FMCG Monitor

12 weeks period ending 14 July 2013
(12 w/e P7/13)

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EXECUTIVE SUMMARY

- The Vietnam economy has achieved some stability but **weak local demand** is still the major block to a sustained recovery.

- FMCG spending increases by **+8%** in Urban and **+11%** in Rural compared with the same period last year. Urban maket sees the leading growth of **Personal Care** while **Beverages** continue to hold the first position in Rural market.

- In Urban, **Baby Diaper** lifts up by **+20%** compared to the same period last year in volume thanks to a 7% increase in household consumption and an incremental of 43,000 new household buyers. In Rural, **Drinking Yoghurt** witnesses outstanding growth at **+38%** by increasing household volume consumption by 13% and attracting more than 383,000 new buyers.

- Among Traditional Channels, **Street Shop** sustains an encouraging growth of **+9%** whereas **Wet Market** is struggling from its sluggish performance. Meanwhile, after few months of stagnancy, recent promotion campaigns in **hyper and supermarket**, particularly in Coopmart, has proved effective in reviving purchase and gaining an upbeat growth of **+6%** in value for this channel. The emerging **Ministores** are certainly the **fastest growing** among all channels– expanding by **+74%** compared with the same period last year. In 2010, only around 10% of urban households purchase FMCG in Ministores, while now, 1 among 5 urban households go shopping for FMCG in Ministores at least once per year and spend averagely 90,000VND per shopping trip. In the next 10 years, every Urban household is expected to shop from a Ministore, either Minimarket or Convenience Store, at least once in a year.

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KEY INDICATORS

#ImprovedMacroPicture

The economy has achieved some stability. Incorporation of new companies is up 8.4% year-on-year in the first 7 months.

#WeakDemand

Despite improved conditions, weak local demand is still the major block to a sustained recovery.

+5%
GDP
Q2/2013 vs. year ago

+7.3%
CPI
July 2013 vs. year ago

8.4%
FMCG GROWTH, URBAN 4 CITIES
12 weeks ending 14 July 2013 vs. year ago
(12 w/e P7/13 vs. YA)

+11%
FMCG GROWTH, RURAL
12 weeks ending 14 July 2013 vs. year ago
(12 w/e P7/13 vs. YA)

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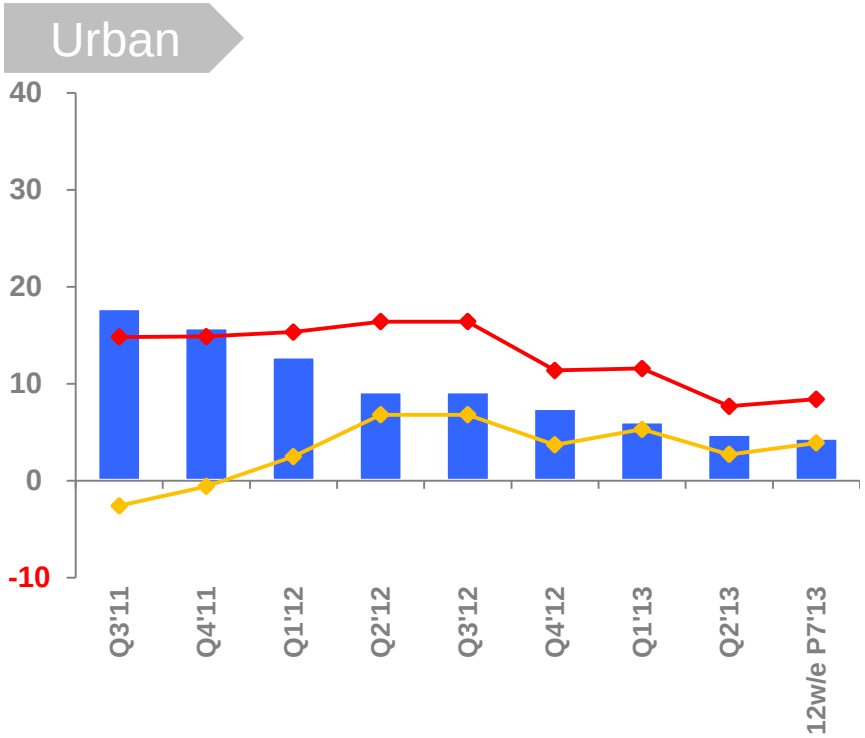
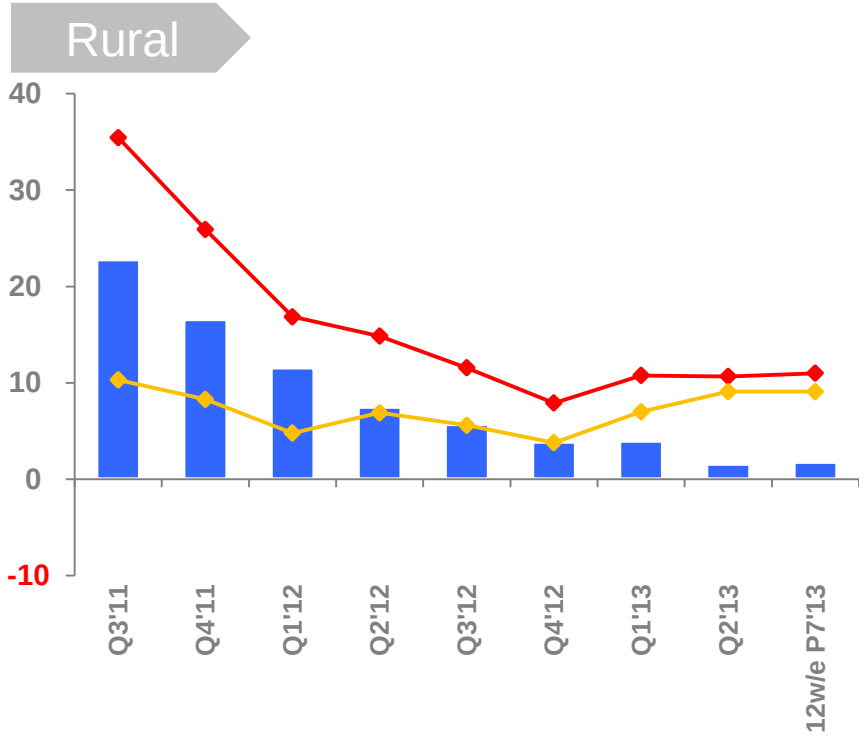
FMCG – 12 WEEKLY YEAR-ON-YEAR CHANGE (%)

Market growth is anchored at 8% in Urban and 11% in Rural.





% change:

Avg. Price paid* | Value | Volume**

*: To calculate **FMCG price paid change**, we calculate how much price contributes to the value change for each category, sum up these contributions and relate to value YA
: To calculate **FMCG volume change, we calculate how much volume contributes to the value change for each category, sum up these contributions and relate to value YA (this results in an average category change in volume)

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

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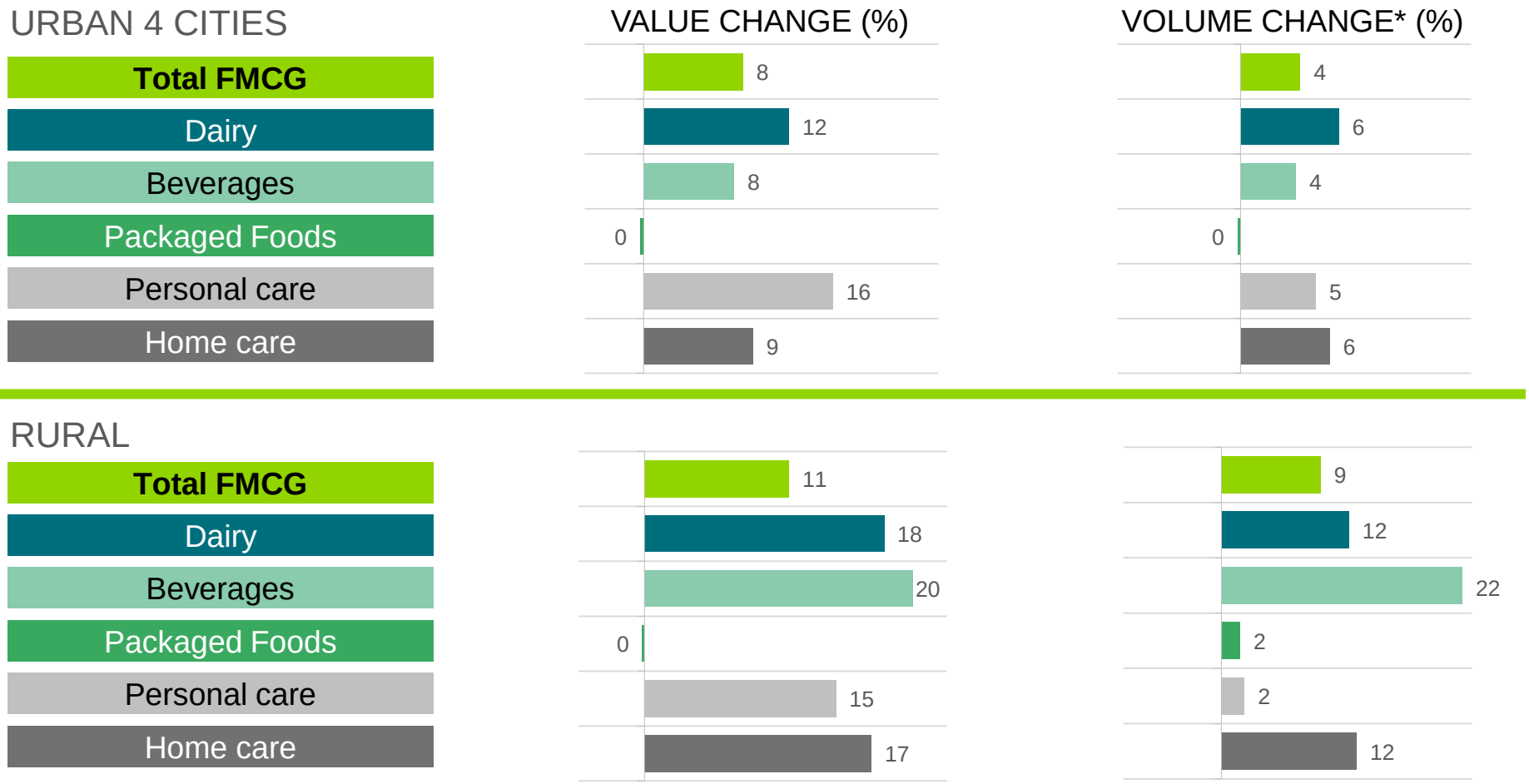
FMCG BASKET TRENDS

Personal Care becomes the fastest growing sector in Urban while Beverages continue to lead the market in Rural. Meanwhile, Packaged Foods stay stagnant in both Urban and Rural.



12 weeks ending P7/13 vs. YA

*: To calculate **FMCG volume change**, we calculate how much volume contributes to the value change for each category, sum up these contributions and relate to value YA (this results in an average category change in volume)
Source: Kantar Worldpanel – Households Panel – Total FMCG excluding Gift

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HOT CATEGORIES

URBAN 4 CITIES

Baby Diaper

VOL CHANGE %
+20%

12 w/e P7/13 vs. YA

+1.1pt
Penetration
Incremental of 43,000 households

+7%
Average volume per buyer
Increase volume purchase by 7%

RURAL

Drinking Yoghurt

VOL CHANGE %
+38%

12 w/e P7/13 vs. YA

+2.1pt
Penetration
Incremental of 383,000 households

+13%
Average volume per buyer
Increase volume purchase by 13%

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

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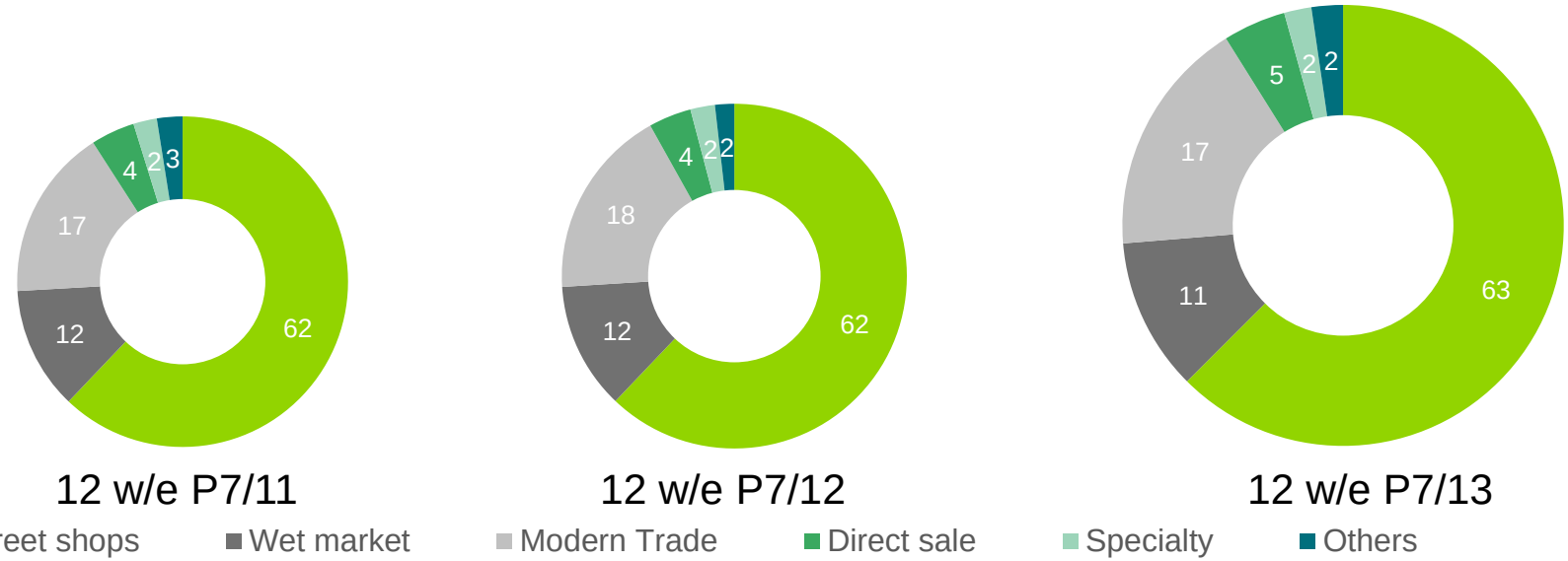
RETAILER SNAPSHOT – URBAN

% Value



VALUE CHANGE %	12 w/e P7/12 vs. YA	12 w/e P7/13 vs. YA
Street shops	●	●
Wet market	●	●
Modern trade	●	●
> Hyper/Supermarket	●	●
> Ministores	●	●

● Growth ≤ -0.5% ● -0.5% < Growth < 5% ● 5% ≤ Growth ≤ 15% ● Growth >15%

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

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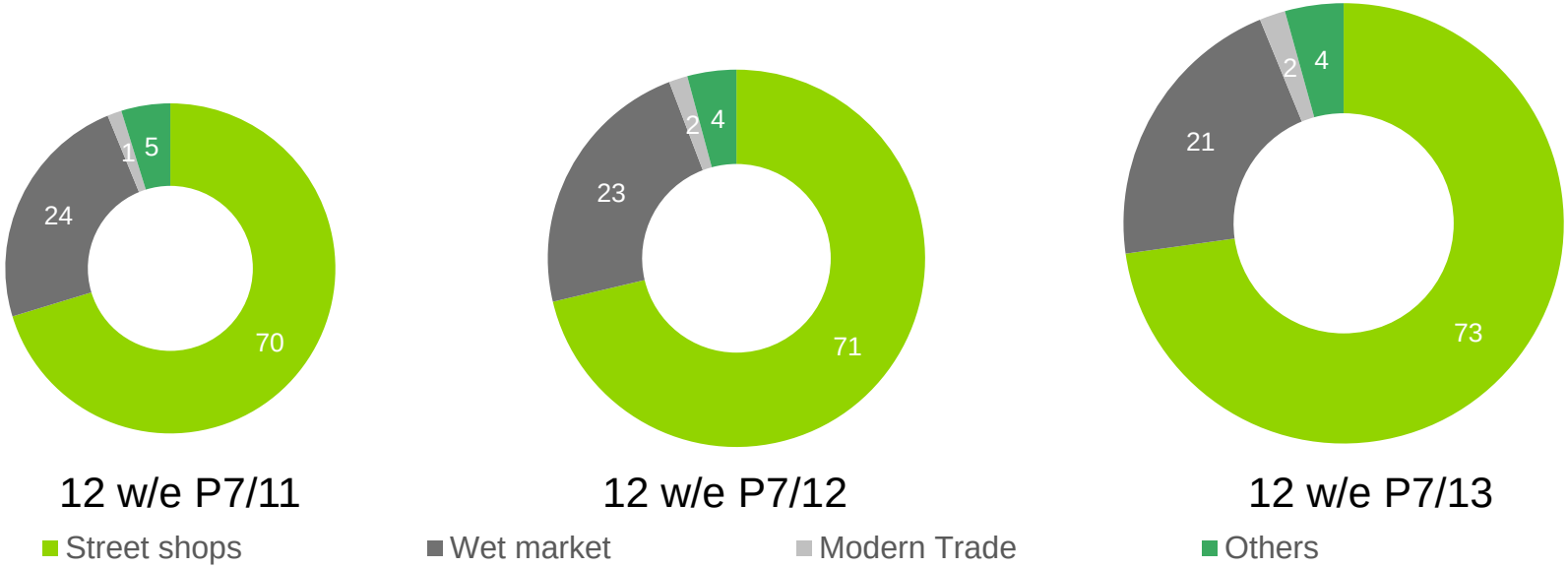
RETAILER SNAPSHOT – RURAL

% Value



VALUE CHANGE %	12 w/e P7/12 vs. YA	12 w/e P7/13 vs. YA
Street shops	●	●
Wet market	●	●
Modern trade	●	●

● Growth ≤ -0.5% ● -0.5% < Growth < 5% ● 5% ≤ Growth ≤ 15% ● Growth >15%

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

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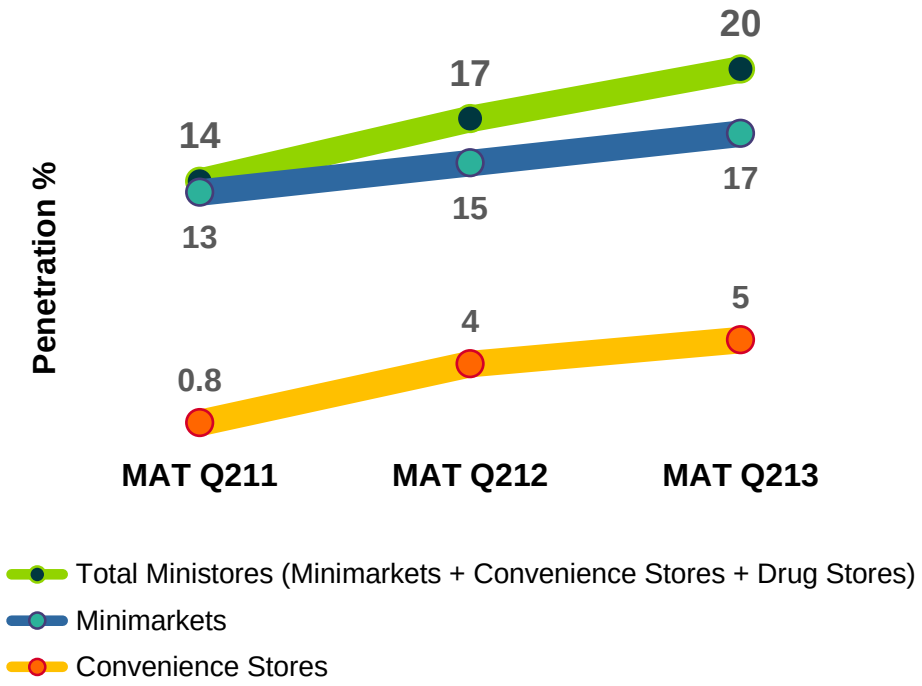
EMERGING CHANNELS – TOWARDS CONVENIENCE

Minimarkets and Convenience Stores are booming in the recent years.



Source: Kantar Worldpanel – Households Panel – Total FMCG

Among those who shop at Ministores at least once in the recent year:

averagely **once every 6 weeks** at Ministores

90,000 VND per trip

Dairy & Beverages have a higher proportion in Ministores shopping baskets than in other Modern Trade channels

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KEY MESSAGES

1. IMPROVED MACRO CONDITIONS BUT LOW DEMAND IS BLOCKING RECOVERY
2. FMCG MARKET GROWTH IS ANCHORED
3. HOT CATEGORIES: BABY DIAPER IN URBAN & DRINKING YOGHURT IN RURAL
4. HYPER/SUPERMARKET REVIVES WHILE STREET SHOP SUSTAINS ITS GROWTH & WET MARKET REMAINS STAGNANT
5. EMERGING MINIMARKETS AND CONVENIENCE STORES

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With over 60 years' experience, a team of 3,500, and services covering more than 55 countries directly or through partners, Kantar Worldpanel delivers High Definition Inspiration™ in fields as diverse as FMCG, impulse products, fashion, baby, telecommunications and entertainment, among many others.

For further information, please visit us at www.kantarworldpanel.com.vn

Contact us

Kantar Worldpanel Vietnam
58 Vo Van Tan Street, District 3,
Ho Chi Minh City, Vietnam
tel: +84 8 39306631
fax: +84 8 39306632
email: vietnam@kantarworldpanel.com
website: www.kantarworldpanel.com.vn
KWPVietNam Kantar Worldpanel Vietnam

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