The Centre for Global Food and Resources

The Vietnam urban food consumption and expenditure study

Factsheet 4: Where do consumers shop? Wet markets still dominate!

The food retail landscape in urban Vietnam is evolving with new food retail formats emerging. This factsheet examines Vietnamese household food expenditure shares at various food retail shopping outlets. This information helps us to gain an understanding of where households shop for food, differences in shopping behaviour across Vietnamese cities, and insight on the relationship between household income and expenditure shares at modern versus traditional food retail formats. This basic analysis of income and shopping behaviour is useful for forecasting how food retailing is likely to change as a result of further economic development.

In our survey, shopping outlets were classified into two main categories: **modern** (hypermarket/supermarket; minimart; specialty shops; and online and phone orders) and **traditional** (formal wet market; traditional family shop; semi-permanent stand; peddlers/mobile vendors; and informal street markets). 'Other' outlets, e.g. restaurants, could be classed as either modern or traditional depending on the outlet itself.

Wet markets still account for the largest share of urban Vietnamese households' food expenditures [1] (Figure 1). Across all cities, 29% to 53% of households' monthly food expenditures take place at wet markets.

The share of food expenditures at all types of **traditional outlets** (77%–99%) outweighs the share going to the modern retail outlets. This is not surprising as modern food retailing is in relatively early stages of development in Vietnam.

In the survey, households were asked to indicate which gross monthly income category (of nine categories) they would fit into. For Ho Chi Minh City and Hanoi, due to the relatively larger sample sizes, we are able to do analyses on subsets of the sample based on their household income. We aggregate the nine income categories into four categories. We then compare shopping behaviour across the four subsets of income to understand whether income has an impact on where Hanoi and Ho Chi Minh City consumers choose to shop for food (Figure 2).

As expected, **household food expenditure shares at modern retail outlets generally increase with income** (Figure 2). In Ho Chi Minh City, households in the low-income category spend about 19% of their food budget at supermarkets/hypermarkets, but this share increases by 8% to approximately 27% for the high-income group (Figure 2). In Hanoi, we see similar differences in expenditure shares with 2% of low income and roughly 10% of high-income households' food expenditures being made at hypermarkets and supermarkets.

Interestingly, however, there are marked differences in expenditure shares at modern outlets between cities, particularly for the low and low-middle income households. This may be because Ho Chi Minh City has experienced much more dramatic development and has a much larger urban population than Hanoi.

[1] Household expenditure was weighted by the number of adult male equivalents in the household. This allowed us to standardise food expenditure across households with more or less people and different ratios of adults to children. The weights were calculated using WHO/FAO energy requirements from the 2004 Human Energy Requirements, Food and Nutrition Technical Report Series.

Australian Government
Australian Centre for International Agricultural Research

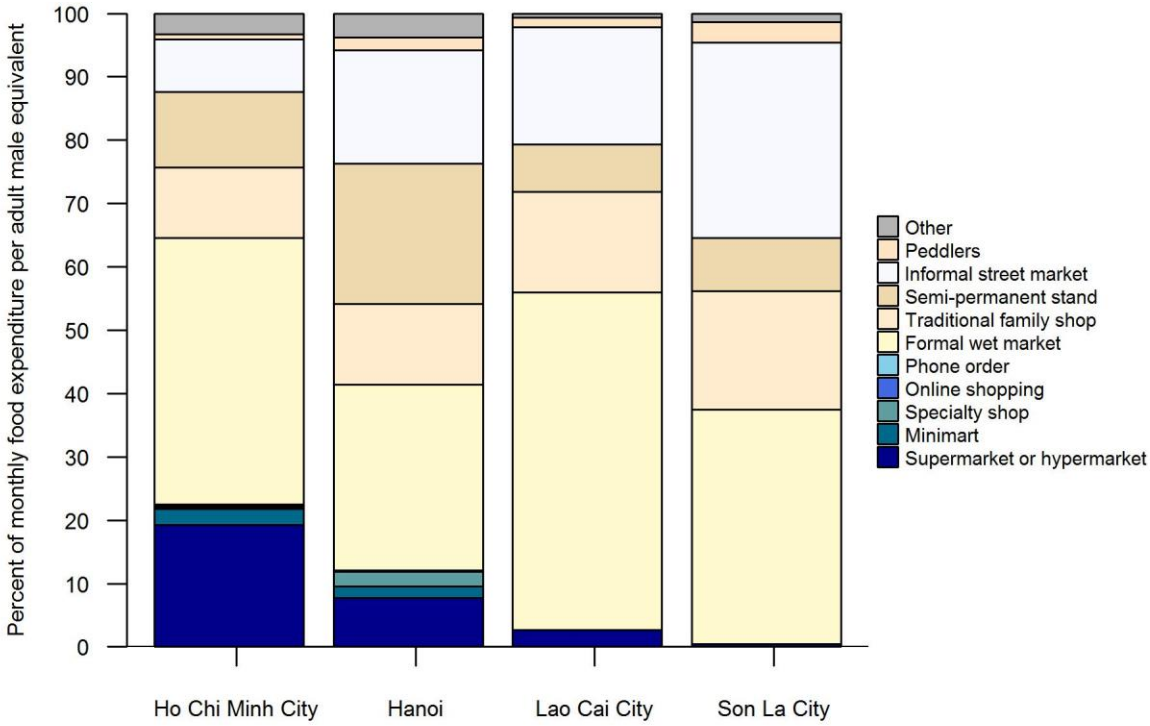

Figure 1. Average share of monthly food expenditure per adult male equivalent spent at different food outlets for households in Ho Chi Minh City, Hanoi, Lao Cai City and Son La City, Vietnam. Note: Blue shading is used to depict modern retail outlets. Traditional outlets are indicated by neutral shading. The 'Other' category includes restaurants, hotels, cafes, bars, etc.

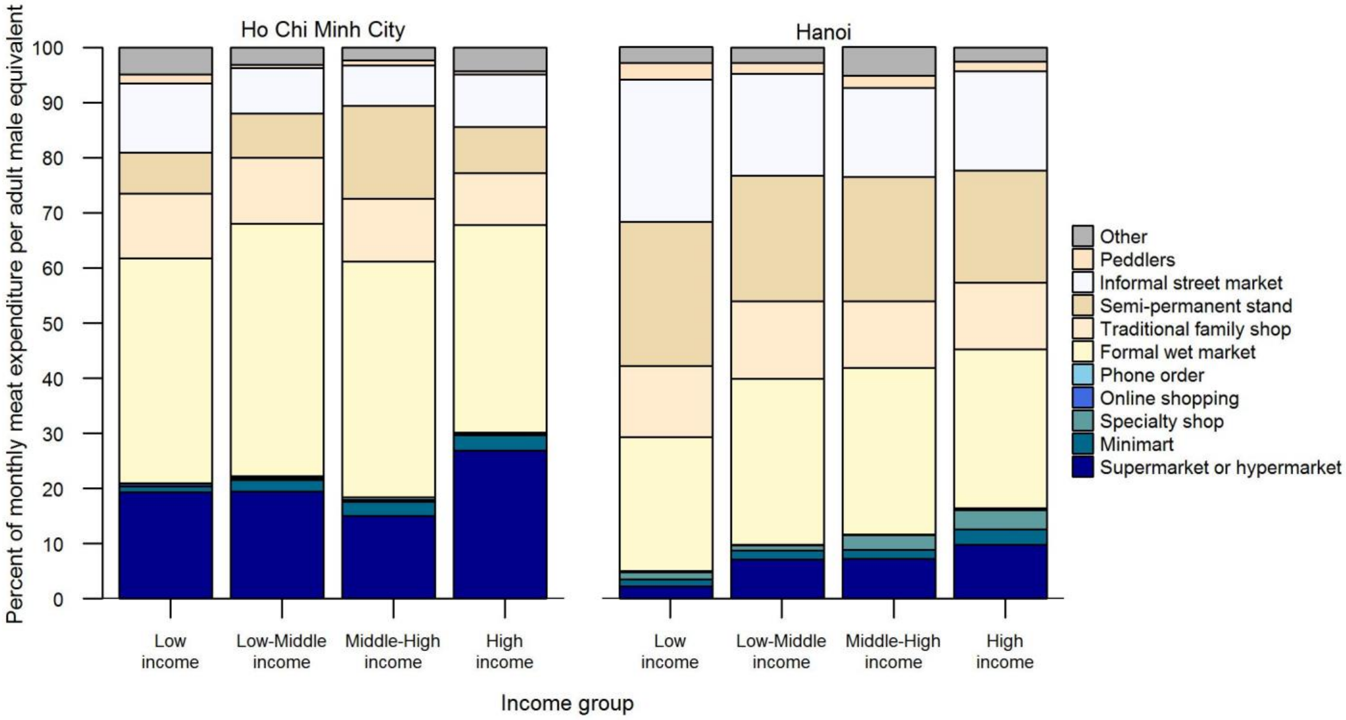

Figure 2. Share of food expenditure per adult male equivalent at different food outlets by income groups in Ho Chi Minh City (left) and Hanoi (right), Vietnam. Modern retail outlets are indicated by blue shading and traditional retail outlets are indicated by neutral shading. The 'Other' category includes restaurants, hotels, cafes, bars, etc. The 'Low income' group includes households with a gross monthly income of 1.5 to 4.5 million VND. The 'Low-Middle income' group includes households with a gross monthly income of 4.5 million to 7.5 million VND. The 'Middle-High income' group includes households with a gross monthly income of 7.5 to 15 million. The 'High income group' includes households with a gross monthly income of more than 15 million VND. See the tables in the appendix for breakdown of income groups and percentages of expenditure graphed here.

Traditional food retail outlets continue to be important sources of food for Vietnamese households, regardless of income levels. Higher income households may prefer to shop at traditional retail outlets for convenience factors. For example, higher income households may have a relatively higher opportunity cost of time, so they may shop at food retail outlets that are relatively close to home or have more convenient opening hours (e.g. open early in the morning or relatively later in the evening). Furthermore, small convenience outlets, such as informal street markets or peddlers are often set-up so that consumers can stay on their motorbikes, thus saving time and effort.

Income growth is expected to continue in Vietnam. With an increase in household income, we expect that the share of food expenditures at modern retail outlets will increase, and this may be at the expense of traditional retail outlets. This may have implications for both producers and consumers.

The impact on smallholder farmers of modern food retail outlets' increasing market share has been described as a double-edged sword. On the one hand, farmers may have new market opportunities due to increasing interest in production attributes including provenance, but on the other hand, smallholder farmers may be excluded from this market if they cannot meet the quality and quantity requirements imposed by modern retail chains.

Many factors are likely to influence urban Vietnamese consumers' choices of where to shop for food. Potential factors include the location of the food outlet, the time taken to reach the food outlet, availability of food and non-food items, perceptions of the safety and the quality of the products offered at the outlet, and the consumers' household income.

To shed light on whether the growth in modern retail markets is beneficial or threatening for smallholder farmers, we need to understand what products are purchased from where and why consumers choose specific retail outlets for specific products. For example, if consumers prefer to purchase their fresh fruit and vegetables from wet markets or street markets then it is likely that smallholder farmers producing these items will not be negatively affected by the growth of supermarkets in the short to medium term. The following factsheet, Factsheet 5, provides information on where different types of food products are mainly purchased.

LEFT: Minimart in Hanoi; TOP RIGHT: Mobile street vendor selling apples in Hanoi; BOTTOM RIGHT: An example of an informal street market

Appendix to Factsheet 4

Definitions and percentages used to generate graphs

Definitions of outlets

- *Hypermarkets and Supermarkets* (examples include Metro, Big C, Fivi Mart, Unimart, AC Mart).
- *Minimart* or convenience store (examples include 7-Eleven, Vinmart, Shop & Go, Circle K).
- *Specialty shops*: small sized shops with clear external billboards signalling the offer of certified safe, clean or organic vegetables (examples include Bac Tom, Big Green and Klever Fruit).
- *Online:* customers order food online and have their order delivered or prepared for collection.
- *Phone order:* customers order food over the phone and have their order delivered or prepared for collection.
- *Formal wet market*: a market formally established by the authorities.
- *Traditional family shop*: a small food shop run by a household that commonly sells processed foods and beverages.
- A *semi-permanent stand:* a retailer selling from a table, stand, cart, or stall that can be moved, but generally stays in one place during the day.
- *Informal street markets:* retailers sell to the public without having a permanent structure for the market.
- *Peddlers/mobile street vendors*: a retailer operating on foot, on a bicycle, or from a pick-up and sells both food and non-food items.

Table A1. Share (%) of monthly food expenditure per adult male equivalent spent at different food outlets for the average household in Ho Chi Minh City, Hanoi, Lao Cai City and Son La City, Vietnam.

Outlets	Ho Chi Minh City	Hanoi	Lao Cai City	Son La City
Supermarket or hypermarket	19.3%	7.7%	2.7%	0.5%
Minimart	2.5%	1.9%	0.0%	0.0%
Specialty shop	0.3%	2.3%	0.0%	0.0%
Online shopping	0.1%	0.0%	0.0%	0.0%
Phone order	0.3%	0.2%	0.0%	0.0%
Formal wet market	42.1%	29.3%	53.3%	37.0%
Traditional family shop	11.1%	12.7%	15.8%	18.7%
Semi-permanent stand	11.9%	22.2%	7.5%	8.4%
Informal street market	8.3%	17.9%	18.5%	30.8%
Peddlers	0.8%	2.0%	1.5%	3.2%
Other	3.2%	3.7%	0.6%	1.4%

Note: Hypermarkets/supermarkets, minimarts (convenience stores), specialty stores, online shopping and phone orders are considered *modern retail outlets;* whereas the remaining outlets are considered *traditional outlets*. The '*Other*' category includes restaurants, hotels, cafes, bars, etc.

Table A2. Percent of households in each gross monthly income group in Ho Chi Minh City and Hanoi, Vietnam.

Income groups	Household gross monthly income (VND)	Household gross monthly income (USD)+	Share (%) of households#	
			Ho Chi Minh City	Hanoi
Low income	1.5 to 4.5 million	67.29 to 201.88	7.2%	6.7%
Low-Middle income	4.5 to 7.5 million	201.89 to 336.46	30.3%	32.1%
Middle-High income	7.5 to 15 million	336.47 to 672.92	41.4%	40.6%
High income	≥ 15 million	≥ 672.93	21.1%	20.7%

+Based on exchange rate of 1 USD = 22,291 VND from 1 December 2016; #Sample includes only those households that answered all questions about expenditure, Ho Chi Minh City n = 993 and Hanoi n = 702.

Table A3. Share of monthly food expenditure per adult male equivalent at different food outlets by income groups in Ho Chi Minh City and Hanoi, Vietnam.

Outlets	Low income	Low-Middle income	Middle-High income	High income
		Ho Chi Minh City		
Hypermarket/supermarkets	19.3%	19.5%	15.0%	26.9%
Minimart	1.1%	2.0%	2.6%	2.8%
Specialty shop	0.0%	0.4%	0.3%	0.2%
Online shopping	0.5%	0.0%	0.1%	0.0%
Phone order	0.1%	0.3%	0.4%	0.2%
Formal wet market	40.7%	45.8%	42.7%	37.7%
Traditional family shop	11.8%	12.0%	11.4%	9.4%
Semi-permanent stand	7.4%	8.0%	16.9%	8.4%
Informal street market	12.5%	8.2%	7.3%	9.5%
Peddlers	1.7%	0.6%	0.9%	0.5%
Others	4.9%	3.2%	2.4%	4.4%
		Hanoi		
Hypermarkets/supermarkets	2.3%	7.2%	7.3%	9.8%
Minimart	1.3%	1.6%	1.6%	2.8%
Specialty shop	1.2%	0.9%	2.6%	3.5%
Online shopping	0.2%	0.0%	0.0%	0.0%
Phone order	0.0%	0.1%	0.2%	0.3%
Formal wet market	24.3%	30.1%	30.2%	28.8%
Traditional family shop	12.9%	14.0%	12.1%	12.1%
Semi-permanent stand	26.1%	22.8%	22.5%	20.3%
Informal street market	25.9%	18.5%	16.1%	18.1%
Peddlers	3.0%	2.0%	2.2%	1.7%
Others	2.9%	2.8%	5.3%	2.6%

Note: Income groups are defined in Table A1.