

**Voluntary Report** – Voluntary - Public Distribution

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**Report Name:** Second-tier City Market Report - Da Nang City

**Country:** Vietnam

**Post:** Ho Chi Minh City

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**Report Highlights:**

As the economic hub in Vietnam's central and central highland regions, Da Nang has emerged in recent years as a retail market with strong potential. Rapid urbanization, economic development, and a booming tourism sector have created more opportunities for U.S. food and beverage products. In addition to major markets in Hanoi and Ho Chi Minh City, U.S. exporters should consider opportunities in second tier cities such as Da Nang. Post suggests that U.S. exporters actively build awareness about their products among food service operators, retailers, and consumers to capture the market potential in this city.

## 1. General Information

### *Geography advantages*

Located in the middle of Vietnam's central region, 764 kilometers (km) from Hanoi and 964 km from Ho Chi Minh City, Da Nang is easily accessible to both international and domestic visitors thanks to its extensive transportation network by highway, railway, sea, and air. By land, Da Nang is connected to National Highway 1, North-South Expressway, and North-South National Railway. From Da Nang, tourists can access four famous United Nations Educational, Scientific, and Cultural Organization (UNESCO) World Cultural and Natural Heritage sites by road, including the Hue Ancient Citadel, Hoi An Ancient Town, My Son Sanctuary, and Phong Nha Caves. The La Son-Tuy Loan highway was recently completed in April 2022 and now provides an alternative route between Da Nang and Quang Ngai, the home of the Dung Quat Oil Refinery. Internationally, Da Nang links 13 major provinces of four countries including Myanmar, Thailand, Laos, and Vietnam through a 1,450 km highway system of the East-West Economic Corridor, a flagship initiative aimed at enhancing connectivity of the Greater Mekong Subregion's economies.



**Photo 1: The strategic position of Da Nang in the Greater Mekong Subregion**

*Source: Nikkei Asia*

Da Nang has served as a key port city for centuries thanks to its long coastline and natural deep-water seaport. Da Nang is the largest commercial port in the Central region and Vietnam's third largest, after Ho Chi Minh City and Hai Phong. The city's port was selected as the terminal destination of the East-West Economic Corridor, an important gateway to the East Sea for the entire region. The port has regular shipping lines to and from Hong Kong, mainland China, Japan, Taiwan, Korea, Europe, the

United States, Singapore, and many other countries. Da Nang port is also a stop for several tourist cruise lines. According to trade contacts, Da Nang port has gained a strong reputation for its efficient and simple customs clearance procedures and has become favored by importers wishing to avoid congestion in Ho Chi Minh City and Hai Phong ports. Recently, Da Nang port was approved for an expansion plan worth \$148 million over the next three years from September 2022 to 2025. When this expansion project is completed, the port will be able to receive 100,000-ton vessels and 6,000-8,000 twenty-foot equivalent units (TEUs) container ships.

Da Nang International Airport is one of Vietnam’s three busiest airports and is only 10-minute drive to the city’s center. In 2019, prior to the COVID-19 pandemic, the airport welcomed over 12 million passengers on 50 international and domestic routes and received about 1,200 flights every week. An expansion project for a new international terminal is underway with an investment of over \$18 million, aiming to further increase the airport’s capacity of handling up to 25 million of passengers and 200,000 tons of cargo by 2030.

**Photo 2: Flight network to and from Da Nang**



*Source: Huracars*

## *Economic overview*

**Table 1: Da Nang's 2021 Economic Overview**

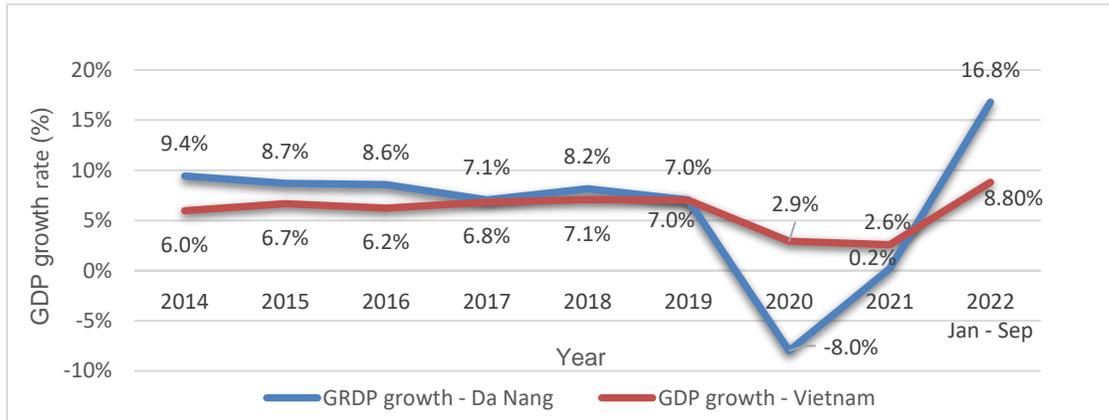
Population	1.1 million
Average gross domestic product (GDP) per capita	\$3,759
GDP growth rate	0.18%
Economic Structure:	
<i>Agriculture, Fishery, and Forestry</i>	2.2%
<i>Industry and Construction</i>	20.7%
<i>Services, Trade, and Tourism</i>	67.02%
Exports:	
<i>Revenue</i>	\$1.8 billion
<i>Major exports</i>	Apparel, finished rubber, frozen seafood, electronics, and electrical products.
Imports:	
<i>Revenue</i>	\$1.4 billion
<i>Major imports</i>	Apparel material, flour, yarn, medical equipment
Skilled labor	44% (2020)
Unemployment rate	8.8%

*Source: General Statistics Office (GSO)*

As the economic heart of central Vietnam, Da Nang has experienced remarkable growth and continuing economic results. The city's gross regional domestic product (GRDP) had an average growth rate of 11 percent during the 2006-2010 period and nine percent during the 2011-2019 period, which were above the national average. In 2017, Da Nang was selected to be the host city of the Asia-Pacific Economic Cooperation (APEC) Leaders' Meeting, which welcomed the heads of the 21 member economies, including the United States. The APEC meetings led to a proliferation in infrastructure investments in Da Nang to serve for the event, including the newly built international airport and numerous other hospitality projects. The American Chamber of Commerce (AMCHAM) opened a representative office in Da Nang in June 2020 to tackle the full potential of this city for U.S. businesses.

As over two-thirds of the Da Nang's economy relies on services, trade, and tourism, the city was hit hard by the COVID-19 pandemic, resulting in negative eight percent GRDP growth in 2020. However, the city witnessed a strong rebound in the first nine months of 2022 when its GRDP grew by 16.8 percent compared to the same period a year ago, almost double Vietnam's overall growth rate at 8.8 percent. By September 2022, Da Nang's economic size was estimated at \$3.9 billion, a growth of 19 percent over the same period in 2021. Da Nang also ranks fifth in terms of per capita income, just behind Binh Duong, Ho Chi Minh City, Hanoi, and Dong Nai. In particular, the city's average income per capita was at \$3,759 in 2021, the highest in Central Vietnam.

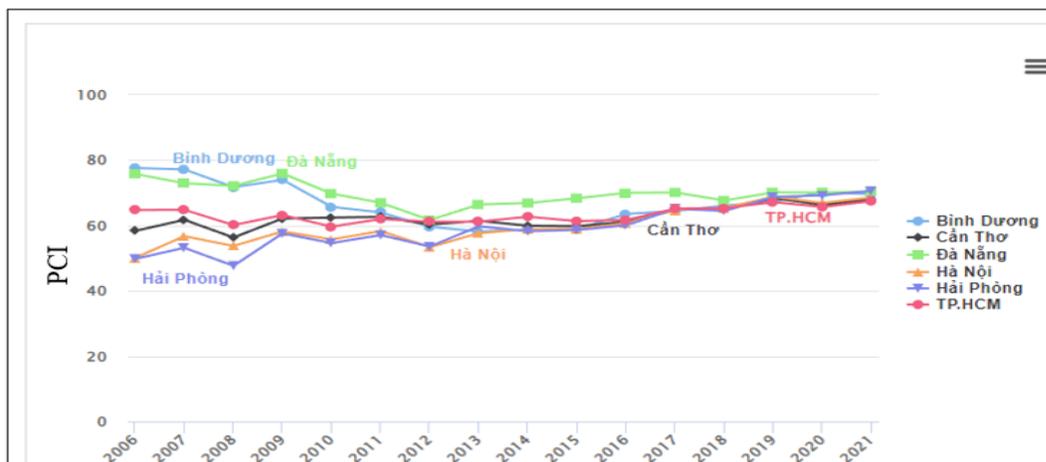
**Chart 1: GDP growth rates of Da Nang and Vietnam**



*Source: General Statistics Office*

A strategic location, well-developed infrastructure, and strong business support policies have helped Da Nang remain at the top of the Provincial Competitive Index<sup>1</sup> (PCI) ranking. Da Nang was ranked fourth in 2021, above Hanoi and Ho Chi Minh City. It was ranked fifth for three consecutive years between 2018-2020, down from the second position in 2017, and its previous top ranking for four consecutive years from 2013 to 2016.

**Chart 2: Provincial Competitive Index in Vietnam's six key cities**



*Source: [The Provincial Competitiveness Index](#)*

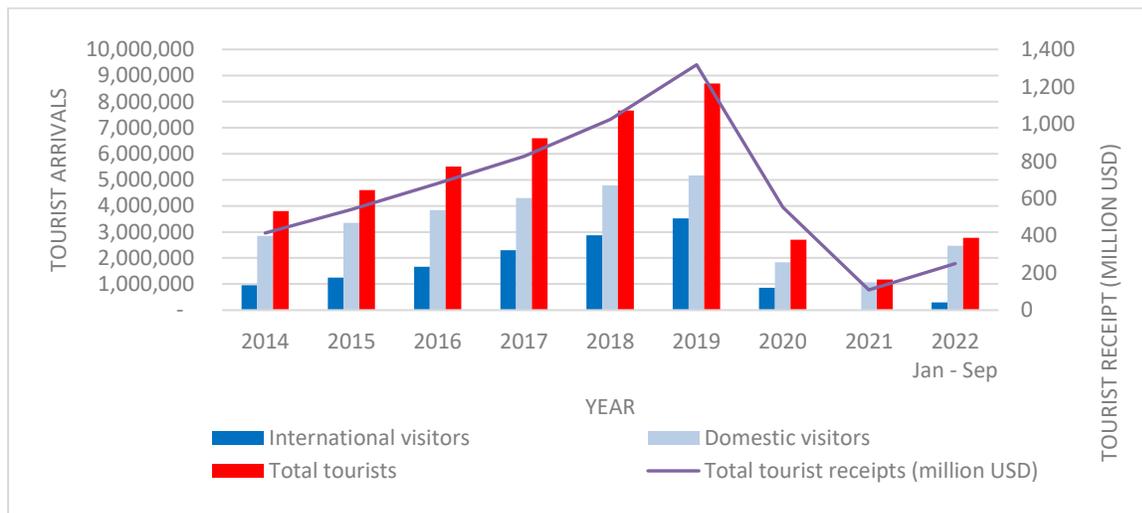
<sup>1</sup> PCI is a joint effort between the Vietnam Chamber of Commerce and Industry (VCCI) and the U.S. Agency for International Development (USAID) to conduct annual business surveys, assessments, and rankings of economic governance quality to create a favorable business environment for the private sector.

## 2. Tourism

Da Nang’s main strategy is to transition from labor intensive industries to tourism, information technology, and high-tech manufacturing. Services, trade, and tourism play an important role contributing 67 percent of the city’s output in 2021.

Da Nang has already successfully positioned itself as a tourism destination. Prior to the COVID-19 pandemic, Da Nang witnessed a boom in tourism, with the total number of tourist arrivals more than tripling from 2.8 million in 2014 to a peak of 8.7 million in 2019. After two years of downturn and massive losses caused by the COVID-19 pandemic, Da Nang conducted a range of trade assistance promotions to revive its tourism industry. One solution was to host various international conferences and festivals to draw visitors into Da Nang, for instance, the Asia Routes Development Forum in June 2022, the Golf Tourism Festival, and the Asian Development Golf Tournament in September 2022. By successfully organizing the Asia Routes Development Forum, many international air carriers resumed direct flights to Da Nang, including from Malaysia, Korea, Thailand, Singapore, and Indonesia. Furthermore, the Vietnamese airline VietJet Air announced the opening of seven new direct flight routes connecting Da Nang with several cities of India, Korea, and Singapore.

**Chart 3: Tourist arrivals in Da Nang**



Source: [Da Nang Department of Tourism](#)

As a result, by September 2022, there were over 100 domestic and international flights landing daily at the Da Nang airport. From January to September 2022, Da Nang welcomed 2.8 million of tourists, an increase of 261 percent compared to the same period in 2021. Domestic tourists accounted for 2.5 million, up 256 percent from the previous year. Revenue from tourism and accommodations generated a total amount of \$250 million in the first nine months of 2022, a rise of 344 percent compared to 2021. However, foreign tourism has recovered at a slower pace, mainly due to the prolonged visa application process and the loss of tourists from key markets, including China, Japan, Korea, and Russia. Da Nang

aims to welcome 3.5 million visitors, including 180,000 international visitors by December 2022, and receive 2,700 international flights by March 2023.

### 3. Food Service Sector

The rapid development of Da Nang’s tourism and hospitality sector has fueled the demand for food and beverage (F&B) services. The food service industry also offers strong opportunities for many U.S. agricultural products, including seafood, meats, fruits, wine and beverages, sauces and condiments, cheeses, nuts, and processed products. Although COVID-19 severely affected Da Nang’s food service sector in 2019, when Vietnam resumed domestic and international travel in early 2022, the food service industry also saw a robust rebound. In the first nine months of 2022, revenue from accommodation and F&B services reached \$581 million, a rise of 172 percent compared to the previous period in 2021.

As Vietnam’s fifth-largest city and its importance as a tourist destination, Da Nang attracts a variety of food service operators. Da Nang’s food service sector includes local and international famous F&B brands, such as Starbucks, KFC, Lotteria, Golden Gate, Red Sun, Pizza Hut, Pizza 4PS, Highlands Coffee, and Phuc Long Coffee and Tea.

According to the Da Nang Hotel Association, the city is home to 1,272 hotels and resorts that can supply a capacity of 44,810 rooms, 60 percent of which are rated between three-and-five-stars. Almost all major hotel and resorts chains have a presence in the city, including the Accor Group, Hilton Hotels & Resorts, Hyatt Group, Intercontinental Group, Marriot Hotel Group, and Melia Hotels International. As tourists return, a variety of new upscale hospitality projects have also launched, including the grand opening of two international hotel chains, Radisson Hotel in May 2022 and Mikazuki Hotel in June 2022. The Vietnamese hospitality chain Wink Hotel also announced two new projects in Da Nang, with Wink Hotel Da Nang Centre opening in November 2022 and Wink Hotel Da Nang Riverside in early 2023.

**Table 2: Tourist Accommodations in Da Nang**

Rating	Number of establishments	Number of rooms
Five-star	28	8,178
Four-star	60	8,382
Three-star	125	9,109
One-and-two-star	695	14,742
Apartment	157	2,997
Hostel, Homestay	207	1,402
<b>Total</b>	<b>1,272</b>	<b>44,810</b>

Source: [\*Da Nang Department of Tourism\*](#)

A range of U.S. F&B products are available at premium hotels and resorts and upscale restaurants. Many leading food service importers and distributors in Ho Chi Minh City and Hanoi have set up branch offices in Da Nang to cater these customers and those in the neighboring cities. Industry contacts note that promoting a national cuisine is an effective way to target potential customers in the region. For

example, Chile actively promotes its wine in Da Nang. As a result of marketing efforts and cost advantages thanks to the lower import tariff, Chilean wines have become the dominant house wine at many hotels and restaurants in the city, followed by Australian and French wine. Noting the importance of Da Nang, the U.S. Department of Agriculture’s Foreign Agricultural Service (FAS), AMCHAM Da Nang, and USDA Cooperators co-organized a U.S. Food and Beverage showcase in April 2022 to promote the quality and diversity of U.S. agricultural products to customers in Da Nang’s F&B and accommodation industries. At the event, FAS saw extensive interest in U.S. wines, seafood, fresh fruits, meats, nuts, and dairy products.

**Photo 3: Introducing U.S. Potatoes to Customers in the “U.S. Food and Beverage Showcase” event in Da Nang**



*Source: Foreign Agricultural Service*

#### **4. Retail Sector**

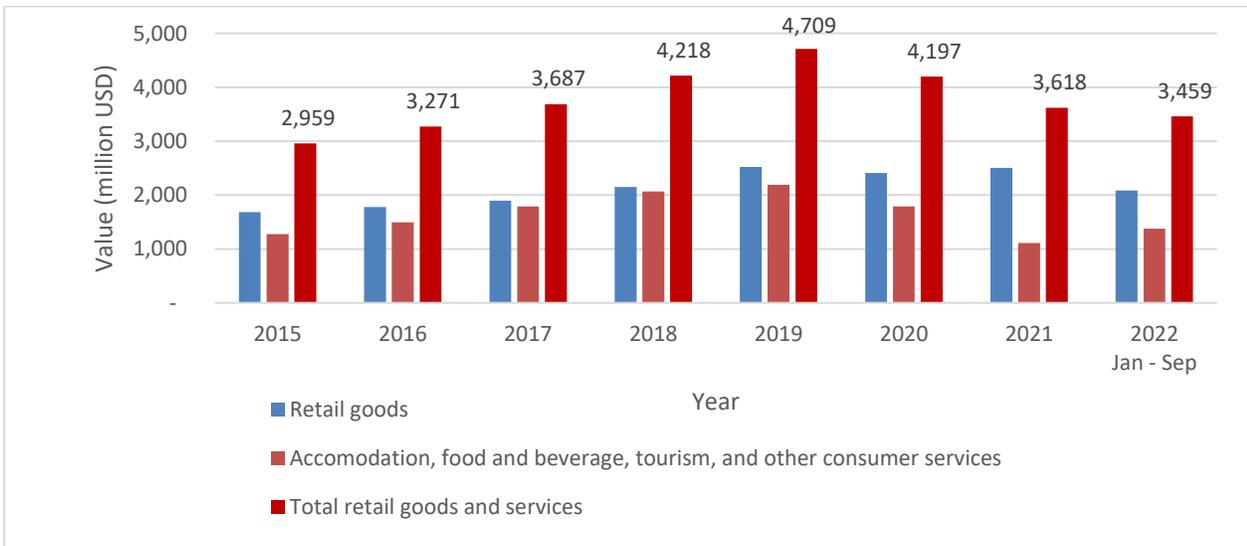
The best product prospects for the retail sector are fresh fruits, confectionary products, meat, dairy products, tree nuts, sauces, packaged food, wines, and beverages.

Da Nang has become as an attractive destination for both domestic and foreign retailers. According to the Da Nang Statistics Bureau, the total retail sales of consumer goods and services across the city were nearly \$3.6 billion in 2021, down 14 percent from the previous year due to the impact of the COVID-19 pandemic. However, the city’s retail sector has seen a strong recovery and, in the first nine months of 2022 alone, total retail sales were nearly \$3.5 billion, almost the entire amount for all of 2021.

Da Nang’s retail market potential is not only driven by local demand but also by residents in the neighboring provinces and millions of visitors coming to the city every year. Additionally, the demand for imported products continues to rise due in part to the increasing number of expatriates and growing

number of returning overseas Vietnamese citizens in Da Nang and nearby cities. The young and skilled workforce has also contributed to the increase in the city’s demand for imported products. Every year, 25 universities and colleges, 19 professional secondary schools, and 59 vocational training centers supply 40,000 well-trained graduates into the city’s workforce. Overall, Da Nang’s workforce was at 750,000 people, 70 percent of its population in 2021. These consumers are willing to pay extra for higher quality products, including imported U.S. food and beverages.

**Chart 4: Total retail sales in Da Nang**



*Source: General Statistics Office Da Nang*

With improving incomes and living standards, consumers across Vietnam are becoming increasingly concerned about food safety and quality. Vietnamese consumers tend to turn away from Chinese products, especially fresh fruits and vegetables, preferring imports from markets such as the United States, Australia, New Zealand, Korea, Japan, and Europe. Shopping patterns have also shifted from traditional outlets, such as wet markets and grocery stores, to modern channels such as supermarkets, convenience stores, and online shopping. Between 2020 and 2021, during Vietnam’s social distancing and lockdown<sup>2</sup> of physical stores due to the COVID-19, many consumers switched to online shopping and industry sources have noted that this trend continues even after the pandemic receded. According to a resolution of the Da Nang Party Committee on digital transformation, the city aims to have at least 50

<sup>2</sup> Social distancing measures include but not are limited to 1) staying at home, except for trips to buy essential goods such as food and medicine, for emergencies, and working at factories and businesses that remain open, 2) maintain a minimum distance of two meters when meeting others, 3) gatherings of more than two people are prohibited in all public places, and outside/in front of workplaces, schools, and hospitals, 4) “3-on-site” requirement which mandated factories to house employees on-premises, as a condition to allow continued operations. Other COVID preventative measures included restrictions on movement for those without travel permits and frequent COVID testing on all truck and barge drivers.

percent of its citizens use e-commerce by 2025, placing Da Nang in Vietnam’s top three largest e-commerce markets.

As of December 2021, Da Nang City had eight shopping centers, 71 supermarkets, 74 wet markets, 400 convenience stores, and approximately 10,000 retail shops. The list of modern retailers includes Metro MM Mega Market, Go, Lotte, Coopmart, and Winmart. There is also a wide variety of smaller store chains such as Intimex (both local and imported products), Joly Mart (imported products from various countries, including the United States), K-mart (Korean and other imported products), Bach Hoa Xanh, and Winmart Plus. Several supermarkets and stores in the city carry a wide variety of U.S. brands and products such as Hershey, McCormick, Crown, Pepperidge Farm, Heinz, Driscoll’s, Washington apples, California grapes, California wines, U.S. blueberries, and U.S. beef.

To attract and retain customers, supermarkets in Da Nang consistently sponsor various loyalty and promotional programs, including price discounts, free gifts, and sample tastings. Most supermarkets plan to expand their businesses to online platforms, such as e-commerce pages or social media. In addition to retail customers, some supermarkets can supply directly to food service customers, including hotels, resorts, restaurants, catering companies, and coffee shops. One supermarket chain reported that a significant proportion of its customers are foreign tourists, especially those from China and Korea.

**Table 3: List of major retailers in Da Nang**

<b>Name</b>	<b>Description</b>
Vincom	Shopping center
Indochina Riverside	Shopping center
Lotte	Shopping center
Go!	Supermarket
MM Mega Market	Supermarket
Coopmart	Supermarket
Winmart	Supermarket
Winmart Plus	Mini mart
Intimex, Danavi Mart	Supermarket
K-mart	Mini mart
Joly Mart	Mini mart
Con Market	Wet market
Han Market	Wet market
Hoa Cuong Market	Wholesale market for fresh food and farm produce

## **5. Food Processing Sector**

According to industry contacts, Da Nang’s food processing sector is modest and spread across a few areas including beer and beverages, seafood processing, and dairy. Major players include the Vietnam Brewery Limited Company (Heineken, Tiger, Larue), Coca-Cola Da Nang, Thuan Phuoc Company and Seaprodex Da Nang (frozen seafood), and Vinamilk (dairy products). Local demand for processed food

is modest in the central coastal region where consumers prefer fresh food harvested from the sea or farms on daily basis. In addition, the food processing sector in the northern and southern regions of the country are more developed and able to meet the demand of the central coastal region. However, a young consumer base, rapid urbanization, and waves of tourists are driving demand for fast and processed food, bringing opportunities for imported ingredients such as wheat flour, dairy, poultry, pork, beef, and seafood. Food processing for export is another promising sector as local manufacturers can utilize the city's abundant labor force, competitive infrastructure investment, and convenient transportation to access foreign markets such as China, Japan, and Korea. The best product prospects for food processing include beef, pork, seafood, grains, beans, dairy, food ingredients, condiments, and other under-supplied local ingredients.

## **6. Useful contact:**

For further information about Da Nang and other markets, please contact the Office of Agricultural Affairs (OAA) of USDA/FAS in Ho Chi Minh City.

**FAS/OAA - Ho Chi Minh City**  
United States Consulate General  
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34 Le Duan Street, District 1  
Ho Chi Minh City, Vietnam  
Email: [atohochiminh@usda.gov](mailto:atohochiminh@usda.gov)

Please refer to the [GAIN attaché](#) reports; in particular, the [Exporter Guide](#), the [Food and Agricultural Import Regulations and Standards](#) (FAIRS) report, the [Food Service - Hotel Restaurant Institutional report](#), the [Food Processing Ingredients](#) report, and the [Food Retail](#) report, for additional sources of information, including Post contacts, [State Regional Trade Groups \(SRTGs\)](#), USDA Cooperators, and Vietnamese government agencies.

## **Attachments:**

No Attachments.