

MARKET OPPORTUNITY VIETNAM

Organic Food & Beverage



**ORGANIC
FOOD &
BEVERAGE**



**PGS organic label
(International
Federation of Organic
Agriculture
Movements)**

OVERVIEW

- The Organic Trade Association estimates Vietnamese consumer sales of organic produce at €1.7 million per year.
- Frequent food scares in Vietnam, alongside microbial infection, have prompted consumers to seek safer food alternatives. More Vietnamese are willing to pay a premium for organic produce at supermarkets.
- Organic farming is poorly regulated and supporting logistics such as unpolluted land and refrigerated trucks are often inadequate or poorly maintained.
- It is too expensive for the average farmer to attain international organic certification, so the International Federation of Organic Agriculture Movements has developed a Participatory Guarantee Scheme (PGS): a low-cost, local certification that allows farmers to sell their produce under an organic label.
- Domestic retailers and businesses seek external investments and collaborations to meet the growing demand for affordable organic products.

Top Business Opportunities for EU Companies

1.	That can supply affordable organic food to the region. The Vietnamese populace is becoming increasingly affluent; there is huge potential demand for organic produce that is fresh and of good value.
2.	Offering higher-quality substitutes to local organic food that is produced under stringent checks. With the weak local enforcement of the organic label, consumers prefer to purchase from reliable, trustworthy brands or countries.
3.	Farming and/or processing organic food with their proprietary, ground-breaking technologies for the local and regional market in a country with low labour costs, an abundance of resources and regional trade pacts.
4.	Using e-commerce to reach technologically-savvy Vietnamese. Vietnam's e-commerce market is projected to reach 62 million smartphone users, with a value of € 8314.3 million by 2020

Sector Characteristics

- 50% of the population in Hanoi and Ho Chi Minh city purchase organic produce on a monthly-basis
- 90% of Vietnam's food is produced by households. Before the introduction of the PGS, they faced challenges working with supermarkets due to a lack of resources and the inability to verify organic produce
- To encourage investment in high-technology agriculture, the Prime Minister instructed commercial banks to set aside VND 100 trillion to lend at below-average rates in 2017
- In 2017, the Vietnam's ministry of Agriculture and Rural Development held talks with the European Trade and Investment Support Project to further develop the organic farming industry of Vietnam including potential cooperatives






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Key Players

Retail



 INTIMEX HOCHIMINH	<p>A supermarket chain that also specializes in the processing of agricultural products, frozen food and exports. They own 9 coffee factories, 3 cashew nut factories, a pepper factory and a rice mill</p>
	<p>A hypermarket that is located largely on the outskirts of Vietnam. It has a large selection of goods and very affordable prices. There is a large selection of fresh produce</p>
 co.opmart bạn của mọi nhà	<p>With an emphasis on the middle and upper class, they intend to open another 500 stores so as to increase their focus on organic produce distribution</p>
	<p>A supermarket that stocks affordable imported goods and a selection of fresh fruits and vegetables</p>
	<p>A supermarket chain that is found in shopping malls and upscale apartment building, with a good selection of imported goods and which caters to the middle and high-income</p>

Examples of Supporting Organisations

	<p>Works to improve food security for impoverished ethnic minorities through organic farming, so that they are able to consume and sell pesticide-free products</p>
	<p>Provides advisory services with regards to managing environment and natural resources, energy and vocational training</p>

Key Organic Food Purchases by Category

1.	Fruits and vegetables	89%
2.	Poultry and egg	61%
3.	Meat	59%
4.	Rice and pasta	39%

Survey done with a sample size of n=500 i.e. 89% of sample size purchased organic fruits and vegetables

Source: Infocus Mekong Research

Retail Sales by Channel (in million Euros)

Projected	2012	2013	2014	2015
Modern Grocery Retailers	1364.8	1668.5	2140.4	2531.9
Traditional Grocery Retailers	32205.5	38359.8	44053.0	47646.1

Modern Grocery Retailers: Supermarkets, convenience stores, wholesale centres

Traditional Grocery Retailers: Traditional wet markets, small independent stores

Source: Euromonitor