

**Title** Consumer demand for fruits and vegetables from modern supply chains in Vietnam

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### **Abstract**

Economic growth, international market integration, urbanization and changing lifestyles are associated with transformations in food systems in developing and transition countries. Non-traditional supply chains gain in importance as reflected in the increasing role of modern retailers, food safety and quality standards, vertical market integration and international trade in high-value products. Although it is argued that the transformation of the food system is to a large extent demand driven, most of the studies available concentrate primarily on aspects of supply. For this reason, we analyse changing consumption and purchasing habits for fresh fruits and vegetables based on household survey data. Demand parameters are estimated in a system framework disaggregating by product and process attributes that characterize modern, high-value supply chains: (i) place of purchase, with particular consideration towards modern retailers; (ii) food safety indications, with an emphasis on formal labels; and (iii) region of production, with a focus on imports. Estimation results demonstrate that consumers' purchase decisions to buy fresh fruit and vegetables from emerging supply chains are heavily driven by household expenditure. Expenditure elasticities range between 1.2 and 2.6. Price elasticities were found to be between -1.5 and -1.1 and distance to supermarket elasticities between -0.6 and -0.3. Given that Vietnam is currently undergoing a rapid economic development, high-value supply chains will rapidly gain market share at the expense of more traditional sub-sectors. This indicates a continued restructuring of the domestic food sector in the further process of economic development.