KANTAR WORLDPANEL DAIRY TALK

8.5.2013 | 8:30AM – 11:00AM | Sheraton Saigon

KANTAR WORLDPANEL

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CONSUMER PULSE 2013

BETWEEN CHALLENGES & OPPORTUNITIES

Urban 4 Key Cities and Rural Vietnam

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VIETNAM – DID YOU KNOW?

SURFACE AREA

331 thousands km^2

Global ranking: No. 66

YOUNG AGE

Over 50% population is under their 30's

ON-GOING URBANIZATION

% urban pop: 32%
Urbanization rate: 3%

HUGE POPULATION

88 Millions

Global ranking: No. 14

DYNAMIC ECOMOMY

A member of the new BRICS: CIVETS and VISTA

GDP ranking: No. 57

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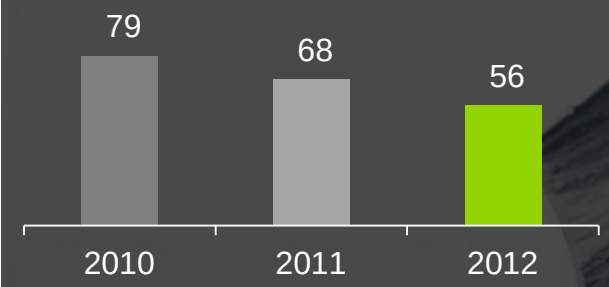
CHALLENGES: ECONOMIC SLOWDOWN 2012

WEAKER DEMAND

Consumer Confidence %



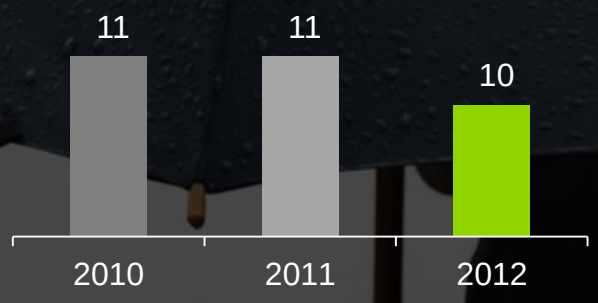
Source: TNS CCIP – Urban Only

LOWEST GDP GROWTH IN 2 DECADES

Source: GSO

LOWER FDI

Implemented FDI
(Billion USD)



Source: GSO

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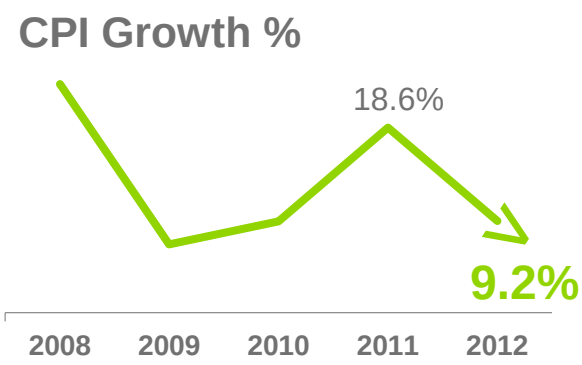
BRIGHT SPOTS

TO PAVE THE WAY FOR A REBOUND IN 2013

CURBED INFLATION



Source: GSO

STRONGER EXTERNAL POSITION

1st time in 20 years:

TRADE BALANCE OF

+284 MLN USD

Source: GSO

TREMENDOUS OPPORTUNITY

New entrants 2012:

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A TWO TIERS SOCIETY IS EMERGING, CREATING DISPARITIES

Modern vs. Traditional	Rich vs. Poor	Urban vs. Rural	North vs. South
VIBRANT & HI-TECH	EMERGING NEEDS	MORE COMPLEX	CAUTIOUS & FACE DRIVEN
TRADITIONAL	BASIC NEEDS	PRIMARY & REMOTE	MODERN, NEW NEWS

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FROM MASS TO SEGMENTATION

Personal demands need to be taken care more, to satisfy different needs by different consumer clusters

CLUSTER 1: BABIES <4YO

Over 1 million newborns every year

2010	2015	2020
6.9 mln	7.0 mln	7.1 mln

~ population of ***Switzerland***

CLUSTER 2: KIDS 5-14 YO

~ 70% Vietnamese women agree

"I tend to buy what my children want"

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FROM MASS TO SEGMENTATION

Personal demands need to be taken care more, to satisfy different needs by different consumer clusters

CLUSTER 3: TEENS	CLUSTER 4 YOUNG ADULTS	CLUSTER 5 MIDDLE AGE & SENIORS
Having fun is one of our highest priorities. (TNS TRU report)	The main base of Vietnam population in the next 10 years.	83% of middle aged housewives agree: “I buy brands that are of good quality, even more expensive.” vs. 78% of young housewives

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CHANGING RETAIL LANDSCAPE
MODERN TRADE KEEPS EXPANDING

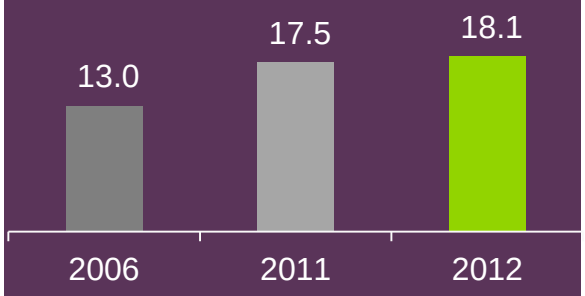
REGIONAL ROADMAP

MT value contribution %

KOREA UB	80%
THAILAND	53%
CHINA UB	41%
PHILIPPINES	28%
VIETNAM UB	18%

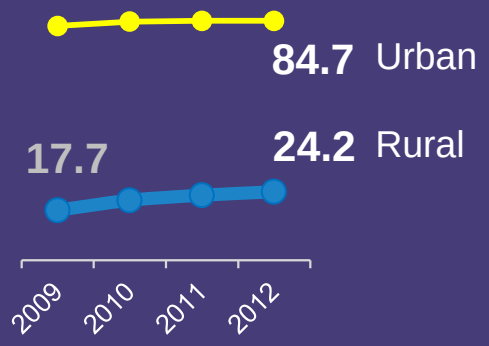
URBAN GROWTH

MT value contribution %



RURAL EMERGENCE

MT Penetration %

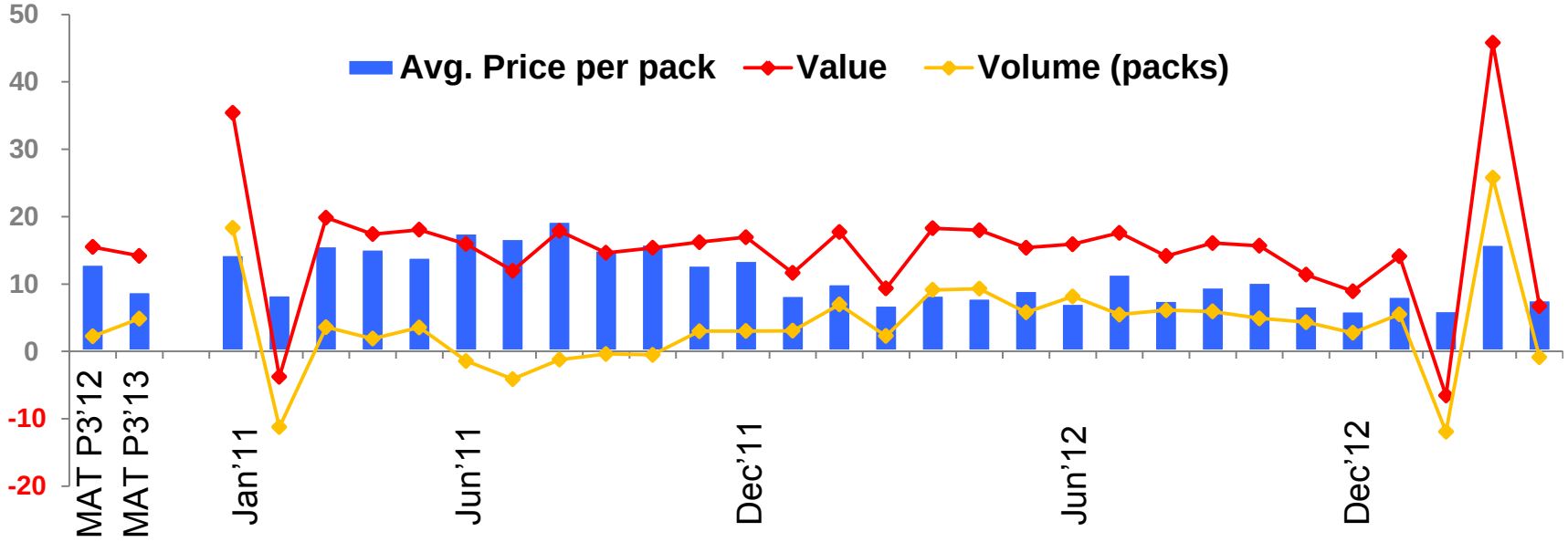


MT Value Share in Rural **1.8%**

Source: Kantar Worldpanel – Households Panel – Urban Vietnam 4 key cities & Rural – Total FMCG excluding Gift – Value %

FMCG IN URBAN– MONTHLY YEAR-ON-YEAR CHANGE (%)

After a half-year recovery, there is a signal of growth slow-down in both value and volume in the latest 6 months, most significantly for Personal care.



Make-up
Facial Moisturizer

Vol growth (pack)	6m vs. YA
DAIRY	4%
BEVERAGE	10%
PACK. FOOD	1%
PERSONAL CARE	-4%
HOME CARE	2%

Vol growth (pack)	6m vs. YA
URBAN 4	3%
HCM	3%
HANOI	4%
DANANG	7%
CANTHO	3%

Source: Kantar Worldpanel – Households Panel – Vietnam 4 key urban cities – Total FMCG excluding Gift

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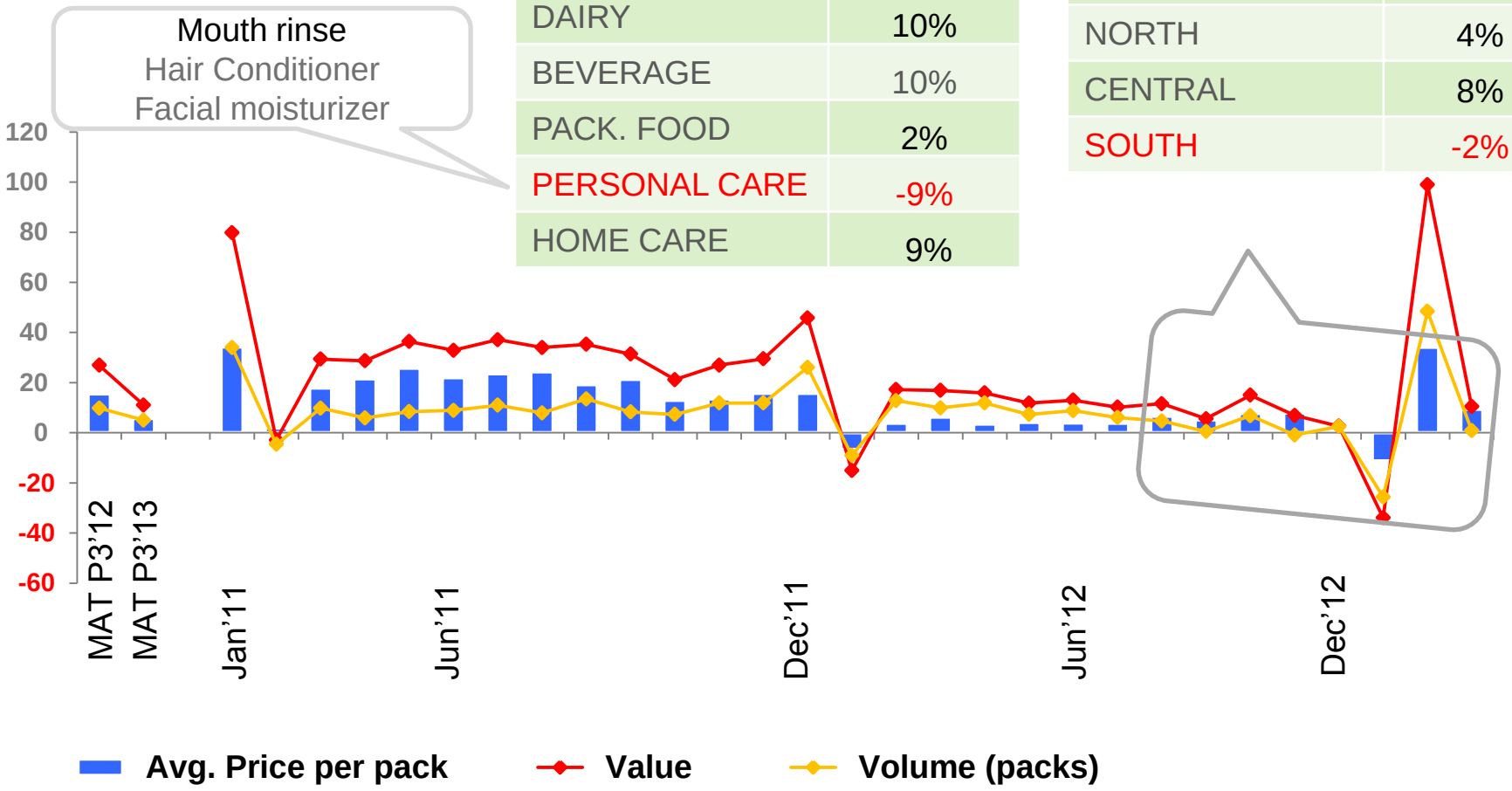
FMCG IN RURAL – MONTHLY YEAR-ON-YEAR CHANGE (%)

The situation is worse in rural as the growth is consistently going down, and reached the lowest point lately, happening most significantly for Personal care products.

Vol growth (pack)	6m vs. YA
DAIRY	10%
BEVERAGE	10%
PACK. FOOD	2%
PERSONAL CARE	-9%
HOME CARE	9%

Vol growth (pack)	6m vs. YA
RURAL	3%
NORTH	4%
CENTRAL	8%
SOUTH	-2%



Source: Kantar Worldpanel – Households Panel – Rural Vietnam – Total FMCG excluding Gift

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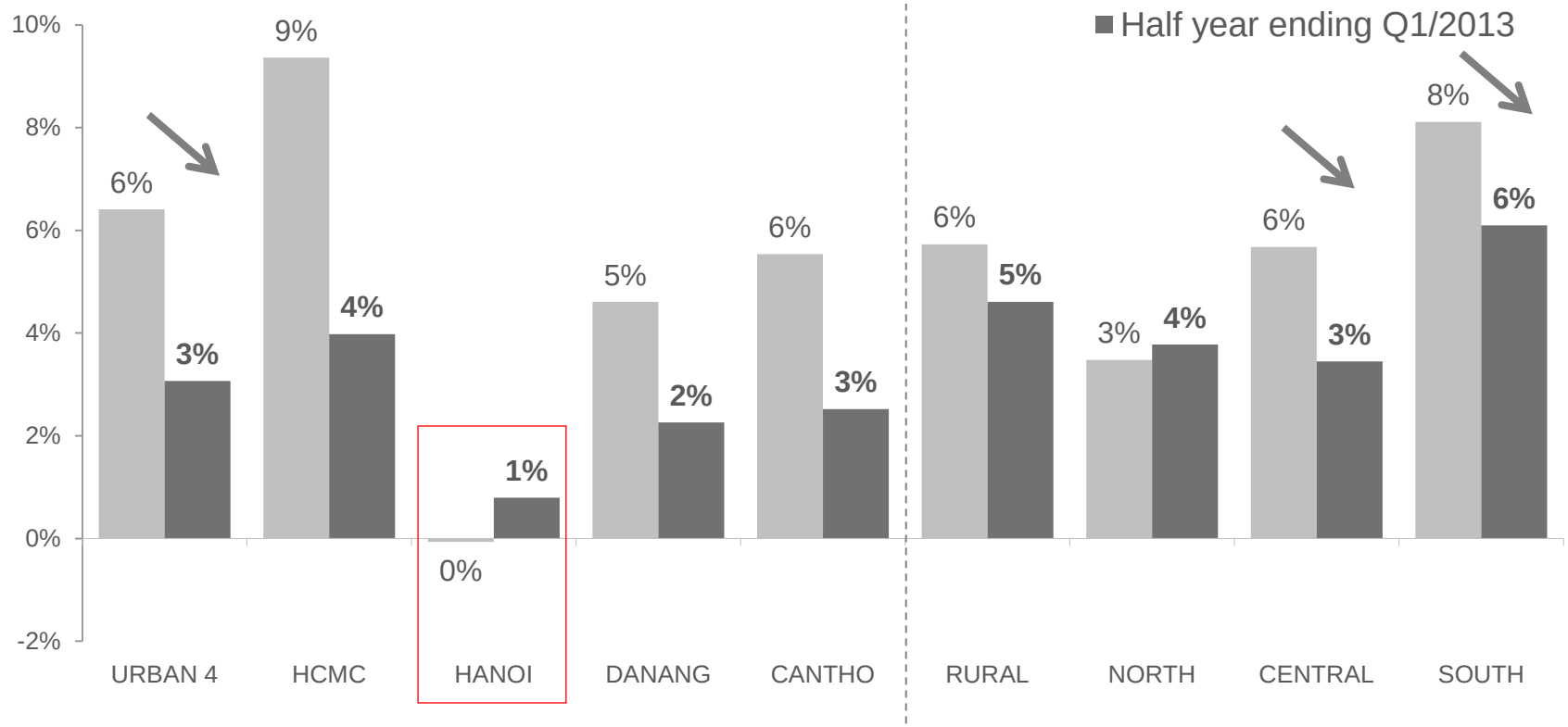
CONSUMER REACT

Pragmatic behaviour is observed in short-term.

1 BULKY PURCHASE? **YES, but much less stock up vs. before**

Number of FMCG packs bought per trip - % change vs. YA



Source: Kantar Worldpanel – Households Panel– Total FMCG excluding Gift

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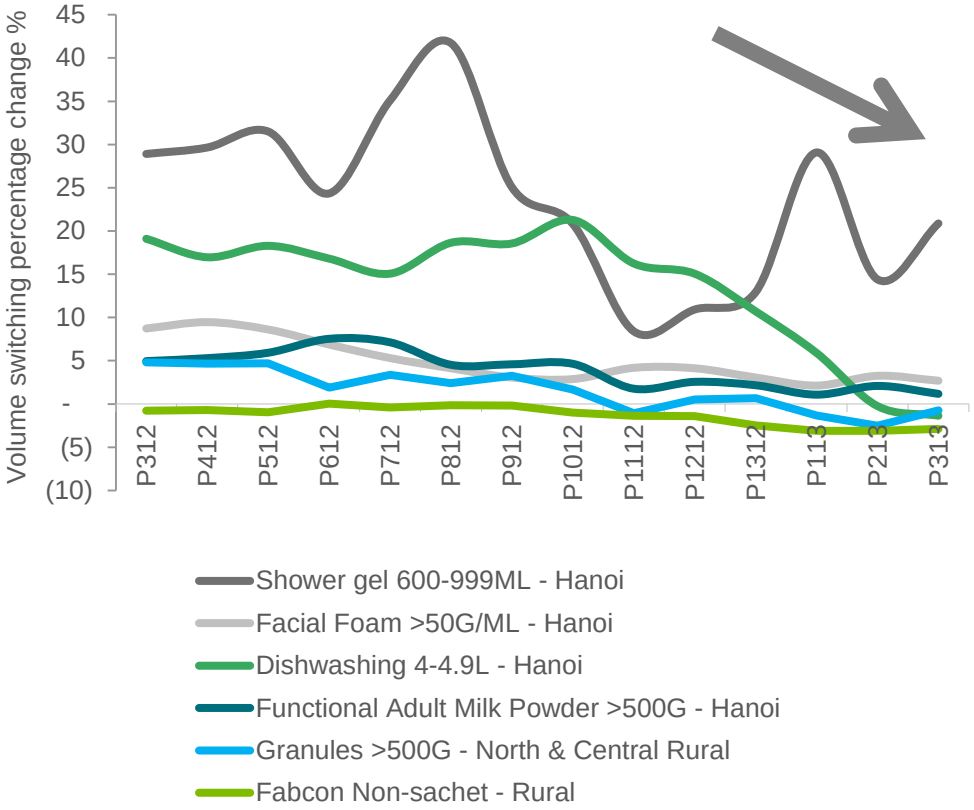
CONSUMER REACT

Pragmatic behaviour is observed in short-term.

2 UPSIZE OR DOWNSIZE?

Still upsizing trend in long-term, yet slowing down signal is observed in Hanoi and North Rural

Upsizing trend in volume switching % - Rolling MAT YOY trend



Source: Kantar Worldpanel – Households Panel– Total FMCG excluding Gift – Updated to Q1/2013

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CONSUMER REACT

Pragmatic behaviour is observed in short-term.

3 VALUE-FOR-MONEY OPTIONS?

PRIVATE LABEL IS GAINING GROUND

Penetration %

2010	2011	2012
34%	35%	40%

2010	2011	2012
56%	57%	64%

Repurchase rate %

NUMEROUS PROMOTION CAMPAIGNS & LOW PRICE OFFERS…

Source: Kantar Worldpanel – Households Panel– Total FMCG excluding Gift

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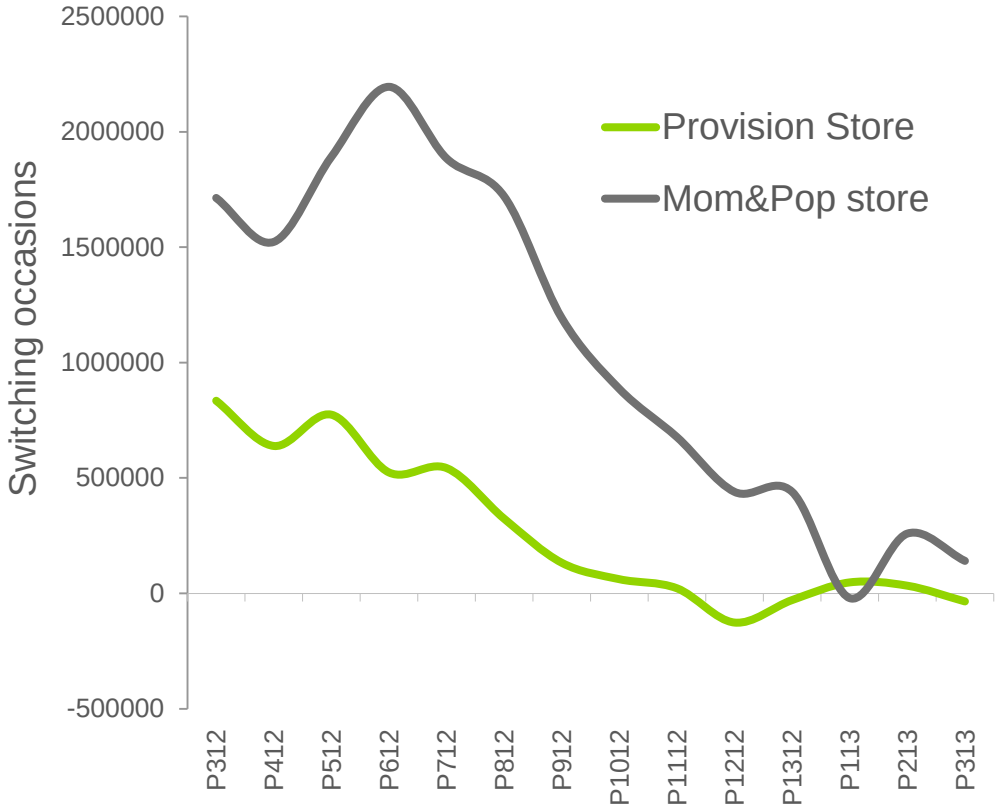
CONSUMER REACT

Pragmatic behaviour is observed in short-term.

4 CHANNEL SHIFTING?

Slowing down shifting trend from street shop to Hyper Supermarket.

Switching trend from Street shop to H+S - Rolling MAT YOY trend



Source: Kantar Worldpanel – Households Panel– Total FMCG excluding Gift

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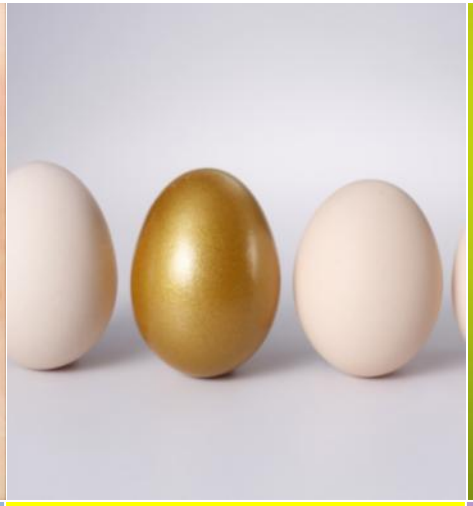
VIETNAMESE CONSUMER TRENDS

TOWARDS FMCG

SPEED & CONVENIENCE

HEALTH & WELLNESS



FROM BASIC TO ADDED VALUE

INNOVATION

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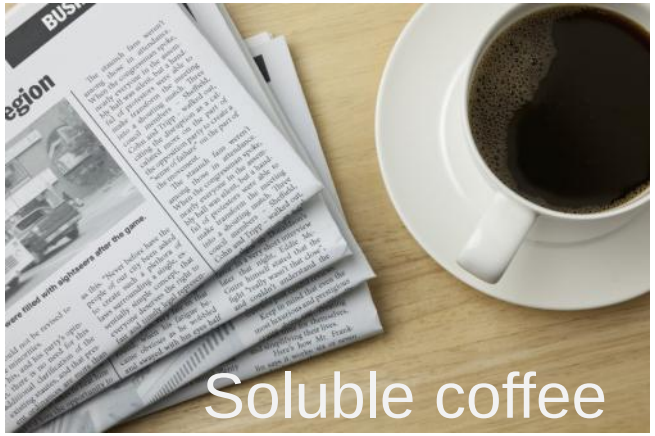
CONVENIENCE SEEKING

Rice soup enters more Urban families, especially households with Kid <12YO

Incremental recruitment of **90,000** urban households in 2012



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KNOWLEDGABLE CONSUMERS | HEALTH CARE

Volume per buyer

57 Liter

(vs. 50L in 2010)

Urban 4 cities

27 Liter

(vs. 19L in 2010)

Rural

Penetration %

41%

(vs. 34% in 2010)

Urban 4 cities

40%

(vs. 25% in 2010)

Rural

Non-fried products reach

22%

Urban households in 8 months

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SOPHISTICATED NEEDS | READY TO PAY FOR ADDED VALUE

Cup yogurt

Price index: **112**

‘Beauty’ Cup yogurt reaches

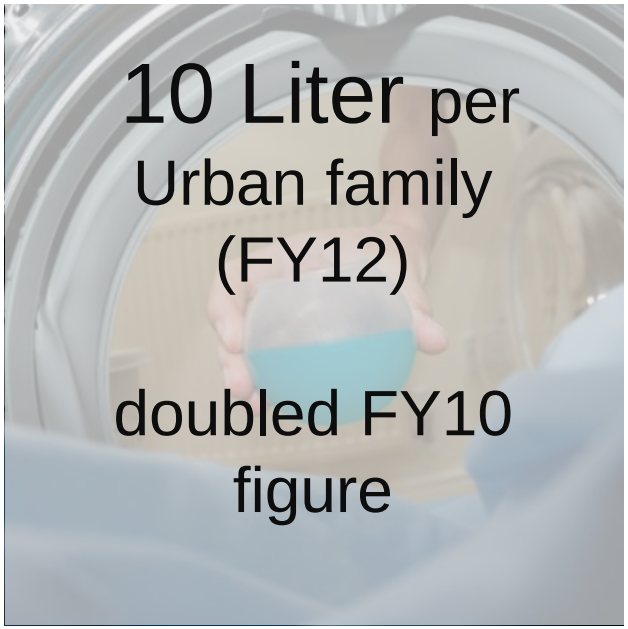
12% Urban families

in 10 months

~ 270,000 households

Liquid detergent

Price index: **135**



10 Liter per Urban family (FY12)

doubled FY10 figure

Source: Kantar Worldpanel – Household Panel – Urban 4 key cities & Rural Vietnam – excluding gift

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MARKET DYNAMICS

Nowadays, consumers are exposed to many choices, esp. in personal products. More new packsizes are offered to satisfy consumers different needs

new SKUs

#1 PACK SIZE 1,530

SHAMPOO
172
new packsizes

LIQUID BATH
101
new packsizes

In FMCG only, over **3,500** launches of new products / SKUs in 2012 (**13%** active SKUs)

#2 VARIANT 1,017

LIQUID BATH
80
new variants

SHAMPOO
69
new variants

#3 BRAND 937

BISCUITS
60
new brands

GROUND COFEE
50
new brands

Source: Kantar Worldpanel – Vietnam Urban 4 key cities - Total FMCG – 2012

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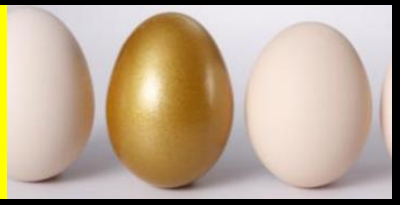
VIETNAM CONSUMER PULSE

KEY TAKE-AWAY

CHALLENGES	OPPORTUNITIES
MODERN RETAIL LANDSCAPE	
CONVENIENCE	
HEALTH	
ADDED VALUE	
INNOVATION	
RURAL	