Consumer Index

WELCOME TO CONSUMER INDEX

FOR THE FIRST TIME...

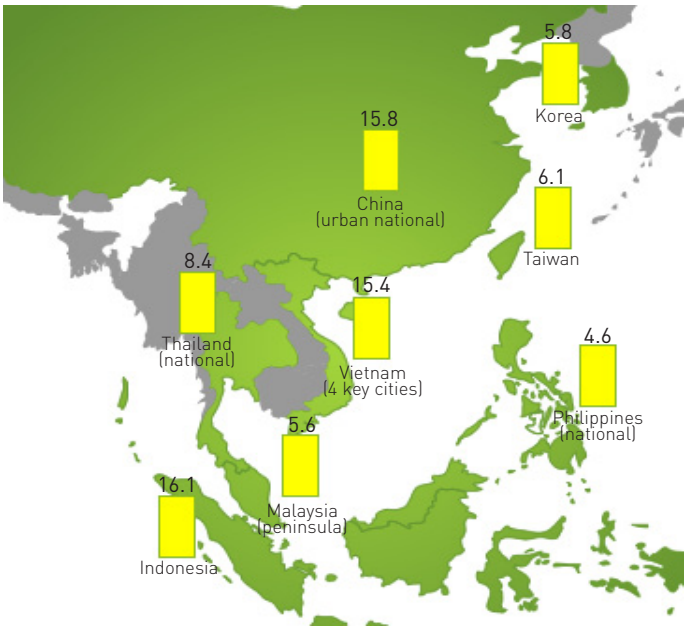
... we have included Indonesia in our list of Consumer Index countries.

The launch of our Indonesia panel was a huge triumph for us and also for many of our clients. The Indonesia panel has been fully up and running with 5,000 urban panelists since 2011 and added rural areas since 2012 to cover a total of 7,000 national panelists across Java, Sumatra and the Makassar Islands. The panel runs on a new data collection technology for Asia called "Interview Based Scanner" and has already been delivering reliable and actionable insights to clients all over the world.

Did you know that Indonesia...

- is one of the 20 wealthiest nations on earth, the G-20?
- has doubled its economy in the past five years and boosted its average income to more than $3,000?
- has the world's fourth-largest population of 260 million people?
- has more middle class consumers* than India or any country in South East Asia?
- has a strong work force with 70% of its population at a productive age?
- records more than 40 million cell phone sales and more than 10 million motor cycle sales every year?

FMCG Trends % Value Changes



- has the second-largest number of Facebook members and the third-largest number of Twitter users in the world?
- comprises of over 18,000 islands and is home to more than 300 different ethnic groups with more than 750 local languages?

The data used for this issue runs up to Quarter 2, 2012 and is sourced from our Worldpanel network in the Asia region. As always, it provides you with up-to-date data and commentary covering the major movements in key economic indicators, category performances and the trade landscape.

I would be delighted to answer any questions you might have or to hear your thoughts and views on this publication. Please contact us by e-mail on Worldpanel.Asia@kantarworldpanel.com

Best regards,

MARCY KOU
Managing Director
Worldpanel Asia

** Defined by the World Bank as a consumer with a disposable household income of over $3,000 per year*

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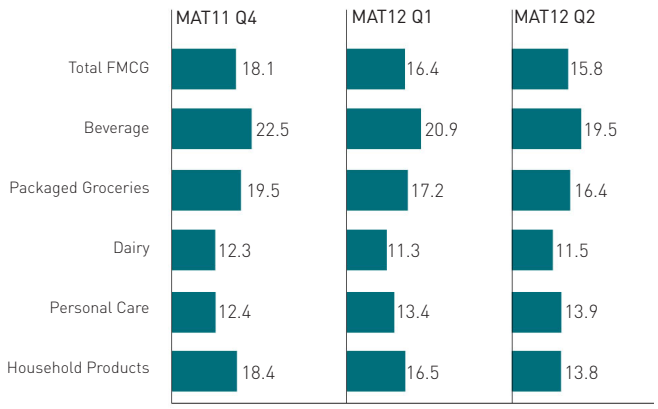
CHINA
Quarter 2, 2012

CATEGORY VALUE % change vs previous year in value



KEY ECONOMIC INDICATORS

China's GDP growth for the second quarter of 2012 was 7.6% compared with the same period in the previous year. This was the first time that its GDP growth rate dipped below 8% in the recent three years.

Consumer prices for the first half of 2012 rose by 3.3% compared with the same period of last year. The growth rate of income per household was higher than inflation and increased by 2.1%. Rural residents experienced faster income growth at 16.1%, while urban resident income went up by 13.3%.

Overall, there was a 6.9% increase in food prices, 2.4% in health care and personal care products and 3.5% in cigarettes and alcohols.

CATEGORY TRENDS

The FMCG spending in national urban China increased by 15.8% in the second quarter of 2012 and 16.4% in the first quarter. The beverage sector experienced the strongest growth of 19.5% compared with the same period last year. Food followed closely with a growth rate of 16.4%.

For beverage growth, the main drive force continued to be the alcohol sector, where especially foreign spirits contributed with a 38.4% value increase compared with the same period last year. This was mainly driven by price-ups.

Within the food value growth, the kitchen sector was the major contributor - mutually driven by price inflation and consumption volume. The confectionary sector was another boosting category with a 23% value growth owing to 14.6% price inflation and 7.3% sales volume increase in the second quarter of 2012.

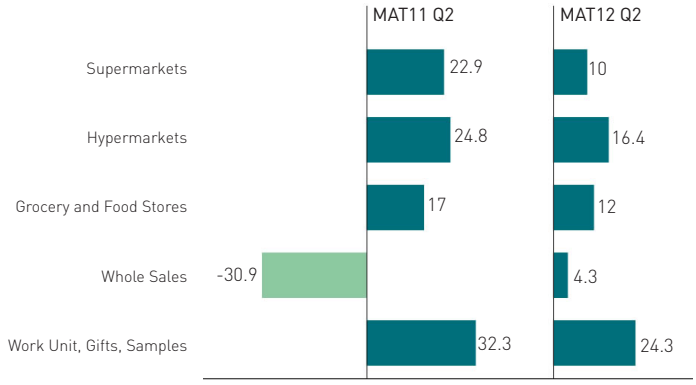
> Low tier cities marked the fastest growth pace of modern trade at 14.7%.

RETAIL LANDSCAPE

Modern trade (hypermarkets, supermarkets and convenience stores) remained the most important trade in China, which made up over 43% of the value share in China's FMCG market. Low tier cities marked the fastest growth pace of modern trade at 14.7%.

Within modern trade, hypermarkets experienced a rapid growth of 16.4% market value increase compared with the same period of last year. In Q2, among the top 5 retailers (Wal-mart, RT-mart, Vanguard, Carrefour and Vanguard), Vanguard was the only retailer with a value share growth of 0.2% and it mainly grew in Key and A cities. In supermarkets and convenience stores, Yonghui was the only retailer with a value share growth of 0.4% among the top 5 retailers (Vanguard, Lianhua, NGS, Watson's and Yonghui).

TRADE CHANNEL TREND % value change vs previous year

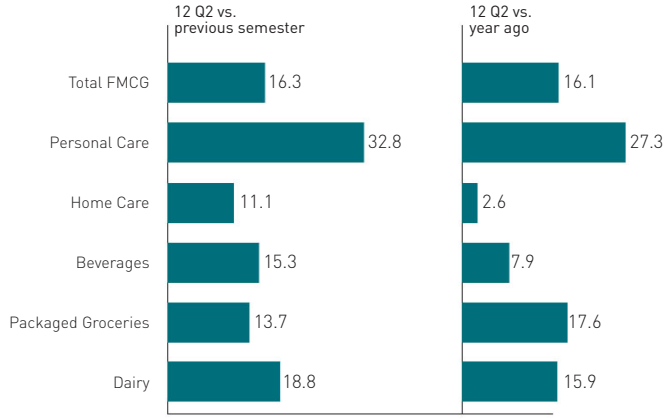


TRADE CHANNEL TREND
Value Shares %

Statistics source: National Bureau of Statistics of China, July 2012

INDONESIA
Quarter 2, 2012

CATEGORY VALUE % change vs previous year in value



KEY ECONOMIC INDICATORS

GDP growth in the quarter 2 of 2012 was higher than expected at 6.4% year-on-year. Indonesia's economic growth surprisingly picked up in the second quarter, signaling that Southeast Asia remains resilient to the global slowdown. This growth was mainly supported by domestic consumption and investment.

Cumulatively, Indonesia's economic growth in the first semester of 2012 grew by 6.3% compared with the first semester last year, thanks to household consumption growing at 5%. It gave a big impact regarding the country's economic growth this semester.

The country's inflation accelerated in June 2012 at 4.5% due to the increase of food prices. Consumers anticipating the festive season (Islamic fasting month) and spending more across the food sector contributed significantly to the price increase. An additional factor for consideration was the fuel price increase early this year.

CATEGORY TRENDS

The FMCG market grew by 16.1% in the first semester of 2012 compared with last year. The personal care sector experienced a growth 27% higher than in the previous year. Facial moisturisers and facial cleansers led this sector with a 30% value growth. The presence of more premium brands and a higher share of the personal care sector spending in the total consumer's bill supported this positive trend.

The packaged grocery sector also performed well with 18% growth as consumers prepared for the festive fasting month. Main growth drivers were chili sauce (+79%), followed by biscuits (+26%), soy sauce (+20%) and MSG (monosodium glutamate) and seasoning flour (+14%).

> As consumers prepared for the festive season, the main growth drivers were chili sauce (+79%), followed by biscuits (+26%) and soy sauce (+20%).

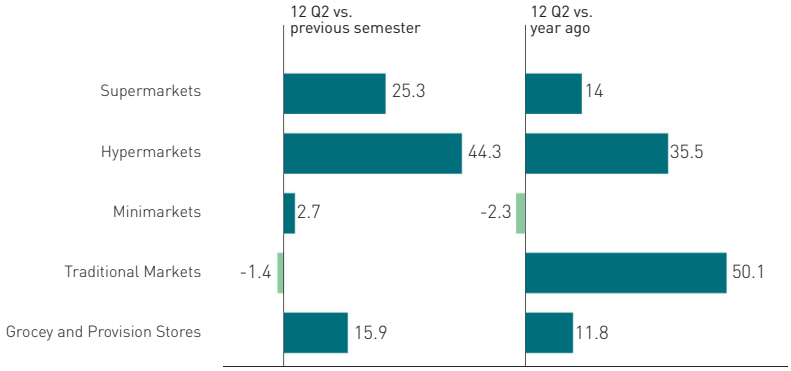
RETAIL LANDSCAPE

Traditional trade was still the key shopping channel in Indonesia with more than 75% share against modern trade. Compared with the previous year's performance, traditional trade grew faster than modern trade with 20% and 4% value growth respectively, mainly thanks to the good performance of grocery and provision stores.

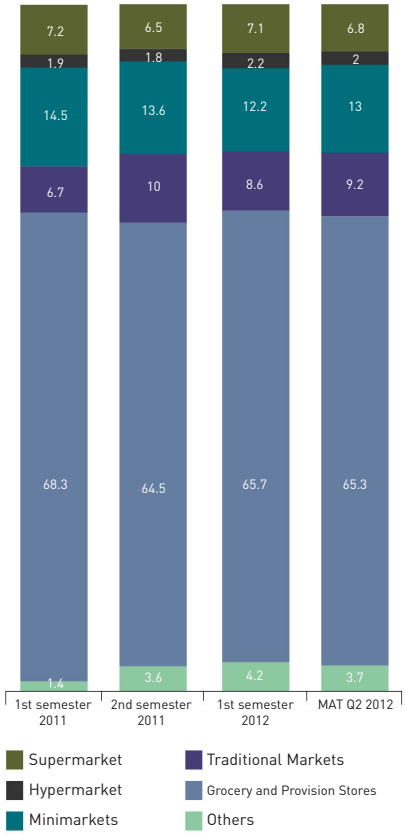
In spite of its limited value share, modern trade has a great development potential. Specifically, hypermarkets and supermarkets recently experienced fast growth of 35% and 14% against last year.

Carrefour, Giant and Lotte were the key hypermarket accounts and all grew significantly with Lotte showing the fastest growth. Whilst in supermarkets, especially Hero and Carrefour Express were the retailers that triggered the growth against last year's performance.

TRADE CHANNEL TREND % value change vs previous year

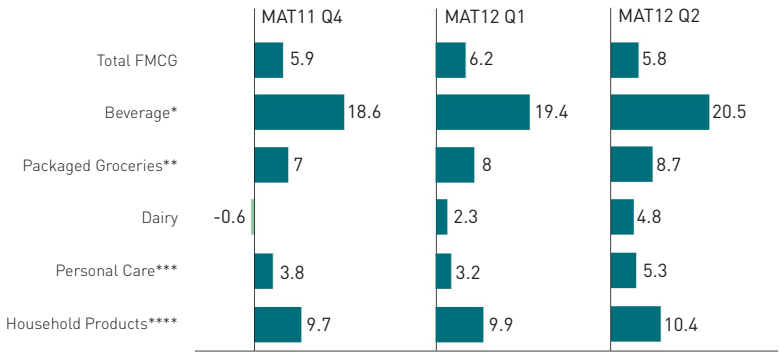


TRADE CHANNEL TREND
Value Shares %



KOREA
Quarter 2, 2012

CATEGORY VALUE % change vs previous year in value



CATEGORY TRENDS

The FMCG market grew by 5.8% in MAT 12Q2, losing its momentum in the last quarter. Beverages, packaged groceries and household products were the key drivers of the growth, recording rates of 20.5%, 8.7%, and 10.4% respectively. Even dairy showed a steady growth of 4.8% this quarter following the 2.3% in the previous quarter, which demonstrates that it is recovering from the repercussions of the foot-and-mouth disease last year. However, fresh meat witnessed a significant stagnation of 0.5%, which slackened the total FMCG growth.

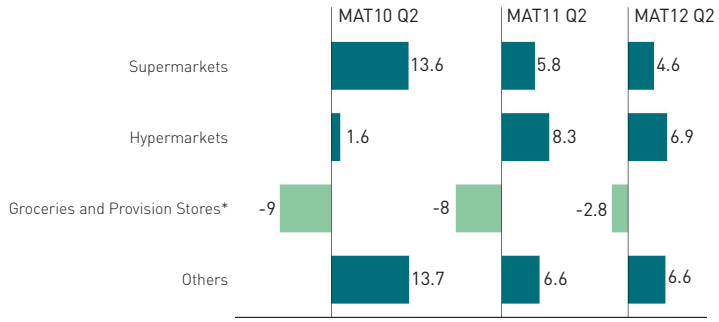
Most categories' growth rates were driven by price increase, especially personal care (11.2%) and beverages (10.0%). On the other hand, fresh meat prices did not change that much (0.5%).

RETAIL LANDSCAPE

Hypermarkets and internet malls led the total FMCG market growth, recording wins of 6.9% and 17.1% respectively. Emart was the best performer with 11.6% while Lotte mart faced a reverse growth of -3.5% in MAT 12Q2.

In the meantime, supermarkets showed a continuous decrease in their year-on-year growth over the recent three years of 3.6%, 5.8% and 4.6%. Higher consumption led to the strong growth of hypermarkets and internet malls, whereby internet malls experienced 15.9% more frequent visits and hypermarkets noted their basket sizes increasing by 5.8%.

TRADE CHANNEL TREND % value change vs previous year



* Beverages excluding Soy Drinks
** Package Groceries excluding Fresh Meat
*** Personal Care excluding Cosmetics
**** Household Products excluding Paper

KEY ECONOMIC INDICATORS

The Korean economy recorded 0.4% of real GDP's quarter-on-quarter growth, slowing down its pace from 0.9% in the first quarter, following a decline of the construction industry of -2.1%. To make matters worse, Korea's GDP grew by 2.8% in Q1 and 2.4% in Q2 versus a year ago, which cast a shadow over the hopes of achieving its annual growth target of 3.0%.

Korea's consumer price index (2010=100) recorded 106.1 in the latest quarter, and has been rising for 14 quarters in a row, mostly due to a price hike in the food and housing industries. Amid the inflation, telecommunications became an exception, maintaining 95.9 in the first two quarters of 2012.

The fiscal crises originating in Europe brought about a global domino effect, and Korea was no exception of this gloomy trend. Its equipment investments and exports decreased by -6.4% and -0.4% respectively. So far, the 2012 Yeosu Expo has not shown any boosting effect.

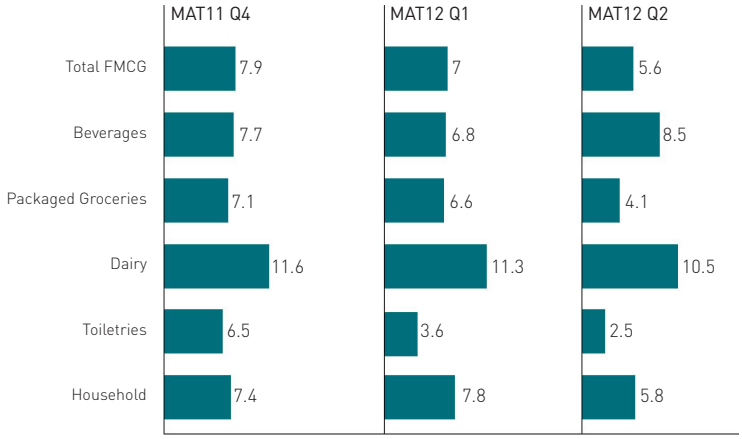
Internet malls experienced 15.9% more frequent visits.

TRADE CHANNEL TREND
Value Shares %

*Groceries and Provision Stores = Mom & Pop Stores

MALAYSIA
Quarter 2, 2012

CATEGORY VALUE % change vs previous year in value



KEY ECONOMIC INDICATORS

GDP growth for the second quarter was expected to remain flat for the rest of the year due to weak external demand, while the forecast for 2012 remained at 4.2%.

The Consumer Price Index (CPI) for June rose by 1.6% compared to a year earlier following a higher cost for food and non-alcoholic beverages.

Prices of consumer goods are likely to rise gradually towards the year-end because of higher festive demand, supply disruptions due to bad weather and more expensive raw materials.

CATEGORY TRENDS

The total FMCG value recorded a 6% increase over the previous year, with beverages being one of the key driving categories during Chinese New Year.

On an annual comparison, packaged groceries grew at 4% with notable growth for ice cream, instant noodles and breakfast cereals. The hot beverage sector also continued to perform well after the festive season with strong performances of tea and coffee. This was due to small upcoming segments in instant format such as 2in1 or 3in1 combinations, which are driving higher consumption amongst consumers.

On the other hand, the non-food categories posted a slower growth rate at 5%. Smaller segments within household goods, such as toilet, bathroom and multipurpose cleaners contributed significantly to the growth through additional buyers and larger purchases.

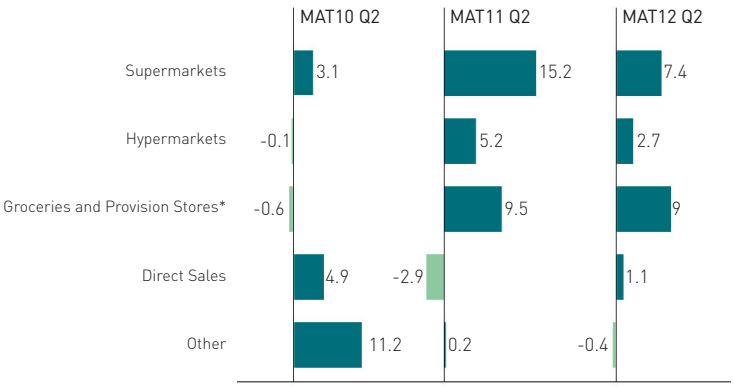
> Small upcoming segments in instant format such as 2in1 or 3in1 combinations led to strong performances of tea and coffee.

RETAIL LANDSCAPE

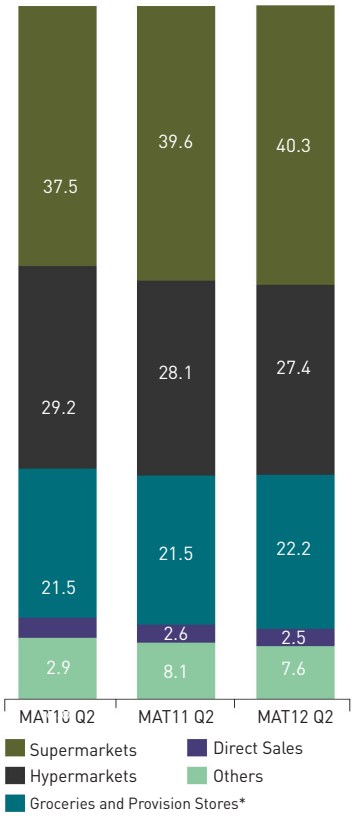
Retail trade is becoming more competitive with more store expansions and new retail formats. For example, the Malaysian government has introduced the "Kedai 1 Rakyat" store, which is aimed to support lower income households by providing more affordable private labels and local brands.

Never the less, the top five retailers currently accounts for 30% of the Total FMCG spend; with the top 2 named accounts, Tesco and At 7%, Giant recorded a growth well above the market average of 0.3%. Econsave overtook Carrefour as the third largest retailer in the Peninsula Malaysia due to its rapid store expansion strategy and continuous message of 'value' to its shoppers. Mydin continued to grow at 12% whilst drawing nearer towards Carrefour's performance.

TRADE CHANNEL TREND % value change vs previous year



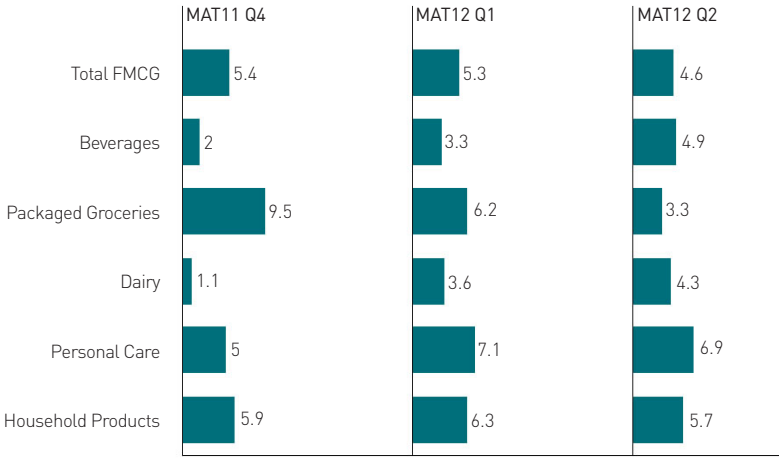
TRADE CHANNEL TREND
Value Shares %



*incl. convenience stores

PHILIPPINES
Quarter 2, 2012

CATEGORY VALUE % change vs previous year in value



KEY ECONOMIC INDICATORS

The Philippine economy became the strongest Southeast Asian economy with a 6.4% growth in the second quarter of this year.

Remittances of Filipinos working overseas were the main contributor for the country's economic surge. It is estimated that 11% of the 92 million strong population work abroad and their remittances account for about 10% of the country's GDP.

Several international firms had foreseen the Philippines' economic growth, but it was not expected to be this drastic. The inflation rate was 3% in June. If factors such as the business process outsourcing industry, stable prices, flexible exchange rates, high international reserves and consistent remittances are sustained or even further developed, the country is not far from being the next Tiger Economy of Asia.

CATEGORY TRENDS

The total FMCG performance slipped to 4.6% from last MAT's 5.3% as buyers tightened up their purchases for each shopping occasion.

Personal care continued to take the lead across all FMCG mega-categories with an upsurge of 6.9% due to an influx of promotions and product innovations, which pushed trial initiatives. Indulgence on household care products lifted spending by 5.7% due to more trips – led by laundry detergents and facial tissues which could have been a response to the summer's extreme weather conditions. Packaged groceries, on the other hand, only posted a 3.3% growth as inflationary pressures pressed buyers to choose instant noodles, soup and canned meat over more expensive packaged goods in the market.

The beverage performance perked up by 4.9% as sales built up for bottled water, energy drinks and soft drinks, as buyers reacted to the heat. Other drinks like coffee also pulled in increments with the rise of coffee mixes and continuous campaigns of new pack sizes to suit consumer needs. Dairy products stood firm with 4.3% as spending for infant milk and other specialized milk climbed up.

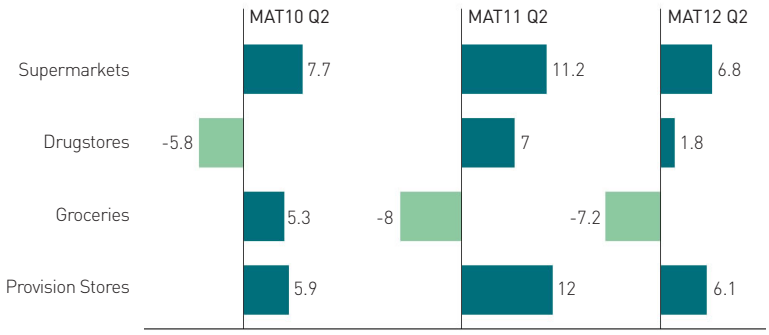
> Personal care continued to take the lead across all FMCG mega-categories with an upsurge of 6.9% due to an influx of promotions and product innovations.

RETAIL LANDSCAPE

55% of the total in-home purchases of Filipinos still took place in provision stores, followed by supermarkets, which accounted for 28%. Grocery sales remained low with consistently declining rates as buyers continued to leave this channel in favour of provision stores and supermarkets. In spite of this, sales per trip in groceries still signaled a positive mark, as they seem to embody a "quick-stop" shop image among Filipinos living or working in commercial establishments.

The majority of FMCG spending was still induced by key retailers in the country, which led to a growth rate of almost 9%. Both Puregold and Robinsons continued to outrun other retailers' performance as expansions near subdivisions helped attract more middle to lower class shoppers. SM, on the other hand, stayed behind reaching only 2% with an indication that buyers have reduced their shopping occasions.

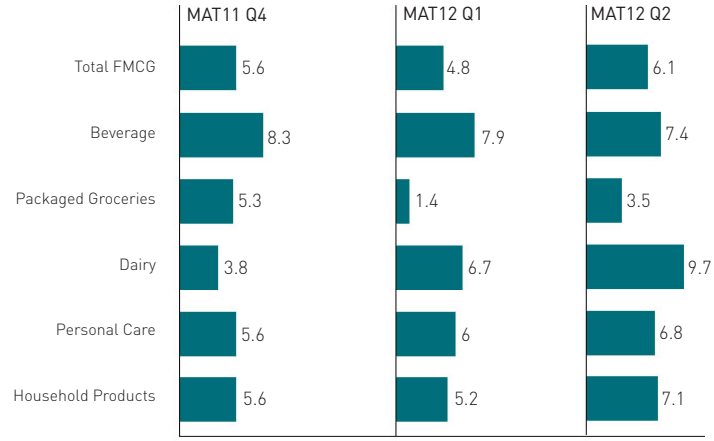
TRADE CHANNEL TREND % value change vs previous year



TRADE CHANNEL TREND
Value Shares %

TAIWAN
Quarter 2, 2012

CATEGORY VALUE % change vs previous year in value



CATEGORY TRENDS

Although most Taiwanese are concerned about the second economic downturn, the total FMCG spending in Taiwan still grew by 6.1% against last year. This increase was driven by frequency, which could be correlated to prospering channels such as convenience stores and National Coop (PX Mart mainly).

Unbearably high temperatures stimulated consumers' needs towards fresh milk. An enlarged buyer base plus higher frequencies drove the whole dairy category up by 9.7% in value against last year.

Instant and ground coffee kept attracting new buyers and contributed to the total beverage category with a 40% value increase. In addition, heavy promotions and new launches of non-carbonated drinks and beer let the beverage category prosper with a 7.4% increase.

Household products experienced a value growth of 7.1% versus last year. Within this category, toilet tissue contributed to over one third of the sales value increase while higher tier products like three layers tissue became more and more popular.

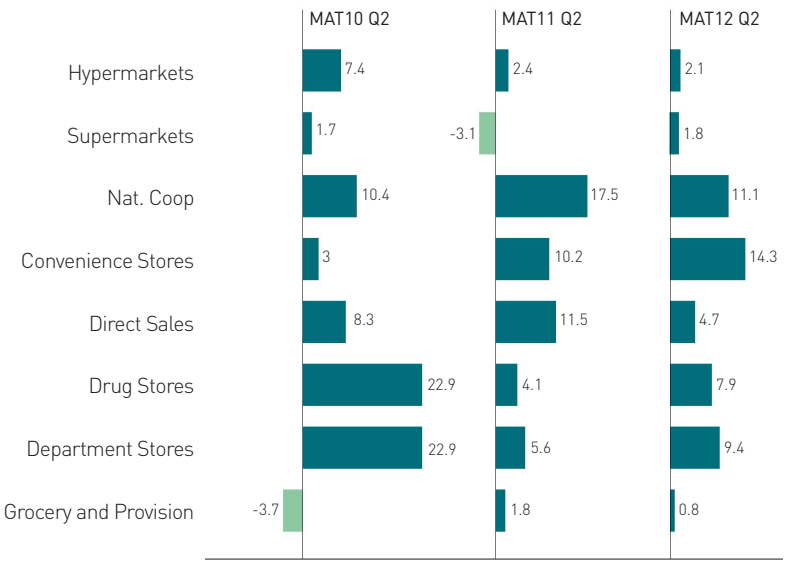
RETAIL LANDSCAPE

Hypermarkets consecutively lost market share in the past three years and reached a record low of 23.9% in terms of value share. Although RT-Mart and Carrefour performed relatively stable in the non-food categories, they were affected by PX Mart in the food categories after it set up a produce area and expanded its store numbers.

PX Mart, the biggest single key account in Taiwan, expanded its share to 13.9%. The fast growth was attributed to higher shopper frequencies and an expanded buyer base.

Due to growing buyer base and purchase frequencies, convenience stores in general enjoyed a 14.3% value growth versus last year. It is expected that they will continue to grow in the next quarter, which marks the peak season for beverages and comes with heavy promotions.

TRADE CHANNEL TREND % value change vs previous year



KEY ECONOMIC INDICATORS

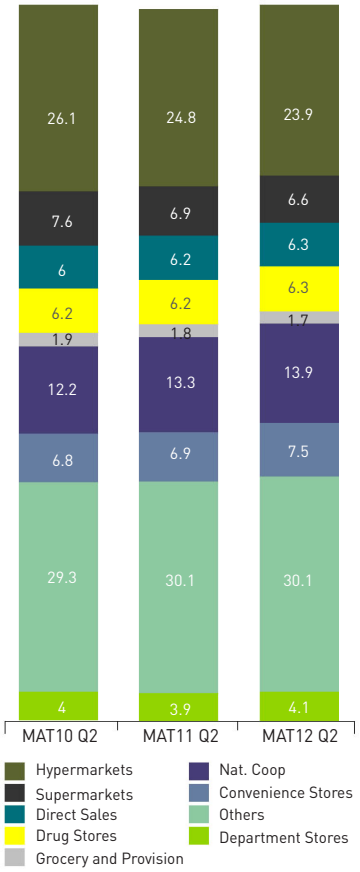
The estimate of this quarter's GDP growth rate was negative with -0.2% compared to the second quarter of last year, and 0.9% lower than forecasted in May. Influenced by the globally slumping economy, domestic investments and export business didn't perform as expected and caused the decline.

The Consumer Index for this quarter was 1.5% higher than last year's. The increase was partly attributed to higher vegetable prices after a few days of torrential rain dampened the 2012 output.

The unemployment rate of 2012 year-to-date was 4.2%, which is 0.3% lower than last year. Subsequently, the Consumer Confidence Index of Q2 was 77.6; 7.9 points lower versus last year. The decrease was also due to consumers' pessimistic attitude towards the domestic economy.

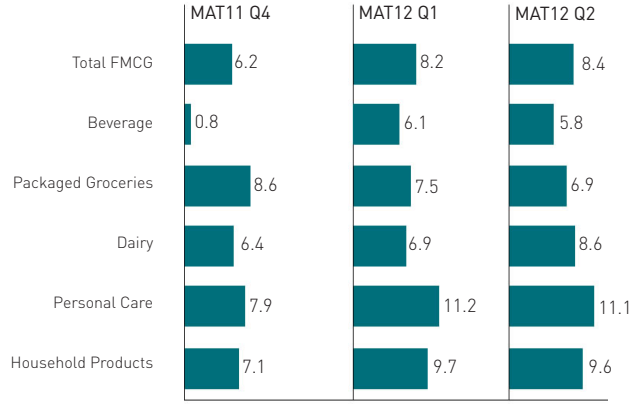
> Toilet tissue contributed to over one third of the household category's sales value increase while higher tier products like three layers tissue became more and more popular.

TRADE CHANNEL TREND
Value Shares %



THAILAND
Quarter 2, 2012

CATEGORY VALUE % change vs previous year in value



KEY ECONOMIC INDICATORS

The Thai economy is expected to grow annually at 6%, stronger than previously projected in March 2012, and return to normal conditions after the effects from the flood gradually subside.

Stronger domestic demand pushed the import value to increase by 16.8% against last year, underpinned by an expansion across all product categories. The export value expanded by 6.7 %, supported by a continued recovery in electronics, electrical appliances and automobile industries, while exports of agricultural products remained low.

Headline inflation grew slightly to 2.5% compared with last year due to increases in raw food prices, while inflation expectations remained stable.

The unemployment rate stayed low, while the Manufacturing Production Index expanded by 5.5% against 2011 mainly due to the accelerated automobile production by all manufacturers to accommodate the high demand.

CATEGORY TRENDS

The total FMCG market saw its sales growth at 8.4% in Q2, which continued to be largely driven by the personal and household care sectors. Trip spend was the main sales driver, indicating consumers' higher purchasing power as well as living costs that are on the rise - an effect of the increased minimum wages.

Personal care, once again, led the growth in the Thai FMCG market, mainly face cleansers, body lotion, liquid soap and baby diapers. Their growth was derived from higher consumption. Meanwhile, household care products gained more exposure and recruited more buyers, a key factor to the growth in bathroom cleaners, premium laundry segments, insecticide and tissue. Household cleaners became increasingly active as new players entered the market. Dairy grew faster than before, mostly thanks to the developing powder milk segment seen across modern trade. Following the flood and extensive stock-ups among consumers, packaged groceries began slowing down again in growth. Pet food continued its growth in buyers while cooking oil increased its trip spend across all channels. Beverages' slower growth was caused by less consumption on packaged water.

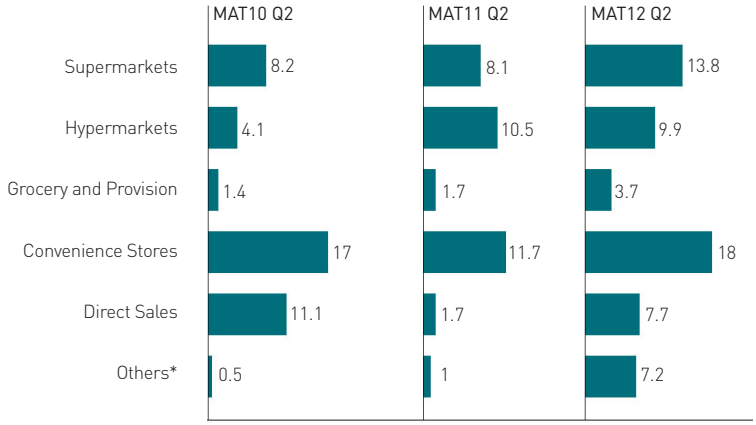
> Trip spend was the main sales driver, indicating consumers' higher purchasing power.

RETAIL LANDSCAPE

Modern trade shot forward in growth and importance among Thai consumers this quarter, especially convenience stores. As tighter regulations were posed on larger store formats (hypermarkets and supermarkets), retailers adapted their strategies to become more active in the smaller store arena with outlets like Tesco Lotus Express, Mini Big C and Tops Daily. This certainly created more exposure and gained them more buyers. 7-Eleven, to defend its market leader position, pushed on with even higher store expansion targets by 2012, which might bring an interesting picture to the retail landscape by year-end.

Nevertheless, grocery and provision stores (PVS) still noted a quite high importance for shoppers despite their decline, and remained the key destination with the highest penetration. PVS grew faster than in the previous years, as their buyers increased their trip purchasing despite slightly higher average prices here.

TRADE CHANNEL TREND % value change vs previous year

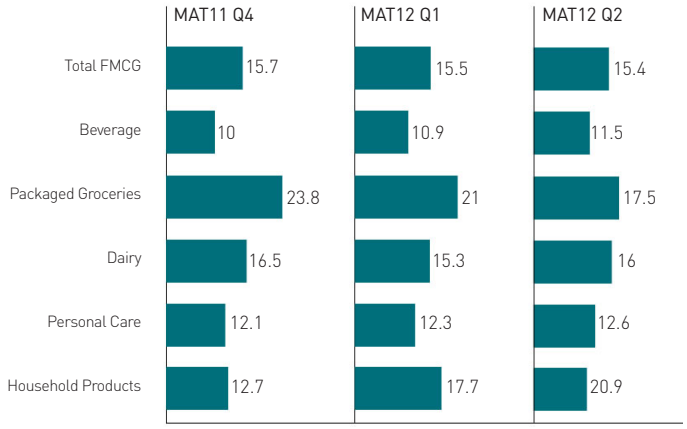


TRADE CHANNEL TREND
Value Shares %

* including drug stores & department stores

VIETNAM
Quarter 2, 2012

CATEGORY VALUE % change vs previous year in value



CATEGORY TRENDS

With all sectors increasing by more than 10%, the overall FMCG consumption in Q2 rose by 15% compared with the same period last year. This two-digit growth rate was on account of a fast gain in home care and packaged grocery, which were also driven by price rises.

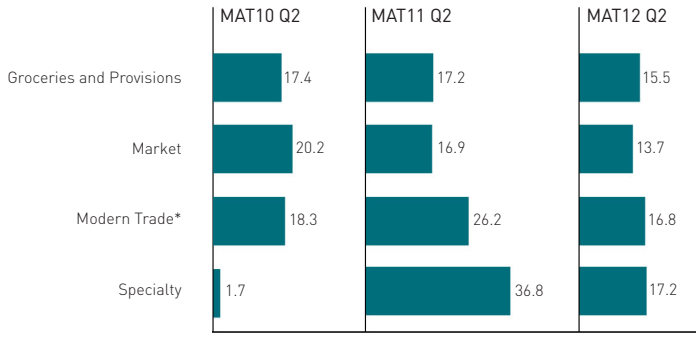
In particular, liquid detergents, air fresheners and dish washing detergents with year-on-year growth rates of above 30% compared with the same period last year were the main source of growth in the home care sector. Items of bare necessities such as instant noodles, chili sauce, soy sauce and cooking oil lead the market with a growth of around 20% to 30% in terms of value.

Health and convenience products started to play a major role in the purchasing decisions of Vietnamese consumers as energy drinks, liquid bath and baby wipes reached more and more buyers and reported a strong performance in both value and volume.

RETAIL LANDSCAPE

All trade channels continued to grow well in the latest quarter, though at a slightly lower rate than the same period last year. Street shops, which caught over 60% of urban households FMCG budget, remained the most common FMCG retailers and grew by 15.5% per year. However, the movement from traditional trade to modern trade remained stable. Consumers continued to favor modern trade because of its convenience, large range of products, better promotion and more competitive prices with larger pack sizes. As a result, modern trade was outpacing traditional street shops and wet markets with a 17% growth in value. Hypermarkets and supermarkets were the key driver with 22% increase in value. Besides, the strengthening of the neighborhood concept stores like CoopFood attracted consumers and helped drive the early growth of minimarkets.

TRADE CHANNEL TREND % value change vs previous year



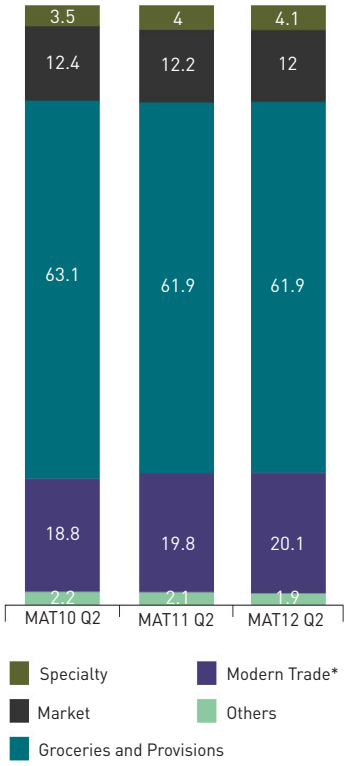
KEY ECONOMIC INDICATORS

Vietnam's economic growth showed signs of acceleration in the second quarter partly because the government started to reverse the tightening measures to fight high inflation. For the first half of the year, GDP expanded by 4.4% from a year earlier, mainly led by the service sector.

The Consumer Price Index increased by 6.9% compared with the same period last year, but declined by 0.3% on a month-on-month basis. It was the first time prices decreased after continually increasing during the last 38 months. The slowdown mainly stemmed from cautious spending behavior and a low domestic demand.

Items of bare necessities such as instant noodles, chili sauce, soy sauce and cooking oil lead the market with a growth of around 20% to 30% in terms of value.

TRADE CHANNEL TREND
Value Shares %



* Department Stores, Hypermarkets, Supermarkets, Minimarkets, Direct Sales and Whole Sales.

SOURCES AND DEFINITIONS

METHODOLOGY:

A consumer panel is a permanent, syndicated and representative sample of consumers, who provide ongoing details of the fast moving consumer goods they purchase. Using a diary format, each panel member records the details of every item they purchase.

SAMPLE SIZES:

Country	Current (Actual) Sample	
	Sample Size	Coverage
China	40,000	National Urban
Indonesia	5,540	Urban
Korea	3,000	National
Malaysia	2,500	Peninsula
Philippines	3,000	National
Taiwan	2,500	National
Thailand	4,000	National
Vietnam	2,150	4 key cities

CATEGORY UNIVERSE:

FMCG: Fast Moving Consumer Goods (Includes Food, Beverages, Personal Care and Household Products)

CHANNEL DEFINITION:

Hypermarket	General self service stores selling food and beverage, clothing, household and electrical equipment. Grouping of all stores with hypermarket format (country specific definition)
Supermarket	Self service store, providing shopping basket / trolley. Grouping of all stores with supermarket formats (country specific definition) *Note: China includes 24 hours opening convenient stores in Supermarket.*
Convenience Stores (CVS)	General self service, chain or non chain stores, selling food & beverage, takeaway fast food and limited personal care and household products. Long (often 24 hour) store opening hours
Drugstore	Includes pharmacies, chemists, Chinese Medical Halls, beauty stores
Department Store	Product offering extends beyond FMCG to clothing, household appliance, family and beauty. Often products sold on a counter / department basis
Grocery/Provision/ Liquor Store	Includes sundry/traditional/mom and pop stores, all markets (wet, night, day), liquor stores, convenience, petrol forecourt outlets
Direct Sales	Direct Mail, Direct Delivery and Direct Sales Outlets

Note: Channel definitions do differ slightly from country to country and in some countries a particular channel may not be available or tracked.

For more information, please contact:
worldpanel.asia@kantarworldpanel.com
www.kantarworldpanel.com
+603 2787 8898