade in 2025
<b>Transaction boom</b>	Electronic payments (e-wallets, QR payments, Mobile Banking, Contactless) have become popular, convenient, secure, and low-cost. Mobile payments are forecasted to reach a significant value by 2025, estimated at USD 63.35 billion.	<b>Accelerating transaction speed:</b> Reduces transaction costs for businesses and eliminates cash barriers, which is particularly important for the development of e-commerce.
<b>Driving E-commerce &amp; the Digital Economy</b>	The convenience of cashless payments is a key factor in completing transactions on e-commerce platforms. Most major e-commerce companies have integrated digital payment solutions.	<b>Strengthening digital trust and habits:</b> When payments become easy and secure, people tend to shop online more, promoting the goals of the digital economy.
<b>Inclusive Finance</b>	Mobile payment solutions (such as e-wallets and Mobile Money) expand financial access at low cost, including for those without bank accounts.	<b>Expanding the consumer base:</b> Bringing millions of consumers into the digital transaction system, thereby expanding the potential domestic market.
<b>Enhancing transparency</b>	Electronic transactions are recorded, enabling better revenue monitoring, preventing commercial fraud, and improving tax administration.	<b>Enhancing market transparency:</b> Supports the government in economic management and creates a level playing field for businesses.

*Challenges*

**Security and fraud risks:** The increase in digital transactions is accompanied by higher risks of online fraud and scams, requiring substantial investment in cybersecurity.

**Cash-dominant habits:** Despite rapid adoption of cashless payments, cash usage remains prevalent among certain population groups and regions.

**Cost of payment acceptance:** Investment in cashless payment infrastructure (POS terminals, system integration) remains a barrier for small and micro businesses.

*(iv) Application of AI and Big Data in Retail*

*AI Applications: Retail enterprises in Vietnam are increasingly adopting AI technologies to support various functions such as:*

- **Customer behavior analytics:** AI analyzes behavior to recommend suitable products,



enhance purchase likelihood, and increase long-term customer retention.

- Chatbots and virtual assistants: AI-powered chatbots provide 24/7 automated customer support, addressing common queries and reducing human workload.
- Inventory and supply chain management: AI improves demand forecasting, minimizes overstocking or shortages, and enhances operational efficiency.
- Market trend forecasting: AI analyzes large datasets from social media and customer behavior to identify emerging consumption trends.
- In-store AI applications: AI-enabled cameras count foot traffic and track shopping behavior; robots, AR/VR, and AI kiosks enhance interactive shopping experiences.
- Smart and contactless payments: AI accelerates secure transaction processing, including facial recognition, voice authentication, and e-wallet payments.
- AI in marketing and advertising: AI optimizes advertising campaigns by selecting effective channels and timing, boosting conversion rates and reducing marketing costs.

#### *Big Data Applications in Retail:*

- Customer behavior analysis: Big Data integrates information from purchase history, website visits, social media, and feedback to identify consumer patterns.
- Personalized experience and promotions: Retailers use Big Data to offer individualized product recommendations and targeted promotions.
- Efficient inventory management: Big Data forecasts seasonal demand and consumption trends, preventing overstocking or shortages; major retailers like Masan, Lotte Mart, and Mobile World apply Big Data for warehouse and distribution optimization.
- Supply chain optimization: Data on transportation time, supplier performance, and inventory levels enhances logistics efficiency.
- Market and product trend forecasting: Big Data identifies trending products and emerging demand from online platforms and social media.
- Marketing optimization: Large-scale analytics help retailers target the right audience and allocate advertising budgets more effectively (e.g., Facebook, Google Ads).
- Customer service quality enhancement: Big Data supports analysis of customer feedback and CRM systems to improve service delivery.





### *(v) Smart Logistics and Supply Chains*

Logistics plays a strategic role in optimizing enterprise profitability. Efficient logistics reduce transportation and product costs, thereby enhancing competitiveness through faster delivery. Consequently, companies across sectors are increasingly investing in supply chain and logistics systems.

The concept of Smart Supply Chain Management (SSCM) has emerged as a strategic approach to addressing environmental and operational challenges. Enabled by Industry 4.0 technologies, SSCM improves operational efficiency, reduces costs, optimizes inventory, and enhances customer satisfaction. Real-time data, automation, and supplier collaboration contribute to a data-driven, adaptive supply chain.

In recent years, Vietnam's logistics and supply chain systems have undergone rapid digitalization, particularly in transportation, warehousing, delivery, and e-commerce. Major logistics firms such as Viettel Post, VNPost, Giao Hàng Nhanh, Giao Hàng Tiết Kiệm, Transimex, and Gemadept have deployed smart operation management platforms, IoT-based shipment tracking systems, AI-powered demand forecasting and route optimization, and Big Data analytics for customer behavior and resource allocation.

Digitalization is also driven by national programs. The Government issued Decision No. 221/QĐ-TTg (22 February 2021) aiming to make logistics a high value - added service sector, contributing 5 - 6% of GDP and achieving annual growth of 15 - 20%. Major localities such as Ho Chi Minh City, Hai Phong, Ba Ria - Vung Tau, Bac Ninh, and Long An have established modern logistics centers capable of data integration and regional connectivity, forming the foundation for smart logistics networks.

Despite strong progress, Vietnam remains in the early stages of transitioning to smart logistics. Major constraints include low automation levels, high logistics costs (16 - 18% of GDP, higher than the global average of 10 - 12%), weak supply chain integration, and shortages of digital logistics talent. Infrastructure gaps in transport and warehousing, as well as limited digital investment capacity among SMEs, also pose challenges.

The development of smart logistics and supply chains is creating profound changes in Vietnam's goods market, specifically:

1. Shorter delivery times and reduced logistics costs, lowering product prices and enhancing competitiveness - especially for agricultural, textile, and electronics exports.
2. Real-time monitoring and analytics enable flexible supply - demand adjustments, better market trend forecasting, and optimized production and distribution planning.
3. Enhanced transparency and traceability, meeting stringent requirements of export markets such as the EU, US, and Japan, particularly regarding carbon emissions and sustainable sourcing.



4. Acceleration of e-commerce growth, with automated sorting centers, AI-powered delivery systems, and robotic logistics transforming the distribution process.
5. Expanded market reach for domestic goods, particularly in ASEAN and China, through improved supply chain connectivity.

Smart logistics not only benefits enterprises directly but also supports Vietnam's national digital transformation strategy. Integration of new technologies enhances labor productivity, reduces losses, and strengthens connectivity between production, consumption, and export regions. Furthermore, green logistics and sustainable supply chain models support Vietnam's net-zero emissions target by 2050 through optimized transport, reduced fossil fuel use, and environmentally friendly logistics centers.

In summary, smart logistics and supply chains are becoming a key driver of structural transformation in Vietnam's goods market, enhancing efficiency, transparency, and sustainability in the digital economy era.

## **2. Impact of Mechanisms and Policies**

### ***2.1. Policy and Legal Factors***

Policy and legal factors in 2025 exerted significant influence on the domestic market of Viet Nam, oriented towards enhancing transparency, stimulating consumer demand, and strengthening the management of e-commerce activities.

#### **Campaign “Vietnamese People Prioritize Using Vietnamese Goods”**

The campaign “Vietnamese People Prioritize Using Vietnamese Goods” is a major policy initiative of the Party and the Government, launched in 2009. After 16 years of implementation, the campaign has contributed positively to raising consumer awareness and changing consumption behavior toward Vietnamese goods and services through continuous communication activities; supporting the development and expansion of Vietnamese distribution systems; and enhancing the competitiveness of domestic enterprises. The campaign has affirmed the strong vitality of Vietnamese goods as an essential pillar of the domestic market and contributed to achieving economic targets, curbing inflation, stabilizing the macro-economy, and ensuring the supply - demand balance, particularly for essential goods.

Communication and promotional activities have highlighted reputable Vietnamese enterprises on mass media channels with high viewership, thereby strengthening consumer awareness and preference for Vietnamese products. According to reports from local authorities, Vietnamese goods continue to account for a high proportion (70 - 90%) in modern retail distribution systems. In terms of modern retail infrastructure, domestic enterprises maintain the largest distribution networks in terms of points of sale (shopping malls, supermarkets, mini-marts, convenience stores, specialty stores, etc.), including: Saigon Co.op with over 800 outlets; WinCommerce with approximately 4,600 outlets; and Bach Hoa Xanh with around



2,000 mini-supermarkets nationwide.

### **Policies Supporting Enterprises' Market Participation**

In 2025, the Ministry of Industry and Trade issued Decision No. 1256/QĐ-BCT on the Implementation Plan of the Ministry following the Prime Minister's Directive No. 10/CT-TTg dated 25 March 2025 on promoting the development of small and medium-sized enterprises (SMEs). Accordingly, the Ministry introduced measures to increase support for SMEs to access modern retail channels; intensified programs connecting SMEs producing consumer goods with supermarket and shopping mall systems; and supported enterprises' participation in domestic supply - demand connection activities.

### **Policies to Stimulate Consumption**

To achieve the Government's targets for retail market growth and contribute to the national economic growth goal of over 8% in 2025, aligned with Government Resolution No. 25/NQ-CP dated 05 February 2025, the Ministry of Industry and Trade promulgated several documents, including Directive No. 08/CT-BCT dated 04 April 2025 on implementing measures to further promote the development of the domestic market and stimulate consumption in 2025; and Decision No. 2269/QĐ-BCT dated 08 August 2025 approving the Program on Domestic Market Development, Consumption Stimulation, and Promotion of the Campaign "Vietnamese People Prioritize Using Vietnamese Goods," for the period 2025 - 2027. These documents instructed relevant agencies and enterprises to implement consumption-stimulating measures, trade promotion, and connection activities to facilitate the circulation and consumption of goods.

In compliance with the Prime Minister's directions in Official Telegram No. 172/CĐ-TTg dated 25 September 2025 on organizing the 2025 Autumn Fair and Official Telegram No. 179/CĐ-TTg on promoting solutions for domestic market development, the Ministry coordinated with ministries, localities, and enterprises to organize major events such as the Autumn Fair, Vietnamese Agricultural Products Week 2025, and the National Promotion Program. These events received strong participation from producers and distributors of consumer goods and regional specialties and attracted significant consumer interest. They enabled consumers to access quality goods at reasonable prices while helping enterprises increase revenue and effectively promote their brands.

### **Regulations on E-Commerce and Consumer Protection**

In 2025, new legal regulations on e-commerce were developed and issued. New decrees related to the Law on Tax Administration and E-Commerce require e-commerce platforms to assume joint legal liability for violations committed by sellers and to store and provide transaction data to tax authorities. These requirements increase supplier responsibility toward consumers, strengthen product quality control, reduce counterfeit goods, protect consumer rights, and build greater trust in online transactions.

Effective from 1 July 2025, under Decree No. 117/2025/NĐ-CP, e-commerce



platforms must withhold and remit taxes on behalf of online sellers (household businesses and individuals). This policy aims to prevent tax losses, ensure fairness between traditional and online business models, and require transparency in online business activities.

On 03 January 2025, the Prime Minister issued Decision No. 01/2025/QĐ-TTg abolishing Decision No. 78/2010/QĐ-TTg of 30 November 2010 regarding the tax-free value limit for imported goods sent via express delivery services. This measure aims to prevent tax evasion through the fragmentation of imported consumer goods, promote fairness between domestic and imported products, and enhance the competitiveness of Vietnamese goods.

## 2.2. Impacts of Trade Agreements

International economic integration - particularly through free trade agreements (FTAs) - serves as a crucial channel connecting Viet Nam with the global economy. With the guiding principle of harmonizing benefits and sharing risks, Viet Nam has signed numerous important FTAs, including next-generation agreements such as the CPTPP, EVFTA, UKVFTA, and RCEP. Effective implementation of these FTAs promotes domestic reforms, expands markets for Vietnamese goods and services, enhances national competitiveness, and reflects Viet Nam's growing role and credibility within the international community, with 19 FTAs now in effect.

To assess implementation progress, measure the level of utilization of FTA preferences, and support enterprises in implementing FTAs, the Government directed the Ministry of Industry and Trade to develop the FTA Index. This index provides a transparent and objective database for the Government, central agencies, and local authorities to guide, monitor, and manage integration efforts; supports localities in evaluating the implementation results of FTAs based on their action plans; and serves as a basis for developing policies and strategies aligned with each locality's conditions and potential.

**Table 2: List of FTAs that Vietnam has signed**

No.	FTA	Current status	Partner
<b>FTAs Is in effect</b>			
1	<b>AFTA</b>	Effective since 1993	ASEAN
2	<b>ACFTA</b>	Effective since 2003	ASEAN, China
3	<b>AKFTA</b>	Effective since 2007	ASEAN, Korea
4	<b>AJCEP</b>	Effective since 2008	ASEAN, Japan
5	<b>VJEPA</b>	Effective since 2009	Vietnam, Japan
6	<b>AIFTA</b>	Effective since 2010	ASEAN, India
7	<b>AANZFTA</b>	Effective since 2010	ASEAN, Australia, New Zealand
8	<b>VCFTA</b>	Effective since 2014	Vietnam, Chile
9	<b>VKFTA</b>	Effective since 2015	Vietnam, Korea

No.	FTA	Current status	Partner
10	<b>VN - EAEU FTA</b>	Effective since 2016	Vietnam, Russia, Belarus, Armenia, Kazakhstan, Kyrgyzstan
11	<b>CPTPP (Former TPP)</b>	Effective from 30 December 2018, and effective in Vietnam from 14 January 2019	Vietnam, Canada, Mexico, Peru, Chile, New Zealand, Australia, Japan, Singapore, Brunei, Malaysia, United Kingdom (signed the Accession Protocol on 16 July 2023)
12	<b>AHKFTA</b>	Effective in Hong Kong (China), Laos, Myanmar, Thailand, Singapore, and Vietnam from 11 June 2019	ASEAN, Hongkong (China)
13	<b>EVFTA</b>	Fully effective for all member countries from 12 February 2021.	
14	<b>UKVFTA</b>	Effective from 1 August 2020	Vietnam, EU (27 member states)
15	<b>RCEP</b>	Provisionally effective from January 1, 2021, and officially effective from May 1, 2021	Vietnam, United Kingdom
16	<b>VIFTA</b>	Effective from 1 January 2022	ASEAN, China, Korea, Japan, Australia, New Zealand
17	<b>Vietnam - UAE FTA</b>	Negotiations were launched in December 2015, completed in April 2023, and officially signed on 25 July 2023	Vietnam, Israel
18	<b>Vietnam - EFTA FTA</b>	Signed on 28 October 2024	Vietnam, UAE
<b>Under negotiation FTA</b>			
18	<b>Vietnam - EFTA FTA</b>	Negotiations commenced in May 2012	Vietnam, EFTA (Switzerland, Norway, Iceland, Liechtenstein)
19	<b>ACAFTA</b>	Negotiations commenced in 2021	Asean, Canada

Source: Agency for Domestic Market Surveillance and Development and Multilateral Trade Policy Department (Ministry of Industry and Trade)



*(i) Opportunities and Positive Impacts of Economic Integration*

Viet Nam's accession to the WTO and participation in free trade agreements (FTAs) have enabled the country to access large and potential markets with preferential tariff rates, thereby generating significant positive impacts and opportunities for Vietnamese goods, specifically:

*Diversification of supply sources and reduction of costs:* FTAs - particularly next-generation agreements such as the EVFTA, CPTPP, and RCEP - have facilitated access to imported goods and raw materials at preferential, even zero, tariff rates. This not only diversifies sources of supply and increases consumer choice but also reduces production input costs for domestic enterprises, thereby lowering retail prices and stimulating consumption. For consumer goods, prices of products such as automobiles, alcoholic beverages, food, and cosmetics from Europe, Australia, and Latin America have decreased, promoting consumption and diversifying choices for consumers. For production inputs, reductions or elimination of import duties on raw materials, fuels, machinery, and equipment have lowered input costs for domestic industries, ultimately reducing the final retail prices of goods.

*Enhancement of competitiveness and quality of domestic products:* Market liberalization has intensified competition from imported goods. To remain competitive, Vietnamese enterprises are required to improve production processes, invest in modern machinery and technology to enhance productivity, and comply with strict FTA-related standards such as rules of origin and sanitary and phytosanitary requirements. These pressures have contributed to improving the quality of Vietnamese goods, strengthening their reputation among domestic consumers, and encouraging enterprises to invest in brand development, marketing, and the expansion of distribution channels.

*Attraction of foreign direct investment (FDI):* FTAs containing commitments on investment protection and a transparent, stable business environment have enhanced Viet Nam's attractiveness to foreign investors. FDI inflows bring advanced technology, managerial experience, and contribute to the development of supporting industries, job creation, and income improvement for workers.

*Promotion of commercial and service development:* Commitments on services and e-commerce in FTAs have created opportunities for Vietnamese enterprises to adopt modern, efficient business models. This forms a foundation for the domestic market to develop in a more modern, professional, and transparent direction.

*Improvement of the legal and business environment:* Implementation of FTA commitments requires Viet Nam to review, amend, and complete the legal framework on trade, investment, intellectual property, and technical standards. Commitments on competition under next-generation FTAs require Viet Nam to maintain a transparent and fair competition environment, eliminate anti-competitive practices, and ensure equal treatment for all enterprises - whether domestic or foreign, state-owned or private. This contributes to building a transparent and business-friendly environment aligned with international norms.



## *(ii) Difficulties and Challenges Arising from Integration*

Alongside the benefits of FTAs, their implementation poses several challenges, requiring domestic enterprises to improve product quality and enhance competitiveness, specifically:

*Intensified competitive pressure:* Lower import tariffs facilitate the entry of goods from FTA member states such as the EU, Japan, Australia, and New Zealand into the Vietnamese market. These products often possess advantages in quality, design, and branding. This creates significant competitive pressure on domestic enterprises, particularly in sectors such as processed foods, beverages, textiles, footwear, and automobiles. Without adequate preparation and appropriate business strategies, domestic firms risk losing market share in their home market. FTAs also require enterprises to understand and comply with complex regulations on rules of origin and technical standards to fully benefit from preferential treatment.

*Risks of counterfeit goods and trade fraud:* Market liberalization may lead to an increase in counterfeit goods, imitation products, and fraudulent commercial practices. This remains one of the most pressing challenges, requiring close coordination among competent authorities to protect consumers and legitimate businesses.

*Dependence on export and import markets:* While FTAs help promote exports and facilitate imports of raw materials, they may also result in increased dependence on external markets. This may discourage investment in domestic production of essential inputs. Instability in global supply and demand can directly affect domestic production and the domestic market.

*Impacts on domestic markets and commodity prices:* In an open economy, global instabilities directly affect the domestic market. Political tensions in Europe (Russia - Ukraine) and the Middle East, U.S. interest rate adjustments, and monetary policies adopted to control inflation have influenced global commodity markets - particularly fuels, metals, animal feed, fertilizers, textiles, footwear, and seafood. These developments have caused supply disruptions, supply - demand imbalances, and large price fluctuations, thereby affecting domestic supply, prices, and macroeconomic stability during certain periods.

## *(iii) Impacts on Supply Chains*

Next-generation FTAs have created a “new playing field,” attracting multinational corporations seeking to restructure global supply chains, with Viet Nam emerging as an attractive destination.

*Enhanced participation in global supply chains:* FTAs with deep tariff-cut commitments have strengthened Viet Nam’s role in global supply chains for major industries such as electronics, textiles, and footwear. Foreign enterprises have relocated production to Viet Nam to benefit from tariff preferences and competitive labor costs, creating opportunities for domestic firms to participate in production, processing, raw material supply, and gradually move up the value chain.



*Diversification of input material sources:* FTAs allow Vietnamese enterprises to import raw materials and components from multiple markets at preferential tariffs, reducing production costs and limiting dependence on traditional supply sources. This enhances resilience against external shocks such as geopolitical instability, natural disasters, and pandemics.

*Modernization of logistics and supporting services:* Increased cross-border trade has boosted demand for logistics, transportation, warehousing, and customs services. This encourages domestic logistics providers to improve infrastructure, adopt modern technologies, reduce costs, and shorten clearance times, thereby enhancing supply chain efficiency and supporting Vietnamese enterprises in expanding their global supply chains.

*Challenges in global supply chain participation:* Despite the opportunities, participation in global supply chains requires compliance with rules of origin, greater financial capacity, and readiness to cope with global risks, including geopolitical tensions, natural disasters, and pandemics.

### **2.3. Regional Development Policies**

#### *(i) Promotion of Regional Linkage and Removal of Barriers*

Regional development policies aim to establish a unified market and ensure efficient supply chain connectivity among provinces and cities.

- Enhancing goods circulation: Strengthening regional linkages - such as among Mekong Delta provinces or between the Central Region and the Central Highlands - enables localities to leverage their comparative advantages and characteristic products, ensuring smooth supply chains and reducing distribution costs.
- Eliminating local protectionism: Regional policies aim to limit fragmented development and prevent informal local trade barriers, thereby creating a consistent and equitable business environment nationwide.
- Developing growth poles: The development of network-based regional linkages and major growth poles (Hà Nội, Ho Chi Minh City, Đà Nẵng) enables these economic centers to serve as hubs of modern commercial infrastructure, promoting spillover effects to surrounding areas.

Implementation of the Scheme on “Renewing the Business Model for Agricultural Product Consumption for the Period 2021 - 2025, Orientation to 2030,” approved under Decision No. 194/QĐ-TTg dated 9 February 2021, has resulted in key outcomes: 3,397 linkage contracts; 26 provinces implementing agricultural traceability and issuing more than 16,000 product and planting area codes; 22 trade promotion fairs; and 11 provinces establishing e-commerce platforms for agricultural trading.

Numerous supply - demand connection activities have also been organized. Development of raw material linkages, high-tech production chains, and agricultural product consumption has been strengthened. For example, Lâm Đồng Province





has established 234 linkage chains involving 133 enterprises and 96 cooperatives.

In terms of developing essential agricultural and food supply chains for the domestic market, efforts have focused on developing sustainable agricultural distribution chains; ensuring traceability; digitizing production maps and safe agricultural points of sale; expanding storage systems at border gates and domestic warehouses; training business skills for agricultural enterprises and cooperatives; enhancing market forecasting; and supporting agricultural enterprises in applying technological solutions to improve competitiveness.

### *(ii) Modernization of Trade in Disadvantaged Areas*

The Program for Trade Development in Mountainous, Remote, and Island Areas for 2021 - 2025, approved under Decision No. 1162/QĐ-TTg dated 13 July 2021, has been implemented over the past five years, with the objective of developing distribution systems and supply chains and encouraging enterprises to engage in commercial activities in these areas. The Program has contributed to increases in total retail sales (achieving the target of 9% - 11% annual growth) and improving household incomes.

Regional linkage in e-commerce is also a key component, aiming to remove geographical barriers and facilitate access of local specialty products and OCOP items to broader markets via digital platforms.

The Program also includes support policies for local enterprises, including assistance in establishing OCOP product display points and incentives for traders and cooperatives to innovate their operations, thereby enhancing connections between production regions and consumer markets.

### *(iii) Support for Development of Border Trade*

On 25 July 2025, the Ministry of Industry and Trade issued Decision No. 2162/QĐ-BCT approving the Scheme on Promoting Border Trade and Export of Goods to the Cambodian Market. Under this Scheme, the Ministry coordinated with the Tây Ninh Provincial People's Committee and the Cambodian Ministry of Commerce to organize the Viet Nam - Cambodia Business Connection Conference for producers, distributors, and logistics enterprises.

The Conference focused on providing information on mechanisms and policies of both countries to facilitate import - export activities across border gates; and proposing urgent solutions to remove obstacles, expand markets, and lay the foundation for long-term cooperation, with the goal of raising Viet Nam - Cambodia trade turnover to USD 20 billion before 2030. The Conference successfully connected 136 production, distribution, and logistics enterprises from both countries.

## 2.4. Mechanisms for Market Surveillance and Inspection of Goods

### (i) Data on inspection and market surveillance activities (INS)

In 2025, the Market Surveillance Force conducted 27,540 inspections, detecting and handling 23,402 violations. The total amount of administrative penalties and the value of infringing goods reached VND 590 billion, of which administrative fines accounted for over VND 300 billion and the value of infringing goods amounted to VND 290 billion. A total of VND 371.5 billion was remitted to the State budget, and 172 cases with criminal indications were transferred to the investigation authorities.

**Table 3: The structure of specific violations is as follows:**

No.	Area of Violation	Number of Cases	Proportion (%)
1	Goods without proof of origin	5,550	20.96
2	Smuggled goods	4,310	16.36
3	Intellectual property	4,332	16.36
4	Food safety	2,392	9.04
5	Health sector	2,106	7.95
6	Pricing	2,152	8.13
7	Prohibited goods	651	2.46
8	Standards, metrology and quality	873	3.3
9	E-commerce	579	2.19
10	Agriculture	99	0.37
11	Counterfeit goods	46	0.17
12	Other fields	3,389	12.8

Source: The Agency for Domestic Market Surveillance and Development (Ministry of Industry and Trade)

### (ii) Violations and areas of infringement

Based on administrative violation data on the domestic market in 2025, violations related to goods without proof of origin, smuggling, and intellectual property infringements continue to account for the largest share, representing approximately 54% of the total detected and handled cases. These violations are prevalent in traditional markets, small retail shops, warehouses, and online business channels.

Violations related to food safety and the health sector account for about 17% of the total cases, primarily detected in small-scale production and business establishments, household businesses, fresh food processing facilities, functional food, and cosmetic businesses. Common violations include failure to meet hygiene requirements, improper storage conditions, failure to declare quality standards, or the inability to trace product origins. This group of violations is particularly sensitive during peak consumption periods (Tet, festivals, tourism seasons, collective kitchens, schools), requiring the Market Surveillance Force to maintain regular, continuous, and thematic inspections.

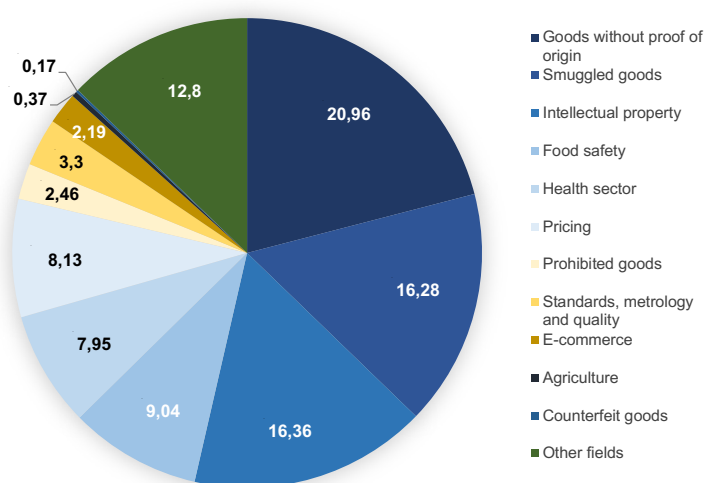
Violations involving the production and trading of fake or substandard food products have become increasingly complex and sophisticated. Some establishments and individuals take advantage of high consumer demand, preference for low-priced goods, and limited consumer awareness to introduce unsafe products to the market, including livestock meat, beverages, and health supplements produced from unidentified sources or using non-permitted additives. Many counterfeit food products are processed in unhygienic manual facilities and then packaged and labelled similarly to genuine products, even using recycled genuine bottles with resealed caps. Fake anti-counterfeit labels, QR codes, and traceability codes have also been increasingly used to mislead consumers and complicate verification during inspections. Several notable cases have been promptly detected and handled, such as the production of counterfeit Lavie bottled water and the case involving Hida Food Joint Stock Company producing counterfeit beef by injecting additives to turn buffalo meat into “Hidasan” branded beef.

Violations in the e-commerce environment, although currently accounting for a small proportion, are increasing rapidly and becoming more complex, posing major challenges for management and enforcement.

Perpetrators often have no fixed business locations, use multiple virtual accounts and phone numbers, or operate websites with foreign domain names and IP addresses. They frequently change warehouse locations and conduct transactions through electronic payment applications, making verification and enforcement more difficult. Livestream sales on social networks continue to be widely used to distribute counterfeit or substandard food products. Sellers often employ excessive advertising, collaborate with KOLs/KOCs, or falsely label goods as “hand-carried,” “regional specialties,” “homemade,” or “100% clean” to gain consumer trust. Because product quality is not verified before reaching consumers, the rapid spread and wide reach of online platforms increase risks to both market order and public health.

During inspections of e-commerce activities, the Market Surveillance Force mainly handles violations related to goods (such as smuggled goods, counterfeit goods, or goods without proof of origin). Violations of e-commerce operational regulations are less frequently handled because most violators operate through e-commerce platforms and social networks rather than dedicated websites. Additionally, website content can be quickly altered or removed, while evidence collection, documentation, and verification of legal validity require significant time and involvement from competent authorities, making objective enforcement more challenging.

**Figure 7: The Composition and proportion of violations in the first ten months of 2025**



*(Goods without proof of origin, Smuggled goods, Intellectual property, Food safety, Health sector, Pricing, Prohibited goods, Standards, metrology and quality, E-commerce, Agriculture, Counterfeit goods, Other fields)*

### III. SWOT ANALYSIS OF VIETNAM'S RETAIL MARKET

#### 1. Strengths

##### 1.1. A relatively large and steadily growing retail market

Vietnam is currently assessed as one of the most dynamic and high-potential retail markets in the Asia - Pacific region. In 2025, total retail sales of goods and services reached USD 268 billion, of which retail sales accounted for USD 205 billion. Retail market growth has remained relatively stable in recent years, maintaining an annual increase of around 8 - 9% (excluding the period affected by the Covid-19 pandemic). Vietnam is also among the most populous countries in Southeast Asia, with a population of approximately 101 million as of 1 April 2024, ranking third in Southeast Asia and sixteenth globally. This represents a large consumption market for goods and services.

Vietnam's economic growth has been maintained at an average of about 7% per year for many years - one of the highest in the region - contributing to improved income and living standards and thereby boosting purchasing power. Per capita income has grown steadily, reaching approximately USD 5,800/person in 2025; in purchasing power parity terms, this figure is about USD 16,000/person.

##### 1.2. Young population and expanding middle class

Vietnam remains in its "golden population structure," with two persons of working age for every dependent person. The population aged 15 - 64 accounts for 67.4%,

those under 15 account for 23.3%, and those aged 65 and above account for 9.3%. This age structure means a high proportion of the population is of working age with disposable income.

Alongside overall economic development, rising incomes have improved living standards and expanded the middle-income class, which is a key driver of increased consumer demand.

### ***1.3. Technological development and rising internet usage***

Vietnam is among the countries with a high internet penetration rate. With widespread access, affordable usage costs relative to income, internet penetration currently reaches about 77% of the population, and the number of smartphone subscriptions is approximately 94 million (DataReportal 2025). This provides a strong foundation for the development of e-commerce, omnichannel retail, and digital payment solutions.

According to estimates by the Ministry of Industry and Trade, Vietnam's e-commerce revenue in 2025 reached about USD 32 billion, up 22% year-on-year, ranking first in Southeast Asia in terms of e-commerce growth rate.

### ***1.4. Geographical advantages for trade***

Located at the center of Southeast Asia and sharing a border with China - the world's second-largest economy - Vietnam also has over 3,200 km of coastline with convenient seaports and international trade routes. This geographical position provides significant potential for developing transshipment services and becoming a gateway for goods transported by sea to regional markets, with strong connectivity to global supply and retail chains.

## **2. Weaknesses**

### ***2.1. Uneven development of the distribution network***

Although Vietnam's distribution network has been increasingly invested in by retail enterprises, retail outlets remain concentrated mainly in urban areas and major cities. Rural areas receive limited investment, resulting in weaker access to high-quality goods and reliance on traditional markets and small, informal grocery shops. There is also significant disparity among retail formats. According to statistics from the Ministry of Industry and Trade, by the end of 2025, the country had 8,250 traditional markets but only around 1,300 supermarkets and about 280 shopping centers.

### ***2.2. Limited service quality and customer experience***

As a relatively young industry, domestic retail enterprises have primarily focused on infrastructure development and have not sufficiently emphasized training professional sales staff. Sales personnel often lack communication skills, product expertise, and customer-service capability, resulting in service quality that does not fully meet customer expectations.



The application of technology in customer management and data analytics remains slow, limiting customer care, personalization, and the ability to capture consumption trends and evolving consumer needs. The high proportion of traditional retail also restricts product diversity and weakens quality control compared to modern retail, directly affecting customer experience.

### ***2.3. Low rural incomes and high poverty rates in rural areas***

According to the Department of Statistics - Ministry of Finance, by the end of 2024, the multidimensional poverty rate in rural areas was about 7.1%, significantly higher than in urban areas (around 1.5%). Per capita income in rural areas was approximately USD 4,500/year, equal to only 65% of urban income (lower by about USD 2,300/person/year). With low and unstable income, largely dependent on agricultural employment, rural consumers tend to spend frugally and prefer low-cost, lower-quality goods with limited brand consideration. These characteristics reduce the attractiveness of rural markets to retail enterprises seeking to invest in modern retail infrastructure.

### ***2.4. Underdeveloped logistics and payment infrastructure***

Despite geographical advantages, Vietnam's logistics infrastructure remains fragmented and lacks connectivity. The country does not yet have regional- or international-scale hub ports or major logistics centers to capitalize on its potential for transshipment services. Warehousing and transportation systems are insufficiently developed and concentrated mainly in major localities such as Hai Phong, Ho Chi Minh City, and Hanoi. Logistics costs in Vietnam remain high - accounting for 16 - 18% of GDP (Vietnam Logistics Association) - compared to the global average of 10.6%. High logistics costs reduce the competitiveness of Vietnamese goods. Even with closer geographical proximity compared to imported products, consumers purchasing online often choose goods from neighboring countries due to lower overall costs.

Cashless payment systems have expanded rapidly, especially during the Covid-19 period (2020 - 2022), but coverage remains limited, particularly in rural, remote, and mountainous regions where internet access and payment devices are unstable. Users still lack information and experience in using non-cash payment methods, resulting in concerns over cyber risks such as data loss, account hacking, fraud, and cyberattacks targeting payment service providers. These issues hinder the comprehensive digital transformation of Vietnam's retail sector.

## **3. Opportunities**

Vietnam's economic development, technological progress, and changing consumer habits provide significant long-term opportunities for the retail sector.

### ***3.1. Development of e-commerce and digitalization***

With nearly 70% of the population in the working-age group - those with high purchasing needs and strong preference for convenience and digital solutions - combined with 77% internet penetration, e-commerce in Vietnam has experienced





rapid expansion. Vietnam currently has the second-highest e-commerce growth rate in Southeast Asia, averaging around 20% per year.

Post-Covid-19, online shopping has become a regular habit, particularly for fashion, household goods, fast-moving consumer goods, and food products. This has encouraged retail enterprises to adopt digital platforms and technologies in business and distribution.

On the State side, the issuance and implementation of Resolution No. 57-NQ/TW dated 22 December 2024 of the Politburo on breakthroughs in science, technology, innovation, and national digital transformation provide strong support for the development of information technology and digital transformation, including in commerce. Investments in digital infrastructure - high bandwidth, 5G, IoT, AI, cloud computing, big data, blockchain, etc. - will enhance e-commerce platform stability, reduce costs, improve processing speed, and enhance user experience. The application of big data and AI will also enable retailers to better analyze consumer behavior, personalize products and services, optimize supply chains, improve delivery accuracy, and enhance after-sales services.

### ***3.2. Expansion into new regions and underdeveloped sectors***

#### **Regional opportunities**

As noted earlier, Vietnam's retail network is developing rapidly but remains concentrated in urban areas. Rural areas, accounting for around 62% of the population, represent a large long-term potential market. With ongoing urbanization, nationwide economic development, and growth in agriculture, rural incomes will increase, creating greater purchasing power. Retail enterprises have opportunities to develop modern grocery stores with digital payment options and regional warehouses to supply fast-moving consumer goods with stable prices and assured quality, gradually replacing traditional markets.

In tier-2 and tier-3 cities, emerging new economic centers generate increasing consumer demand, offering opportunities to develop small shopping centers, local retail chains, and convenience store networks tailored to local needs. In tourism-strong localities, retail enterprises can develop business models combining retail, food services, cultural experiences, and tourism.

In mountainous, island, remote, and isolated regions where transportation and delivery costs are high, enterprises may establish regional warehouses and community pick-up points at schools or commune offices to reduce delivery expenses. These locations can also be used to collect local agricultural products with traceability for distribution in major cities or for export.

#### **Opportunities in underdeveloped sectors**

Vietnam's cold chain infrastructure remains limited, resulting in post-harvest losses and restricting the development of high-value fresh-food markets. Investment in regional cold storage and standardized fresh-food distribution centers will support the expansion of premium fresh-food retail channels.

To optimize the large spaces required for retail outlets, enterprises may collaborate with service providers such as after-sales service centers (repair, maintenance, warranty for electronics), water-filter replacement services, electric-vehicle charging stations, and package drop-off/collection points. These services both meet customer needs and enhance the operational efficiency of retail premises.

### ***3.3. Leveraging International Trade Agreements***

Viet Nam has signed and participated in numerous new-generation Free Trade Agreements (FTAs) such as the CPTPP, EVFTA, and RCEP. Participation in these Agreements provides significant opportunities for retail enterprises to access a more diversified supply of goods with preferential tariffs, as well as to enhance cooperation with international corporations, thereby expanding distribution channels and consumption markets for domestic products. In addition, compliance with Agreement commitments will contribute to the standardization and modernization of the domestic retail sector in line with international practices, thereby improving the competitiveness of Vietnamese products and corporate brands in the global marketplace.

Certain FTAs include provisions on digital trade that facilitate cross-border e-commerce (e.g., support for data transfer, online payment systems, and digital services), thereby creating favourable conditions for the development of digital retail platforms and direct export activities to foreign consumers through multinational distribution systems.

The implementation of tariff reduction schedules and increased flows of internationally traded goods will significantly boost demand for bonded warehouse services and multinational logistics activities. This creates favourable conditions for domestic retail distributors to optimize goods circulation and establish regional distribution centres to supply products to both domestic and international markets.

### ***3.4. Development of New Business Models***

Changes in consumption trends, along with rising material living standards and advancements in science and technology, are creating opportunities for innovation in business models in the retail distribution sector.

The omnichannel retail model, which integrates both online and offline sales, enables enterprises to provide seamless purchasing experiences, thereby strengthening customer engagement and loyalty.

Following a period of significant expansion in commercial infrastructure such as supermarkets and shopping centres in urban areas - where consumers could directly experience a wide range of products in a single location - recent shifts in consumer preferences show increased emphasis on convenience, proximity to residential areas, and reduced travel distances. As a result, modern convenience store chains (smaller in scale but equipped with digital payment methods) located within residential communities are becoming increasingly competitive and more preferred than supermarkets and shopping centres. Alongside multi-category convenience stores, specialized retail outlets focusing on specific product groups



- allowing consumers to explore in-depth product categories - also present strong development potential in the coming period.

## **4. Challenges**

Alongside emerging opportunities, the retail sector in Viet Nam is also facing notable difficulties and challenges.

### ***4.1. Intense Competition from Foreign Corporations***

In recent years, Viet Nam's retail market has witnessed the expanding presence of major regional retail groups such as Central Group (Thailand), Aeon (Japan), Lotte (Republic of Korea), and MM Mega Market (Thailand). These corporations possess strong financial capacity, advanced management expertise, and modern operational systems, enabling them to quickly capture market share in major urban areas. Meanwhile, domestic retail enterprises, which include relatively new brands (e.g., WinCommerce, Bach Hoa Xanh, FPT) or companies transformed from former State-owned trading enterprises (e.g., SaiGon Co.op, BRG, Hapro), primarily hold advantages in existing locations or familiarity with administrative procedures. Their competitiveness in brand development, technological innovation, and market expansion remains limited compared to foreign groups.

#### **Pressure on pricing and product quality**

Large multinational retailers, with extensive distribution systems and high-volume procurement, benefit from favourable pricing and value-added services compared to domestic retailers. Consequently, products sold by these corporations are often more competitively priced and available in more diverse assortments. In addition, several such corporations collaborate with manufacturers to outsource or co-develop private-label products (e.g., Aeon's Topvalu, Lotte Mart's Choice L), which offer reliable quality and competitive prices.

Furthermore, with the rapid development of e-commerce, major platforms such as Shopee, Lazada, TikTok Shop, and Tiki are dominating the online retail landscape and hosting a large volume of small and medium suppliers. Domestic retail enterprises that fail to adopt digital transformation or integrate with these platforms risk losing market share in the near future.

### ***4.2. Global Economic and Political Volatility***

Given Viet Nam's high level of economic openness, the domestic market is highly susceptible to fluctuations in global economic, political, and trade environments. Ongoing geopolitical tensions in Europe (Russia - Ukraine), the Middle East (Israel - Iran), and rising unrest in several countries, as well as policy adjustments by major economies (e.g., tariff increases, technical barriers), can disrupt supply chains, impact prices, affect consumer purchasing power, and alter consumption behaviour. These factors collectively create uncertainties for international trade and the domestic retail distribution sector.

### ***4.3. Rising Operational Costs***

Retail operations require substantial expenditures on premises, electricity, water, and labour.

Business locations must be situated in urban areas where rental costs are high. According to data from retail enterprises, rental expenses typically account for 30 - 55% of total operating costs and continue to rise due to increasing real estate prices. Energy costs (electricity, fuel) used for store operations, preservation, and transportation of goods also constitute a significant and continuously increasing expense. Labour costs, particularly for trained personnel, have also risen due to adjustments in regional minimum wages and competition for skilled workers with foreign enterprises. These cost pressures pose significant challenges for domestic retail businesses, especially newly established enterprises or those expanding their scale. Without strong financial capacity to sustain operations during initial market penetration phases, many may face the risk of being eliminated from the market.

### ***4.4. Risks Related to Technology and Cybersecurity***

In the current digital era, retail enterprises must integrate information technology and global connectivity into their operations to remain competitive. However, doing so exposes them to cybersecurity risks, including data breaches, cyberattacks, leakage of customer information, and online fraud. Such incidents may severely damage consumer trust, corporate reputation, and financial stability.

Moreover, reliance on technology requires continuous investment to keep pace with rapid technological advancements. Retail enterprises may also become dependent on software providers or face disadvantages when competing with technologically superior rivals.



PART II

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# **FORECAST OF DOMESTIC MARKET DEVELOPMENT TRENDS FOR THE PERIOD 2026 - 2030**





## I. EXTERNAL FACTORS AFFECTING THE DOMESTIC MARKET

### 1. Global Economic Conditions

#### 1.1. Forecast of Global Economic Growth

According to assessments by several international organizations, the global economy has been experiencing a solid and relatively sustainable recovery following the period affected by the Covid-19 pandemic. However, during 2026 - 2030, the global growth rate is expected to decelerate in the long term and remain lower than the average level recorded in the decade prior to the pandemic.

In its “Global Economic Prospects” report, the World Bank assesses that global economic growth will remain low through 2026 and may persist until 2030. The annual growth rate is projected at approximately 2.7%, significantly lower than the average growth of 3.1% recorded during 2009 - 2019.

The International Monetary Fund (IMF) forecasts that global economic growth in the 2026 - 2030 period will depend more heavily on major Asian economies, particularly China and India. Although IMF assessments for global growth in 2025 have become more optimistic, the Fund still anticipates a slowdown in 2026 - 2030 as the world continues to face various global risks.

The Organisation for Economic Co-operation and Development (OECD) also notes that global economic growth in the coming period will be affected by political instability, international trade issues, and protectionist policies, which will likely cause growth to slow relative to previous years.

#### 1.2. Factors Influencing the Global Economy in 2026 - 2030

**Inflation:** After peaking during 2022 - 2023, global inflation is trending downward and is projected to remain lower in 2026 - 2030. However, inflationary pressures are expected to persist due to political instability and trade tensions affecting production and supply chains, thereby driving up commodity prices. Developing economies may adopt more accommodative monetary policies to stimulate growth, increasing inflationary risks. Rising labor costs, higher input material prices, and the increasing cost of services - especially in developing countries - will also continue to put upward pressure on production costs.

**Monetary policy:** In developed countries, central banks are expected to maintain a cautious approach in interest rate management in order to mitigate the adverse effects of inflation. This cautious stance will influence global economic growth.

**Transformation of growth models:** Environmental considerations, green transition, and digital transformation will become primary drivers of economic growth. Countries and enterprises investing in emerging technologies - especially artificial intelligence (AI) and renewable energy - will gain competitive advantages. Accordingly, economies will need to shift from growth models based on capital and low-cost labor to models driven by science-technology, innovation, and high-quality human resources to enhance productivity and value added.

## **2. International Trade Policies and Geopolitical Developments**

### ***2.1. Trends in Trade Protectionism and Trade Conflicts Among Major Economies***

In the context of increasing global geopolitical and economic volatility, trade protectionism is expected to continue rising in both scale and complexity. Countries are projected to intensify the use of trade-remedy measures such as anti-dumping duties, countervailing duties, and safeguard measures to protect domestic industries. The number of trade-remedy investigations is expected to increase, particularly targeting major exporting countries. Developed economies are anticipated to strengthen technical barriers, including stricter requirements related to environmental standards, carbon emissions, and product traceability. These requirements compel enterprises to adjust production and distribution models accordingly. Many countries will enhance subsidies for strategic industries such as semiconductors, renewable energy, and high-tech sectors to bolster domestic production capacity and reduce external dependence. Additionally, countries are increasingly prioritizing supply-chain partnerships with allies, which may alter or disrupt certain supply chains and impact the global trade system.

Trade conflicts between major economies - particularly between the United States and China, and between the European Union and China - are expected to intensify. These countries will likely impose more anti-dumping and countervailing duties on goods from third countries, including Viet Nam. When goods from major neighboring economies (such as China) face difficulties entering large markets like the US and EU, they may be redirected into the Vietnamese market at lower prices, creating competitive pressure for domestic industries and enterprises.

### ***2.2. Geopolitical Developments***

Geopolitical tensions are projected to remain one of the biggest risks to the global economy in the coming period. Ongoing conflicts and political tensions not only cause direct damage to involved nations but also reshape trade structures, supply chains, and global investment flows. Investors are likely to prioritize countries with stable political environments, secure conditions, and strong economic alliances, leading to investment flows concentrating in certain Western and Asia-Pacific economies.

Conflicts in regions rich in oil and gas - such as the Middle East - may disrupt supply, driving oil and gas prices upward and consequently increasing prices of many other goods. This will heighten global inflationary pressures and negatively impact purchasing power.

## **3. Impacts of Free Trade Agreements (FTAs)**

In pursuit of economic openness to attract external resources for development, Viet Nam has actively participated in numerous regional and global economic and trade frameworks. Participation in FTAs provides member countries with opportunities to benefit from preferential import - export tariffs, reduced non-tariff barriers (including customs procedures, product certification, import licensing), and



improved investment protection commitments that help create a stable business environment. These conditions attract foreign direct investment (FDI), especially into developing economies with high investment needs such as Viet Nam.

However, alongside the benefits, FTAs also bring competitive pressure from imported goods originating in member economies (as tariffs and import procedures are reduced). To meet common standards on technology, traceability, and product/service quality, enterprises in member countries must invest in technological upgrades, enhance productivity, and improve product quality and design. These requirements pose challenges for Vietnamese enterprises.

From the perspective of the State, effective implementation of FTA commitments requires legal and institutional reforms to harmonize with international practices, thereby influencing domestic enterprises.

## **4. Global Consumption and Technology Trends**

### ***4.1. Sustainable Consumption and Green Economy***

Sustainable consumption and the development of a green economy have become central global strategies, reshaping consumer behavior, national regulatory frameworks, and business models. According to the United Nations Environment Programme (UNEP), a green economy is defined as “an economy that improves human well-being and social equity while significantly reducing environmental risks and ecological scarcities.” To achieve this objective, the circular economy has emerged as an essential tool, shifting from a traditional linear model (“extract - produce - dispose”) to a closed-loop model incorporating waste recycling. Global policy frameworks such as the European Green Deal - adopted on 15 January 2020 with the goal of achieving net-zero emissions by 2050 - are establishing stricter requirements and compelling enterprises to transform to maintain competitiveness.

### ***4.2. Application of Industry 4.0 and Cross-Border E-Commerce***

The rapid development of the Fourth Industrial Revolution, characterized by core technologies such as Artificial Intelligence (AI), the Internet of Things (IoT), and Big Data, serves as the foundation for the expansion of cross-border e-commerce. These technologies create a continuous “digital linkage” across the supply chain - from production to logistics - helping enterprises optimize operations and reduce intermediary costs. Specifically, AI and Big Data enable market-demand forecasting, customer behavior analysis, and logistics optimization, while IoT enables real-time tracking of goods, enhancing transparency and efficiency along the supply chain. As a result, the global cross-border e-commerce market is experiencing significantly higher growth compared to traditional retail. Cross-border e-commerce is projected to grow at an annual rate of 28.4% from 2020 to 2027 - far surpassing the growth of conventional e-commerce and retail. This development presents major opportunities for enterprises, especially small and medium-sized enterprises (SMEs), to transition from original-equipment manufacturing (OEM) to direct-to-consumer (D2C) models, reducing costs and enabling more direct and effective access to global markets.

## II. DOMESTIC CONSUMPTION TRENDS AND CUSTOMER BEHAVIOR

### 1. Major Consumption Trends

#### *1.1. Preference for Essential and High-Quality Goods*

In recent years, irregular developments in global epidemics and geopolitical tensions, coupled with rising inflation in many regions - which has affected domestic prices of several raw materials and fuels - have created concerns regarding future living conditions and income, leading Vietnamese consumers to adopt more cautious spending behaviors. Despite the steady growth of household income over the years, the majority of consumers remain within the middle-income group; thus, spending on essential goods continues to account for the largest share of total expenditure.

Following the Covid-19 pandemic, Vietnamese consumers tend to focus on efficient and economical spending management, prioritizing product quality and clear origin, especially for essential goods. According to the 2024 survey report by NielsenIQ (NIQ), published in 2025, consumer caution has increased amid rising prices: 64% reported purchasing only essential products when food prices rise, and 63% said they would reduce the quantity of purchases. Furthermore, consumers are highly attentive to promotions, with 75% consistently taking advantage of discount programs to reduce costs. Vietnamese consumers are also becoming more informed and conscientious in purchasing decisions: 85% compare prices before buying, 80% prioritize products widely chosen by other consumers, and 78% are willing to pay more for higher-quality products. This indicates that product quality has become the top priority in Vietnamese consumers' purchasing decisions.

#### *1.2. Increased Spending on Education, Healthcare, and Cultural Activities*

##### **Education**

Viet Nam is considered a country with high spending on education and training. Households place great importance on children's educational prospects and are willing to invest increasingly in this sector. Simultaneously, the Government maintains strong focus on developing a high-quality workforce to meet labor-market demands and international integration. Investment in education has become a prioritized and highly potential sector, attracting substantial domestic and foreign resources. On 22 August 2025, the Party Central Committee issued Resolution No. 71-NQ/TW of the Politburo on breakthroughs in education and training development. The Resolution affirms that education and training are among the top national priorities, with the goal that by 2045, Viet Nam will have a modern, equitable, and high-quality national education system, ranked among the world's top 20 countries.

##### **Healthcare**

Demographic statistics indicate that Viet Nam is entering a period of population ageing. By 2050, the number of people aged 60 and above is projected to increase from 14.2 million (in 2024) to 29 million, accounting for nearly one-third of the



total population; the number of people aged 80 and above is expected to triple, accounting for nearly 6%. Alongside stable economic growth, rising disposable income, and rapid urbanization, living conditions have improved, driving higher demand for healthcare services. The growing share of health expenditure relative to GDP demonstrates increased attention from both the State and the public. A high health-insurance coverage rate (approximately 93%) also reflects expanded social-protection policies. Forecasts of future health expenditure further indicate that the healthcare sector is expected to continue its strong development, meeting rising societal needs.

## Culture

Cultural consumption - associated with cultural and artistic products - represents an important dimension of modern social life. Spending on cultural activities, particularly in popular culture, has become a growing trend across generations due to the proliferation of advertising and media on digital platforms, as well as strong influence from youth idol culture, which encourages consumers to express identity through cultural products and experiences. As cultural industries and creative industries are increasingly recognized as strategic sectors for harnessing creativity, generating income, and promoting socio-cultural development, cultural consumption becomes a natural trend, helping satisfy entertainment needs, cultivate aesthetic preferences, shape personal identity, and foster social connections, especially amid globalization and the expansion of cultural industries.

### ***1.3. Green and Sustainable Consumption Trends***

At COP26 (2021), Viet Nam committed to achieving net-zero emissions by 2050. To realize this goal, in addition to strong government actions through policies and programs, significant contributions from local authorities and enterprises are essential. Numerous policy documents issued by the Party and the State have incorporated provisions on green and sustainable consumption. Under the Prime Minister's Decision No. 1658/QĐ-TTg dated 1 October 2021 approving the "National Green Growth Strategy for the 2021 - 2030 Period, Vision to 2050," green and sustainable consumption is defined as the purchasing, use, and promotion of environmentally friendly goods and services that pose no risk to human health, while meeting basic needs and improving quality of life through reduced consumption of natural resources and harmful substances, as well as reduced emissions and pollutants throughout product life cycles, without threatening ecosystem functions or biodiversity, and without compromising the needs of future generations. According to the 2024 Green Consumption Awareness and Behavior Survey by the Vietnam High-Quality Goods Business Association, sustainable consumption is gaining increasing attention among Vietnamese consumers. Consumers are willing to pay a premium for green products, with the most accepted additional cost ranging from 5% to 10% above the price of conventional products. Demand for green products is becoming an inevitable trend, with consumers increasingly prioritizing environmentally friendly, sustainable, and socially responsible products and services.



### **1.4. Omnichannel and Multichannel Shopping**

The era of smartphones and digital-technology advancement has fundamentally transformed consumer purchasing behavior. Multichannel refers to a diversified marketing strategy in which businesses use multiple distribution channels to reach and interact with customers. Omnichannel integrates all channels into a single, synchronized system, enabling seamless and consistent customer experiences across all touchpoints.

According to the 2024 report “E-Commerce Market: The Era of Shopping and Entertainment” by Kirin Capital, 50% of Vietnamese consumers now choose to shop online, whereas only 30% still prefer traditional shopping channels. This reflects the rapid development of e-commerce in Viet Nam, with the number of online stores and digital buyers increasing significantly. Multichannel shopping is becoming indispensable in consumer lifestyles, particularly amid technological progress and rising consumption demands.

## **2. Customer Segmentation**

### **2.1. Characteristics and Consumption Behaviors of Generations Gen Z and Gen Y (Millennials)**

Digital-native citizens - Millennials (Gen Y, born approximately 1981 - 1996) and Gen Z (born approximately 1997 - 2012) - are projected to account for about 40% of Viet Nam’s total consumer spending by 2030. These generations constitute the core of the workforce, are young, have relatively high incomes, and are technologically proficient. They spend substantial time online, use mobile devices as their primary shopping tool, and therefore create strong demand for fast, flexible, and personalized technological solutions from retailers. For this consumer segment, omnichannel shopping - combining online and in-store purchasing - continues to dominate. E-commerce will serve as an extremely effective distribution channel, through marketplaces, social-commerce platforms, and live-stream shopping, which will be key drivers of revenue growth for enterprises.

In addition, while they still value affordability, these generations place growing emphasis on socially responsible brands and sustainable products - a broader consumer trend. They increasingly prioritize spending on experiences such as domestic and international travel, entertainment services, and skill-development courses rather than solely on material possessions.

### **2.2. The Expanding Middle Class**

Viet Nam’s middle class is expanding at an impressive rate and is projected to reach approximately 50% of the population by 2030. This expansion represents a significant opportunity for the domestic market, serving as a key driver of consumption growth and economic restructuring, reshaping the overall market structure - products, pricing, and services. However, challenges in competition and adaptability also arise, requiring enterprises to adjust strategies to ensure sustainable domestic-market development.





Middle-class expansion is not limited to major cities but is spreading to surrounding areas, creating new opportunities. In the coming period, urban consumption centers are expected to expand from Hanoi and Ho Chi Minh City to satellite cities and emerging markets such as Can Tho, Da Nang, Hai Phong, and Bac Ninh. These cities are becoming important consumption hubs with rapidly growing middle-class populations. This requires enterprises to adjust distribution and marketing strategies, including expanding retail networks, service offerings, and modern distribution channels to these new consumption centers.

The new and expanding middle class exhibits distinct consumption behaviors. Demand for premium products and services (premiumization) is expected to surge across sectors - not only goods but also services such as private healthcare, insurance, and international education. This consumer group is willing to spend more on safety, health, and brand reputation, particularly on products considered to “upgrade” quality of life: safe and organic foods, premium products with traceable origins, high-quality healthcare, education services, experiential travel, durable goods such as automobiles, smart home appliances, and real estate.

Green and sustainable consumption will become a purchasing standard rather than a trend. Middle-class consumers combine online and offline shopping seamlessly, increasing demand for omnichannel experiences; they actively seek “health and wellness” products, organic foods, low-sugar products, and goods with clear origins.

### **2.3. Rural Consumers**

#### **Infrastructure and improvements in living standards**

Purchasing power and consumer behavior in rural areas are undergoing positive changes due to the Government’s efforts in rural modernization, particularly through the criteria under the New-Style Rural Development (NSRD) Program for the 2026 - 2030 period. During this phase, the Program will shift its focus from the number of communes achieving NSRD status to the quality of development, aiming to build a modern, livable rural environment where people feel satisfied and enjoy improved well-being. Digital infrastructure will be widely expanded, and online public services and population data will be integrated with social security systems, enabling rural residents to access information and services as conveniently as in urban areas. The updated criteria emphasize green and circular economy models, emissions reduction, and environmental indicators (domestic wastewater treatment, agricultural waste recycling), thereby enhancing awareness and expectations regarding product quality among rural consumers.

#### **New purchasing power and consumption behaviors**

Although rural consumers remain highly price-conscious, their purchasing habits are shifting significantly toward the following trends:

*(i) Increasing attention to product quality and preference for higher-value goods.* As income levels rise and awareness of health and environmental issues improves, rural consumers are no longer focused solely on quantity but are increasingly

seeking stable quality and value. Demand for durable goods, branded products, and modern household appliances (air conditioners, large-capacity refrigerators, smart kitchen devices, etc.) is expected to grow strongly, reflecting aspirations for a living standard comparable to urban areas.

(ii) *Shifts in distribution channels.* The expansion of digital infrastructure has facilitated the rapid development of e-commerce in rural areas, where traditional commerce (markets, small groceries) still dominates. Rural consumers increasingly access modern retail channels (mini-marts, convenience stores) and digital payment methods (e-wallets, digital banking), although traditional channels continue to play an important role, particularly for food and beverages.

(iii) *Flexible spending behavior.* Similar to urban consumers, rural residents are becoming more cautious and price-sensitive amid global economic volatility. They seek high-utility products and attractive promotional programs.

## 2.4. Elderly Consumers

### Types of goods and services for the elderly

Vietnam is transitioning from an “aging population” to an “aged population” at one of the fastest rates in the region. By 2030, the number of people aged 60 and above is projected to exceed 17 million (approximately 16 - 17% of the population). The rapid aging process is creating a potential “silver economy” characterized by specialized needs, forming an increasingly important market segment whose spending focuses primarily on health, experiential services, and spiritual well-being.

Demand among the elderly is shaped by two main factors: health and convenience.

- **Health and wellness products:** Demand is rising for dietary supplements, specialized nutritional milk (for diabetes, cardiovascular conditions, osteoporosis, etc.), and natural/organic products. This is the category for which the elderly are most willing to pay premium prices. There is also growing preference for preventive healthcare services, regular health check-ups, specialized insurance schemes for seniors, mobility support devices, at-home physiotherapy, and smart medical equipment.
- **Experiential and spiritual services:** Demand for leisure travel and exploratory tourism is increasing (often in groups or with family), especially for customized travel packages featuring slow-paced itineraries, medical support, and enhanced comfort. Seniors also show interest in skill-development courses and hobby clubs (yoga, dancing, foreign languages). Demand for books, newspapers, and senior-friendly entertainment products is rising. The elderly also continue to purchase gold, jewelry, or valuable memorabilia as assets for savings or inheritance.

### Shopping methods

Elderly consumers tend to trust and remain loyal to familiar brands used over



many years, with limited inclination to switch to new products even if they are priced lower. They prefer traditional shopping channels such as local markets, neighborhood grocery stores, and large supermarkets. While many seniors have adopted digital tools, e-commerce is not yet their primary shopping channel. A portion of elderly consumers has stable income; however, most remain cautious in considering price and quality, especially for daily essential goods.

### 3. Purchasing Behavior

During the 2026 - 2030 period, Viet Nam's domestic market is expected to maintain stable growth, supported by a positive macroeconomic environment, rising per-capita income, and particularly the impacts of comprehensive digital transformation. Economic and social sectors are undergoing rapid digitalization, from payment systems, logistics, retail, and e-commerce to healthcare, education, and cultural - entertainment services. This transformation creates a more convenient, personalized, and diversified shopping environment for consumers.

Additionally, Viet Nam will officially enter a deep-aging phase. According to United Nations projections, by 2030, approximately 17% of the population will be aged 60 and above. This demographic shift will drive the development of the "silver economy," where the needs, behaviors, and priorities of older consumers become a major source of market demand. At the same time, the middle-aged population will still account for the largest share and remain the group with the highest consumption level.

The convergence of two major trends - digital transformation and population aging - will shape new characteristics in consumer purchasing behavior during the 2026 - 2030 period.

Consumer purchasing behavior during 2026 - 2030 will reflect the combined influence of comprehensive digitalization and population aging.

Younger consumers will prioritize speed, convenience, personalization, and sustainable consumption.

Older consumers will prioritize safety, reliability, attentive support, and health-related products.

This diversity requires enterprises and distribution systems to undergo significant transformation, developing flexible, multi-layered, customer-centric models. If leveraged effectively, Viet Nam can not only expand its domestic market but also develop a modern, sustainable, and inclusive commercial ecosystem, contributing to the comprehensive development of the digital economy by 2030.

#### *Increasing Preference for Convenience and Time Efficiency*

Consumers - particularly younger, tech-savvy groups - will continue to value speed and convenience in shopping. Mobile devices will remain the primary tool for most transactions. E-commerce platforms, super-apps, and e-wallets will become widely



used, enabling consumers to manage the entire process from product search and price comparison to payment and delivery tracking.

For elderly consumers, convenience is also critical, accompanied by the need for enhanced digital support: user-friendly interfaces, intuitive guidance, and personalized customer service.

### *Greater Emphasis on Product and Service Quality*

Consumers increasingly demand transparency in origin, quality, and safety. They expect accessible information on product provenance, ingredients, and safety certifications, especially for food, pharmaceuticals, children's products, and goods for the elderly.

Digital technologies such as blockchain, QR-based traceability, and digitized supply chain management systems will be more widely applied to meet these requirements. Additionally, data privacy and cyber-security in online transactions will become increasingly important.

### *Growing Popularity of Hybrid Shopping Models (O2O - Online to Offline)*

Hybrid shopping behavior will become more widespread during the 2026 - 2030 period. Consumers may research products online but purchase in-store for physical experience, or experience products in-store before placing orders online to access better offers and convenience.

Omnichannel retailing will become the dominant strategy. Retailers will not only maintain physical stores but also develop mobile applications, e-commerce storefronts, social commerce channels, and fast delivery services to optimize customer experience.

### *Personalization of Needs and Shopping Experience*

Consumers expect tailored services rather than uniform product packages. Artificial intelligence, big data analytics, and machine learning will play increasingly critical roles in product recommendations, promotional optimization, and demand forecasting.

Meanwhile, elderly consumers will pay greater attention to accompanying services such as health consultation, responsive customer care, and reliable after-sales services. Businesses will need to design personalized solutions suitable for different age groups and lifestyles.

### *Green and Sustainable Consumption Trends*

Younger generations are increasingly concerned about environmental protection, green consumption, and sustainable products. They tend to favor brands committed to emissions reduction, eco-friendly packaging, and recycling programs.

For the elderly, "green consumption" is often associated with demand for natural,



organic, and health-safe products. This segment offers significant potential, meeting societal needs while contributing to sustainable economic development.

### **III. DEVELOPMENT PROSPECTS OF THE DOMESTIC MARKET IN THE PERIOD 2026 - 2030**

#### **1. Growth Outlook**

##### **Projected growth rate for the period 2026 - 2030**

Viet Nam's economy is expected to maintain a high growth trajectory during the period 2026 - 2030, accompanied by significant transformations in the development model. According to the Draft Report on the Five-Year Review of the Implementation of the Socio-Economic Development Strategy 2021 - 2030, and the Orientations and Tasks for Socio-Economic Development for the Five-Year Period 2026 - 2030 (documents submitted to the 14th National Party Congress), the Party has set forth the orientation for a growth model in 2026 - 2030 that is rapid, sustainable, and primarily driven by science, technology, innovation, digital transformation, and green transition. The targeted average GDP growth rate for the period 2026 - 2030 is 7.5 - 8.5% per year, with efforts to reach approximately 10%. GDP per capita by 2030 is expected to reach USD 7,400 - 7,600, thereby enabling Viet Nam to become a developing country with a modern industrial base and upper-middle-income status, ranked among the world's 30 largest economies by GDP.

##### **Retail market size**

With GDP growth and rising per capita income consistent with national socio-economic development orientations, total retail sales of goods and services are expected to grow by 10 - 12% annually. By 2030, total retail sales are projected to reach VND 11.5 - 12.5 quadrillion, equivalent to approximately USD 450 billion (assuming an annual exchange rate depreciation of 1 - 2%). E-commerce is forecast to expand by around 20% annually, with retail e-commerce revenue potentially reaching USD 70 billion by 2030 - ranking third in Southeast Asia after Thailand and Indonesia. In the 2026 - 2030 Socio-Economic Development Strategy, the Party has outlined orientations for urban infrastructure development, including accelerated urbanization, network-based urban planning appropriate to regional characteristics, and a focus on synchronous and modern urban centres. Key priorities include investment in public transport systems and the effective use of underground space (such as metro systems in major cities). With these development orientations and the current pace of urbanization, the urbanization rate is expected to exceed 50% by 2030, creating favourable conditions for the expansion of retail distribution infrastructure.

According to the Viet Nam Population Strategy to 2030 approved by the Prime Minister, Viet Nam's population is projected to reach approximately 104 million people by 2030, ranking 15th globally. Per capita income is expected to continue growing and may reach USD 7,600 per person by 2030, with rural areas (which account for roughly 60% of the population) experiencing faster income growth than urban areas. As per the Party's targets in the socio-economic development strategy, Viet Nam aims to raise rural incomes by 2.5 - 3 times compared to 2020

levels (equivalent to USD 4,500 - 5,400 per person per year). With a sizeable population and rising per capita income, Viet Nam is projected to become one of the world's major consumer markets.

## **2. Digitalization Trends**

Digitalization is projected to remain a key driver of growth, strongly promoting the development of Viet Nam's domestic market during 2026 - 2030. With ambitious digital economy goals and a young, tech-savvy population, Viet Nam is moving towards becoming a digital nation and a digital society by 2030.

According to Resolution No. 57-NQ/TW dated 22 December 2024 of the Politburo on the Development of Science, Technology, Innovation, and National Digital Transformation, national digital transformation is identified as a major breakthrough and a key driver for developing modern productive forces, improving production relations, and renewing national governance, thereby fostering the development of various markets, including the goods market.

### ***2.1. Government Objectives and Plans for Digital Development***

The Government of Viet Nam regards digital transformation as a top priority and a critical foundation for market development. In line with the spirit of Politburo Resolution No. 52-NQ/TW dated 27 September 2019 on proactive participation in the Fourth Industrial Revolution, and the Prime Minister's Decision No. 749/QĐ-TTg approving the "National Digital Transformation Programme to 2025, with Orientations toward 2030," the following objectives have been established:

- The digital economy is expected to contribute 30% of GDP by 2030;
- Development of digital government will be accelerated to enhance the efficiency of governance, administration, and public service delivery, thereby creating a favourable business environment. The target is for Viet Nam to rank among the world's top 50 countries in e-government by 2030;
- Continued improvement of the legal framework (e.g., laws on electronic transactions, cybersecurity, and data protection) to create breakthrough mechanisms for new economic models and sustainable digital technology development.

### ***2.2. Digitalization Trends in the Domestic Market***

#### ***(i) E-commerce and digital consumption***

E-commerce will continue to expand strongly, driving domestic consumption, particularly amid rapid middle-class growth. E-commerce is expected to account for an increasingly significant share of total retail sales. Younger consumers (Gen Y and Gen Z) will continue adopting new shopping trends, creating momentum for omnichannel and multichannel retail models and personalized shopping experiences.





*(ii) Digital payments*

The payment market will shift rapidly towards cashless transactions. Financial technology (Fintech) will continue to attract investment through the expansion of e-wallets, QR code payments, and digital banking. Solutions for cybersecurity, data protection, and transaction safety will become essential to strengthen user trust in digital transactions.

*(iii) Digital transformation in enterprises*

Digitalization remains a critical factor for enhancing the competitiveness of Vietnamese enterprises. For small and medium-sized enterprises in particular, digital transformation helps improve productivity, optimize production processes, and enhance market access. To compete and develop in the digital era, enterprises will increasingly apply technologies such as Artificial Intelligence (AI), Big Data, and the Internet of Things (IoT) in operation management, logistics, industrial production, and supply chain management.

**3. Structural Changes in the Market**

- The Vietnamese retail market is expected to maintain strong growth during 2026 - 2030, with an average annual increase of 10 - 12%. By 2030, total retail sales of goods and services may reach USD 450 billion, with e-commerce accounting for an increasingly large share and projected to achieve a scale of approximately USD 70 billion (around 15%).
- Traditional distribution channels - including markets and small retail shops - still account for roughly 70% of retail circulation. However, from 2026 - 2030, with the continued decline in the number of traditional markets and expanding investments by major retail enterprises in modern retail systems, supermarkets, convenience stores, minimarts, and e-commerce platforms will increasingly replace small-scale retail outlets. Consequently, the share of modern retail is projected to rise steadily and could reach approximately 40% of total retail revenue by 2030.
- The formation and expansion of omnichannel and multichannel retail ecosystems will continue. Retail enterprises will integrate online - offline channels with delivery services, operate more synchronously, enhance customer experience and interaction, and optimize data utilization.
- Increased market concentration and consolidation trends: by 2030, an estimated 4 - 5 major retail groups (including both FDI and domestic enterprises) are expected to dominate the modern retail market. Mergers, acquisitions, franchising, and chain-linking activities will intensify to strengthen competitiveness and expand distribution networks.
- Investment in supply chains and professional logistics will increase, including the development of cold storage facilities, distribution centres, and smart warehouses in key economic regions; promotion of green logistics, smart delivery, and automation of distribution processes.

- Comprehensive digitalization of retail systems will become essential, with applications of AI, Big Data, ERP systems, CRM, and automated operations. Electronic payments, digital customer identification, and automated marketing will become dominant trends.
- Transformation of point-of-sale models: retail outlets will evolve from mere purchasing locations into integrated experience spaces offering services such as dining, beauty care, entertainment, and health services. “Retailtainment” (retail + entertainment) is expected to become more prevalent in major urban centres.

## IV. EXISTING ISSUES

### 1. Business Environment

#### *1.1. Complex Administrative Procedures*

For a business establishment to commence operations, under current regulations, retail enterprises are required to complete several administrative procedures, including business registration, business licenses (for conditional business lines), food safety certification, fire prevention and fighting permits, and applications for electricity and water supply. Each type of license or certificate is governed by different legal documents and issued by different state management agencies. Therefore, enterprises must study multiple regulatory frameworks and spend considerable time completing all legal procedures before commencing operations.

Additionally, administrative procedures may vary across agencies and localities. As enterprises expand their retail distribution networks into new areas, they must re-conduct the processes for obtaining licenses and/or certificates to ensure compliance with both national regulations and local requirements.

#### *1.2. High Cost of Commercial Premises*

Commercial premises constitute a critical factor for retail distribution enterprises (e.g., supermarkets, shopping malls, convenience stores for offline retailers; and transit warehouses or regional distribution centers for online retailers). In major urban areas - where retail enterprises concentrate their distribution networks - rental prices for commercial premises are relatively high and continue to increase in line with real estate prices.

#### *1.3. Shortage of High-Quality Human Resources*

Modern retail distribution is a relatively new and rapidly developing sector in Viet Nam. In recent years, enterprises have focused primarily on expanding distribution networks, infrastructure, and technological equipment, while insufficient attention has been paid to human resource development. Furthermore, increasing competition and rapid shifts in business models based on technological application and digital transformation have created high demand for skilled personnel capable of managing complex operations, applying technology, and conducting customer data analytics to understand consumer behavior. However, the current retail



workforce has not adapted quickly enough to meet these requirements.

Retail services require long working hours and continuous operations throughout the day, yet wages in this sector remain modest. As a result, the workforce is predominantly composed of unskilled labor, part-time workers, and students working outside study hours. These groups tend not to remain long-term with enterprises, leading to high turnover rates and making it difficult for businesses to invest in intensive training.

#### ***1.4. Limited Access to Capital for Small and Medium-Sized Enterprises (SMEs)***

Apart from a few large enterprises belonging to diversified conglomerates, the majority of enterprises operating in retail distribution in Vietnam are SMEs with limited financial capacity, few collateral assets, and modest management capability. During the system-expansion stage, these enterprises require substantial initial investment capital; however, access to credit remains challenging, lending procedures are complex, and it is difficult to obtain preferential credit packages as the sector is not prioritized or is considered high-risk.

## **2. Issues Related to Competition and Consumer Protection**

Despite positive achievements, Viet Nam's domestic market in 2025 continues to face numerous challenges relating to the competitive environment, requiring more comprehensive and decisive solutions.

### ***2.1. Unfair Competition***

Unfair competition remains a major challenge for legitimate businesses. Practices such as misuse of trademarks, packaging causing confusion about origin, false or misleading advertising, and dissemination of deceptive information to undermine competitors continue to occur. These behaviors distort market fairness and erode consumer trust. Particularly, unreasonable predatory pricing strategies in certain product segments, combined with unclear promotional programs, have created unequal competition between domestic enterprises and financially strong retail chains.

### ***2.2. Counterfeit and Substandard Goods***

Despite strengthened inspection by market surveillance forces, networks producing and distributing counterfeit goods are becoming increasingly sophisticated, organized, and transnational. Counterfeit goods now extend beyond luxury products to essential items, dietary supplements, pharmaceuticals, and food, posing risks to consumer health and safety. The rapid development of online sales platforms has created favorable channels for the distribution of these violating goods, as perpetrators frequently change warehouse locations and transportation routes, complicating detection and inspection efforts. On the regulatory side, human resources and technical equipment for monitoring and inspection remain limited, failing to keep pace with the expanding market scale. Certain procedures require extensive consultation or remain ambiguously regulated, leading to overlaps among legal documents. Inter-agency coordination and information sharing among

customs, police, tax authorities, banks, digital platforms, and trademark owners (domestic and foreign) remain inconsistent, reducing the effectiveness of early-stage detection and prevention.

These challenges require the Market Surveillance Authority to continue modernizing management methods, enhancing technological application, building databases, and strengthening personnel capacity in the coming period.

In addition, consumer awareness regarding the risks of counterfeit and substandard goods remains insufficient, sustaining demand for inexpensive yet high-risk products.

### ***2.3. Lack of Market Transparency***

Violations related to labeling, product information, and particularly origin fraud continue to occur frequently, undermining the credibility of Vietnamese goods. Some enterprises take advantage of gaps in oversight to conceal the true origin of products, negatively affecting consumer purchasing decisions and complicating efforts of Vietnamese businesses seeking to build quality brands.

In a market characterized by limited transparency, market management faces significant challenges. Business activities have become increasingly flexible and dispersed, especially via e-commerce platforms and social networks, while information regarding product origin, prices, invoices, and business entities is often incomplete or concealed. This hinders inspection, monitoring, and verification of violations. Many violators use “virtual warehouses”, unclear business addresses, anonymous seller accounts, and intermediary payment channels, making it difficult to trace goods and money flows.

Data-management tools and digital monitoring capabilities of the Market Surveillance Authority remain limited compared with the fast-growing volume of online transactions, while coordination and information sharing with functional agencies and digital platforms are not yet synchronized or timely.

Consumer awareness regarding requesting invoices and verifying product origins also remains low, inadvertently enabling fraudulent activities. These limitations reduce the effectiveness of prevention, detection, and enforcement, affecting fair competition and state management efficiency in the domestic market.

### ***2.4. Consumer Protection Challenges***

While consumer awareness and behavior have gradually improved, the ability of consumers to protect themselves remains limited, particularly in rural, remote, and mountainous areas. Information disparities, limited technological access, and insufficient legal knowledge place consumers at a disadvantage in disputes.

Although the legal framework for consumer protection has been established, dispute resolution and compensation - especially for online transactions or purchases from foreign entities - remain complex and time-consuming. Dispute resolution between consumers and traders is often prolonged and costly, with low mediation



success rates. Issues relating to after-sales service quality, warranty obligations, and unclear contractual terms continue to cause consumer dissatisfaction.

Additionally, resources allocated for consumer protection - personnel, funding, and technical facilities - remain limited. Social organizations engaged in consumer protection operate on a modest scale, with limited influence, professionalism, and support mechanisms. Legal dissemination efforts, though improved, remain inconsistent and have not yet created widespread impact among businesses and the public.

Overall, consumer protection in Viet Nam faces an urgent need for a new approach, increased technological application, strengthened legal frameworks, improved enforcement capacity, and expanded international cooperation to safeguard consumers' legitimate rights and interests in an increasingly digital, transparent, and sustainable socio-economic environment.

### **3. Infrastructure Constraints**

#### **3.1. Commercial Infrastructure**

##### *(i) Limitations in the legal and policy framework*

At present, the 2005 Law on Commerce is the highest-level legal document governing commercial activities; however, it primarily focuses on commercial acts, types of commercial activities, and sanctions related to the sale of goods and the provision of services. The Law does not regulate types of commercial infrastructure such as markets, supermarkets, shopping centers, convenience stores, or logistics centers.

Provisions relating to commercial infrastructure are scattered across different legal documents, such as:

- Decree No. 60/2024/ND-CP dated 05 June 2024 of the Government on the development and management of markets;
- Decree No. 09/2018/ND-CP detailing the Law on Commerce regarding the purchase and sale of goods by foreign investors, which refers to some types of modern retail facilities (supermarkets, shopping centers) but does not provide an in-depth definition of “commercial infrastructure” or specialized regulatory mechanisms;
- Decision No. 1371/2004/QĐ-BTM dated 24 September 2004 of the Minister of Trade (now the Ministry of Industry and Trade) on promulgating the Regulations on Supermarkets and Shopping Centers, which no longer has legal validity under the 2015 Law on Promulgation of Legal Documents;
- National, regional, and provincial planning on supermarket networks, shopping centers, and logistics centers, which have been integrated into the overall national, regional, and provincial planning frameworks pursuant to Resolution No. 110/NQ-CP dated 01 December 2019.



Investment support and incentive policies remain inadequate and ineffective. Efforts to encourage organizations, individuals, and enterprises of all economic sectors to invest or co-invest with the State in market development have yielded limited results. Markets in rural, mountainous, remote, border, and island areas have not attracted socialized capital due to difficult socio-economic conditions and low income and purchasing power. Investment in and management of markets in urban areas are not included in the list of incentivized sectors under Decree No. 31/2021/ND-CP dated 26 March 2021 guiding the Law on Investment. Investment in commercial infrastructure in general is not listed among sectors eligible for socialization incentives under Decree No. 69/2008/ND-CP dated 30 May 2008 and Decree No. 59/2014/ND-CP amending Decree No. 69/2008/ND-CP, resulting in a lack of motivation to attract private investment.

Decree No. 60/2024/ND-CP, effective from 01 August 2024, introduces regulations on the management, use, and operation of market infrastructure assets invested and managed by the State. This is a new and complex area, causing difficulties for local implementation. The operation of market infrastructure assets under Chapter IV of the Decree has not achieved the desired outcomes due to the declining attractiveness of traditional markets amid the rise of alternative business models. Meanwhile, service prices for market trading spaces are determined by provincial People's Committees, and enterprises/cooperatives wishing to lease or transfer rights to operate market infrastructure assets must undergo public auction procedures.

*(ii) Uneven distribution of commercial infrastructure*

- Commercial infrastructure (markets, supermarkets, shopping centers, convenience stores, specialty stores, etc.) is unevenly developed across localities, lacking sustainability and being heavily concentrated in urban areas. In rural and mountainous regions, market networks remain underdeveloped, with outdated facilities. Investment in developing markets in remote areas is difficult and has not produced the desired results.
- Although the number of supermarkets and shopping centers has increased rapidly, they remain concentrated mainly in major cities and urban zones. Rural, mountainous, and remote areas have limited or negligible development of modern retail systems, creating disparities in access to quality goods and modern shopping experiences.

*(iii) Commercial infrastructure quality remains relatively outdated*

- Market systems mainly serve retail functions and mostly consist of small-scale markets. Traditional markets remain dominated by Grade-3 markets (7,068 markets, accounting for 86%). Large-scale wholesale markets with aggregation and distribution functions are limited. Local government budgets for market development remain modest compared to other sectors. Many district-level central markets are overloaded, have limited space, and deteriorating facilities. Issues such as inadequate sanitation, fire prevention and fighting standards, and encroachment on public spaces remain widespread. Traditional markets are becoming less attractive, especially in urban areas, due to spontaneous





street trading, changes in consumer shopping habits, and the shift toward modern, convenient retail formats.

- The supermarket system has grown significantly but is still dominated by Grade-3 supermarkets with limited infrastructure quality. Supermarkets and shopping centers represent a small portion of total commercial establishments, with traditional markets still accounting for the majority.

### ***3.2. Transport and Logistics Infrastructure***

- Road transport continues to account for an excessively large share (over 70% of total freight volume), putting pressure on road networks, increasing logistics costs, and heightening traffic safety risks. Meanwhile, lower-cost transport modes such as railways and inland waterways remain underutilized and poorly connected.
- Connectivity between transport modes at critical gateways - such as seaports, inland container depots (ICDs), and railway stations - remains weak, limiting the effectiveness of recent transport infrastructure investments.
- Vietnam's logistics costs remain high (estimated at 16 - 20% of GDP), significantly reducing the competitiveness of domestic goods compared to regional peers such as Thailand and Singapore.
- The number and scale of logistics centers currently in operation remain limited, failing to meet demand for integrated functions such as warehousing, sorting, packaging, and distribution. Over 50% of warehouse facilities face overcapacity, and many do not meet international standards for physical infrastructure, management technology, or fire safety.

### ***3.3. Electronic Payment Systems***

- Security systems of several smaller payment gateways or e-commerce websites remain inadequate. Additionally, many users lack basic cybersecurity awareness, making them vulnerable to malicious links and unauthorized account access.
- - Cybersecurity threats - including hacking and ransomware attacks - targeting financial institutions and enterprise data systems pose significant concerns, hindering the expansion of electronic payment systems. The risk of payment card and account information leaks remains a serious issue for both businesses and consumers.

### ***3.4. Telecommunications and Internet Infrastructure***

- Vietnam's international internet connectivity relies primarily on submarine cable systems, which are frequently disrupted due to breaks or maintenance. This causes significant degradation in speed and service quality, affecting online business operations and electronic transactions.

- Vietnam's internet connectivity ecosystem and data infrastructure (Cloud Computing, Data Centers) remain relatively simple and underdeveloped compared with advanced countries in the region and globally, limiting enterprises' ability to leverage data effectively.

## V. COMPARISON WITH COUNTRIES IN THE REGION

### 1. Vietnam's Position

#### 1.1. General Economic Situation

Compared with countries in the CLMV group (Cambodia - Lao PDR - Myanmar - Vietnam), Vietnam currently leads in terms of economic scale and per-capita income, reaching approximately USD 5,800, followed by Cambodia (USD 2,900), Lao PDR (USD 2,200), and Myanmar (USD 1,500).

Within ASEAN, Vietnam ranks in the mid-upper group in terms of economic size, behind Indonesia, Thailand, and Malaysia, and significantly below the more developed ASEAN economies (notably Singapore). Vietnam is among the leading countries in manufacturing and exporting technology products (electronics, equipment), with medium-to-high growth rates. Although productivity, institutions, and physical infrastructure remain below those of Singapore, Malaysia, and Thailand, Vietnam's position in the regional supply chain has improved significantly in recent years.

#### 1.2. Trade in Goods

In 2025, Vietnam's total trade turnover is expected to reach USD 860 billion (up 16% compared with 2024), including exports of USD 440 billion (up 14% compared with 2023), imports of USD 425 billion (up 16%), and a trade surplus of USD 15 billion - marking the 10th consecutive year of surplus in goods trade.

Bilateral trade with bordering countries: China - USD 205.2 billion; Cambodia - USD 10.1 billion; Lao PDR - USD 2.25 billion. Within ASEAN, Vietnam ranks among the top 3 - 4 exporters, depending on the export product, following Singapore/Indonesia/Thailand.

#### 1.3. Logistics and Trade Infrastructure Capacity

According to the Logistics Performance Index (LPI) developed by the World Bank (scored on a scale of 1 - 5), in 2023 Vietnam ranked 43rd out of 139 economies with a score of 3.3, leading the CLMV group (higher than Cambodia, Lao PDR, and Myanmar), closely following Thailand and the Philippines, but still below Singapore and Malaysia.

#### 1.4. Growth Rate of E-commerce

In recent years, Vietnam has been the fastest-growing e-commerce market in ASEAN and one of the Top 10 fastest-growing in the world, with an average annual growth rate of 20 - 25%. Despite leading in growth rate, Vietnam's e-commerce market size currently ranks third in ASEAN, after Thailand and Indonesia.



## 1.5. Share of Modern Retail

Modern retail channels in Vietnam account for approximately 25 - 30% of total retail sales. This share remains significantly lower than in more developed regional economies such as Singapore (80 - 90%), Malaysia (around 60%), and even below Thailand and the Philippines (approximately 33 - 35%).

## 2. Lessons from Selected Regional Countries

Examining the domestic trade development models, trade-supporting policies, e-commerce development orientations, and market management mechanisms of neighboring and comparable countries such as China and Thailand provides valuable lessons and policy implications for Vietnam in shaping its own domestic market development strategy.

### 2.1. China

Over the past two decades, China has shaped its domestic market development strategy as a key pillar to ensure sustainable economic growth, especially after the 2008 global financial crisis. Recognizing risks associated with heavy reliance on exports, the government placed the policy of “domestic consumption as a driver of growth” at the forefront. A series of consumption-stimulus packages were launched nationwide, initially targeting automobiles, electronics, and household appliances, and later expanding to services, healthcare, education, and tourism. China has also prioritized the development of modern commercial infrastructure such as supermarkets, large-scale retail centers, and multi-tier logistic networks, facilitating smooth circulation of goods across the country.

E-commerce development has been a groundbreaking driver. Supported by substantial government investment in digital infrastructure - broadband internet, cloud computing, electronic payments (Alipay, WeChat Pay), and smart logistics - China has rapidly become the world's largest e-commerce market, accounting for more than half of global online transaction value. The government also promotes rural e-commerce, establishing “Taobao villages” to help farmers and cooperatives participate in online platforms and connect local products with urban consumers. Small and medium enterprises benefit from preferential loans, logistics support, and assistance in joining e-commerce platforms, helping expand their business opportunities.

Alongside rapid e-commerce expansion, China has strengthened market regulation with strict rules on product listing, quality control, consumer protection, and platform liability. The government has actively intervened to prevent monopolistic behavior, as seen in regulatory actions involving Alibaba and Meituan. In addition, China leverages Big Data and artificial intelligence for transaction monitoring, tax administration, and product traceability, enhancing transparency and consumer trust.

*China's domestic trade model thus represents a combination of consumption stimulus, strong investment in digital infrastructure, promotion of e-commerce, support for rural trade, and strict yet flexible market governance. This has*



*strengthened the resilience of its economy to the external challenges and turned domestic commerce into a sustainable growth driver.*

## **2.2. Thailand**

Thailand's economy relies heavily on exports, yet in recent years the government has placed greater emphasis on domestic market development to enhance economic balance and resilience to global shocks. The government has implemented multiple consumption-stimulus policies, including campaigns encouraging citizens to "prioritize Thai products" and direct financial support packages for households to boost purchasing power. Domestic tourism is also used as a consumption-stimulus tool through discounts and subsidies for airfares and accommodation. Thailand has developed both traditional and modern retail channels: wholesale markets, modern supermarkets, large-scale distribution systems, and upgraded logistics and warehousing networks aimed at reducing intermediary costs and improving competitiveness of domestic products.

In e-commerce, Thailand adopted the National E-commerce Master Plan 2017 - 2021 and the subsequent Action Plan for E-commerce Development (2023 - 2027), focusing on enhancing digital capacity for SMEs and developing digital payment systems (PromptPay), digital logistics, and online financial services. The government also launched the "Digital Thailand" strategy and developed Digital Parks to strengthen private-sector participation.

Regulatory frameworks have been strengthened to ensure transparent and effective e-commerce governance, covering electronic contracts, personal data protection, and taxation of online transactions. Thailand also monitors market competition to prevent foreign tech giants from overwhelming domestic SMEs. The country's public - private coordination mechanism allows the government to set direction and legal frameworks while businesses contribute technological solutions and shared data.

*Overall, Thailand's domestic trade development model is built on three pillars: stimulating domestic consumption, modernizing retail and logistics infrastructure, and promoting e-commerce and digital transformation, along with transparent regulatory frameworks supporting SMEs. Thanks to this, the Thai domestic market not only acts as a "support" for the economy during times of volatility, but also becomes a driving force for innovation, helping the country gradually move towards a comprehensive digital economy.*

## **2.3. Key Lessons Learned**

Experiences from China and Thailand show that domestic trade development must be positioned as a central pillar, complementing export-led growth to foster sustainable development. Key lessons for Vietnam include:

- Recognize the critical role of domestic consumption; implement stimulus programs encouraging the use of Vietnamese products while improving product and service quality to strengthen consumer trust.



- Develop modern retail systems (supermarkets, shopping malls, multi-tier logistics), while upgrading traditional channels (wholesale markets, small shops) to ensure coverage and flexibility.
- Promote e-commerce through strong investment in digital infrastructure, electronic payments, and smart logistics; support SMEs, cooperatives, and rural households in accessing e-commerce platforms; and accelerate digital transformation across businesses.
- Improve market governance through transparent and modern legal frameworks for e-commerce, including consumer protection, taxation, personal data management, and anti-fraud measures; adopt a balanced approach combining centralized oversight with flexible public - private coordination. In summary, the most important lessons for Vietnam involve simultaneously stimulating domestic consumption, investing in digital infrastructure, and ensuring transparent market governance so that domestic trade can become a strong and sustainable foundation for economic development in the coming period.

### **3. Opportunities for Cooperation**

#### ***3.1. ASEAN Market Integration***

In the context of increasing global volatility, deeper linkages with ASEAN member states present important opportunities for Viet Nam to expand its markets for goods and services, thereby diversifying product categories and distribution channels; stabilizing import sources; and reducing input costs for imported materials. These factors contribute to improved economic management, economic restructuring, and the achievement of socio-economic development objectives. The implementation of ASEAN commitments also provides a foundation for Viet Nam to broaden and strengthen relations with partners outside ASEAN, particularly major economies, and to participate more deeply in regional and international cooperation frameworks, thereby enhancing Viet Nam's international role and standing.

#### ***3.2. Regional Supply Chains***

Viet Nam is increasingly regarded by many countries as a crucial and diversified link in global supply chains, especially amid growing geopolitical and trade tensions among major economies.

- Countries and large corporations are seeking alternative or supplementary production locations to replace those adversely affected by political and trade instability. With political stability, an abundant labor force, and competitive production costs, Viet Nam stands out as a prime choice. This creates opportunities for Viet Nam to engage more deeply in supply chains in electronics (semiconductors, components), textiles and garments, footwear, and agricultural processing.
- Participation in new-generation FTAs such as CPTPP and EVFTA provides tariff-free market access for goods produced in Viet Nam, further consolidating Viet Nam's position as a manufacturing and export center.

- Growing demand for high-quality logistics services (modern warehousing, multimodal transport) creates potential for international cooperation in developing and operating logistics hubs and seaports with strong global connectivity.

### ***3.3. Technology Transfer***

Technology transfer to support domestic science and technology development is a key factor enabling Viet Nam to enhance value-added and avoid being confined to low-value assembly activities, thereby facilitating higher-quality economic growth and improved per-capita income.

- Developed countries possess strengths in AI, IoT, and Cloud Computing - areas in which Viet Nam has high demand for learning, transfer, and application in smart manufacturing (Industry 4.0), healthcare, trade, and finance through joint R&D or specialized training programs.
- Cooperation agreements typically include provisions on training high-level technical personnel domestically or overseas, thereby helping Viet Nam narrow technology and skills gaps through the engagement of foreign experts and human-resource development.
- Collaboration with international e-commerce platforms and technology companies providing logistics solutions for e-commerce will contribute to optimizing last-mile delivery and enhancing customer experience.

### ***3.4. Foreign Investment in the Retail Sector***

- Since joining the WTO, Viet Nam has removed most barriers to foreign investors in the distribution sector. Commitments under FTAs such as CPTPP and EVFTA continue to enhance transparency and investment protection.
- Under international commitments, Viet Nam has abolished the ENT mechanism for most retail outlets. This enables foreign investors to open second and subsequent stores without undergoing complex assessments, thereby accelerating expansion and improving market penetration.
- Weaknesses in Viet Nam's logistics system and rising demand for fresh and processed foods create significant opportunities for FDI in cold storage and cold-chain transport - segments requiring advanced technology but still underdeveloped domestically.

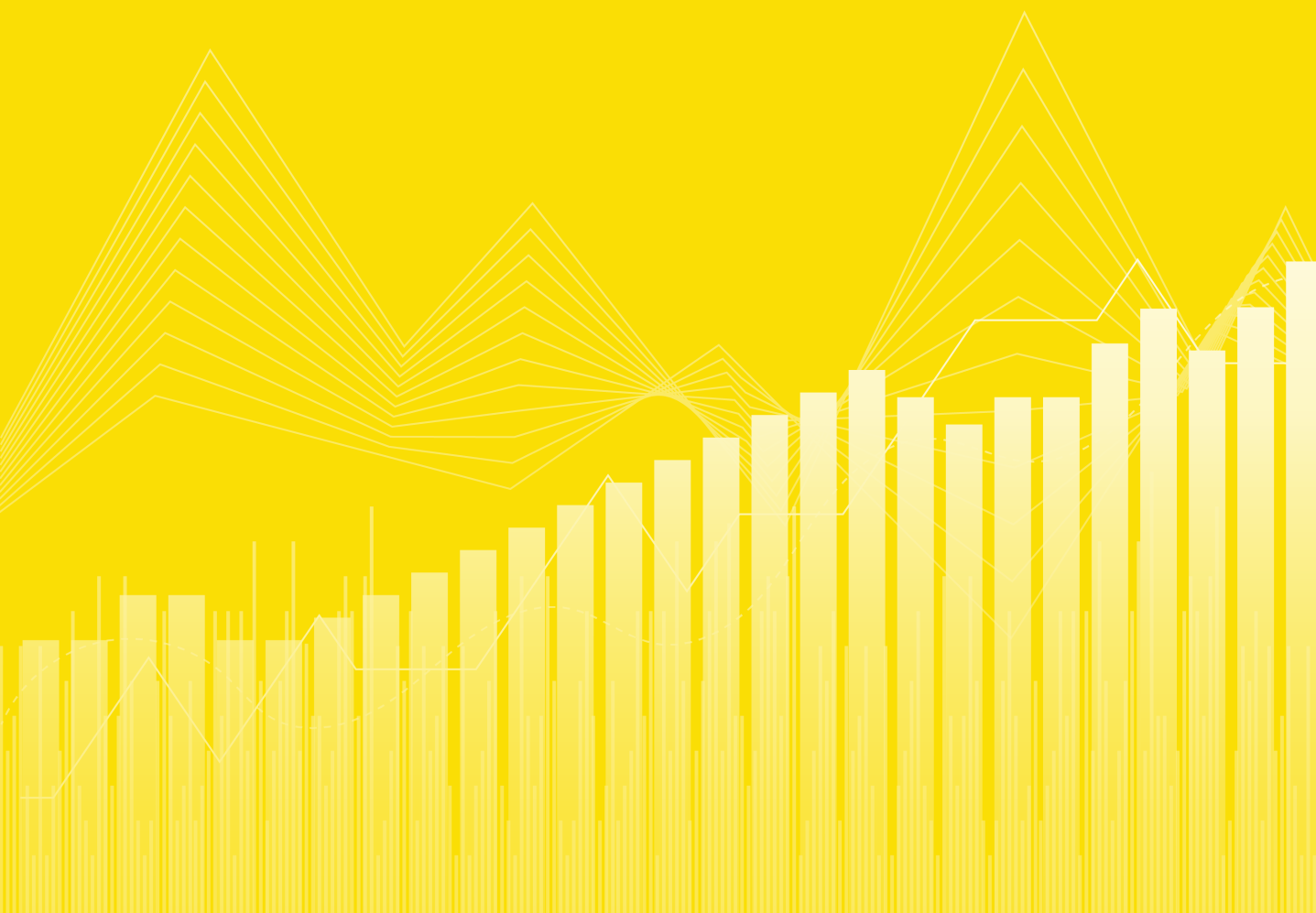




## PART III

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# CONCLUSIONS AND RECOMMENDATIONS



## I. GENERAL ASSESSMENT

### 1. Overall Evaluation of Achievements

In 2025, despite challenges arising from global economic, political, and trade fluctuations and domestic issues related to product quality, consumer sentiment, and income levels, the domestic market continued to demonstrate positive overall performance with several notable highlights.

- The market maintained stable growth, exceeding the growth rates of recent years following the impacts of the Covid-19 pandemic. Total retail sales of goods and services increased steadily throughout the year, reaching around 9 - 10% growth, bringing the retail market size to USD 268 billion, including USD 205 billion from goods retail.
- Commercial infrastructure continued to be upgraded and newly developed, becoming more convenient and modern, with approximately 8,300 traditional markets, 1,300 supermarkets, and 280 shopping centers, attracting major domestic and international brands.
- Goods remained diverse and abundant, meeting the increasingly sophisticated consumption needs of the population; product quality was strictly inspected and violations were handled rigorously, thereby strengthening consumer confidence.
- Digital transformation in retail accelerated, with enterprises investing actively in technology such as ERP systems, cashless payments, online sales platforms, and livestream commerce.
- E-commerce achieved strong growth (recorded an increase of over 20% year - on - year), reaching USD 32 billion in transactions and accounting for around 12% of total market revenue. Omnichannel retail strategies expanded significantly, and the growing volume of customer data enabled businesses to improve service quality and optimize business strategies.

### 2. Strengths and Limitations

From the current situation and achievements of domestic trade activities in 2025, it can be seen that the trade content in Vietnam has the following positive aspects and limitations:

#### Strengths

- Domestic market demand recovered rapidly and remained relatively resilient after the Covid-19 pandemic, with steadily increasing retail sales and rising consumer incomes driven by stable economic growth.
- Macroeconomic stability and well-controlled inflation (significantly lower than the National Assembly's ceiling of 4.5%) helped stabilize prices and reinforce consumer confidence, contributing to social welfare.



- E-commerce emerged as a major driver of domestic retail growth and enhanced competitiveness against foreign retailers.
- Improved commercial infrastructure and expanding transport networks supported the circulation and distribution of goods.

### **Limitations**

- Vietnam's highly open economy remains vulnerable to external risks such as geopolitical instability and trade tensions, which may disrupt supply chains, foreign exchange markets, and input prices.
- Domestic enterprises, though improving, still lag behind FDI firms in scale, financial capacity, advanced technology adoption, and corporate governance capability.
- Rapid growth in online retail poses challenges in product quality control, cybersecurity, and consumer protection.
- Traditional retail models have not adapted sufficiently to changes in consumption behavior and risk losing market share.

### **3. Future Development Potentials**

- With a population exceeding 100 million, a young demographic structure, and steadily increasing incomes, Viet Nam's domestic market is poised to become one of the region's largest in the coming years.
- As exports face rising barriers from protectionist policies in major markets, the Government considers the domestic market a key pillar and driving force for future economic growth.
- E-commerce is expected to continue expanding strongly, with projected revenue reaching USD 50 billion by 2030.
- Retail formats such as mini-supermarkets and convenience stores increasingly align with daily consumer demand.
- Products and services related to healthcare, sustainable consumption, and responsible consumption are gaining popularity among consumers.

### **4. Viet Nam's Position in the Region**

- With high trade growth rates (9 - 11% annually for domestic trade and 15 - 17% for import - export), and a population of approximately 102 million (16th largest globally), Viet Nam is an attractive market for major global manufacturers and retailers.



- With total import - export turnover of nearly USD 900 billion and consistent trade surpluses, Viet Nam has become an important link in regional and global supply chains and one of the fastest-growing trading nations in Southeast Asia.
- Effective utilization of FTAs has positioned Viet Nam as the EU's largest trading partner in ASEAN.
- Its geographic location along the East Sea, with an extensive coastline, allows Viet Nam to integrate into global supply chains and maritime routes connecting Northeast Asia with South Asia, the Middle East, and Europe.

Given these strengths and its growing role in trade and services, Viet Nam is expected to remain one of the region's most dynamic economies, with the domestic trade sector emerging as a critical engine of national economic growth.

## **II. RECOMMENDATIONS FOR STATE MANAGEMENT AGENCIES AND ENTERPRISES**

Based on the analysis of the current state of the market, influencing factors, strengths and limitations, opportunities and challenges, as well as future consumer behaviors and trends, and in order to formulate a sustainable and forward-looking development orientation for the domestic market - aligned with emerging trends, consumer needs, and preferences - several recommendations are proposed for State management agencies and enterprises operating in the distribution and retail sector as follows:

### **1. For State Management Agencies**

(i) Given that public investment disbursement increased significantly only in the final months of 2025, the resulting increase in money supply will begin to impact the economy more visibly from early 2026. The Government should continue monitoring, evaluating, and forecasting inflation developments to adjust fiscal and monetary policies appropriately to prevent inflationary pressure in 2026 and beyond.

(ii) As e-commerce becomes an increasingly important distribution channel, the Government and relevant ministries should issue appropriate policies to encourage enterprises to invest in digital technology for management and distribution. At the same time, regulatory agencies must strengthen mechanisms to safeguard personal and financial data used in online transactions, thereby ensuring consumer trust and supporting sustainable e-commerce development.

(iii) Although commercial and logistics infrastructure has improved in recent years, it remains limited in comparison with regional peers. Given the significant financial and technological requirements for this sector, the Government should implement dedicated policies to encourage domestic and foreign investment in logistics and commercial infrastructure to create a breakthrough and support rapid trade development.

## 2. For Retail Enterprises

(i) During 2026 - 2030, as consumer behavior is shaped increasingly by digital transformation and population aging, retail enterprises should adopt flexible strategic adjustments:

- Invest strongly in digital technologies, data, and omnichannel distribution systems to meet rising expectations for convenience, time-saving, and seamless customer experience.
- Strengthen personalization of products, services, and promotions using big data analytics and artificial intelligence as key competitive advantages.
- Develop dedicated channels for elderly consumers - an expanding consumer segment - through online advisory centers, telephone-based support, health-care product packages, and reliable after-sales services.

(ii) To improve operational efficiency as major cities become increasingly saturated with retail investment, enterprises should explore models for expanding into rural areas (which account for over 65% of the population and have rapidly improving incomes):

- Establish networks of modernized grocery stores with digital payment systems linked to regional distribution centers, providing stable-priced, high-quality consumer goods and gradually replacing traditional market stalls.
- Develop small-scale shopping centers and local retail chains such as mini-shops and mini-marts in emerging urban areas. In localities with tourism advantages, enterprises may integrate retail with dining, tourism, and cultural experiences.

## 3. For Enterprises Providing Supporting Services

- Viet Nam's limited cold-chain infrastructure contributes to agricultural losses and constrains the development of high-value fresh foods. Investment in regional cold storage and standardized fresh-food distribution centers will facilitate expansion of premium food retail channels.
- Smart logistics, warehousing, and express delivery services will be important drivers of growth in the coming years.
- Digital infrastructure for traceability, data security, and electronic payments must be strengthened to reinforce consumer confidence.
- Smart stores and technology-enhanced retail centers incorporating AR/VR experiences will become increasingly prevalent and effective, particularly in major urban areas./.







# APPENDIX

## CURRENT STATUS OF DISTRIBUTION CHANNELS FOR SELECTED KEY COMMODITIES

### 1. Petroleum Products

#### *1.1. Regulatory Framework for Petroleum Products*

Domestic petroleum business activities are currently governed by Decree No. 83/2014/ND-CP dated 03 September 2014 of the Government on petroleum trading, which has been amended and supplemented four times by the following Decrees:

- Decree No. 08/2018/ND-CP dated 15 January 2018 amending several decrees related to business investment conditions under the state management of the Ministry of Industry and Trade;
- Decree No. 95/2021/ND-CP dated 01 November 2021;
- Decree No. 80/2023/ND-CP dated 17 November 2023 amending and supplementing Decree No. 83/2014/ND-CP.

Over more than ten years of implementing Decree No. 83/2014/ND-CP and its amendments, the petroleum market has operated fundamentally under market mechanisms with state management. Domestic petroleum prices have been regulated in alignment with global price movements. A multi-tiered petroleum distribution system has been established with the participation of multiple entities, initially creating competition in the domestic petroleum market. Petroleum supply for production and consumption has been secured and adequately met national demand.

In recent years, global and domestic energy security has been significantly affected by geopolitical conflicts such as the Russia - Ukraine conflict and tensions in the Middle East. These developments have caused global oil prices to fluctuate unpredictably, with periods of supply shortage and sharply rising transportation costs. In addition, multiple legal documents related to petroleum trading have been newly issued or revised - such as the Law on Planning, the Law on Foreign Trade Management, the Law on Competition, the Law on Prices, and the Law on Environmental Protection - resulting in changes to the legal basis and regulatory mechanisms for the petroleum market. Therefore, under the direction of the Government and the Prime Minister, the Ministry of Industry and Trade, in coordination with relevant ministries, localities, and agencies, has developed a draft Decree on petroleum trading to replace previously issued decrees. The new Decree is now ready for promulgation with several updated provisions aimed at better reflecting current conditions, specifically:



- **Petroleum pricing mechanism:** The Decree establishes a petroleum price calculation formula allowing wholesale petroleum traders to independently determine selling prices, declare prices, and submit price declarations to competent state authorities for supervision, ensuring consistency with the pricing mechanism applied to other essential goods under the 2023 Law on Prices. Price stabilization measures will be implemented in accordance with the Law on Prices. When stabilization is needed, the Ministry of Industry and Trade will develop a plan and submit it to the Ministry of Finance for consolidation and reporting to the Government for approval. (The provision on regular contributions to and use of the Price Stabilization Fund is removed.)
- **Petroleum distribution system:** The Decree clarifies the responsibilities of entities across the distribution chain - wholesale petroleum traders, petroleum distributors, and petroleum retailers. Wholesale traders are responsible for ensuring supply, organizing distribution, and retail activities.
- **Diversification of retail trader types:** In addition to existing retail agencies and franchised petroleum retailers, the new Decree introduces a new category - independent retail traders allowed to purchase petroleum products from multiple wholesale traders and distributors for resale at retail outlets.

## 1.2. Domestic Petroleum Market in 2025

The minimum total petroleum supply assigned by the Ministry of Industry and Trade to wholesale petroleum traders for 2025 is **29,519,404 m<sup>3</sup>/tonnes** of various petroleum products, including:

- Ground petroleum products: **28,309,360 m<sup>3</sup>/tonnes**;
- Jet fuel: **1,210,044 m<sup>3</sup>/tonnes**.

Domestic production from the two refineries is estimated at approximately 18.6 million m<sup>3</sup>/tonnes of petroleum products in 2025 (an increase of 8.2% compared with 2024), meeting about 66% of domestic demand. Wholesale enterprises will ensure supply through imports and domestic purchases according to approved plans. The domestic petroleum market in 2025 is expected to remain stable, with ample supply. Domestic petroleum prices will continue to be adjusted every seven days in close alignment with global price movements, without the need for price stabilization measures.

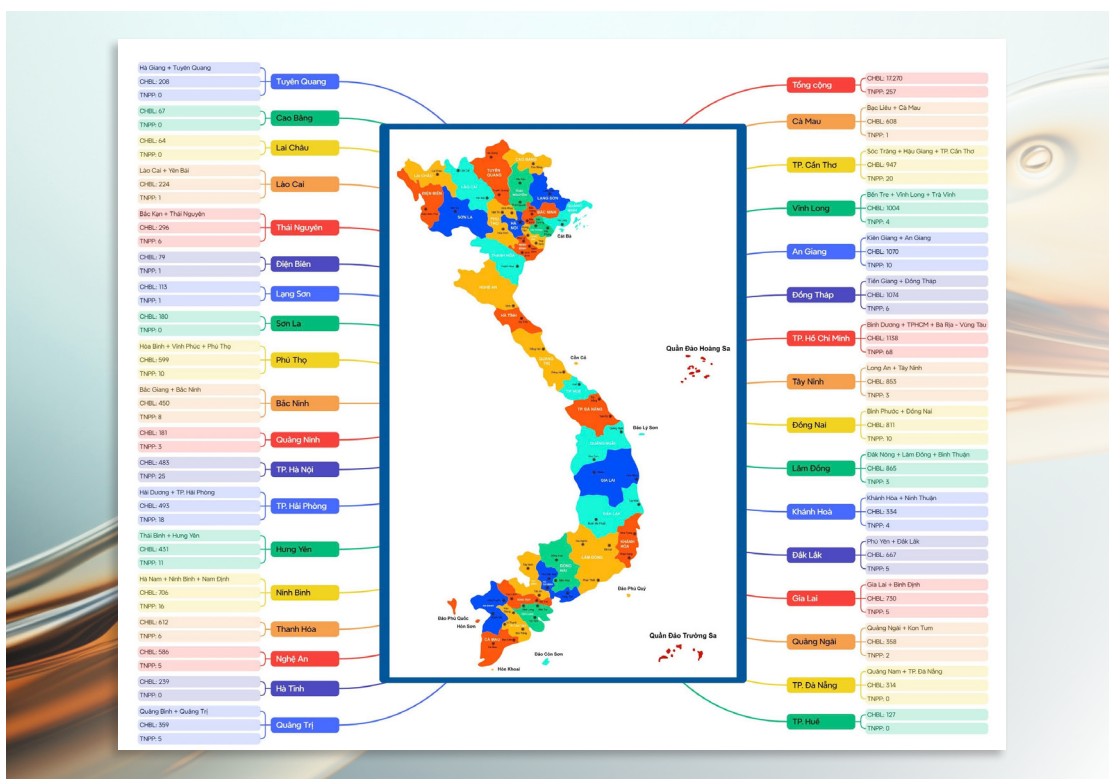
## 1.3. Petroleum Distribution System

By the end of 2025, Vietnam will have:

- 30 wholesale petroleum traders (including 04 traders dealing exclusively in jet fuel);
- 257 petroleum distributors;
- 17,270 petroleum retail stations nationwide (distribution details illustrated in the figure below).



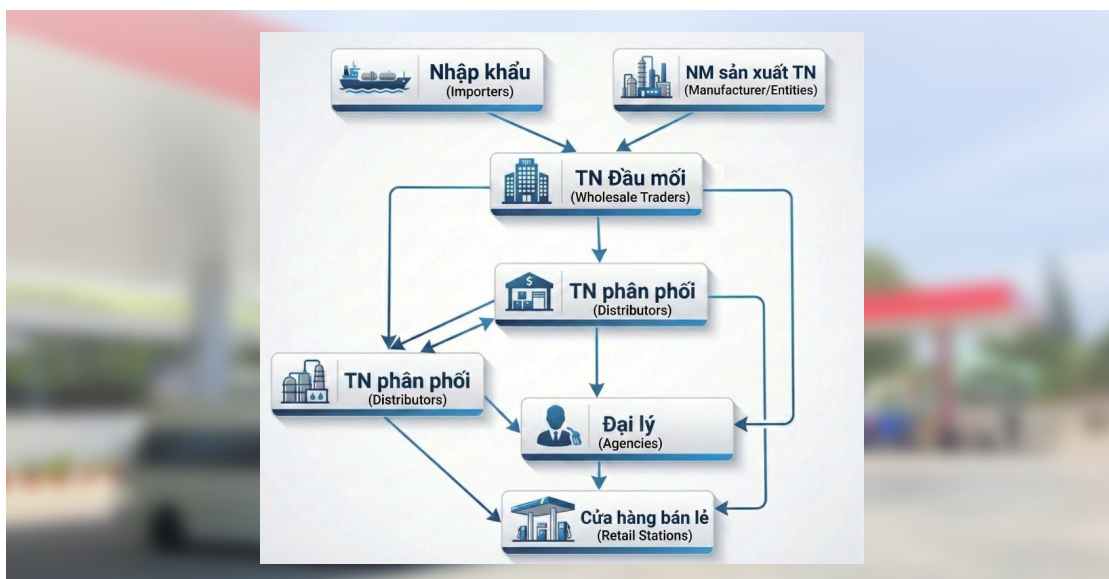
**Figure 8: Distribution of The Systems of Petrol Stations and Petroleum Distributors Across Provinces and Cities**



Source: Agency for Domestic Market Surveillance and Development (Ministry of Industry and Trade)

Under current regulations (as stipulated in existing petroleum trading decrees) governing the purchasing and selling rights of petroleum business entities, the petroleum distribution system operates according to the following structure:

**Figure 9: Diagram of petroleum circulation through types of traders in Vietnam under current regulations**



## 2. Rice

Rice trading activities in Vietnam are currently governed by Decree No. 107/2018/ND-CP dated 15 August 2018 of the Government on rice export trading and Decree No. 01/2025/ND-CP amending several articles of Decree No. 107/2018/ND-CP. These regulations specify facility requirements and circulation reserves for rice exporters to ensure effective management of rice export activities, maintain national food security, and promote rice exports and the branding of Vietnamese rice.

In 2025, to update rice trading regulations in line with new conditions and improve management efficiency, the Ministry of Industry and Trade is developing a new Decree to replace Decree No. 107/2018/ND-CP. The revised Decree aims to modernize the legal framework, simplify administrative procedures, strengthen export management efficiency, and introduce assessments of enterprise creditworthiness and stricter sanctions. These measures aim to facilitate business operations while ensuring quality control and food security.

### 2.1. Rice Distribution System

Vietnam's rice distribution system is diverse, covering traditional, modern, and e-commerce channels, ensuring nationwide supply to meet essential daily consumption needs, including:

#### Traditional channels

Traders or cooperatives/large enterprises purchase paddy directly from farmers (at fields or warehouses), mill it themselves or supply rice processing plants. Rice is then distributed to retail agents, markets, grocery stores, and community retail outlets.

#### Modern channels

Enterprises/cooperatives purchase, process, and package rice under brand labels before supplying it to supermarket chains such as Co.opmart, Big C/GO!, WinMart, Lotte Mart, Aeon, or selling through specialized branded retail stores in urban areas. This channel is particularly important for high-quality, specialty rice such as ST25, Bắc Hương, or Hải Hậu fragrant rice.

#### E-commerce channels

Rice businesses sell via platforms such as Lazada, Shopee, Tiki, TikTok Shop, Sendo, or through their own online channels. Although increasingly popular among younger consumers, this channel remains limited due to the product's weight and high delivery costs.

### 2.2. Rice Market Developments in 2025

The global and domestic rice markets faced significant challenges in 2025 due to abundant supply, weak demand, and protective policies from major importers

such as Indonesia, India, and the Philippines. Global rice prices dropped to their lowest levels in years amid oversupply concerns and reduced purchasing from key markets. FAO estimates global rice production for the 2025 - 2026 crop year at 556.4 million tonnes (up 1.2%), global consumption at 550.8 million tonnes, and ending stocks at 215.6 million tonnes.

In 2025, the FAO global rice price index declined continuously, reaching its lowest point in years. In Q3 alone, the index fell 24.2% year-on-year. As of October 2025, the global rice price index averaged 103.6 points, down 9.5% year-on-year. The sharpest decline occurred in Vietnam due to market sentiment affected by the Philippines' temporary suspension of rice imports. Vietnam's 5% broken rice averaged USD 372.1/tonne, down 32% year-on-year.

According to the Ministry of Agriculture and Environment, while many rice-exporting countries recorded declining output, Vietnam's production increased by 3.1% despite a 19% drop in prices. Export volume for 2025 is projected at 7.9 - 8.3 million tonnes, maintaining Vietnam's position as the world's second-largest rice exporter. The Philippines remains Vietnam's largest export market, accounting for 42.6% of total volume, although export value to this market decreased by 13.5%. Meanwhile, exports to Ghana and Côte d'Ivoire grew strongly (53.5% and 96.6%, respectively).

In the first nine months of 2025, Vietnam exported 6.8 million tonnes of rice worth nearly USD 3.5 billion (down 2% in volume and 20% in value). The Philippines remained the largest market (2.94 million tonnes).

Domestic rice prices also declined, though with less volatility than export prices. Domestic supply for 2025 is estimated at 43.5 million tonnes of paddy (equivalent to 28 million tonnes of rice), slightly higher than in 2024.

Domestic consumption is expected to remain stable as rice continues to be the primary staple food, with rising demand for specialty, organic, and high-quality rice in major urban areas. Domestic consumption in 2025 is estimated at approximately 20 million tonnes.

For 2026, imports from major markets such as the Philippines and Indonesia are expected to decline. Global supply for the 2025 - 2026 crop year will likely remain abundant. La Niña conditions (October - December 2025) may cause seasonal disruptions. Global rice prices are forecast to fall further as supply recovers and demand weakens. India maintains ambitious export targets, intensifying competition. Thailand and Cambodia are expected to benefit from favorable rainfall. The Philippines' continued import suspension may negatively affect major exporters such as Vietnam. Low trading activity and exchange rate fluctuations will also create downward pressure on export prices.

### **3. Pork Products**

#### ***3.1. Overview of the Pork Market***

Viet Nam is among the countries with the highest pork consumption levels globally





and within Southeast Asia. The average consumption of carcass pork in Viet Nam is approximately 39 kg/person/year, accounting for 63.68% of the national livestock product consumption structure. Therefore, pork is a commodity with substantial influence on the food market and exerts significant impact on the Consumer Price Index (CPI).

**Supply:** The rapid shift from small-scale livestock farming to large-scale, commercial, biosecure and low-emission production models has increased pork supply in both quantity and quality, meeting domestic standards and export requirements. In 2025, the national pig herd increases sharply as household farming moves toward semi-industrial production and linkage with enterprises, supported by favorable live hog prices during the first half of the year which encouraged farmers to expand production scale. In 2025, the output of live hogs is estimated to reach 5.4 million tons, up 5% from the previous year. Imported carcass pork is estimated at about 200 thousand tons, increasing by 14% in volume but decreasing by 3.5% in price year-on-year.

**Demand:** Consumers increasingly prefer products produced, processed, and distributed through closely linked value chains from production to retail, enabling better control of product quality and food safety. Pork consumption in Viet Nam has continued to rise in recent years: approximately 30 kg/person/year in 2021, 37 kg/person/year in 2024, and an estimated 39 kg/person/year in 2025 (carcass weight). Viet Nam currently ranks fourth in global pork consumption.

### **3.2. Distribution Channels for Pork Products**

Similar to other livestock products, pork must undergo slaughtering, preliminary processing, and processing stages before being distributed to the market.

- **Slaughtering:** According to the Ministry of Agriculture and Rural Development, there are currently over 240 centralized pig slaughtering facilities nationwide (out of a total of 440 centralized animal slaughtering facilities) and more than 17,600 small-scale pig slaughtering establishments (out of 24,650 small-scale animal slaughtering establishments). Centralized slaughtering facilities account for approximately 64% of total pork output, while the remaining 36% is slaughtered at small-scale facilities. Centralized facilities are typically located in major cities and surrounding areas, while small-scale facilities are usually situated in rural and mountainous regions.
- **Processing:** Nationwide, there are around 108 industrial-scale meat and egg processing factories serving both export and domestic consumption. However, the output of industrially processed livestock products and market development activities remain limited due to: (i) Few newly constructed factories with modern equipment and technology; most have been in operation for over 15 years with outdated technology and limited processing capacity and product diversification; (ii) High production costs and food safety risks associated with obsolete technology, resulting in low market competitiveness (especially for exports); (iii) Low value-added processed products account for 80 - 85% of output, while high value-added products (smoked meat, ham, sausages, etc.) account for only 15 - 20%. Chilled packaged pork distributed through modern retail channels accounts for only about 10%.

- **Retail Distribution:** Currently, pork is distributed mainly through three channels:
  - *Traditional distribution channels with multiple intermediaries:* Live hogs from farms are sold through agents (Tier 1, Tier 2) to slaughterhouses. In centralized large-scale slaughterhouses, carcasses are purchased by wholesalers and distributed to retail outlets such as markets, stores, collective kitchens, restaurants, and processing facilities. In small-scale slaughterhouses, carcasses are sold directly to vendors at traditional markets. This distribution model remains dominant but is gradually declining, particularly in major cities. According to the Ministry of Agriculture and Environment, approximately 80% of pork is retailed through traditional markets.
  - *Modern distribution channels with one intermediary:* Live hogs are purchased directly by processing and slaughtering companies. After slaughtering and cutting, products are distributed to supermarkets, specialty stores, or bulk buyers such as schools and industrial kitchens.
  - *Direct modern distribution channels without intermediaries:* Livestock companies directly slaughter and distribute pork to their own supermarkets or retail stores. Although still representing a small share of the supply chain and mainly concentrated in major urban areas, this model is growing rapidly due to alignment with business development strategies and consumer trends. Examples include distribution systems of major enterprises such as Masan MeatLife (VinMart/VinMart+), CP, and Dabaco.

### 3.3. Pork Market Developments in 2025

The increasing supply of pork is a key factor driving down live hog and pork product prices in 2025. At times, the market was affected by concerns regarding product quality or disease outbreaks. Live hog prices ranged from VND 65,000 - 75,000/kg during the first seven months of the year before gradually decreasing to VND 54,000 - 55,000/kg toward year-end. Retail pork prices ranged from VND 100,000 - 150,000/kg depending on the product type and locality. Compared with the same period last year, live hog prices decreased by VND 10,000 - 12,000/kg, equivalent to 16 - 19%.

## 4. Aquatic Products

### 4.1. Overview of the Aquatic Products Sector

Viet Nam's fisheries sector has developed strongly over the past 30 years, making the country one of the world's three largest seafood exporters. Contributing 4 - 5% to GDP and 25 - 30% to the agriculture - forestry - fishery sector GDP, and employing over 4 million workers, the sector has affirmed its role as a key national economic pillar. From 2020 to 2025, Viet Nam's seafood export value increased from USD 8.41 billion to over USD 10 billion. Vietnamese seafood is present in more than 170 countries and territories, including demanding markets such as the EU, the United States, and Japan.

In recent years, the fisheries sector has received strong government support through



significant policies, such as Resolution No. 36-NQ/TW and Decision No. 339/QĐ-TTg on the Strategy for Fisheries Development to 2030, with Vision to 2045.

Aquaculture and fishing output exceeds 8 million tons annually. According to VASEP, total national seafood production in 2025 is estimated at 9.8 million tons, up 3% from 2024, with fish accounting for 70%, shrimp 15%, and the remainder consisting of squid, octopus, and other species.

Export turnover in 2025 is estimated at USD 10 billion, placing seafood among the top 10 export commodity groups. Key export products include shrimp (39% of exports), pangasius (20%), tuna, squid, octopus, and mollusks.

With abundant natural conditions - millions of hectares of freshwater, brackish water, marine waters, and cold water - and a diverse aquatic resource base, Viet Nam can supply large volumes of safe and high-quality seafood from 28 coastal provinces and more than 847 industrial-scale processing facilities meeting hygiene and safety standards.

**Demand:** With a young population structure and a rapidly expanding middle class, demand for high-quality, safe, and convenient seafood continues to increase. Per-capita seafood consumption is about 35 - 40 kg/year, significantly lower than 60 - 70 kg/year in Japan, Korea, or Malaysia, indicating substantial room for growth.

Although processed seafood products from major Vietnamese enterprises meet the highest global standards (ASC, BAP, HACCP, IFS, etc.), domestic consumption remains limited due to: (i) high logistics and cold-storage costs; (ii) stringent requirements and high discount rates imposed by supermarkets; (iii) consumer preference for fresh products; (iv) weak domestic branding for processed seafood.

#### **4.2. Distribution System for Aquatic Products**

- Traditional distribution channels: Due to the preference for fresh products, most seafood is distributed through traditional markets. Seafood is caught, chilled, or kept alive in tanks, then transported to markets for sale within 1 - 2 days.
- Modern distribution channels: Concentrated in major cities such as Ha Noi, Ho Chi Minh City, Da Nang, and Can Tho, modern channels include supermarkets (WinMart, Saigon Co.op, Go!, Lotte, Aeon, Bach Hoa Xanh), clean food stores, and e-commerce platforms (Shopee, Tiki, TikTok Shop). Products in this channel are typically pre-processed, packaged, and cold-stored.
- Modern channels account for 20 - 30% of distribution, with annual growth of 5 - 10%. Domestic seafood accounts for 60 - 70% of products in modern channels, while imports (salmon, saba, seafood mix, etc.) account for 30 - 40%.

**Outlook:** The fisheries sector faces challenges from climate change, declining natural resources, disease risks, rising production costs (feed, fuel, logistics), small-scale production structures, and increasing global requirements for sustainable production and circular economy practices.

## 5. Construction Steel Products

### 5.1. Regulatory Framework for Construction Steel

Previously, steel production and distribution were managed through sectoral planning. However, since 1 January 2019, pursuant to the Law on Planning No. 21/2017/QH14, product-specific sectoral planning (including steel) has been abolished. Currently, steel products marketed domestically must comply with applicable technical regulations and standards like other commodities.

To protect domestic steel production and the domestic market under the Law on Foreign Trade Management and related decrees on trade remedies, the Ministry of Industry and Trade has implemented various trade-remedy measures, including imposing safeguard and anti-circumvention duties on certain steel products showing signs of unfair competition when imported into Viet Nam. These include:

- Decision No. 2968/QĐ-BCT (18 July 2016) on applying global safeguard measures on imported billets and long steel; Decision No. 918/QĐ-BCT (20 March 2020) on extending safeguard measures for imported billets and long steel; Decision No. 691/QĐ-BCT (21 March 2023) on further extending safeguard measures on imported long steel products, of the Ministry of Industry and Trade.
- Decision No. 1230/QĐ-BCT (13 May 2019) on applying anti-circumvention measures against steel wire and rod products (HS codes 7213.91.90, 7217.10.10, 7217.10.29, 7229.90.99, 9839.10.00); Decision No. 693/QĐ-BCT (21 March 2023) on extending anti-circumvention measures for imported steel wire and rod, of the Ministry of Industry and Trade.

### 5.2. Overview of the Construction Steel Market

**Supply:** According to the Viet Nam Steel Association (VSA), domestic enterprises currently have a production capacity of about 14 million tons of construction steel, fully meeting domestic consumption and supporting export demand. There are nearly 40 construction steel manufacturers nationwide, in addition to several small-scale private producers. Major producers with the largest market shares include: Hòa Phát (35 - 38%), Viet Nam Steel Corporation (10 - 11%), Viet Duc (5 - 6%), Vinakyoel (4 - 5%), and others (37 - 38%).

**Table 4: Construction Steel Production and Sales, 2021 - 2025 (Unit: million tons)**

	2021	2022	2023	2024	2025
<b>Production</b>	12.361	12.132	10.655	11.735	12.99
<b>Sales</b>	11.919	12.274	10.905	11.916	13.27
Domestic sales	9.694	10.113	9.168	9.974	11.77
Exports	2.224	2.161	1.737	1.942	1.49
<b>Inventory</b>				0.574	0.32

Source: Consolidated from the Viet Nam Steel Association (VSA)



Production of construction steel in 2025 is expected to reach approximately 13 million tons, an increase of 10.7% compared with the same period in 2024 - representing a relatively strong recovery in recent years.

**Consumption:** In 2025, demand for construction steel is expected to increase in both the residential market and project-based construction. Total construction steel consumption in 2025 is projected to reach 13.27 million tons, up 11.4% compared with 2024. Growth is driven primarily by the domestic market (up 18.1%), while exports are forecast to decline (down 23%) due to rising trade barriers imposed by other countries.

**Table 5: Construction Steel Consumption by Region (Unit: million tons)**

Nationwide Consumption	2024	2025	YoY Change
Total	9.97	11.77	18.1%
Northern Region	5.70	6.70	17.6%
Central Region	1.12	1.50	33.9%
Southern Region	3.15	3.57	13.1%

Source: Viet Nam Steel Association (VSA)

Growth in construction steel consumption is driven mainly by the recovery of the domestic market, while exports remain challenging. Export volume of construction steel in 2025 is expected to decrease by 23% compared with 2024.

**Selling prices:** Viet Nam continues to rely heavily on imported raw materials, such as scrap steel and iron ore; therefore, domestic construction steel prices remain strongly influenced by global price movements. In 2025, although domestic steel prices were adjusted multiple times (both upward and downward), the overall trend was a decline. As of the reporting period, ex-factory prices (excluding VAT and after maximum discount), depending on specifications and brand, are as follows:

- Common rebar steel: 13.3 - 13.7 million VND/ton
- Steel coil: 13.2 - 13.75 million VND/ton

**5.3. Distribution System for Construction Steel**

The distribution system for construction steel operates through the following main flow:

**Steel mill → Tier-1 distributor → Tier-2 distributor → Construction projects/ consumers**

Distribution form	Sales method	Customer group
Project sales	Direct supply from steel mills or Tier-1 distributors	Infrastructure projects, high-rise buildings, industrial parks
Commercial sales	Through Tier-1 distributors, Tier-2 distributors, and traditional retail stores	Residential construction, small- and medium-sized projects



### *Future distribution trends*

- Major manufacturers tend to expand and tighten exclusive Tier-1 distributor networks to ensure stable output, control retail prices, and limit speculation.
- With ongoing digital transformation, steel distributors increasingly adopt technologies for inventory management, order tracking, and transport optimization to enhance competitiveness and improve responsiveness to market demand.

### **5.4. Factors Affecting the Construction Steel Industry**

- **Intensifying domestic competition:** Production capacity continues to exceed domestic demand, forcing many enterprises to cut production costs, improve operational efficiency, and reduce selling prices to maintain market share.
- **Growing trade barriers:** Many countries have increased trade-remedy measures, posing challenges for exports. According to the General Department of Customs, cumulative steel exports as of mid-November 2025 reached 8.84 million tons, down approximately 22% year-on-year. As export markets face rising protectionism, Vietnamese enterprises are compelled to redirect products to the domestic market, which itself remains difficult due to underutilized capacity.
- **Rising export pressure from China:** Increased steel exports from China continue to exert competitive pressure on Viet Nam's steel industry.
- **Green production and carbon neutrality:** Transitioning toward low-carbon and environmentally sustainable production is an inevitable global trend. Vietnamese steel enterprises must adopt appropriate conversion strategies, especially to comply with the EU's Carbon Border Adjustment Mechanism (CBAM), which entered transitional implementation on 1 October 2023 and will be fully enforced from 2026.

## **6. Cement Products**

### **6.1. Overview of the Cement Market**

**Supply:** Viet Nam currently operates 92 cement production lines with a total capacity of approximately 122 million tons, sufficient to meet domestic consumption and export demand for both cement and clinker. Domestic producers have developed a diverse range of cement products for civil and industrial construction, including high-quality, rapid-hardening, heat-resistant, fire-resistant, marine-durable cement, and well-cement for oil and gas extraction.





**Table 6: Cement and Clinker Production and Consumption, 2021 - 2025 (Unit: million tons)**

	2021	2022	2023	2024	2025
Cement production	108.6	100.1	89.4	81.4	100.0
Consumption	100.1	108.4	99.4	96.3	110.1
Domestic consumption	62.7	67.8	56.6	66.5	75.8
Cement exports	16.8	16.4	20.3	20.2	21.0
Clinker exports	28.9	15.3	10.9	9.6	13.3
<b>Inventory</b>	<b>2.6</b>	<b>3.3</b>	<b>4.8</b>	<b>5.0</b>	<b>4.6</b>

Source: Consolidated from reports of the Ministry of Construction and the Viet Nam Cement Association

From 2022 to 2024, cement production witnessed a significant decline, especially in 2023 (down 10.7%). Production lines operated at only 70 - 75% of design capacity (compared with over 85% prior to 2022). In 2025, supported by economic recovery and public investment acceleration, cement and clinker output is estimated at around 100 million tons, up 22.8% from 2024.

**Consumption:** Total demand for cement and clinker in 2025 is projected at around 110 million tons, up 14.3% from 2024; including domestic consumption of 75.8 million tons and exports of approximately 34.3 million tons.

**Domestic market:** Vicem-affiliated companies hold approximately 30.8% market share; joint-venture companies account for 20.6%; other cement enterprises account for 48.6%. By region, consumption in 2025 is distributed as follows: - Northern region: 34 - 35% - Central - Central Highlands region: 30 - 31% - Southern region: 34 - 35%

**Export market:** Export shares in 2025: Vicem affiliates 5.3%; joint ventures 10%; other companies 77.7%. Key export markets include: Philippines (18.7%), Bangladesh (18.2%), Taiwan (3.9%), Malaysia (4.3%), and others such as Saudi Arabia, Chile, Australia, Peru...

## 6.2. Distribution System for Cement

Cement distribution in Viet Nam operates under a mixed (direct and indirect) channel structure, with indirect channels dominating due to logistics efficiency and wide market coverage.

- **Indirect channel (primary channel):** Production plant → Official distributors/wholesalers → Tier-2 agents/retail stores → Construction sites/consumers. This channel accommodates demand across all regions with flexible order quantities and delivery times.
- **Direct channel (mainly for large or regular customers):** Production plant → Major construction material depots/batching plants for ready-mixed concrete. Cement can be supplied in bulk (unbagged), reducing transport and packaging costs, thereby lowering input costs for customers.



### 6.3. Key Factors Affecting the Cement Industry

- Supply continues to exceed domestic demand, while both domestic consumption and exports face difficulties. Plants are expected to operate at only 70 - 75% of design capacity.
- Cement exports are challenged by increasing trade barriers in importing markets (Philippines, Taiwan (China), the United States) and competition from oversupplied exporters such as Saudi Arabia, Turkey, and Japan.

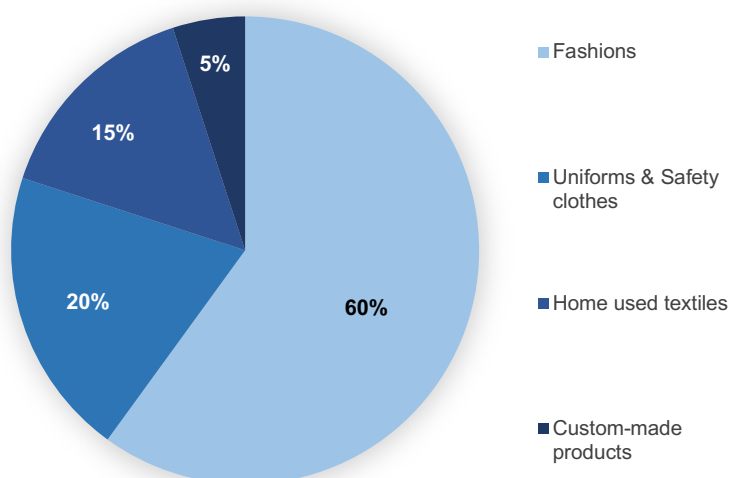
## 7. Textile and Garment Products

### 7.1. Overview of the Textile and Garment Industry

According to the Viet Nam Textile and Apparel Association (VITAS), the sector comprises more than 7,000 enterprises employing approximately 3 million workers, with 70% of the industry's capacity devoted to manufacturing.

- **Export market:** As one of Viet Nam's key export sectors, textile and garment exports in 2025 are projected to reach USD 47 - 48 billion, representing growth of 9% over 2024. This performance consolidates Viet Nam's position as the world's second-largest textile and garment exporter, after China.

**Figure 10: Structure of Vietnam's Textile and Garment Market in 2025**



*Custom-made products (5%) -Home used textiles (15%)  
-Uniforms & Safety clothes (20%)- Fashions (60%)*

Source: Vietnam Textile and Apparel Association

- **Domestic market:** The domestic textile and garment market is estimated to reach USD 5 - 5.5 billion, with an average growth rate of 8 - 10% per year (period 2018 - 2024). Of this, Vietnamese products account for approximately 55 - 60%, while the remainder consists of imported goods (particularly low-priced imports from China and Thailand) and products of unclear origin.

With regard to consumption characteristics in the domestic market: based on living standards and income levels, demand for textile and garment products in Vietnam is concentrated mainly in the mid-range and mass-market segments. However, in recent years, the high-end segment has been expanding rapidly due to rising incomes and increasing fashion-oriented consumption trends; consumers are increasingly concerned with product quality, origin, as well as green and sustainable attributes.

## ***7.2. Domestic distribution system of textile and garment products***

- **Traditional channels** continue to account for a major share, with apparel products primarily sold through markets and small retail shops; this channel represents approximately 60%.
- **Modern retail channels:** Several major Vietnamese fashion brands have established modern retail chains, such as Việt Tiến, May 10, Canifa, Yody, etc. This model is growing strongly in urban areas, serving middle-income consumers. Through direct organization of retail systems, enterprises aim to promote and protect their brands (given the prevalence of counterfeits in textile and garment products). This method helps build consumer trust. Retail chains of these brands currently account for roughly 20% of the market.
- **E-commerce channels** are becoming an effective and direct means of reaching customers, currently accounting for around 15%. With omni-channel sales models - allowing customers to shop online while still being able to try on products in store - this approach is highly suitable for the textile and garment sector, enhancing customer experience and thus receiving increasing attention and investment from enterprises.

## **8. Leather and Footwear Products**

### ***8.1. Overview of the leather and footwear market***

According to the Vietnam Leather, Footwear and Handbag Association, the domestic leather and footwear sector comprises approximately 3,000 enterprises with nearly 1.5 million workers. Vietnam ranks third globally in production (1.3 - 1.4 billion pairs/year) and second in footwear exports (after China). Export turnover of the leather and footwear sector in 2025 is estimated at USD 29 billion, an increase of around 7.3% compared to 2024.

The domestic market size stands at approximately USD 1.050 billion (2025) and is forecast to reach USD 1.544 billion by 2033, with an annual growth rate of about 4.86%. Domestic consumption totals around 155 million pairs of footwear per year. Of this, domestically manufactured products account for nearly 40%, while imported goods from China represent nearly 30%, with the remainder from other countries.

### ***8.2. Domestic distribution system for leather and footwear products***

- **Traditional sales channels:** mainly through markets, small retail shops, and

general merchandise stores. This channel is predominant in rural areas.

- **Modern sales channels:** used by footwear and handbag manufacturers with established brands. Vietnamese brands such as Biti's, Juno, Đông Hải, Vascara, Ananas, etc. are strongly developing this channel. Enterprises operate their own exclusive chain stores located along commercial streets or inside shopping malls. Stores and products are fully owned and managed by enterprises - from design and production to retail. This channel ensures optimal brand control, service quality, and customer experience.
- **Online sales channels:** This channel contributes significantly, with online footwear sales reaching over USD 1.104 million in 2024. Sports shoes represent the largest segment, accounting for 34% of total market revenue. Among all e-commerce product categories, the footwear segment holds the leading position in revenue share and consumer demand. Shopee is the largest online retailer in Vietnam's footwear e-commerce market, with USD 335 million in revenue in 2024, growing 20 - 25% that year. Lazada ranks second, followed by TikTok (Vietnam Leather, Footwear and Handbag Association).

### ***8.3. Factors affecting the textile, garment, leather, and footwear sectors***

- Intense competition, particularly price competition, from two sides: low-priced, diverse imported goods (mainly from China) and financially strong international brands with strong marketing capabilities.
- Export-processing mindset: Many major enterprises still prioritize outsourcing for export, with limited long-term investment in R&D and branding for the domestic market.
- Suboptimal distribution systems: Official brand stores are not widely distributed nationwide, particularly in rural areas. High rental costs at prime locations such as major shopping centers create barriers to expanding distribution networks.
- Persistent counterfeiting: Intellectual property violations, counterfeit and imitation goods remain widespread, undermining consumer confidence and directly impacting the revenue and reputation of legitimate businesses.

## **9. Alcoholic Beverages**

### ***9.1. Regulatory framework for alcohol trading***

In Vietnam, alcohol is a conditional business line. The State has promulgated a set of regulatory documents governing the alcohol trade to prevent harmful effects of alcoholic beverages and to implement obligations under international treaties and Vietnam's commitments in free trade agreements. The current regulatory framework primarily consists of:

- Law on Prevention and Control of Harmful Effects of Alcohol and Beer No. 44/2019/QH14 dated 14 June 2019;



- Decree No. 105/2017/ND-CP dated 14 September 2017 of the Government on alcohol trading;
- Law on Food Safety No. 55/2010/QH12 dated 17 June 2010;
- Decree No. 17/2020/ND-CP of the Government, dated 5 February 2020 amending and supplementing several decrees related to business and investment conditions under the management of the Ministry of Industry and Trade.

The Government's Decree No. 105/2017/ND-CP regulates alcohol trading activities, including production, import, distribution, wholesale, retail, and on-premises consumption of alcohol.

## 9.2. Overview of Vietnam's alcohol market and distribution methods

Under Decree No. 105/2017/ND-CP, alcohol trading entities include:

- **Alcohol distributors** (authorized to import, wholesale, and retail nationwide within permitted areas);
- **Alcohol wholesalers** (purchasing from distributors and allowed to wholesale/retail within the province where their headquarters are located);
- **Alcohol retailers** (purchasing from distributors or wholesalers for sale to consumers);
- **On-premises retailers** (selling alcohol for on-site consumption).

There are currently around 600 licensed alcohol distributors nationwide. With a population of 100 million and rapid urbanization, Vietnam has high and diverse demand for alcoholic beverages. The alcoholic beverage sector plays an important role in Vietnam's economic development, contributing an estimated USD 2.3 billion per year through its linkages with tourism, services, and trade.

However, competitive pressure from imported products is increasing. According to the Vietnam Customs, Vietnam's imports of alcohol, beer, and beverages have increased continuously, reaching USD 712.07 million in 2024, up 16.7% year-on-year. Main sources include Italy, Chile, Australia, Spain, France, the United States, the United Kingdom, Switzerland, Japan, China, South Korea, etc.

**Table 7: Types of Alcohol Imported into Vietnam in 2024**

Type of Alcohol	Import Value in 2024 (USD million)	Compared to 2023 (%)
Wine with alcohol content not exceeding 15% by volume, in containers not exceeding 2 liters	17.65	-3.74
Wine with alcohol content not exceeding 15% by volume, in containers over 2 liters but not exceeding 10 liters	0.68	-5.78



Type of Alcohol	Import Value in 2024 (USD million)	Compared to 2023 (%)
Wine with alcohol content over 15% but not exceeding 23% by volume, in containers not exceeding 2 liters	0.95	-14.41
Sparkling wine	2.12	-8.33
Other wine varieties	3.13	14.41
Liqueurs with alcohol content not exceeding 57% by volume	8.73	67.37
Rum and other cane-based spirits distilled from fermented sugarcane products	1.53	237.71
Sake (Sen)	2.14	19.94
Gin and Geneva	0.42	6.53
Brandy	0.37	-44.24
Other rice wines (including fortified rice wine)	0.42	-3.80
Vodka	0.52	-21.40

Source: Vietnam and Global Beverage Market Research Report and Forecast 2025

Regarding alcohol consumption, the Ministry of Health reports alarming levels of alcohol use, causing severe health and socio-economic consequences. In recent years, the Ministry of Finance has proposed increasing excise tax rates on alcohol and beer. On 16 June 2025, the National Assembly passed the amended Law on Excise Tax (effective 1 January 2026), under which alcohol  $\geq 20^\circ$  will be taxed at 65% from 2026 and gradually increase to 90% by 2031; alcohol  $< 20^\circ$  will be taxed at 35% from 2026 and increase to 60% by 2031; The Government is also strengthening alcohol-control measures through Decree No. 100/2019/ND-CP on road-traffic violations and Decree No. 168/2024/ND-CP dated 26 December 2024 on administrative penalties in road traffic, as well as the driving-license points system. Despite these efforts, Vietnam remains the 7th-largest beer consumer globally, 2nd in Southeast Asia, and 3rd in Asia in per-capita alcohol consumption.

In recent years, Vietnamese consumers have shown increasing interest in premium alcoholic beverages. Consumption of strong spirits such as soju and local rice wine has risen, and wine consumption has increased due to tourism and the growth of high-end restaurants. Alcohol producers are also shifting toward low-alcohol beverages, cocktails, and fruit-based alcoholic drinks to meet young consumers' preferences.

Major domestic alcohol producers include Hanoi Alcohol and Beverage JSC, Aroma Alcohol - Beer - Beverage JSC, Thăng Long Wine JSC, and Bình Tây Alcohol JSC. Amid increasing regulatory tightening and domestic market challenges, enterprises are expanding exports. According to the Vietnam Customs, exports of alcohol, beer, and beverages reached USD 410.17 million in 2024, up 7.26% from 2023. Key export markets include France, the United States, and Cambodia. Nineteen out of twenty-seven export product categories recorded increases, including whisky, sake (sen), and wine  $\leq 15\%$  vol in containers  $\leq 2$  liters.





### **9.3. Factors affecting the alcohol market in Vietnam**

- The Government's ongoing reforms relating to decentralization and administrative boundary adjustments will require amendments to Decree No. 105/2017/ND-CP on alcohol trading.
- The amended Law on Excise Tax (effective 1 January 2026) adjusts tax rates for certain categories of alcohol and beer.
- Strengthened enforcement of regulations on alcohol-consumption control in road traffic.
- Growing consumer awareness of the quality and health impacts of alcoholic beverages.

## **10. Tobacco Products**

### **10.1. Regulatory framework for tobacco products**

Tobacco is a conditional business line under strict supervision of the Ministry of Industry and Trade. The regulatory framework consists primarily of:

- Law on Prevention and Control of Tobacco Harm No. 09/2012/QH13 dated 18 June 2012;
- Decree No. 67/2013/ND-CP dated 27 June 2013 on business conditions for tobacco trading, amended by:
- Decree No. 106/2017/ND-CP dated 14 September 2017;
- Decree No. 08/2018/ND-CP dated 15 January 2018;
- Decree No. 17/2020/ND-CP dated 05 February 2020.

These decrees establish a licensing-based management mechanism for each stage of the supply chain, demonstrating the State's strict control over tobacco products.

To simplify administrative procedures and provide a regulatory framework for new-generation tobacco products (e-cigarettes, heated tobacco) as well as to reduce domestic consumption and enhance enforcement against smuggled and counterfeit products, the Ministry of Industry and Trade is developing a draft decree to replace Decree No. 67/2013/ND-CP.

### **10.2. Overview of the traditional tobacco market and distribution system**

Vietnam's domestic tobacco market remains large, with a high prevalence of smoking among adult males. Vietnam is among the countries with the lowest cigarette retail prices globally, enabling easy access, particularly for low-income groups and youth. In the domestic market, the Vietnam National Tobacco Corporation (Vinataba) is



the largest player, accounting for over 60% of market share.

The distribution system for traditional tobacco products consists of:

- **Manufacturers:** including Vinataba, Khatoco, and joint-venture enterprises that manage integrated production operations from raw materials to finished cigarettes, including import - export activities.
- **Regional wholesale distributors:** enterprises licensed to distribute cigarettes under Decree No. 67/2013/ND-CP.
- **Provincial wholesalers:** enterprises licensed to wholesale/retail cigarettes within their province.
- **Retail outlets:** small shops and convenience stores, predominant in rural and suburban areas.

In addition, convenience stores and supermarkets constitute the modern retail channel, concentrated mainly in urban areas.

### ***10.3. Factors affecting the tobacco sector in Vietnam***

- Demand for traditional tobacco is expected to decline due to stricter control policies and increased public awareness of tobacco-related harm, combined with tighter regulation of production, distribution, and sales.
- **Cigars:** The cigar market will be significantly affected by increases in excise taxes from 2027, with a specific tax of VND 20,000 per cigar in 2027 rising to VND 100,000 by 2031. This is likely to reduce demand while supporting public-health policies. However, cigars remain a high-value product increasingly popular among youth, and the market may shift accordingly. Domestic producers may diversify product portfolios by increasing domestic cigar production.
- **E-cigarettes:** the domestic e-cigarette market will cease to exist as Vietnam officially bans the production, trading, and use of e-cigarettes from 1 January 2025 under Resolution No. 173/2024/QH15 dated 30 November 2024, due to adverse health impacts, particularly among youth.



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