

For richer or for poorer...

Say 'I do' to supermarkets and live happily ever after?

Survey shows that people who shop without lists at supermarkets spend more and those who shop when hungry spend much much more .

This is good news for farmers who bring their goods to supermarkets -- large self-service retail markets that sell food and household goods.

Economists Thomas Reardon and Peter Timmer¹ say that this is good news for small farmers who produce high value crops because they receive premium price for their produce; thus, are able to survive.

In addition, Reardon and Timmer note that "the rise of supermarkets, if viewed positively, may result in challenging local producers to enhance their performance; thus, strengthening them to cope with the improving/increasing demands of supermarkets."

However, if they continue to produce low-value commodities, below the supermarkets' standards, they are on a losing end.

The keyword is *competition*. Like sharks swallowing schools of fish in one feeding moment, supermarkets strangle the life out of small shops and wet markets.

Are small farmers ready to exchange wedding vows with supermarkets, say I Do to their rigorous demands for quality and safe products, and still live happily ever after? Or is this just a fleeting fantasy for small farmers to hit the supermarkets' shelves as the final destination of their products?



Policy implications

Truth is, with more supermarkets running the show, small farmers and food processors are likely to spend more capital to produce quality and safe products. Technologies vis-à-vis new skills in using new equipment on processing and packaging of goods will definitely be on the rise.

Because capital counts, Reardon and Timmer assume that most likely, supermarkets would be dealing with the medium-to-large suppliers who can deliver what their standards demand. For those farmers who have the capital, they will be able to join and qualify in entering the world of supermarkets; and pity to those farmers who have no capital at all.

With this as the backdrop, Reardon and Timmer suggest that “government policies should... enable farmers to meet investment requirements of new market channels.”

As supermarkets continue to spread its wings across Asia, governments need to direct their policies towards:

- Looking at the implications of public-private partnerships. What would it be if supermarkets were run like a bureaucracy? If governments were to run supermarkets, they would perhaps be able to create policies towards providing



“development assistance to improve supply chains” – deliberately making the small farmers part of the key players. In some parts of Asia, this setting is starting to evolve.

- Understanding how small farmers can be acculturated within the supermarket ecosystem in terms of “rules and standards of supermarkets” and empowering them with related knowledge and skills and capital so they can compete at par with other suppliers

Research and development institutions, including the academe can also pitch in by providing data on how governments can “design effective policies to translate the

efficiency of supermarkets into broad-based welfare improvements.”

If these were done simultaneously with supermarkets steadily anchoring its roots in rich urban and poor ‘rurban’ (rural-urban) areas, it is most likely that in the near future, we see small farmers exchanging vows with supermarkets and perhaps, live happily ever after. (*Lorna C. Malicsi, Knowledge Management Unit*)

¹ From their paper presented during the SEARCA International Conference on “Agricultural and Rural Development in Asia: Ideas, Paradigms, and Policies Three Decades After” held on 10-11 November 2005 in Makati City, Philippines. Reardon is a faculty member of the Michigan State University, Department of Agricultural Economics, while Timmer works at the Center for Global Development in Washington, D.C.