

Conference: “Supplying the market of tomorrow”

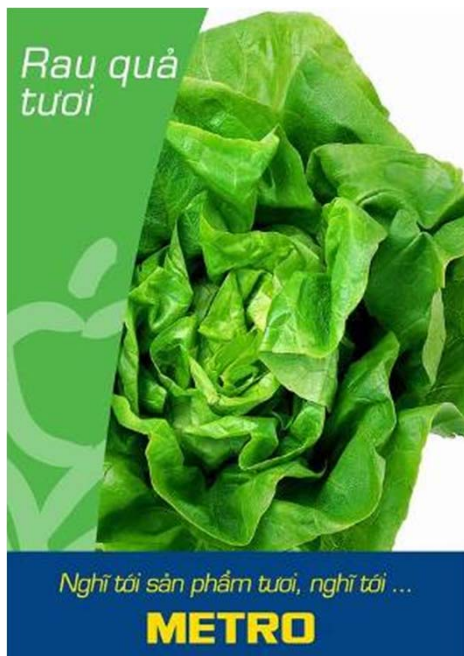
INTEGRATING VEGETABLE SMALLHOLDERS INTO MODERN TRADE

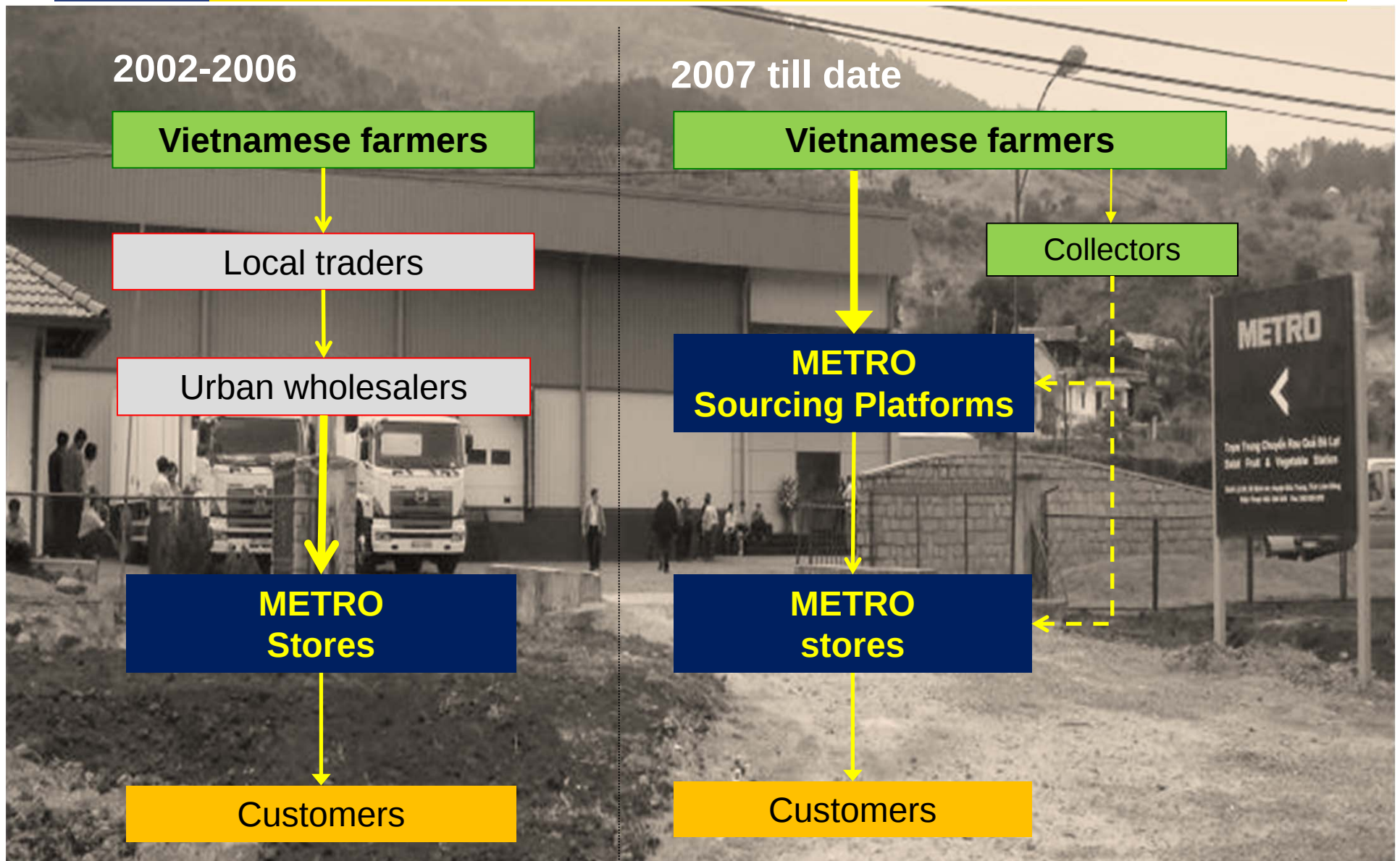


Mr. Philippe Bacac

METRO Cash & Carry Vietnam, Chairman & Managing Director

Offer Vietnamese customers quality fresh produce which is sustainably produced and processed under local hygiene and food safety standards



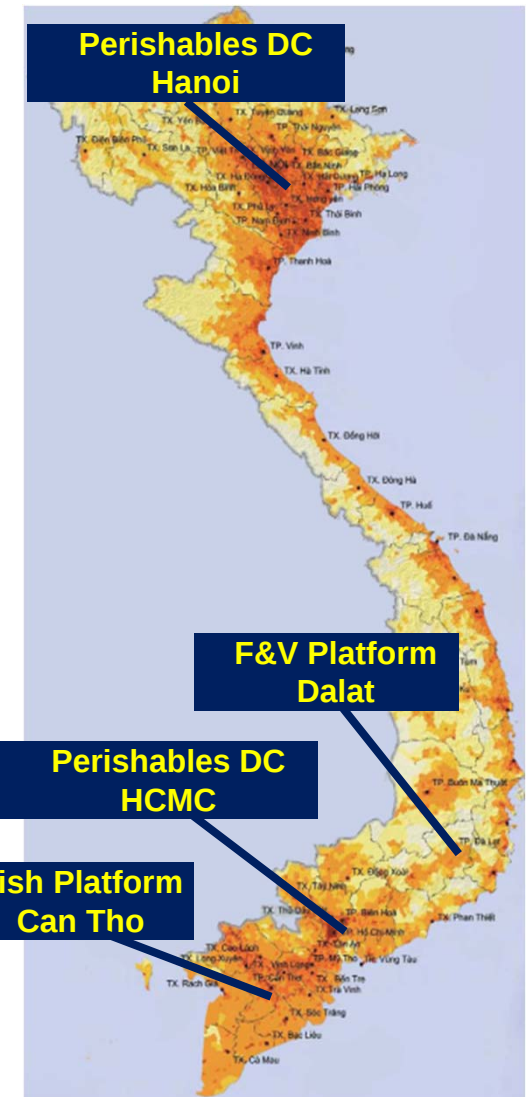


METRO's supply network

- 19 stores across Vietnam
- 2 sourcing platforms (F&V and Fish)
- 3,000 pallets cold storage space
- 100 dedicated cold trucks

Direct farmer sourcing systems

- Locations:
 - Red River Delta (vegetables, fruit)
 - Moc Chau (vegetables)
 - Dalat (vegetables, fruit)
 - Mekong Delta (fish, fruit)



Partners: The Fruit Republic, Fresh Studio, ACIAR

F&V sourcing in Dalat

- Started in 2007
- Team of 5 agronomists and 1 auditor working with 150 farmers
- Setup HACCP certified sourcing platform
- Handling ~30 tons of F&V per day



Fresh fish sourcing in Can Tho

- Started in 2010
- Team of 4 agronomists and 1 auditor working with 100 farmers
- Setup HACCP certified sourcing platform
- Handling ~10 tons of fish per day



F&V sourcing in North Vietnam

- Started in 2010
- Team of 4 agronomists and 1 auditor working with 100 farmers
- Setup perishable distribution center
- Handling ~ 5 tons of product per day



METRO set up a vegetable sourcing system in Dalat, in 2007 but:

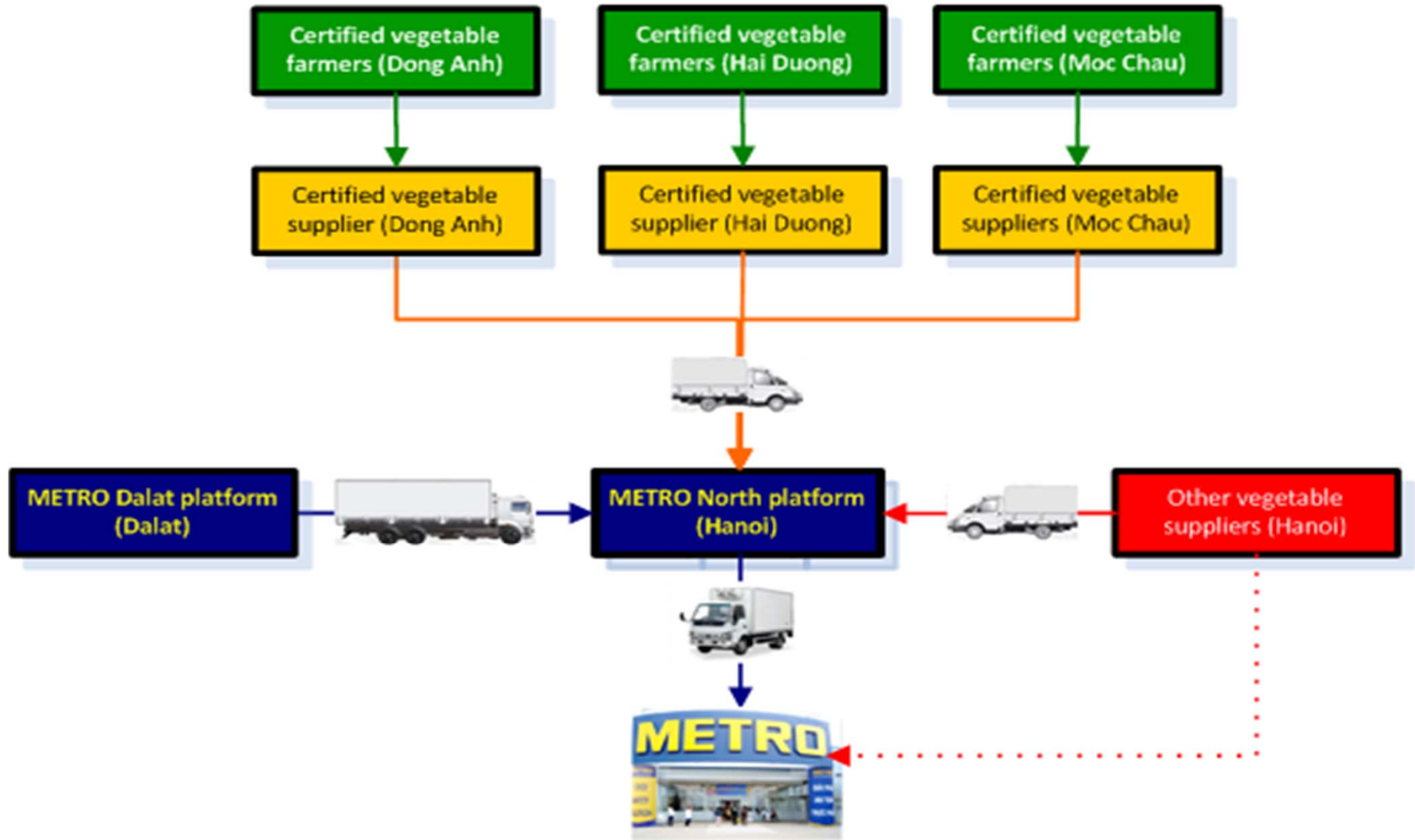
- During the summer season in the North a lot of cheap Chinese produce enters the market
- Dalat is 2-3 days truck drive away from Hanoi and has high transport/ handling cost
- Not all vegetables can be sourced from Dalat year round

Started developing the North Vietnam vegetable sourcing system in 2010 to support:

- METRO's store expansion in North Vietnam
- Small holder vegetable farmers with a direct linkage to modern retail, with better prices and private extension services
- Customer chance to buy guaranteed good quality and safe vegetables & diminish the negative environmental impact of the horticulture production system



North Vietnam project vegetables

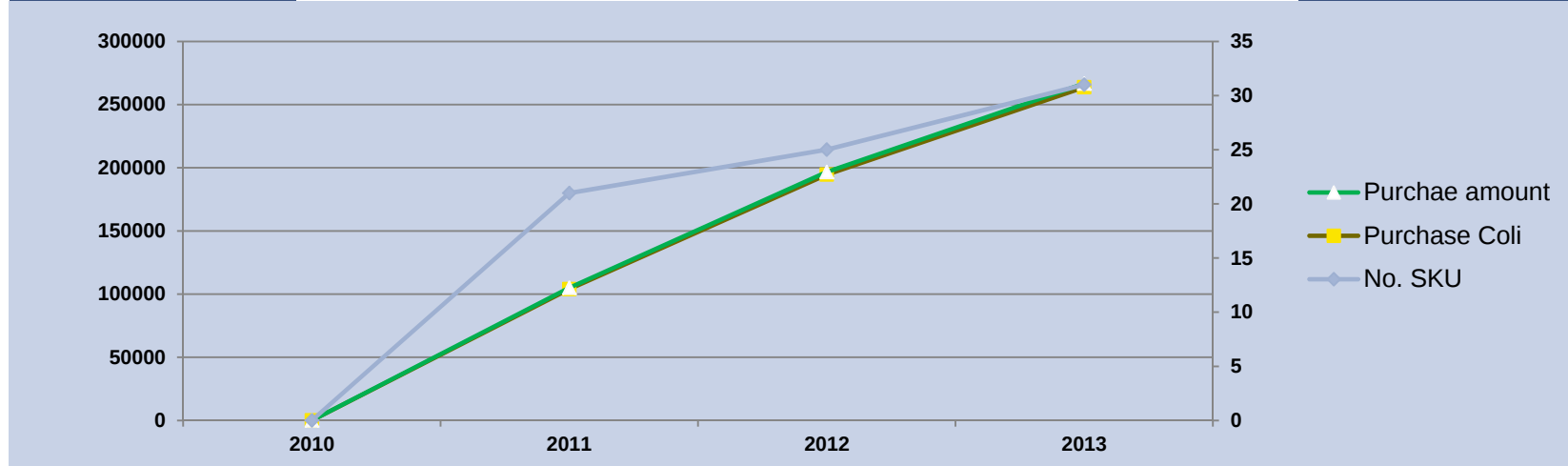


- **Development of suppliers network to ensure consistent supply**
 - Buy vegetables from a pool of +100 farmers grouped into 3 co-operatives, delivering an assortment of 30 products
 - Providing annual target sourcing volume to farmers/ supplier for cultivation plan
 - Invest in consumer awareness building for safe vegetable
- **Farm level approach**
 - Development of a Good Agriculture Practices Standard “METRO REQUIREMENT”.
 - Pilot farmers group with a model farm
 - Training of farmers about GAP standards to enhance awareness about food safety issue
 - Training of farmer about procedure working with modern retail
- **Product innovation**
 - Work on introducing new varieties especially in Moc Chau Highland
 - Develop farmers potential and professionalism

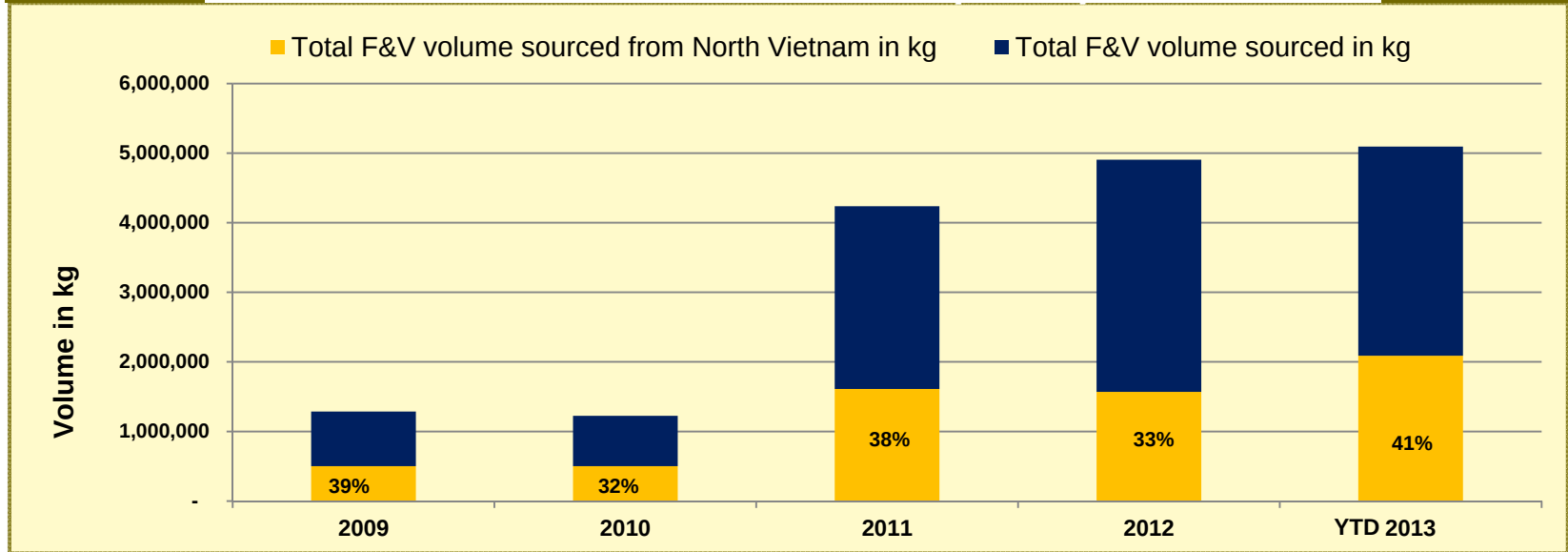


METRO North F&V project - Results

Growing trend sourcing from famers under projects



Volumes sourced from North Vietnam quadrupled since 2009



METRO

METRO as stepping stone for smallholder farmers







Production

- Short seasons
- Small scale farming
- High weather dependency
- Inconsistent volumes
- Inconsistent quality



Logistics

- Reliable service at lowest reasonable cost
- Temperature control is costly
- Capacity utilization
- Back hauling
- Crate management



Stores

- High competition from vegetables in the wet markets
- Customer order times
- Shelf life of vegetables
- Delivery windows

- **After 3 years working with METRO and our partners the farmers see the opportunity of producing safe vegetables:**
 - Stable sales
 - Ability to make plan for cultivation
 - Reduce dependency on trader
 - Stable and higher income (purchase amount from METO increase 50% - 60% yearly)
- **We see farmers invest in:**
 - Farm expansion
 - Rain shelters
 - Wider assortment
 - Packing facilities
 - Plastic crates
 - Delivery trucks
- **On the market side we see an increasing customer awareness about safe vegetable, in particular for safe vegetable from Moc Chau**



METRO Reaching Our Target...



Thank you