



The Centre for Global Food and Resources

The Vietnam urban food consumption and expenditure study

Factsheet 8: Trust and Money: Who do Vietnamese consumers trust to certify product safety and will they pay for it?

As Factsheet 7 discussed, food safety, quality and nutrition are increasingly important concerns for urban Vietnamese consumers. In most traditional outlets information about the origin of food products or the ingredients or production method is lacking.

If consumers are interested in information related to the quality, food safety or product and process attributes of food products (credence attributes), then they must ask and rely on the seller/retailer who may not always know the answer.

Certification is one way to ensure such credence information can be communicated to consumers. However, certification will only be effective if consumers trust that the information is correct and much of this trust will stem from their trust in the certifying body. Providing information and certifying the information are costly exercises, particularly when products are not sold directly from farmers to consumers and may travel long distances and exchange hands multiple times.

In this factsheet we explore the opportunities for various certification and food labelling programs that may add value to smallholder agricultural products. Understanding the value consumers place on food quality and food safety attributes, as well as who they would trust to certify these attributes is essential in order to inform smallholder farmers and other stakeholders of market requirements and potential market opportunities.

Who do consumers trust to certify safety, quality and nutrition?

For subgroups of food products of interest to Australian Centre for International Agricultural Research (ACIAR) research-for-development projects, and also products that are often susceptible to food safety concerns – namely, beef, shrimp and fruit and vegetables – we included a question in our survey that asked “Who would you most trust to certify [*attributes such as safety, quality, nutrition*] in the product?”

The most trusted source of food certification was the Vietnamese Government (Figure 1). Over 60% of respondents said that they would most trust the Vietnamese government to certify safety, quality and nutrition attributes in fruits and vegetables, beef and shrimp. The other most trusted entities were farmers and farmer organisations (12% for fruit and vegetables, 9% for beef and 13% for shrimp), local governments (8% for fruit and vegetables and for beef and 10% for shrimp), and foreign government organisations (5% for fruit and vegetables, 9% for beef and 6% for shrimp).

The trust placed in foreign governments is somewhat surprising. However, it may reflect or be a result of the high level of imports of some products (e.g. beef) into Vietnam.

Independent third-party certification is an important source of certification in many industries and countries, however, in Vietnam, it appears that consumers either have very little trust in independent third parties, including food companies and retailers/supermarkets (Figure 1).

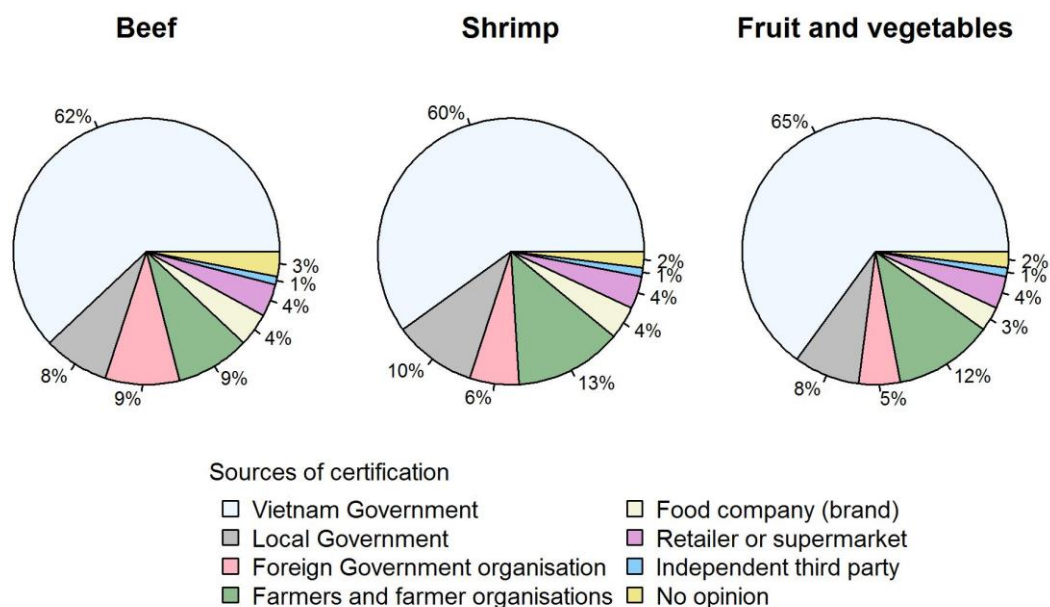


Figure 1. Percent of respondents that selected each source of certification as the 'most trusted' for product safety and quality for beef (left), shrimp (centre) and fruit and vegetables (right) in Vietnam. Results are the average responses from survey respondents in Ho Chi Minh City, Hanoi, Lao Cai City and Son La City, Vietnam.

Awareness and previous purchases of produce with credence claims and certifications

To better understand consumers' awareness of different credence attributes (e.g. quality, safety, production, process and/or nutritional attributes), consumers were asked to indicate whether they had previously seen fruit and vegetables marketed with ten credence claims. (See Figure 2 for a list of the claims and/or information and Figure 3 for examples of certification labels that are used on products in Hanoi).

For respondents who indicated that they were aware of the credence claim, they were then asked to indicate whether they had ever purchased fruits and vegetables with such labels or certifications.

About 80% of consumers indicated that they had seen or heard (were aware) of fruit and vegetables with these labels/certifications. Further, less than 60% of consumers indicated previously purchasing any of these fruits and vegetables (Figure 2).

A large share of consumers indicated awareness of products that were labelled

with guarantees related to: safety (79%), country-of-origin (73%), and pesticide-free (72%). Of those who were aware, roughly one-half had *previously purchased* products labelled with these attributes (51%, 55% and 43% respectively).

Importance of claims and certifications when purchasing products

Consumers were then asked to indicate the importance of the claims and certifications. **Overall, the highest mean level of importance across all cities was for "Certified Safe," followed by "Organic" and "VietGAP" (Figure 4).** Hanoi consumer-respondents placed a relatively higher level of importance on all attributes, relative to consumers from Ho Chi Minh City and the smaller northern cities (Lao Cai City and Son La City).

Willingness-to-pay for 'certified safe' food products

For a sub-group of fruits (plums), vegetables (tomato, water spinach, susu leaves, cai meo), and meat (beef and pork) of particular interest to ACIAR projects and also susceptible to food safety concerns, we asked consumers to indicate whether they would be willing to pay

more for a certified product and how much more they would be willing to pay (Table 1).

We used a simple technique to understand households' willingness to pay for certified "safe" products. First we asked if the household buys [product] and then how much they usually pay per kilogram of [product]. Following this there was a question that asked if the respondent would be willing to pay more for a certified "safe" [product], and then, if they responded yes, they were presented with a multiple choice question that asked how much extra (as a percentage of the usual price) they would be willing to pay.

The majority of respondents (>67%) indicated a willingness to buy 'certified safe' products and a willingness to pay about 20% more for a certified product relative to a non-certified product (Table 1).

The largest share of consumers were interested in 'certified safe' beef (87%), pork (87%), tomatoes (86%) and water spinach (83%). Consumers were willing to pay the highest premiums for 'certified safe' water spinach (26% premium) and for tomatoes (23% premium).

This result indicates that a large majority of consumers would be willing to pay more for a product if they could be confident in the safety claims attached it, and also if they can afford to purchase it.

Implications and opportunities?

These results support anecdotal evidence as well as the results discussed in Factsheet 7, that food safety and nutrition concerns are increasingly influencing consumer decision making in Vietnam.

With growing incomes, more urban consumers are willing to pay and have ability to purchase higher value food products with safety and quality assurances. From a research for development perspective this information allows us to consider interventions in the food supply chain that can benefit producers and consumers. For example, knowing that consumers are concerned about pesticide, bacterial and heavy metal contamination (as discussed in Factsheet 7) we must think about ways to build trust between producers and consumers on these issues.

The results discussed in this factsheet suggest that farmers could build trust and create market opportunities by providing safety and quality assurances by participating in related certification programs. The government and private sector (e.g. retailers) could also assist through establishing and enforcing new public and private food standards and related labelling schemes, and/or by building institutional arrangements in certification programs (e.g. Good Agricultural Practice programs such as VietGAP).

This is potentially good news for smallholder farmers. For example, in theory, farmers could demand a higher price for their products if they can demonstrate good safety outcomes and earn premiums for products meeting standards.

However, it is important to note the potential premiums found in this study were elicited via hypothetical means. We may not observe such a high willingness to pay if monitoring actual consumer behaviour. Furthermore, efficient value chain arrangements need to be in place for producers to gain from any premiums at the retail level.

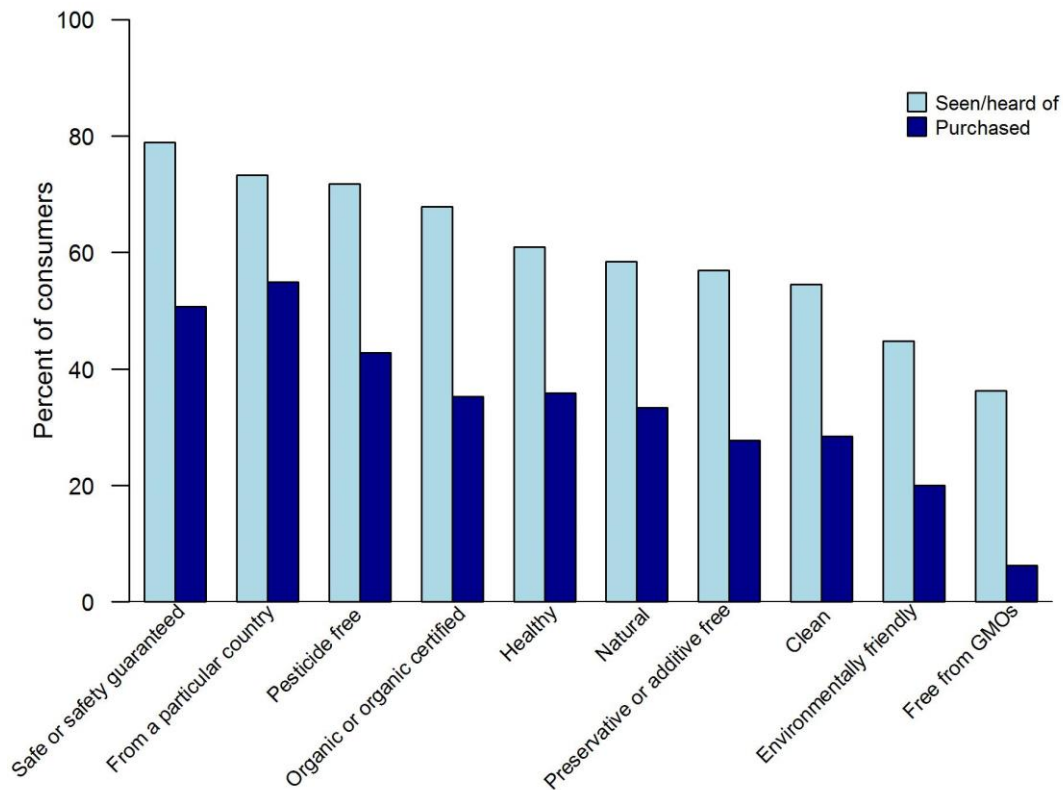


Figure 2. Percent of households who have seen/heard of fruit and vegetables that are sold as [...] (light blue) and purchased such fruit and vegetables (dark blue). Results are for the combined sample across cities included in the survey: Ho Chi Minh City, Hanoi, Lao Cai City and Son La City, Vietnam (n=2026).



Figure 3. Examples of certification labels (found in Hanoi supermarkets) to communicate the safety or origin of foods or methods used to produce foods

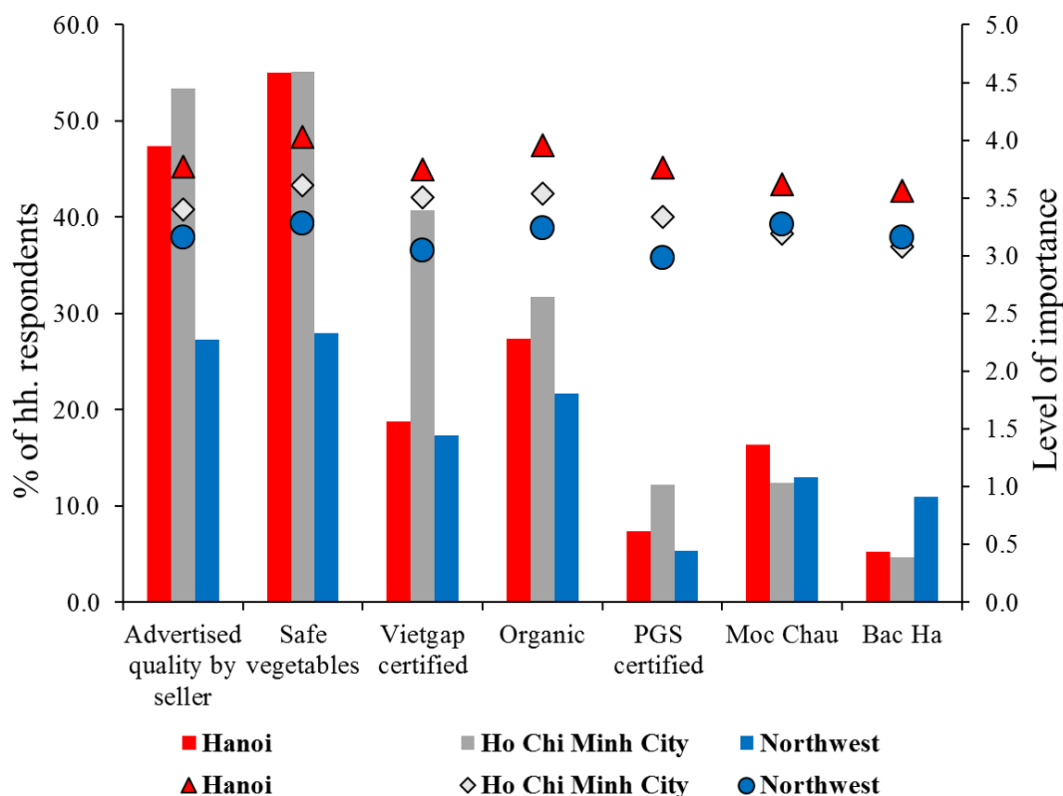


Figure 4. Average response to the importance of certain food standards and certifications (*dot points*) and percent of consumers who have purchased such fruit and vegetables (*bar charts*). Results are for the combined sample across cities included in the survey: Ho Chi Minh City, Hanoi, and Northwest cities (Lao Cai City and Son La City combined), Vietnam.

Table 1. Urban Vietnamese consumers stated willingness-to-pay (WTP) for 'certified safe' products for a selection of foods. Results are the average responses from survey respondents in Ho Chi Minh City, Hanoi, Lao Cai City and Son La City, Vietnam.

Product	% of consumers who regularly buy product	Usual price (VND/kg)	% of consumers willing to buy certified product	Average additional WTP (%) for certified "safe" product
Tomatoes	100	15,470	86	23
Water spinach	100	10,730	83	26
Susu leaves	85	15,222	67	20
Cai meo	81	13,010	67	20
Plum	94	27,931	74	19
Beef	100	203,849	87	19
Pork	100	84,723	87	21

Note: Water spinach is the same as morning glory and Susu leaves are also known as chayote shoots.

Appendix to Factsheet 8

Table A1. Average response to the importance of certain food standards and certifications by consumers in Ho Chi Minh City, Hanoi, Northwest cities (Lao Cai City and Son La City combined), in Vietnam.

Certification/Food standard	Hanoi	Ho Chi Minh City	Northwest cities
Advertised quality by seller	3.77	3.40	3.16
Safe vegetables	4.03	3.61	3.28
VietGAP certified	3.75	3.51	3.05
Organic	3.96	3.54	3.24
PGS certified	3.76	3.34	2.98
Grown in Moc Chau	3.62	3.19	3.19
Grown in Bac Ha	3.56	3.08	3.06

Table A2. Percentage of consumers who have purchased fruits and vegetables labelled or advertised with [attribute] in Ho Chi Minh City, Hanoi, Northwest cities (Lao Cai City and Son La City combined), Vietnam.

Certification/Food standard	Hanoi	Ho Chi Minh City	Northwest cities
Advertised quality by seller	47.36	53.36	27.33
Safe vegetables	55.06	55.07	28.00
VietGAP certified	18.83	40.72	17.33
Organic	27.39	31.70	21.67
PGS certified	7.42	12.24	5.33
Grown in Moc Chau	16.41	12.44	13.00
Grown in Bac Ha	5.28	4.64	11.00

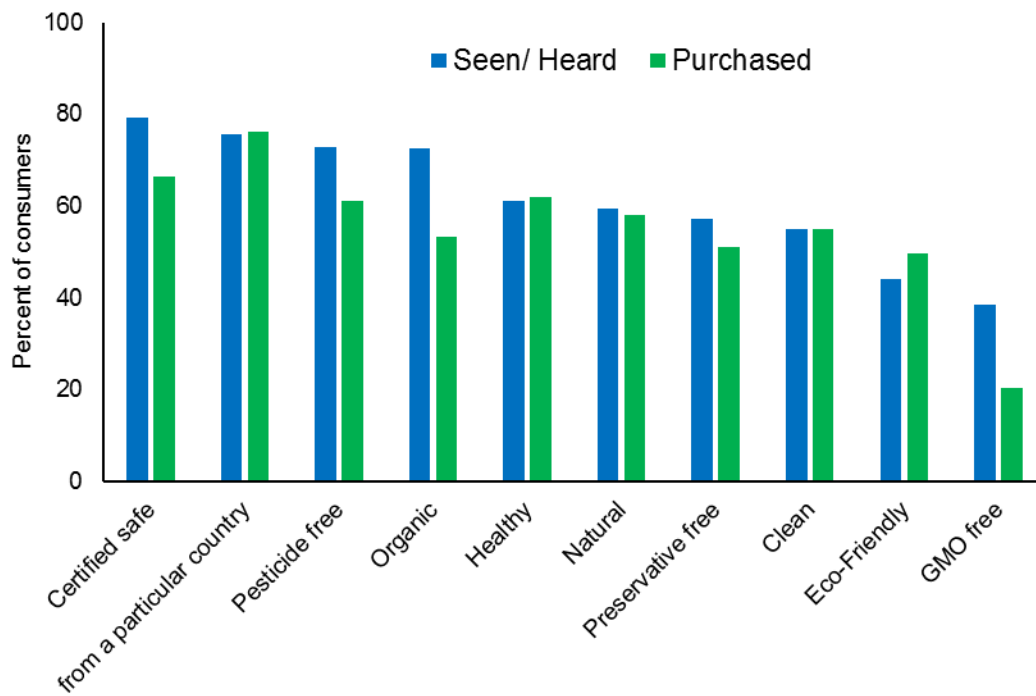


Figure A1. Percent of households who have seen/heard of fruit and vegetables that are sold as [...] (blue) and purchased such fruit and vegetables (green) in Hanoi, Vietnam.

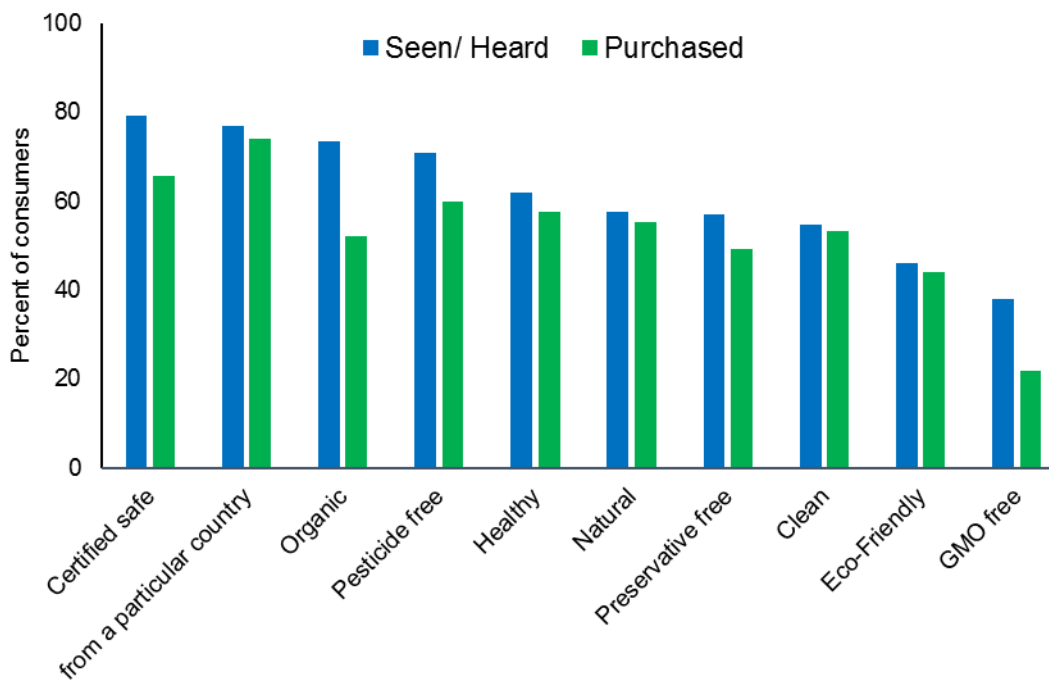


Figure A2. Percent of households who have seen/heard of fruit and vegetables that are sold as [...] (blue) and purchased such fruit and vegetables (green) in Ho Chi Minh City, Vietnam.

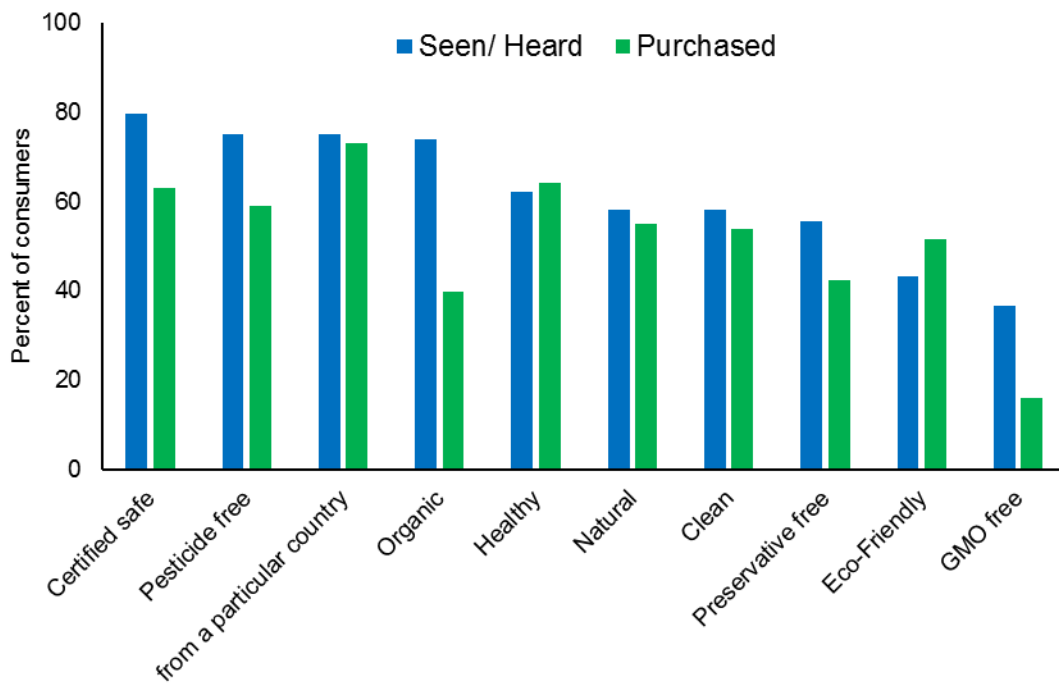


Figure A3. Percent of households who have seen/heard of fruit and vegetables that are sold as [...] (blue) and purchased such fruit and vegetables (green) in Lao Cai City, Vietnam.

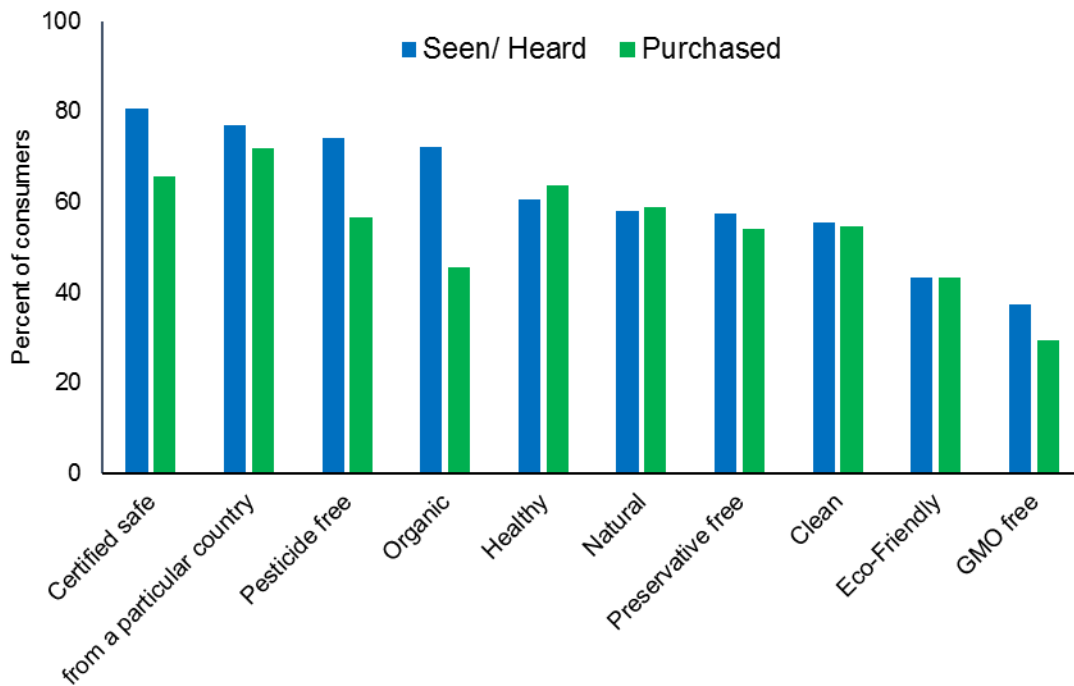


Figure A4. Percent of households who have seen/heard of fruit and vegetables that are sold as [...] (blue) and purchased such fruit and vegetables (green) in Son La City, Vietnam.