



by Sharareh Shahidi Hamedani

"Motorbike" is the Most Popular Transportation in Vietnam

When you think about motorbikes, 'Vietnam is probably not one of the countries that comes to your mind. In fact, Vietnam ranks No. 2 on the world's list of "Motorbikes Per Capita,". According to the statistics of the Ministry of Transport of Vietnam, more than half of Vietnam's population has registered their motorbikes to the government, which means that Vietnam with a population of about 96 million people has 48 million units of registered motorcycles; on the other hand, more than 10 million units of motorbikes have not been registered in the country. Therefore, it reached a market size of 58 million units in 2020. The most popular transportation in Vietnam is "Motorbike". It is difficult to deny that motorbikes play an important role in all aspects of daily life in Vietnam, especially in large cities.

Hanoi, for example, is a city with more than 6 million units of motorbikes among a population of about 7 million, compared to half a million units of cars on the road. In this city, everyone has a motorbike to ride on streets and small alleys. As for Ho Chi Minh City, it shows the largest number of motorbike ownership, landing at 8.5 million units of motorbikes.

However, the pandemic changed the numbers and the quantity of newly registered motorbikes has decreased.

2020, a Dramatic Year!

According to the Italy-based market research firm Motorcycles Data, the motorbike market in Vietnam ranked second in ASEAN. Vietnam's sales market size reaches around 3.0 million units, only second to Indonesia at more than 6.5 million units per year.

The motorbike market in Vietnam is dominated by the Japanese and the undisputed leader of the market is Honda with the sales of 2.1 million units (-14.79% in comparison with 2019) followed by Yamaha with 471,527 units (-16.7% in comparison with 2019).

The reasons for the decline were:

- 2020 was a year of recession around the world. The global market was affected by the coronavirus. Although Vietnamese government had a strong ability to control the spread of the virus in the country, lockdowns still caused the decline in the number of motorbike registrations. On the other hand, motorbike sales declined throughout the region.
- Air pollution- Vietnam is one of the 15 most polluted countries in the world and "motorbike" is the main cause of the pollution. Vietnamese government is encouraging companies to build electric motorcycles. Therefore, even during the pandemic, the electric vehicle segment is growing rapidly in Vietnam. While the motorbike market has shrunk sharply, the number of electric motorbike manufacturers has increased due to the government's support.
- VinFast is a local brand and a new player in the market with 2 years of operation experience in electric motorbikes. It sold more than 100,000 units of electric motorbike in 2020, more than double the number in 2019. What an admirable performance!





Overlook of 2021 and Future Prediction

Vietnam's motorbike market in the first quarter of 2021 appeared a decline compared to the last quarter of 2020. In fact, the first quarter sales in 2021 were 777,638 units (2.0% lower than the 1st quarter of 2020 and 2.1% lower than the same period of 2019). However, the market trend reveals an immediate improvement in sales this year.

Honda is the market leader in Vietnam as its sales in the 1st quarter of 2021 was 532,546 units (5.8% lower than the same period of 2020). Yamaha is the 2nd biggest brand in Vietnam as it sold 144,364 units in the 1st quarter of 2021 (0.8% lower than the same period of 2020). VinFast is the 3rd biggest player in Vietnamese motorbike market as it sold 29,018 units in the 1st quarter of 2021 (21.6% more than the same period of 2020).

The revenue generated from the motorcycle market in Vietnam is projected to reach US\$ 4.4 billion in 2021. The road motorbike is the largest segment in this market and the market value will be US\$ 3.5 billion in 2021. The average price of a motorbike is expected to be about US\$ 1,900 in 2021.

Honda is expected to gain the highest motorbike market share in Vietnam with 76.4% of the total sales, and in terms of value, the market share of Honda is expected to be 81.5% in 2021.

The Future Motorbike Market in Vietnam

The two largest cities of Vietnam (Ho Chi Minh City and Hanoi) are considering banning motorcycling by 2030 to reduce traffic congestion, economic damage and environmental pollution. The move is expected to reduce the number of traffic accidents, contribute to the sustainable development of cities and improve the quality of life for residents.

Experts say the government's plan is to use more electric motorbikes in large urban areas, so that they will ban gasoline-powered motorbikes in cities. Therefore, it is predicted that more brands of electric motorbikes will take advantage of this opportunity to enter the market in Vietnam. Conquering Vietnamese market is their goal.

Nowadays, about half a million units of electric motorbikes are sold annually in Vietnam (based on the statistics of 2020). Well-known foreign brands such as Yadea from China (the world's largest seller of electric motorbikes) and MBI from South Korea have entered the Vietnamese market since late 2019, and VinFast (a local brand) will also speed up its transformation period (from petrol-fueled motorbikes to electric motorbikes).

The annual revenue growth rate of the motorbike market in Vietnam is projected to be 3.33%, resulting in a projected market volume of US\$ 5 billion by 2025. On the other hand, some analysts believe that the motorbike sales are expected to reach 3.5 million units in 2025 and more than 50% of the sales will be electric motorbikes. ■

