

Vietnam Used Car - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Abstracts

The Vietnam Used Car Market size is estimated at USD 10.92 billion in 2024, and is expected to reach USD 24.14 billion by 2029, growing at a CAGR of 17.20% during the forecast period (2024-2029).

Over the medium term, the market is expected to grow due to increased digitalization and the introduction of new automotive startups with cutting-edge business models.

Various factors influence the decision to purchase a used car. Some of these factors include customers' preference for personal mobility and hesitance when making big-ticket purchases like cars.

The growth of the used car market may be hindered by certain factors such as standardized dealership experience, fair pricing experience, and high financing costs for used cars. The market is expected to see new opportunities due to government policies and the emergence of new technologies like electric mobility.

The Vietnamese government has implemented certain strategies to lower new car prices in the domestic market. These strategies include providing a SCT (Special Consumption Tax) rebate on certain automobiles based on engine displacement values. As a result, the used car market is experiencing intense competition as new car sales are expected to grow faster than used cars during the forecast period.

Vietnam Used Car Market Trends

Online Booking Witnessing Major Growth

During the forecast period, the online booking segment is expected to play a crucial role in the market's development. In recent years, with the growing trend in technology, customers have preferred purchasing used car vehicles through online sales.

The rise in the number of internet users across the country is likely to enhance the use of online booking platforms in the coming years. In January 2023, Vietnam had 77.93 million Internet users, with an Internet usage rate of 79.1% of the total population.

There is a rise in the number of new used car companies entering the market, which is expected to continue in the coming years. These companies compete with existing players by providing customized services, new vehicles, and a low-pricing strategy.

To stay ahead, companies focus on providing value-added services to prospective clients, reducing service costs, and introducing premium, well-maintained vehicle models and features into their fleet to capture a significant market share.

The platform offers extra features to keep track of all necessary documents, performance, and service records of a vehicle, which has been advantageous for consumers as they can easily compare from a wide range of options and apply their desired filters to find the most suitable used car that meets their requirements.

The trend of buying used cars online through apps has increased. As a result, app developers have been improving mobile applications by adding advanced features that offer more vehicle options and comparable prices on a single platform. Additionally, the increasing internet accessibility in the country is expected to support the demand for online car purchases. For example, in Vietnam, multiple online platforms, such as Bonbanh, facilitate the purchase and sale of used cars. These apps showcase various available used cars, providing a wide range of choices.

With the entry of new used car companies into the market, competition has increased, resulting in the provision of customized services, newer fleets, and a low-pricing strategy, all aimed at attracting potential customers. This trend is expected to continue in the coming years. For instance,

In June 2022, Oto.com.vn collaborated with CARRECT, a provider of routine car maintenance with a focus on on-demand car care, to deliver cohesive and innovative experiences to customers throughout the journey of searching, buying, and using their vehicles.

Companies are expected to continue focusing on staying ahead of the competition by offering value-added services to potential clients, reducing service costs, and introducing high-quality vehicle models and features into their fleet. This strategy is aimed at capturing a significant share of the market.

Sedans Hold a Significant Market Share

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Many young customers nowadays prefer pre-owned sedans over entry-level cars, which has become a significant driving force in the used car market. Additionally, middle-income consumers' purchasing power has increased over the past two decades, allowing them to own sedans. Sedans experience a depreciation rate of almost 30% in the first year and around 5-6% in the following years.

Old cars may seem like a cheaper option at first, but sedans are the more cost-effective choice when it comes to long-term costs. Unlike sedans with lower ownership costs, owning an SUV or a truck can be quite expensive due to maintenance and fuel expenses. Finding a reliable and economical car can be a challenge, but a wide range of used sedans are both affordable and dependable.

Sedans are a great choice for those looking for a car with extra interior space. They have features that provide passengers with better comfort, such as rear AC vents and rear armrests. The seats provide additional legroom and better support, which makes passengers feel more comfortable. Nowadays, most of these features are standard in almost all sedans and some hatchbacks available in the market.

Most sales in the country are from consumers who purchased vehicles that were not so high-end, primarily from youth and businesses. Vehicles with luxurious and sporty designs are frequently purchased by upper-income consumers with a reasonable level of comfort.

Due to the global semiconductor shortage, many auto brands have no luxury cars to supply Vietnamese customers. Over the last two years, supply from the world's largest producer, China, has faced severe disruptions due to the impact of the pandemic and associated restrictions.

According to reports, Mercedes-Benz customers are currently experiencing significant wait times for certain SUV and S-class sedan models, with some waiting for at least three months. The wait time can be up to a year for the ultra-luxury Maybach sedans and SUVs. Even some locally manufactured models, such as the E-class sedans and GLC SUVs, are in short supply, with expected delivery times of 1-2 months. As a result, many auto dealers are accepting deposits but not providing specific delivery dates.

Vinh Nam, an experienced luxury car salesperson in HCMC, said customers have gotten used to the current shortage. Buyers of Porsche, Lexus, and Land Rover have the longest waiting time at 12-14 months, depending on their choice of color and options, up from the earlier 6-9 months.

With such development across the country, the demand for sedans is likely to grow in the coming years.

Vietnam Used Car Industry Overview

The Vietnamese used car market is dominated by several key players, such as Carmudi Vietnam, Oto, Bonbanh.com, and LSH Auto International Limited. While some prominent players focused on fleet expansion and collaborations, the new entrants are focused on widening their customer base by adopting varying strategies. Social media platforms such as Facebook Marketplace and online auto classifieds portals in Vietnam, such as Oto and Carmudi, have provided high user convenience to buyers looking forward to purchasing a used car as these platforms provide a detailed description of all the listed used cars. For instance,

In November 2023, the used car trading platform Carpla opened its fifth Automall in the system. The new Automall is located at 138 Pham Van Dong, Hanoi, and boasts an area of over 4,000 m². It is also the second Automall that has been built in the capital.

In April 2022, Spinny, a used car buying and selling platform, entered the luxury car used vehicle segment under the Spinny Max brand in the Vietnamese market. The platform will operate nationally and offer over 500 cars from various brands, including Mercedes-Benz, BMW, Audi, Jaguar, and Land Rover, with an all-India delivery service through 250 cities.

In May 2022, Carsome acquired Malaysian digital automotive content producer WapCar and its sister website Auto Fun for an undisclosed sum. WapCar and AutoFun will become a subsidiary named WapCar AutoFun under Carsome after the completion of the acquisition. The vehicle content platform was set up in 2019, and it runs several websites and social media channels in Malaysia, Indonesia, Thailand, the Philippines, and Vietnam.

In April 2022, Fram Skandinavien AB announced that it had increased its ownership interest from 67% to 87.2 % in Carmudi Vietnam by netting off the debt from operational financing to Carmudi Vietnam previously.

Additional Benefits:

The market estimate (ME) sheet in Excel format

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