



Perspective:
**Export
Expertise**

Angélique Hollister
Vice president, cheese and
consumer products
U.S. Dairy Export Council

Vietnam: Cheese consumer in the making

When the first McDonald's in Vietnam opened this February, customers stood in hour-long lines to get a taste. The restaurant served more than 400,000 people in its first month—an average of nearly 13,000 per day. A second unit quickly followed to a similar reception, and others are on the drawing board.

McDonald's experience encapsulates why cheese export potential to Vietnam is on the rise. With McDonald's entering the market in 2014, Starbucks in 2013, Burger King in 2011, Carl's Jr. in 2010, Pizza Hut in 2007 and a handful of other U.S. fast-food mainstays falling somewhere in between, the Vietnamese foodservice market is in its infancy. The room for foodservice chain growth in this nation of 90 million people is significant.

That translates into more Vietnamese consumers eating more cheese-containing products—both at restaurants and, as they grow more acquainted with cheese flavors and applications, at home.

In part due to this restaurant chain influx, Vietnamese cheese imports have been rising at an average rate of 17 percent per year for the last eight years. About half of those imports go toward foodservice and another 30 percent go to companies manufacturing processed cheese, largely for foodservice use. At about 9.5 million lbs. in 2013, cheese import volumes are still low compared to the world's larger cheese buyers, but this is just the beginning.

Vietnamese demographics are very favorable for foodservice and cheese consumption growth. The population is marked by a fast-growing middle class enamored with Western culture. Education and plentiful jobs are drawing millions of rural dwellers to cities. Busier lifestyles are driving consumers to more convenient meal solutions.

Sixty percent of the population is under 35—a young and dynamic segment that is driving demand for new products, including processed foods and fast-food. It tends to shop more frequently *and* influences other segments of the population.

That translates into more Vietnamese consumers eating more cheese-containing products – both at restaurants and at home.

It is fueling the shift away from traditional “street food” and toward Western food chains and—a newer trend in Vietnam—bakery cafés, where as much as half the products on the menu contain cheese.

But even in street food, cheese is playing an increasingly important role. Baguettes topped with processed cheese, a tradition stemming

from Vietnam's French colonial period, continue to be popular. And now mozzarella cheese sticks served with chili sauce have become a favorite street snack of the young generation.

However, despite such progress, Vietnamese consumers as well as industry professionals still have limited knowledge of cheese tastes and applications—and of the United States as a supplier.

The European Union, New Zealand and Australia have been in the market for longer and have set the benchmark for local perceptions.

U.S. Dairy Export Council (USDEC) Vietnam office representative Phuong Dang tells of a visit she made with a U.S. supplier to a Vietnamese importer: "When we introduced U.S. cheese, he opened his eyes wide and said, 'The United States makes cheese?' Many local buyers are simply not aware of U.S. cheese, especially natural cheese. Plus, the European Union, New Zealand and Australia have been in the market for longer and have set the benchmark for local perceptions. So people who *do* know the United States makes cheese, often say things like, 'Your mozzarella is too white.'"

Companies like McDonald's help by broadening taste expectations and product acceptance. USDEC is also working to build awareness of the United States as a cheese supplier and of cheese knowledge in general. This month we are taking a group of U.S. cheese suppliers to Vietnam to meet with potential buyers, including importers, foodservice/retail trade and dairy processors. The mission as well as participation in the 2015 Food & Hotel Vietnam show, USDEC-placed informational articles and U.S. cheese ads in trade media, and ongoing technical assistance encourage trial and deepen buyer

interest and confidence in U.S. suppliers as committed exporters and ideal growth partners.

U.S. suppliers can also help educate about cheese, as well as overturn perceptions that the United States views Vietnam only as a spot market. Visiting the country, maintaining business relationships, responding promptly to questions or requests, listening to quality concerns, and providing technical support testify to U.S. commitment and sincerity. Also, don't just assume Vietnamese importers and distributors are familiar with product specifications, applications, handling and storage.

Together, we can elevate the position of the United States as a preferred supplier and ensure a substantial position for our industry as Vietnam becomes a bigger cheese consumer and importer.

CMN

Note: The U.S. Dairy Export Council is primarily supported by Dairy Management Inc. (DMI) through the producer checkoff that builds on collaborative industry partnerships with processors, trading companies and others to build global demand for U.S. dairy products.