

Will Vietnam's EVs Electrify American Roads?



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In the electrifying race of EV innovation, there emerges a fresh and ambitious contender from Vietnam - Vinfast. This automaker isn't just aiming to participate; it's aiming to dominate in the challenging and intricate U.S. market. Such a goal is audacious, especially in a domain ruled by established players and steeped in fierce competition. This raises a pivotal question for auto aficionados: Does Vinfast have what it takes to revolutionize the American EV landscape with its unique brand of electric vehicles?



A Bold Entry into a Crowded Market

Vinfast isn't just dipping its toes in the water; it's diving headfirst into the ocean of the U.S. auto industry. This move is bold, considering the market's intense competition and established giants like Tesla, Ford, and GM. Vinfast's CEO Le Thi Thu Thuy acknowledges the difficulty, yet remains committed to this venture. But with sales figures hovering around a modest 2,009 EVs in the U.S., the journey ahead seems daunting.

The Backstory of a Vietnamese Challenger

Vinfast's story is nothing short of cinematic. Originating from an instant noodle company in Ukraine, Vingroup, its parent company, has undergone a remarkable transformation. In 2019, Vinfast produced its first car. Fast forward a few years, and they're taking on the global giants of the automotive world.

The American Market: A Litmus Test for Success

Prioritizing the U.S. market was a calculated risk. Vinfast sees success in the U.S. as a badge of honor, a testament to its quality and appeal. Their rationale is simple: if they can make it in the U.S., they can make it anywhere.

The Challenges Ahead

Vinfast's journey is not without hurdles. The company's EV sales are yet to hit their stride, falling short of their ambitious targets. The Nasdaq listing brought initial excitement but was followed by a sobering market correction. Despite this, Vinfast is forging ahead with plans to open a \$4 billion EV factory in North Carolina, signaling a long-term commitment to the U.S. market.

A Strategy of Alliance and Adaptation

Recognizing the unique challenges of the U.S. market, Vinfast has shifted its strategy. Initially emulating Tesla's direct-to-customer model, they are now partnering with local dealers in the U.S. and Canada. This pivot reflects a keen understanding of the need for local market expertise and a more collaborative approach.

Standing Out in a Crowded Space

Breaking into the U.S. auto market requires more than just competitive pricing. Vinfast's EVs, like the VF8 crossover, are in a tough spot, priced higher than Tesla's Model Y and without the federal tax credit advantage. The challenge lies in offering something distinctive – be it in performance, design, or value.

A Glimmer of Hope and the Road Ahead

Despite these challenges, Vinfast is not without advantages. It plans to leverage its production in Asia to gain scale and reduce costs. The acquisition of VinEF, a Vingroup battery company, is a step towards lowering battery costs, a critical factor in the EV market.

Moreover, Vinfast's presence in Vietnam's growing auto market and its foray into other regions like Europe, Southeast Asia, India, and the Middle East, suggest a broader vision beyond the U.S. market.

Conclusion

Vinfast's success in the American EV market relies on its innovative edge and ability to offer something unique to U.S. consumers. This journey represents not just corporate ambition but also embodies Vietnam's aspiration to make a significant mark in the global automotive landscape.