FROM COMMUNITY TO CONSUMPTION
NEW AND CLASSICAL THEMES IN RURAL SOCIOLOGICAL RESEARCH

Research in Rural Sociology and Development
Volume 16

Edited by
Alessandro Bonanno, Hans Bakker,
Raymond Jussaume, Yoshio Kawamura
and Mark Shucksmith
CHAPTER 13

DIRECT SALES SUIT
PRODUCERS AND CONSUMERS’
INTERESTS IN VIETNAM

Paule Moustier and Thi Tan Loc Nguyen

ABSTRACT

Direct farmer–consumer relationships have been mostly described in the Western world. They are reviewed as efficient forms of resistance to global distribution chains, in particular as regards farmer incomes, consumer trust in product safety, and solidarity between farmers and consumers. Research was carried out in Vietnam to measure the importance of this type of sales in the vegetable sector and how farmers and consumers perceive it relative to other forms of supply. Consumer surveys and focus groups were conducted as well as inventories of vegetable retail point of sales and a case study of a farmer group based on in-depth interviews with group leaders. Consumers buying directly from farmers desire product freshness and the ability to receive specific information relative to product origin and safety. Farmers value direct retail sales because it enables higher incomes. Yet, only the wealthiest farmers have access to this type of sales as it requires renting their own outlet shops or market stalls. Direct farmer to consumer sales in Vietnam may be viewed as a first step toward an interpersonal food distribution system providing an alternative to faceless mass chain-market distribution.
INTRODUCTION

Vietnam is a country praised for its quick agricultural development, with a growth rate of 4 percent per year since the agrarian and economic reforms of 1988 and 1989 (Dao, Vu, & Le, 2003). Yet, farmers typically complain of market instability, reflected by price variations and lack of regular buyers (Mai, Ali, Hoang, & To, 2004). At the same time, consumers express their dissatisfaction relative to the quality of the food they purchase (Figuié, Bricas, Vu, & Nguyen, 2004).

In some developed countries, direct sales to consumers are perceived by farmer groups as the key for a more secure and profitable access to the marketplace as well as reassuring consumers about the quality of food. In this chapter, we investigate if there are similar benefits to direct farmer—consumer linkages in other contexts.

LITERATURE REVIEW

Direct sales from farmers to consumers take various forms in terms of location and method of transaction, including farmers’ markets, home-to-home delivery, and at-farm purchases (Cadilhon, 2007). Community-supported agriculture (CSA) emerged in the mid-1960s, approximately at the same time in Japan and Germany, mostly in reaction to food industry scandals (Roos, Terragni, & Torjusen, 2007). In CSA, consumers agree to prepay a certain amount of money to the producers, or to invest in the production system directly, in exchange for receiving fresh produce at their door or at a designated delivery station during the harvest season.

The benefits of direct sales have especially been analyzed in developed countries. First, direct sales bring economic benefits to both farmers and consumers. As the usual market intermediaries are bypassed, and high-quality products become recognized by the end-user (a point developed further in this section), farmers can benefit from increased resale prices (Marsden, Banks, & Bristow, 2000; Hinrichs, 2000).

Direct sales reduce marketing risks for both sides: risks for farmers not to find buyers, and risks for customers not to find the suppliers they are looking for. These risks are especially important in the case of perishable products. Consumers may also expect quality characteristics that are difficult to visibly observe, such as nonuse of pesticides and cleanliness during processing and packaging. The building of regular, personal
relationships, based on the seller’s reputation and buyers’ trust, can be termed as a “domestic convention,” enabling consumers to feel more reassured (Eymard-Duverney, 1989). The farmer–producer relationship is an opportunity to exchange knowledge on production methods, which fulfills consumers’ needs for reassurance, as producers are perceived as the most competent persons to give this information. Reciprocally, direct farmer–consumer exchanges enable farmers to have a better appreciation of consumers’ demands (Prigent-Simonin & Hérault-Fournier, 2005).

Another dimension of quality that is valued by consumers is freshness. This is an advantage of farmers’ direct sales relative to more long-distance trade (Hinrichs, 2000).

Direct sales have also been described as a way to develop the solidarity between farmers and consumers. Numerous advocates of “alternative distribution food chains” claim that citizens should be able to access local neighborhood small-scale retail points – if possible, run directly by farmers – rather than mass-scale, monopolistic, and production-centered distribution that disconnects agricultural output from its natural conditions of production (Morgan, Marsden, & Murdoch, 2006; Friedmann, 1994). Kirwan (2004) refers to social connectivity, reciprocity, and trust as dominant drivers of British consumers buying from farmers’ markets. “Forums where producers and consumers can come together to solidify bonds of community” (Lyson, 2000, p. 44) define civic agriculture, where producers are not only responding to wants expressed by consumers but also sharing the sense of inhabiting the same place with resulting joint opportunities as well as constraints and responsibilities (DeLind, 2002). According to Hinrichs (2000), it is not necessarily easy to disaggregate the market interests gained by farmers and consumers through direct transactions, from more social and civic interests, as all are embedded.

In developing countries, the prevalence and benefits of direct sales are much less analyzed than in the developed world. However, relational proximity is described as a common feature of food transactions, but mostly between farmers and traders rather than between farmers and consumers (see Lyon, 2000; Cadilhon, Fearne, Phan, Moustier, & Poole, 2006).

In this chapter, we would like to determine if the benefits found for direct sales in developed countries also apply to Vietnam. These potential benefits relate to decrease of risks of losses and increased added value for farmers, freshness and trust in quality for consumers, and solidarity between consumers and farmers.
METHODOLOGY

The chapter combines different sources of information gathered by our research group at the consumption, marketing, and production stages. Data on the number and locations of vegetable shops was gathered from the Department of Trade, plus direct inventories in the city districts. Then phone interviews were carried out to determine whether farmers managed the shop and to get other summary information on the status of shop property. This data was then cross-checked with an inventory of safe vegetable groups who had been interviewed regarding the nature of output marketing. To estimate the percentage of produce sold by the vegetable shops surveyed, compared to the total amount of vegetables sold in Hanoi, we used the results of a survey conducted by our research group in 2006 on vegetable retail distribution (Moustier et al., 2006).

Various consumer surveys have been conducted to assess the preferred supply mode for consumers and on what wins their trust as far as product quality is concerned. Four focus groups were conducted in 2004 with 10 consumers in each (Figuié et al., 2004), and in 2006, we conducted a meeting and detailed interviews with the chairperson along with three members of the Women’s Consumer Club. Then a case study was conducted on a vegetable group selling through shops, that is, Dang Xa Cooperative in Gia Lam district. The case study involved in-depth interviews with the leaders of the Cooperative in May 2007 and June 2008 and also quick interviews in June 2008 of 32 consumers buying from one of the two Cooperative’s stalls.

RESULTS

_Limited but Increasing Importance of Farmer Direct Sales_

Short marketing chains are typical for vegetables produced in peri-urban areas. In Hanoi, more than 40 percent of all wholesale market sellers are also producers; this percentage goes up to 100 percent for water convolvulus. This is partly explained by the small scale of production and low final prices, making it attractive for producers to spend some hours in transportation to get as much of the final price as possible (Moustier, Vagneron, & Bui Thi Thai, 2004). For traditionally produced vegetables, the product is rarely sold retail directly by farmers, who rather sell through collectors, wholesalers, and retailers. Direct sales are more commonly observed for vegetables labeled as “safe vegetables.”
In 1995, public interest in the safety of vegetables led the Vietnamese Ministry of Agriculture to implement an ambitious program called “safe vegetables.” In 2001, it covered an agricultural area measuring a total of 2,250 hectares (equivalent to 30 percent of the vegetable production area of Hanoi municipality). The program educated farmers in the reasonable use of fertilizer and pesticides, as well as the use of water from wells and nonpolluted rivers. It was conducted in tandem with training actions on Integrated Pest Management by various international organizations, including ADDA (Agricultural Development Denmark Asia). Certificates of safe vegetable production were awarded by the Department of Science and Technology to the cooperatives involved in the program (replaced in 2006 by the Plant Protection Department). Furthermore, a network of “safe vegetable” stores was established for the distribution of vegetables produced by these cooperatives. There is no strict corollary between the production of vegetables according to “safe” protocols and the marketing of vegetables labeled as “safe,” because a considerable volume of “safe vegetables” is sold in ordinary chains without any labeling or pricing difference.

In 2002, 10 market stalls and 12 shops were listed based on official statistics from the Department of Trade (recording only outlets with a certificate), 9 of them belonging to joint stock companies (former state companies), and 13 (60 percent) to private actors, including five managed by farmer cooperatives. In 2004, after the survey of retailing outlets in two selected districts, a total of 24 shops were estimated, plus 126 market stalls, both formal and informal. Out of a total of 232 tons of vegetables distributed per day, safe vegetable outlets would account for 14 tons, that is, 6 percent of the total. Eighty percent of vegetables labeled as safe are sold through shops or stalls, the rest in supermarkets.

In 2008, we listed 54 safe vegetable stalls or shops (more than twice the number as six years before). Out of these, 38, that is, 70 percent, are rented by safe vegetable cooperatives (while the percentage was only 20 percent in 2002 out of a total of 22 safe vegetable retailing outlets). We can estimate the share of direct sales as 60 percent of total safe vegetable sales, representing around 130 tons of vegetables per day (45,000 tons per year) while it is less than 10 percent for conventional vegetables.

Consumers Value Direct Sales

A recent survey, conducted in 2005 on 800 consumers (500 in Hanoi and 300 in Haiphong) shows that 75 percent of consumers are extremely concerned
with the safety of food and 88 percent get information about food safety through the media (Luu et al., 2005). There is no significant difference in concerns for food safety shown by consumers of varying education or income. For 57 percent of consumers, problems of safety mostly relate to the presence of chemical residues in or on food. Food safety is of primary importance in vegetables, fruit, and meat, together with the freshness of these products. The most important strategy that gives consumers a guarantee about food safety is to purchase foodstuffs from traders they know.

In the focus groups conducted in 2004, consumers made a high number of associations between vegetable safety and sales people they knew, or purchases from a specific shop or supermarket (Figué et al., 2004). Thus, the point of sale also has an impact on consumer trust. A survey of 707 consumers in 2006 showed that the perceived “safeness” of vegetables increased depending on the location from which consumers purchased their vegetables. The least “safe” was a spontaneous purchase at an unknown market. Trust in “safeness” increased beginning with official markets, safe vegetable stalls and shops, and finally, supermarkets (Mayer, 2007).

In her thesis on consumer access to vegetables in Hanoi, Meg Hiesinger (2006, p. 7) quotes the reason given by her neighbor to take her to a particular market to buy food: “Because this is where farmers come to sell directly.” Also, consumers classified as poor in Quyhn Mai district were found to prefer buying from street vendors in the morning because they are generally farmers who sell fresh produce at a low price and who can give assurance regarding the safety of produce (Figué, Bricas, Vu, & Nguyen, 2006).

All the interviewed consumers buying from Dang Xa stalls are regular ones, and nine of them (20 percent) come every day. All mention safety as the reason for going to these places. Other reasons include freshness (21 percent), acquaintance and trust (13 percent), and reasonable price (21 percent). Vegetable safety refers to chemical residues for 70 percent of the respondents. The purchasers feel reassured regarding vegetable safety because of information displayed at the shop, including the certificate and the place of production and information given by the sellers (26 percent), because of trust in the sellers, which is strengthened due to the fact that they are farmers (26 percent), and no health problems were experienced after consuming the purchased vegetables (44 percent). When asked if they have contacts with Dang Xa farmers outside of the retailing locations, all the respondents, except two, say they do not because the area is too far away or they are too busy.

Meetings with the Women’s Consumer Club confirmed the importance of dealing with traders one is familiar with and purchasing product at fixed sale
locations. These factors help build a feeling of reassurance about food safety, along with being able to confirm the origin of the vegetables. It is most reassuring if the origin is the place of production as stated by the management of the retailing outlet.

In summary, this section shows that freshness, affordable price, and trust in quality are key advantages valued by consumers buying directly from farmers, which is in line with what is found in the literature for western countries. However, the sense of solidarity and social proximity are not stated as key determinants for a reason to purchase from farmers. Indeed, contact between farmers and consumers is limited to the point of sale.

*Farmers Value Direct Sales*

We develop below the example of the Dang Xa Cooperative to present farmer strategies and incentives as regards direct retail sales.

In 2003, the Farmer Association of Dang Xa commune, with the help of the Hanoi Plant Protection Department, established three selling outlets for safe vegetables. Ngoc Lam and Duc Hoa shops sell an average of 90 tons per year, whereas May 10 sells 180 tons. This accounts for approximately 20 percent of the production of the association, the rest being sold to canteens or through collectors. Each shop is run by two farmers (wife–husband for Ngoc Lam and May 10), who sell what they produce and also what they buy from their neighbors. On the basis of the available vegetables and demand from various canteens, purchasing plans are developed, that is, vegetables will be purchased from the local farming households the evening before, according to appropriate vegetable type and quantity for delivery the next day, according to the results of the past day.

These three selling locations received assistance from the Department of Plant Protection of Hanoi, that is, VND 100,000/selling location/month over six months (i.e., 37 USD). Such support is aimed to assist these households during the early stage of the operation when limited buyers are found. It is limited, that is, equal to 12 percent of the capital required from each of the couples by the market management, that is, VND 5 million (310 USD) to have a retail selling outlet.

Currently, the farmers involved earn approximately VND 30 million/year (1,875 USD), or 80,000 VND/day (5 USD), whereas the daily salary of an agricultural worker is 30,000 VND (2 USD). The main advantages mentioned by the head of the cooperative relate to the increase in the number of customers and increase in prices. Customers ask questions about the safety of
products, and the sellers are able to reassure them by explaining the location of production, the production protocol, and the control exercised by the Department of Plant Protection. Farmers recognize the needs of buyers in terms of types of vegetables and modify their production accordingly. These economic and marketing benefits, based on exchange of information and development of trust between farmers and consumers, have also been stated for western countries as outlined in the section “Literature Review.”

The price advantages are clear for farmers who sell at retail stalls. For instance, they get a price of 8000 VND/kilogram when selling retail, instead of 5,000 VND/kilogram when selling produce to a collector (i.e., 60 percent more), which far exceeds the cost of overhead for the shop and duly compensates labor costs. On the contrary, farmers selling to the Cooperative do not get higher prices than when they sell to collectors. Selling to the Cooperative, however, has an advantage in that they purchase product daily on a regular basis. In contrast, sales to collectors are much more irregular and they are choosier with regard to the appearance of the vegetables they buy.

DISCUSSION

Our results show advantages for farmers and consumers in terms of direct sales, in line with the literature review. This point is developed in the conclusion. Yet, we saw that farmer direct sales are still quite limited, although increasing. Some reasons are provided below.

The major constraint is a financial one. Renting a shop costs around 10 million VND (600 USD) as an initial lump sum, then around 1 million VND per month (60 USD). Another constraint is the lack of regularity and variety of supply if the shop only sells the produce from one farmer group.

We also notice that farmers do not take full advantage of opportunities as direct suppliers to consumers. The retail consumers interviewed in Dang Xa locations stated that they have little time to visit the farms and discuss vegetable issues with the farmers. What seems more important to them is to have a guarantee from the place of purchase regarding the product’s origin and certification of being “safe” issued by a public body as well as long-time interaction with the sellers in the shops – be they producers or not. The farmers may have to further promote the specific advantages they bring to consumers, compared to traders, who may more easily mix vegetables from various undisclosed origins. Also, individual farmer identity could be made visible in the stalls, including the name, profession and address of vendors, and pictures of the farms.
Moreover, the advantage of selling retail to consumers is not evenly distributed among the members of the farming groups. In fact, the main beneficiaries are the farmers who are also vendors in the shops, as they give preference to selling their produce. There is certainly a lack of a real collective nature in the matter of group sales. The other alternative would be to pay a sales commission on product sold covering their costs to those operating the retail shop, rather than them buying and reselling the products as ordinary collectors do.

CONCLUSIONS

The research conducted in Vietnam illustrates and confirms much of the information contained in literature on direct sales available from western countries. Direct sales provide economic benefits to farmers, which translates into higher income, because they are able to better promote the high quality of their vegetables, especially as it relates to safety. Food safety generates a number of information deficiencies and opportunism risks that are reduced by cutting intermediary stages between farmers and consumers. This likewise benefits consumers who are reassured in terms of the way food is produced, in addition to getting access to fresher and more affordable food.

Yet, one additional benefit mentioned in the section “Literature Review,” that of social connectivity and solidarity, goes unnoticed in the Vietnamese context. This may illustrate that Vietnamese society has yet to reach the stage of postmaterialist values, including concerns for ethics, which are typical in affluent societies (Inglehart, 1977). In a situation of difficult economic conditions, farmers and consumers may be drawn more by pursuit of individual interests, rather than by values of solidarity that benefit everyone. Even in Western contexts, “civic” values are indeed difficult to emerge, and “farmers’ markets remain fundamentally rooted in commodity relations” (Hinrichs, 2000, p. 295). Direct farmer–consumer relationships in Vietnam may actually be viewed in a positive way as the first step toward an increased solidarity between farmers and urban consumers. CSA could be tested in Vietnam as a way for farmers and urban consumers to become partners in a joint endeavor, not only producing safe food but also ensuring the long-term sustainability of a farming community.¹

The chapter points out other specific features of vegetable direct sales in Vietnam compared with other countries. Selling though shops or market stalls rented by farmer groups is more commonplace than home deliveries or weekly farmer markets. This characteristic is linked with the concerns of
Vietnamese consumers for freshness and diversity of vegetables, hence their day-by-day purchases.

Yet, this type of sales displays some fragility. First, it implies high investments by farmers, and excludes smaller farmers from access to the final consumers. In this sense, direct sales in Vietnam differ from the situation of Western countries where direct sales enable underprivileged farmers to find outlets other than from modern distribution methods from which they may be excluded. In Vietnam, at the moment, the government shows a clear orientation toward the support of modern distribution with high private, local, and international investments, rather than to small-scale distribution benefiting the poor. In a situation of rising cost of urban space, it is more and more difficult for the urban poor to get access to a place to sell.

Hence, we recommend that the initiatives of the farmers’ direct sales benefit more from the support of public authorities. Preferential credit could be given to farmer groups for investments in retailing locations. Some areas of the city could be reserved for farmers’ markets, with collection of daily fees of a reduced amount compared with the other retail market places. This has been successfully done in Vientiane, Laos, where space near Thatluang temple has been allocated, by the urban authorities, for organic farm produce sales (Profil, 2007).

Second, a more rigorous control of the origin and certification of vegetables sold in “safe vegetable” stalls and shops should be exerted. Finally, more should be done to advertise places where vegetables sold directly by farmers can be found, and farmers should also be more involved in the communication with consumers on the specific advantages of buying from farmer groups.

This preliminary research also opens up new questions for further investigation. We need a more thorough comparison of the financial costs and benefits of direct retail sales relative to other types of sales, for example, through collectors or supermarkets. We also need to know more about the internal mechanics of the collective action taken by farmers to appraise how the benefits of direct sales are distributed within the group relative to the respective power basis of each member. Finally, as stated earlier, we need to make investigation regarding possible further involvement of consumers in the support of local sustainable agriculture, featuring programs of community involvement. Then, we will be able to conclude if present farmer direct sales in Vietnam are actually seeds for future alternative agri-food systems, in a world of rapid changes in food distribution where impersonal, commodity-driven mass distribution tries to dominate the scene (Bonanno & Constance, 2007).
NOTE

1. The second author of the chapter supports two farmers in peri-urban Hanoi, by financing a drainage system, agricultural inputs, and technical support. In return, she receives produce for which she pays more stable prices than the regular market prices. In cases of harvest losses, she lends some money so that the farmer can start the growing season again. This is still an individual initiative, but it could be easily transformed into a more collective scheme. Moreover, since 2008, the NGO “Action for the City” has supported a group of 10 organic vegetable growers in Soc Son district to organize home deliveries in Hanoi. One hundred and seventy consumers have now subscribed, and they pay for packs of vegetables delivered weekly at stable prices.

ACKNOWLEDGMENTS

The MALICA group (Markets and Agriculture Linkages for Cities in Asia; http://www.malica-asia.org) based in Hanoi, Vietnam, conducted various projects on vegetable marketing, from which the research presented here draws some of its sources. From 2002 to 2006, we were involved in a project on peri-urban agriculture (SUSPER) funded by the French Ministry of Foreign Affairs, where we analyzed vegetable consumption and also the organization of vegetable chains supplying Hanoi. In 2005, we participated in a FAO study supported by the Overseas Development Institute (ODI) on Public-Private Partnerships in rural infrastructure aimed at promoting market-oriented agricultural production, for which we prepared a case study on Dang Xa cooperative investment in shops. In 2006, we were involved in a study on participatory quality guarantee systems funded by the ADB/DFID project, Making Markets Work Better for the Poor, from which we drew the results relative to the women's consumer club.

REFERENCES


This edited book contains salient papers presented at the XII World Congress of Rural Sociology held in South Korea in 2008. These papers have been selected for their quality and have undergone a peer review process. The rationale behind this book rests on the desire to share the wealth of research presented at the World Congress with interested individuals who could not attend the event and it reflects the empirical work and thinking characterizing contemporary rural sociology. As this sociological sub-discipline evolves along with society and the rural world, it appears of paramount importance to make available ground-breaking research to the international scientific community. Rural sociology is changing and this volume testifies of this change by documenting the introduction of new themes of research as well as the evolution of established ones. In this regard, it provides a unique and uniquely international view of the most recent advanced production in rural sociology. The volume consists of eighteen chapters representing original pieces of research and an introduction that frames them in the context of the evolution of the discipline.

Edited by Alessandro Bonanno, Hans Bakker, Raymond Jussaume, Yoshio Kawamura and Mark Shucksmith