Vietnam is New Zealandâ??s seventh-largest dairy export market by value

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Milk and dairy products imported into Vietnam reach a value of nearly $12 billion in 2021, and it is expected to increase by about 12 % a year until 2031. The demand for milk consumption per capita in Vietnam will reach 40 litres by 2030, along with the middle class and peopleâ??s awareness of healthcare increasing according to market research dynamics. A resent report by 'Research and Markets' indicated that in spite of the high demand, domestic fresh milk production could only meet about 40-50 % of the domestic demand, with the rest relying mainly on imports.

Anchor Food Professionals (AFP), a dairy brand familiar to Vietnamese consumers, said that they consider the country a key market and will continue to seek opportunities to expand its business here. â??We would like to encourage Vietnamese businesses to use our high-quality ingredients for their businesses,â?• an AFP representative told VIR.

Currently, this brand supplies over 3,000 food and beverage outlets across the country. AFP is an ecosystem brand of Fonterra, one of the largest dairy manufacturers in the world, originating in New Zealand. Fonterra has been supplying the Vietnamese market for over 30 years and is a major supplier of dairy ingredients to key Vietnamese manufacturers.

â??Vietnam is New Zealandâ??s seventh-largest dairy export market by value and its products account for approximately 40 % of total dairy imports in Vietnam,â?• the AFP representative added.

Attractive destination for foreign brands

Possessing abundant potential, Vietnamâ??s milk and dairy product market has consistently been an attractive destination for foreign brands. In June 2022, the market welcomed Morinaga Milk Industry, a Japanese enterprise with 100 years of experience in developing dairy products, after the acquisition of shares of Elovi Vietnam JSC. Morinaga Milk aims to increase sales outside of Japan to more than 15 % of total sales by 2029. In Vietnam, the company also aims to achieve around $73 million in sales.

Macroeconomic struggles and the sharp increase in input material prices since the beginning of this year have not reduced the ambition of foreign enterprises to enter the Vietnamese dairy market.

According to the announcement made more than a week ago, South Korean bakery company Orion Food Vina (OFV) decided to join the Vietnamese dairy industry after cooperating with Thai dairy company, Dutch Mill. The result of the joint venture is the appearance of two new brands, Choco IQ milk and ProYo drinking yogurt, which are being launched this month.

OFV is a member company of Orion Group, which currently owns confectionery brands such as ChocoPie, Custas, and Oâ??star with the top market share in the bakery industry in Vietnam. Dutch Mill has 70 % of Thailandâ??s market share.

â??Making a quality dairy product is not something that can be done quickly, which is why Orion chose to cooperate with a big Thai brand. The two sides have a similar mission,â?• an OFV representative said.

Domestic dairy dominates

The entry of more foreign enterprises is creating a competitive market to give Vietnamese consumers the opportunity to choose various products with increasing quality. However, the weakness of these enterprises is that they lack their own raw material areas, and have to depend mainly on imports to ensure the quality according to their own formula.

â??We import high-quality materials from overseas or buy from the appointed local distributors for our products to ensure the best quality for our products,â?• said Yoshinobu Matsumoto, marketing director of Elovi Vietnam.

Meanwhile, the domestic dairy market is still under the control of Vietnamese enterprises with about 65 % of the market share held by Vinamilk, TH Group, Nutifood, and Vinasoy, according to Euromonitor. The remaining market belongs to foreign enterprises including FrieslandCampina, NestlÃ©, and around 10 % is there for the taking for new brands.

Even though they have the advantage of understanding the market and customers, domestic groups have to change and improve service quality to protect their position.

Vinamilk, which holds up to 40 % of the dairy market share, continues to expand cooperation and investment with nutrition expert groups such as Chr. Hansen, DSM, Beneo, and AKK to develop dairy products of international standards.

The company uses raw fresh milk from domestic farms and through association with local dairy farmers. The powdered products owned by the company are also used with imported ingredients from reputable partners from countries with strengths in powdered materials, such as the United States and New Zealand.

â??Vietnamâ??s dairy market is not saturated. Vinamilk will focus on meeting the needs of consumers in three aspects: quality, price, and service to increase sales and market share,â?• said CEO Mai Kieu Lien.

What is more, Vinamilk is also active and effective in the export segment, with the companyâ??s total accumulated export revenue up to now reaching as much as $3 billion with products present in 60 different countries and territories.

Another enterprise in the domestic dairy field, TH Group, also did not miss the opportunity to develop when building more organic dairy farms, providing raw materials for organic milk products in line with the new consumption trend.

Besides investing in a $1.2 billion state-of-the-art dairy cow farm and fresh milk processing plant in the central province of Nghe An, with a capacity of 500,000 tonnes of fresh milk a year, and with three clusters including nine farms, about 70,000 cows, and a meadow area of nearly 8,100 hectares, TH Group is also developing a concentrated large-scale high-tech dairy cow production project in Russia, with total investment capital of $2.7 billion,