

Vietnamese adoption of eco-friendly appliances on the rise

GfK

May 2013, HO CHI MINH – In the past 12 months, households in Vietnam have been spending more on household appliances such as air conditioners, refrigerators and washing machines. GfK retail audit in Vietnam revealed a significant growth in their combined overall market value by 14 percent over the previous year, albeit a slightly lower volume demand of 2 percent.

According to the latest report, sales of these three major appliances surged by around 91,000 units, with market trends pointing towards bigger capacity refrigerators and washing machines, as well as inverter air-cons. This ongoing process of upgrading has incurred an additional USD140 million in spending within the span of one year.

“Along with the other developing countries in the region, Vietnam is also undergoing rapid modernization and advancing technology, which local consumers are generally adopting and embracing,” observed Van Tran Khoa, Managing Director of GfK in Vietnam. “Our reports indicated escalating adoption for inverter type air-conditioners and bigger washing machines and refrigerators.”

With the gradual change in shopping patterns seen among the Vietnam population, an emerging trend towards buying larger refrigerator has become apparent. Findings showed an expansion in value of the refrigerator market despite a 5 percent drop in volume sales, confirming that consumers in the country are trading up to bigger and more expensive fridges. The average price of refrigerator which cost around USD 256 in 2011, increased to USD 288 last year.

“We are noticing a gradual lifestyle change when it comes to fresh food shopping, as consumers are visiting the wet market less frequently these days,” said Van. “With supermarkets springing up across the country and becoming more readily available and accessible, bigger fridges have become essential for them to stock up on a larger amount of fresh foods,”

Meanwhile, washing machine sales hit nearly 990,000 units; reflecting 25 percent volume growth. Sales of bigger washers are also on the rise as price gaps between brands and models are narrowing due to intensifying competition.

As global warming heats up temperatures around the world, air-con manufacturers are the ones who are reaping the benefits with brisk sales. In Vietnam for instance, air-con sales registered a surge of 14 percent in the last 12 months over the previous year. Discerning consumers there are also increasingly going for models using inverter technology although they come with higher price tags. Nearly one in four air con units sold was an inverter air-con, contributing to close to a third (31%)

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of the overall market worth. In the last 12 months, this segment surge in volume sales by 31 percent over the previous year.

“Rising cost of electricity in the country is a concern for many and definitely has an impact on consumers’ choice of appliances to purchase,” said Van. “On top of this, as consumers become increasingly environmental conscious, we can expect manufacturers to continue expanding their repertoire of eco-friendly appliances to meet market demand which will be trending in this direction moving forward,” he concluded.

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