CHAPTER VI

POOR CONSUMERS' ACCESS TO SUPERMARKETS IN HANOI

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I. INTRODUCTION

The first part of this report presents a synthesis of very scattered sources from various disciplines on the possible impact of supermarket development on food consumption and poor households.

The second part presents the problem of food poverty in Vietnam, the specificity of food consumption in poor households, and the modernization of food distribution in this context. This part is based on secondary data (mainly from the Vietnamese General Statistical Office, GSO) and focus group discussions conducted with poor consumers through the collaboration of the Vietnam Consumers Association (VINASTAS) in 2003-2004.

The third part is dedicated to the practices of purchasing food in poor households. The objective of this section is to respond to the question of, "what can the modernization of the food distribution sector bring to poor households in terms of new opportunities and constraints?". An original household survey was conducted in Hanoi on food purchasing practices: who buys, what, when, where, for how much, etc. A complementary and short survey has also been conducted with 110 households of a secondary town, Moc Chau, in Son La Province.

A similar study was conducted in Ho Chi Minh City, by the Faculty of Economics of Nam Long University, using the same questionnaire as Hanoi (see chapter VIII).

II. MAIN FINDINGS

Supermarket development is supposed to benefit poor consumers in the second stage of their implementation, when they reach an economy of scale which allows them to lower their prices. They are also supposed to have a positive impact on the quality of the products sold. But many findings suggest that supermarket development should be accompanied by policies which help reduce the possible long-term negative impacts on consumption, such as: 1) increasing food prices as a consequence of market concentration (in the third stage of development), 2) food dependency and unbalanced trade (through possible increase of food importation), 3) a decreasing number and diversity of food retailing outlets, 4) an un-balanced diet, and 5) development of a culture of retail-tainement" to the detriment of practical knowledge about food purchasing and other cultural activities.

Social policies in Vietnam do not address the poor as consumers, but instead, mainly as producers or ethnic categories, through rural development support programs. This has proved to be efficient regarding the important decrease of financial and food poverty during these last few years (25% of households were food poor in 1993, compared to 10% in 2002, according to GSO), but these policies could be partially unsuitable in the coming years due to the social transformation occurring in urban areas (increasing percentage of urbanization and problems of unemployment).

Considering data at the national level (GSO, 2004), food consumption in poor households is characterized as low, but the difference in the value of food consumption between the members of the richest 20 % and the poorest 20 % of households is not so big (the richest 20% of households consume three times as much as the poorest 20%, in terms of value). The food consumption value represents a high share of the total value of consumption in poor households (70%), but nearly half of the food consumed is home-produced. The rapid decrease of the share of home production in these households, which characterizes their insertion into the market, is indeed a factor of the domestic food market growth. Concerning the purchase of food, poor households not only have to deal with the problem of low purchasing power, but also face other constraints such as little mobility and storage capacity, irregular income, and sometimes constraining working hours. They have the difficult task of composing nutritious, safe and meals with little means.

So far, poor households are only slightly affected by supermarket development. The development of supermarkets is still at its beginning (0.8% of national food market in 2002) and supermarkets offer higher prices than open markets. Previous studies show that in Hanoi, very few people shop in supermarkets, (74 % never shop in supermarkets), whereas in Ho Chi Minh City they are more numerous, (57% never shop in supermar -kets). Supermarket customers have high incomes and are young, aged 25 to 40. Currently, most supermarkets target middle and high income consumers.

In the framework of this study, an original survey was conducted. The purchases of 110 poor households in Hanoi's Quynh Mai area were monitored during a one week period (average income of these households: 350,000 VND/capita/month). Information on food purchases made 24 hours before has also been collected in 110 poor households (average income of 210 000 VND/capita/ month) in Moc Chau city (Son La Province). Data has also been collected on consumption outside the home, food vulnerability (auto-assessment), and opinions on the different retailing places.

Food insecurity is widespread in Moc Chau (where only 30% of the households declare that they never have suffered food shortage, and 30% claim to suffer food shortage regularly). In Quynh Mai, 37 % of the households wish to have more abundant food.

To face this problem, households can benefit from governmental or family financial support, (around 30% of Quynh Mai households, 20% in Moc Chau) but this support represents a very small amount (less than 10% of the households' income). Borrowing money is the largest alternative.

Households frequently received food aid (sugar, fruits, milk) – in Hanoi, aid comes mainly from the family and in Moc Chau, aid comes mainly from neighbors– and generally aid is needed because a family member becomes ill.

Wild plants and animals are also a significant source of food for poor families in Moc Chau. These households regularly purchase food, mainly in open-air markets or street markets, but never in supermarkets (In Moc Chau, there is no supermarket. In Quynh Mai there is one 2 km away). Poor people do not shop in the supermarket because of higher prices, but also, because of the distance. In this sense, poor households are shown to have a very reduced "purchasing field" (less than 2km radius). But in this small "purchasing field," consumers accessed a great diversity of purchasing places, mainly in the informal markets which represent 82 % of the expenditure in Hanoi (which is much more diversified between informal/formal/street vendors in Moc Chau). The households often shop: each household makes approximately 13 purchases a week in Hanoi, but each time for a very small amount of money , around 17,000 VND.

Outside home consumption is important in food purchasing in Hanoi, where it represents 22 % of food expenditure (on a total of 6,750 VND/day/capita for food expenditure).

Poor consumers generally have a good opinion of the places from which they mainly purchase (informal markets in Hanoi), except in regards to the diversity of goods (for which the formal market is recognized as the best place) and quality (told to be offered by supermarkets). Even if they do not shop in supermarkets, they nevertheless have a very good opinion of this retailing point, and do not express any frustration for being excluded of this distribution channel. Supermarkets contribute to a sort of an "enchantment" characteristic of a developing consumption society; they not only are a place to be assessed in terms of utility, but

they must also be viewed as places that offer pleasure and allow a dreamlike feeling. By contrast, street vendors are considered as offering low prices, but also have little diversity and poor quality.
For poor consumers, who cannot use price as an indicator for the quality of the products, buying live animals or buying directly from producers are some of the rare guarantees that they can obtain quality on the products. They worry that the process of officializing open-air markets will increase the prices due to the taxes that vendors have to pay and the exclusion of the occasional individual producer/vendor.
This study suggests that there is a necessity to build policies, with the objective to avoid excessive concentration and to keep a balance in the different forms of outlets, to accompany supermarket development for the consumers' interest. The study also demonstrates the necessity of considering the impact of supermarket development within a more global problematic: the process of modernizing the distribution system, through the process of the "officialization" of food markets, in particular its impacts on the informal economy sector of food distribution.

III. SUPERMARKET DEVELOPMENT AND POOR CONSUMERS

A. Patterns of Supermaket Development: concerns for poor and rich consumers

Some economists have tried to formulate trajectories for supermarket development that would be valid throughout the world.
According to Hagen, supermarket development is supposed to follow two steps (see figure 15):

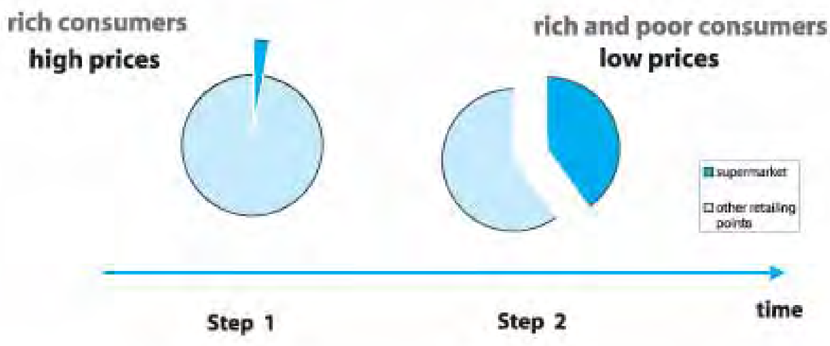
The first step is the implementation of supermarkets in a country.

In this step, supermarkets represent a small share of the market. The prices of the products are higher than in traditional markets and the modern retail sector begins to develop by attracting rich consumers. These rich consumers are willing to pay higher prices for quality assurance, packaging, store ambiance, etc.

The second step is retail modernization achievement.

Logistic and management improvement, and the development of economies of scale to allow for the reduction of prices. Offering lower prices than the traditional markets, supermarkets begin to attract lower income consumers (Hagen 2002).

Figure 15 - The two steps of supermarket development (according to Hagen, 2002)



Reardon and Berdegué also observed the same pattern in the rise of supermarkets all over the world: supermarkets tend "to start in upper-income niches in large cities and they spread into middle-class and the poorer consumer markets, and from larger cities to secondary cities to towns, and from richer/more urbanized zones or countries to poorer and less urbanized areas" (Reardon and Berdegué 2002).

In these two models, poor consumers are only affected by supermarket development in the consolidation stage of their implementation.

Nevertheless, supermarket development goes with a concentration of ownership in food retailing. Kinsey underlines that, from a theoretical point of view, "most observers agree that concentration in food retailing and economies of scale go together implying that more concentrated industries should have lower cost and lower prices for consumers, this works as long as there is some mechanism to prevent monopolistic pricing" (Kinsey 1998). The question of the impact of retailing modernization and concentration on prices is still open, due to mixed evidence in the research.

A third stage in supermarket development should be added in Hagen's model - the stage of the concentration, which still needs to be studied.

So, the impact of supermarket development on consumers (including poor consumers) must be studied through the complex consequences that it can have on food prices. But this study must also include other possible outcomes such as the effects on the diversity of the offerings (in terms of products and retailing places), the effect on the consumers diet, on the consumers' way of life, etc.

B. Impact of retail modernization on consumers

Supermarket and food prices

According to Hagen, retail modernization, considered synonymous to the rise of supermarkets, is seen as a driver of economic development: it is supposed to allow the reduction of food prices to stimulate consumption and production (op. cit.). By reducing the price of food items, it is supposed to enable consumers to spend more on non-food items and this stimulates industrialization. Poor consumers should benefit from retail modernization.

But Kinsey (1998) summarizes the results of many studies by analyzing the relationship between the concentration of food retailing, food prices, and the firm's profit. He shows that the results are mixed and become difficult to conclude. Many studies show that retailing concentration increases prices (in 73% of the studies examined by Weiss 1989 quoted by Kinsey 1998). But some authors conclude the opposite, there is instead a negative correlation between retail concentration and prices. Some others explain increased prices by adding value and services included in the product and for which consumers are willing to pay. For some others, market concentration could positively affect the price of dry groceries and health and beauty aids, but has no effect on the prices of fresh and chilled food.

Another characteristic of retailing modernization is fixed prices. Even if supermarkets' prices change many times during a day, especially for fresh products such as vegetables (which happens in European supermarkets), prices are nearly the same for all consumers (except for loyalty programs offered by some supermarkets in USA). This is different than in the "traditional" markets where bargained prices allow sellers to adapt their profits in relation with the income of the buyers. This mechanism contributes to a kind of social redistribution; the supermarkets with fixed prices do not allow such adjustments (Xuan Mai, oral communication).

Diversity of products

Supermarkets can also contribute to raising food diversity to the benefit of the consumers: the area of the sale and the ability to deal with long distance suppliers allow supermarkets to offer a wide diversity of products to their customers (Reardon and Berdegué 2002). But increasing diversity generally means more imported food and this affects the balance of trade (see box 1 on Cochran Programme).

Increasing imported food means also increasing "food miles:" food miles are measured in terms of energy consumption, the distance from plough to plate. In a more general way, supermarkets favor the consumption of food with more and more energy injected in the processing system, which means that food calories require the input of more and more energy along the chain in order to reach the consumers' plate (Raoult-Wack and Bricas 2001). This is linked to the production (high-input agriculture model, counter season production), the storage (treatment like UHT, pre-cooked or frozen products), packaging (energy included in the packaging and in its eventual recycling), and also transport. In this way, supermarkets contribute to the development of unsustainable consumption patterns.

Moreover, in a saturated market, supermarkets tend to increase the diversity by offering "false diversity," whereby, products slightly differ only and only confuse the consumers' ability to choose. In such a context, there is no evidence that all consumers are asking for more diversity; for example, a study conducted in six countries on a large sample, 6,000 persons, shows that the USA is the only country in which the majority preferred to have the choice between 50 flavors of ice cream as opposed to ten (Fischler 2004).

Choice in food retailing outlets

The concentration of distribution leads to a decreased number of retailing points, and a decreasing diversity of food retailing outlets (Reardon and Berdegué, op.cit). Retail outlet diversity may be as important for the consumer as the diversity of the products themselves. Some geographers have worked on the spatial concentration of distribution and the creation of so called "food-deserts:" "the increasing tendency to out-of-town supermarkets has led to the creation of "food deserts" where cheap and varied food is only available to those who have private transport or are able to pay the cost of public transport if this is available (Acheson 1998 quoted by Wrigley, Warm et al. 2002). Wrigley et al. (op.cit.) have shown how this situation may impact negatively the diet of poor households, with reduced consumption of fruits and vegetables, in Great Britain.

Supermarket and consumers' diet

In the face of deficiency in the public arena, supermarkets can raise food quality by imposing their own private standards on their suppliers (Reardon and Berdegué, op.cit). And so the supermarket can impact the sanitary quality of the product but also impact the nutritional status of the consumer. There is some evidence that supermarkets can impact food consumption. This may be positive, in terms of nutrition: Based on previous works (Gutman, Farina, etc.), Reardon and Berdegué (op.cit.), show how supermarkets, by making demands in product innovation and logistics, have impacted the dairy product supply chains in Latin America: this has increased the number of consumers of milk,(but it has also reduced the number of suppliers able to meet this new requirement and has led to a concentration of production). In France, supermarkets are the only place that still can afford to sell such perishable products as fresh milk (smaller retailers only sell long conservation milk). But as Wrigley et. al (2002) pointed out, in the situation of a concentrated retailing system and food desert, supermarkets become the only place where consumers who can afford the transport, can buy healthy food, such as vegetables and fruits, at affordable prices; it must also be remembered that supermarkets have contributed to the creation of this situation of scarcity in the first place.

But supermarkets can also negatively impact consumers' diets by favoring the consumption of industrial processed food, with high fat, sugar, or salt content ("junk food") responsible for the development of Nutrition Related Non Communicable Diseases NR-NCD such as obesity, acquired diabetes, cholesterol, and cardiovascular diseases. Physiologists have shown evidence of the impact of large food availability – the so-called "supermarket diet" - on the development of obesity, qualified as "obesity by choice," in rat populations (Tordoff 2002). Tordoff suggests that this model may point to a model for human obesity.

Adaptation to urban ways of life

Supermarkets may also be considered a response to urban consumers' new demands. Reardon and Berdegué (op.cit.) show that in

Box 1: The Cochran Program, funded by USDA and conducted by Cornell University, is a training program for retailers and food brokers in: food safety merchandising, human resource management, promotion, procurement, and customer loyalty. According to one of its members, "the motivation of this USDA funded program was (and remains) primarily to enhance retail condition in middle income countries in order to increase the demand for, and sale of, US food products in those countries" (Hagen, 2002). The Cochran Program includes Vietnam where it has trained Maximark, Saigon Co-op and other supermarket personnel.

Europe, as in Latin America, supermarket development is based on the same determinants: urbanization, the entry of women into the work force outside the home, increased income per capita (greater demand for non-staple food), developing means of transport (car), and storage (refrigerator). Supermarkets, by allowing people to gain time in preparing and purchasing food (packaged food, long conservation food, etc.) respond to urban consumers' new demands.

"Distinction" and "retailtainment"

But besides these material determinants, socio-cultural determinants are also essential to explain the attraction that supermarkets might have on consumers. This refers to the concept of "consumer value" (from Filser 1996 quoted by Badot, 2003): the consumer does not only aim to maximize utility, but also looks for some experience: the consumer tries to obtain some pleasurable gratification in the purchasing act ; the value of the product is not limited to its utility but results also from the interaction between the consumer, the product, the sellers, and the retailing point. All these dimensions are part of the "consumer value." Buying products in a supermarket can refer to individual motivation in the search for distraction or pleasure, and so supermarkets seem to be a retailing place able to offer high consumer-value while providing some "retailtainment" (Badot and Dupuis 2002).

In some contexts - in particular, during the beginning of the implementation of supermarkets - buying products in some modern retailing outlets such as supermarkets can be a matter of "strategy of distinction" (Bourdieu 1979). This means that the choice of product or retail location may be the result of some social motivation, such as the honor acquired through the consumption of specific goods or the frequenting of certain purchasing places.

C. Conclusion

Works modeling supermarket development lack long-term perspective and consumption concerns. In a context of retail modernization, the rise of supermarkets and retail concentration (which we consider to be synonymous), these models could potentially serve to design policies in favor of food consumption, and particularly food consumption in poor households. In order to do so, these policies should address the following issues:

- Prices: avoid excessive concentration in retailing sector and monopolistic situations that could contribute to rising food prices.
- Food miles: act in favor of national supermarket chains, selling national products, so as to reduce imported food and the effects on a trade balance in order to reduce "food miles."
- Food desert: plan the spatial distribution of retailing points so as to avoid creating "food deserts," especially in poor areas.
- Supermarket diet: have education programs in nutrition to support consumer decision-making in the face of an increasing food diversity offered.
- Quality: accompany supermarket's actions in favor of quality. States must also act to sustain the generic quality, making it accessible for everyone, considering health as a public good. There is a need to avoid a "poor consumers apartheid" whereby the poor consumer is trapped in a consumption world of bad quality products with little choice.
- Cultural Transformation: reinforce policies to support cultural activities in poor areas so that supermarkets and shopping malls do not become the only place of entertainment for poor households.
- Consumer participation: build policies of retail modernization based on an analysis of consumer demands, including poor consumers, so that retail modernization can actually meet these demands. Consumers associations can help to identify these demands and should contribute to equilibrate the social forces in a context of retail concentration.

IV. SOCIAL POLICIES AND FOOD POVERTY IN VIETNAM

A. General Poverty change font and food poverty

Vietnam is a poor country. The purchase parity power is about 2,300 US $/year/capita (GDP is 482 US$/cap). But poverty is rapidly declining: 58% in 1993, 37% in 1998 and 29% in 2002 (Vietnam General Statistical Office).

Some works show that increasing income first benefits improvements in housing (construction, equipment) rather than food consumption (Krowolski 1999). Children's education also seems to be a priority ("I know that my girls receive insufficient food but I prefer to put money on their education" testified a mother in our study).

The food poverty line is defined as the minimum level of expenditure necessary to cover the purchase of food in order to satisfy minimum caloric needs of 2,100 calories per day. This food poverty line was estimated in 2002 at 146, 000 VND per capita per month in urban areas and 112, 000 VND in rural areas (GSO 2004), i.e., 0.31 $/day and 0.24 $/day). In 2002, 11% of the population supposedly lived under this food poverty line, with a maximum rate of 46% in the North West Mountain area and a minimum rate of 3% in the South-East Region. This food poverty is essentially rural: it reaches 13.6 % of the households in rural areas and 1.9 % in urban areas. The food poverty rate is continually decreasing: it was 15.0 % in 1998 and 24.8 % in 1993 (GSO 1994; GSO 2000).

No policy directly aims at supporting the poor as consumers. We had to review, price policies, food security policies, poverty alleviation programs, and consumer protection measures, to evaluate public support to food consumption in poor households.

B. Price policies

Before 1986: Food Subsidies

During the period of food shortage, food subsidies were practiced in Vietnam through a food ticket system. These tickets allowed people to buy a fixed quantity of a product for a fixed price in state-owned shops. To have access to higher quantity, consumers had to purchase on the free market where prices were 2 or 3 times higher.

Fresh products such as vegetables and fruits were only available on the open market.

The distribution of these tickets was not a function of households' income but was related to the status of the head of the households. For example, civil servants could receive:

- 13 kg of rice/capita/month.
- 300 to 500 g of meat /capita/month.

People who were not civil servants only received 100g of meat/capita/month.

Doi Moi: price stabilization

With the adoption of the new Vietnam policy of market liberalization, Doi Moi, a single price system, was introduced and all subsidies were discontinued (Quang 1999).

Nevertheless, the Government continues acting on prices. Its action on consumption prices is mainly indirect, through actions on the prices of agricultural inputs.

The Government decision n°137/HDBT in 1992, aimed at fixing and stabilizing prices of some key assets. Regarding foodstuffs, the State fixes prices or fixes limits on prices for some agricultural inputs or production goods (such as land water for irrigation, petrol, urea, and price of food transportation). It fixes limits on prices for rice. A system of information on prices is settled through the Committee on Prices. According to Quang (1999), "Decision no.137/HDBT has produced a positive impact on the sale of food by retailers and the purchase of food by consumers. Notably, this decision has guaranteed the possibility to purchase food year round at stable prices".

In 2002, an Ordinance on Prices (n°40-2002_PL-UBTVQH10 followed by the Decree on Prices No. 170-2003-ND-CP, modifies the 1992 Decision. It gives the responsibility of price control to the Ministry of Finance (MoF). Regarding foodstuffs, the MoF is responsible for the stabilization of the price of rice (as well as for coffee and salt) in case of abnormal fluctuation in market prices. The State continues fixing or stabilizing prices of agricultural inputs such as petrol and fertilizer.

In fact, it is difficult to design a clear picture of public intervention on prices due to the different levels of intervention involved (state and provinces), and the context of reorganization linked to the process of WTO membership.

Nevertheless in 2004, according to the Ministry of Finance, in charge of the "Consumer Price Index," consumer prices rose by 9.5 %. This is a record compared to past years (+4.5% in 1996, +3.6% in 1997, +9.2% in 1998, +0.1% in 1999, -0.6% in 2000, +0.8% in 2001 and +3% in 2003).

Food prices - (food forms half the basket of goods on which the Consumer Price Index is based), rose significantly: +17.7% increase for staple foods (mainly rice), +15.6% increase for other foodstuffs. If we consider the importance of food expenditure in the total expenditure of poor households (see below), poor households have been significantly affected by this increase.

This price increase is supposed to be linked to external factors such as the increase of oil and fertilizer prices on the world market, the increase of the euro and of the yen, but also to internal factors such as the avian flu.

C. Food security, Poverty reduction

Because poor households live essentially in rural areas and depend on agricultural activities, Vietnam's policies of poverty alleviation address mainly the rural poor by sustaining their productive activities. Poverty reduction and growth strategy are thus linked in the Vietnamese program titled, the "comprehensive poverty reduction and growth strategy (pro-poor growth)" (CPRGS).

Program 135 of poverty alleviation intervenes at the regional scale, by providing infrastructure in poor rural areas (including rural markets to stimulate trade). At the household level, support can be provided by the Bank of Agriculture and Rural Development.

But for the non-agricultural poor, and particularly for the urban poor, supports are few: the Fund for Reducing Poverty supports activities of agriculture but also of handicraft production. The Women's Union also supports urban area's households in some productive activities, including handicraft construction.

Tools to directly support their consumption are few:

- Poor households can appeal to the Bank of Social Policies, which can provide short-term credit for consumption.
- In case of natural disasters or during Têt, Lunar New Year, the Government can also provide financial aid or aid in kind for poor households.

Food consumption is also addressed by a food security program.

A Food Security Information Unit, in the Department of Planning and the Ministry of Agriculture and Rural Development (MARD), has the responsibility to provide reliable information to support national food security and poverty eradication programs. Assistance is being provided by an Italy/FAO Project, "Strengthening National Food Security Information System." Its main activity is to produce production forecasts. But the attempt to approach food security at household level has failed: a National Committee for Household Food Security and a National Household Food Security Information System (NHFSIS) were set up by MARD in 1998. But they have since closed due to a lack of commitment by participants.

D. Consumer movement and poor consumers

A consumer movement in Vietnam is still in its nascent stages. A consumers' association was created in 1991. At this time, the Vietnam Science and Technology Association of Standardization, Metrology, Quality (created in 1988) decided to incorporate consumer protection into the association charter and to change the association's name to Vietnam Standard and Consumers Association. This association, named VINASTAS for short, has contributed to the promulgation in 1999 of an ordinance on consumer protection. The Ministry of Trade is now assigned as the state body in charge of consumer affairs in Vietnam (Phan 2004). This association suffers from weak financial means and representation. The number of members is difficult to assess. There are 50 active members in the entire country and the Women's Consumer Club, which is the more active part of the association, claims 800 participants in Hanoi (Phan, 2004). VINASTAS' main role is consumer education through its magazine: Nguoi Tieu Dung (The Consumer, 5,000 copies published monthly)

E. Conclusion

There is no policy that directly aims at supporting food consumption in poor households. Public interventions of food assistance are limited and national food security programmes still need to be consolidated.

Food consumption in poor households is mainly supported through indirect interventions in rural development programmes. This choice has demonstrated effectiveness, considering the decrease of food povety. But these policies could be partly unsuitable in the next years, if we consider the social transformation in urban areas (increasing percentage of urbanisation and problems of unemployment).

Non governmental interventions are still to be assessed. The role of informal networks of solidarity (family, friends, etc.) will be considered in the last part of this chapter, based on household surveys.

V. POOR HOUSEHOLDS, FOOD MARKET AND SUPERMARKET DEVELOPMENT IN VIETNAM

A. Specificity of food consumption in poor households

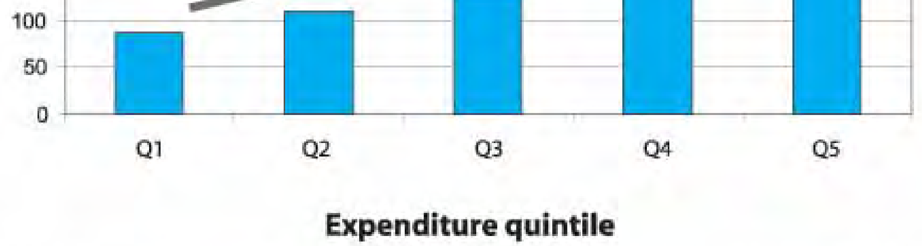
The main data available on household food consumption is provided by the General Statistic Office (GSO), who regularly conducts the Vietnam Household Living Standard Survey (VHLSS), and by the National Institute of Nutrition (NIN), who conducts the national nutrition survey.

This data permits us to underline some characteristics of food consumption in poor Vietnamese households.

Low value of individual food consumption

In 2002, in the poorest 20 % of households, food consumption represents only one third of the consumption in the richest 20 % of households (respectively 86 000 and 272 000 VND/month/capita), figure 16).

Figure 16 - Value of food consumption and classes of income (our calculation from GSO data)



(classes of income are defined through quintiles of expenditure. Q1 represents the poorest 20% of the sample, Q5 the richest 20%)

High share of food expenditure in total expenditure

The value of food consumption represents a high share in the total consumption of the poorest households: this share is 70 % in the poorest 20 % of households, and 50 % in the richest 20 % (figure 17).

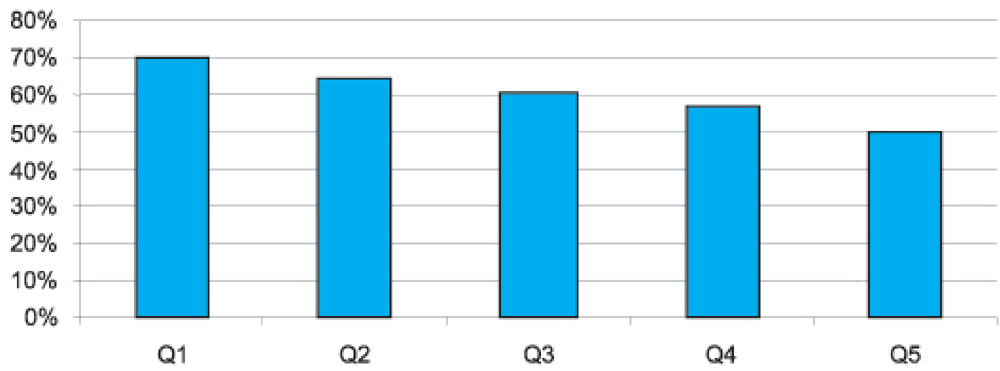


Figure 17.- Share of food in the total household consumption (% of the value), from VHLSS, 2002

High but decreasing share of home-produced food

Another specificity of poor households consumption is the high share of home production: it represents 48 % of the value of the total household food consumption in the poorest 20 % of households, but only 7 % in the richest 20 % of households (see figure 18). This reflects the fact that poor households are mainly in rural areas.

However, these poor households are becoming increasingly integrated into the market. In 1993, the share of home production in the 20% poorest households was 54%.

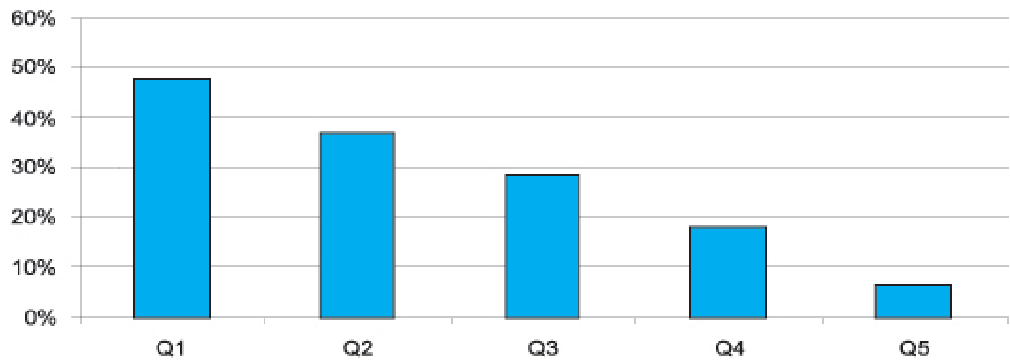


Figure 18- Share of home production in food consumption (% of the value), from VHLSS 2002

A different diet

Poor households do not only consume less in terms of monetary value, they also consume different products (See Figure 19). The diet in poor households is less diversified: less meat and fruits, more roots and tubers (Figuié and Anh 2004; Tuyen, Mai et al. 2004).

Poor households and food markets

Poor consumers, because of their low purchasing power, receive little interest from market interventions. Nevertheless this part of the population does not just simply consume less at the individual level, they also consume in a different way - which calls for special attention. Some evidence indicates that their demands differ in terms of products, retailing outlets, and quality signs.

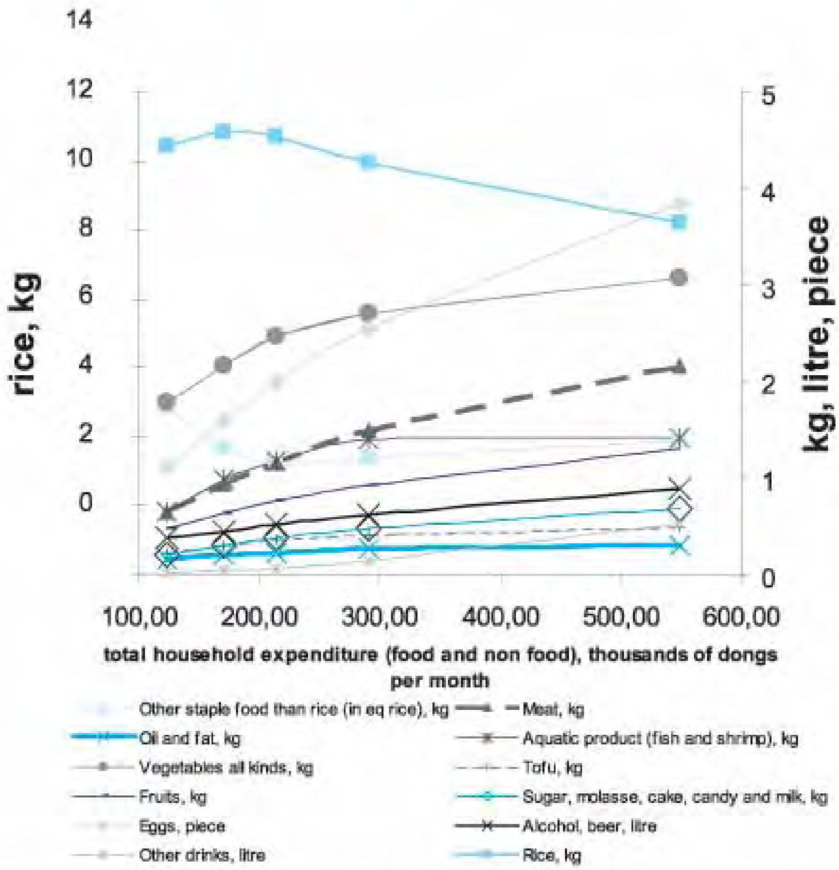
Small share of total food market

Comparing the contribution of the poorest 20 % of households and the contribution of the richest 20 % of households to the national food market is a way to measure inequalities: these shares are 7.8 % and 44 % respectively for a total food market of 7.2 billion dollars in 2002 (Figuié and Dao The Anh 2004).

These figures are nearly the same for 1993 (we made the same assessment from the GSO national survey of 1993, VLSS I). This stabilized share in the total food market results from two tendencies:

- a lower increase in the value of food consumption (value of bought, bartered, and home produced food) than in rich households
- an increasing recourse to markets for food supplying (which testifies to the integration of poor rural households into the market).

Figure 19 - Income and food consumption in 2002 (Figuié, Dao The Anh, 2004, based on GSO data)



B. Demand for food distribution by poor households

The different outlets do not only differ according to the prices of their products, they also have different assets to respond to constraints other than purchasing power which affect poor households, such as:

Little mobility, little storage capacity

The choice of a purchasing place is linked to the transport and storage capacity of the household. This is particularly important when buying in supermarkets: they are often located in suburbs and in Hanoi, they do not exist in the poorest parts of the city (Cf H.B.An, infra). Shopping in supermarkets requires a means of transportation and because people generally do not go to supermarkets daily, it also requires a capacity of storage, like a refrigerator or a freezer. These assets are missing in poor Vietnamese households (table 38).

This data is not available by expenditure quintiles in VHLSS 2002. We can only mention that 38% of the households in urban areas have a refrigerator (51% in Hanoi, 52% in Ho Chi Minh city).

Irregular income, limited access to credit

Because poor households often have irregular income, like day-to-day income (for example drivers of xe om,-local moto-taxi- or day workers), households have to purchase only small quantities of food day-to-day. Often, they have to ask for short-term credit, which they can only get from their usual retailer at informal markets.

Table 38 - Share of households having different types of durable assets by expenditure quintile, GSO (VHLSS II, 1998)

% by quintile of expenditure	Total	Q1	Q2	Q3	Q4	Q5
refrigerator, freezer	10.95	0.11	0.10	0.6	3.72	37.48
gas stove	8.43	0.33	0.4	0.51	2.12	29.10
electric stove, rice cooker, pressure cook	22.22	0.22	2.30	6.26	19.73	61.01
car	0.23	–	–	0.09	–	0.81
motorbike	23.82	1.41	4.71	9.86	24.66	
bicycle	73.21	59.52	72.14	75.56	76.71	77.16

Diversified working hours

Availability to purchase food may be an important constraint in poor households. Proximity and working hours might also be determinants in the choice of retailing points for poor consumers.

In this case, street vendors show a high adaptability level. From very early in the morning to very late at night, street vendors are present, moving from one place to another in relation to the needs of inhabitants. They follow the spatial fluctuation of the demand: for example, street vendors can wait for factory workers at the entrance even late at night (see box 2).

Need for guaranty of quality other than prices

In the search for quality products, price is often used as an indicator, assuming that higher quality means higher price, and vice versa. In the case of poor households, financial constraints cause the need to rely on guaranties of quality, not just price. This guaranty might be the own assessment capacity of the buyer, or the trust placed in the vendor: this trust is found by buying directly from producers or from usual retailers. This means personal day-to-day relationships with the vendors or a short distribution chain, where the seller is the producer, which is often the case of morning street vendors (these vendors go back to their farms in the afternoon and so only sell in the street during the morning, according to consumers).

Box 2. Purchasing food with little time

"I am working in a footwear company. Our working time is very long, sometimes 14 to15 hours per day. So I don't have lot of time. When I go home, I buy vegetables from sellers in the street."

"I often come home late. I normally buy things outside, even from unknown sellers. If it is practical for me, I'll buy things from any seller."

"I rarely go to market. I also don't have a lot of time, so I buy vegetables along the street on the way coming home from work. Furthermore, I don't have the means to buy in the supermarket because my salary is not high enough."

"I have already been there (in a supermarket) to visit and improve my knowledge. I have bought things that seem affordable. But I normally buy vegetables on my way back home in the market next to the factory. Because I don't have time. I work from 7:30 am to 4:30 pm."

C. Supermarket/ Food retailing modernisation in Vietnam

There are still few supermarkets in Vietnam, but their number is increasing quickly (160 supermarkets in 2004 (Moustier, infra).

According to the different steps of supermarket development, exposed before (see part III. A), supermarket development in Vietnam can be considered to be in its first stage:

- supermarkets still represent a small share of the domestic market
- supermarket prices are higher than in other outlets and still attract only richer consumers
- supermarkets are only present in the major cities of: Ho Chi Minh City, Hanoi, Can Tho, and Danang.

Box 3. Purchasing quality food with little money

"Products in supermarkets are more expensive and that is why we are more confident in them. But, the number of supermarkets isn't important enough today, their service is not very good. As there isn't a supermarket in my area, I have to buy vegetables outside. I base my choice of vegetables on my own impression, and with washing and soaking them at home, we are confident in them."

Focus group discussion with factory women workers, Malica (CIRAD-IOS)/Vinastas, 2004

Supermarkets and the Vietnamese domestic food market

Even if the different estimations fluctuate, they all show that supermarkets still represent a small share of the domestic market within Vietnam.

Hagen (2002) estimates that the share of food sold in supermarkets food sales out of total food sales was 0.5% (23 million out of 5 billion USD) in 1999, 1% in 2002 (50 million USD) and was forecasted to be 2% in 2004. This national average does not reflect the concentration of supermarkets in urban areas. The share of supermarkets in total retailing (not only food retailing) could be 5% in Ho Chi Minh City in 2001 (according to TDCtrade, 2001).

According to a market research agency, which has been running a consumer panel across Vietnam's in 1,600 urban households, in Hanoi, Ho Chi Minh City, Can Tho and Danang, modern trade outlets already comprised 10% of the total amount spent on food and non-food purchases of all outlet types, (15% for wet or fresh markets, and 60% in traditional street front stores). But these figures do not include fresh food.

From our own estimation of a food market of 6 billion dollars (Figuié and Dao The Anh, 2004), without considering the value of outside-home consumption and considering the 2002 50 million dollar sales in supermarkets (Hagen 2002), we estimated that supermarkets make up 0.8% of the national food market value (figure 20).

But due to the rapid increase in activities of supermarkets - an increase of 32% of total income for Intimex between 2003 and 2004 (Vietnam Investment review, 22/08/04) and an increase of 40% in turnover for the Coop-mart between 2001 and 2002 (Mission Economique 2003) - this share may increase very quickly.

Prices in Vietnamese supermarkets

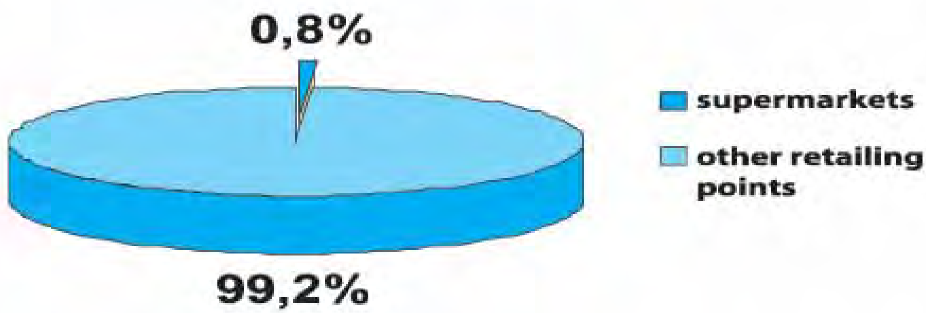
Prices are still higher in supermarkets than in other retailing places:

- +10 % for foodstuffs (according to Hagen 2002)
- +25% to +250% for vegetables (Tan Loc, 2002)

The study conducted by H.B.AN (chap. VII) gives us more precise results: the prices in supermarkets in 2004 are higher by +5% for pork, +40 to 100% for vegetables, +40% for sugar, and +18% for ordinary rice.

Further investigations would be interesting in order to understand what the 2004 level of inflation has been in the different food outlets in 2004 (see box 4).

Figure 20 - Share of supermarkets in the retailing food market value, Vietnam, 2002



D. Supermarkets and consumers in Hanoi

Poor consumers do not shop in supermarkets.

Little data is available on supermarket customers. According to a study in Hanoi, (Le Thi Phuong 2004) "customers of supermarkets are young, between 25 to 40 years old, they have stable jobs with high incomes: civil servants, employed in private companies, tradesmen, etc. People go shopping in supermarkets in groups or with their family, looking for distraction."

According to a survey conducted by the Project PRUD (see table 39):

- 74.4% of those interviewed in Hanoi never shop in supermarkets, 87% shop there never or shop less than once a month. In HCM City these figures are lower: respectively 57.4% and 76.2%.
- In the two cities, small markets are the most popular being frequented daily or many times a week.
- Street markets are more popular in Hanoi than in Ho Chi Minh city: in Hanoi 26.8% of women shop there every day or many times a week (70.6% never go). In Ho Chi Minh city, these figures are 7.4% and 81.8%.
- The elderly nearly never visit supermarkets.

Box 4. Inflation, retailing places and purchasing behavior in 2004

Several questions should be asked: How have different retailing places passed inflation to consumers? How did consumer prices increase in the different retailing places – open markets, supermarkets, street vendors, etc.? How did this price rise impact poor consumers' purchasing behavior? Unfortunately, the data is lacking to answer these questions. But some elements of answers can be found in interviews that we conducted with rice sellers in Hanoi: one shop seller (who sells 190 kg of rice /day) and one street vendor (who sells around 50 kg/day).

These sellers offer a large diversity of rice to consumers (ordinary, glutinous, and perfumed), of which prices increased during 2004. For the shop seller, the prices are the following:

Types of rice	Price in January 2004 (VND/kg)	Price in December 2004 (VND/kg)
Khang Dan	3500	4000
Bac Huong	4800	5800
Tap Giao	3500	4100
Si	3800	4500
Nep	5500	6000
Du Thom	4800	6000
Tam Xoan	6000	7500

Consumers usually mix different qualities of rice: popular restaurants buy the lowest quality -Khang Dan-, which they can improve by adding some Bac Huong. The poorest households buy only Khang Dan or Tap Giao. Wealthier households mix Tap Giao with Bac Huong, or mix Si with Bac Huong. According to the shop seller interviewed, the increasing price of rice has not only impacted the total quantity of rice she sold, but also the share of each variety sold causing the demand to increase for low quality and cheap varieties and decrease the demand for the best quality varieties (Bac Huong). The poorest households, who already consume little perfumed rice, had probably to reduce non-staple food consumption.

With inflation, the shop seller claims that in order to keep her customers, she had to reduce her profit, from 500 to 600 dong per kilo to 300 to 400 dong. The street vendor had also to reduce her margin from 500 dong/kg to 300 dong/kg.

Table 39 - Frequency of purchasing in supermarkets according to professional status (%)

Frequency	Workers	Unemployed	Pupils/ Students	House keepers	Elderly people	Persons who do not need to work	Persons who do not wish to work
Every day	0.1	0.3	0.0	0.1	0.1	0.0	0.0
Few times a week	1.4	1.9	1.3	1.5	0.4	0.5	7.3
Once a week	6.0	3.0	6.3	6.5	1.2	3.2	10.2
Once a month	14.5	10.1	12.9	16.4	4.9	11.0	14.6
Less than once a month	17.8	9.9	18.4	20.0	8.8	7.5	2.9
Never	60.2	74.7	61.1	55.5	84.6	77.9	65.0
Sample size	6 364	40 2	1 521	1 126	1 681	114	18

Source: Survey on intra-urban mobilities in Hồ Chí Minh City (2000 households) and Hanoi (1500 households), conducted by the Project PRUD n°45, March-April 2003, IRD, Institut de Recherche Économique de HCMV, Centre de Population- Université Nationale D'économie Hanoi.

Box 5. Buying in supermarket for poor households

"Supermarket? No! We never go there. We are poor people, you know!"

"I have never been to the supermarket, but people told me how it is. I hope that one day, I will visit one".

"With my living standard and my salary, I face difficulties in buying products in supermarkets. I know that supermarkets' vegetables are clean and guaranteed but the price can be two times higher than for "outside" vegetables (from open or street markets). 'Even if I have never bought vegetables from there, up to now, I get informed thanks to my colleagues. If supermarket's products become cheaper, they will be accessible for all of us".

Focus group discussion with factory workers, Malica (CIRAD-IOS)/Vinastas, 2004

Type of customers targeted by supermarkets in Vietnam.

For the present, supermarkets mainly aim at middle or high-income customers, but the objective in the future is for them to reach all social classes. For example, Coopmart (Saigon Coop) is a leader of big distribution in HCMC and it aims at middle income consumers but is thinking in the future to open a supermarket with high quality products for high income customers (according to Saigon Times, 06/03/2004, quoted by French Mission Economic Press Review). But in another vein, a program of cooperation has been built between Saigon Coop and the Swedish Union of Consumer Co-operatives. The objective of this program is "to contribute to the development of a democratic consumer cooperative movement in Vietnam which will be able to supply members and customers quality goods, reasonable prices, and good services in a comfortable environment. The project will serve low and medium income people and provide them with benefits such as education, bonus/dividends, convenience, lower consumer prices and improved food security and quality" (Swedish Embassy, mimeo, 2005).

Supermarkets also try to attract customers by increasing the services included in the products. In the most recently opened Saigon Coopmart supermarket in Can Tho, telephone orders, home delivery, and care are offered (Le Courrier du Vietnam 24.08.2004).

Brazil provides an interesting example of how supermarkets can effectively target the poor (see Box 6).

Box 6. Yamada Supermarket and poor consumers in Brazil

Yamada Group is an unconventional department-store and supermarket chain founded by a Japanese immigrant. Yamada focuses on poor Brazilians working in the informal sector of the economy. This supermarket supports a consumption of poor households by providing credit (credit card). These families generally cannot access credit: they lack steady income and employment documents used for a traditional credit-worthiness check. In fact, most don't have a birth certificate or a bank account. In principle, Yamada is prepared to issue a card to every working person, as long as the person has no criminal record and has a mailing address. To evaluate an applicant and determine a credit limit, the chain employs agents who track down the home and workplace of most applicants. With the poor, self-employed worker in mind, Yamada recently introduced an insurance plan in the event of death, illness or loss of income. "If the police evicts a guy from a street corner where he has been selling chocolates for years, his income will be eroded until he finds a new spot," says Mr. Yamada." For $3.80 a month, Yamada debts worth up to $2,500 can be forgiven". Pharmacies, bookstores and camera shops in Belem now accept the Yamada card.

Source: http://www.biz.uiowa.edu/class/6m147/eworkbooks/eworkbook2/article19.html

E. Conclusion

Supermarket development is just beginning in Vietnam, occupying only 0.8% of the food market.

Food consumption represents 70% of the total value consumed by poor households who are more and more dependent on markets for food supply due to decreasing home food production. This contributes to making these households more vulnerable to any transformation in the food distribution sector. At the present, these households are not directly affected by the development of supermarkets, where they never or rarely shop, but this will probably change very quickly. Assessing poor households' purchasing practices is necessary to assess how supermarket development can answer to their needs, constraints and demands.

VI. POOR HOUSEHOLDS, PURCHASING PRACTICES, AND ATTITUDES

A. The method

To assess poor consumers' access to distribution value chains, we chose to focus on the following questions: what are the purchasing practices of poor households, what are the constraints and values that orient them, and can food distribution modernization, and supermarket development in particular, lighten these constraints?
Our study has been conducted in two areas - Hanoi, and Moc Chau in Son La Province.

1. Choice of the area of the survey

In Hanoi, we chose to survey poor households in the Quynh Mai Area, Hai Ba Trung District, represented in Map 11. The reasons for this choice are the following: this place has already been studied in a previous research project on urban poverty by the Institute of Sociology (Parenteau 1997), which has a good experience of collaboration with the local Women's Union. Even if in Hanoi there is not very pronounced separation between poor and rich areas (no ghettos exist), Quynh Mai is an area with a high rate of manual unskilled workers, employed in the local factories. There are all sale of outlets, and even a supermarket at less than 2 km.
Moc Chau has been chosen as an example of a "secondar city" for researchers studying the insertion of poor producers.

2. Protocol

In the two areas, officials from the Women's Union were our key informants. They furnished us with:

- socio-economic data of the area and in particular, descriptions of the poverty in the area.
- visits to the different kinds of retailing places.
- organization of the sample survey. In each area, we asked to interview the poorest households. A member of the Women's Union conducted it and introduced us in each of the households.

Six students from the Institute of Sociology were trained as surveyors. Hanoi and Moc Chau each had 110 households surveyed. The survey was conducted with the person in charge of purchasing food in the household, generally the woman. Participants received compensation.

3. Questionnaires

The questionnaire was tested in 30 households in each place, and discussed with surveyors and the computer scientist in charge of processing the data. After this, the questionnaire was reshaped. Information collected from households is presented in Table 40 (see also the questionnaire in Annex 1).

In Hanoi, parts 4 and 5 (daily purchasing practices and outside consumption) have been monitored during a one week period from the 27th of August 2004 till 3rd of September 2004. In Moc Chau, households were only visited once (between the 22nd and the 25th of September 2004).

Table 40 - Information collected or recorded from surveyed households

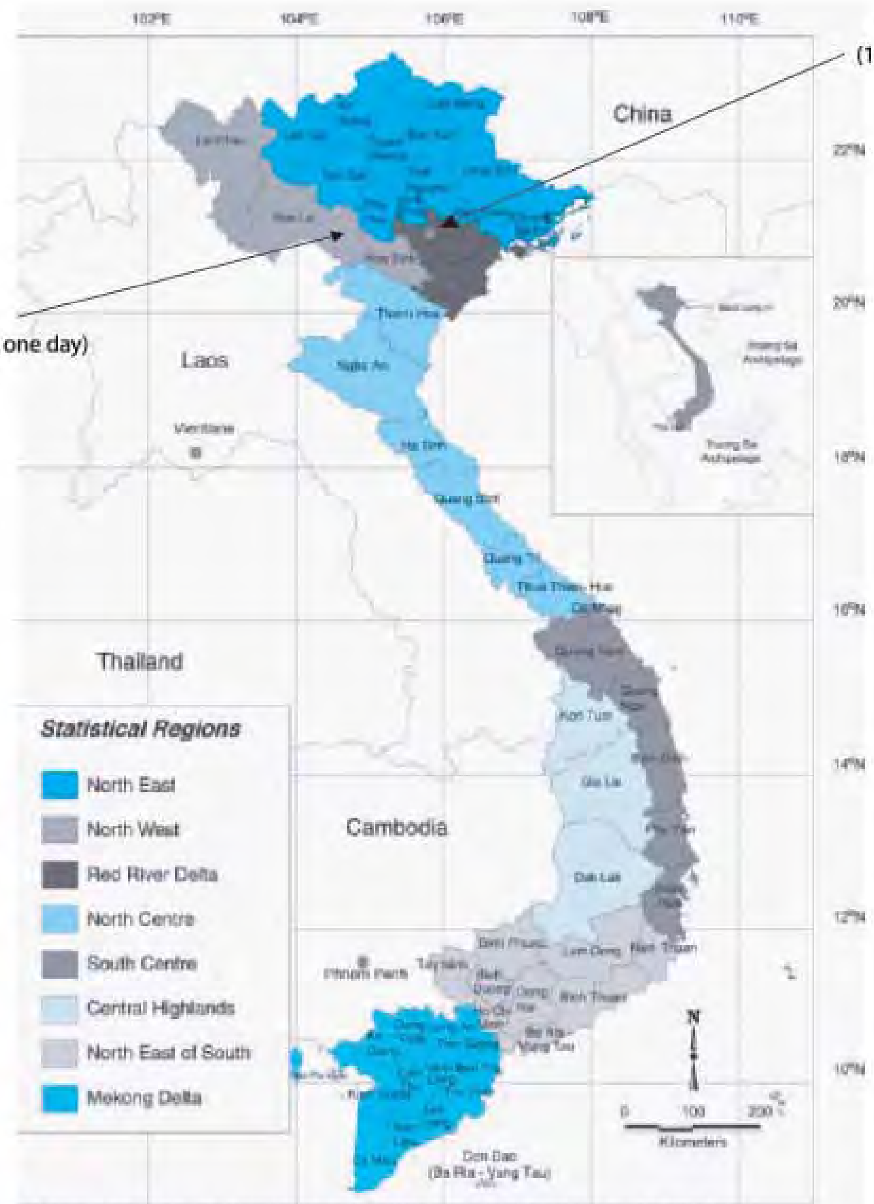
1. Socio-economic data on household: members (sex, age, education, activity, income, working hours), financial aid, house (area, rent, assets: fridge, car, motor bike, bicycle, etc.)
2. Household food vulnerability: auto-assessment of household diet, food shortage, credit contracted for buying food
3. Places of purchasing: for each place: frequency, main product bought, opinion (advantages and disadvantages)
4. Daily purchasing practices: who buy, when, what, where, expenditure?
5. Outside consumption: who, when, where, what, expenditure?

4. Data analysis

Data was inputed into Access 1997 (see the description of the database in Annex 2) and analyzes were carried out using Excel.

We will present the average results for each sub-sample.

Map 11 - Map of the areas surveyed



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B. Description of the area of the survey

1. Hanoi: Quynh Mai

(Statistical data was provided by the People's Committee of the Quynh Mai Area).

a. An industrial area, inhabited by manual workers

Quynh Mai is a district located in the south east of the city, 3 km from the center of Hoan Kiem Lake, and 13,000 persons live there in 3,156 households.

This area, which was considered as outlying district in the 1960's, has been dedicated to industry: at this time, many state factories were implemented there: "Garment Factory 8 of March," "Garment Factory Minh Khai," "Sewing Thread Factory," "Knitting Factory," "Factory Mai Dong," "Factory of Vermicelli Hai Chau," "Factory of Sweet Hai Ha," Brick Factory Nam Thang," etc. So, manual workers represent the largest percentage of the area population (65% in 1996, 40% in 2004).

The income of these workers is very low (400,000 to 500,000 VND/month). Like many other factories, these factories developed in the 1970's, exporting to the former USSR. The collapse of the socialist block brought these factories near to the brink of bankruptcy and workers' wages were reduced. These factories often operate three eight-hour shifts.

The possibility of extra-work is limited (security for motorbike parks, bicycle and motorbike repair shops, home clothes business, home cleaning), and extra incomes are low (around 50 to 200,000 VND/month).

According to the state standards (income lower than 170,000 VND/capita/month) there are no poor households in Quynh Mai. But according to the Women's Union, 30% of the households live with less than 300,000 VND/capita/month and should be considered as poor (and 60% of the households have an income between 300,000 and 600,000 VND/capita/month).

b. Collective building

On former fields and ponds, state companies built collective buildings for the workers and employees of the factory, known as KTT (Khu Tập Thể). The flats are small, from 10 to 24 square meters. The collective dimension of these habitations is the fact that households have to share kitchen and bathroom space (one for four flats). Since these structures have been built, the spaces inside have been greatly reorganized. Flats have been divided and families have installed private kitchens in the corridors or on the balconies. Nowadays, kitchen areas have been reduced (from 1 to 2 m²), the assets are limited to one water tap, one small stove (electric, petrol or coal). The fridge, when there is one, is kept inside the flat. These kitchens are in fact often reduced to a wood cupboard hooked to the balustrade of the corridor.

c. An important diversity of food outlets in the area

Before the 1990's, food outlets were limited to state-owned shops located on the area's main street, Pho Kim Nguu. After the economic liberalization of Doi Moi, a private sector of distribution, through informal markets, has developed in the open spaces still available between the collective buildings. Families who had ground floor flats, have benefited a lot from this liberalization by opening shops which have considerably bettered their income level.

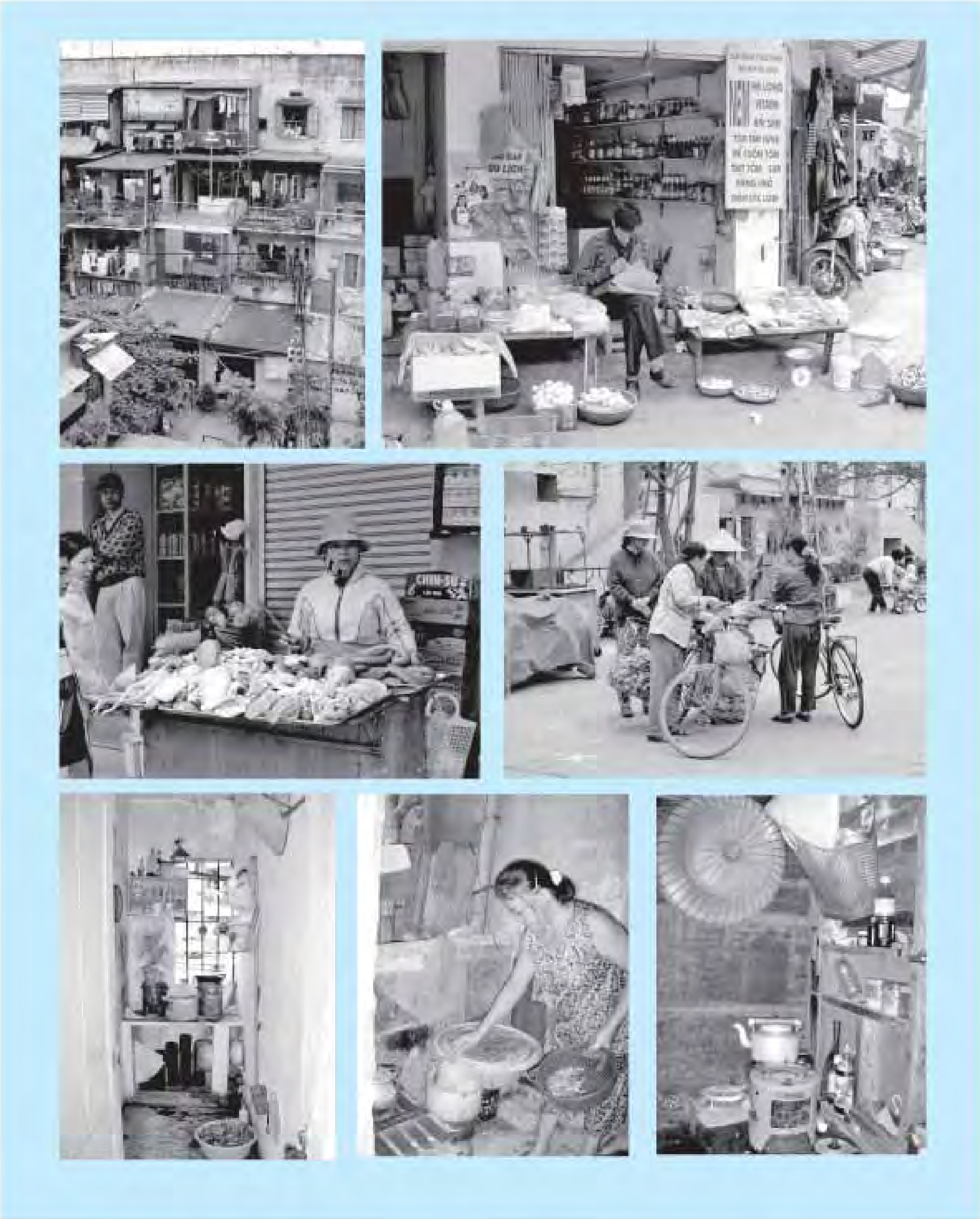
Today, 40% of the sellers operating in the area are originally from Quynh Mai.

The outlet types in the area are the following (see map picture 2):

1- Formal market: During our survey, the two nearest formal markets were the Market Mo (Bach Mai area) at 2 km and the Market Hom (on Ngo Thi Nham street at 2.5 km). A market area has been built in the Quynh Mai area and opened in December 2004, after our survey was completed. It is a closed place, with places strictly allocated, and with a managing board. The prices to get a stall are high and out of reach for a large number of the street vendors who work in the area. Inhabitants in the area feared that when the formal market opens, the informal markets would be more strictly prohibited and prices would increase. This market is built on the area of a previous market but the new market is larger (1,700 m²). To extend it, expropriations have been necessary. Because of the higher costs for expropriate owner of wealthy houses, and renouncing to the former project, the extension has been limited to the direction of the area of poor households. The market creates employment for 265 households.

2- Informal Market "Market 8th of March" (street market). This market results from a progressive gathering of mobile vendors. Because this market is not legal, there is no management board and the allocation of places is determined by informal rules which are difficult to identify. This allocation is not fixed and can be always called into question. Vendors have to pay a garbage tax of 1,000 to 2,000 VND per day. If there is a police patrol, vendors run away to avoid fines. The dwellers of the area call this market, "the rural market," because there are a lot of producers vending

Pictures 1 - Buildings, outlets, kitchens in Quynh Mai (M.Figuié, 2004-2005)



from the peri-urban areas (bank of the Red River) or from the nearby province of Hung Yen. Vending is irregular and it is an extra monetary activity for people who cannot pay for buying a stall in a formal market. This informal market is tolerated by the authorities because the formal market is not yet finished. It offers employment for 300 to 400 households.

- "Toad market." There are four small informal markets between the collective buildings. They take their name from the number of the buildings which frame them. Each one is rather specialized: 1) market C9/D5 offers meat, fish, vegetables, and some special products like roasted meat, in particular, roasted dog meat, 2) market C8/D7 specializes in fresh meat and fish 3) market A5/A6 specializes in street restaurants, and dried food such as all kind of noodles and dried mushrooms, 4) and finally, Market A4 specializes in clothes and household electrical supplies. Some of these markets are functioning from 5:00 am to 11:00 am (C8D7, A4) or from 3:30 pm to 7:00 pm (C9D5; A5A6).

- Individual stalls. These stalls are installed on the pavement of the street, "8th of March," and in the nearby streets. They sell meat, fish, fruits, vegetables, ready-to-eat food, and rice. The foodstuffs lay on a table or in baskets on the floor. There is sometimes a cover to protect them from sun and rain. Stall vendors stay all day long and these stalls become a part of the 8th of March Market when it opens.

- Shops. There are small private shops, installed on the ground floor of the house, generally specialized (frozen aquatic products, fish sauce "nuoc mam," rice, and quality vegetables "rau sach"). They are open from 6:00 am till 10:00 pm.

- Street mobile vendors. These vendors are mainly producers, they sell their goods in the morning and go back home in the afternoon. They mainly sell fruits, flowers, or vegetables on their bicycles. During part of the day, they can join a toad market or circulate in the street to meet potential buyers (see box 7).

3- Supermarkets. They are located outside the area. The nearest ones are the Supermarket Van Ho 2 km away, and the Supermarket Tran Tien Plaza 3 km away.

Picture 2 - Plan of Quynh Mai area

Box 7. One example of a street vendor in Quynh Mai
Mrs. X is an inhabitant of Quynh Mai area. She lives with her son, his wife, and children. After being employed at the canteen of the Polytechnic Institute, she retired five years ago. But her pension of 510,000 VND/month is very low, and because her grandchildren are big enough and do not need her any more at home, she decided to sell fruits in the street. Every day of the week, she goes to the wholesale market of Long Bien at 5 am to buy around 40 kg of fruits that she carries in her baskets. She first stays at the door of the hospital "8th of March" in Quynh Mai area during the visiting hours (from 7:00 am to 12:00 am). Then she moves in small distances, always in the same area, till 6 pm. Everyday, she earns around 20,000 VND (1 euro).

2. A Secondary City: Moc Chau in Son la province

a. A rural area, with farmers and day workers

Moc Chau is a rural district, located in the province of Son La, 220 km south west of Hanoi. Its elevation is high (1050 m) but it is a fairly flat region. The good conditions of topography and climate explain why this area was chosen during the period of planned economy for the installation of big State-owned farms (tea, milk, silk worms, etc.). Nowadays, small independent producers are the main part of the population. The country town (31,000 inhabitants) of this district is also called Moc Chau and is divided into two areas, 5 km apart: the area called "Moc Chau Town" (8,000 inhabitants) and the area of"Moc Chau Farm" (23,000 inhabitants, area of the previous state owned farms).

Officially, 110 households have a poverty certificate (delivered by the district for households with less than 200,000 VND/cap/month and a "good morality") out of a total of 10,256 households. This means that around 1% of the households are considered poor (10% for the entire district).

But according to the Women's Union, there are around 20% of households in Moc Chau (Town and Farm) living with less than 300.000 VND/cap/month, and who should be considered as poor. They are mainly daily workers, involved in agriculture, transport, or construction.

Families live in small houses with a garden. These gardens supply the family with chayote and allows them be able to raise pigs and chickens. The sale of pigs, once a year, helps to provide the family with income for the purchase of rice stock.

b. Retailing outlets

- Markets

In Moc Chau there are four markets:

- two formal markets with a managing board. The price to get a stall in these markets is around 40 to 100 million VND for a 15 year lease.
- two informal markets: the market of the Museum and the market Ban Phu.

- Shops

There are officially 280 shops in the streets of Moc Chau Town, 500 to 600 in Moc Chau Farm. Shop vendors work as retailers, collectors, and wholesalers: they sell products from other areas such as rice, meat, vegetables from Dien Bien Phu or the Red River Delta. They also collect products from Moc Chau District (chayote, cabbage, tomato, plum) to be sold in the delta.

- Mobile vendors

Mobile vendors are more numerous in Moc Chau Farm because this area is larger. They are local people who move on bicycles in the rural part of the district. One also encounters vendors in small buses, coming from the Red River Delta, and going from one village to another.

C. Socio-economic profile of the households surveyed

1. General features of the households

In Hanoi, 110 households were surveyed in Quynh Mai area, consisting of 450 people, of which 109 were under 15 years old and 50 are up to 65 years old. Three of these households are with just one member, seven have two (mostly mother and child). Forty-two include three generations.

In Moc Chau, 110 households were surveyed, consisting of 440 people, of which 114 were under 15 years old and 13 were up to 65 years old. Two of these households were with just one member, six with two. Eight households gather three generations in them. The level of education is lower in Moc Chau than in Hanoi (see table 41). In both situations, manual workers predominate, with a high share of workers in the primary sector of Moc Chau (table 42). The percentage of unemployed people poorly reflects the reality of part time workers or day workers. In Moc Chau, seasonal migrations are common (mainly men, working on building sites for several weeks, often in Hanoi. In this case, the limit of the household is not always easy to define).

The average income in the Quynh Mai sample is 348,000 VND/capita/month, and 208,000 for the Moc Chau sample (table 43). This data has to be considered with caution because it is difficult to assess households' income, in particular agricultural incomes, such as in Moc Chau.

Table 41 - Instruction level of the head of the household in Quynh Mai and Moc Chau poor households

Instruction level of the head of the household (%)	Quynh Mai- Hanoi	Moc Chau
No School	0.0	1.8
Class 1 to 5	10.9	20.0
Class 6 to 9	42.7	57.3
Class 10 to 12	40.9	16.4
Up to class 12	5.5	4.5

Occupation (% of people in age of working in the sample)	Quynh Mai-Hanoi	Moc Chau
Number of people in age of working in the sample	n= 300	n= 259
Skilled manual workers	41.0%	20.1%
Unskilled workers	5.7%	6.2%
Staff in foreign organization or joint venture	1.0%	0.0%
Owner of retail business	1.7%	0.4%
Staff in State agency or ltd. Company	25.0%	14.7%
Personal services, security guard, seller	6.7%	0.8%
Vendor, retailer	2.0%	3.1%
Farmer, forester, fisherman	0.3%	32.8%
Unemployed	9.3%	6.9%
student (>18)	7.3%	15.1%
Total	100.0%	100.0%

Table 42 - Main activity of the adults in Quynh Mai and Moc Chau poor households

Income vnd/month/capita (including children)	Quynh Mai-Hanoi	Moc Chau
average income	348,000	208,000
Number of households with income:		
under 200,000	14	52
From 201,000 to 400,000	63	37
From 401,000 to 600,000	32	10
Up to 601,000	1	11

Table 43 - Household incomes

2. House and equipment

The area and the (7.3%)equipment of the household confirm the low standard of living of the families. In Quynh Mai-Hanoi, the houses have a reduced area with an average of 7.4 sq. m per person (this data is not available for Moc Chau). Refrigerators are still rare in the Moc Chau sample (7.3%), compared with the relatively high proportion of refrigerators in the Quynh Mai sample (table 44) - 56.4%, which is close to the Hanoi average (51% of the households in Hanoi have a fridge, according to GSO, VHLSS 2002). But we have to underline that in many cases refrigerators in Quynh Mai are unplugged or are only plugged in during the hot season (see box 8).

% of households with	Hanoi	Moc Chau
Refrigerator	56.4	7.3
Freezer	10.0	0.0
Bicycle	70.0	74.5
Motorbike	52.7	45.5
Car	0	0

Table 44 - Household equipment
Sample size: 110 households in Quynh Mai-Hanoi, 110 in Moc Chau

Box 8. Description of the use of the fridge

In Quynh Mai, many refrigerators in poor households are unplugged. Some are out of order and serve as a kind of cupboard, while some are only plugged in during the hot season (according to some interviewees the cost of electricity for a refrigerator is about 30-40.000 VND/month). Most of the housekeepers purchase food every day, early in the morning, before going to work. They cook the meat or the fish, if there is any, just after buying it and keep it in the fridge. But, vegetables and rice are cooked just before eating. So, most of the time, the fridge contains cooked fish and meat, uncooked vegetables and fruits. The rest of the food does not last more than two days. The refrigerator also contains potable water. The freezer (on the top of the refrigerator) only serves to produce ice (sometimes sold to the neighbors), but never to keep food.

3. Food insecurity

a. Suffering food shortages

Food insecurity is a widespread problem in the households surveyed. This is obvious in Moc Chau, where 29% of the households claim to face food shortages regulary and 41% occasionally (2% and 13% in Hanoi, table 45).

Table 45 - % of households suffering food shortage in Quynh Mai (Hanoi) and Moc Chau

% of answers	Quynh Mai Hanoi	Moc Chau
Never	85.0	30.0
Occasionally	13.1	40.9
Regularly	1.9	29.1

But even in Hanoi, when we asked respondents to prioritize what they would like to improve in their diet, 37% wished to increase the quantity of what they consumed and 20% wished to have a more regular diet (table46). Having a tastier diet was their first wish.

Table 46 - What Hanoi and Moc Chau poor households wish to improve in their diet?

% of households who choose this answer	Quynh Mai- Hanoi	Moc Chau
More tasty	71.8	56.4
More abundant	37.3	56.4
More diversified	56.4	44.5
More balanced	42.7	35.5
More regular	20.0	34.5
Better sanitary quality	37.3	29.1
Other	13.6 (9.1 "more fruits")	8.2

Q. If you had the opportunity, what will you improve in your diet, by order of priority? (three possible answers) Sample size: 110 households in Quynh Mai-Hanoi, 110 in Moc Chau

b. Facing food shortages

To face the situation of food shortages, around 1/5 of the households in the Moc Chau sample and 1/3 in the Hanoi sample, receive financial support from the government or from their family (tables 47-48).

Table 47 - % of poor households receiving financial support

% of households who receive	Quynh Mai- Hanoi	Moc Chau
government support	37.3	19.1
family support	30.0	19.1

Sample size: 110 households in Quynh Mai-Hanoi, 110 in Moc Chau

	Quynh Mai- Hanoi	Moc Chau
% of households who have borrowed money to buy food during the last month	25.5	47.3
amount borrowed to buy food during the last month	from 50,000 to 1 million VND	from 16,000 to 3 millions VND

Table 48 - % of poor households borrowing money to buy food

Sample size: 110 households in Quynh Mai-Hanoi, 110 in Moc Chau

Households also receive food (more than half of the households of our sample) from family or neighbors, mainly sugar, milk or fruits, and especially in case of illness (table 49). But the value of the food received is very low: approximately 32,500 VND per month on average for households in Hanoi and 23,100 VND in Moc Chau.

	Quynh Mai- Hanoi	Moc Chau
% of total households who receive food aid	50.0	61.8
average value (of the total of households who receive aid) origin (% of total households who received food aid)	32,500 VND/month	23,100 VND/month
from family	40.9	39.1
from neighbors	23.6	47.3
from friends	13.6	6.4
from government	5.5	8.2
from charity organization	0.0	3.6
Other	4.5	4.5
products received (% of total households who received food aid):		
Sugar	27.3	50.0
Milk	30.0	46.4
Fruits	36.4	34.5
Cake	10.0	12.7
Vegetables	2.7	8.2
Rice	4.5	3.6
Fish	3.6	0.9
Eggs	1.8	8.2
Meat	5.5	5.5
other	4.5	5.5

Table 49 - Food help in Hanoi and Moc Chau poor households.

This table shows the importance of informal networks of solidarity (family, friends, etc.) to support poor families, in comparison with government or non-governmental organizations.

Another opportunity to face food shortages is to collect wild plants or animals: in Moc Chau 35 households stated that they had collected food in wild areas (wild vegetables, bamboo shoot, crab, fish, shrimp, bird). In Quynh Mai, 10 years ago, people could fish in the Kim Nguu River, which marks the east limit of the area, but the pollution is now too high and there are no longer any fish.

D. Purchasing food practices

1. Self production

There is no self-production in the Hanoi sample. Nevertheless, it is not rare to find pigs, poultry (or even bears for bile) raised in Hanoi. But these activities are not possible in the KTT collective buildings.

In Moc Chau, self-production is important, nearly 90% of the households produce part of the food that they consume (table 50). This is mainly home garden production: chayote (Sechium edule), which constitutes an essential component of the diet of the surveyed households (after rice), and fruits produced in a much smaller volume.

Table 50 - Self production in Moc Chau

% of households producing part of what they consume	Moc Chau
Total	89.1
Vegetables	74.5
Fruits	58.2
Chicken	50.0
Honey	50.0
Eggs	30.0
Pigs	23.6
Maize	15.5
Rice	12.7
Manioc	5.5
Fish	4.5
Other	8.2

Sample size: 110 households in Moc Chau

2. Buying food

Frequent retailing places

In Quynh Mai-Hanoi, households mainly purchase food in informal markets and street markets, where the residents go many times a week. Shopping in a supermarket is rare (see table 51). In Moc Chau, households do not shop so often and use a wider range of retailing points (table 52).

Table 51 - Retailing places in Quynh Mai Hanoi

% of households in Quynh Mai- Hanoi who shop from...	never	some times a year	some times a month	some times a week	total
Street mobile vendors	14.5	9.1	44.5	31.8	100
Unformal markets or street markets	0.0	1.8	2.7	95.5	100
Formal market	22.7	60.0	15.5	1.8	100
Individual Stall	10.0	27.3	60.9	1.8	100
Shop	15.5	20.0	56.4	8.2	100
Supermarket	60.9	36.4	2.7	0.0	100

Q. Does your household buy food in the following places? Sample size: 110 households in Quynh Mai-Hanoi

% of households in Moc Chau who shop...	never	some times a year	some times a month	some times a week	total (n=110)
Street mobile vendors	20.9	11.8	49.1	18.2	100
Informal markets or street markets	16.4	19.1	28.2	35.5	100
Formal market	2.7	25.5	43.6	28.2	100
Individual Stall	0.9	12.7	60.0	26.4	100
Shop	10.0	19.1	67.3	3.6	100
Supermarket	100.0				100

Table 52 - Retailing places in Moc Chau

Share of expenditure in the different retailing places

In Quynh Mai, the average food expenditure for inside home consumption is around 160,000 VND/week/household and 73,500 in Moc Chau. The importance of the different retailing places for households can be assessed through the share of expenditure in each place. This confirms that in Moc Chau there is a large diversity of retailing points used (see figures 21 and 22). The share of expenditure of the supermarket of the total food expenditure is only 0.30% in Quynh Mai households (and 0% in Moc Chau where there is no supermarket).

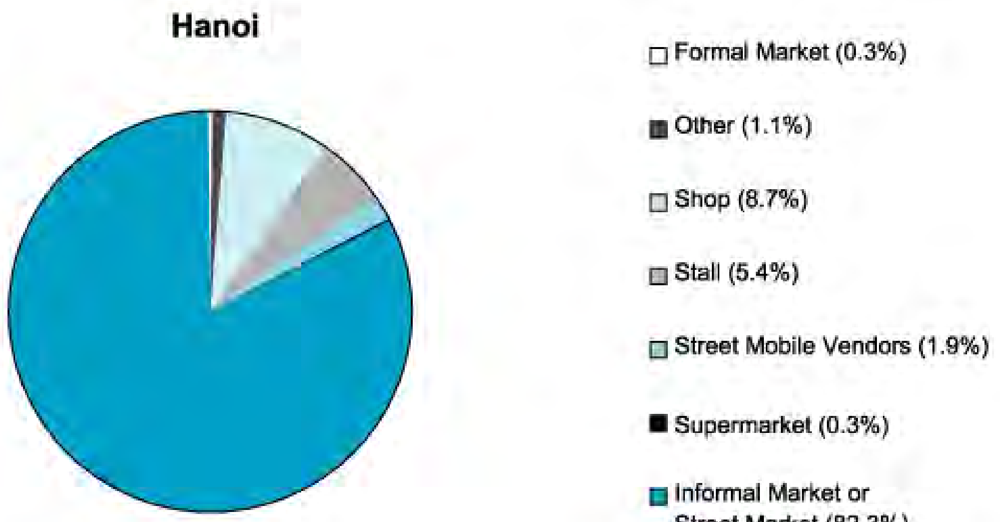


Figure 21 - Share of food expenditure in the different retailing places in Quynh Mai (Hanoi) (monitoring expenditure during one week in 110 households)

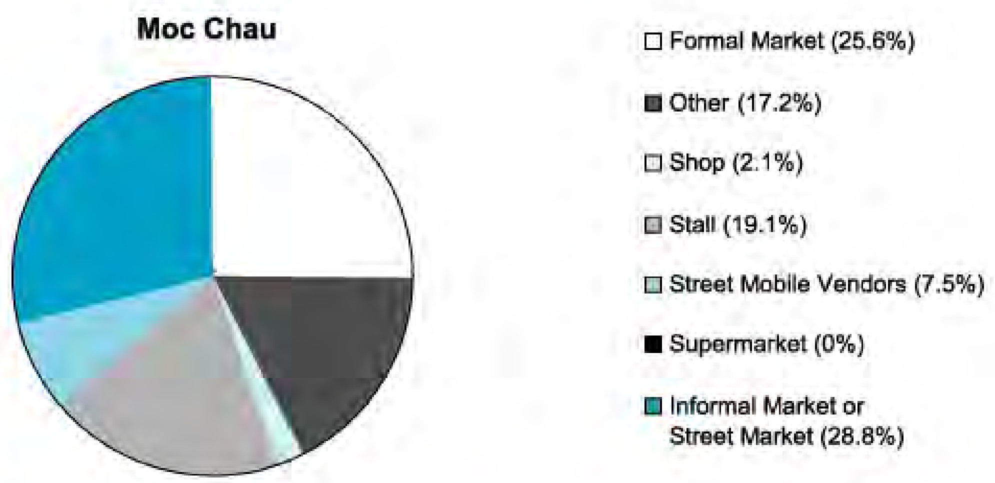


Figure 22 - Share of food expenditure in different retailing places in Moc Chau (expenditure in 110 households, the day before the survey)

Expenditure by purchasing act

The record of all food purchases during the week period of the survey in Hanoi showed a multitude of small purchases, involving a very small amount of money each time. We call "purchase" the act for one household to buy, in one defined place, at one moment of the day (for example, if someone buys at one informal market, from 4 different sellers, it will be considered as one single purchase. But if he/she buys also from a shop seller, shortly after, then two purchasing acts will be considered).
On average, one household had 13 purchases by the end of the week, (and probably many times a week from the same vendor) spending each time around 17,000 VND. In Quynh Mai (table 53), only two households shopped in a supermarket during the week of the survey, one to buy instant noodles (spending 15,000 VND), the other to buy bread, milk, and processed meat (spending 38,000 VND).

Table 53 - Expenditure and frequency of purchase in the different places

Purchasing Places in Quynh Mai	Nb of purchases in this place during the week,	Nb of households who have purchased at least once in this place during the week of the survey	Average expenditure by purchase (VND)	Standard deviation
Shop	140	65	11,035.71	14,987.12
Stall	125	49	7,539.20	17,773,.0
Formal Market	3	3	16,000.00	17,776.39
Street Mobile Vendors	77	38	4,874.03	7,656.20
Other	12	8	17,041.67	28,901.45
Informal Market or Street Market	1040	110	19,974.13	18,706.81
Supermarket	2	2	26,500.00	16,263.46

Products bought in the different retailing places

The complementarities between the different places seems mostly to rely on the kinds of the products bought (table 54): open air market (formal or informal) for fresh products, shop or stall for dry products, street vendors for fresh products (mainly vegetables).

Table 54 - Main products bought in the different retailing places
Q. Where do people of your household mainly buy the following products?

retailing places	Quynh Mai Hanoi	Moc Chau
formal market or informal market	vegetables, fresh animal products, tofu, fresh noodles, fat, roots and tubers...	vegetables, fresh animal products, roots and tubers, fruits...
shop or stall	rice, tea, coffee, soft drinks, canned milk, canned food, instant noodles, cake, alcohol, vegetable oil, bread, processed meat	rice, tea, coffee, dairy products, sugar, sauce, instant noodles, alcohol, cake sweet, vegetable oil...
supermarket	-	-
street mobile vendors	vegetable, fruits	vegetable, sea food , tofu

The previous table refers to reported practices (17. Q. Where do people in your household mainly buy the following products?). By monitoring purchasing practices during the one week period in 110 households in Hanoi, we have a more precise picture (table 55).

VND/ household/week	formal market	other	shop	Individual-stall	street mobile vendors	super-market	informal market, street market	total	% by product
rice	0	1 500	973	2 336	0	0	255	5 064	3.2%
roots and tubers	0	0	0	0	0	0	786	786	0.5%
vegetables	0	0	0	36	356	0	17 570	17 962	11.3%
fruits	0	0	73	964	986	0	11 612	13 635	8.6%
raw meat	91	0	145	364	573	0	50 761	51 934	32.8%
seafood	327	0	0	23	245	0	21 753	22 348	14.1%
egg	0	0	0	127	33	0	6 855	7 015	4.4%
tofu	0	9	27	0	45	0	5 851	5 932	3.7%
vegetable oil	0	0	1 982	0	0	0	1 264	3 246	2.1%
fat	0	0	0	0	0	0	800	800	0.5%
bread	0	36	250	805	332	64	1 341	2 828	1.8%
canned food	0	0	132	0	0	0	0	132	0.1%
processed meat	0	0	145	1 023	0	136	2 836	4 140	2.6%
sauce, seasoning	0	0	1 741	55	0	0	599	2 395	1.5%
sugar	0	0	186	0	0	0	150	336	0.2%
cake, sweets	0	0	1 127	0	14	0	209	1 350	0.9%
dairy product	0	0	3 955	68	0	145	2 114	6 282	4.0%
tea, coffee	0	0	9	0	0	0	14	23	0.0%
Soft drinks	0	0	127	0	0	0	73	200	0.1%
fresh noodles*	18	109	295	1 123	0	0	1 723	3 268	2.1%
instant noodles	0	0	1 374	0	0	136	473	1 983	1.3%
alcohol	0	68	609	18	0	0	0	695	0.4%
artisanal processed food	0	45	18	1 414	268	0	2 182	3 927	2.5%
other products	0	0	58	213	86	0	1 118	1 475	0.9%
Total	436	1 768	13 773	8 567	2 939	482	130 337	158 302	
% by place	0.3%	1.1%	8.7%	5.4%	1.9%	0.3%	82.3%		100.0%

Table 55 - Matrix product/ retailing point *(Average on 110 households, monitored during one week)*
** bun, mien, pho, etc.*
Sample size: 110 households in Quynh Mai-Hanoi

Buying from mobile street vendors is surprisingly low. This could result from the difficulty in distinguishing street markets from mobile vendors: mobile vendors often aggregate to constitute a "mobile" street market.

The small monetary share of some products has many explanations (table 57):

- low price of the product: that is the case for vegetables, which people buy very often. But vegetables represent, by volume, the second most consumed product (NIN, 2002).
- low share in the diet: which is the case of the soft drinks.
- but also low frequency of shopping: we monitored the purchase during one week. This is quite enough in the local context of the daily purchase of fresh foods. But for some products, like rice, it appears insufficient: households generally buy rice in quantities of 20kg - the average consumption is 12kg/cap/month, (NIN 2002), once every two weeks to twice a year.

During the week of the survey, only 10 households in Quynh Mai bought rice. In Quynh Mai, rice is bought from very informal channels ("others"). Many people in the buildings sell rice from their flats. It is also common to order rice by telephone. In this case, the customer benefits from home delivery and by being allowed to use credit.

Time and place of purchase

All the purchasing places are more frequented in the morning (table 56). Informal markets are relatively well frequented in the afternoon (1/3 of the purchases in informal market are in the afternoon).

Table 56 - Number of purchases by place during the week of the survey in the 110 households in Hanoi

Purchasing places	Moment of the day	
number of purchases / 110 households/ 7 days	Morning	Afternoon
Formal Market	2	1
Other	8	4
Shop	111	29
Individual Stall	112	13
Street Mobile Vendors	68	9
Supermarket	2	0
Informal Market or Street Market	705	335

Product	Average expenditure by purchase (VND)	Standard deviation	No. of households who purchased this product during the week	Total number of purchases of this product during the week	% of households who purchased this product during the week	Number of purchases during the week/ number of households who purchased this product
Rice	55 700.00	51 888.88	10	10	9.1%	1.0
Perfumed Rice	60 000.00	0.00	1	1	0.9%	1.0
Roots and Tubers	2 544.12	1 082.70	26	34	23.6%	1.3
Vegetables	2 569.44	1 924.30	109	769	99.1%	7.1
Fruits	6 786.43	4 418.74	77	221	70.0%	2.9
Raw Meat	11 402.59	7 761.52	109	501	99.1%	4.6
Seafood	9 347.15	6 797.56	97	263	88.2%	2.7
Egg	5 936.15	4 678.25	84	130	76.4%	1.5
Tofu	2 663.67	1 308.49	91	245	82.7%	2.7
Vegetable oil	51 000.00	34 461.33	7	7	6.4%	1.0
Fat	14 666.67	12 816.66	5	6	4.5%	1.2
Bread	3 079.21	3 452.55	43	101	39.1%	2.3
Canned Food	4 833.33	2 309.40	2	3	1.8%	1.5
Sugar	6 166.67	816.50	5	6	4.5%	1.2
Processed Meat	6 698.53	3 760.70	50	68	45.5%	1.4
Sauce	4 464.41	3 731.03	35	59	31.8%	1.7
Cake, Sweets	5 940.00	7 749.57	18	25	16.4%	1.4
Dairy Products	10 630.77	22 979.51	36	65	32.7%	1.8
Tea, Coffee	833.33	288.68	3	3	2.7%	1.0
Soft Drinks	11 000.00	8 485.28	2	2	1.8%	1.0
Noodles*	4 668.83	5 811.53	41	77	37.3%	1.9
Instant Noodles	6 231.43	6 586.38	23	35	20.9%	1.5
Alcohol	9 562.50	8 649.68	4	8	3.6%	2.0
Other	2 705.00	1 827.14	38	60	34.5%	1.6
Other Artisanal Processed Foods	2 426.97	3 004.28	68	178	61.8%	2.6

Table 57 - Frequency and expenditure by purchase for different foodstuffs *(110 households monitored during one week in Quynh Mai, Hanoi)*
** bun, mien, pho*

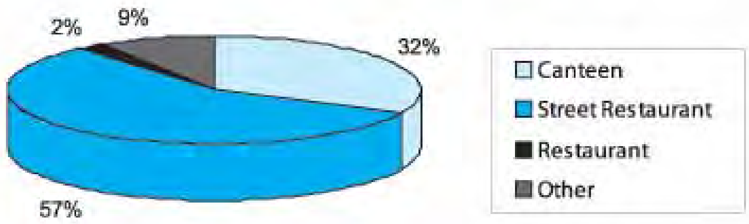
3. Outside home consumption

According to GSO data, outside home consumption is mainly urban: in 2002 it represented 22.2% of total food expenditure in urban areas and 8.6% in rural areas. Regarding poor and rich households, GSO data shows that outside home consumption represents 3.0% of food expenditure in the poorest 20% of households and 21.9% in the richest 20% of households. But no data is available for poor urban households.

In fact, we can see from our Quynh Mai sample, that outside home consumption is very important in poor urban households. It represents 18% of the food expenditure during the week of our survey (1,580 VND/capita/day). Rice and noodles are mainly consumed during these meals outside the home. In Quynh Mai, it is possible to get glutinous rice for 1,000 VND and a noodle soup (bun rieu) for 2,000 VND. Workers can have lunch at the factory canteen for 2,000-3,000 VND.

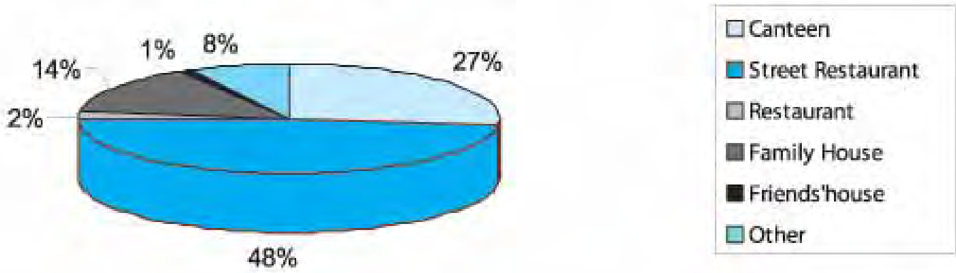
In Quynh Mai, more than half of outside home consumption (57%) is made in street restaurants (figure 23) and 32% in factory canteens.

Figure 23- Share of expenditure of the different places for outside home consumption (Hanoi, 110 households monitored during one week)



In Figure 24, we have represented all the places of outside home consumption, including, family (often for death anniversary) and friends' houses where there is no expenditure, but the value of the meal has been estimated in all places. It shows the importance of meals in the houses of other members of the family (14% of the value of outside home consumption).

Figure 24 - Share of expenditure of the different places for outside home consumption (Hanoi, 110 households monitored during one week)



Times of outside home consumption

Different places are frequented at different moments of the day (figure 25): street restaurants are mainly frequented in the morning and canteens, friends', and families' houses at lunch time. It is rare to consume outside the home in the evening.

This data and the comments of our respondents allow us to underline some specificities of poor households regarding outside home consumption:

- poor households do not eat in restaurants.
- they do not eat outside the home in the evening.
- for breakfast they consume rice (for manual workers), or glutinous rice (Xoi).

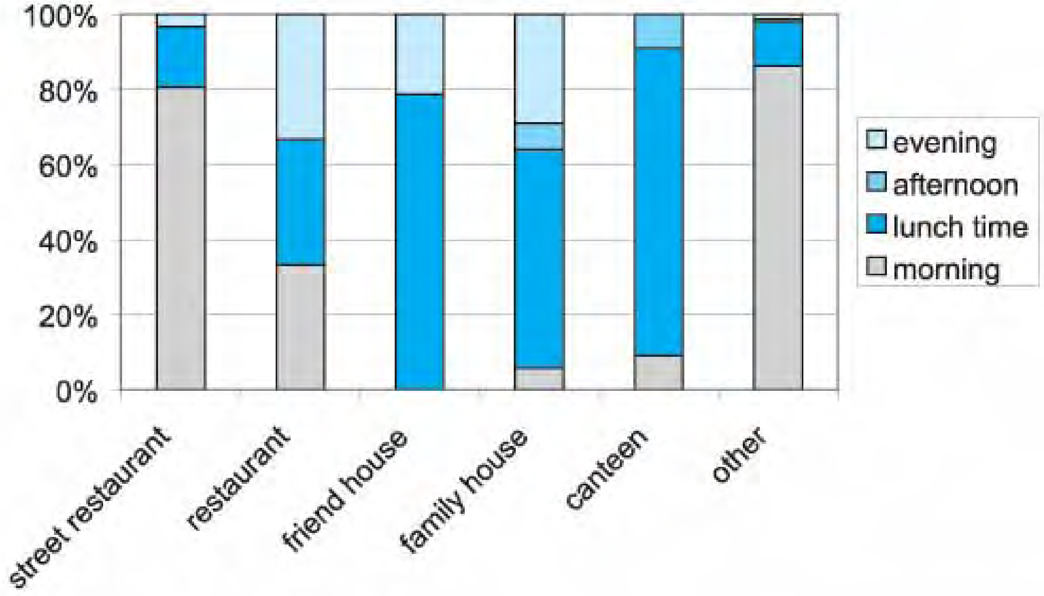


Figure 25 - Outside home consumption: places and times

E. Opinion on the different retailing places

Respondents showed satisfaction regarding the places where they purchased products. In Hanoi-Quynh Mai (Figure 26a), informal markets or street markets are mainly quoted for their proximity and the rapidity of buying there (no need to leave motorcycle or bicycle in a parking area). They are also the place the most quoted for being a "pleasant place," with "friendly sellers," offering the "possibility of credit."

Supermarkets and shops are places recognized for the quality and the diversity of the products.

Surprisingly, supermarkets are not quoted for being pleasant places. This is surprising considering the fact that some people only go there for entertainment.

Formal markets are recognized as offering a diversity of products. The prices are high (second most-quoted place for high prices, tied with shops, but behind supermarkets) and, because the nearest formal market is 2 km away from the area surveyed, these are quoted as being far.

Street vendors are appreciated for low prices, rapidity, and proximity, but this is the first place quoted for low quality and low diversity of the products (Figure 26b).

The convenience of "opening hours" does not differentiate the places.

In Moc Chau (Figure 27a and Figure 27b), formal markets are quoted for the diversity and the quality of the products, (shops are ranked second) but they are too far away for many households, and do not offer possibility of credit.

Street vendors are quoted for proximity and rapidity but also for low diversity and low quality of their products.

High prices are associated first with stalls, then with formal markets and shops. No opinion could be collected on supermarkets.

These results are backed by a previous survey (Cadilhon and Tam 2004), in HCM City on consumers' preferences of vegetable purchase outlets: this study shows that customers go to particular outlets because they are close to their homes, freshness of vegetables comes second, food safety comes third, and finally, cheap prices.

Figure 26a - Advantages of the different retailing places according to the Hanoian respondents

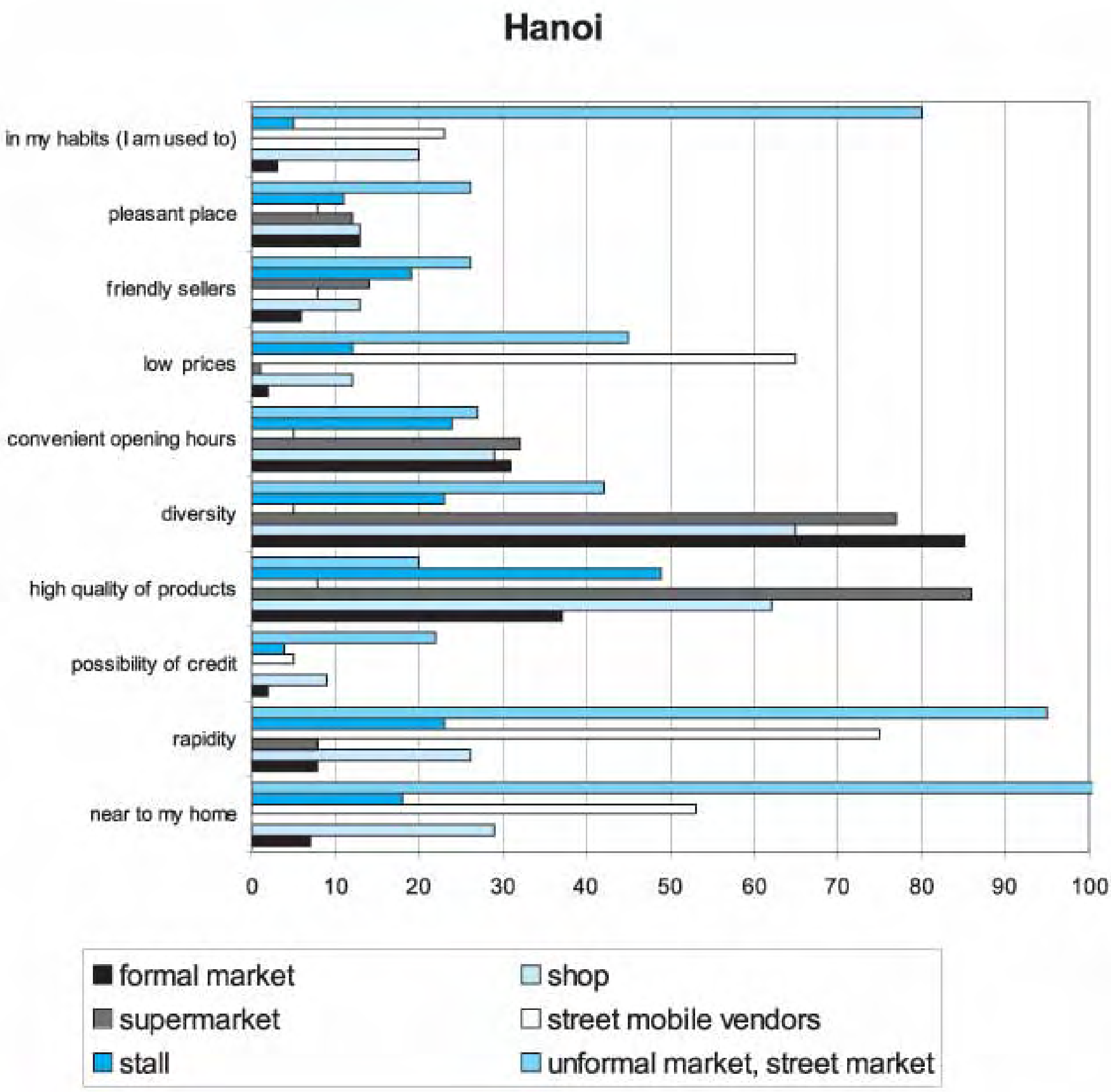


Figure 26b- Disadvantages of the different retailing places according to Hanoian respondents

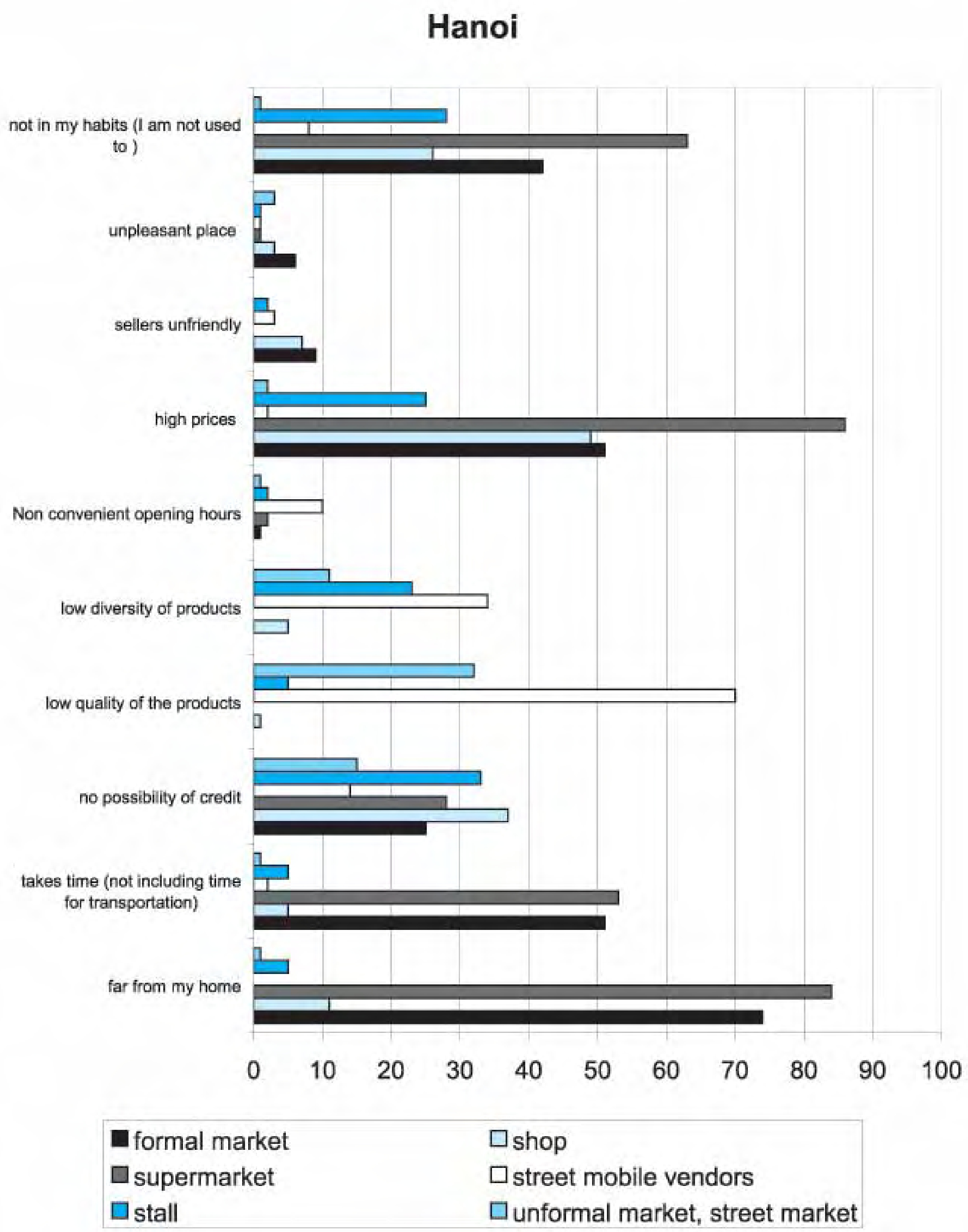


Figure 27a- Advantages of the different retailing places according to the respondents of Moc Chau

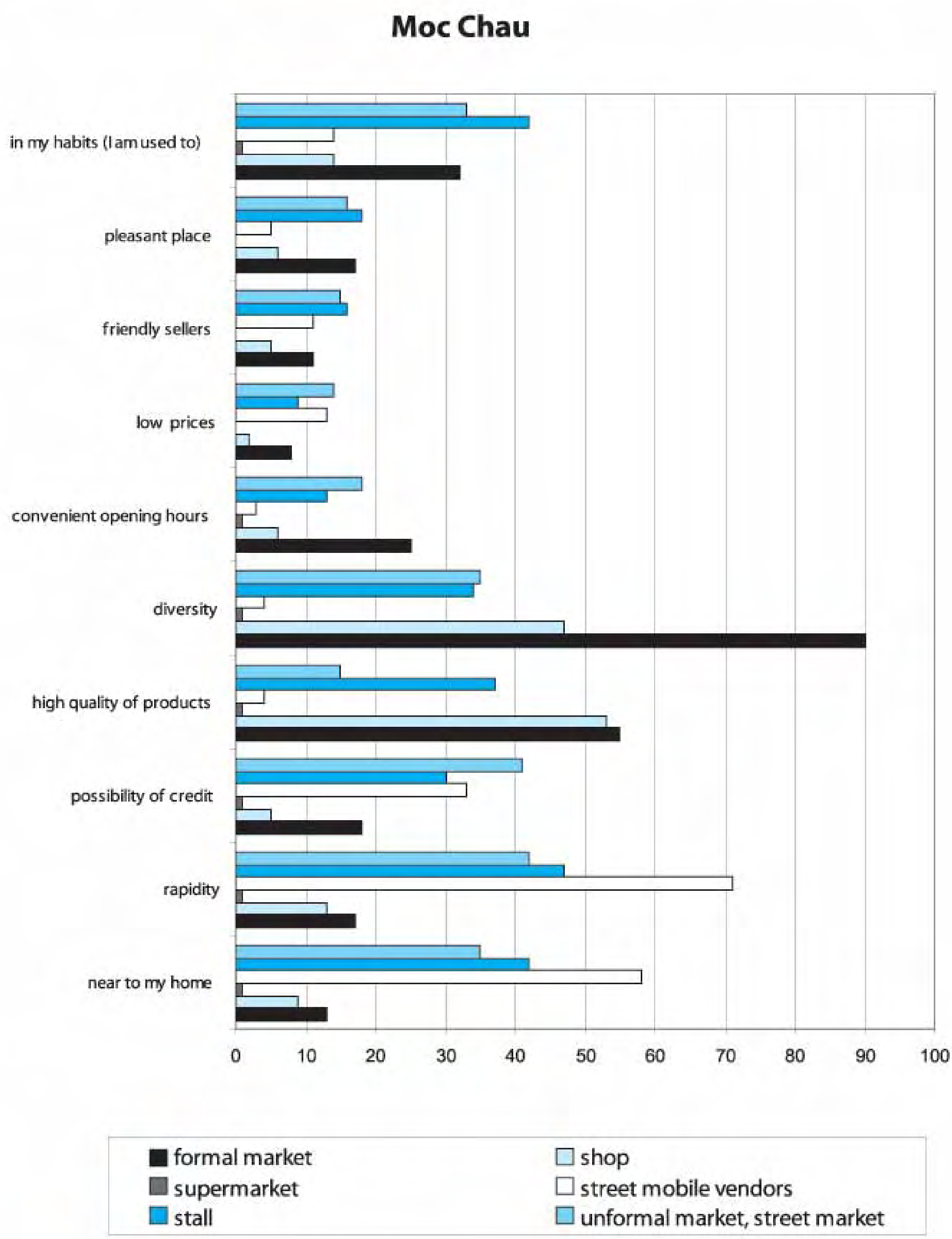
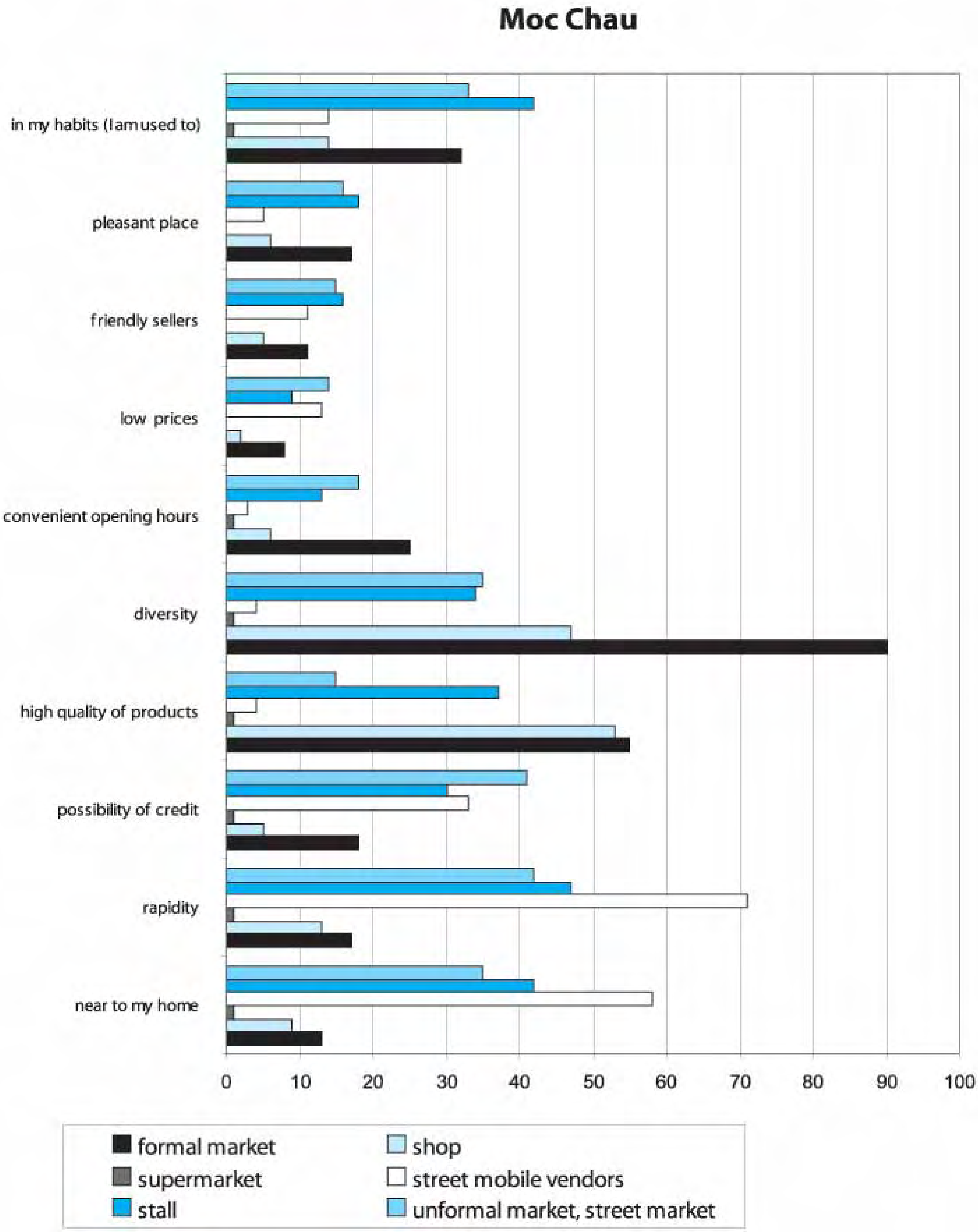


Figure 27b- Disadvantages of the different retailing places according to the respon-



F. Conclusion part VI

Our two samples give us an image of urban poverty in Hanoi, Vietnam's capital city, and in Moc Chau, a secondary town of a rural district. In the first case, we interviewed mainly factory workers. In the second case, in Moc Chau, our sample includes manual workers, who are less educated and have lower incomes.

In Quynh Mai (Hanoi), families live in collective buildings, which are overcrowded and currently have a water supply problem. In Moc Chau, small houses with gardens contribute to the food supply. But regardless, food insecurity is widespread in Moc Chau (where only 30% of the households declare that they never experience food shortages, and 30% declare that they regularly suffer food shortages). In Quynh Mai, 37% of the households wish to have more abundant foodstuffs.

To deal with this, households can benefit from government or family financial support, (around 30% of Quynh Mai households, 20% in Moc Chau) but this still represents a very small amount. Borrowing money is a common alternative. Households frequently receive food aid - mainly from family members in Hanoi, and mainly from neighbors in Moc Chau (sugar, fruits, milk). Generally the case of someone being ill in the family is when food aid is needed. Wild plants or animals also seem to be a significant source of food for poor families in Moc Chau.

Nevertheless, these households regularly purchase food in the market. Their purchasing practices are characterized by many purchasing acts of small values (around 17,000 VND/purchase). They purchase in a close area (less than a 2km radius), mainly in open-air or street markets, and never in the supermarket. (In Moc Chau there is no supermarket, in Hanoi there is one around 2 km away). The complementarities of the different retailing points can be analyzed in terms of:

- products: open market (formal or informal) for all kind of fresh products, street mobile vendors for fruits and vegetables, shops and stalls for dry products.
- quality/price: formal markets and supermarkets offer diversity, quality, and high prices, while street vendors offer low quality and diversity but low prices.
- customers: the previous point suggests that the different retailing places could present complementarities in terms of the customers they serve: for example, the hypothesis could be made that street vendors are more likely to be frequented by the poorest customers, and formal markets by the wealthiest. It was not possible to show from our sample whether or not households with lower incomes are more likely to purchase food from street vendors than people with higher incomes. What appears from the comments of the respondents is that they fear that when the formal markets increase in number, street vendors will be more strictly regulated and customers will have no other choice besides buying in the formal market with higher prices. Moreover, some respondents underline that a distinction must be made between morning street vendors, and full-time street vendors. The street vendors who only work in the morning are generally producers. In this particular case, it would be possible to access quality products with low prices with the vendor being able to guaranty the quality of the products.
- working hours: complementarities in terms of hours of operation do not appear.

Another finding of this study is the importance of outside home consumption for poor urban households. It represents for 22% of food expenditure in our Quynh Mai sample. We can no longer ignore its role in the food security of the households. This suggests that the Consumers Price Index (CPI) should include it in its "basket."

VII. CONCLUSION

The study conducted in Hanoi and Moc Chau (Son La) shows that poor households are not affected as consumers by supermarket development. At least not directly as they do not purchase in supermarkets because prices are high. This does not exclude the possibility of indirect impacts: impact of supermarket development on other distribution channels and impact in terms of the representation of consumption.

The analysis of the purchasing practices of these households shows that they exploit the resources and the complementarities of a very dense network of food outlets, mostly linked to informal economy. This network is dense but very small: the "purchasing field" is limited to the streets around the house. Home delivery is possible for rice.

The housekeepers are satisfied with the present system of purchase points available to them (proximity, diversity, even prices). For the time being, supermarkets cannot find a place in this system due to a number of constraints such as:

- higher prices: food still represents 70% of the expenditure of poor households.
- distance: due to the limited size of the "purchasing field" that these households can explore.
- supermarkets are not adapted to the frequent purchases (13 times a week for each household), for small amounts (17,000 VND/purchase) common in poor households): because of the time it takes to go to the supermarket, to park the vehicle (and the price to pay for the parking: 1000 VND), and to wait at the cash register.

We can also add from our observations, that buying in a supermarket means radical changes in purchasing practices, but also in values. In particular, it means to redefine the way to build trust on the quality of the product. For example, in Asia, buying live animals (chicken, fish, etc.) from a usual seller is a guaranty of freshness and safety for meat, even in urban areas. Shifting to buying dead, eventually packed (eliminating the possibility of seeing or touching the product), and frozen pieces of meat supposes to construct completely new references for consumer quality assessment. A previous survey shows the importance of freshness in purchasing food (Figuié 2004) and the small trust placed in "refrigerated food."

Nevertheless, this study and others (Figuié 2004) show that high prices in the supermarket play a role of "quality sign": the majority of the respondents said that supermarkets offer high quality products, which are supposed to have been checked (no counterfeit "safe" vegetables), and the high price is the proof of this quality. Supermarkets appear to be attractive, but out of reach for many consumers.

The attraction to supermarkets is not only linked to the supposed quality of the products sold there, but mainly, to the "modernity" and the entertainment that supermarkets offer to customers, the perceived quality could just be one consequence of it. The supermarket is a place where women factory workers, whom we met, dreamed that they might one day go, even if they are just visiting. Supermarkets contribute to a sort of "enchantment," characteristic of a developing society of consumption. Do these persons feel some frustration of being excluded from this modern outlet? No sign of being excluded were found in the comments of our respondents, but this has to be checked in further focus group discussions.

If supermarkets do not have a direct impact on poor households at present, they can contribute to weakening the other distribution channels. It is clear from this study, that in the interest of poor households, supermarket implanting should not occur to the detriment of other purchasing outlets, and policies should seek harmonious development.

This study also shows that the central question for poor households is not so much the question of supermarket development but the modernization of the distribution system in general - characterized by the process of legalizing of the distribution system and the tendency to eliminate the informal outlets.

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CHAPTER VII

PRICE COMPARISON BETWEEN SUPERMARKETS AND OTHER DISTRIBUTION POINTS IN HANOI

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OBJECTIVE AND METHODOLOGY

As they are indicators of possible benefits of supermarkets for consumers, prices have been collected to form a comparative price assessment of different outlets in Hanoi and Ho Chi Minh City. This report presents and analyzes the data collected in Hanoi.

The retail prices of 10 food products were compared at 4 different outlets: supermarkets, shops, the formal retail market and street vending.

A. Selecting food items

The food products were selected according to the importance in consumption, possibility to be found in different types of outlets, plus, potential for production by the poor farmers. Prices were considered for products of equivalent quality:

- Rice is the basis of the meal in Vietnam. It represents 45% of the food expenditure in the poor households (25% on average for all the households, GSO, 2004).
- Aromatic rice is generally mixed with normal rice to get more flavor, the proportion is more or less dependent on the income of the household. We also chose this product because it has a potential of bringing incomes for poor farmers through marketing to supermarkets (see Part 3). We chose to collect the price of the varieties of Hai hau and Mai huong. Prices of sticky rice have also been collected when available.
- Kangkong (rau muong, or water spinach, or water convolvulus, Ipomea aquatica) is one of the most consumed vegetables in North Vietnam. In the past, it was usually grown in summer but nowadays, it is available all year round. The price of kangkong is lower than other vegetables.
- Tomato. With kangkong, tomatoes are among the most popular vegetables consumed in Vietnam. Tomatoes used to be consumed mainly in winter, but they are now available all year round thanks to the development of off-season production and thanks to importation from China.
- Watermelon is a very popular fruit in Vietnam. Watermelon is available all year round in the whole country.
- Fresh litchi. During the season of production, June-July, litchi is one of the least expensive fruits. Like perfumed rice, we choose this product for its potential to bring incomes for poor farmers through marketing to supermarkets (see Part 3).
- Pork brisket ("thit ba chi"). Pork is the most consumed meat in Vietnam. Brisket is a common and inexpensive cut of pork meat.
- Monosodium of glutamate (MSG) is used in daily meals as a flavor enhancer. We chose to collect the price of the brand Vedan.
- Sweet potato. In the past, sweet potato was ranked the second most important food after rice. Its consumption has decreased in the last few years but is an still important food in poor households.
- Granulated sugar is commonly consumed in all types of households.

Fish is also a product important for the consumption of the poor, but the types of fish consumed by the poor, e.g., ca kho, ca chep or ca diep, are not found in supermarkets, so price comparison is not possible.

Place in Hanoi	Characteristics	Type of outlet	Name, Address
Quynh Mai area	low-income district in the South- East of Hanoi	shop	Van Noi store
		retail market	"8th of March"
		street vending	"8th of March"
Cau Giay area	western district populated by well-off families (mainly officials) and students (numerous colleges and high schools in the area)	supermarket	Marko
		shop	Grocery store
		retail market	Xanh Market
		street vending	Xuan Thuy street
Hanoi center	area for trading activities	supermarket	Fivimart
		shop	70E,Tran Xuan Soan street
		retail market	Hom market
		street vending	Ngo Thi Nham street
Long Bien	Long Bien is located North-East of Hanoi. The wholesale market is the main wholesale food market of the city. It has various sources of supply, such as Bac Ninh, Vinh Phuc, Hai Duong, Hung Yen, Lam Dong provinces and China.	shop	near Long Bien market
		wholesale market	Long Bien wholesale market
Thang Long	It is the biggest supermarket in Hanoi; it also provides commodities for other supermarkets.	Cash and carry supermarket	Metro

Table 58- Places for collecting prices

B. Selected distribution outlets

Prices have been collected from supermarkets, shops, formal retail markets stalls and street vendors (see table 58).
These outlets are defined as followed (Moustier, infra):
1) Supermarkets: we use the present definition for Vietnam as diversified shops of more than 500 m² (or specialised shops of more than 250 m²), characterised by self-service and services, e.g. parking areas, guards.
2) Shops: shopping area of less than 500 m², with walls and cover
3) Formal market stalls: stalls belonging to markets planned by the state (covered or half-covered)
4) Street mobile vendors: vendors selling from baskets or motorbikes, moving from one place to another, sometimes grouping themselves into informal markets.
The areas selected in Hanoi were Quynh Mai area (one of the places studied for consumer surveys), Cau Giay area and the city center.

In the formal retail market, prices have been assessed by averaging prices of 3 stalls, in street vending by averaging prices of 3 vendors.
Moreover, wholesale prices have also been assessed: the wholesale prices in Metro (a cash and carry supermarket) were compared with prices in the major wholesale markets of Hanoi, the Long Bien wholesale market.

C. Selected period of the survey

To account for the variations in fruit and vegetable supply, the price collection was conducted twice, one day in June, and the other in November.

RESULTS

The detailed results are presented in the Appendix. It was not always possible to find all of the products in all the outlets on the same day.

D. Higher prices are found in supermarkets

In the supermarkets, the price of food is usually higher than in other distribution points. But in the case of the meat, this difference is very low, or even negative. Prices in shops are intermediary between prices in supermarkets and on retail markets stalls, while prices by street vendors are lower than prices in retail markets stalls in June but are similar in November.

In June (table 59), in the different surveyed points, the difference between supermarkets and the retail market is from 47% for kangkong to -6% for pork.
In November (table 60), the difference between supermarket and retail market is more pronounced, up to +160% for kangkong in a period of high prices for this vegetable.

Table 59 - Comparison of the prices between supermarkets and other outlets in June

Average price in june (VND/kg)	1. supermarket	2. retail market stall	% of variation supermarket retail market (1-2)/2	3. street vending	% of variation supermarket street vending (1-3)/3
Tomato	8 900	7 944	10.7%	7 000	21.3%
Kangkong	4 500	2 378	47.2%	1 917	57.4%
Hai Hau perfumed rice	8 620	7 667	11.1%	7 100	17.6%
Mai Huong perfumed rice	7 000	4 600	34.3%		
Pork brisket	26 000	27 444	-5.6%	24 000	7.7%
MSG	25 990	23 022	11.4%		
Sugar	7 300	5 700	21.9%		

Table 60 - Comparison of the prices between supermarkets and other outlets in November

average price in November (VND/kg)	1. supermarket	2. retail market stall	% of variation supermarket retail market (1-2)/2	3. street vending	% of variation supermarket street vending (1-3)/3
Tomato	8 700	6 100	42.6%		
Kangkong	8 700	3 350	159.7%	4 200	107.1%
Hai Hau perfumed rice	8 500	7 167	18.6%	6 750	25.9%
Mai Huong perfumed rice	6 500	5 500	18.2%	5 850	11.1%
Pork brisket	28 420	27 000	5.3%	30 000	-5.3%
MSG	28 200	24 050	17.3%	25 000	12.8%
Sugar	8 200	5 767	42.2%		

Prices are given in Vietnamese dong (VND), 1 euro= 20,000 VND; $1= 15,700 VND

E. Wholesale market

Prices are higher in Metro, the cash and carry supermarket, than in Long Bien (see table 61). For tomatoes, the difference is +44% in August and +16% in November. And the same is observed for litchis (by +23% in August).

Period VND/kg	Items	Places	
		1.Metro	2. Long Bien
November 2004	Tomato Water melon	5800 4700	5000 4500
June 2004	Tomato Water melon Litchi	6900 4900 4300	4800 4600 3500

Table 61 - Comparison of wholesale prices (VND/kg)

DISCUSSION

This quick survey confirms that prices in Hanoi supermarkets are higher than in the traditional retailing sector for selected important food products. Consumers know this and often explain that they do not shop in supermarkets because of higher prices. Consumers also mention the street vendors as being the place with the lowest prices, which was confirmed in the June survey. We need to underline that in a context of bargaining prices, especially in street vending, prices in this last place might have been a little overestimated.
The difference of prices between these different outlets is commonly explained by the fact that supermarkets have some extra fees such as, infrastructure depreciation, equipment, some more costs to pay electricity, running water, guard,etc. Higher prices in supermarkets are also commonly related to higher quality.

To check this assertion, it will be useful to analyze profit making along the different distribution channels, and to compare the quality of the products. In a context of inflation, the way the distribution channels pass prices' increase or contribute to prices' increase would also be useful to analyze.

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APPENDIX: TABLES OF COMPARATIVE RETAIL PRICE OF 10 FOOD PRODUCTS BETWEEN SUPERMARKET AND OTHER DISTRIBUTION POINTS IN Hanoi

Table 62 - Retail food Prices in Quynh Mai, 6/2004

Food items	Shop	Retail market				Street vendors			
vnd/kg	Van Noi Shop	Seller 1	Seller 2	Seller 3	Average	Seller 1	Seller 2	Seller 3	Average
Tomato	8,000	7,500	8,000	8,000	7,833				1,750
Kankong	4,000	2,500	2,800	2,500	2,600	1,500	2,000		6,000
Water Melon	6,000	6,000	5,000	6,000	5,666	6,000	6,000	-	3,500
Fresh Litchi		3,500	3,500		3,500	3,500	3,500	3,500	
Mai Huong rice		4,200	4,200	4,200	4,200	30,000			
Sticky rice		5,200	5,200	5,200	5,200				
Hai Hau rice		7,500	7,500	7,500	7,500				30,000
Pork brisket		30,000	30,000	30,000	30,000				
MSG		22,000	22,000	22,000	22,000				
Sweet potato		5,000	4,000		4,500				
Sugar		6,500	6,300	6,500	6,433				

Table 63 - Retail food prices in Quynh Mai, 11/2004

Food items	Retail market				Street vendors		
vnd/kg	Seller 1	Seller 2	Seller 3	Average	Seller 1	Seller 2	Average
Tomato	6,000	6,000	5,000	5,667	7,000		
Kankong	3,100	3,100	3,000	3,067	2,500		
Water melon	5,550	5,000	5,500	5,333	5,500	5,500	5,500
Mai Huong rice	4,200	4,200	4,200	4,200			
Du rice	5,600	5,600	5,600	5,600			
Hai Hau rice	7,500	7,500	7,500	7,500			
Pork brisket	30,000	30,000	30,000	30,000	33,000		33,000
MSG	23,100	23,100	23,100	23,100			
Sweet potato	3,500	3,000		3,250			
Sugar	6,500	6,500	6,500	6,500			

Table 64 - Retail food prices in City center, 6/2004

Food item vnd/kg	Super market	Shop	Retail market Hom Market			Street vendor Ngo Thi Nham Street
	Fivimart	70E Tran Xuan Soan	Seller 1	Seller 2	Seller 3	Seller 1
Tomato	7,800	8,000	8,000	8,000	8,000	7,000
Kangkong	4,500	4,000	4,000	2,000	3,000	2,000
Water Melon		7,000	6,000	7,000	6,000	6,000
Fresh Litchi		5,000	4,000	3,500	4,000	4,000
Mai Huong rice	7,000					5,000
Sticky rice	6,400					
Hai Hau rice	8,400		8,000	8,000		7,200
Pork brisket	26,000		30,000	28,000	30,000	28,000
MSG	25,990		25,000	23,000	24,200	
Sweet potato			3,500	4,000	3,500	3,000
Sugar	7,200		7,000	7,000	7,000	

Table 65 - Retail food prices in City center, 11/2004

Food items vnd/kg	Super market	Shop	Retail market				Street vendor		
	Fivimart	70 E Tran Xuan Soan	Hom Market				Ngo Thi Nham Street		
			Seller 1	Seller 2	Seller 3	Average	Seller 1	Seller 2	Average
Tomato	8,400	8,000	8,000	6,000		7,000	7,00 0	6,000	6,500
Kangkong	5,500	4,000	3,500	4,000	3,500	3,667	3,000	2,800	2,900
Water Melon		7,000	6,000	6,000	6,000	6,000	6,000	-	6,000
Mai Huong rice	7,000						5,700		
Sticky rice	6,400						5,500		
Hai Hau rice	8,500		8,000	8,000		8,000	7,500		
Pork brisket	28,000		25,000	23,000	28,000	25,333	28,000		
MSG	26,200		25,000	23,000	24,200	24,067			
Sweet potato			3,500	7,000	3,500	4,667			
Sugar	8,200		7,000		7,000	7,000			

Table 66 - Retail food prices in Cau Giay, 6/2004

Food Items vnd/kg	Super market	Shop	Retail market				Street vendor
	Marko	Grocery store	Xanh Market				Xuan Thuy Street
			Seller 1	Seller 2	Seller 3	Average	Seller 1
Tomato	10,000	8,000	8,000	8,000	8,000	8,000	7,000
Kangkong	-	2,000	1,600	1,600	1,400	1,533	2,000
Wa ter melon	-	6,000	5,000	5,000	5,000	5,000	5,500
Fresh litchi	-	4,000	4,000	3,500	3,000	3,500	
Mai Huong rice	-	5,200	5,000	5,000		5,000	5,200
Sticky rice	9,750	-	-	-	-	-	-
Hai Hau rice	8,840	7,500	7,500	7,500	-	7,500	7,000
Pork brisket	-	-	23,000	23,0 00	23,000	23,000	20,000
MSG	-	22,500	23,000	23,000	23,000	23,000	-
Sweet potato	-	-	3,000	3,000	3,000	3,000	-
Sugar	7,400	6,800	7,000	7,000	7,000	7,000	-

Table 67 - Retail food prices in Cau Giay, 11/2004

Food items vnd/kg	Super market	Shop	Retail market				Street vendor
	Marko	Grocery store	Xanh Market				Xuan Thuy Street
			Seller 1	Seller 2	Seller 3	Average	Seller 1
Tomato	9,000	8,000	6,000	5,000	5,000	5,333	7,000
Kangkong	4.500	3.000	1.600	1.600	1.500	1.567	2.000
Water Melon		5.500	4.500	5.000	5.500	5.000	
Mai Huong rice		6.000	5.500	5.500	5.500	5.500	6.000
Northern special rice	9.750						
Du rice		6.000	6.000	6.000	-	6.000	6.000
Hai Hau rice	8.840	7.500	7,5000	7,500	-	7,500	7,000
Pork brisket			25,000	25,000	25,000	25,000	25 ,000
MSG		24,230	24,230	24,230	24,230	24,230	
Sweet potato			3,500	4,000	4,000	3,833	
Sugar	7,400	7,000	7,000	7,000	7,000	7,000	

Table 68 - Wholesale food prices, 6/2004

Food items vnd/kg	Metro supermarket	Shop of Long Bien market	Long Bien Wholesale Market			
			Seller 1	Seller 2	Seller 3	Average
Tomato	6,900		4,500	5,000	5,000	4,833
Kankong	2,500		1,500	1,500	1,500	1,500
Water Melon	4,900		4,200	4,500	5,000	4,567
Fresh Litchi	4,300		3,500	3,000	4,0 00	3,500
Bac Huong rice	5,570	5,000				
Hai Hau rice	7,900	7,500				
Pork brisket	22,900					
MSG	21,900		23,100	23,100	23,100	23,100
Sweet potato	5,000		1,500	2,000		1,750
Sugar	6,900		6,700			6,700

Table 69 - Wholesale food prices, 11/2004

Food items vnd/kg	Metro supermarket	Shop of Long Bien market	Long Bien Wholesale Market			
			Seller 1	Seller 2	Seller 3	Average
Tomato	5,800		5,000	5,000	5,000	5,000
Kangkong	2,600					
Water Melon	4,700		4,000	4,500	5,000	4,500
Ba c Huong rice	5,570	5,500				
Hai Hau rice	7,900	7,500				
Pork brisket	23,000					
MSG	20,700		23,100	23,100		23,100
Sweet potato	4,900					
Sugar	7,120		6,500			6,500