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Overview of typical pork value chains in Vietnam

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Background

In Vietnam, pork is the most widely consumed meat representing more than 70% of all the meat consumed and pig production provides livelihoods for more than 4 million smallholder farmers (Nga et al. 2015). Yet food hazards are pervasive, food scares common, trust in food low and enforcement capacity weak.

Seeking to reduce the burden of food-borne diseases in informal, emerging and niche markets in the country, the 'Market-based approaches to improving the safety of pork in Vietnam' or SafePORK project is a 4.5-year initiative that started in October 2017. Funded by the Australian Centre for International Agricultural Research (ACIAR), the project is implemented by the International Livestock Research Institute (ILRI) in partnership with national partners in Vietnam and international partners from Australia and the United Kingdom.

SafePORK is developing and evaluating light-touch market-based approaches for improving food safety, while safeguarding livelihoods in the pork sector.

Because pork is sold in different value chains which target specific groups of people, the SafePORK project is conducting research to get a better understanding of existing pork value chains in Vietnam. This work will contribute to the selection of pork value chains and the design of feasible interventions to improve the safety of pork in the country's value chains. This brief provides an overview of typical pork value chains in Vietnam that include traditional markets, street food, canteens, boutique shops, convenience stores, supermarkets and the local pig value chain.

This overview will be followed by a series of focus group discussions and/or key informant interviews with various actors (producers, slaughterhouses, retailers and consumers) in each value chain across four provinces of northern Vietnam to understand their food safety performance better.

Methodology

This overview was done through a broad systematic literature review of peer reviewed publications and grey literature (including project reports, books and news on mass media) on the pig sector in Vietnam. Literature was sought using web search engines (Google in particular) and keyword tracking. Key words such as pig and/or pork, traditional market, supermarket, convenient store, canteen, street food and local pigs guided the search. In each search, 'Vietnam' was included to narrow down the search to the context under investigation. Bibliographic references in each reviewed paper were also examined to identify additional papers relevant to the scope of this review.

Traditional markets

Traditional markets dominate Vietnam's retail food landscape with traditional retailers accounting for 94% of sales in this food retail channel (USDA 2017). Traditional markets, also known as wet or public markets, can assume different sizes, shapes, smells and stockpiles depending on location and management scheme (Giddings 2016). Some main characteristics of traditional markets, as highlighted in the Project for Public Space (2003), include (i) upholding public goals and promoting community engagement,

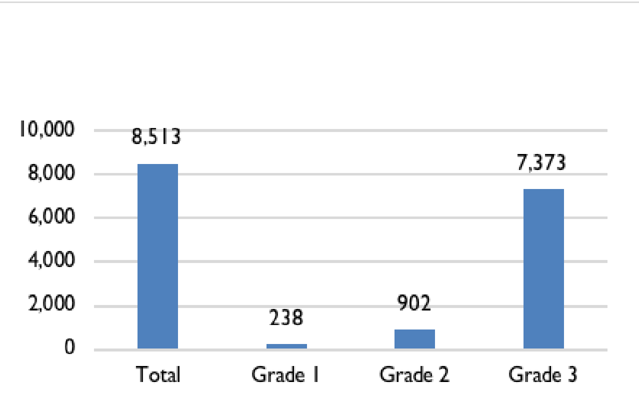
(ii) being located in or creating a shared community space and (iii) being comprised of local owners and operators.

Normally, traditional markets are ideal for small-quantity/high-frequency food purchases and are competitive with lower rental and operational costs.

According to Decree No. 02/2003/ND-CP dated 14 January 2003 of Vietnam's prime minister, traditional markets in Vietnam are divided into three groups depending on quality and scale.

- Grade 1 are markets with more than 400 business slots constructed in a modern style and that are open regularly (daily or weekly). These markets are often located in the centre of provinces/regions and can be wholesale markets. There have spaces for accompanying services such as car/motorbike parking, loading/unloading areas, warehousing, inspection of goods, inspection of food safety and other services.
- Grade 2 are markets with more than 200 business slots constructed in a modern style and often located at the centre of a region and work regularly or irregularly. There have spaces for accompanying services such as car/motorbike keeping, loading/unloading area, warehousing, inspection of the quality of goods, inspection of food safety and other services.
- Grade 3 contains markets that comprise less than 200 business slots or those that are not built modernly (they have a simple roof and floor). These markets mainly provide services for local people in a commune and its vicinity.

Figure 1. Total number of traditional markets in Vietnam by grade, 2016

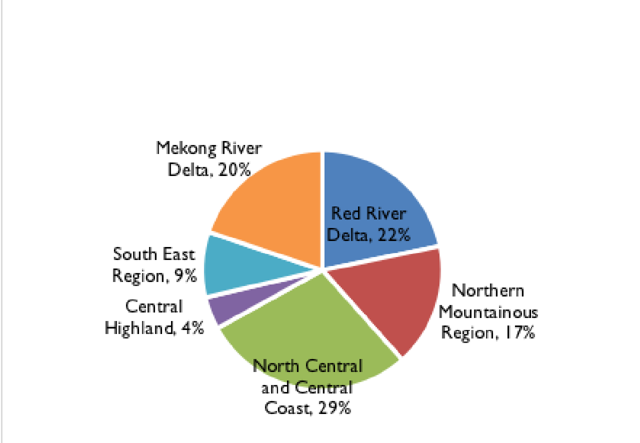


Source: General Statistics Office of Vietnam, 2018

By 2016, Vietnam had approximately 8,500 traditional markets with grade 3 dominating with 7,373 markets (Figure 1). Around 30% of traditional markets are located in the north central and central coast regions of the country (Figure 2).

Most Vietnamese consumers prefer fresh warm meat, which is predominantly channeled through traditional/wet markets. Addressing food quality and traceability issues remains a big concern in these markets (Nga et al. 2015).

Figure 2. Distribution of wet/public markets in Vietnam by region, 2016



Source: General Statistics Office of Vietnam, 2018

Street food

In Vietnam, street food is part of the culture of almost all of the big cities including Hanoi, the capital, as it offers consumers quick access to cheap and convenient food. It is estimated that Hanoi has 26,609 food facilities including restaurants, food stalls and fast food stores. There are 5,218 street food shops in the city and it is very challenging to manage the food safety in these shops (Tuyet 2017). According to the Ministry of Health, food poisoning by street food represented 5% of the total cases reported in Vietnam (Tuyet 2017).

The main challenges in managing the safety of street food include unhygienic conditions and practices and poor infrastructure that might lead to food poisoning. A recent study of 1,760 participants involved in the street food sector in Hanoi showed that only 25.9% and 38.1% of participants used caps and masks, respectively, and 12.8% of food processors reported direct hand contact with food. The findings suggest a need for continuous training to improve food hygiene and safety knowledge and practices among food processors and sellers (Tran et al. 2018).

Many women are involved in the street food value chain and it plays an important role in the social economic status of the poor. In 2005 in Hanoi, 30% of street vendors were women (Sharit 2005). This figure should be much higher now as recent studies have observed 72% women street vendors in Ho Chi Minh City (Tran 2015) and 95% in the Mekong region (Minh 2017).

Canteens

Canteens are the food and drink service establishments that serve over 30 meals at a time and are often located within factories, schools, universities, hospitals and other facilities. Canteen operations are required to adhere to the food safety management requirements of the Ministry of Health. Canteens are also required to comply with specific legislation on facilities condition certification; staff health checks; preparation, processing and storage of food; water sourcing and waste management among other regulations. The number and the location of canteens in a province largely depends on the density of companies, schools, universities and hospitals in the province.

For example, in Hanoi, Bac Ninh and Vinh Phuc provinces in 2016 there were 3,200 (Xuan 2017), 3,400 (Sub Food Safety Administration, Bac Ninh n.d.) and 411 (Quynh 2016) canteens, respectively. In many canteens, meals are served by contracted food service suppliers while other canteens, especially in schools and hospitals, have staff employed to prepare and cook meals. Canteens can be inspected with at least a day's notice, but not more than two and three times a year for canteens supervised by the provincial and district administration, respectively. But inspections can be carried out without notice if there is suspicion of food safety violation. In 2014, more than 5,541 people were affected by food poisonings, of which 42% were derived from canteens (Phuong 2014).

Boutique shops

The network of boutique shops was born to meet the needs for safe food products amid the rising concerns over food safety in Vietnam. The boutique shops trade and promote the so-called 'safe agricultural products' including pork. In recent years, hundreds of shops have mushroomed in the country driven by high profit, but only a few have survived and developed into sustainable businesses. In 2016, the Ministry of Agriculture and Rural Development registered 69 shops nationwide as part of the 'Green outlets – safe farm products program' among other safe manufacturing units that were certified to provide food products that meet safety requirements. This move was meant to raise consumer trust in food safety and encourage safe food production and distribution (Vietnam News 2016).

Due to limited finance and small daily sales volume, at the first stage, these shops often sign farming contracts with reliable suppliers. For vegetables and fruits, they contract with commercial-scale farms, farmer groups or cooperatives which apply agricultural standards such as the Vietnamese Good Animal Husbandry Practices (VietGAHP) and Global Good Animal Husbandry Practices (GlobalGAHP). For meat and fishery products, the key suppliers are smallholder producers with backyard production systems driven by consumers' preference for organically grown meat and agricultural products. Increasing sale volumes have led some shop owners to develop their own farms for self-supply.

The prices of the products provided in this channel are normally 1.5 to 2 times higher than those in wet markets. As such, boutique shops target high- and middle-income customers who care about food safety and can afford to pay the higher prices. To gain customers' trust on the quality of the products provided, these shops have implemented a wide range of marketing strategies using printed, multimedia and social media channels.

Supermarkets

Supermarkets are large stores which sell foods, household goods and sometimes nutritional supplements and wine. Self-service is the major characteristics of supermarkets (MBASkool.com 2018). The number of supermarkets in Vietnam has risen quickly from 385 in 2005 to 869 in 2016 (GSO 2017) with 28% of all outlets in Hanoi and Ho Chi Minh City. Top brands of supermarkets in Vietnam include Big C, Coop Mart, Lotte Mart, Metro, Emart, Vinmart, Aecon Fivimart, Maximark, Satra mart, Fivimart. Coop Mart leads in the number of stores (83 in 2016, mostly in Ho Chi Minh City); Big C has about 34 stores nationwide in more than 20 provinces/cities (USDA 2017). A number of supermarkets directly import fresh and frozen products (perishable food products), and some of them pack and sell their own branded food products such as Big C, Coop Mart (USDA 2017). According to Maruyama and Trung (2007), supermarkets are perceived as providing safety advantages related to processed food and drinks as well as non-food items, compared to traditional retail markets.

Convenience stores

Convenience stores are the small retail shops, usually located in a popular residential area or close to a business hub, which sell everyday items such as groceries, toiletries and soft drinks. These stores are generally small in size, and keep limited stock compared to supermarkets or a grocery stores (MBASkool.com 2018). The Vietnam retail market has seen an increase of convenience stores over the years stemming from the growing purchasing power of consumers and retail shopping demand. The number of convenience stores has increased from 150 in 2012 to 1,000 in 2015, and to 1,600 in 2016 nationwide with some outstanding brands including Vinmart+, Circle K, B's Mart, Family mart (USDA 2017). Despite the presence of a number of international players, local players dominate including the leading VinGroup, which owns the VinMart+ chain. It had around 1,000 stores across the country in 2017 and is projected to have 4,200 stores by 2020 (HSC Company Report 2017). Young people prefer these stores for their convenience, product availability and variety, and good services.

Local pig value chain

'Ban' or local pigs are mainly raised by smallholders in the northern uplands of Vietnam. Local pork is perceived to be tastier, more tender and healthier than pork from exotic breeds (Phuong 2014). Ban pigs only serve local markets and a small segment of customers due to the small volume of supply and high price. Only a small number of Ban pigs are marketed in the cities in the lowlands as a specialty dish in restaurants (Huong et al. 2009). Ban pork is rarely found in wet markets due to its high cost (Phuong 2014).

Small Ban pigs (10–15 kg) are preferred as a specialty dish in restaurants and food stores in Hanoi, while heavier Ban pigs (40–80 kg) are more in demand in local open markets. Ban pigs are sold at the highest price in Hanoi (USD5 per kg), and at the lowest price in Son La province (USD2.5 per kg) (Muth et al. 2017).

Almost all trade in Ban pigs is made through oral agreement. People pay cash at the farm gate when purchasing these pigs. In certain villages, the traders have a relationship with Ban pig keepers. Whenever farmers have pigs available, they call traders to buy the pigs. In some cases, the traders visit villages to find pigs or use a middle man in the village who informs them when pigs are available.

The pigs are priced using different methods: (i) the sellers can give the price first, the buyer bargains and then a common price is agreed based on the weight or (ii) the market price and/or the age of the pig and feeding system used.

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