

# Setting a vegetable market information and consultation system in Vietnam

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# The context

In the last 10 years the food sector of the region has gone through profound changes due to : (i) market liberalisation ; (ii) urban growth; (iii) market segmentation in the domestic and export sector (income, quality preferences)

	Vietnam	Laos	Thailand
Urban. Rate (2005)	26.4	27.4	32.3
Urb. Growth rate (2000-2005)	3.13	6.02	1.49
GDP growth rate in 2007	8.5	7.5	4.8

Source: UNDP and nationmaster.com

# The context



- ⌘ In the list of constraints expressed by vegetable farmers in Vietnam, marketing comes first (Phuong Anh et al., 2004)

# Insights from literature review

(Jones, 1974; Goosens et al, 1994; Galtier et Egg, 1998; Shepherd, 1997)



- ⌘ Advocates of MIS : increase market transparency and competition, improves farmers ' bargaining power, allows time and space arbitrage
- ⌘ Market information systems (MIS) are systems of regular collection, analysis and dissemination of information relevant for public and private decision-making on marketing
- ⌘ Market information is a public good (difficult to exclude some users, little profitable for private sector to invest in its supply). It is characterised by asymetry (more available for some stakeholders)
- ⌘ Hence it is legitimate for the public sector to invest in MIS

# Insights from literature review

## Mixed results of MIS



### ⌘ FAO assessment (Shepherd, 1997):

- ☑ 53/120 countries with functioning MIS
- ☑ 5 with demonstrated utility (Indonesia, South Africa, Sri Lanka, China)

### ⌘ Other examples

- ☑ Onion-potato price radio dissemination in Senegal: 19% of onion-potato farmers use it (47% listen to it) (Wade, David-Benz, Egg, 2004)

# Insights from literature review



## ⌘ Problems with MIS :

- ⏏ little use when other market constraints e.g. transport
- ⏏ stakeholders have own channels of information (personalised networks)
- ⏏ problems with accuracy and timeliness of data

## ⌘ Recommendations

- ⏏ adapt to diversity of users and needs
- ⏏ adapt frequency of collection and dissemination to price variability
- ⏏ seek homogeneity of products, time of collection, units of sale

# Insights from literature review



## ⌘ Recommendations

- ⏏ combine information with stakeholders' consultation to deal with expressed constraints other than information (technologies, access to inputs and transport..)
- ⏏ Stakeholders' consultation need to be based on: (i) shared appraisal; (ii) shared objectives (Thoyer et al., 2000).

⌘ Market information and consultation systems (MICS) are defined here as MIS combined with the organisation of debates between farmers, traders and development agents to have common visions and strategies on marketing

⌘ Wordplay/ marketing mix = price, product, promotion, place

# Objective of Hanoi vegetable MICS (set by Malica group)

	Medium-term planning (2002-2004)	Short-term decision (2004-)
<b>Decision</b>	<b>What crops?</b> <b>What markets?</b> <b>At what time of the year?</b>	<b>Bargaining prices</b> <b>Choice of final markets</b> <b>Harvest versus storage</b>
<b>Beneficiaries</b>	<b>Farmers</b> <b>Extension agents</b> <b>Input suppliers</b> <b>Policy makers</b>	<b>Farmers (esp.)</b> <b>Consumers</b> <b>Traders</b>
<b>Information</b>	<b>Calendar of prices/quantities/origin</b> <b>Spatial price variation</b>  <i>Quality preferences of purchasers</i>  <i>Technical information</i>	<b>Daily prices/markets</b>  <b>Indicators of surplus/deficits</b>

# Method – data collection

<b>Data collected</b>	<b>Origin, nature of intermediaries, quantities, prices Consumers and traders' demand for quality</b>
<b>Commodities</b>	<b>8 to 16 vegetables (80% of transactions)</b>
<b>Markets</b>	<b>Major wholesale and retail markets</b>
<b>Frequency</b>	<b>4 times/year</b>
<b>Dissemination</b>	<b>4 newsletters in 4 production sites and in MARD website 4 consultation workshops</b>

# Method - consultation

Topic: Market seasonality	
Hanoi	7 producers, 2 wholesalers, 7 extension agents, 27 extension and research agents
4 villages of production	15 to 20 farmers/village, 0 to 4 collectors, 3 researchers
Topic: Quality	
Hanoi	6 coop directors, 4 collectors, 3 retailers, 2 representatives of consumer association, 3 journalists, 3 extension agents, 10 researchers

Organisation of meetings:

- I. Presentation by researchers of market survey results;
- II. Debate to reach i) shared vision of market opportunities;  
ii) shared vision of strategy to take advantage of them
- III. Survey on needs for market information

## Some examples of agreed vision on market opportunities



- ⌘ Market opportunity (quantity): tomato deficient from July to September (imports from China, retail prices x 2)
- ⌘ Strategy: use existing adapted varieties and technologies to produce tomato off-season
- ⌘ Follow-up: a company specialized in production of seedlings for off-season company

# Some examples of agreed vision on market opportunities

## ⌘ Market opportunity (quality):

- ☑ products of South-Vietnam are reputed as safer than Chinese products in Hanoi, but origin is not labeled
- ☑ Chinese products are more appreciated than local ones for some physical characteristics (ex: smaller cabbage)

## ⌘ Strategies:

- ☑ label origin of product; improve rigor in control of product safety (public-private partnerships)
- ☑ Harvest cabbage earlier to reach required size <sup>12</sup>

## Some examples of agreed vision on market opportunities



- ⌘ Change of vision by workshop participants: imports from China not disruptive of local production; but rather an answer to the deficiencies of local production in terms of seasonal availability and quality
- ⌘ Similar MICS organised and similar results obtained in Cambodia (relative to imports from Vietnam) and Laos (/Thailand)

## Results of survey on market information needs



- ⌘ Most required market information = daily wholesale and retail prices
- ⌘ Preferred means of dissemination = television (note: radio in Laos and Cambodia)
- ⌘ To answer these requirements, a daily price MIS was set by researchers

# Method

<b>Data collected</b>	<b>Wholesale price, retail price</b>
<b>Frequency</b>	<b>Daily</b>
<b>Commodities</b>	<b>10 vegetables most present Average quality standards set for each vegetable</b>
<b>Markets</b>	<b>3 wholesale, 2 retail in Hanoi</b>
<b>Method of collection</b>	<b>3 contact traders in each market contacted by phone at 4 a.m. (wholesale) and 9 a.m. (retail)</b>
<b>Method of dissemination</b>	<b>Internet transfer to television TV programme everyday, 2 times/day</b>
<b>Cost</b>	<b>5000 €</b>
<b>Management</b>	<b>Research institute then department of ministry of agriculture</b>

## Results of survey on impact assessment



- ⌘ Interviews of 84 farmers, 16 traders
- ⌘ Listening to price information: everyday (62%) or several times a week (25%)
- ⌘ Main use: bargaining prices; crop planning
- ⌘ Characteristics of non users: small size; regular relationships with partners
- ⌘ Transfer of system to a service of ministry of agriculture

# Follow-up of consultation meetings



- ⌘ Alliance of safe vegetable production and distribution coop established on 15/12/2008 by Hanoi municipality, headed by a dynamic head of coop
- ⌘ In response to mismatch between production and demand:
  - ⊞ Traders complain that they lack suppliers reliable in terms of safety-diversity
  - ⊞ Farmers trained to produce « safe vegetables » lack customers offering premium prices
- ⌘ Few activities implemented (mainly political)

# Follow-up of consultation meetings

- ⌘ Collaboration between Malica group and alliance to develop marketing activities
- ⌘ Inventory of safe vegetable units was carried out and published
- ⌘ Three consultation meetings organized

01/07/08	Presentation of inventory, setting plan of actions	39 producers, 2 traders, 13 researchers, 5 officials
19/09/08	Cooperation between groups to to prepare next season	36 producers, 2 traders, 7 researchers, 6 officials
13/11/08	Contacts between groups and buyers to prepare next season	30 producers, 13 traders, 10 researchers, 12 officials

# Follow-up of consultation meetings



- ⌘ In October 2008, floods destroyed more than half of crops so that crop planning was no more relevant
- ⌘ Website established to facilitate contacts-cooperation between production units, and between production and distribution units
- ⌘ But lack of financial and technical capacity in the alliance to run website and meetings

# Difficulties in running consultation meetings



- ⌘ Difficulties of spontaneous expression by Vietnamese farmers and traders
- ⌘ Difficulties in having traders represented
- ⌘ Lack of local capacity for workshop facilitation
- ⌘ Climatic vagaries jeopardize validity of crop planning
- ⌘ Problem of outreach beyond the workshop participants: weak extension services; fragmentation of production

# Conclusions



- ⌘ Consultation systems on market seasonality and quality requirements help to change the vision of participants and to have them adjust their marketing strategies
- ⌘ But their impact beyond the participants is limited by the present weakness of extension services and sectorial organizations
- ⌘ Price dissemination was more easy to sustain (with involvement of the public sector) than consultation on seasonality and quality, in particular due to low local capacity in terms of meeting facilitation

# Conclusions



## ⌘ Possible way which could be tested to sustain the MICS:

Commitments on action plans by representatives of public and private sector; monitoring of implementation by « neutral organisations », e.g., local research institutes or NGOs (see Manalili, VECO, 2009, on chain networking for coffee in Indonesia)