Fulfilling the quality requirement of supermarkets and other actors in Hanoi city

Nguyen Thi Tan Loc (FAVRI)
Hoang Dang Dung, Nguyen Thu Thuy and Vu Thi Thanh Huyen (HAU)
Paule Moustier (CIRAD-Malica)
OBJECTIVES

1. To share the knowledge of market opportunities giving farmers higher price and quantities sold with farmers, market agents, research and development agents

2. To reach consensus on strategies to better target these market opportunities
Hanoi Consumers’ demand for vegetables (see Figuié and al, 2004)

- Quantity consumed: 0.3 kg/head/day. Total in Hanoi: 1,200 tons/day.
- Concerns on vegetable safety: dangerous food (90% of 200 consumers in 2002), especially because of pesticides (Figuie, 2003).
- Quality identification:
  - Directly
    - Looking
    - Smelling
  - Indirectly
    - Labels on origin
    - Buying from shops and SM
* Consumers access to safe vegetables (see Moustier and al, 2006)

- **1996**: Safe vegetable programme (MARD & MOST): Farmers’ training to follow vegetable safety regulations of MARD (limiting chemical use, non polluted areas), development of “safe vegetable” shops.

- **2006**: 5,651.6 ha (Cultivation area covered by the safe vegetable programme) = 71.29% total veg. area in Hanoi.

But vegetables labeled as safe only represent less than 5% of total traded vegetables in 2002: still some market opportunities for vegetables guaranteed as safe.
Method

A. Update on the situation of supermarkets, quality shops and stalls: number, typology, location; estimate of quantities sold per day.

Source: ministry of trade; census of safe vegetable selling points in all Hanoi districts.

B. Interview of the managers of a selected representative sample of

- Supermarkets: 11
- Shops and stalls held by traders: 10
- Canteens and popular restaurants: 05

Main topics: nature and origin of suppliers; requirements relative to quality, safety, quantities, diversity, relations with suppliers incl. contracts.
<table>
<thead>
<tr>
<th>Category</th>
<th>Total</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Big supermarket</td>
<td>2</td>
<td>2 Metro and Big C</td>
</tr>
<tr>
<td>Medium and small supermarkets</td>
<td>25</td>
<td>9 (7 medium, 2 small)</td>
</tr>
<tr>
<td>Shops and stalls</td>
<td>53</td>
<td>10</td>
</tr>
<tr>
<td>Canteens and restaurants</td>
<td>270</td>
<td>5 (2 restaurants, 3 canteens)</td>
</tr>
<tr>
<td>Total</td>
<td>350</td>
<td>26</td>
</tr>
</tbody>
</table>
Main results
* Number of supermarkets, shops and stalls selling vegetables labeled as safe in Hanoi

<table>
<thead>
<tr>
<th>Types of selling points</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Supermarkets</td>
<td>27</td>
</tr>
<tr>
<td>2. Shops and stalls</td>
<td>53</td>
</tr>
<tr>
<td>Total</td>
<td>80</td>
</tr>
</tbody>
</table>

Source: Census result, July, 2007
### Number of shops and stalls selling vegetables labeled as safe by districts

<table>
<thead>
<tr>
<th>Districts</th>
<th>Number of selling points</th>
<th>Districts</th>
<th>Number of selling points</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Dong Da</td>
<td>18</td>
<td>6. Thanh Tri</td>
<td>3</td>
</tr>
<tr>
<td>2. Ba Dinh</td>
<td>14</td>
<td>7. Hoang Mai</td>
<td>2</td>
</tr>
<tr>
<td>3. Cau Giay</td>
<td>16</td>
<td>8. Thanh Xuan</td>
<td>3</td>
</tr>
<tr>
<td>4. Hoan Kiem</td>
<td>10</td>
<td>9. Tu Liem</td>
<td>3</td>
</tr>
<tr>
<td>5. Hai Ba Trung</td>
<td>6</td>
<td>10. Tay Ho</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>11. Long Bien</td>
<td>2</td>
</tr>
</tbody>
</table>

*Source: Counted by Nguyen Thi Tan Loc, July, 2007*
* Fast development of supermarkets in Ha Noi

Source: Hanoi Depart. of Trade/MALICA

See Malica/M4P supermarket book
Nature of supermarkets in Hanoi

- Hypermarkets: (Joint-ventures): Metro Cash & Carry: 2; Big C
- Supermarkets: (Vietnamese & Joint-ventures)
  + Intimex: 5
  + Fivimart: 7
  + Unimart: 1
  + Marko
  + ...
* Development of shops & stalls

Figure 2: Development of shops and stalls in Hanoi

Classified by ownership:

28 owned by traders;
25 by producers

Source: Result of census in July, 2007
Main present safe vegetables value chains

- Cooperatives in peri-urban Hanoi (Dong Anh, Thanh Tri, Gia Lam, Tu Liem)
- Semi-public companies (HADICO; Hanoi food company; Bao Ha)
- Cooperatives & Companies in Mountainous areas: Loc Son - Lang Son; Moc Chau
- Anh Dao Association; Golden Garden Company (Dalat)

E.g. Ba Chu coop. supplying Metro (Dong Anh district, Van Noi commune)

- Shops & stalls in markets (53)
- Supermarkets (27).
- Schools & Canteens.
- Restaurants.

Consumers
Criteria of choice of vegetable suppliers (ranking of priority)

<table>
<thead>
<tr>
<th>Vegetable safety</th>
<th>Diversified types of vegetable</th>
<th>legal status</th>
<th>Quantity sold</th>
<th>Appearance</th>
<th>Prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>

* Hanoi supermarket requirements (cont.)

Source: interview with 10 supermarkets in 2007
* Hanoi supermarket requirements (cont.)

- Indicators of vegetable safety used to choose suppliers:
  - Documents which should produced by suppliers
    + Certificate on condition of safe vegetable production area and condition of semi-processing (department of agriculture; OK but rigour of control should be improved according to SM).
    + Results of product analysis from competent laboratories
    + Legal status.
    + Red invoice.
    + Transport by truck.
  - Visit of the fields by SM staff
* Hanoi supermarket requirements (Cont.)

* Criteria of vegetable appearance
- Color: not too green & too young.
- Non crushed, not yellow.
- With some signs of insects

* Criteria of packing & packaging
- Nature and content of label, material, size: have to be discussed between SM & Supplier.
* Hanoi supermarket requirements (Cont.)

* Criteria on prices

- Market prices. examples
- Other supermarket prices.

* Relation between supermarkets and suppliers

- Regulation
- Contract: Written document
- Duration: 1 year.
* Hanoi supermarket requirements (Cont.)

* Content in the contracts

- Vegetable safety level,

- Mode of payment (delay, mode of transfer),

- Mode of delivery,

- Price setting (frequency of variation..),

- Others: payment of unsold vegetables; packaging; ...
* Hanoi supermarket requirements (Cont.)

* Condition of delivery

- Time: early morning, everyday, on time.
- supplier involved in packaging at supermarket, putting on shelves,...

* Contact between Supermarkets & Suppliers

- Direct (all); Fax, Telephone, Email (some).
* Demand of S.V. of shops & stalls

 Criteria of choice of vegetable suppliers (ranking of priority)

<table>
<thead>
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<th>Vegetable safety</th>
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<th>Prices</th>
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<th>Appearance</th>
<th>Quantity sold</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>2</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: interview with 10 shops & stalls in 2007
## Demand of S.V. of canteens & restaurants

### Criteria of choice of vegetable suppliers (ranking of priority)

<table>
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<tr>
<td>1</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

*Source: interview with 5 canteens & restaurants in 2007*
* Quantity of S.V. demanded by buyers

<table>
<thead>
<tr>
<th>No</th>
<th>Types of buyer</th>
<th>Size/classification</th>
<th>Sold quantity (kg)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>From</td>
</tr>
<tr>
<td>1</td>
<td>Supermarkets</td>
<td>Big</td>
<td>1000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Medium</td>
<td>70</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Small</td>
<td>30</td>
</tr>
<tr>
<td>2</td>
<td>Shops &amp; stalls</td>
<td>Producteurs</td>
<td>250</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Traders</td>
<td>40</td>
</tr>
<tr>
<td>3</td>
<td>Canteens &amp; Restaurants</td>
<td>School Canteens</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Company Canteens</td>
<td>150</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Restaurants (Beer)</td>
<td>25</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Restaurants (Uni. &amp; College)</td>
<td>60</td>
</tr>
</tbody>
</table>

Priorities in missing vegetables: off-season vegetables (e.g., tomato and cabbage in the rainy season)
* Conclusions: summary of requirements by points

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Supermarkets</th>
<th>Shops &amp; stalls</th>
<th>Canteen &amp; Restaurants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>6</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Quantity sold</td>
<td>4</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Vegetable safety</td>
<td>1</td>
<td>1</td>
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<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Diversified types of vegetables</td>
<td>2</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Legal status</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: interview in 2007
Conclusions

• Vegetable safety has now become the first criteria of choice of suppliers by supermarkets, with public certification required by most of supermarkets

• As predicted by the economic literature (Reardon and Berdégué, 2002), this comes together with increased contractualisation and integration between the different production and marketing agents
Steps recommended to producers

1. If possible, rent the shops & stalls to sell products.
2. If not possible:
   a. Sell to the traders’ shops and stalls.
   b. Sell to the restaurants and canteens.
3. (after 1 or 2). Sell to the supermarkets.