HANOI – In a country where the average yearly wage is just below US$2,000, it may sound odd that Apple, and other tech companies, are registering double digit growth year over year (y/y) in Vietnam. Vietnamese consumers, who are increasingly young and tech savvy, feel that they must have the latest models of electronic products because of the perceived status that they bring to their users. This increased awareness of status has ensured that Apple’s iPhones and iPads are getting into more and more Vietnamese hands.

The iPhone, which costs more than two times the average monthly Vietnamese salary, sounds like a difficult proposition in the country’s competitive mobile market, but it has quickly gained market share as a “must have” item for those wishing to feel more confident with friends and colleagues. To encourage this trend, price cuts and payment plans have been introduced to increase the affordability of this hot product.

The growth trend becomes even more pronounced when it is compared with that of India, where sales are five times slower. In the first two quarters of Apple’s fiscal year, sales in Vietnam tripled.

**A growing trend in a growing country**

In 2013, smartphones accounted for 77 percent of mobile sales in Vietnam – a 135 percent increase from 2012. Tablet sales also soared 250 percent in 2013 as prices fell by close to 27 percent. This pace is expected to continue into the future, with growing sales also forecast for other tech companies, such as HTC and Samsung.

**RELATED: Vietnam Online – Understanding Vietnam’s E-commerce Market**

Sustaining this trend will be Vietnam’s youth population, with under-30 year olds making up two thirds of the country’s populace, and a vast untapped internet market, with only 30 million people online in a country with a population of 90 million.

The iPhone has also benefited from the country’s growth in online and smartphone use. In fact, in 2013, smartphone shipments reached 7.6 million units, an 89 percent increase y/y. It is also clear that Vietnam is one the most active web populations in Southeast Asia, with a growing share of the country’s rural and urban youth getting online for the first time.

The biggest indicator of this trend is Facebook, which had 8.5 million Vietnamese users in October of 2012. By March 2013 that number had reached 12 million, an increase of over 40
percent. The online social network has added an average of one million users per month in Vietnam and is expected to have 30 million users by October of this year.

In an interesting side note, while high-end products, such as Apple’s iPhone, are quickly becoming status symbols among Vietnam’s consumers, this popularity has also benefited the counterfeit iPhone market, where nearly-flawless fake iPhones are on sale for just VND 2 million (US$95).

As Vietnam’s market continues to add online and mobile users, Apple looks poised to gain an increasing market share in a country that desires high quality and reputation enhancing products.

This article was first published on Vietnam Briefing.

Dezan Shira & Associates is a specialist foreign direct investment practice, providing corporate establishment, business advisory, tax advisory and compliance, accounting, payroll, due diligence and financial review services to multinationals investing in emerging Asia. Since its establishment in 1992, the firm has grown into one of Asia’s most versatile full-service consultancies with operational offices across China, Hong Kong, India, Singapore and Vietnam as well as liaison offices in Italy and the United States.

For further details or to contact the firm, please email info@dezshira.com or visit www.dezshira.com.