

Disclaimer: This report is based on valuable information from our strategic partners in Vietnam. It serves the sole purpose of understanding the fresh fruit landscape in Vietnam, particularly in peaches and nectarines. Summerfruit Australia does not take any responsibility if this report is used for decision-making or any other purposes. Summerfruit Australia is the only party to circulate and share this report or any information on the market research mentioned herein. The information herein is restricted to the grower network of Summerfruit Australia.



Market Research on Imported Fresh Fruit in
Vietnam

Supply Chain Report

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A. Research methodology

Research objectives

- To understand the fresh fruits landscape in Vietnam, particularly in peaches and nectarines.
- To understand market's regulatory environment for importing fresh fruits, especially peaches and nectarines.
- To understand the cold chain process as well as fresh fruit importers in Vietnam.
- To obtain high-level end-consumer insights.
- To help create a framework to promote Australian fresh fruits, especially peaches and nectarines, in Vietnam.

The setting

- This report presents the findings of the qualitative component of the market research on imported fresh fruit in Vietnam with a focus on nectarines and peaches.
- The research consists of a desk study, a series of in-depth interviews, and retail audits in three selected cities, including Ha Noi, Da Nang, and Ho Chi Minh City, which represent the North, the North Central and Coastal, and the South of Vietnam.

Research design

- 14 in-depth interviews with the supply chain stakeholders
- Retail audit at 16 supermarkets and fruit stores
- Nature of data: Visual and verbal recordings in rich detail
- Relevance of context: Results are generally assumed to be specific to time, place, people, and culture
- Nature and control of potential causes: Ideally naturalistic with multiple factors shaping the behaviors observed and discussed

B. Overview of Vietnam (Cont.)

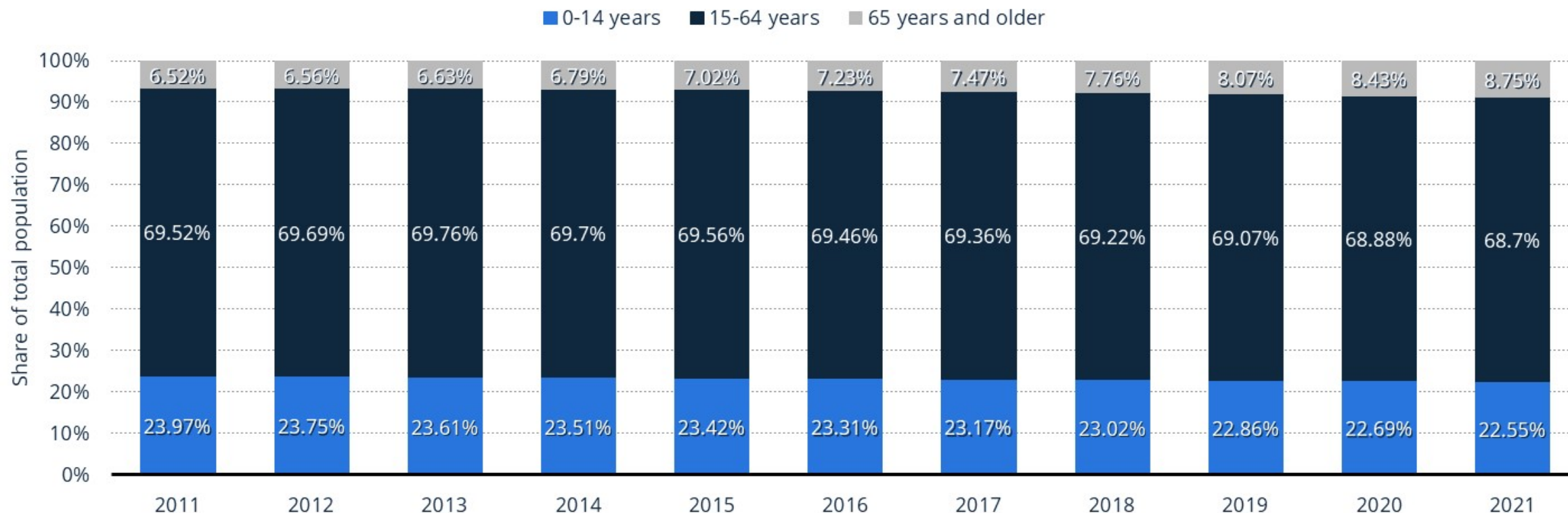


Source: CIA

Climate	tropical in south; monsoonal in north with hot, rainy season (May to September) and warm, dry season (October to March)
Population	104,799,174 (2023 est.)
Population growth rate	0.93% (2023 est.)
Economic overview	lower middle-income socialist East Asian economy; rapid economic growth since Đổi Mới reforms; strong investment and productivity growth; tourism and manufacturing hub; TPP signatory; declining poverty aside from ethnic minorities; systemic corruption
Real GDP (purchasing power parity)	\$1.036 trillion (2021 est.)
	\$1.01 trillion (2020 est.)
	\$981.903 billion (2019 est.)
Real GDP per capita	\$10,600 (2021 est.)
	\$10,500 (2020 est.)
	\$10,300 (2019 est.)
Agricultural products	rice, vegetables, sugar cane, cassava, maize, pork, fruit, bananas, coffee, coconuts
Exports	\$339.984 billion (2021 est.)
	\$290.229 billion (2020 est.)
	\$280.826 billion (2019 est.)
Exports - partners	US 28%, China 17%, South Korea 6%, Japan 6%, Hong Kong 4% (2021)
Imports	\$338.021 billion (2021 est.)
	\$269.808 billion (2020 est.)
	\$261.683 billion (2019 est.)
Imports - partners	China 39%, South Korea 17%, Japan 5%, Taiwan 4%, Thailand 4% (2021)

B. Overview of Vietnam (Cont.)

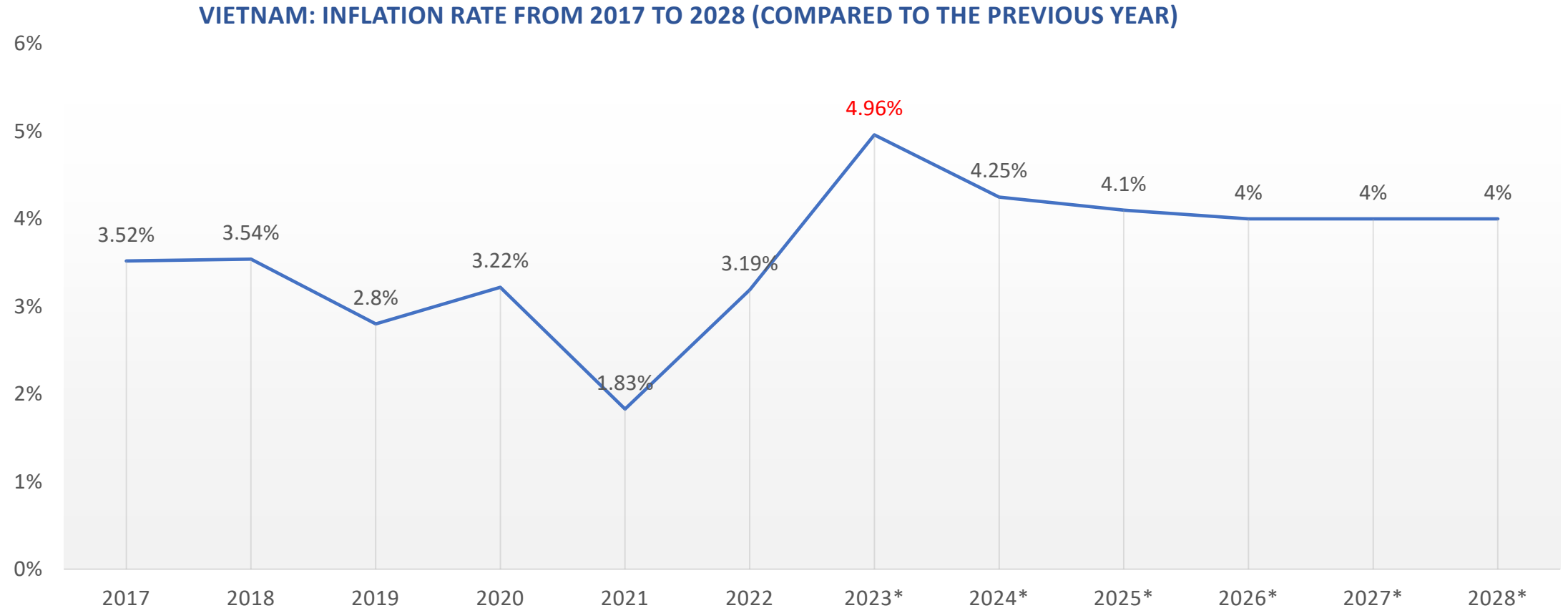
Vietnam: Age structure from 2011 to 2021



Notes: In 2021, the share of the population aged between 15 and 64 years in Vietnam was approximately 68.7 percent.

Source(s): World Bank

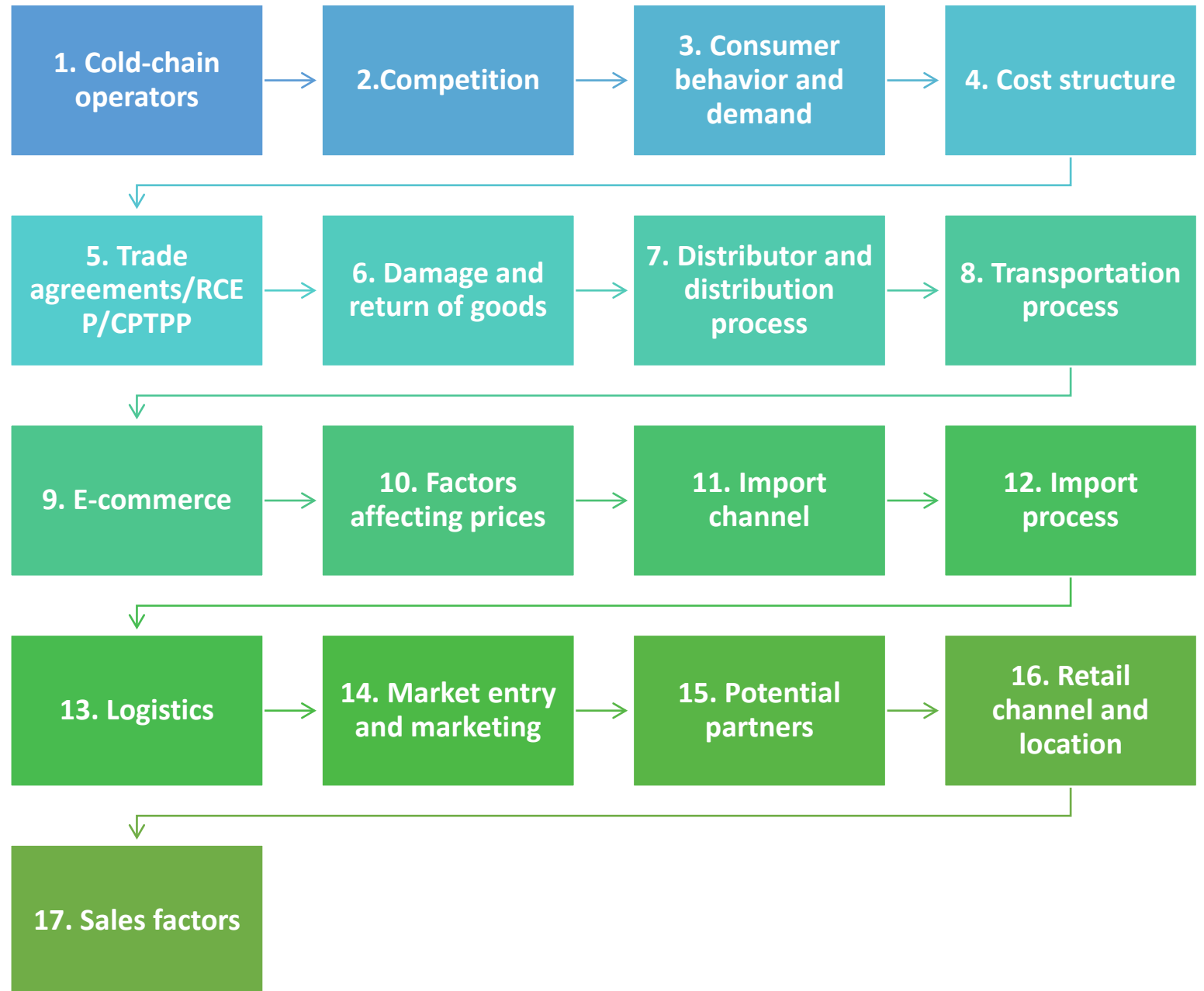
B. Overview of Vietnam (Cont.)



According to EIU, the rate of inflation in Vietnam to peak at about 5% in the first quarter before trending down in the remainder of 2023, and that it will average 3.4% in the year as a whole.

Source(s): EIU, IMF

C. Findings – In-depth Interviews



C. Findings – In-depth Interviews

1. Cold-chain operators: (Association, Importer, Cold Chain Operator)

- The respondents mention several cold-chain operators. Some domestic names include EIMSKIP Vietnam and Hoang Lai Group, alongside Japanese companies such as Konoike and RYOBI Vietnam.
- When asked, most respondents agreed that one of the specific aspects that operators need to focus on is the temperature at which the fruits are stored, as well as the material used for the packaging box. The temperature, whether it is of the warehouses or the refrigerated trucks, should be somewhere between 2 and 8 degrees (Celsius). The box that houses the fruits should be made of a strong carton. Besides that, most respondents also advised that the demand for cold chain networks will increase in the following years, so companies should try to increase the capacity of their networks. Companies should also learn from Japanese operators how they handle information and how they deal with each and every procedure involved in this process.
- Most of the cold-chain process that the respondents spoke about is similar to one another. When the fresh fruits arrive in the country, regardless of the method, they will be transported to the cold chain warehouses of the operators. Then, upon receiving an order for them, the fruits will be loaded up and delivered to the clients. When it comes to their capacity for storage, most operators, when asked, answered that they can handle about 1,000 metric tons of imported fruits; some can handle up to 4,000 metric tons.
- When asked about the future, most agreed that the current market is very competitive already and will only get more so in the future. Most of them also said that their companies explored new methods to improve the cold chain process and will look to implement them in the future.

C. Findings – In-depth Interviews (Cont.)

2. Competition: (Association, Cooperative, Distributor, Government, Importer, Retailer)

- As mentioned by a government official, there are no protectionist measures in place to help locally grown fruits compete with foreign imports, so there are many imported fresh fruits in the Vietnamese market. The most mentioned countries for importing fruits into Vietnam are the US, Australia, New Zealand, South Africa, and China. Other players include Japan, South Korea, Thailand, Egypt, Chile, Canada, and European countries, among others.

3. Consumer behavior and demand: (Importer, Retailer, Cooperative)

- Regarding consumer demand for imported fresh fruits generally, most respondents agree it will increase soon. The same goes for the demand for premium imported fresh fruits, but many also noted that it depends on the economy and the consumers a lot more. In this sector, consumers are more conscious about the quality and taste of the product. If the fruits are fresh and fit the palate, the customers in this sector would be willing to buy.
- When asked about the preferences of Vietnamese when it comes to buying fruits, most of the respondents first mentioned the color of the fruit. Vietnamese generally prefer fruits that have a deep, healthy color. The shape of the fruit also plays a role, as most will like fruits with a good shape and no obvious defect. The taste is also important. Sweet, crunchy fruits are preferred most of the time, but this will depend on the fruit in question as well. Some respondents did mention organic factors. They said that fruits that are labeled organic are rated higher in the consumers' eyes, but they also cost more to grow and will have to be more expensive as a result.

C. Findings – In-depth Interviews (Cont.)

4. Cost structure: (Cold Chain Operator, Distributor, Government, Importer, Retailer, Testing lab)

- The question of cost structure was asked to many respondents in different lines of work. One thing in common that they all answered is that there is no under-the-table cost required in any procedures, meaning that as long as all documents are in place and all procedures are followed, the process will be smooth. However, one importer did mention that they do offer this form of payment to authorities to help their clearance and testing go smoother. It is unsure if the authorities actually accept the payment or whether it will actually help with the process or not.
- For importers, the question is about how they make the payment necessary to get imported fruits into the country. First, they will have to get approval from the Plant Protection Department. After this, they will submit this approval alongside any other customs documents necessary to the Customs Department and Test Lab, and during this stage, they will also make the payment necessary. The payment process usually takes a few hours or less to complete.
- For retailers, the question is about their companies' cost structures and how much of it is for imported fresh fruits. This varies between companies and how they operate, with answers ranging from 33% to over 80% of the cost structure.
- About the transportation costs, cold chain operators quoted different prices. One company quoted US\$20/ton to transport from the port to their warehouses and another US\$20/ton to deliver them to the retailers. Another company charged US\$45/ton, assuming it is for the whole process.

C. Findings – In-depth Interviews (Cont.)

5. Trade agreements/RCEP/CPTPP: (Government)

- Most respondents, when asked about trade agreements in general and RCEP/CPTPP in particular, believed that these trade agreements would be beneficial to the imports of fresh fruits, as they facilitate trading between members of the agreements.

6. Damage and return of goods: (Cold Chain Operator, Distributor, Importer, Retailer)

- The policies regarding damage, damage compensation, and return of goods vary between companies, between contracts, and between what stage of transportation the fruits are in when the damage is notified.
- For importers and distributors, most of them replied that they had purchased some form of insurance to cover damage. One importer further said that the suppliers they work with oversee properly packaging the fruits and keeping them at appropriate temperatures, so there is hardly any damage.
- For retailers, the methods for resolving the damage vary. Most of the time, if the damage to the delivery is low or below a predetermined threshold, the retailers will bear the cost. If the damage is too great or exceeds the aforementioned threshold, then it depends on the policy and the contract. Often, such deliveries will have to be returned.
- For cold chain operators, all respondents said that if it was their fault, they would accept the cost. They did not mention how it would be handled when it was not their fault.

C. Findings – In-depth Interviews (Cont.)

7. Distributor and distribution process: (Cold Chain Operative, Distributor, Importer, Retailer)

- When asked, only the name of Tony Fruits came up as being one of the leading distributors of imported premium fresh fruits in Vietnam, who also happened to be one of the respondents.
- From the distributor's perspective, first, they will visit vendors and participate in promotional activities in search of new fruit types. Upon finding one, they will then contact the supplier and ask for the price and discount. If all is well, they will then ask their importer to import the fruits into Vietnam, buy CIF for them, and deliver them to their cold chain operator. After the distributor receives an order from retailers, they will deliver the order to them. The distributor interviewed here mostly works with supermarkets and stores which they have established a strategic partnership with. They also have their own stores to sell them. The distributor here has their delivery done by air and sea freight. If done by air freight, it has the benefit that the fruits are kept fresh, but it is more expensive. Sea travel is not as expensive, but it takes a long time for the fruits to get to the port, and some of them may get damaged.
- From the retailers' perspective, this varies from one to another. One retailer noted that their company signed a contract with the supplier to deliver the fruits to their store. Another had the distributor send them the prices of the fruits before placing an order. This retailer mentioned that they had to pay all the costs upfront for several orders before they could establish a business relationship and get better payment options. Another retailer said they did not use any third party to act as an intermediary, but they went directly to the grower to buy fruits, which will be stored in their own cold chain storage. This also led to different answers about the time it takes for the fruits to arrive. One retailer said that it took 2-3 days by air freight, plus 24 hours in transit, for the fruits to arrive at the port. If traveling by sea freight, it could take up to 2 weeks, depending on the country, and several days in transit. When at the port, it would take a few more hours to deliver the fruit to the retailers' warehouses. **The damage rate of fruit also differs between retailers. Some saw as low as 2% damage rate, while some saw 30-40%, even 50% at the end of the season.**

TIKINGON

FREESHIP
KHÔNG GIỚI HẠN

ĐẶT TRÁI CÂY
TIKINGON GIAO NGAY 2H

BAO TƯƠI
BAO NGON

GIAO NHANH
2H

GIÁ
LUÔN TỐT



SEAVY

Topmeal

Tops
market

C. Findings – In-depth Interviews (Cont.)

8. Transportation process:

- During the transportation process, most companies said that the most important thing is to maintain proper temperature and ventilation. The size, brix level, scratches, and bruises on the skin of the fruits should also be checked beforehand. Fruits should be packed in strong cardboard boxes suitable for long transport, and softer, more sensitive fruits should be packed fewer per box, packed in styrofoam boxes, or have styrofoam on the surface of the box. A retailer also mentioned that premium fruits should only be put on display moderately, while the rest are kept in refrigerated warehouses to prevent spoilage.

9. E-commerce: (Distributor, Retailer)

- E-commerce is not very popular in Vietnam because of several reasons. Taxes and paperwork were mentioned as an obstacle. Also, since most retailers will not handle delivery, it would be difficult to maintain the quality, especially against consumers with high demand, and retailers may have to deal with many returns. Therefore, most companies only consider online sales as secondary, but some are positive that the situation will be better in the future and online sales will have a bigger share.



C. Findings – In-depth Interviews (Cont.)

10. Factors affecting prices: (Cooperative)

- From all the responses gathered it can be observed that one of the factors most mentioned is timing. More specifically, both the season of the fruits and the period during which the fruits are sold. When it comes to the season of the fruits, if the fruits are sold during their seasons, their prices will not be as high because the supply will be plenty, as opposed to fruits sold outside of their seasons. During these times, the supply will not be as much, so the fruits usually go for much more than usual. The period during which the fruits are sold varies between countries and regions. Generally, if the fruits are sold during holidays, festivals, celebrations, and anniversaries, important dates in general, they can be sold at higher prices because the demand for them will be greater. Another factor that is mentioned is the quality of the fruits. Consumers will prefer fruits that have a nice shape, healthy color, good, sweet smell, and no obvious defects. If these conditions are met, the fruits can be sold at very good prices. The taste will vary between fruit types and between regions, so this should be researched into as well.

C. Findings – In-depth Interviews (Cont.)

11. Import channel: (Importer, Distributor)

- The three main channels for imports that were mentioned are air freight, sea freight, and land border crossing; each comes with its own pros and cons. The main benefit of air freight is its speed, which also helps keep the fruit fresh. However, air freight is substantially more expensive than the other two methods and is also susceptible to bad weather or delays. Shipping has the benefit that it is cheap, especially when transporting in bulk. However, shipping takes substantially more time to get to the destination port compared to air freight. Ships are also vulnerable to bad weather and storms. Land travel is also cheaper than air freight as well. However, fruits carried by truck are more prone to damage. It is also not viable for certain routes, especially overseas travel.

12. Import process: (Association, Government, Importer, Testing Lab)

- About the actual process itself, it takes about 15-20 days from the application for quarantine until the issuance of the Phytosanitary Certificate. The process starts off with the application for plant quarantine. After the receipt is available, the application will be checked before the cargo itself is examined. Depending on the type of cargo, the location and people in charge of examination may differ, but all cargoes have to go through both preliminary and detailed examination. For imported fresh fruits, there are pest risk analyses exclusively for them, and the entire testing takes under 24 hours and is done by the Post Entry Plant Quarantine Center, of which there are two in Vietnam. The cargo will receive a Temporary Phytosanitary Certificate for storage, and if it passes the examinations, it will be issued a Phytosanitary Certificate for further inland transport. After which, all necessary documents will have to be submitted to the Customs Department for clearance before the goods can be moved. The authority strictly enforces the entire process.

C. Findings – In-depth Interviews (Cont.)

15. Potential partners:

- When asked about well-known retailers of imported fresh fruits, most respondents would point to large supermarket chains, such as LOTTE Mart, Co.opmart, BigC, Mega Market, and Vincommerce. There are also other fruit stores, such as An Nam Gourmet and Farmers Market.

	Brand Name	Function	HQ Address
1	AEON MALL	Retailer/Importer	Floor 3, Eastern Office, AEONMALL Long Bien, 27 Co Linh St., Long Bien Ward, Long Bien District, Hanoi
2	Bach Hoa Xanh	Retailer/Importer	128, Tran Quang Khai St., Tan Dinh Ward, District 1, HCM City
3	Biovegi	Importer/Distributor	55, Alley 140/1, Nguyen Xien St., Ha Dinh Ward, Thanh Xuan District, Hanoi
4	Co.opmart	Retailer	199 - 205 Nguyen Thai Hoc St., Pham Ngu Lao Ward, District 1, HCM City
5	Farmers Market	Retailer/Importer	496 - 496A - 496B Nguyen Thi Minh Khai St., Ward 2, District 3, HCM City
6	GO!	Retailer/Importer	
7	Hoa Bien	Retailer/Importer/Distributor	33/7 Tran Xuan Soan St., Tan Hung Ward, District 7, HCM City
8	HTS	Distributor	78, K2 Street, Cau Dien Ward, Nam Tu Liem District, Hanoi
9	Joly Mart	Retailer/Importer/Distributor	31 Yen Bai, Hai Chau 1 Ward, Hai Chau District, Da Nang, Da Nang, Vietnam
10	Kingfoodmart	Retailer/Importer	37/5 Be Van Cam St., Tan Kieng Ward, District 7, HCM City
11	Klever Fruit	Retailer/Importer/Distributor	Lot A2, CN5, Tu Lien Industrial Cluster, Phuong Canh Ward, Nam Tu Liem District, Hanoi
12	LOTTE Mart	Retailer/Importer	469, Nguyen Huu Tho St., Tan Hung Ward, District 7, HCM City
13	Mega Market	Retailer/Importer/Distributor	Area B, An Phu - An Khanh New Urban Area, An Phu Ward, Thu Duc City, HCM City
14	Nhat Nam Food	Importer/Distributor	A18, 8 Street, Tam Binh Ward, Thu Duc District, HCM City (Thu Duc Farmer's market)
15	Phu Nhuan Food	Importer, Distributor	1, Alley 152/28, Quyet Thang Street, Yen Nghia Ward, Ha Dong District, Hanoi
16	Suc Song Xanh	Importer, Distributor	5, Alley 43 An Duong, Yen Phu Ward, Tay Ho District, Hanoi
17	Tony Fruit	Retailer/Importer/Distributor	169, Khanh Hoi St., Ward 3, District 4, HCM City
18	WinMart	Retailer/Importer	39 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City

C. Findings – In-depth Interviews (Cont.)

16. Retail channel and location:

- Regarding where it would be best to sell imported premium fresh fruits, most respondents agreed that it would be best sold in supermarkets in large cities, such as HCM City and Ha Noi. These places have more visitors, and there are ports to import the fruits. Tourist cities like Da Nang, Nha Trang, and Vung Tau should also be considered.
- Respondents also said that selling fruits on online channels wasn't that viable at the time. While it is easier to promote many different varieties of fruits to customers, the promotion needs to be done well, and the delivery cost is high.

17. Sales factors:

- In general, most people consider the brand name of the fruits and the origin as the two factors determining whether the fruits can be labeled as premium or not. Overall, Vietnamese consumers placed much trust in premium imported fresh fruits, as well as regarding them as being safe for their health. One of the factors that affect the consumption of fresh food is timing. If the fruits are imported during holidays and festivals, and celebrations in general, they will sell well. After that, most retailers are concerned with the taste and quality of the fruits. The taste, look, and fragrance of the fruits, whether they are grown organically or not, whether they are grown following GlobalGAP or not, all affect the customers' perceptions.
- For Australian fruits, in general, there have been mixed reactions. Generally, consumers trust Australian fruits, but there have been complaints about the sour taste of Australian grapes. Another retailer said that the quality of Australian imports has been inconsistent; they also had a short shelf life, and during seasonal change, Australian grapes didn't taste very good while also being expensive.

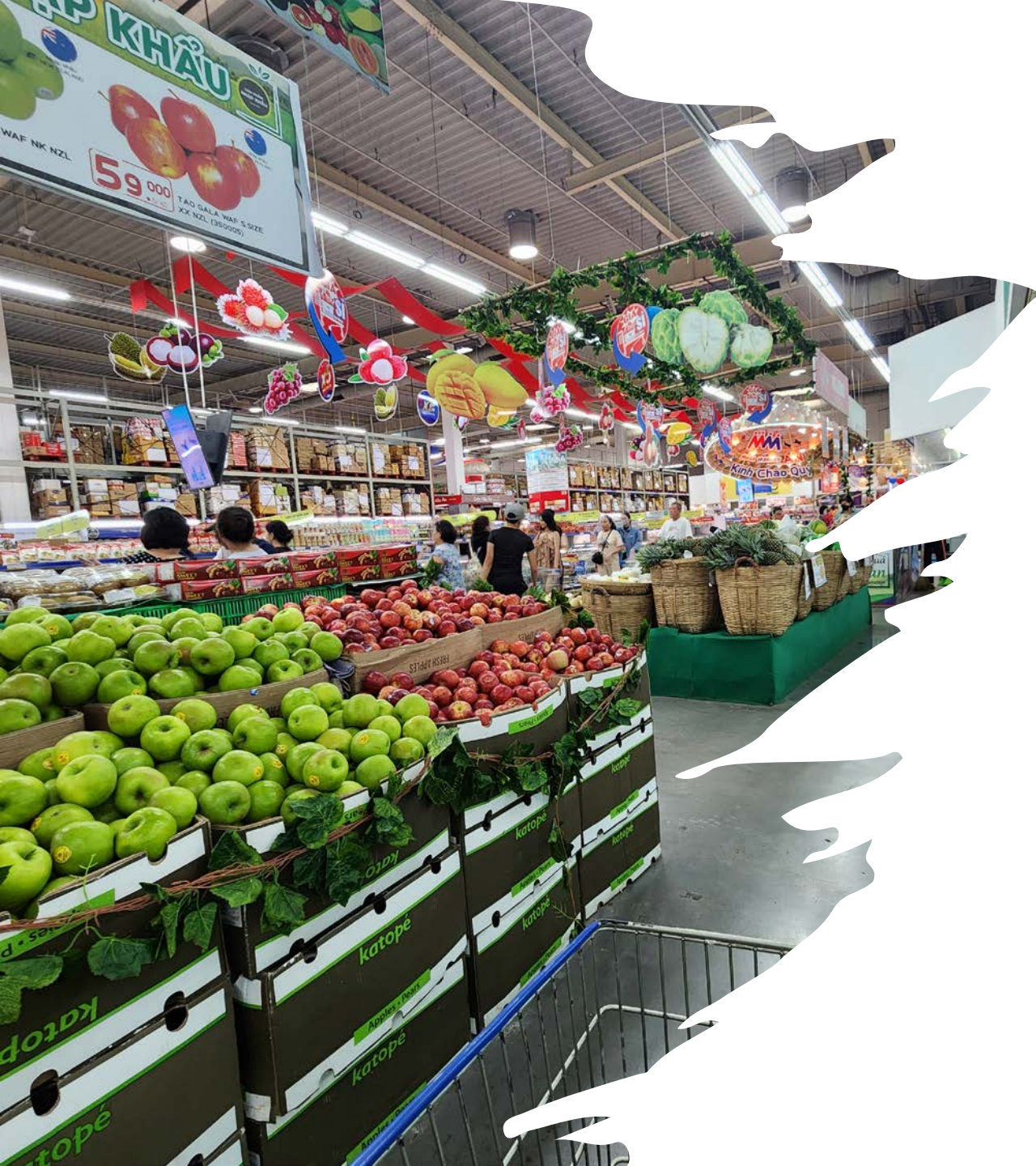
D. Findings – Retail Audits

List of selected retailers for retail audit



Microsoft Excel Worksheet

Location of Site			
No.	Audit	Retail Stores	Types
1	Ha Noi	BigC Long-Bien	Hyper/Supermarkets
2	Ha Noi	LOTTE Mart Ba Dinh	Hyper/Supermarkets
3	Ha Noi	WinMart Ocean Park	Hyper/Supermarkets
4	Ha Noi	WinMart+ (Ecopark)	Convenience store
5	Da Nang	Co.op Mart	Hyper/Supermarkets
6	Da Nang	Fruit store at Dong Da traditional market	Traditional market
7	Da Nang	GO! Market	Hyper/Supermarkets
8	Da Nang	Hoa Bien Fruit Store	Convenience store
9	Da Nang	Joly Mart	Supermarket
10	Da Nang	LOTTE Mart	Hyper/Supermarkets
11	Da Nang	MM Mega Market	Hyper/Supermarkets
12	Da Nang	WinMart	Hyper/Supermarkets
13	Ho Chi Minh	Finelife Ha Do Centrosa Garden	Stores
14	Ho Chi Minh	ÆON MALL Tan Phu Celadon	Hyper/Supermarkets
15	Ho Chi Minh	Farmers Market	Fruit store -high end
16	Ho Chi Minh	MM Mega Market An Phu	Hyper/Supermarkets



C. Findings – Retail Audits (Cont.)

Top 05 foreign countries of fresh fruit according to the retail audit:

1. New Zealand
2. USA
3. Australia
4. South Africa
5. Korea

Packaging of fresh fruits

- They are sold individually and in a pack with 02, 04, and 06 fruits per bundle as the most common, and with 1 kg, 0.5 kg, 0.125 kg, 0.25 kg, and 0.8 kg per bundle as the most common.
- There are cross-sold with other types of fruits, but not many.

D. Findings – Retail Audits

Price Promotions

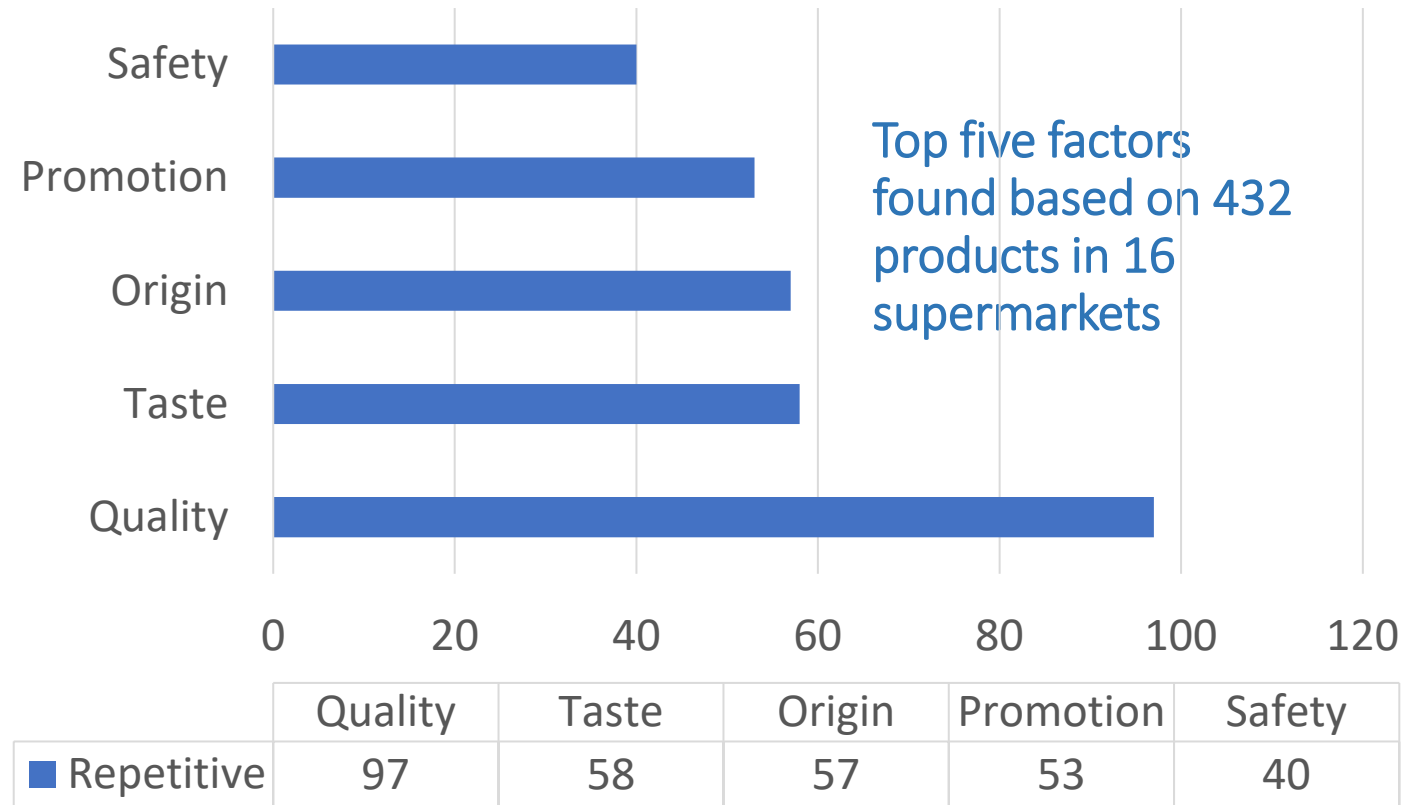
	% Promotion		Price (VND/kg)		
	Max	Min	Average	Max	Min
Local	46%	10%	72,967	356,000	17,000
Foreign	40%	5%	214,733	1,112,000	39,000

Type of In-store promotion	Examples
Sales off reflected on the price tag	Sales off (21% off)
Buy more and get more	Buy 1 get 1 free
Buy products to win a different product	Sales off (6% off); Buy products, win smart phones
Buy products to get another product for free	Sales off (14% off); Get 1 free backpack when buying 6 tubes of apple
Sales off based on the fixed quantity of buying	Sales off; 27% off (buying under 2kg; 34% off (buying from 2kg)
Sales off based on the fixed quantity of buying	Sales off; 45% off for a box of 4.5kg grapes
Sales off and get a different product for free	Get 1 free Strongbow; Sales off (15% off)

D. Findings – Retail Audits (Cont.)

The marketing messages usually combine “Quality” with other factors.

- Quality/Health
- Quality/Taste
- Quality/Price
- Quality/Safety
- Quality/Origin/Safety
- Quality/Origin



E. Review of last year's season

Retailers and distributors' feedback:

- Fruit quality: bruised, soft, and damaged when arriving at the port;
- Short shelf-life;
- High price;
- Hard to maintain the quality;
- New to the Vietnamese consumers/retailers/distributors/importers;
- White peach tastes better than other varieties;
- Easy to sell small packages from 1.5 kg to 4 kg; and
- Sales staff at the store lacked knowledge of the Australian peaches and nectarines to introduce to customers.



E. Review of last year's season (Cont.)

Exploring the main issues of last year's season:

- Bad weather: fruit quality was badly affected by the flood.
- The sea freight and delayed shipment badly affected the fruit quality. Most of the cold chain warehouses in Vietnam stock fruit from 2 Celsius degrees to 8 Celsius degrees together with other fruit or products. This might be a major issue affecting the shelf-life and fruit quality.
- Peaches and nectarines were new to the market. The staff of retailers/distributors/importers who were mainly involved in handling and selling peaches and nectarines were not trained properly to handle these fruits.
- The campaign launching timing might not align with that of the best quality fruit.
- The growers and exporters might lack insights into the supply chain, especially the cold chain warehouse in Vietnam because last year was the first time Australian peaches and nectarines returned to Vietnam.

F. Recommendations



- Provide training for the staff of retailers/distributors/importers involved in the handling and selling process of peaches and nectarines (storage, taste, shelf-life, etc.)



- Facilitate business matching for the Australian growers and the Vietnamese retailers/distributors/importers to prepare for the coming season.



- Summerfruit Australia must maintain a strong partnership with the retailers, distributors, and importers in Vietnam to offer support when necessary.



- Summerfruit Australia works closely with the retailers, distributors, and importers in Vietnam to provide real-time updates on the market insights to the growers and exporters in Australia.



- Summerfruit Australia works closely with Hort Innovation and the marketing agency on the International Marketing Program.



- The demand and supply in Vietnam must be monitored, and a warning of exceeding supply must be given. If the supply exceeds the demand significantly, it might cause the biggest risk of price collapse, which affects the value of peaches and nectarines for many years to come.



- The fruit quality this year plays a critical role in gaining back the reputation of the Australian peaches and nectarines. It is expected that the growers are aware of last year's issues and set priorities for fruit quality when exporting to Vietnam.