

Title Market linkages: characterizing business-to-business relationships in Vietnamese vegetable supply chains

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Abstract

When attempting to help farmers link to markets, development organizations emphasize the nature of the target organization (private trader, cooperative, non-government organization, processing plant, etc.) as a crucial element in developing a sustainable trading link. This paper argues that there is another facet to linking farmers to markets which is just as important in explaining the outcome of a trading relationship: the nature of the business-to-business relationship between stakeholders in the supply chain created. This paper synthesizes research findings on supply chain arrangements and mechanisms in business-to-business relationships encountered in supply chains distributing fresh vegetables to Ho Chi Minh City. Eleven months were spent in the field from July 2003 to May 2004 to conduct in-depth interviews with stakeholders in the chain. The links between important elements of good supply chain management practice and performance are illustrated by concrete examples from in-depth case studies. The positive impacts on performance of the following elements of business-to-business relationships are reviewed: commitment, coordination and joint planning, market orientation and information sharing, frequency of communication, and innovation. The results show that parallel vegetable supply chains differ in their structure and in the existence or lack of formal links (contracts) between business partners. However, the five elements of good supply chain management practice which are reviewed can be identified to varying degrees in all supply chains as strategies to achieve higher levels of performance. This research uncovers the existence of several hybrid forms of economic organization in the vegetable industry, thus highlighting the importance of characterizing the type of business-to-business relationship which evolves between supply chain stakeholders when attempting to link farmers to markets.