CHAPTER IV

TRENDS & POLICY ON MARKETS & SUPERMARKETS IN HO CHI MINH CITY

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INTRODUCTION

This study aims at providing the status and trends in the development of existing distribution chains in Ho Chi Minh City (HCMC). The first part gives an overview of the food trade sector regarding the diversity of outlets. The impact on employment of food trade is examined in a second part. The present and future state of supermarket and other distribution chains are examined in parts three and four. The final part deals with government policies relating to the development of supermarkets and other distribution chains in HCMC .

Distribution value chains are considered as innovative chains with value–adding activities such as shelf presentation, advertising, transport, selection of suppliers according to criteria of quality and reliability (Moustier, 2005).

THE DIVERSITY OF FOOD OUTLETS IN HCMC

A. Increasing purchasing power

The relative high economic growth in Ho Chi Minh City (HCMC) has resulted in increasing income per capita and consumer spending. The HCMC monthly average food expenditure, though stable as a percentage of total expenditure (51-55%), has increased from 187,055 VND/capita/month in 1995 to 287,998 VND in 2000 and 376,216 VND in 2003, presenting an annual growth rate of 9% in 1995-00 and 9.3% in 2001-03 (PSO HCMC, 2003). Diversified distribution chains have paralleled these changes in purchasing power.

The food distribution system in HCMC consists of traditional and modern sub-systems. The traditional sub - system accounts for more than 85% of the total value of food retail sales (see later in the document). However, modern distribution chains have recently had a rapid increase in numbers.

B. Traditional distribution chains

Traditional distribution chains include formal and informal markets, small independent shops and hawkers.

1. Markets

a. Formal markets

Markets and market categories were defined under the Decree No. 02/2003/NĐ-CP dated- January 14th 2003 by the Prime Minister. According to this document, markets are classified into three grades regarding the number of traders, the centrality of their location, the types of market construction and their service availability (i.e. parking area, loading & unloading services, storage facility etc..). The minimum sales area of an outlet is 03 square meters. Accordingly, markets of grades 1, 2 or 3 possess respectively at least 400 stalls, 200 and less than 200 outlets.

b. Informal markets

Informal markets are spontaneous markets that emerge in the newly urbanized residential areas or densely residential ones where the existing formal markets have not fully covered the need of a growing population. It is observed that in a densely populated area in the city, a market facility serves the population within a radius of 1-2 km, which is suitable to be reached on foot.

These types of markets may include either fixed stalls or stalls on the ground (this is typical of markets in remote rural areas of Southern Vietnam) or a combination of these. These informal markets are prone to government's plans of removal and clearance.

2. Stores and Shops

The most common type is household-run stores "Tiem tap hoa" or small family stores that are located in crowded residential areas and sell a variety of dry goods and fresh food (fruit, pasteurized milk, meat, fish, vegetables etc) in small quantities. Owing to small space and low investment, household-owned retail shops are commonplace. This type of retail trade was known to emerge since the late 19th century under the French Colony and was owned by the Chinese (as discussed with Mrs. Doan Le Phong, Vice Director of HCMC Museum) as a component of a much larger international trade system dominated by Chinese traders. Since 1975, most of the Chinese fled overseas and Vietnamese retailers have been taking over this business, especially since 1990.

Another type is a larger shop "Cua hang" that is more specialized in some commodities (e.g. rice/paddy stores) and usually located in high density areas. These shops are operated either by an individual or by a company.

In addition, recently there has been the proliferation of small shops selling specialties from north Vietnam. These shops are readily identifiable and very similar with their small spaces and neat displays. This type of shop has increased along with the number of northerners residing in HCMC and an increasing number of locals are also becoming customers.

3. Street mobile vending (or hawkers)

Hawkers carry fruit or vegetables on bikes, bicycles or tree-wheel carts "Xe ba banh" for sale at every corner in residential areas. Most of them are people migrating from the north or from rural areas of the south. Street mobile vending is very common in HCMC due to the consumer's preference for fresh food. As the number of working women increases, their time for buying is considerably reduced and hawkers and nearby informal markets are convenient for daily purchases for working women (Cadilhon and Tam, 2004).

D. Modern distribution chains

These include supermarkets and hypermarkets, isolated or within trade centers; small convenience shops and prepared-food specialists that process products and sell directly as well as indirectly.

1. Small convenience shops

This category includes the shops that are located within or near expatriate residential areas and selling foreign food. This type of shops can be found on Le Thanh Ton street, District I (Japanese food shops) or Tan Binh District (Korean food shops). There are also newly established 24- hour convenient stores that are next to gasoline stations. Falling into this type are specialty Citimart stores and 28 Co-op shops located in residential areas that are small-scale, belong to the Federation of Trade Co-operative and are upgraded with the co-operative's investment.

2. Prepared food specialists

These include domestic investors such as Sao Viet Center, Saigon Vegfruco, Kinh Do Confectionery Corporation, Duc Phat Bakery, Vissan, Cau Tre, Vinamilk and foreign investors, for instance Vinabiko-Kotobuki KFC, Lotteria, Jobille, etc.

3. Supermarkets

Supermarkets have developed because food hygiene at other sorts of shops had become a growing concern especially in the city center. Nowadays the modern retail sub-sector consists of many private and independent supermarkets, a few state-owned, a domestic chain that belongs to the Federation of Trade Co-operatives - Co-op Mart - and two multinational chains, i.e, Big C and Metro Cash-and-Carry

The government has recently defined categories of supermarkets in Vietnam (Decision No 1317/2004/ QD-BTM issued Sep 24th, 2004 by the Ministry of Trade) – see also the report for Hanoi by Hoang Bang An. There are two types of supermarkets: the specialized ones specialized ones (e.g.selling electronic appliances only) and the general (or diversified) ones. They are further categorized into three grades according to sales area (in square meter) and number of items. A diversified supermarket, by the definition, is a shop of more than 500 m^2 with at least 4,000 merchandise items. It must be located in an area of the city/province's trade network development planning and characterized by self-service and services such as parking areas, guards and a warehousing system.

Table 29 - Supermarket classification

	General		Specialized		Requirement of other additional services
	Sales area (in sq m)	Items	Sales area (in sq m)	Items	
Grade 01	5,000	20,000	1,000	2,000	As for grade 01 and 02, there should be small restaurants or catering outlets, children entertainment sector.
Grade 02	2,000	10,000	500	1,000	
Grade 03	500	4,000	250	500	

Source: Decision No. 1371/2004/QĐ-BTM dated September 24th 2004 by the Ministry of Trade

THE PRESENT STATE OF SUPERMARKETS AND OTHER DISTRIBUTION CHAINS

As markets are still the cornerstone of distribution chains especially for food, we will focus on the present and future state of markets and supermarkets in HCMC. We will also look at companies investing in the vegetable sector, as an example of supply strategies. We will start with some general figures on employment in food trade, and the respective share of markets and supermarkets in food sales.

A Employment and share of food sales

While the total employment in trade sector has increased between 2000 and 2003, employment in the food trade - particularly in retail food industry - has decreased (see Table 30). This can be explained by policies introduced by government to restructure the market system in HCMC (see section on policy). While the number of persons working in food retail has decreased, it has increased for wholesale trade, which may have a negative impact on the employment of the poor who dominate small-scale retailing.

According to the data of General Statistics Office (Department of Trade and Price), in May 2002, 5408 people were employed in supermarkets and trade centers. Compared to the total figure of 185,739 traders estimated by using the data of the provincial statistics office for 2000 (158,302 people working in trade) and 2003 (201,193), that ia a growth rate of 8.3%; it represents only 0,03%. Employment in

persons	2000	2003
Total employment in trade	158,302	201,193
Retail	138,867	161,269
Wholesale	19,435	23,563
Total employment in food trade	61,826	64,619
% in trade	39.06	32.12
Employment in food trade retailing	58,574	57,587
% in food trade	94.74	89.12
% in retailing	42.18	35.71
Employment in wholesale food trade	3,252	7,032
% in food trade	5.26	10.88
% in wholesale	27.63	29.84

Table 30 - Employment in private trade in HCMC in 2000-03

Source: PSO HCMC (2002, 2003a)

markets can be estimated at more than 98,148 in December 2002, from 207 fixed markets and 178 spontaneous markets. The 207 traditional fixed markets totally have an area of 510,000 m^2 with 49,209 stalls, each stall being run by 1 to 3 traders (Department of Trade, 2003, p.9; People's Committee HCMC, 2003, p.10). Employment by fixed markets represented at that time 62% of total retail employment.

The share of supermarkets in total trading sales is estimated at 1.76% (2.79%) in total retail sales of goods and services in 2001 (2002), and 2.58% (4.08%) in 2001 (2002) (PSO HCMC 2002a, Sai Gon Marketing, 2003). As reported by the People's Committee HCMC (2003, p. 17), there is a shift by consumers of some manufactured goods, from markets to supermarkets and trade centers, especially for textile, clothing and footwear, cosmetics, household appliances but there is little data to support this.

B. The present state of markets

1. Number of markets

There were an estimated 346 fixed markets, 2,000 street markets and 6,000 small mom and pop stores in HCMC in 2002, with an attempt by the government to reduce the number of fixed markets from 346 to 250 (Saigon Times daily and Gain report quoted in Hagen, 2002). Figures about markets by Department of Trade are slightly different, with a total of 385 markets recorded by the end of 2002 (including 207 fixed markets and 178 spontaneous markets – see Appendix 1).

In 2004, the Decree No. 02/2003/NĐ-CP enumerated 287 fixed markets in HCMC including 162 formal markets and 125 informal ones under removal up to 2010 (see Table 31 and Appendix 1). Among the 162 formal markets, there are 25, 48 and 89 markets of grade 01, 02 and grade 03 respectively, that respectively represent 15.4%, 29.6% and 54.9% of the total number of formal markets. Formal markets of grade 02 and grade 03 account for 84.5% of the total number of formal markets in HCMC. Informal markets belong to the "grade 03" category and are subject to plans for closure and removal.

Table 31 - Markets by district and grades in 2004

	Nr. of Markets	Nr. of formal Markets	By Grade					Population density per formal market
			1	2	3			
					Total	Formal	Informal	
Newly- urbanized districts	77	41	2	14	61	25	36	21,884*
Suburban districts	48	36	1	6	41	29	12	29,425
Others	162	85	22	28	112	35	77	43,218
Total	287	162	25	48	214	89	125	

Source: Department of Trade HCMC (2004), PSO (2003b)

Note: - Newly urbanized districts are district IX, XII, VII, II, Thu Duc, Binh Tan and Tan Phu districts. The two latter districts have been separated from Binh Chanh, and Tan Binh districts respectively. Suburban districts are Hoc Mon, Cu Chi, Nha Be, Can Gio and Binh Chanh.
Population density per formal market is calculated as population divided by number of formal markets Population figure are from PSO (2003b). The figures are thus in persons per formal market.

*: Since Binh Tan and Tan Phu districts which are newly separated in 2004, the result is calculated only for district IX, XII, VII, II and Thu Duc

2. Location of markets

The number of markets tends to correspond to population density. Market facilities (informal and formal) are mostly situated in populous districts such as Tan Binh (28 markets of which 14 are formal), Go Vap district (24 markets of which 05 are formal), Binh Thanh district, district No V (see Appendix 1, Table 7).

Informal markets have also appeared in the newly urbanized/established residential districts (e.g. district No XII, Binh Tan district). Most markets are located in the center of the city, only 48 markets (i.e.,16%) are in suburban districts. One–fourth of these 48 markets are subject to removal and clearance.

3. Functioning of markets

The survey of 114 markets by the Department of Trade (DoT) indicated that 23.7% of the total fixed markets are operating at reduced capacity, while 43% were operating at full capacity and 33.3% in excess of capacity (HCMC People's Committee, 2003, p. 18, DoT, 2003, p.15). Most un-utilised space is in the upper storeys because of poor consumer access.

In terms of food safety, it was reported by HCMC People's Committee that only 14.3% of formal markets and 4.4% of informal markets are in compliance with the sanitary regulations (HCMC People's Committee, 2003, p.21).

The Department of Trade in HCMC has experimented with tendering for use and management of markets since 1992. From 2001 management has been successful in 12 markets under the supervision of the Department of Trade without any specific legal document (VietnamNet, 2004a; People's Committee HCMC, 2003, p.51). In September 2004, the HCMC People's Committee issued Decision No. 216/2004/QĐ-UB that regulates the use and management of markets of grades 02 and grade 03 in HCMC.

C. The present state of supermarkets

1. Number of supermarkets

The first supermarket in HCMC (also in Vietnam) was Minimark owned by a state-owned company, Vung Tau Sinhanco Company. This supermarket opened on 20 October 1993 (DoT, 2005; MoT, 2005a; MoT, 2005b). It was originally located in the HCMC Intershop, which is now International Trade Center. It relocated to the Lucky Plaza Trade Center at 38 Nguyen Hue Street, District 01 in December 2000, and finally ceased trading in 2003

(Interview with Ms. Nguyet, DoT on 09/05/05).

The second supermarket developed in HCMC was Citimart, located at 235 Nguyen Van Cu, District 5 in 1994. Its owners were two sisters - Nguyen Thi Anh Hoa, Nguyen Thi Anh Hong (Vietnam Economic Times, 2004a). Since 1996, the two women have separated their business into the two trade names of Citimart and Maximark. This supermarket has stopped its operation in 1996. Ms. Nguyen Thi Anh Hoa has then opened her first own Citimart at NguyenThi Minh Khai Street on 12th Jan 1996 and Ms. Nguyen Thi Anh Hong has also started her operation with Maximark at 3/2 Street on 05 Jan 1996 (DoT, 2005)

In 1996, the first modern retail/entertainment complex, Superbowl Vietnam, was established near HCMC airport (Hagen, 2002). In the same year, Saigon Federation of Trade Co-operatives (Saigon Co.op) established their first supermarket –Co.op Mart Cong Quynh in HCMC. Since then, Saigon Co.op has become the largest local supermarket chain in South Vietnam with 13 branches of which 11 are in HCMC. Two years later (in 1998), Bourbon Group, a leading French investor started its supermarket operation under Cora trademark that was then renamed Big C at the end of 2003. The state-owned Saigon Trading Corporation (SATRA) has penetrated modern distribution networks in 1999 with Saigon Mart. Metro Cash & Carry Vietnam -a German - owned company- is a wholesaler with two centres in HCMC in 2002, namely Metro An Phu and Metro Binh Phu.

Even though some supermarkets have failed, the number of supermarkets has steadily increased, particularly since 1995 when USA-VN relationships were normalized (Hagen, 2002) and foreign direct investment was booming. According to Hagen, factors contributing since 1985 to the growth of supermarkets was the demand from increasing numbers of expatriates, Viet Kieu and middle classes. Other contributing factors may have included knowledge transfer from various sources such as foreign suppliers, Government and non-government organizations, as well as direct foreign investment.

Supermarkets recorded in the report by HCMC People's Committee in January 2002 amount to 28 supermarkets plus 7 trade centers, while information provided under Decision No.144A/2003/QĐ-UB by the HCMC People's Committee in December 2002 records

46 supermarkets:
- 16 supermarkets of grade 01;
- 11 supermarkets of grade 02;
- 19 supermarkets of grade 03;
- Plus 11 supermarkets located in trade centers;
- Which makes a total of 57 supermarkets.

Of the 46 supermarkets, 37 are general (or diversified) with a wide range of merchandise and 9 specialized that include 2 supermarkets involved in food. The remaining 7 specialized supermarkets sell durable goods such as home appliances, electronics, computer, mobile phones.

In April 2005, HCMC had a total of 71 supermarkets, including 36 general and 35 specialized (DoT, 2005) at individual locations, plus additional 7 supermarkets in trade centers - totaling 82 supermarkets.

The operation areas of these general and specialized supermarkets are respectively 144,220m^2 & 40,217 m^2. There are 18 trade centers comprising an area of 184,963 m^2. Of these 11 have supermarkets of which 4 have already been included in the list of 36 general supermarkets (Interview with Ms. Nguyet from DoT on 09/05/05).

2. Ownership

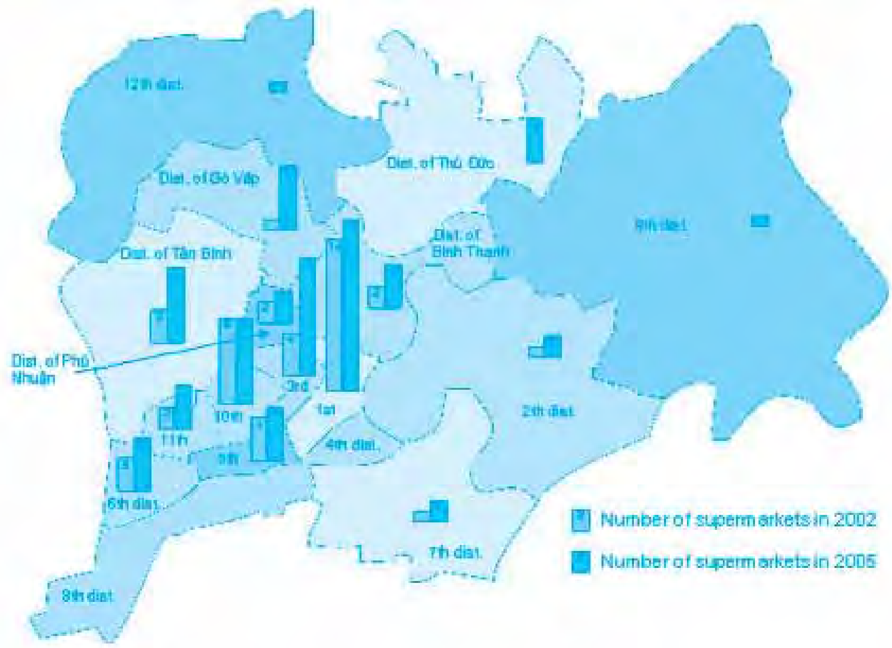
Supermarkets in HCMC have mixed ownership including private, state-owned, co-operatives joint-venture and foreign-invested. Most supermarkets are owned by Vietnamese citizens. Four supermarkets (out of 71) are run by foreign enterprises; two Metro Cash & Carry and two Big C. Three supermarkets situated in trade centers are joint ventures: Zen Plaza, Thuan Kieu Plaza and Superbowl (DoT, 2005a).

3. Location

Eighty-five percent (70 out of 82) supermarkets are located in urban areas. There are only 7 general supermarkets and 5 specialized in newly-urbanized districts. None of the supermarkets are located in suburban areas. Most supermarkets have chosen to set in the city center to reach the more lucrative consumers near their point of residence or work. Of the 82 supermarkets, 16 supermarkets (20%) are located in District I; 11 in District III; 8 in District X and a further 23 in District V, VI, Go Vap and Tan Binh district in 2005 (see Map 8 and Map 9).

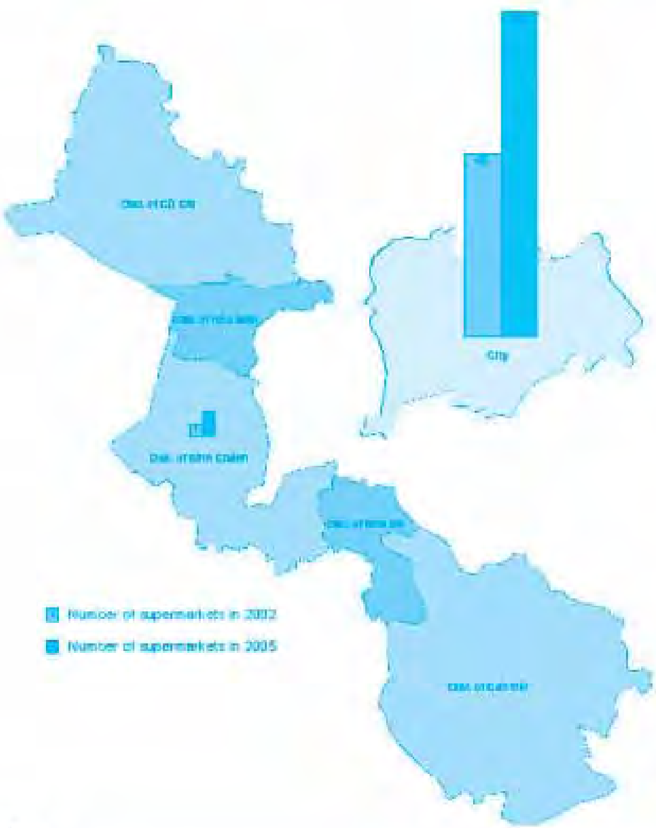
Map 8- Map of supermarkets in 2002 and 2005 in urban Ho Chi Minh City

Note: no figure = 1



Source: See Appendix 3

Map 9- Map of supermarkets in 2002 and 2005 in urban and outer-urban Ho Chi Minh City



Source: See Appendix 3

Supermarkets have recently expanded to outer-urban areas where new districts have emerged or to suburbs with a potential for increased purchasing power. This trend has resulted from either expansion of existing supermarkets to meet demand or as an incentive due to government policy.

While Big-C and Metro Cash & Carry are featured in suburbs prioritized under government policy such as Metro An Phu (district 02) and Metro Binh Phu (district 06)], Co.op Mart targets consumers with increased purchasing power in HCMC's suburbs. Transferring the 10 inner-city wholesale markets to 3 suburbs also reflects suburban economic development.

Virtual or internet-based supermarkets are also increasing. Internet selling has been popular in developed countries and is emerging in Asia, however in Vietnam, local markets and face-to-face sales are still preferred. Vietnam Data Communication company (VDC) in association with Thien Phat company opened Vietnam Cybermall (at http://203.162.5.45/cybermall/index.asp) in 1998. This is the first E-supermarket in HCMC.

Other companies are joining e-commerce activities. VDC located at
http://tienphong-vdc.com.vn;
http://vdcsieuthi.vnn.vn,
http://dvcshopping.vnn.vn and
http://eshop.vn-style.com;
Similar vendors are GOLmart at
http://www.golmart.com.vn,
http://goodsonline.com.vn;
Saigon Co.op
http://www.saigoncoopvn.com,
http://www.saigon-Coop Mart.com,
http://www.saigonco-op.vn,
http://www.saigonCoop Mart.com.vn

4. Commodities

Superbowl and Minimart were the first places that incorporated an entertainment concept to their business, when in 1996 they allocated floor space for activities including bowling and gaming such as snooker or video arcades. Since then, several supermarkets such as Co.op Marts, Maximart and Mien Dong, have followed this lead.

There is also a change in the type of commodities being sold. The percentage of imported goods in supermarket has gradually decreased, while domestic merchandise increased from 30-50% in 1997-98; and to 70% in 2000-04. Foodstuffs, textiles and clothing totaled 85-90% of the goods for sale.

Many kinds of fresh and prepared foodstuffs in supermarkets can now be kept in good condition and increased availability of vegetables and other agri-products are a good example of increasing domestic product (Mr. Nguyen Van Sang, Department of Domestic Market Policy, Ministry of Trade on Saigon Liberalization on 25th August, 2004). (Labourer Press, on 21st October, 2004).

While supermarkets initially sourced vegetables through wholesale markets, they have now contracted suppliers such as farmer groups and newly established agricultural co-operatives as preferred suppliers. Since 2000 food safety - particularly of vegetables- has been a growing concern. Supermarkets have set their own standards and carefully select sources of supply (see Component 3). As a result, vegetables sold in supermarkets have been improving in quality, safety and presentation.

5. Some information on the Leading supermarkets

Co-op Mart chain

The leading supermarket in HCMC for a number of years has been Saigon Co.op Mart chain. In cooperation with Asia Commercial Bank they launched in June 2003 a new payment method via cell phones; Mobile-Banking Service, as well as a website to increase convenience to consumers by providing a choice in the types of transactions available.

Co-op Mart, with 13 supermarkets has become increasingly popular and accounts for around 50% of total market share in HCMC. With over 50,000 products, they represent the third supermarket chain in terms of product range, following Big-C and Metro Cash & Carry (Nguyen Ngoc Hoa, 2003). Our recent study (see Chapter 3) found that the price of vegetables is generally lower in Co-op Mart, Mien dong and Big C than in other supermarkets (see component 2) while a study from 2004 by the Vietnam Economic Times the differences in prices between supermarkets were not significant except for Metro Cash & Carry which is 10-20% cheaper than other supermarkets due to bulk sales.

The success of Saigon Co-op might be due to the support, consultancy and training offered to Co.op Mart's employees from The Swedish Co-operative Centre, KF Project Centre, and NTUC FairPrice Cooperative Centre. Their location is always well-placed in busy inner-city sites. And thirdly, Saigon Co-op always pays attention to its customers' needs. By recognizing its customer's priority for clean and safe food, especially fresh food, Co-op Marts offers high quality vegetables, fish, meat, and shrimp as well as additional services such as free on-site clothing adjustment or free gift wrapping. Co-op Mart has developed and maintained a reputation for quality and new outlets can easily attract hundreds of customers.

To attract customers, Saigon Coop has always looked for new producers and operates on a low rate of profit, and offering competitive prices with a team that monitors competitor's pricing in HCMC (Interview with Ms. Luong Thu Lieu in 2005).

In the Vietnam News of 12-10-2004, it was suggested that local distribution companies especially Maximark and Coop Mart have profitability problems. The profit of Maximark is 10% of value of sale compared with 20 to 30% for supermarkets in foreign countries. Coop Mart faces heavy competition from foreign companies, because it is a cooperative and relies on capital investment financed from its members.

Saigon Coop (HCMC Union of Trading Co-operatives is a member of the Vietnam-Ho Chi Minh City Co-operative Alliance (HCA) - HCA is a body set up by provincial and city governments under the control of the central government. (Clause No 45 of Co-operative Law by the Assembly - Socialist Republic of Vietnam). The HCA has an executive committee, standing committee and control committee, and its membership includes retail trading, services, transportation, industry, agriculture and credit funds. HCA, 2005) (see also the structure of HCA management in Appendix 8).

Implementing policies of Government and the HCMC People's Committee is one of HCA obligations in collaboration with departments such as Department of Trade and DARD. For instance the HCA and the Department of Trade recommends Coop Mart supermarkets source their vegetables from areas under the strategic development of HCMC - such as Cu Chi (Interview with Ms. Nguyet – Department of Trade's expert on supermarket on 09th May, 2005). (Decision No. 104/2002/QĐ-UB – 19-09-02 by the HCMC People's Committee on the development program of safe vegetables in HCMC 2002-2005 (p. 6)).

The management of Saigon Coop – as a cooperative consists of a Board of Directors (Mr. Nguyen Ngoc Hoa is currently the Managing Director) and a Board of Management, currently presided by Ms. Nguyen Thi Nghia who is also the Vice –President of the HCA.

Disclosure of any conflict of interest is offered to the Board of Management and the Board of Directors at the general meeting of the members.

Metro Cash & Carry

Metro Cash & Carry, a German-owned company has brought a new trading style to Vietnam. Metro Cash & Carry's success in Vietnam rests on the targeting a wide range of customers, operating as a direct supplier and having competitive prices with low transport costs.

According to the country general director on 28/10/02, hotels, restaurants and catering institutions make out over half of Metro Cash & Carry turnover (Cadilhon, 2005). To win a wide range of customers including caterers, retailers, hotels, restaurants and small stores, Metro Cash & Carry has collected information on its targeted customers and then researched their needs prior to starting business. This list of customer's has continuously been updated.

Foodstuffs account for over 65% of Metro Cash & Carry sales (according to the senior manager in charge of company expansion on 17/05/04). Turnover for Metro Cash & Carry Vietnam in 2003 was reported at over 100 million US dollars (Saigon Times Weekly 2004b). Fresh food in particular constitutes over 50% of total food turnover (according to the country general director on 28/10/02) and fruit and vegetable represent 13% of fresh food sales (according to the senior buyer on 09/03/04).

Metro Cash & Carry tries to source and process Vietnamese products to be more competitive. The portion of domestic purchase in 2004 was reported up to 95% in their total purchase (interview with Ms. Nguyet – Department of Trade's expert on 09/05/05). Low transport and purchasing costs are made possible through direct contracts with farmers.

The company's business model has shaken other local traders by adding a competitive element to distribution chains, and innovation in terms of products and customer service. For instance Metro Cash & Carry buys large amounts of Vietnamese basa and tra fish for export. With a chain of 475 supermarkets in 26 countries worldwide, Metro Cash & Carry has now become one of the biggest customers for Vietnamese catfish. Apart from trade activities, Metro Cash & Carry in collaboration with a German non-profit organization (DEG) has invested 400,000 euros in training local farmers and in standardizing abattoirs (Vietnam Economic Times on 7th June, 2004 and economic news on 3rd June 2004 on www.saigonnet.vn). After obtaining a foothold in HCMC with two centers on the edge of town (An Phu and Binh Phu), Metro Cash & Carry expanded to Ha Noi in 2003, and in Can Tho in 2004.

Metro Cash & Carry is expected to cover most localities in Vietnam. According to Saigon Times Weekly (2004b) and Cadilhon (2005), total investment by Metro Cash & Carry in Vietnam could reach 150 million euros and cover a total of eight outlets. Metro Cash & Carry currently employs 1,200 people with a further 700 workers planned with the opening of the two extra outlets in October 2004 (according to the senior training manager interviewed by Jo Cadilhon on 20/02/04).

Big C

Since the first supermarket opened in 1998 in Dong Nai province followed by the second in HCMC in March 2001, Bourbon Group has now three Big-C supermarkets in Vietnam, consisting of two in HCMC located in the southern and western gates into HCMC and one in Hanoi.

Bourbon Group has large trading spaces, product diversity and direct investment in food processing. Bourbon is very confident in the Vietnamese market, and plans to open five trade centres in HCMC and neighboring provinces over the next few years.
Food sales account for 50% of the company turnover, fresh food for 30% of all food sales and fruit and vegetable for 16% of fresh food sales. With a strong emphasis on the fresh food and bakery sections to attract customers, the company strategy is to be consistently cheaper than its competitors in the traditional retail markets (according to the junior fresh food buyer on 25/02/04 quoted in Cadilhon, 2005).

6. Concluding points on supermarkets

Though supermarkets have rapidly increased in number, planning for locations has not been well regulated. In the 24 districts in HCMC, most supermarkets are located in the six inner city districts. Better planning provisions are needed as supermarkets extend into the outer urban areas and suburbs (see section on supermarket future expansion). Supermarkets have improved customer service as well as presentation, quality and variety of stock - with locally made or produced goods steadily increasing and particularly fruit and vegetables.

7. Companies specializing in vegetables

Despite a lack of data about vegetable producers, companies trading in safe vegetables are recorded by the Department of Agriculture and Rural Development (DARD) of HCMC. These companies collect vegetables from farmers / consolidators then either distribute them to supermarkets and retail shops or sell them to caterers such as those in Industrial Zones, schools, hospital, hotels and restaurants.

Currently, there are 15 companies in HCMC dealing with safe vegetables (see Appendix 03) (DARD HCMC, 2004). Of the 15 companies, there are only two companies directly selling vegetables to consumers through their own retail shops; Saigon VEGFRUCO and Sao Viet Center.

These companies are required to register with the DARD for the production of 'safe vegetables'. This compulsory registration helps the government to inspect the quality and improve linkages between traders and farmers (Duong Hoa Xo, 2003).

PROSPECTS OF SUPERMARKETS AND OTHER DISTRIBUTION CHAINS

A. Supermarket future Expansion

1. Number of supermarkets up to 2010

The authorities of Ho Chi Minh City have approved a plan for building supermarkets and trading centres from 2005-2010 (HCMC People Committee's Decision No. 144/2003/QD-UB 11-08-03).

By 2010, thirty eight supermarkets are planned by HCMC People's Committee including 15 supermarkets of grade 1; 7 of grade 2; and 16 of grade 3 (see Appendix 02). This investment will total around 6.798,5 billion VND for a total area of 152.920 square meters. The number of supermarkets is planned to increase by 83% between 2004 and 2010 from 46 to 84 especially grade 1 supermarkets (with an increase of 94%), while grade 3 will grow by 84% (DPI, 2004a and b)

Government planning codes stipulate the locations, capital required, and timeframe for investments. While some sectors are under government monopoly, other investments may be up for tender. This has been the case for supermarkets and trade centers - conversely however there has been a general lack of interest from foreign or private investors for development of markets places (see part IV.3, Decision No.559/QĐ-TTg),

2. Supermarket location

The HCMC People's Committee has plans to develop many small and medium size supermarkets in the residential areas of the inner city; by turning small convenience shops into small-scale supermarkets, and to upgrade and expand some modern supermarkets. Large-scale supermarkets will be developed in HCMC's suburbs and city margins to serve wholesale operations. The more populated areas in on the city margins will also have access to medium size supermarkets. Medium and large supermarkets will also be developed in the city's new urban centers such as An Phu, Thu Thiem, Phu My Hung, etc.

3. Public and private investment

The approved planing of supermarkets development has been followed by a government call for investment. Potential investors can easily get information on intended removal or clearing of existing market sites in residential areas or expansion into new urbanized locations.

Since the success of Metro Cash & Carry, supermarkets have attracted many foreign investors particularly in HCMC. At least two Asian supermarket chains have expressed interest (Vietnam Economic Times, 2004). Saigon Tourist is looking to collaborate with Parkson, one of the biggest chains in Malaysia, and plans to build a supermarket and trade centre at the corner of Dong Khoi and Le Thanh Ton streets in HCMC's centre. The Hong Kong food and drugstore retailer Dairy Farm also wants to invest in Ho Chi Minh City.

B. Market prospects

1. Number of markets up to 2010

In response to Decree No. 02/2003/NĐ-CP (14-01-03) by the Prime Minister on market administration and development, the HCMC People's Committee has implemented Decision 144A/2003/QĐ-UB (11-08-03) for city market development where 116 new markets will be built before 2010 and 229 informal markets will be removed from 2003 to 2010 (see Table 32 and Appendix 1). The number of formal markets will increase from 162 in 2004 to 272 markets in 2010, presenting a growth of 67.9%. The priority is for new markets to be placed in suburbs and newly-urbanized districts, with a planned growth rate of 130.5% and 76.9% respectively from 2004 and 2010. In the inner city, 76 of the existing 100 formal markets will be upgraded.

	Nr. of markets in 2004	Nr. of formal markets in 2004	Markets planned from 2003 up to 2010			
			Newly-built	upgraded	removed	Total in 2010
Newly-urbanized area*	77	41	42	26	48	75
Suburbs	48	36	47	30	38	89
Others	162	85	27	60	143	108
Total	**287**	**162**	**116**	**116**	**229**	**272**

Table 32 - Market plans by districts

Source: Department of Trade HCMC (2004) and HCMC People's Committee (2003)
*Note: *: Binh Tan and Tan Phu have not separately been in planning since they have just been separated from Binh Chanh and Tan Binh districts in 2004.*

2. Market locations:

Most of new markets will be developed in outer-urban areas and suburbs (with a growth rate of 130.5%) or in newly established districts (76.9%) then in inner city (only 27.1%). In towns most of investment is to upgrade 76 existing markets.

Planning for wholesale markets is focused toward the outer-urban areas to maintain better distribution and variety of goods not only in Vietnam but also in neighboring countries such as Cambodia. For instance, Hoc Mon market is favorably situated to expand trade with Cambodia via the Moc Bai border gate in Tay Ninh province and Phnom Penh in Cambodia when the construction of the Trans-Asia Highway is completed.

Government Decision No. 559/QĐ-TTg (31-05-04) approved a national market development program to 2010, which has been successful in enforcing policy mechanisms, financing, land, investment, training and defining the responsibility of related ministries and formal institutions such as the city/provincial People's Committees. This policy has improved the speed and promotion for market development.

3. Public and Private Investment

Public and private investment is crucial in HCMC for urban development including infrastructure and access to retail and wholesale markets. Tenders for private investment increase the elliciency of market management. Investment in markets must take a broad approach that complements activities between supermarkets, markets and other types of outlets.

POLICY AFFECTING THE DEVELOPMENT OF SUPERMARKETS AND OTHER DISTRIBUTION CHAINS

A. Introduction

Direct and indirect policies on food distribution chains in Vietnam and Ho Chi Minh City are referenced to applicable legal documents, including indirect policies such as traffic and food safety.

Table 33 - Policy affecting the development of supermarkets and other distribution chains.

1) Policy on distribution chains	
Supermarkets	
1. Decision N° 1371/2004/QN-BTM (Sep. 24th 2004) by the Ministry of Trade	Regulation on supermarkets
Markets	
1. Decree N° 02/2003/NN-CP (Jan. 14th 2003) by the Prime Minister	Development and management of markets
2. Decision N° 559/QN-TTg on May 31st 2004 by the Prime Minister	Market development up to 2010
3. Circular N° 772/2003/QN-BTM	Regulations on markets
4. Circular N° 06/2003/TT-BTM	Operation, responsibility and organisation of market management
5. Circular N° 67/2003/TT-BTC	Financial mechanisms applied to market management
6. Decision N° 216/2004/QN-UB (Sept 15th 2004) by HCM's peoples' committee	Basis of Decree N° 02/2003/NN-CP and Decision N° 559/QN-TTg

Public investment	
1. Decree N° 35/2002/NN-CP of March 29th 2002	Investments in preferential projects (grade 1 markets)

Table 34

2) Policy on traffic	
1. Decision N° 37/2001/QD-UB (April 27 2001), Decision N° 45/2002/QD-UB (May 3rd 2002), Decision N° 277/2003/QD-UB (Nov 25th 2003) and Decision N° 115/2004/QD-UB (April 27th 2004)	Measures against traffic jams in urban areas
2. Decree N° 14/2003/NN-CP and Decree N° 15/2003/NN-CP (Feb 19th 2003) by the Prime Minister	Implementation of traffic law
3. Decision N° 106/2003/QN-UB (June 27th 2003) by HCMC People's committee	
4. Decision promulgated by HCMC People's committee, N° 83/2003/QN-UB (May 20th 2003)	The removal of 10 major wholesale markets to 3 suburban markets

Table 35

3) Policy on food safety	
General	
1. The ordinance No 12/2003/PL-UBTVQH11 (July 26th 2003) by the National Assembly	The hygiene and safety of foodstuffs
2. Instruction No. 02/2002/CT-UB (January 22nd 2002) and Instruction No.06/2003/CT-UB (March 21st 2003) by the HCMC People's Committee	To reinforce the guarantee of hygiene and safety of foodstuffs.
Policy on safe vegetables	
1. Decision No.67/1998-BNN-KHCN (April 28th 1998)	Temporary regulation of safe vegetables in the whole country
2. No.395/TB-UB (April 24th 1996) and Decision No. 2598/QÑ-UB	The scheme of safe vegetable production (DARD HCMC, 2003)
3. Decision No.104/2002/QÑ-UB (Sep. 19th 2002) and Decision No.136/2002/QÑ-UB (Nov. 22nd 2002)	The development program of safe vegetables in HCMC in the period 2002-2005

4) Other policies	
1. Decision 80/2002/QÑ-TTg (June 24th 2002) by the Prime Minister and Circular No. 04/2003/TT-BTC (10th January 2003) by the Ministry of Finance	The encouragement of farming contract and pilot co-operatives
2. Decision No.291/2003/QÑ-UB dated Dec.12th 2003 by the HCMC People's Committee. Under the government's plan	Training and support scheme for the improvement of managing capacity, operation efficiency of the city's co-operatives in 2003-05

B. Policy on distribution chains

1. Policy for Markets

The retail sector has traditionally been under state control. Even though the past 12 years have seen the declining share of state in the retail sector, government still plays an important role in market infrastructure planning.

A market restructuring program has been adopted by the HCMC authority since April 2003 to move ten old wholesale markets - most of them located in the heart of HCMC- to the three new facilities at the city's outskirt (Decision 1549/QD-UB issued by the HCMC People Committee on 21-04-03); to renovate old retail market system and to eradicate informal markets (see section on markets).

To better address food quality concerns and as part of urban infrastructure upgrading the government initiated a program to move ten wholesale markets including the three vegetable wholesale markets (Cau Muoi, Mai Xuan Thuong and Tan Xuan) in the city centres to new facilities at the outskirts of the City.

The 10 markets are:

1. Cau Muoi market (district 1),
2. Cau Ong Lanh market (district 1),
3. Hoa Binh fish- market (district 5),
4. Dried aquatic and sea food market (district 5),
5. Tran Chanh Chieu market (district 5),
6. Fish- market 50 (district 6),
7. Mai Xuan Thuong (district 6),
8. Xom Cui fish- market (district 8),
9. Pham Van Hai pork market (Tan Binh district),
10. An Lac pork market (Binh Chanh district).

These markets have poor infrastructures, i.e, no storage facilities, limited parking areas, very narrow alleys, and large portion of street markets. They caused traffic congestion when they operated at night and posed environmental and food safety hazards.

In October 2003, the government moved Cau

Muoi market traders in District I to a new facility - Tam Binh wholesale market located in Thu duc district in the Northeastern part of the city (see Map 10). The plan to move Mai Xuan Thuong, the other central wholesale market in District VI, to Binh Dien wholesale market located in District VIII in Southern part of HCMC is on-going. Another wholesale market, Tan Xuan at Hoc Mon District in North-western part of the city, has already been constructed.

Under the decision, on the basis of their products, the supply and the product circuits, traders from the 10 removed markets can choose one among the 3 new wholesale markets: Tan Xuan Market (Hoc Mon district, the West of HCMC), Binh Dien (district 8, the South of HCMC) and Tam Xuan (Thu Duc district, the North of HCMC). Some relevant policies stipulated in this decision include compensation policy, incentive on tax policy in the first stage of operation at a new site. The prohibition of over one-ton heavy haulage of food and agri-product toward markets in HCMC since October 2003 has also been a consequence of this decision.

The impact of wholesale market relocation is case-specific, controversial and needs to be addressed. Difficulties have emerged for small retailers in the inner city who buy goods from wholesale markets as these have become more distant. Most relocated wholesalers interviewed by the authors in the two new wholesale markets (Tam Binh and Tan Xuan markets) complained of lower transactions, slow business, higher investment costs and additional fees on newly established stalls. This may have effect on the prices in markets relative to supermarkets.

However, relocation of these major markets contributes to commercial development in suburbs. The banning of old wholesale markets in the end of 2003 and the recent frequent raids of hawkers by the police have contributed to the growth of modern retailers in Vietnam including supermarkets.

The government plan to clear or remove most of informal markets has derived from concerns about traffic congestion, city land-scape, tax revenues loss and unfair competi-tion between formal and informal market traders. However, the socio-economic impacts of this program have not been clearly addressed, particularly regarding issue of poverty alleviation.

Map 10 - Location of wholesale markets and supermarkets in HCMC

Source: Cadilhon, J.-J. 2005. Business-to-Business Relationships in the Vegetable Marketing System of Ho Chi Minh City (Vietnam). PhD Thesis, University of London, Wye, UK, p.36

The development and management of markets is regulated through Decree No. 02/2003/NĐ-CP 14-01-03 by the Prime Minister, and is the current policy related to organizations and individuals participating in management, planning, developing, and upgrading and building markets.

This policy oversees regional planning and synchronization. Markets must conform to regional planning and take into account residential areas, transport, and utilities such as power and drainage. New constructions or upgrading of an existing market must be approved by the relevant authority and comply with site regulations, fire fighting and prevention rules, and lighting, drainage, ventilation, hygiene and environmental regulations.

Under general direction of the Prime Minister's Decision No.559/QĐ-TTg on 31-05-04 for market development to 2010, priority has been placed in remote areas and areas that face particular difficulties. Second priority is for development of specialized and wholesale markets. Thirdly is for concurrent development for various outlets (e.g. market, supermarket, shops etc) in urban areas. Establishing an agro-product market networks is also detailed.

Further market regulation is detailed in Circular No. 06/2003/TT-BTM that concerns the function, responsibility, jurisdiction and organization of the market's management; and Circular No. 67/2003/TT-BTC for financial management.

The HCMC People's Committee has formally put forward its own measures in Decision No.216/2004/QĐ-UB dated 15-09-04 on the basis of Decree No.02/2003/NĐ-CP and Decision No.559/QĐ-TTg. Under this decision, legal entities in Vietnam (except for foreign-owned enterprises) are allowed to take part in the bidding. The decision has also stipulated the procedure and schedule for tendering, including associated fees to take part in the tender. This decision has however been limited to grade 2 and grade 3 markets and more detailed guidance from the government is still needed.

2. Policy on Supermarkets

Decision 1371/2004/QĐ-BTM (24-09-04) is currently the only legal document on supermarkets. Supermarket standards and classification are stipulated on the basis of sales area and the number of merchandise items under the guidance of the Department of Trade, with the signage for their business in Vietnamese, and if necessary in smaller size in a foreign language. The decision also identifies supermarket planning permission; merchandise and services, hygiene standards, pricing, and the governance of supermarket operation.

In contrast with grade 1 markets, investment information has not been included in the list of preferential projects of the Decree No.35/2002/NĐ-CP dated March 29th 2002. This has discouraged potential investors in this field. The HCMC People's Committee has listed supermarkets and trade centers as preferential projects for investment. (DPI HCMC, 2004). More details of preferential treatment were expected in May 2004 but have not yet been announced.

C. Policy on traffic and architecture

Along with the socio-economic development and urbanization, traffic security has been a growing concern. The HCMC Committee has annually detailed the program opposing traffic jams in urban area in the Decision No. 37/2001/QĐ-UB 27-04-01, Decision No. 45/2002/QĐ-UB dated 03-05-02 and Decision No. 277/2003/QĐ-UB 25-11-03 and Decision No. 115/2004/QĐ-UB 27-04-04.

Regarding distribution chains, the decision mentions the following objectives:

- Improve trading order, to prevent an increase in the number and operation size of spontaneous markets
- Implement the city's investment planning, to make the best use of three wholesale markets
- Project the wholesale market system, to arrange the operation of night markets so as to reduce spontaneous markets that encroach on roadways and pavements.

More enforceable are the two Decrees stipulating in detail the implementation of Traffic Law: Decree No. 14/2003/NĐ-CP and Decree No. 15/2003/NĐ-CP 19-02-03 by the Prime Minister. Under these decrees, the government has prohibited trading operation on the roadway and pavement on the ground that it causes difficulty in the traffic and a loss of the city's landscape. Penalties from 20,000 to 40,000 VND are applied for street vending.

The two above-mentioned decrees have been further detailed under Decision No. 106/2003/QĐ-UB 27-06-03 by the HCMC People's Committee.

Other relevant decisions are:
- Instruction No. 02/2001/CT-UB 16-03-01 by the HCMC People Committee on Implementation of 12 significant programs in 2001 – 2005 and urban traffic security program in 2001.
- Decision No. 90/2001/QĐ-UB dated October 05th 2001 for the whole program in 2001-2005
- Decision No. 37/2001/QĐ-UB dated April 27th 2001 for the implementation program in 2001
- Decision No. 45 /2002/QĐ-UB dated May 03rd 2002 for the implementation program in 2002
- Decision No.277/2003/QĐ-UB dated Nov. 25th 2003 for the implementation program in 2003
- Decision No. 115/2004/QĐ-UB dated April 27th 2004 for the implementation program in 2004
- Decision No. 106 /2003/QĐ-UB dated June 27th 2003 for the detail implementation of the Decree No. 14/2003/NĐ-CP and Decree No. 15/2003/NĐ-CP dated Feb. 19th 2003 by the Prime Minister
- "Orientation of residents' trading habit toward formal markets and supermarkets" (Decision No. 90/2001/QĐ-UB). Small traders on the streets and pavements "get in the way of the traffic and reduce the beauty of the city".
- Application of the highest rate of penalty (40,000 VND) for trading operation on the roadway and pavement
- Prohibition of mobile sale by cart

D. Policy on food safety

1. Orientations on food safety

Based on the instructions listed below, the HCMC People's Committee has appointed the Department of Health as accountable to the government for the management of hygiene and safety of foodstuffs, in coordination with other relevant authorities.
- Ordinance No.12/2003/PL-UBTVQH11 26-07-03 by the National Assembly,
- Instruction No.02/2002/CT-UB 21-01-02 and
- Instruction No.06/2003/CT-UB 21-03-03

The Department of Agriculture and Rural Development of HCMC (DARD) is responsible to conduct the program of safe vegetable production and to promote marketing in coordination with the Department of Trade. The DARD (Plant Protection Division) is also in charge of inspecting the quality of vegetable production relating to pesticides and fertilizers and to collaborate with the Department of Health to inspect vegetable quality in wholesale and retail outlets.
The Department of Trade is mainly responsible for controlling the packing and labeling of goods traded at food outlets.

Government initiatives based on these policies have improved the safety of food distribution and made consumers more aware of food safety issues. Consumers are increasing their demand for foods of a high standard at all retail outlets including supermarkets.

2. Policy on safe vegetables

The growing concern of the government for food safety has resulted in Decision No.67/1998-BNN-KHCN dated on April 28th 1998 on the temporary regulation of safe vegetables in the whole country. HCMC started its program in 1996 after the notice No.395/TB-UB dated April 24th 1996 and Decision No. 2598/QĐ-UB on the scheme of safe vegetable production (DARD HCMC, 2003). Under these programs, the safe vegetable production has come into effect particularly in Ap Dinh, Tan Phu Trung (Cu Chi district). The Decision No.104/2002/QĐ-UB dated Sep. 19th 2002 and Decision No.136/2002/QĐ-UB dated Nov. 22nd 2002 on the development program of safe vegetables in HCMC in the period 2002-2005 cover not only production but also trade promotion and the government administrative management.

The HCMC DARD is responsible for coordinating the related formal institutions and provincial departments to perform the program into the three following aspects:

a. Development of safe vegetable production
It is oriented in suburban areas and further enlargement through:
- Agricultural extension; training on farming technique, use of pesticide and chemical substance; support to equipment investment, stable supply of seed and other related policies;
- Implementation of the activities in selected areas including Tan Phu Trung (Cu Chi district), Tan Thoi Nhi, Xuan Thoi Son, Xuan Thoi Thuong, Tan Hiep communes (Hoc Mon district); Tan Quy Tay, Binh Chanh communes (Binh Chanh district);
- Responsibility of research and transfer by The Science and Technology Department of HCMC in coordination with DARD, Universities and other institutions.

b. Planning of trade promotion and supply of safe vegetables in HCMC:
- Organization of safe vegetable trading network in HCMC; investment in the agri-product wholesale market, upgrading the vegetable fixed retail outlets;
- Regarding tax exemption/reduction for groups of farmers and cooperatives involved in safe vegetable production, some projects have been under consideration by HCMC DRAD, Department of Trade and Department of Finance;
- Setting a website on production and trade of safe vegetables;
- The HCMC Department of Trade is in charge of organizing safe vegetable trading network; the HCMC DARD has the responsibility of safety at the production stage.

c. Enforcement of administrative control of safe vegetables in HCMC:
- Monitoring and inspecting the farmer's performance to certify vegetable quality;
- Under the direction of DARD, the Division of Plant Protection is in charge of guiding and inspecting the excess of pesticide use;
- The Department of Trade has to coordinate with the city Department of Health to inspect vegetables traded in wholesale markets, markets, supermarkets and other outlets;
- Implementation of the government support policies;
- The government has provided capital with supporting interest rate from 4% to 7% per year for agricultural production including safe vegetables;
- Some measures have been in evaluation such as tax exemption/reduction for group of farmers, cooperatives involved in safe vegetable production, support to farming technique and investment in equipments for processing and transportation of safe vegetables.

The enforcement of these decisions has accelerated the safe vegetables production and trade. With the strict observation of hygiene at the beginning, supermarkets have turned more attractive to the city dwellers, thus playing an important role in furnishing vegetables and other food items.

3. Policies on cooperatives and contract farming

Other relevant policies are the encouragement of farming contract and pilot co-operatives The former is regulated by Decision 80/2002/QĐ-TTg dated June 24th 2002 by the Prime Minister and Circular No. 04/2003/TT-BTC dated 10th January 2003 by the Ministry of Finance. Some incentives can be listed as follows:

a. Investment in infrastructures

By linking areas supplying raw material, processing and agri-products, the government has given a top priority to investment in infrastructures such as warehouses, electricity system, market information system, wholesale market system and so on. The needed capital is contributed by producers and other key players. If this contribution is insufficient, the city/provincial People's Committee will additionally invest from local budget or such an additional capital can be borrowed from the government's credit fund with 0% interest rate.

b. Supporting credit

The government has provided participants to contract farming with credit from supporting development fund (Quy ho tro phat trien). In remote areas, the supporting interest rate is only 3% per year. As for contract farming performed by state-owned companies, the government has supplied 30% working capital to these projects.
The government has considered partly bearing the loss of farmers involved in contract

farming, due to market price fluctuation, natural disaster and force majeure. However, up to now, there has not been any detailed regulation on this.

c. Support to advanced technology and market information transfer

The government supports the dissemination of high-yield varieties and access to extension by contract farming participants. However, these measures have not been attractive to enterprises and adequately put into practice due to the absence of a government subsidy or credit mechanism, according to Mr. Hoang Tho Xuan – from the Ministry of Trade.

The Decision No.291/2003/QĐ-UB dated Dec.12th 2003 by the HCMC People's Committee involves training and support scheme of the improvement of managing capacity, operation efficiency of the city's co-operatives in 2003-05. The commune farmer associations have provided small-scale farmers with technical training, supply of inputs, output collection, and a formal representative to negotiate with the government and other partners in production and trade. This policy has created a link between the farmer and supermarkets as an outlet for agri-products.

Conclusion

The development of modern distribution chains seems inevitable. Prominent among these modern distribution chains are supermarkets as reflected by their number, growth rate and their scale of operation. The involvement of the poor in these modern distribution chains has now to be investigated.

As consumers, this process is expected to reduce cost of marketing, thus their access to more competitive price and improved services. As producers, it may induce more competition with higher quality assurance requirements, resulting in a higher income from their products.

These fundamental requirements are investigated in the following chapters.

Appendix 1- State and prospect of market by district and grade

District	In Dec. 2002			In June 2004							Planning from 2003 to 2010			
	No. of mrk	Fixed	Spontaneous	No. of mrk	Formal	Ranking					Newly-built	upgraded	removed	Total in 2010
						1	2	3						
								Total	Formal	Informal				
Urban districts														
1	26	9	17	7	7	4	1	2	2	0	0	6	20	6
3	12	4	8	12	6	0	4	8	2	6	0	4	8	4
4	8	7	1	7	1	1	0	6	0	6	3	1	7	4
5	20	15	5	20	6	4	2	14	0	14	0	4	14	6
6	14	13	1	9	9	4	1	4	4	0	1	4	6	9
10	14	7	7	14	8	2	0	12	6	6	0	7	7	7
11	13	4	9	5	5	1	2	2	2	0	2	4	15	6
Phu Nhuan	8	4	4	3	3	0	3	0	0	0	1	4	4	5
Binh Thanh	31	13	18	19	10	1	4	14	5	9	3	10	21	13
Tan Binh	20	16	4	28	14	2	2	24	10	14	3	9	4	19
Go Vap	24	5	19	24	5	1	4	19	0	19	3	4	19	8
8	28	15	13	14	11	2	5	7	4	3	11	3	18	21
Sub-total	218	112	106	162	85	22	28	112	35	77	27	60	143	108
Newly-urbanized districts														
7	11	5	6	5	5	0	3	2	2	0	3	3	5	8
2	16	9	7	9	1	0	1	8	0	8	3	4	12	7
9	14	11	3	11	10	0	0	11	10	1	6	6	3	17
12	14	13	1	13	1	0	0	13	1	12	14	4	10	18

District	In Dec. 2002			In June 2004							Planning from 2003 to 2010			
	No. of mrk	Fixed	Spontaneous	No. of mrk	Formal	Ranking					New-ly-built	up-graded	re-moved	Total in 2010
						1	2	3						
								Total	Formal	Informal				
Thu Duc	27	9	18	9	9	1	8	0	0	0	16	9	18	25
Binh Tan*				21	9	1	2	18	6	12				
Tan Phu*				9	6	0	0	9	6	3				
Sub-total	82	47	35	77	41	2	14	61	25	36	42	26	48	75
Suburban districts														
Cu Chi	18	14	4	14	10	0	2	12	8	4	5	9	4	19
Nha Be	8	1	7	5	4	0	1	4	3	1	4	1	2	5
Binh Chanh	36	13	23	11	7	0	2	9	5	4	20	8	27	29
Can Gio	10	10	0	5	4	0	0	5	4	1	11	6	2	19
Hoc Mon	13	10	3	13	11	1	1	11	9	2	7	6	3	17
Sub-total	85	48	37	48	36	1	6	41	29	12	47	30	38	89
Total	385	207	178	287	162	25	48	214	89	125	116	116	229	272

Source: Department of Trade (2003, 2004) and the People's Committee HCMC (2003).

Note: *: The two districts have not separately been in planning since they have just been separated from Binh Chanh and Tan Binh districts in 2004.

Appendix 2-State and prospect of supermarket by district and rank in 2002

District	In 2002				Investment up to 2010				total in 2010
	total in 2002	Ranking			total	Ranking			
		1	2	3		1	2	3	
1	14	1	5	8	6			6	20
2	1	1			2	1		1	3
3	4	1	2	1					4
5	4		1	3	3		2	1	7
6	3	2	1		3			3	6
7	1			1	2	1	1		3
9					1	1			1
10	8	4	2	2	3	1	1	1	11
11	2	1		1					2
12					2	1	1		2
Phu Nhuan	2	1		1	2	2			4
Binh Thanh	2	1		1	2	2			4
Thu Duc					5	2	1	2	5
Tan Binh	3	2		1					3
Go Vap	1	1			2		1	1	3
Hoc Mon					1	1			1
Cu Chi					1	1			1
Nha Be					1			1	1
Binh Chanh	1	1							1
Can Gio					2	2			2
Total	46	16	11	19	38	15	7	16	84

Source: The People's Committee HCMC (2003)

Note: These figures do not include supermarkets in trade centers

Appendix 3 -State and prospect of supermarket by district and rank (cont.)

District	In Dec. 2002	Total in development planning from 2003-2010	In 2005			
			No. of SM	General SM	Specific SM	located in trade center
Urban districts	43		70	29	30	11
1	14	20	16	8	0	8
3	4	4	11	2	9	0
4			1	0	1	0
5	4	7	5	1	3	1
6	3	6	5	3	2	0
10	8	11	8	3	4	1
11	2	2	4	1	3	
Phu Nhuan	2	4	3	3	0	0
Binh Thanh	2	4	4	2	2	0
Tan Binh	3	3	7	5	1	0
Go Vap	1	3	6	1	5	1
Newly-urbanized districts	2		12	7	5	0
2	1	3	2	2	0	0
7	1	3	2	1	1	0
9		1	1	1	0	0
12		2	1	0	1	0
Binh Tan			2	2	0	0
Thu Duc		5	4	1	3	0
Suburban district	1	1				
Hoc Mon		1				
Cu Chi		1				
Nha Be		1				
Binh Chanh	1	2				
Can Gio						
Total	46	84	82	36	35	11

Source: Data provied by Department of Trade (2005a), The People's Committee HCMC (2003)

- Note-The SM in Binh Chanh in 2002 is Big-C. This Big-C is now located in Binh Tan District, since Binh Chanh district separated into two districts Binh Chanh and Binh Tan in Nov.2003.
- In Dec. 2002, the Department of Trade conducted their surveys and submitted their planning on the development of market, supermarket and trade center in HCMC up to 2010 in 2003 Department of Trade's report (DoT, 2003). This planning has then been approved and announced in the Decision No. 144/2003/QĐ-UB and Decision No. 144A/2003/QĐ-UB by the HCMC People's Committee. The development planning has been set from 2003 to 2010. The intended number of supermarkets in each district does not specify the distribution between specialised and general supermarkets. In 2005, the actual development of SM has been separated into specialised and general ones. So in some cases, the actual number of SM in 2005 is higher than the intended number in planning up to 2010.

Appendix 4-List of vegetable companies in HCMC and district location

	Company	District	Retail outlet
1	Vegetables and Fruits Exporting Enterprise (Saigon VE GFRUCO)	1	10
2	Sao Viet Center	1	7
3	Imexco Company – Vegetable Factory (VEGEFOODS)	5	None
4	FR ESCO Company	Phu Nhuan	None
5	Trang Trai Company	Phu Nhuan	None
6	Sinh Thanh Company	Thu Duc	None
7	An Thinh Phat Company	1	None
8	Dang Nguyen Company	Binh Thanh	None
9	Hiep Thanh Cooperative	12	None
10	Hung Phat Establishment	8	None
11	Hoang Giang Company	4	None
12	Trieu Duong Company	6	None
13	Vegetable and Food Trading Company (VF Company)	Go Vap	None
14	Kim Dung Establishment	6	None
15	AGREX SAIGON Company	3	None

Source: DARD HCMC (2004)

Appendix 5- List of trade centers and supermarkets in HCMC in May 2002 (source: Department of Statistics and Price, General Statistics Office)

No	Name	Address	Area	Employees number
	Trade centers			
1	An Dong trade and service center	An Duong Vuong Road, commune 9, D5	25000	105
2	East trade center	138A, To Hien Thanh, commune 15, D10	9287	252
3	Phu Tho pharmacy joint stock	29, 52 road, Lu Gia hostel, commune 15, D 11	3178	65
4	Nhat Nam trade center	54 - 56 Nguyen Trai street, Ben Thanh, D 1	12000	317
5	NHP trade and entertainment center	34 Ton Duc Thang street, Nguyen Thai Binh, D 1	6432	283
6	Nam Hoa trade and service co ltd.	277B Cach mang thang 8, commune 12, D 10	2000	
7	Thuong xa tac	135 Nguyen Hue street, Ben Nghe, D 1	14235	262
8	Dui market trade center	158 Vo Van Tan street, commune 6, D 3	300	14
9	Gia Thanh electronic center	975 Tran Hung Dao street, commune 5, D 5	667	20
10	Thuan Kieu plaza trade center	190 Hong Bang street, commune 12, D 5	9971	128
11	Dong Khanh trade cooperative managing committee	506 Tran Hung Dao B street, commune 14, D 5	2314	32
12	An Duong trade center	10 B Suong Nguyet Anh street, Ben Thanh, D 1	2000	75
13	Lucky Fimex trade center	38 Nguyen Hue street, Ben Nghe, D 1	1500	100
14	Saigon Super bowl joint venture	A 43 Truong Son road, commune 4, D Tan Binh	12000	142
15	Me Linh buying center	2 Ngo Duc Ke, Ben NGhe, D 1	2014	34
16	Binh Tay trade center	116 - 118 Bai Say road,	3453	12
17	Sai Gon trade center	37 Ton Duc Thang street, Ben Nghe, D 1	39245	100

No	Name	Address	Area	Employees number
18	HCM City international fair center	446 Hoang Van Thu street, commune 4, Tan Binh	8500	9
19	Trade center	34 Le Duan, Ben Nghe, D 1	33013	131
21	Yersin materials trade center	33 - 35 - 37 Yersin street, Cau Ong Lanh, D 1	630	
22	Saigon center	65 Le Loi street, Ben Nghe, D 1	26566	165
23	Tan Dinh trade center	344 Hai Ba Trung street, Tan Dinh, D 1	150	10
24	International trade center (TIC)	101 Nam Ky Khoi Nghia, Ben Thanh, D 1	2098	130
25	Hoang Thanh trade center	77 - 89 Nam Ky Khoi Nghia, Ben Thanh, D 1	1250	9
26	S aigon trade center	64 Pho Duc Chinh street, Nguyen Thai Binh, D 1	100	30
27	D 10 trade center	90 A, Ly Thuong Kiet road, commune 14, D 10	8593	49
28	Saigon square	39 Le Duan, Ben Nghe, D 1	7600	58
	Supermarkets			
1	Thang Loi supermarket	2 Truong Chinh, commune 15, Tan Binh		
2	Service and trade shop (Cong Doan supe rmarket)	85 Cach Mang Thang Tam, Ben Thanh, D 1	300	14
3	Hau Giang supermarket	188 Hau Giang, commune 6, D 6	2244	102
4	CORA An Lac	Huong Lo 5, An Lac, Binh Chanh	16644	301
5	Sicimar t Saigon supermarket	39 Le Duan, Ben Nghe, D 1	2200	25
6	Binh Dan (popular) supermarket	9 Quang Trung, commune 11, Go Vap	7000	226
7	Coop Cao Thang	2, commune 2, D 3	138	6
8	CORA East	138 A To Hien Thanh, commune 15, D 10	4000	238
9	Electric machine supermarket	62 A Xo Viet Nghe Tinh, commune 9, Binh Thanh	300	55
10	Lon market electric machine supermarket	Lo GC, Hung Vuong, commune 11, D 5	4111	107
11	Saigon supermarket	34, 3rd February road, commune 12, D 10	10000	167
12	Citimart Minh Khai supermarket	21 - 23 Nguyen Thi Minh Khai, Ben Nghe, D 1	260	7
13	Citimart Minh Chau	369 Le Van Si, commune 12, D 3	2900	20
14	East supermarket	202 B Hoang Van Thu, commune 9, Phu Nhuan	7500	196
15	International Electric and electronic machine supermarket	131 Nguyen Trai, commune 2, D 5	600	30
16	Citimart Thuan Kieu supermarket	190 Hung Vuong, commune 12, D 5	490	18
17	No 1 Truong son supermarket	1, Truong Son road, commune 4, Tan Binh	32	6
18	286 Dien Bien Phu supermarket	286 Dien Bien Phu, commune 25, Binh Thanh	45	6
19	Nam Phuong	1B Vo Van Tan, commune 6, D 3	400	9
20	No 159 Nguyen Tri Phuong supermarket	150 Nguyen Tri Phuong, commune 4, D 5	36	6
21	No 22 shop (Masan mart)	97 Nguyen Duy Phuong, Ben Nghe, D 1	120	11
22	FOOD COOP MART	No 4, 3rd February road, commune 11, D 10	1700	51
23	Phu Lam supermarket	6 Ba Hom, Da Cao, D 6	2040	73
24	Dinh Tien Hoang supermarket	127 Dinh Tien Hoang, commune Da Cao, Binh Thanh	3659	197
25	Nguyen Dinh Chieu supermarket	168 Nguyen Dinh Chieu, commune 6, D 3	3170	180
26	Dam Sen supermarket	3 Hao Binh, commune 3, D 11	4080	113
27	MEDICARE	75 Pham Hong Thai, Ben Nghe, D 1	570	34
28	Tran Hung Dao supermarket	727 Tran Hung Dao, commune 1, D 5	1044	92
29	Cong Quynh	189C Cong Quynh, Nguyen Cu Trinh, D 1	1284	146
30	Baby & Baby	569 - 573 Tran Hung Dao, Cau Kho, D 1	400	14
31	MACIMARK	3 - 3C 3rd February, commune 11, D 10	13000	254
32	SITIMART Le Thanh Ton supermarket	20 Le Thanh Ton, Ben Nghe, D 1	200	7

Source: Department of Statistics and Price, General Statistics Office

Appendix 6-List of general supermarkets in 2005

No.	Name of supermarket	Area (m^2)	District location	Address
1	Coop Mart Cong Quynh	3312	1	189 C Cong Quynh, District 01
2	Coop Mart Nguyen Dinh Chieu	2550	3	168 Nguyen Dinh Chieu District 03
3	Coop Mart Tran Hung Dao	810	5	727 Tran Hung Dao District 05
4	Coop Mart Hau Giang	2030	6	188 Hau Giang District 06
5	Coop Mart Dam Sen	3600	11	03 Hoa Binh District 11
6	Coop Mart Dinh Tien Hoang	4760	Binh Thanh	127 Dinh Tien Hoang, Binh Thanh District
7	Coop Mart Phu My Hung	2151	7	Phu Gia District 07
8	Coop Mart Phu Lam	2748	6	06 Ba Hom District 06
9	Coop Mart Thang Loi	4072	Tan Binh	02 Truong Chinh Tan Binh District
10	Coop Mart Nguyen Kiem	7059	Phu Nhuan	571 Nguyen Kiem Phu Nhuan District
11	Coop Mart Xa Lo Ha Noi	6045	9	191 Quang Trung District 09
12	Maximark 3C	16000	10	3C 3/2, District 10
13	Maximark Le Loi	3000	1	65 Le Loi District 01
14	Maximark Cong Hoa	20000	Tan Binh	15-17 Cong Hoa, Tan Binh District
15	Citimart Minh Chau	2500	3	369 Le Van Sy, District 03
16	Citimart SaiGon	2000	1	39 Le Duan, District 01
17	Citimart Nam Ky Khoi Nghia	150	1	21-23 Nguyen Thi Minh Khai. District 01
18	Citimart Le Thanh Ton	200	1	20 Le Thanh Ton, District 01
19	Citimart Plaza	7000	1	230 Nguyen Trai, District 01
20	Big C Mien Dong	4391	10	138A To Hien Thanh, District 10
21	Big C An Lac	7665	Binh Tan	1231 Quoc Lo 1A, Binh Tan District
22	Metro Cash & Carry Binh Phu	6961	6	11 Binh Phu District 06
23	Metro Cash & Carry An Phu	7040	2	1 An Khanh, District 02
24	Hanoi -Cong Quynh	1500	1	189 Cong Quynh, District 01
25	Hanoi -Phan Dang Luu	2000	Phu Nhuan	36A Phan Dang Luu, Phu Nhuan District
26	Kim Cuong Diamondmart	360	1	34 Le Duan, Ben Nghe Ward, District 01
27	Binh An - Mien Dong	2160	Binh Thanh	292 Dinh Bo Linh, Binh Thanh District
28	Binh An - CMC		Tan Binh	79B Ly Thuong Kiet, Tan Binh District
29	Mien Dong	8200	Phu Nhuan	202B Hoang Van Thu, Phu Nhuan District
30	Gourmer- Superbowl	550	Tan Binh	A43 Truong Son, Tan Binh District
31	Saigon	4300	10	34 3/2 Street, District 10
32	Binh Dan	4200	Go Vap	9 Quang Trung, Go Vap District
33	Vikamex	2282	Tan Binh	254 Luy Ban Bich, Tan Binh
34	An Phu	850	2	43 Thao Dien, District 02
35	Quang Dai	1100	Binh Tan	248 Kinh Duong Vuong, Binh Tan District
36	Bach Huong	674	Thu Duc	62C/1 Quoc Lo 13, Thu Duc
	Total area	**144220**		

Source: Data provided by the HCMC Department of Trade (2005)

Appendix 7- List of specialised supermarkets in 2005

No.	Name of supermarket	Area (m2)	Specialized	District location	Address
1	Dien May Tu Do Binh Thanh	715	electronic appliances	Binh Thanh	62A Xo Viet Nghe Tinh, Binh Thanh District
2	Dien May Tu Do District 07	1600	electronic appliances	7	520 Huynh Tan Phat, District 07
3	Dien May Ky Dong	1000	electronic appliances	3	167 Tran Quoc Thao, District 03
4	Dien May Hang Xanh	500	electronic appliances	Binh Thanh	245 Xo Viet Nghe Tinh, Binh Thanh District
5	Dien May Thien Hoa I CMT8	2000	electronic appliances	10	277B CMT8, District 10
6	Dien May Thien Hoa II CMT8	1584	electronic appliances	12	2-6B Truong Chinh, Ward Tan Thoi Nhat Di strict 12
7	Dien May Cho Lon	4111	electronic appliances	5	Lo G Hung Vuong Apartment Building, District 05
8	Gia Thanh	670	Electronic appl iances	5	975 Tran Hung Dao District 05
9	Viet Nam	500	Electronic appl iances	3	308A Dien Bien Phu District 03
10	Tan Thinh An	900	Electronic appl iances	3	133 -141 A-B CMT8 District 03
11	Electronic appliances	400	Electronic appl iances	3	51 Truong Dinh District 03
12	Vinatex	1800	textile	4	300A -B Nguyen Tat Thanh, Distrct 04
13	Phat Tien Mobile Mart	500	Mobile	10	33 3/2 Street, Ward 11, District 10
14	Pho Xinh	7000	Furniture	10	8 3/2 Street, Ward 12, District 10
15	Ratex	1200	bamboo handicraft	10	1 3/2 Street, District 10
16	Ha Nam	2000	wooden furniture	Thu Duc	489 Quoc Lo 13, Thu Duc District
17	Dong Y	1185	Medicine	5	57 -61 Hai Thuong Lang Ong, District 05
18	Mobile	400	Mobile	3	60 -62 CMT8, District 03
19	Plaza Vietnamese Shoes	1000	Shoes	3	180 -182 Ly Chinh Thang, District 03
20	Fruits	100	Fruits	3	450 Nguyen Thi Minh Khai, District 03
21	A Phap	500	Wine	Tan Binh	307/ 9 Nguyen Van Troi, Tan Binh
22	Phu Tho	1499	Book	11	940 3/2 Street District 11
23	Dam Sen	555	Book	11	286 Lac Long Quan, District 11
24	Le Dai Hanh	300	Book	11	457 Le Dai Hanh, District 11
25	Tan Dinh	700	Book	3	387 -389 Hai Ba Trung, District 03
26	Tran Quoc Thao - Ky Dong	350	Book	3	161 -163 Tran Quoc Thao, District 03
27	Cay Go	700	Book	6	146 Minh Phung Ward 06, District 06
28	Nguyen Van Cu	1833	Book	6	805 -809 Hong Bang, Ward 09, District 06
29	Nguyen Thai Son	515	Book	Go Vap	86A Nguyen Thai Son, Ward 03, Go Vap District
30	Le Loi	300	Book	Go Vap	44A Le Loi, Ward 04, Go Vap District
31	Nguyen Oanh	300	Book	Go Vap	03 Nguyen Oanh, Ward 10, Go Vap
32	Lac Xuan	300	Book	Go Vap	220 Nguyen Van Nghi, Ward 07, Go Vap Di strict
33	Nhan Van	850	Book	Go Vap	7 Quang Trung, 11 Ward, Go Vap District

No.	Name of supermarket	Area (m2)	Specialized	District location	Address
34	Nguyen Van Cu - Thu Duc	1800	Book	Thu Duc	188 Vo Van Ngan, Binh Tho Ward, Thu Duc District
35	Thu Duc	550	Book	Thu Duc	4 To Ngoc Van, Linh Tay Ward, Thu Duc District
	Total area	**40217**			

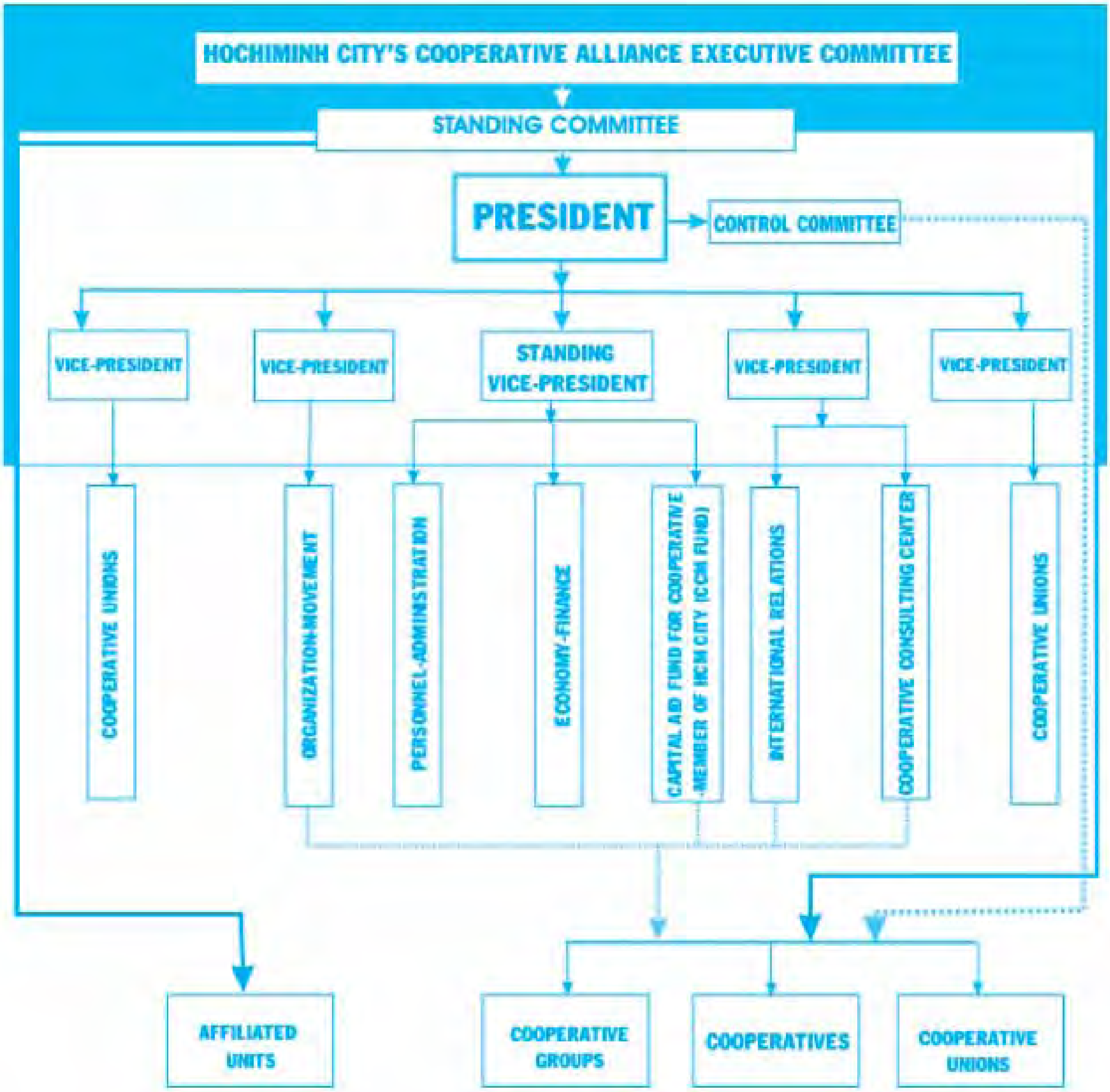
Source: Data provided by the HCMC Department of Trade (2005)

Appendix 8- List of specialised supermarkets in 2005

No.	Name of Trade Center	District location	Area (m^2)	Having SM (x)	Name of SM (if any)	Address
1	Lucky Plaza	1	1366			38 Nguyen Hue, Ben Nghe Ward, District 1, HCMC
2	Zen Plaza	1	7200	x		56 Nguyen Trai, Ben Thanh Ward, District 01, HCMC
3	Thuong Xa Tax	1	10600	x		135 Nguyen Hue, Ben Nghe Ward, District 1, HCMC
4	International Trade Center	1	8356	x		101 Nam Ky Khoi Nghia, District 1, HCMC
5	Saigon Center	1	3900	x	Maximart	65 Le Loi, Ben Nghe Ward, District 1, HCMC
6	Diamond Plaza	1	33800	x		34 Le Duan, Ben Nghe Ward, District 1, HCMC
7	Saigon Square	1	12000	x	Citimart	39 Le Duan, Ben Nghe Ward, District 1, HCMC
8	Saigon Trade Cen ter	1	n.a			37 Ton Duc Thang, Ben Nghe Ward, District 1, HCMC
9	Me Linh Poite	1	22000			2 Ngo Duc Ke, Ben Nghe Ward, District 1, HCMC
10	Saigon Nguyen Kim	1	4200			63-65 Tran Hung Đao, Pham Ngu Lao Ward, District 01, HCMC
11	Citi Plaza	1	6000	x	Citimart Plaza	230 Nguyen Trai, Ben Thanh Ward, District 1, HCMC
12	Saigon Tourist	1	17000	x		35Bis Le Thanh Ton, Ben Nghe Ward, District 1, HCMC
13	An Duong	1	n.a			10B Suong Nguyet Anh, Ben Thanh Ward, District 01, HCMC
14	Thuan Kieu Plaza	5	21797	X		190 Hung Vuong, Ward 12, District 05
15	Dien May	5	470			41 Pham Ban, Ward 13, District 05
16	Trade Center District 10	10	17524			90A Ly Thuong Kiet, Ward 14, District 10, HCMC
17	M ien Dong	10	10000	X		138A To Hien Thanh, Ward 13, District 10, HCMC
18	Superbowl	Tan Binh	8750	x	Superbowl	A43 Truong Son, Ward 2, Tan Binh District, HCMC
	Total area		**184963**			

Source: Data provided by the HCMC Department of Trade (2005)

Appendix 9 - Structure of HCMC alliance management



Source : HCA (2005)

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PART 2 - POOR CONSUMER'S ACCESS TO SUPERMARKETS

CHAPTER V

POOR CONSUMERS ACCESS TO SUPERMARKETS IN VIETNAM

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FOREWORD

Many studies have been conducted on the impact of supermarket development on the upstream component of the food chain but very few address the effect on the downstream component: consumption. This study attempts to contribute to fill this deficiency, through (1) a synthesis of very scattered sources from various disciplines on the possible impact of supermarkets' development on food consumption and poor households and (2) a survey on the present food purchasing practices of poor households in Vietnam.
These practices have been studied in three places (see Table 36): Hanoi the capital, Ho Chi Minh City the largest city in the country and Moc Chau a secondary town in the northern mountain area (Son La Province). In Hanoi and Moc Chau, this work was carried out under the responsibility of Muriel Figuié (Cirad) and Nguyen Duc Truyen (IOS-VASS), by enumerators from the Institute of Sociology, and with the support of the local Women's Union. In Ho Chi Minh City, this study was carried out under the responsibility of Phan Thi Giac Tam (Nam Long University).

In Ho Chi Minh city and Moc Chau, food purchasing practices have been studied through a "24h recall survey" (reported practices for the last 24 hours). In Hanoi, purchasing practices have been monitored during one week. Survey has been conducted with the person with primary responsibility for food shopping in the household, and a comparison of prices between outlets in Hanoi and Ho Chi Minh City has been made (by H.B.An, RIFAV and P.T.G Tam, Nong Lam University).

We present in this synthesis the data regarding supermarkets in order to analyze the present and potential implications of supermarkets in the food purchasing practices of poor households in Vietnam.

Table 36 - Consumption surveys

2005	Hanoi	Ho Chi Minh City	Moc Chau
Sample	110 poor households in Quynh Mai area	52 poor households 65 non poor households in Nguyen Cu Trihn ward	110 poor households
Data collection	one week monitoring and focus group discussions	one visit survey	one visit survey
Price comparison	basic foodstuffs	Vegetables Sugar	no comparison
Responsible	CIRAD/IOS RIFAV (price collection)	Nam Long University, Faculty of Economics	CIRAD/IOS

Note: the poverty line was taken from women's union.

MAIN FINDINGS

(see table 37)

Poor consumers

Social policies in Vietnam do not address the poor as "consumers", but instead, mainly as "farmers" or "ethnic" categories via rural development support programs. However social policies have proved to be important in decreasing poverty in recent years: 25% of households were under the food poverty line (less than 92$/cap/year for food expenditure) in 1993, compared to 10% in 2002 (GSO, 2004). But these policies could be inappropriate for the future, if we consider the social transformation occurring in urban areas (increasing migration along with employment and accommodation problems).

Poor consumers are sensitive to change in food distribution system. Mostly because food represents a very high share (70%) of the value of their consumption. And the urban poor, having a low share of home production (less than 4% of self consumption in urban areas, 32% in rural ones) are much sensitive to food prices variations. Now, after a period of stability, food prices have begun to increase since 2004: +17.7 % for the staple food, + 15.6% for the other foodstuffs, for the year 2004.

What could be the impact on these vulnerable households of the modernizing the food distribution system in Vietnam, and more specifically of supermarkets development?

Share of supermarkets in poor households purchasing practices

In Vietnam, the development of supermarkets is still beginning. We assessed that supermarkets represent 0.8% of national food market in 2002. Their present strategy is to gain customers among the middle or high income classes, of the major cities of the country: Hanoi, Ho Chi Minh, Da Nang, Hai Phong. There is no supermarket in secondary cities such as Moc Chau. This situation may be considered as characteristic of the first stage of the rise of supermarkets development observed all over the world: "they begin in upper-income niches in larges cities and spread into middle-classes then to the poorer consumer markets from larger cities to secondary cities to towns, and from richer urbanized zones to poorer and less urbanized areas" (Reardon and Berdegue 2002). In Ho Chi Minh City a supermarket chain has just been set in a poor area.

Nowadays, in Ho Chi Minh City, supermarkets are more numerous than in Hanoi (respectively 71 and 55) but in proportion of the population, Ho Chi Minh City is less equipped (one supermarket for 78,000 dwellers in HCM City, but one for 55,000 in Hanoi).
Nevertheless, households in Ho Chi Minh City are more likely to shop in supermarkets than in Hanoi (table 2):

In Hanoi, more than 60% of the poor households of our survey have never shopped in supermarkets and only 2.7% shop there regularly (from few times a month to few times a week). Food expenditure in supermarkets only accounts for 0.3% of the total food expenditure recorded during the week of the survey in poor households. Open air markets, formal or informal, are still the main place for purchasing food, in all households.

In Ho Chi Minh City, only 33% of the poor households have never shopped in supermarkets (and 2% for non-poor households), and 38.5 % shop there regularly (81.2% in non poor households).
The higher use of supermarkets in Ho Chi Minh is confirmed by other sources.

In Hanoi, regarding food purchased in supermarkets, poor consumers mainly buy processed food, i.e., milk and dairy products, instant noodle, canned food, and processed meat (in Ho Chi Minh City, non poor households buy the same main products, plus sweets).

Limits for poor households shopping in supermarkets

Prices, habits and distance are the main reasons quoted by consumers for not shopping in supermarkets.

Daily purchasing practices, importance of freshness. Many of the respondents have quoted that they do not shop in supermarket because this is "not in their habit". But what do they really mean? Poor households in Hanoi purchase very often and for a small amount: 13 purchases a week, 17,000 dongs by purchase. This might be linked to the limited assets of the households (fridge, freezer) and the inability to transport large quantities of goods. But the importance of freshness for Vietnamese consumers (confirmed by many studies in Asia) might explain also this practice. Fresh food products are very important in the Vietnamese diet (especially vegetables) and buying food daily is seen by consumers as a guaranty of the freshness and safety of the product (Figuié 2004). Consumers also show some reluctance for refrigerated food.

Higher prices are another main reason quoted by respondents to explain their low attendance of supermarkets (and the price to pay for parking). Food shortage can be important in these households (29% of the poor households in Ho Chi Minh declare to suffer regularly from food shortages, but only 2% in Hanoi) and these consumers are highly budget-conscious. Hanoi supermarkets have higher prices than open air markets (especially for vegetables +40% to +160%, according to our survey). But in Ho Chi Minh City a comparison of prices (for vegetables) does not show much difference. In fact higher prices may be related to the notion that, in a way, supermarkets are not for poor people: the shame quoted by some respondents in Ho Chi Minh City for poor clothing when visiting supermarkets and this common remark in Hanoi "poor do not shop in supermarkets" reflect this perception.

Proximity. Distance from home is another main reason for not shopping in supermarkets. Poor households have a limited purchase area (2 km radius in Quynh Mai, while the nearest supermarket is at 2 km). This is partly due to the lack of mean of transportation in these poor households. The question of distance has to be related to the one of time spending: time to park your motorbike (whereas you can shop from your motorbike in other outlets), to deposit your bag at the security desk, to wait at the cashier. This is important considering that 47% of the persons in charge of food purchasing in our study in Hanoi work more than 10 hours a day. Distance must also be related to the question of trust. Developing personal relationship with retailers is important because this ensures: (1) access to credit (one household out of four in our Hanoi sample had borrowed money to buy food during the month before the survey) and (2) the guarantee not to be misled on the quality of the goods bought: "I've lived here a long time, I am well-known, the traders cannot mislead me". For poor consumers, who cannot use high prices as a signal of quality, this is particularly important.

The potential of development of supermarkets

Poor consumers generally have a good opinion of their primary food outlets (formal or informal markets, shops). Supermarkets and street vendors set themselves apart of this global assessment, giving two specific and opposite images: good price and fast service but low quality of the products for street vendors, compared to high quality but high prices and extra time spent for supermarkets.

Supermarkets are mainly seen as a place of high quality and trusted products (no fake products). Even those who do not shop in supermarkets have a very good opinion of this retailing point. They do not express any frustration for being excluded of this distribution channel. Supermarkets contribute to a sort of "enchantment" characteristic of a developing society of consumption: they should not be assessed only in terms of utility but they must also be viewed as places that offer pleasure and dream: if it is not a place to shop quickly, it is according to the respondents a place of leisure, offering cool air, playing ground for children (free of charge), or more simply places to sit. Those who have never been in supermarkets have heard about them from friends and relatives and really wish that they could visit one, one day.
Supermarkets symbolize the dream of access to the society of consumption, after shortages

experienced in the past.

Impact of supermarkets development on poor households

Assessing the impact of supermarket development on poor consumers is quite difficult at this early stage. Supermarkets are supposed to benefit poor consumers in the second stage of their implementation, when they reach economies of scale that lower prices. But prices are not the only economic problem, access to credit is another one. Some private initiatives in other countries aim at encouraging access to supermarket for poor consumers through credit facilities (such as the Yamada supermarkets in Brazil who focuse on poor workers from informal sector).

Shall we regret, from a perspective of social development (and not from a commercial one) that Vietnamese poor consumers are little integrated into the modern distribution sector?

The results of our study relate back the questions of poor consumer's access to supermarkets to the question of (1) the access to food quality and (2) the impact of the formalisation of the food distribution sector.

Whether supermarkets really offer safer products, as consumers think, is still to be proven. Nevertheless, supermarkets seem to be the only actor in Vietnam able to improve the quality of the goods offered to consumers, compared with the weaknesses of the State to impose public standards. Access to safe food is a right for all consumers and health being a public good, it should not be left only in the hands of private actors. This suggests to support the State in ensuring food safety for all, and to support collective actions, such as the one of producers or consumers associations.

The impact of supermarkets development relates back also to the present State's effort to formalise the Vietnamese food distribution sector, where the informal economy is quite important. Poor consumers use a large number of complementary retailing points. They worry about the process of formalizing the food distribution sector which could decrease the number of retail points and increase prices, due to the taxes that vendors have to pay (not even considering the impact in terms of income for the poor involved in the informal food distribution system).

We should consider the possible negative impacts of supermarkets development in a longer term. Our literature review suggests that the supermarket development should be accompanied by policies which help reduce the possible long-term negative impacts on consumption, such as:

1. Possible increasing food prices as a consequence of market concentration (Kinsey, 1998);
2. Food dependency and unbalanced trade (through an increase of food importation, as the declared objective of the Cochrane program funded by USDA, Hagen 2002);
3. Decreasing number and diversity of food retailing outlets (Wrigley and al, 2002);
4. Un-balanced diet (Tordoff, 2002);
5. Development of a culture of "retailtainement" (Badot and Dupuis, 2002) to the detriment of practical knowledge about food purchasing and other cultural activities.

This study suggests the necessity to build policies in order to accompany supermarket development considering consumer interests, with the objective to avoid excessive concentration, to keep a balance in the different forms of outlets, and to enforce public quality standards to ensure the right of everyone to have access to safe food.

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2005	Hanoi	Ho Chi Minh City		Moc Chau
	Poor households	Poor households	Non poor households	Poor households
Average income in the sample (VND/cap/month)	350.000	254.000	1.522.000	210.000 VND
Food expenditure VND/household/day	22.800	20.600	42.500	10.500 (but self consumption)
% of households suffering regular food shortage	2%	29%	0%	30%
% of families receiving food aid	50%	52%	14%	62%
% of supported families receiving food aid from government	5.5%	74%	33%	8.2%
Main place of shopping (% of food expenditure)	1. informal market (82%) 2. shops (9%)	1. formal market 2. hawkers	1. formal market 2. supermarkets	1. informal market (30%) 2. formal market (26%)
% of households with fridge	56.5%	15%	83%	7%
% of households with car	0%	0%	4.6%	0%
% of households with motorbike	53%	36.5	87.6	45.5
Prices of fresh products in supermarket compared to open air markets	higher	nearly equivalent		no supermarket
Frequency of households who never shop in supermarket	61%	33%	2%	100%
Frequency of households shopping few times / a month or a week in supermarket	2.7%	38.5% (3.2 times/month)	81.2% (6.4 times/month)	0%
Food expenditure in supermarkets	0.3% of total food expenditure milk and dairy products, instant noodle, processed meat	instant noodle, canned food, processed meat, milk and diary products	canned food, sweet, dairy product, instant noodle	0%
Perceived advantages of supermarkets	quality and diversity of the products	quality and diversity of the products, pleasant place	high quality, no fake goods, "in my habits"	
Perceived disadvantages of supermarkets	high prices, "not in my habits", far from my home, takes time	high prices, "not in my habits"	high prices	

Table 37 - Selected results of the consumer surveys (1 euro= 20.000 VND)