



Small Groceries in Viet Nam

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The food environment represents the place in which demand for food meets supply—consumers purchase foods in the food environment, while retailers of the food consumers purchase represent the end of the value chain. In many countries, the food environment is undergoing rapid change as economies grow and populations urbanize; a consequence is that a larger share of food consumed is purchased by the end consumer (de Bruin and Holleman 2023). Viet Nam is no different. Viet Nam’s growing and urbanizing economy has, over time, led to a changing food environment.

This note focuses on one type of retailer in Viet Nam’s food environment: the small grocery. We define small groceries as stores that are not supermarkets, are not part of a chain, and have a fixed storefront from which they do business on a daily or near daily basis. These stores play a small but important role in Viet Nam’s food environment, particularly in rural areas, and as we will demonstrate, almost all these groceries sell at least one component of a sustainable healthy diet. As a result, what they sell could help play a role in improving the diets of Viet Nam’s population.

To focus on learning more about small groceries, this note makes use of two datasets. One is a listing exercise that enumerated all the businesses selling food in sampled wards of three districts: Dong Da, in urban Ha Noi; Dong Anh, which is in peri-urban Ha Noi; and Moc Chau, which is a rural district northwest of Ha Noi. The second survey used the first survey as a sample frame, and was specifically designed to learn about the constraints and opportunities that micro-, small-, and medium-sized enterprises (MSMEs) face in considering selling more healthy foods (Ceballos et al. 2023). Small groceries are one type of business in the food environment, and all can be considered MSMEs.

Facts about small groceries from the Viet Nam MSME survey

There are 200 small groceries that appeared in the MSME sample. Of those, 90 are in Moc Chau, 25 in Dong Anh, and 85 in Dong Da. Immediately, we can observe that this is a popular type of store in rural towns, but they are somewhat sparse in peri-urban areas and found regularly in the urban area (among a lot of other types of stores). An interesting comparison is with chain convenience stores; we see below that these are common in Dong Da and are something of a competitor to small groceries, but less prevalent in Dong Anh or Moc Chau.

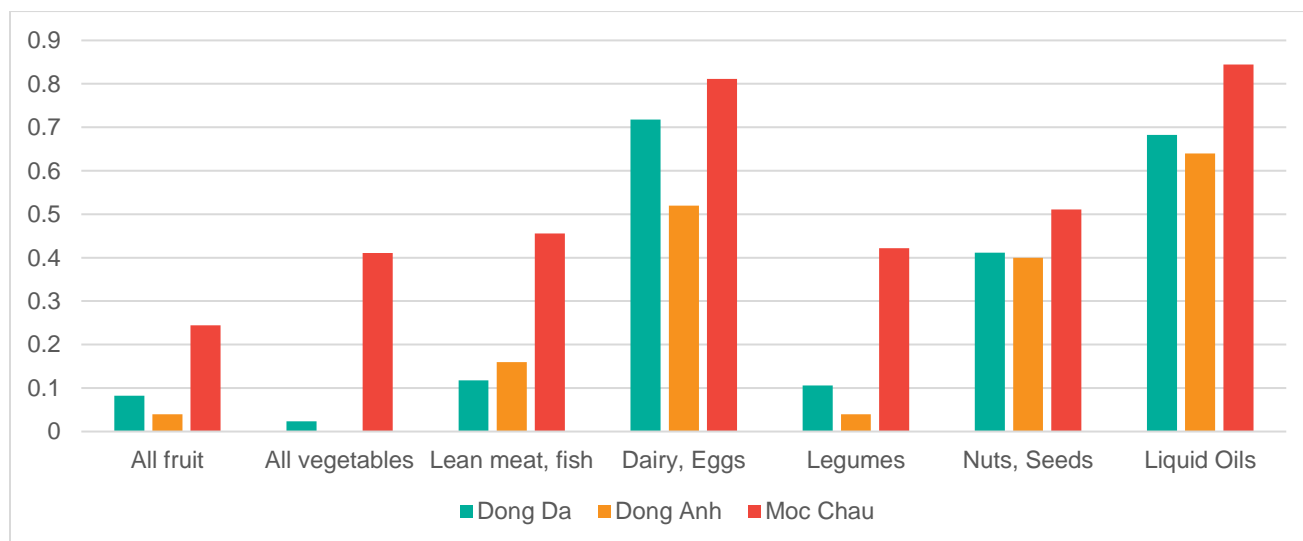
Ownership and employment

Many small groceries are family-run businesses with few employees. The large majority are either owned or jointly owned by women; 47 percent of small groceries are owned by women, and 42 percent are owned jointly by men and women (typically a couple). They are a substantial source of female employment; only 18 percent of the sample reported less than 50 percent of employees (including owners) were women. However, they are not a substantial source of youth employment; only 15 percent of businesses have one or more young employees (defined as between 15-24 years old).

Sale of healthy food types

We next examine what types of healthy foods small groceries sell. We collapse a few of the positive categories from the Global Diet Quality Score (GDQS) measure to explore healthy foods (**Figure 1**).¹ We find that small groceries in Moc Chau clearly sell a different mix of goods than small groceries in Dong Da and Dong Anh. We find that more than 20 percent of small groceries in Moc Chau sell each of the seven categories, with fruits being the least frequently sold. Meanwhile, in Dong Anh we find only one grocery selling fruit and legumes, respectively, and not a single one sells vegetables. Only three sell either lean meat or fish. They do sell low-fat dairy products or eggs, nuts and/or seeds, and liquid oils with some frequency. The first two are suggestive of snacks, while the latter is more likely available as a convenience factor. The frequencies are a bit higher in Dong Da than Dong Anh, but have a similar pattern, with few selling fruit, vegetables, legumes, or the healthier meat products.

Figure 1: Prevalence of broad categories of healthy foods sold in small groceries, by location

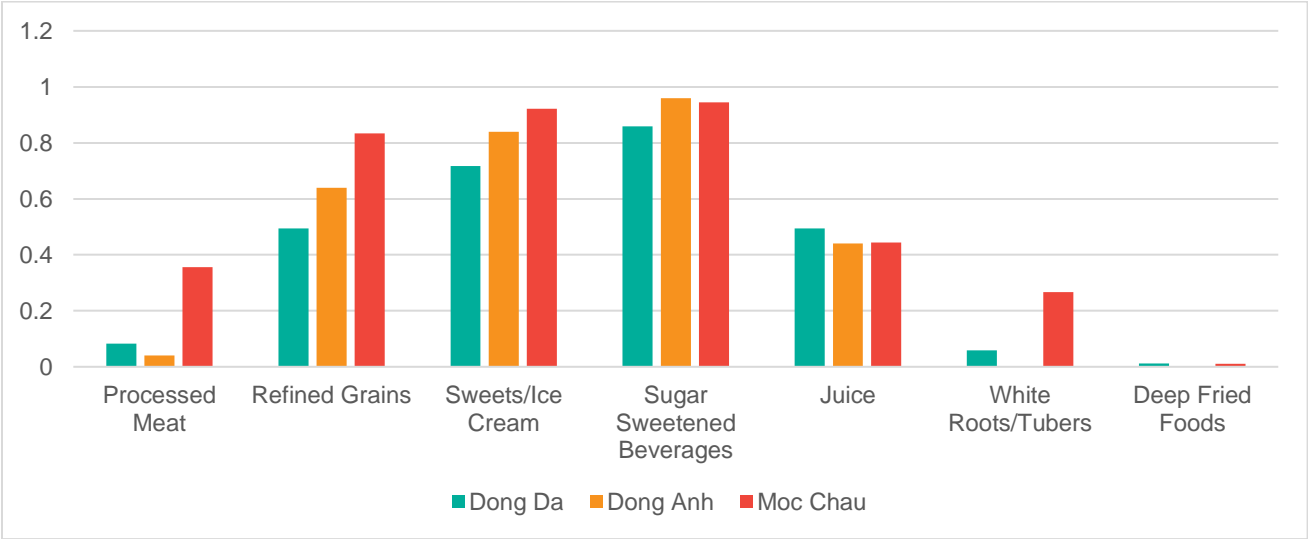


We next examine the prevalence of unhealthy foods for sale, again as measured by the GDQS (**Figure 2**). There are two quite relevant findings. First, we note that small groceries are quite likely to sell sugar sweetened beverages or other sweets, in all three locations. Many of the small groceries, though a lower percentage (just over 40 percent) also sell juice. These findings suggest that the sale of sugary foods is quite prevalent in small groceries. Refined grains are also quite often available at small groceries. As white rice is ubiquitous in the Vietnamese diet, this finding is not surprising. The share of groceries selling either processed meat or white roots and tubers is only notable in Moc Chau, where some small groceries

¹ The Global Diet Quality Score (GDQS) measures what people eat at the population level: https://www.intake.org/sites/default/files/2022-10/GDQS_Toolkit_Final_6Oct2022_2.pdf

appear to carry a wide range of foods, both healthy and counted among those that are unhealthy as they are consumed in larger quantities.

Figure 2: Prevalence of foods that can be considered unhealthy that are sold in small groceries, by location



A natural follow-up question is how regularly groceries only sell healthy items or unhealthy items, rather than both. The large majority of small groceries in the survey sell both healthy and unhealthy foods. We test whether this finding changes if we drop the refined grain category, to reflect rice sales, and it does not. In sum, there is not a group of small groceries that just sell healthy options, but if those sales were to be encouraged, almost all small groceries would qualify.

Registration

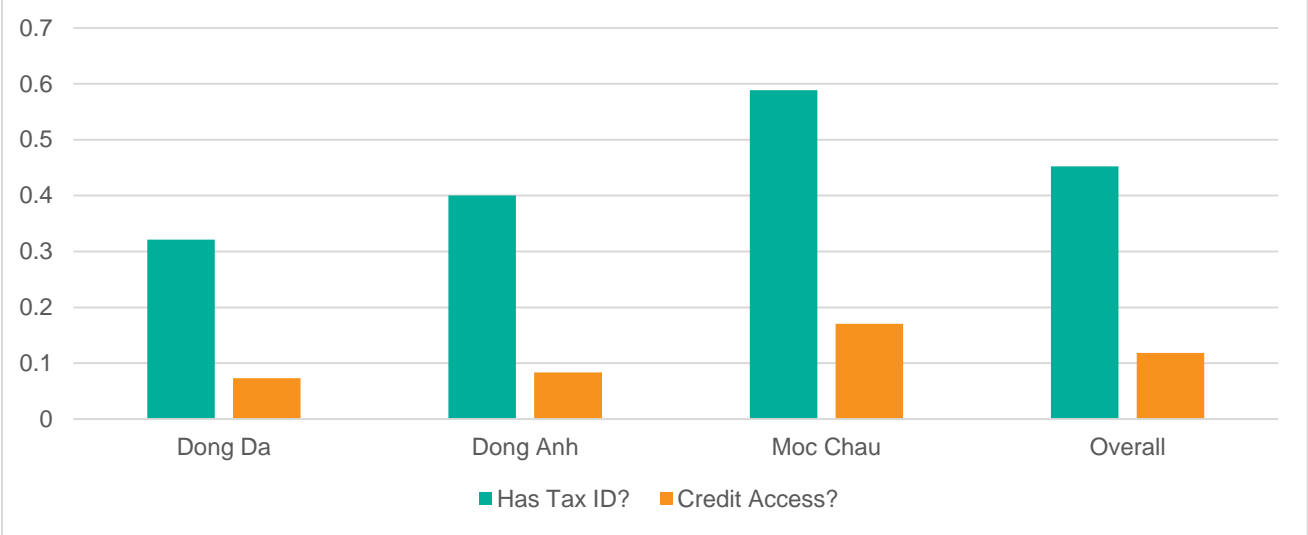
We note that in Viet Nam, the General Statistics Office uses business registration to differentiate formal from informal businesses (Pasquier-Doumer, Oudin, & Thang 2017). However, we note that many informal businesses are not required to register as enterprises, since they can register as household businesses instead. Household businesses have simpler rules and regulations and better tax standards, such as the payment of taxes annually rather than monthly. Small groceries certainly fall in a grey area between household businesses and formal enterprises, as they may be considered exempt from registering formally if they can successfully argue they should be exempt from business registration (e.g. Nguyen et al. 2023).

Formal registration, in the form of having a business tax ID, varies quite a bit by district (**Figure 3**). In the urban area, small groceries are least likely to be registered; just over 30 percent of businesses have a tax ID. This figure is higher in Dong Anh (40 percent) and much higher in Moc Chau (58 percent). There is some clear evidence, then, that registered enterprises are an important part of the economy in Moc Chau. However, note that among all those who are not registered, 86 percent stated that registration was not required for their business type. These businesses likely are too small to require registration as a formal business, and may be registered as household businesses, which require a fixed tax payment (e.g., Nguyen et al. 2023). Unfortunately, the questionnaire did not ask this question.²

² The form did ask whether businesses paid taxes or government fees in the past month, and only 28 percent had done so.

The same pattern is observed for credit access (**Figure 3**), but with a slightly different message. Here, we combine formal and informal credit sources. In general, very few small groceries have any access to credit. Only 11 percent of all small groceries reported either type of credit access, with somewhat better access to credit in Moc Chau than the urban and peri-urban districts.

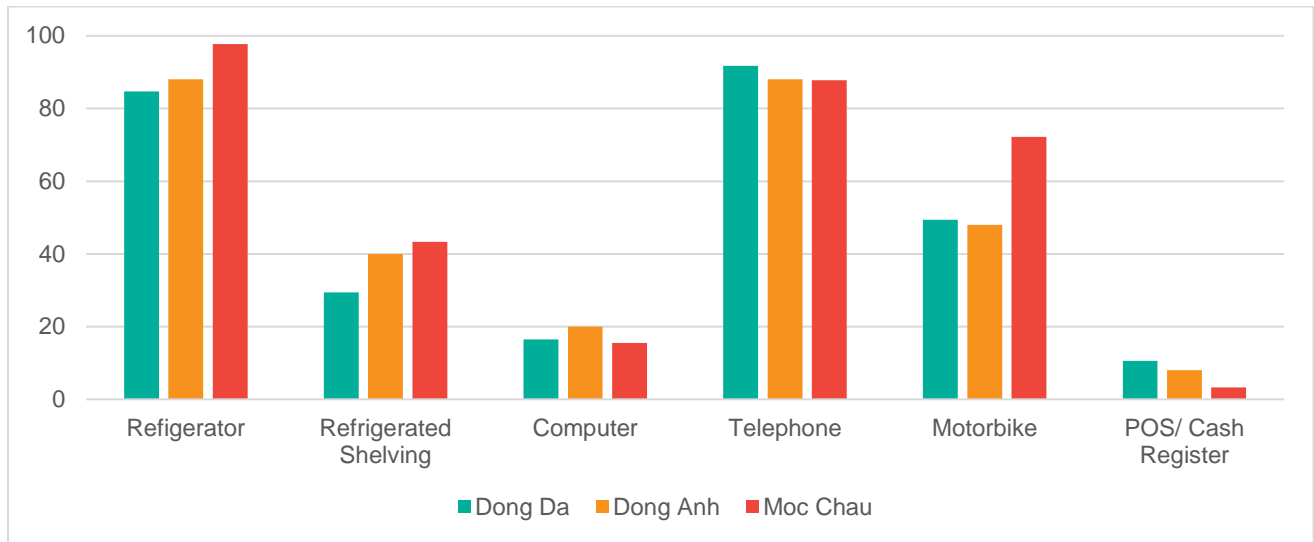
Figure 3: Formal registration and credit access among small groceries, by location



Assets

The MSME survey included several questions about assets that a business might own. In general, the small groceries do not own a lot of assets, regardless of location (**Figure 4**). The most frequently mentioned assets were telephones and refrigerators; however, it is unlikely either are used exclusively for the business. The next two most frequently mentioned assets are motorbikes and refrigerated shelving. As with telephones, it is unlikely that many businesses use motorbikes exclusively for the business, though more reported ownership in Moc Chau than the urban and peri-urban districts. Notably, more businesses in general own a computer (16.5 percent overall) than a point-of-service machine or a cash register (highest at 10.6 percent of small groceries in Dong Da).

Figure 4: Percent of small groceries owning specific asset types, by location

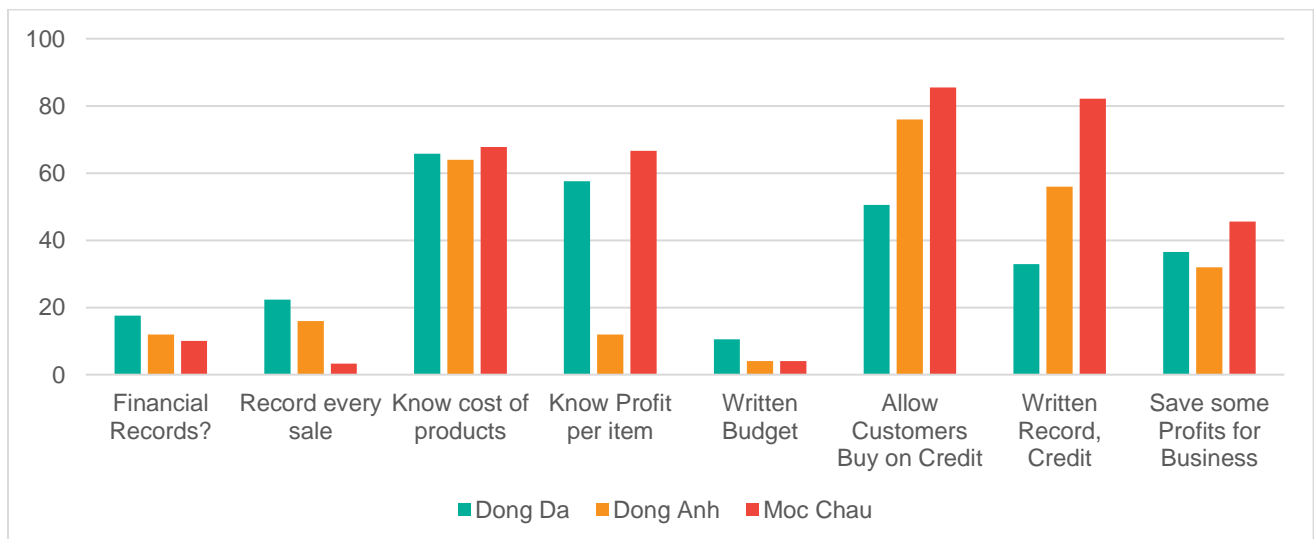


Business skills

The MSME questionnaire included a set of questions that inquired about business practices or skills used for managing small groceries (**Figure 5**). Very few businesses reported keeping financial records or writing down a budget, and consistent with the lack of cash registers or POS machines, few record each sale either. In general, these businesses appear to be doing very little to record their business performance.

A larger portion of small groceries report knowledge about the cost and profits related to items they sell. About two thirds of groceries in each of the three locations reported knowing the cost of products they sell, and in Dong Da and Moc Chau, between 57 and 66 percent of groceries reported knowing the foods for which they made the most profit. However, only 12 percent (3 of 25) businesses reported knowing the most profitable item in Dong Anh. The most frequent healthy products mentioned as the most profitable were dairy and oils.

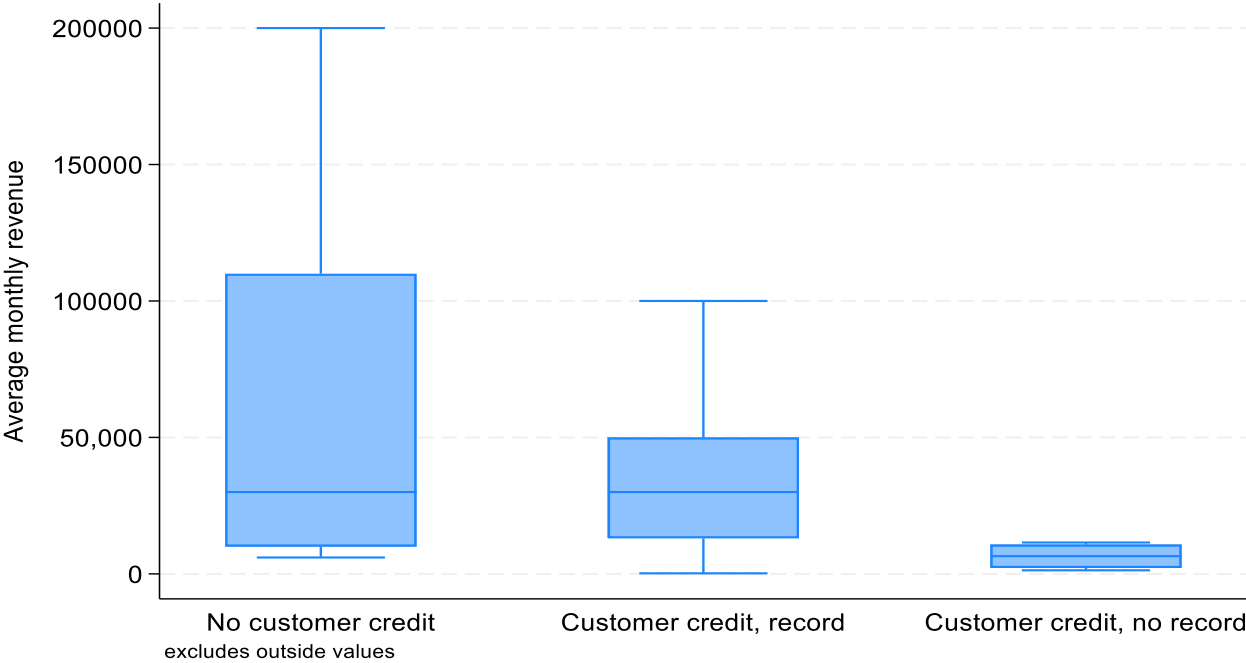
Figure 5: Business techniques used by small groceries, by location



Statistics on whether small groceries allow customers to purchase on credit vary widely by location. Whereas nearly 86 percent of groceries in Moc Chau and 76 percent in Dong Anh allow customers to buy on credit, only about half do so in Dong Da. Not all groceries that allow customers to buy on credit record to whom they provided credit. **Figure 5** illustrates shares conditional on providing credit. While almost all groceries in Moc Chau record customer credit, only three quarters of groceries in Dong Anh do so, and only 64 percent do so in Dong Da.

The latter two findings suggest categorizing the small groceries first by whether they allow customers to buy on credit or not. We then split the category of groceries, allowing customers to buy on credit by whether they record those purchases or not. For those three categories of groceries, we plot the interquartile range of average monthly revenues (**Figure 6**). Perhaps not surprisingly, the range is much smaller among those who do not bother to record to whom they have provided credit—the businesses are doing a much smaller amount of business than the other two categories. Nonetheless, it is interesting that the much larger businesses do not give credit to customers at all; presumably, they leave that to third parties who are specialized in short term consumer lending, like credit card companies.³

Figure 6: Interquartile ranges of average monthly revenues, by credit provided to customers



Do consumers buy healthy foods at small groceries?

Before examining grocer knowledge about healthy foods, we turn to the consumption expenditure data, which asked households that had consumed specific foods where they had purchased them (**Table 1**). For each category of foods, we record a “yes” if at least one was purchased at a small grocery, and a “no” if households purchased at least one food in the category, but did not purchase any of them at a

³ Note we are not making any claims here about causality. As businesses get more profitable, they might be less likely to offer credit, but similarly offering credit could reduce profits.

small grocery. We observe that in Dong Anh and Moc Chau, most consumers suggest they buy only liquid oil, healthier milk, and nuts and seeds at small groceries. In Dong Da, the proportions are much higher across the board, leading to a question about whether households answered this question properly, since few small groceries had some of these foods. Still, the table suggests that if anything, it is sensible to promote healthy food sales in small groceries in urban areas, and less clear in peri-urban and rural areas.

Finally, the businesses that do sell healthy foods tend to sell one or two categories of them (column 4). The average number of types of healthy foods sold ranges between 1.27 and 1.51, conditional on selling at least one. So many vendors specialize in one or maybe two types of healthy foods, instead of selling a wide range of them.

Table 1: Proportion of households who purchased food from small groceries when purchased any food, by GDQS+ food category and district

Food Category	Dong Da	Dong Anh	Moc Chau
Legumes	0.489	0.029	0.025
Nuts, seeds	0.798	0.414	0.185
Deep orange fruits	0.340	0	0.003
Citrus fruits	0.166	0.003	0.003
Other fruits	0.308	0.009	0.004
Liquid oil	0.918	0.853	0.693
Fish, shellfish	0.250	0.003	0.004
Poultry, lean meat	0.260	0	0.001
Healthier milk	0.358	0.701	0.35
Eggs	0.617	0.061	0.012
Cruciferous vegetables	0.393	0.005	0.001
Deep orange vegetables	0.322	0	0
Other vegetables	0.539	0.008	0.006

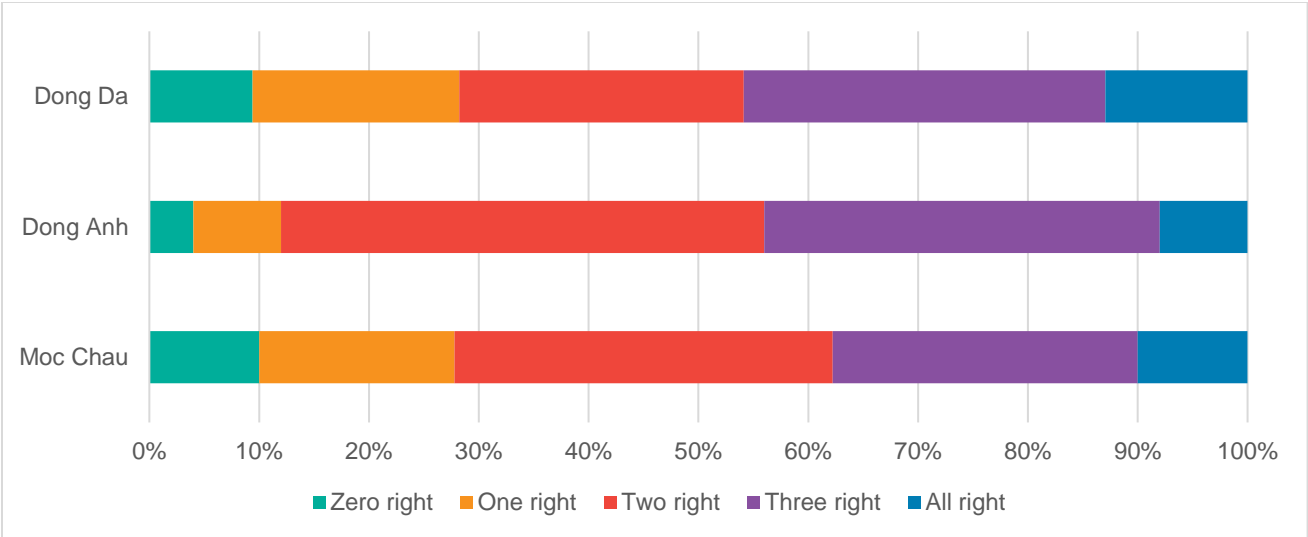
Notes: “Yes” means that for at least one specific food within a category a household that purchased food purchased it from a small grocery. The questionnaire did not ask about low-fat milk, so here we define “healthier milk” as milk without sugar. **Source:** Vietnam Consumption Survey Data, 2023.

Sale of healthy food types

The last category of questions we can observe relates to four questions about nutritional knowledge that were included in the questionnaire. The questions asked respondents to identify which of four foods was high in salt, vitamin A, iron, and calcium, respectively, and the respondent could answer that they did not know the nutrient, or did not know which food had the high value. The questions were designed to be relatively obvious; e.g., bread was one of the options for a food high in iron.

While many of the small grocery respondents could identify the option high in salt (potato chips, 80 per cent), only half could identify that meat was high in iron, and the other two had correct answers less than half the time. Providing businesses with some nutritional knowledge could be useful if it could help them sell more nutrient dense foods. We graph the number of correct answers by location in **Figure 7**. In all three areas, less than half of respondents got three or four correct, and in Dong Da and Moc Chau almost 30 percent of grocers got either none or one correct.⁴ There is clearly scope for increasing knowledge about healthy foods among small grocery owners or managers.

Figure 7: Number of nutrition knowledge questions correct, by location



Nonetheless, we still asked respondents whether they were interested in selling more healthy foods.⁵ Just under half (48.5 percent) said they were interested, while the rest said they were not. Among those who did express an interest, a relatively large share suggested it would not be a challenge to do so (about 40 percent). Other challenges frequently mentioned were low demand and high prices. Among those who were not interested, the main two reasons given were that it is not their responsibility and that they cannot change what people want to purchase. These findings suggest that many of the problems we considered—for example, storage, or finding sources of products—were not concerns of business owners.

Summary

This note describes small groceries enumerated in a survey of MSMEs conducted in 2023 in three locations in northern Viet Nam—Dong Da, an urban district of Ha Noi; Dong Anh, a peri-urban district; and Moc Chau, a rural district in the northwest. There are three main points with which we want to summarize. First, we find that almost all small groceries sell both healthy and unhealthy foods. As a project goal is to increase the availability of healthy foods, small groceries are a potential entry point. From a consumer perspective, entry would be most valuable in Dong Da, rather than in Dong Anh and Moc Chau, where consumers did not buy many types of healthy foods. Second, we find that almost none of the groceries have access to finance, and most of them are informal. A follow-up study could be to investigate why small groceries have such poor access to finance to understand whether such access could be leveraged to increase the availability of healthy foods in those groceries. Such a study should

⁴ A Pearson chi-square test suggests we cannot reject the null that proportions right in each district are the same.

⁵ The question was worded more like “nutritious” foods in Vietnamese.

probably be focused on rural areas, where groceries play a larger role in providing different types of healthy foods. Third, we find that standard business practices and basic nutritional knowledge are lacking among small grocers. Interventions that help improve knowledge could also, potentially, increase the availability of healthy foods and could help grocers promote those products

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