

Ceramic & Porcelain



Essential sourcing intelligence for buyers

Vietnam manufacturer profiles

Detailed profiles of 35 suppliers with verified manufacturing and export credentials

Product & price trends

117 top-selling export products ranging from vases and pots to lamps and dinnerware

Design & material innovations

Coverage of the latest trends in style and materials

December 2009 US\$100

global sources

40
YEARS

Quality Buyers
Verified Suppliers

www.globalsources.com



The
Kearny
Alliance

AID THROUGH TRADE
www.kearnyalliance.org

Global Sources is offering this series of *Developing Country Sourcing Reports* as part of its corporate social responsibility undertakings in partnership with The Kearny Alliance, a non-governmental development organization whose mission is Aid through Trade.

The aim is to give international buyers new sourcing opportunities from experienced exporters, generating orders and create lasting jobs in developing economies.

www.ChinaSourcingReports.com

CERAMIC & PORCELAIN

Supplier capability in Vietnam

EXECUTIVE SUMMARY

Vietnam's strong capability in terms of design and artistic quality has enabled it to become a major supply hub of ceramic and porcelain products. Models from the country blend traditional craftsmanship with contemporary influences.

The industry is supported by several craft villages located in different provinces. Through skilled artisans, these communities lend their styling expertise, which has been handed down across generations.

Readily available raw materials are another key benefit of sourcing from Vietnam. Several regions provide various types of clay, helping diversify the range of designs even more.

Most suppliers featured in this report ship the bulk of their output to overseas destinations. The EU and the US are the major markets, taking up more than two-thirds of total exports.

Ceramics dominate as the top product line accounting for more than 60 percent of total output. This segment is divided almost equally between crafts, and table and cookware. Porcelain items make up almost two-fifths of total turnout.

The majority of ceramic and porcelain suppliers in Vietnam are small, locally owned enterprises. Most have more than a decade of experience, with a few having been in business for at least 30 years. Traditional production methods are still being used, although a growing number of companies are shifting to modern equipment.

The village of Bat Trang in the city of Hanoi is considered as the chief supply center for high-quality products, which boast superior design and construction. Other important sourcing centers are the provinces of Hai Duong, Bac Giang, Quang Ninh and Binh Duong, all of which specialize in a particular finish or manufacturing technique.

Exports fell dramatically in 2009 due to the global economic

crisis. Because of this, the industry is expecting to register its first contraction in five years.

The following are some of the key trends we see in Vietnam's ceramic and porcelain industry:

- Suppliers are forecasting a better business climate in 2010, in anticipation of renewed demand as vital markets recover from the slump. As such, more than half of makers interviewed for this report are confident of registering double-digit export growth.

- Prices are expected to increase over the next six months in response to surging production costs. Almost 90 percent of featured suppliers will be pushing up quotes. Of this number, half will be raising prices by as much as 5 percent.

- Manufacturers consider intense price competition from other countries, especially China, Turkey and Portugal, as the most critical challenge affecting the industry.

- Design diversity, the line's key strength, will continue to be emphasized. About half of interviewed suppliers have indicated focusing on models that feature colorful styles and intricate motifs. Almost a quarter will release multifunction items that serve both as table and cookware.

This report covers the main types of ceramic and porcelain products made in Vietnam, including vases, pots, jars, planters, flowerpots, garden ornaments, figurines, lamps, dishes, bowls, mugs, tea sets, pitchers, trays and serve ware.

The *Products & Prices* section details the features and price ranges of each key product category. It also includes the latest trends in style and materials.

The *Industry Overview* discusses key issues affecting exporters and elaborates on the composition of the industry, highlighting key characteristics of different types of suppliers.

In this report

- 15 in-depth company profiles
- 20 short company profiles
- 117 top-selling export products
- Supplier demographics
- Supplier survey
- Industry statistics and charts

OBJECTIVE & METHODOLOGY

This Vietnam Sourcing Report is part of a series designed to provide buyers with information on new products from export manufacturers in supply markets that specialize in handmade merchandise.

The Developing Country Sourcing Report series is part of Global Sources' corporate social responsibility initiatives. It is offered in conjunction with The Kearny Alliance, whose mission is Aid Through Trade. The objective is to help create jobs in developing Asia through export promotion.

To produce this report, larger, midsized and emerging manufacturers—all with substantial export experience—were surveyed. The selection of suppliers is designed to reflect the composition of the industry in Vietnam in terms of geographic location, materials used and range of products offered.

For in-depth profiles, our researchers visited the facilities of each company and interviewed senior executives who discussed their recent performance and provided forecasts for the next 12 months. All other companies in this report were either visited or contacted by phone.

In each case, companies were required to answer specific questions designed to verify their manufacturing and export credentials, including a breakdown of exports by product type and market. Suppliers also participated in a survey designed to provide insight into the industry.

INDUSTRY OVERVIEW

Vietnam has gained worldwide prominence as a key supplier of ceramic and porcelain products that boast superior quality in terms of aesthetics and construction.

Models from the country combine traditional styles with modern design elements, helping the industry carve a niche for itself in the global market.

Skilled artisans from numerous craft villages throughout the country are instrumental in helping ensure that products feature unrivaled workmanship. These stylists are usually complemented by in-house design teams that gained professional training and experience from prominent art schools, and have been cooperating with buyers for a long time.

The stable domestic availability of raw materials is another key advantage enjoyed by the line. Various types of clay are procured from several provinces, with some of these locations being important sources of high-grade kaolin.

The clay mining industry helps ensure a steady supply of raw materials. Regular and white clay are extracted by 184 and 39 quarry operators, respectively. Combined, they excavate roughly 1.5 billion tons of the material every year.

Challenges

The industry has been affected significantly by the global economic crisis. According to government statistics, total exports of ceramics and porcelain from January to November 2009 amounted to \$233 million, a decline of almost 24 percent compared with the same period the year before. This is the first contraction the industry has experienced since 2004.

Nonetheless, suppliers expect the business climate to improve in 2010 as markets such as the US recover from the slowdown. Further, the industry predicts an even brighter outlook over

the long term as the government is targeting a 20 to 25 percent increase in overseas sales of ceramics over the next five years.

Intense competition from China, Thailand, Portugal and Turkey is another challenge confronting the line. Products from these countries are generally priced less. Although Vietnam-made models are regarded as having better aesthetics, budget-conscious customers affected by the economic slump had to choose affordability over style.

To offset this roadblock, several companies are starting to concentrate on the high-end segment and paying more attention to product quality. Some are releasing table and cookware designed to meet FDA requirements. Other suppliers are improving construction by moving away from traditional manufacturing processes and obtaining better equipment such as electric and gas kilns.

Another crucial issue facing the industry is the rising cost of different raw materials. Since January 2009, the per-ton price of clay has increased 10 percent. Enamel, paint and oxide additives have surged by 5 to 10 percent. Fuel for kilns and transportation has become more expensive by 10 to 20 percent. As a result, several companies have

Supplier summary

Suppliers surveyed	35
Export sales	\$73.2mn
Export ratio	52%
Capacity utilized	46%
Full-time employees	6,233

Data: All surveyed suppliers

seen profits drop by as much as 20 percent.

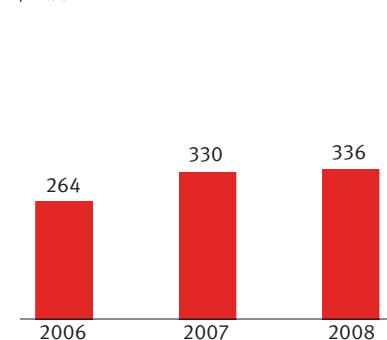
To cope, some suppliers are reducing labor expenditure by cutting back on operating hours or laying off personnel. Others are emphasizing the low-end segment, which uses grade B clay. This type of material costs up to 50 percent less than standard ones.

Obtaining additional funding is another cause of concern, particularly for small companies. For the most part of 2009, short-term subsidies amounting to roughly \$1 billion were made available by the government through banks. This program was discontinued in early December, however, in light of Vietnam's improving macroeconomic fundamentals.

Because of this, private lending institutions have become the chief source of supplemental funding. Most of these establishments, however, enforce more stringent requirements and demand additional collateral

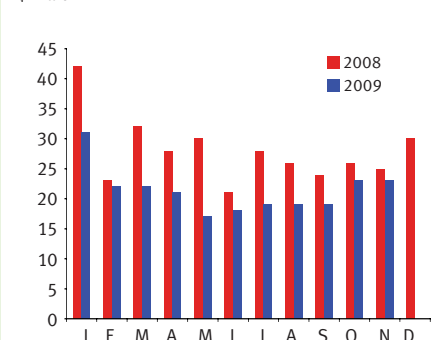
Ceramic & porcelain

Export value
\$million



Source: General Statistics Office of Vietnam

Export value per month
\$million



Dai Hong Phat Ceramics Pte

Dai Hong Phat has more than 11 years of experience producing ceramic kitchenware and home decor. In 2008, it generated revenue of more than \$5 million.

The company has received ISO 9001:2000 and 14001:2004 certification. It also complies with SA8000 requirements.

All output is shipped overseas, with more than half going to the EU. Ikea is one of Dai Hong Phat's major customers in Europe. Secondary markets are the US, Canada, Japan and South Korea.

Kitchen and bakeware are the best-selling items. Combined, both make up roughly 60 percent of sales. The product range also includes dinnerware, planters, vases, pots and animal figurines.

Prices range from \$0.20 to \$7. The low-end consists of small cups, while the upscale segment includes trays. Kitchen and bakeware are usually priced no more than \$1.

The company sources clay from Hanoi and the province of Binh Duong.

Paints and dyes are imported from Taiwan.

Enamel coating is procured from various countries in the EU.

The design team is composed of four members who can release 20 new models every month. Samples are available within 20 days.

Motifs and pictures are usually handpainted by about 100 artists. They can also be machine-printed.

Dai Hong Phat maintains a 10,000sqm factory that is equipped with four ball mills, two vacuum ram presses, two casting machines and one roller. All are imported from Singapore. The production facility also contains a warehouse where raw materials and finished goods are kept temporarily.

The full-time workforce consists of 800 personnel. An additional 150 part-timers are hired when bulk orders are placed.

Fifty inspectors perform QC at all production processes.

The company is planning to join domestic trade shows next year.

Capability

Equipment used

Coal kilns	—
Gas kilns	—
Electric kilns	1
Ball mills	4
Power presses	2
Extrusion molding machines	Yes

Exports by product

Ceramic crafts	5%
Ceramic tableware & cookware	85%
Porcelain crafts	5%
Porcelain tableware & cookware	5%

Exports by market

United States/Canada	15%
European Union	55%
Europe (non-EU)	15%
Asia-Pacific	15%
Middle East	—
Other	—

Company facts

Year established	1998
Head office location	Thuan An (Binh Duong)
Ownership	Locally owned
Factory location(s)	Thuan An (Binh Duong)
Full-time employees	800
Part-time employees	150
ISO certified	Yes
Total annual sales (all products)	\$5,500,000

Sales & output: Ceramic & porcelain

Annual sales	\$5,500,000
Share of total sales	100%
Annual export sales	\$5,500,000
Total monthly capacity	7,700 pieces
Average monthly output	6,600 pieces
Capacity utilized	86%
Average monthly exports	6,600 pieces
Export ratio	100%
Major export customers	Ikea, Hema (Germany); Wilkinson, Matalan (UK); Pier 1 (US)

Contact details

Business contact

NGUYEN Thi Hong Van

Phone

(84-650) 382-8415

Fax

(84-650) 382-8416

E-mail

daihongphat@daihongphat.com

sales@daihongphat.com

URL

www.daihongphat.com

Address

National Road No. 13, An Thanh, Thuan An, Binh Duong, Vietnam

Popular export models



Model: FB0020(A)-Blue0758
MOQ: 3,000 pieces
Packaging: Carton
Delivery: 60 days
Price: •
Description: Ceramic bowl; glazed finish; white interior and green, blue or pink exterior; 14x14cm



Model: FB0044-R0146
MOQ: 3,000 pieces
Packaging: Carton
Delivery: 60 days
Price: •
Description: Ceramic bowl; with star, heart, animal or floral motif; in red, blue, orange or violet in 15x15cm



Model: FC0038
MOQ: 3,000 pieces
Packaging: Carton
Delivery: 60 days
Price: •
Description: Ceramic mug; glazed finish; interior and exterior in different colors; 12x8cm



Model: FD0099(B+C)-B0273
MOQ: 3,000 pieces
Packaging: Carton
Delivery: 60 days
Price: •
Description: Ceramic dish; glazed finish; available individually or in two-piece sets; in light green, blue and pink; in sizes 24x24 and 18x18cm



Model: FD0211
MOQ: 3,000 pieces
Packaging: Carton
Delivery: 60 days
Price: •
Description: Ceramic tray; glazed finish; 25cm in diameter; white interior and blue, pink, green or brown exterior



Model: FT0021
MOQ: 3,000 pieces
Packaging: Carton
Delivery: 60 days
Price: •
Description: Ceramic teapot; enamel finish; 10x23cm; in yellow, pink, brown, blue and light green

• Information not disclosed

PRODUCT GALLERY

Ceramic crafts



Dong Thanh
(profile page 26)
Model: 03-013
MOQ: 1 TEU
Packaging: Carton, pallet
Delivery: 40 days
Price: •
Description: Jar set; in sizes 31x37, 25x32 and 20x29cm



Dong Thanh
(profile page 26)
Model: 5317
MOQ: 1 TEU
Packaging: Carton, pallet
Delivery: 40 days
Price: •
Description: Jar; rectangular; 20x46cm



Dong Thanh
(profile page 26)
Model: 10-002
MOQ: 1 TEU
Packaging: Carton
Delivery: 40 days
Price: •
Description: Swan figurine; 46x24x36cm; in various colors



Dong Thanh
(profile page 26)
Model: 21220
MOQ: 1 TEU
Packaging: Carton, pallet
Delivery: 40 days
Price: •
Description: Garden ornament; tree stump with squirrel design; in various colors and sizes



Dong Thanh
(profile page 26)
Model: 024T214
MOQ: 1 TEU
Packaging: Carton, pallet
Delivery: 40 days
Price: •
Description: Pot set; four pieces; speckled effect; in sizes 30x22, 22x18, 17x13 and 12x10cm



Dong Thanh
(profile page 26)
Model: 04-001
MOQ: 1 TEU
Packaging: Carton, pallet
Delivery: 40 days
Price: •
Description: Pot set; four pieces; in sizes 28x28x26, 23x23x28, 19x19x29 and 16x16x29cm

• Information not disclosed

Yes! I'd like to order the full version of the following China Sourcing Reports

For faster service, order online at www.ChinaSourcingReports.com/pdfts

A Please send me

	Report Title:	US\$
1)		
2)		
3)		
4)		
5)		

Total amount US\$

B Please send my reports by

- E-mail (PDF format) Air courier (printed copy)

C My contact details

Mr Mrs Ms _____
Family Name Given Name

Job Title _____

Company Name _____

Address _____

City _____ State/Province _____

Country _____ Postal/Zip Code _____

E-mail _____

Tel _____ Fax _____

Mobile/Cell Phone _____

For faster service, order online at www.ChinaSourcingReports.com/pdfts

For other inquiries

E-mail: service@globalsources.com
 Telephone Hotline: (65) 6547-2800

D My payment method

- US\$ check/bank draft payable to **GLOBAL SOURCES**, drawn on a US bank located in the USA

- Please debit my credit card



Amount (US\$) _____

Card No. _____

Expiry Date _____

Signature _____ Date _____

E Return this form by

Fax North and South America (1-480) 951-4197
 Worldwide (65) 6547-2888

Mail Global Sources, c/o Media Data Systems Pte Ltd
 Raffles City PO Box 0199, Singapore 911707

Thank you for your order.