

IFAD

Superchain project

Malica

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

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OBJECTIVES

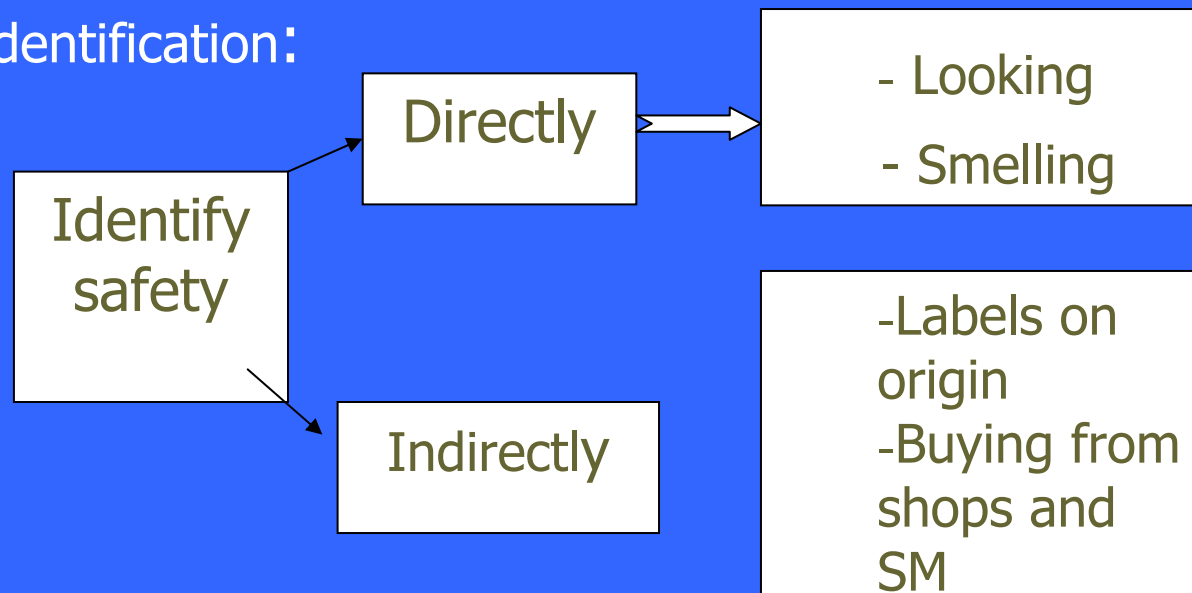
1. To share the knowledge of market opportunities giving farmers higher price and quantities sold with farmers, market agents, research and development agents
2. To reach consensus on strategies to better target these market opportunities

BACKGROUND

* 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:



* 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.

Number of sellers interviewed

	Total	Sample
Big supermarket	2	2 Metro and Big C
Medium and small supermarkets	25	9 (7 medium, 2 small)
Shops and stalls	53	10
Canteens and restaurants	270	5 (2 restaurants, 3 canteens)
Total	350	26

Main results

* Number of supermarkets, shops and stalls selling vegetables labeled as safe in Hanoi

Types of selling points	Number
1. Supermarkets	27
2. Shops and stalls	53
Total	80

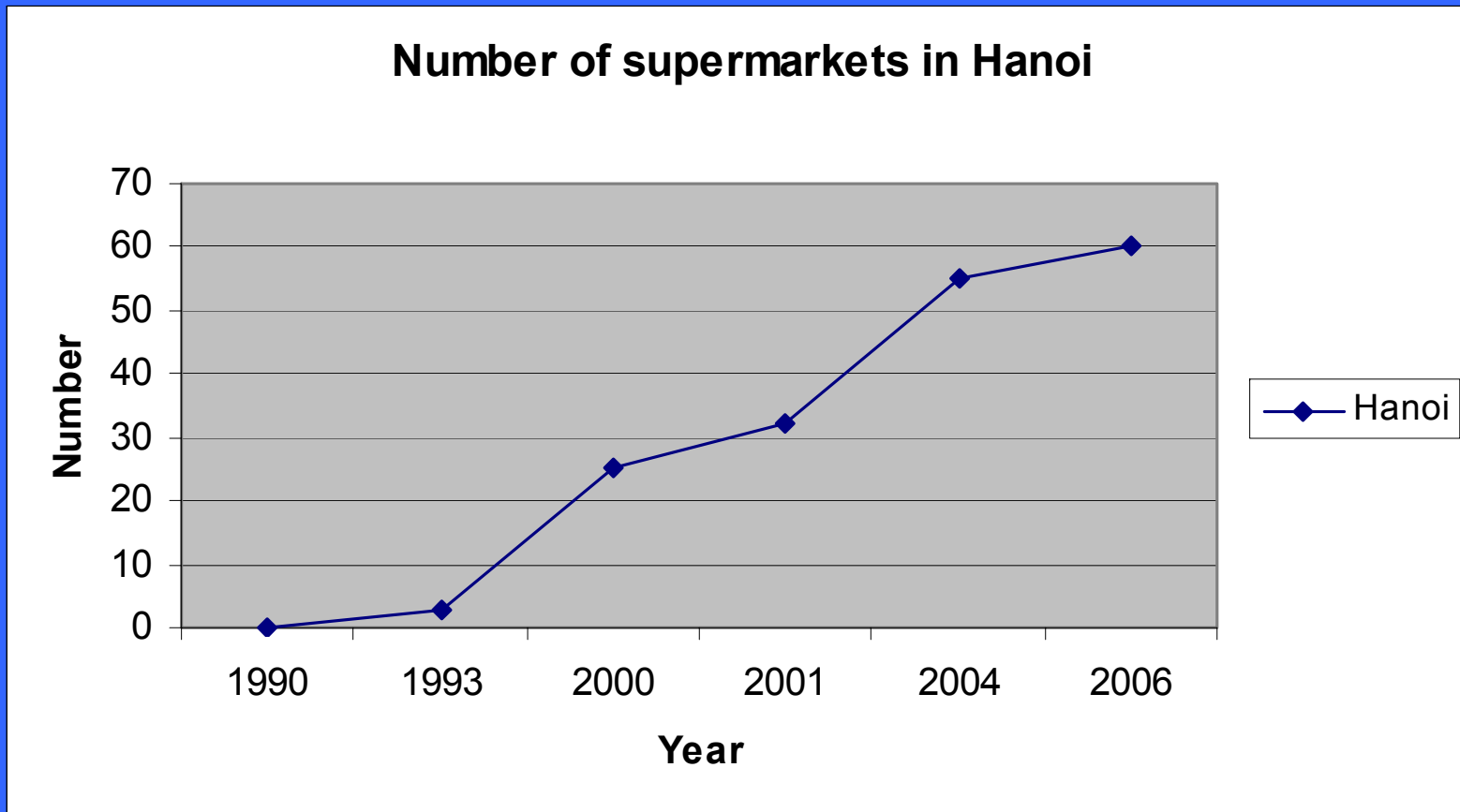
Source: Census result, July, 2007

Number of shops and stalls selling vegetables labeled as safe by districts

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

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

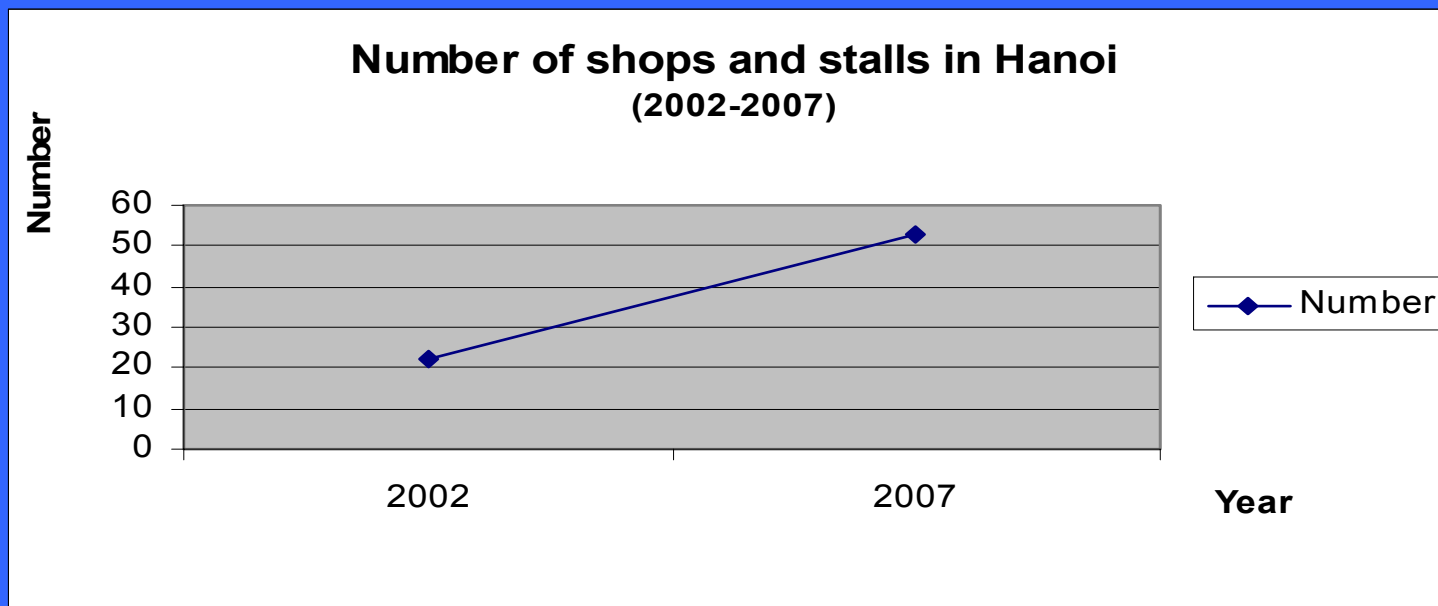
Nature of supermarkets in Hanoi

- 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



* Hanoi supermarket requirements (cont.)

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

Vegetable safety	Diversified types of vegetable	legal status	Quantity sold	Appearance	Prices
1	2	3	4	5	6

Source: interview with 10 supermarkets in 2007

* Hanoi supermarket requirements (cont.)

⊠ Indicators of vegetable safety used to choose suppliers:

- Documents which should be 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)

Vegetable safety	Diversified types of vegetables	Prices	Legal status	Appearance	Quantity sold
1	2	3	4	2	5

Source: interview with 10 shops & stalls in 2007

* Demand of S.V. of canteens & restaurants

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

Vegetable safety	Diversified types of vegetable	legal status	Quantity sold	Appearance	Prices
1	3	4	5	2	3

Source: interview with 5 canteens & restaurants in 2007

* Quantity of S.V. demanded by buyers

No	Types of buyer	Size/clasification	Sold quantity (kg)	
			From	To
		Big	1000	1500
1	Supermarkets	Medium	70	170
		Small	30	60
2	Shops & stalls	Producteurs	250	600
		Traders	40	500
3	Canteens & Restaurants	School Canteens	20	40
		Company Canteens	150	180
		Restaurants (Beer)	25	50
		Restaurants (Uni. & College)	60	100

Priorities in missing vegetables: off-season vegetables (e.g., tomato and cabbage in the rainy season)

* Conclusions: summary of requirements by points

Criteria	Supermarkets	Shops & stalls	Canteen & Restaurants
Price	6	3	3
Quantity sold	4	5	4
Vegetable safety	1	1	1
Appearance	5	2	2
Diversified types of vegetables	2	2	3
Legal status	3	4	5

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 Berdégue, 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.