KANTAR WORLDPANEL DAIRY TALK

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

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VIETNAM DAIRY MARKET

THE MILKY OPPORTUNITIES

Urban 4 Key Cities and Rural Vietnam – Updated to FY 2012

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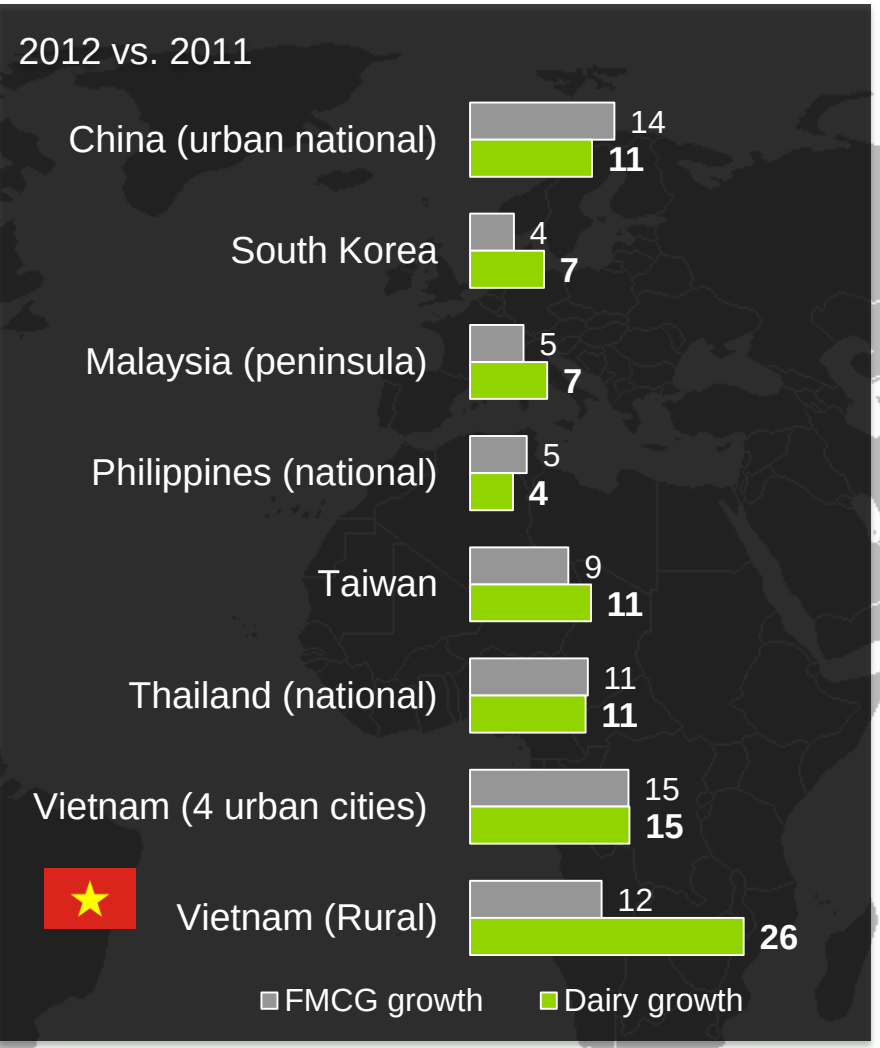
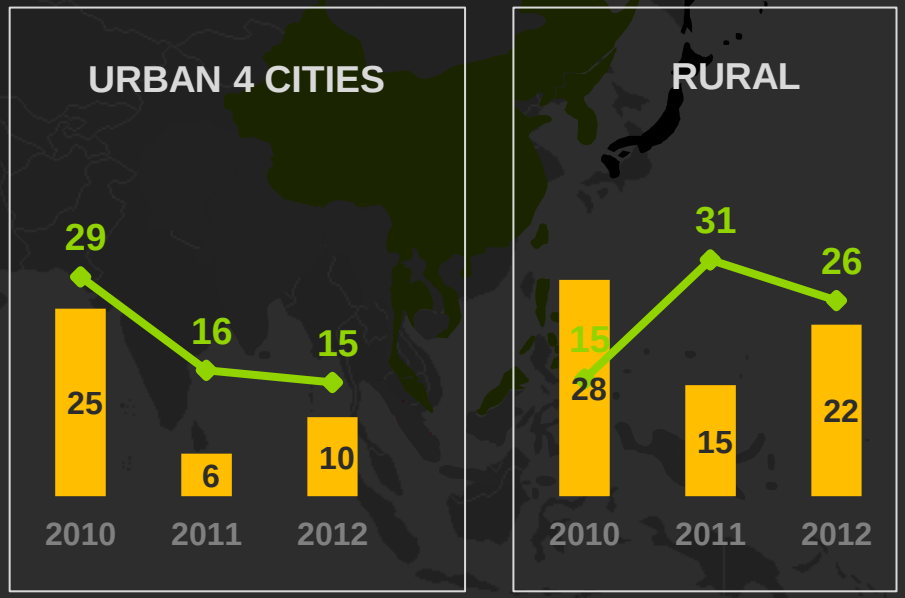
VIETNAM DAIRY MARKET: THE HOTEST IN THE REGION!



NOT ONLY BY PRICE,
VIETNAM DAIRY MARKET IS ALSO DRIVEN BY
REAL DEMAND INCREASE



Source: Kantar Worldpanel – FMCG excluding Gift

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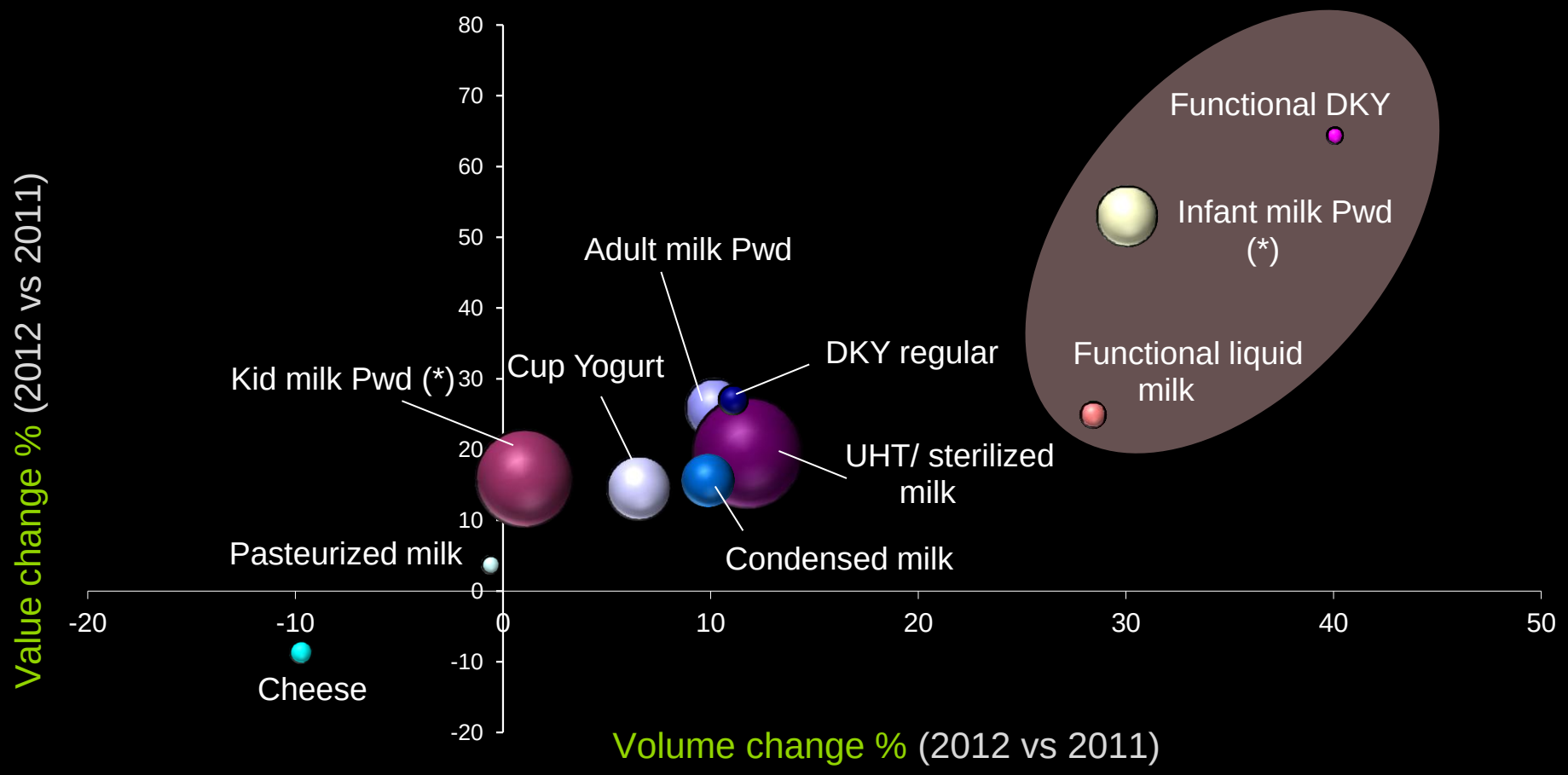
URBAN: INCREASED DEMAND FOR FUNCTIONAL PRODUCTS

Functional products are growing very fast in both value and volume.

The bubble sizes represent the value contribution to dairy – 2012



Source: Kantar Worldpanel – Household Panel (Vietnam 4 key urban cities) – Dairy excluding gift
(*) Baby Panel (HCMC & HN) – Kids 0-6 years old

KANTAR WORLDPANEL High definition inspiration

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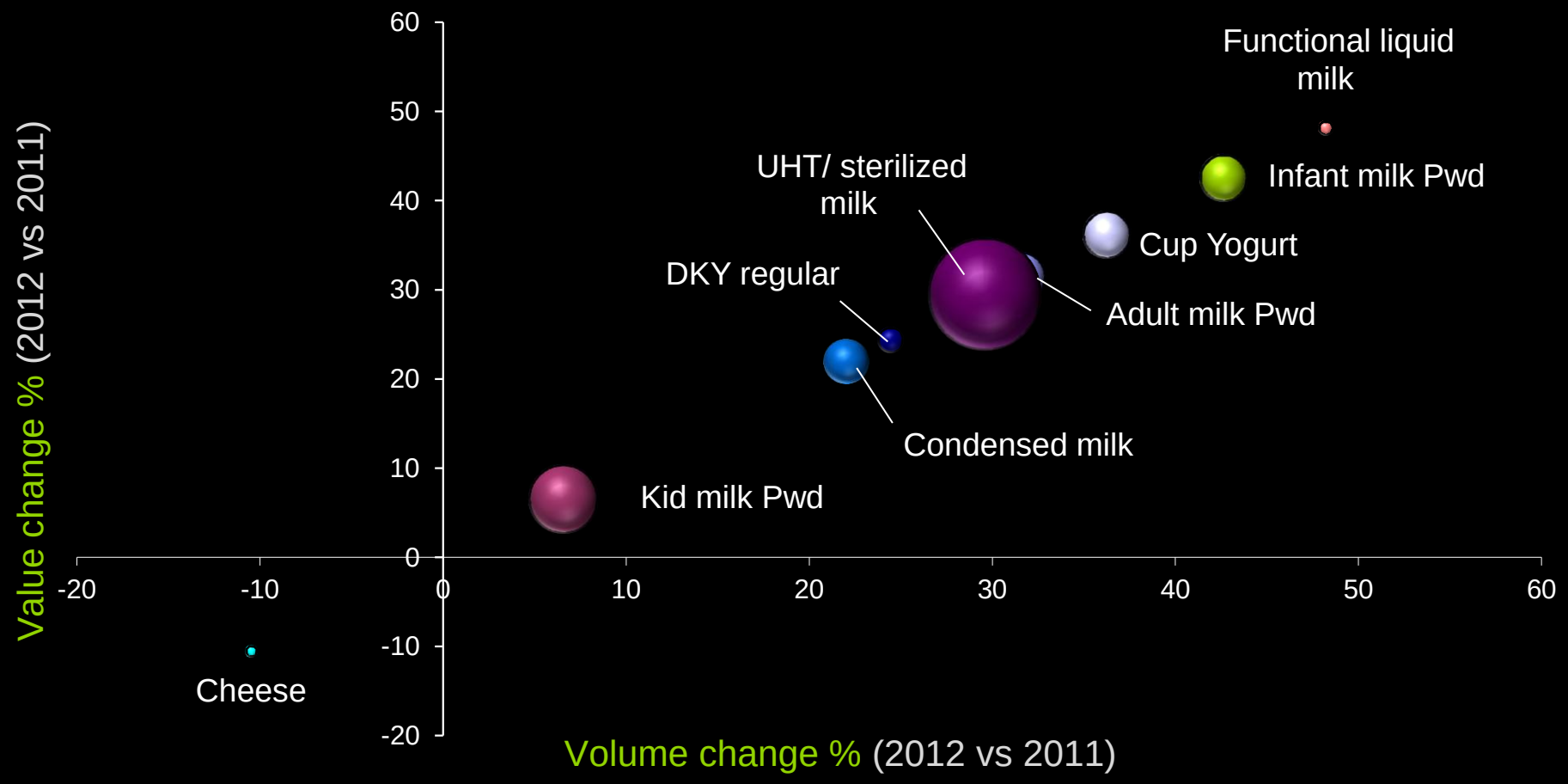
RURAL: MOST DAIRY PRODUCTS BLOSSOM

The bubble sizes represent the value contribution to dairy – 2012



Source: Kantar Worldpanel – Household Panel (Rural Vietnam) – Dairy excluding gift

KANTAR WORLDPANEL High definition inspiration

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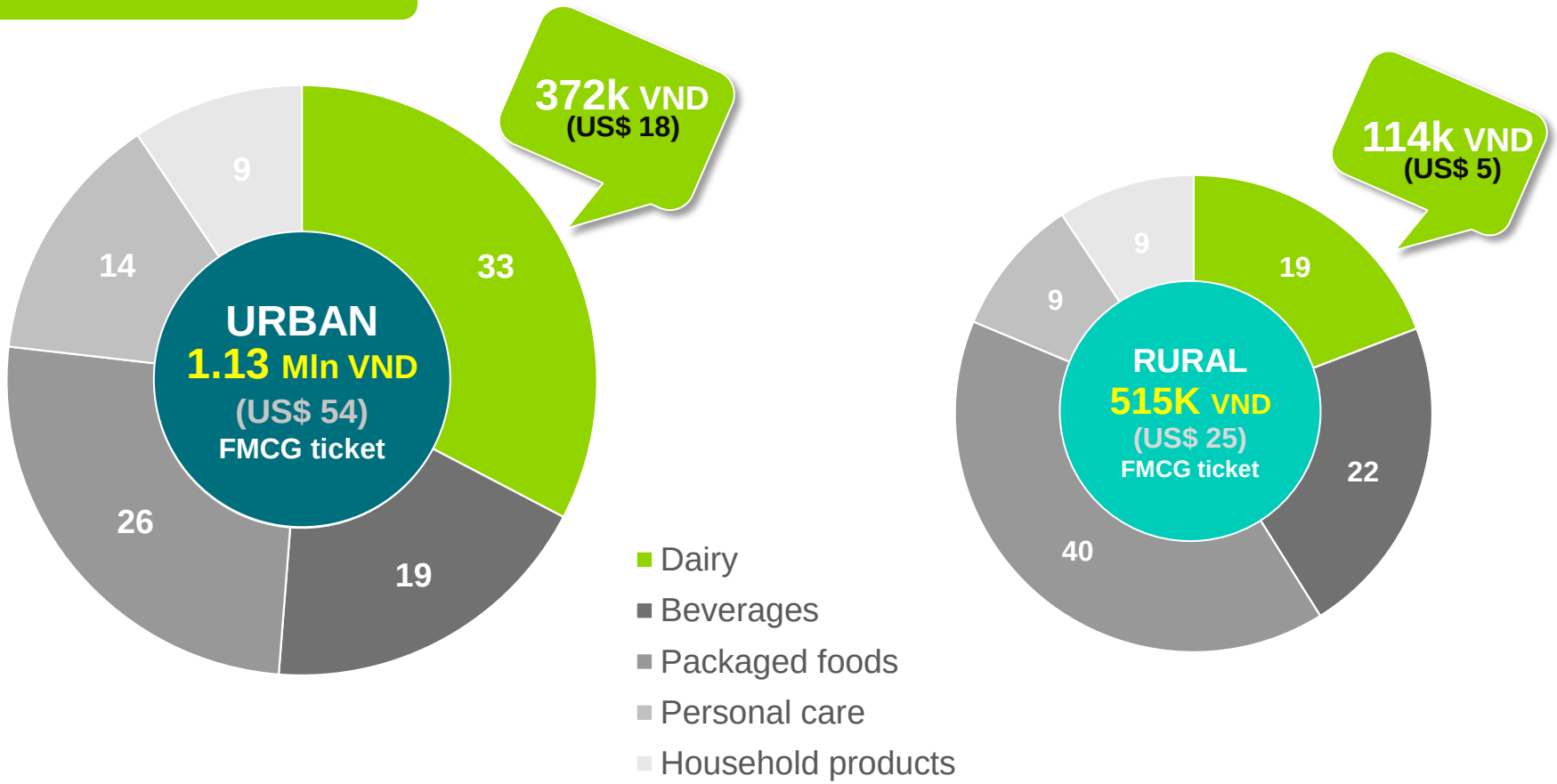
DAIRY: RANK 1ST IN THE FMCG WALLET OF URBAN FAMILIES WHILE 3rd IN RURAL

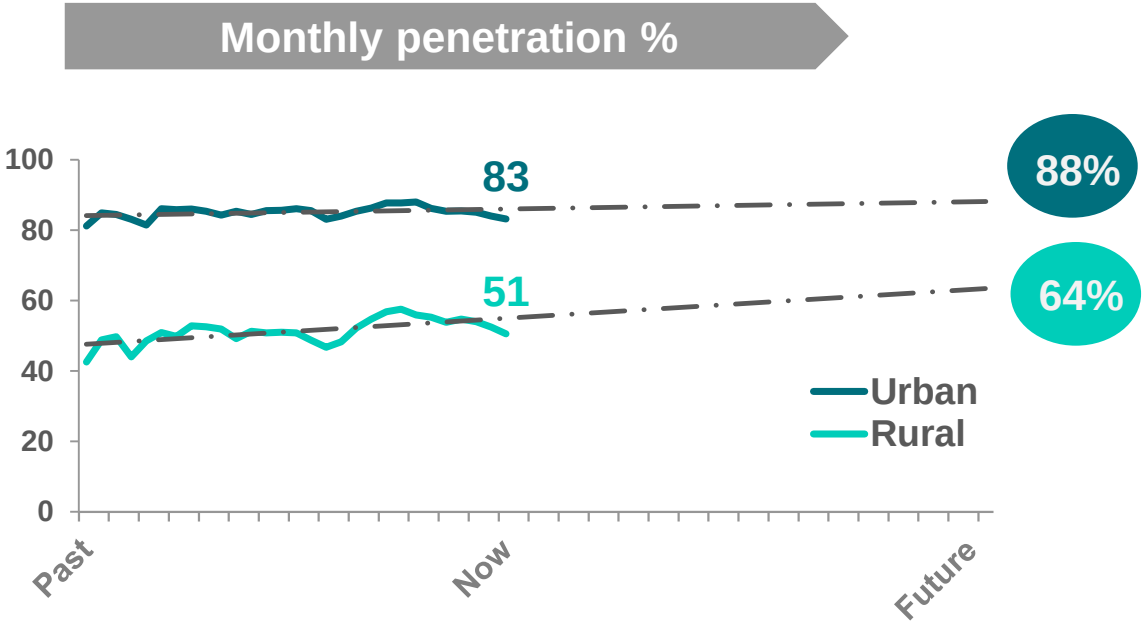
MONTHLY TICKET

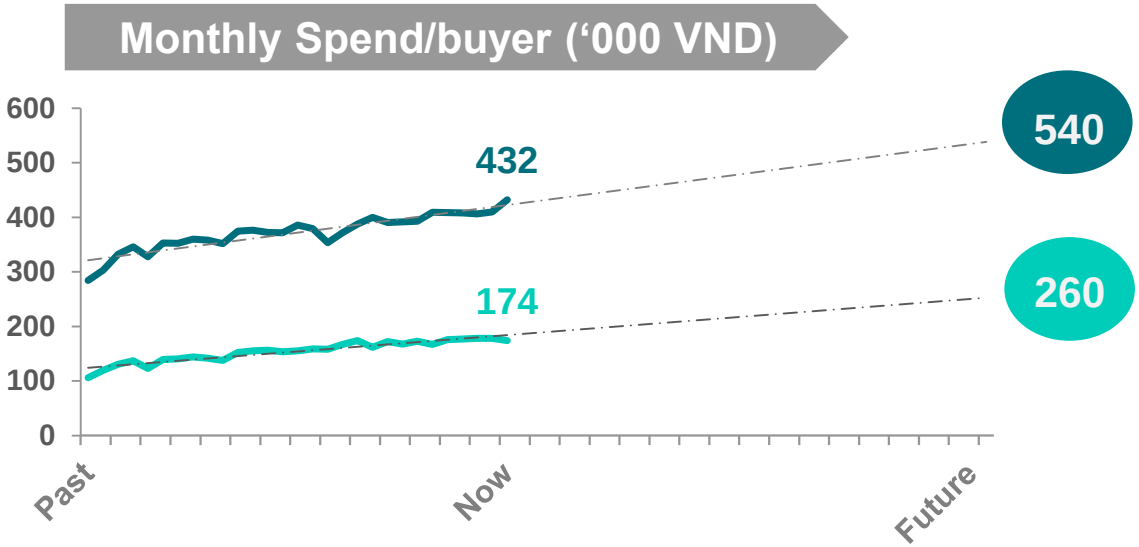


Source: Kantar Worldpanel – Households Panel – 4 Key Urban Cities & Rural Vietnam –FY 2012 – Total FMCG excluding Gift
Monthly spending per buyer

© Kantar Worldpanel

HOW WILL DAIRY LOOK LIKE IN THE NEXT 3 YEARS?





Source: Kantar Worldpanel – Household Panel – Vietnam 4 key urban cities & Rural – Dairy excluding gift – Monthly trend

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HOW WILL DAIRY LOOK LIKE IN THE NEXT 3 YEARS?

Vietnam dairy market in 2012 (*)

>40,000

Bln VND

(>2 Bln USD)

Vietnam dairy market in 2015 (*)

>70,000

Bln VND

(>3.5 Bln USD)

(*) Estimated total Vietnam dairy market (Including IH & OOH consumption) in a year, based on:
>> 4 key cities + rural = 75% nationwide, based on GDP
>> Average In-home vs. OOH drinking usage occasion rate of dairy products in 4 key cities
>> Same population growth rate as in the last 3 years

Source: Kantar Worldpanel – Household Panel – Vietnam 4 key urban cities & Rural – Dairy excluding gift – Monthly trend

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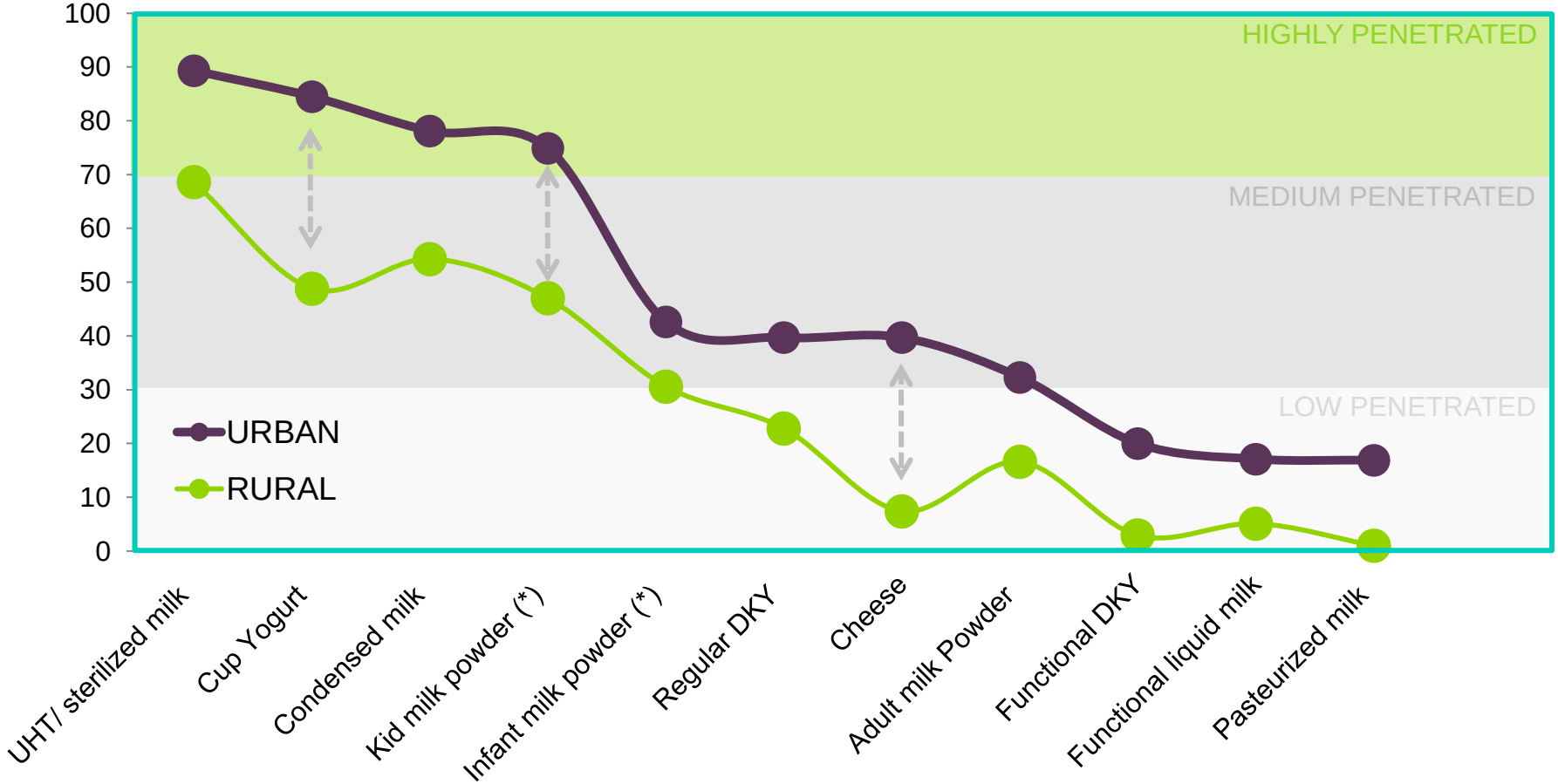
WHAT POTENTIAL TO GROW BUYER BASE FOR MANY DAIRY PRODUCTS

Annual penetration %



Source: Kantar Worldpanel – Household Panel – Vietnam 4 key urban cities & Rural – Dairy excluding gift – FY2012
(*) Among Households with kid <4 YO

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WHERE

URBAN – STREET SHOPS, H+S, WET MARKET

Value change % (2012 vs. 2011)	STREET SHOPS (+15%)	WET MARKET (+18%)	HYPER+ SUPERMARKETS (+18%)
Value contribution to total dairy (%) (vs. % to FMCG)	78% (66%)	9% (12%)	9% (15%)
Annual penetration %	94%	34%	59%
Spend/shopper ('000 VND)	3,633	1,212	668
Shopping frequency	3 *times* /month	Once /3 weeks	Once / 7 weeks
Spend/trip ('000 VND)	101	75	87
Top 5 dairy Categories (Value %)	Liquid milk **Kid milk powder** **Infant milk powder** Cup yogurt Adult milk powder	**Liquid milk** Kid milk powder **Condensed milk** Adult milk powder Cup yogurt	**Liquid milk** **Cup yogurt** Kid milk powder **Condensed milk** Adult milk powder

Source: Kantar Worldpanel – Household Panel – Vietnam 4 key urban cities – Dairy excluding gift – FY2012

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WHERE RURAL – WET MARKET IS IMPORTANT IN CENTRAL & SOUTH

Value change % (2012 vs. 2011)	STREET SHOPS (+27%)	WET MARKET (+18%)
Value contribution to total dairy (%)	70%	28%
Annual penetration %	77%	59%
Spend/shopper ('000 VND)	1,072	953
Shopping frequency	2 *times* /month	Once /month
Spend/trip ('000 VND)	52	64
Top 5 dairy Categories (Value %)	**Liquid milk** Kid milk powder **Cup yogurt** **Infant milk powder** Adult milk powder	Liquid milk **Kid milk powder** **Adult milk powder** Infant milk powder Condensed milk

30% in central
37% in south

Source: Kantar Worldpanel – Household Panel – Rural Vietnam – Dairy excluding gift – FY2012

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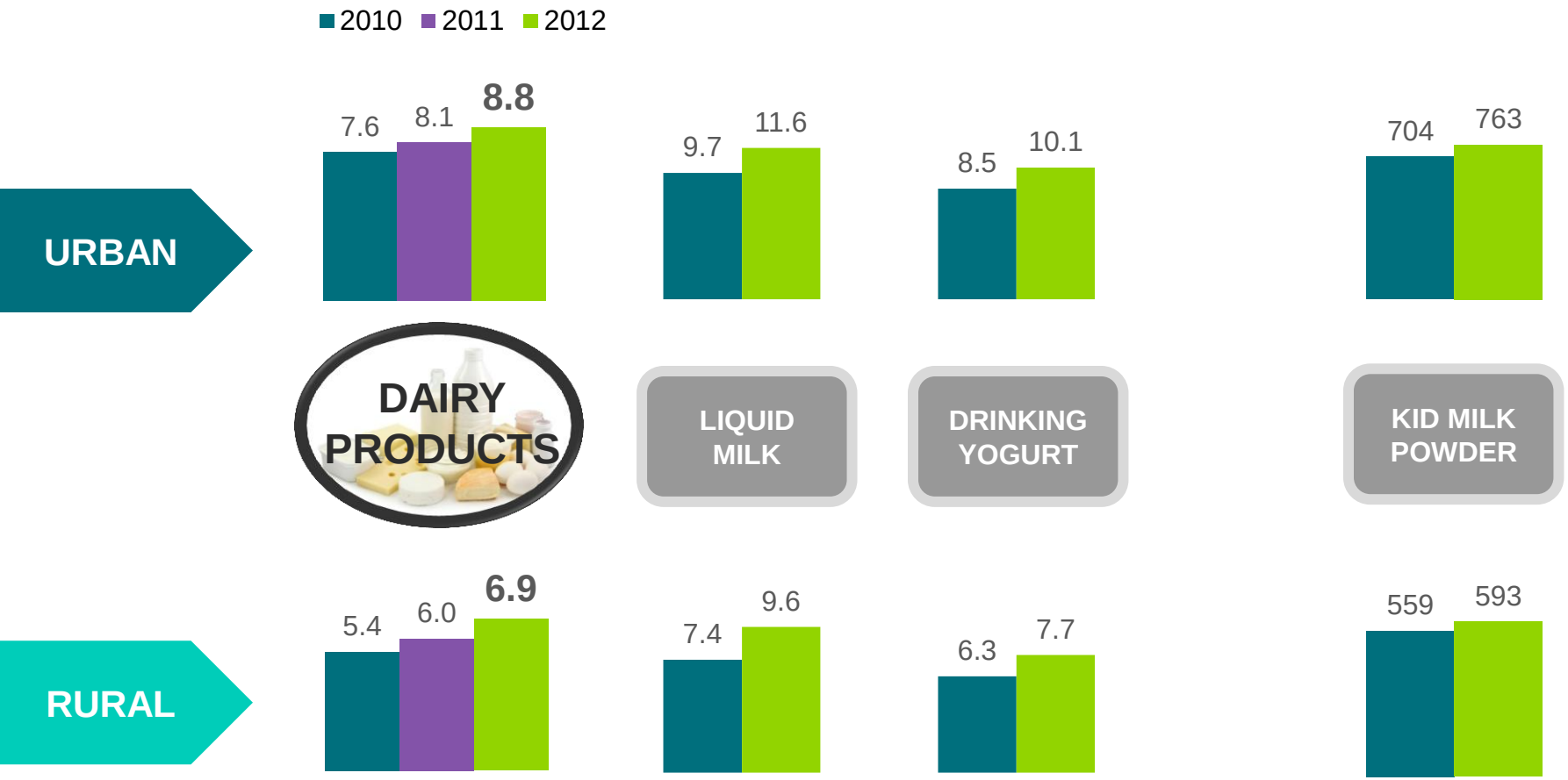
HOW BULKY SHOP KEEPS ON

More packs per shopping trip

Bigger pack sizes *(GR)*



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

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HOW UP-TRADING TREND *(ESPECIALLY IN URBAN)*

Upper price segment

Value share % — Annual penetration %

URBAN

RURAL

FORTIFIED LIQUID MILK
REACHES

60% URBAN HHs

42% RURAL HHs
IN 2012

BEAUTY BRANDS
ARE PURCHASED BY

½ OF URBAN HHs

AND REACH
15% RURAL HHs
IN 2012

PROBIOTIC PRODUCTS
ACCOUNTS FOR

1/3 OF URBAN
DRINKING YOGURT
MARKET VALUE

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

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WHO WHICH CONSUMER GROUPS SHOULD BE TARGETED?

HOUSEHOLDS WITH KIDS
CORE CONSUMERS FOR DAIRY

% households	54%	vs.	46%
% households purchase/ month	93%	vs.	77%
Spend/buyer/ month (000 VND)	545	vs.	197

Similar trend in rural

Source: Kantar Worldpanel – Household Panel – Vietnam 4 key urban cities – Dairy excluding gift – FY2012

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FAMILIES WITHOUT KID: A NEW DRIVING FORCE

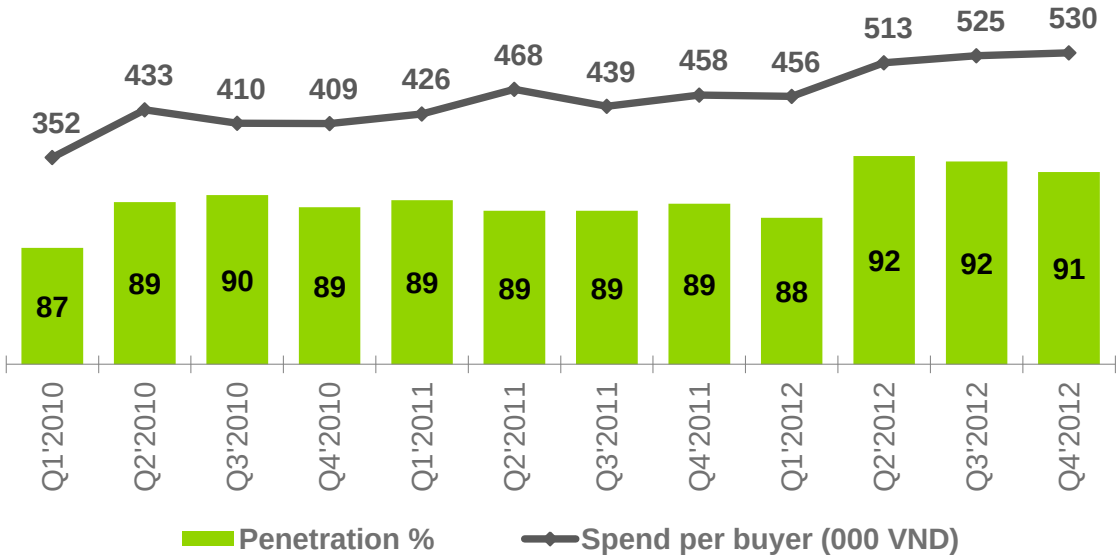
DAIRY GROWS FASTER AMONG FAMILIES WITHOUT KIDS

Dairy value growth
(2012 vs. 2011)

13%

vs.

25%



Source: Kantar Worldpanel – Household Panel – Vietnam 4 key urban cities – Dairy excluding gift

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WHEN DAIRY PRIME-TIME: MORNING FOR KIDS, BED TIME FOR ADULTS

1. Morning
(In/ after breakfast)
Liquid milk, yogurt

2. Before bed time
Milk powder, liquid milk

3. After lunch
Yogurt, liquid milk

1. Before bed time
Milk powder, SCM, liquid milk

2. Morning
(In/ after breakfast)
Liquid milk, yogurt, SCM

3. After lunch
Yogurt

Source: Kantar Worldpanel – Drink Usage Panel – Vietnam 4 key urban cities – Dairy among individuals 4+ YO – 2012

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VIETNAM DAIRY MARKET

THE MILKY OPPORTUNITIES

1ST PRIORITY IN URBAN *($18/HH/month)*

GROWING FAST IN RURAL *($5/HH/month)*

OPPORTUNITY TO DEVELOP FURTHER PENETRATION ACROSS DAIRY CATEGORIES

HUGE POTENTIAL
FOR INVESTMENT

URBAN: STREET SHOPS, H+S, WET MARKET

RURAL: STREET SHOPS & WET MARKET *(CENTRAL & SOUTH)*

CHANNEL FOCUS
MAXIMIZE SALES & PROMOTION EFFECTIVENESS

BIG MONTHLY SHOPPING TRAFFIC

DAIRY IS FREQUENTLY SHOPPED EITHER ALONE OR WITH PACKAGED FOODS IN SAME BASKETS

CONSUMER REACH
MORE CHANCE TO "SHOW-OFF" AT P.O.S

CONSUMERS ARE SHOPPING MORE PACKS/ BIGGER PACK SIZES IN A TRIP *(BOTH URBAN & RURAL)*

SHOPPER LOYALTY
LEVERAGE BULKY SHOP WITH BUNDLE PACK/ UPSIZING

ADDED VALUE PRODUCTS ARE MORE WELCOMED *(ESPECIALLY IN URBAN)*

DIFFERENT TARGET GROUPS HAVE DIFFERENT NEEDS

INNOVATIONS
ACHIEVE HIGHER SALES THROUGH DIVERSIFICATION

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