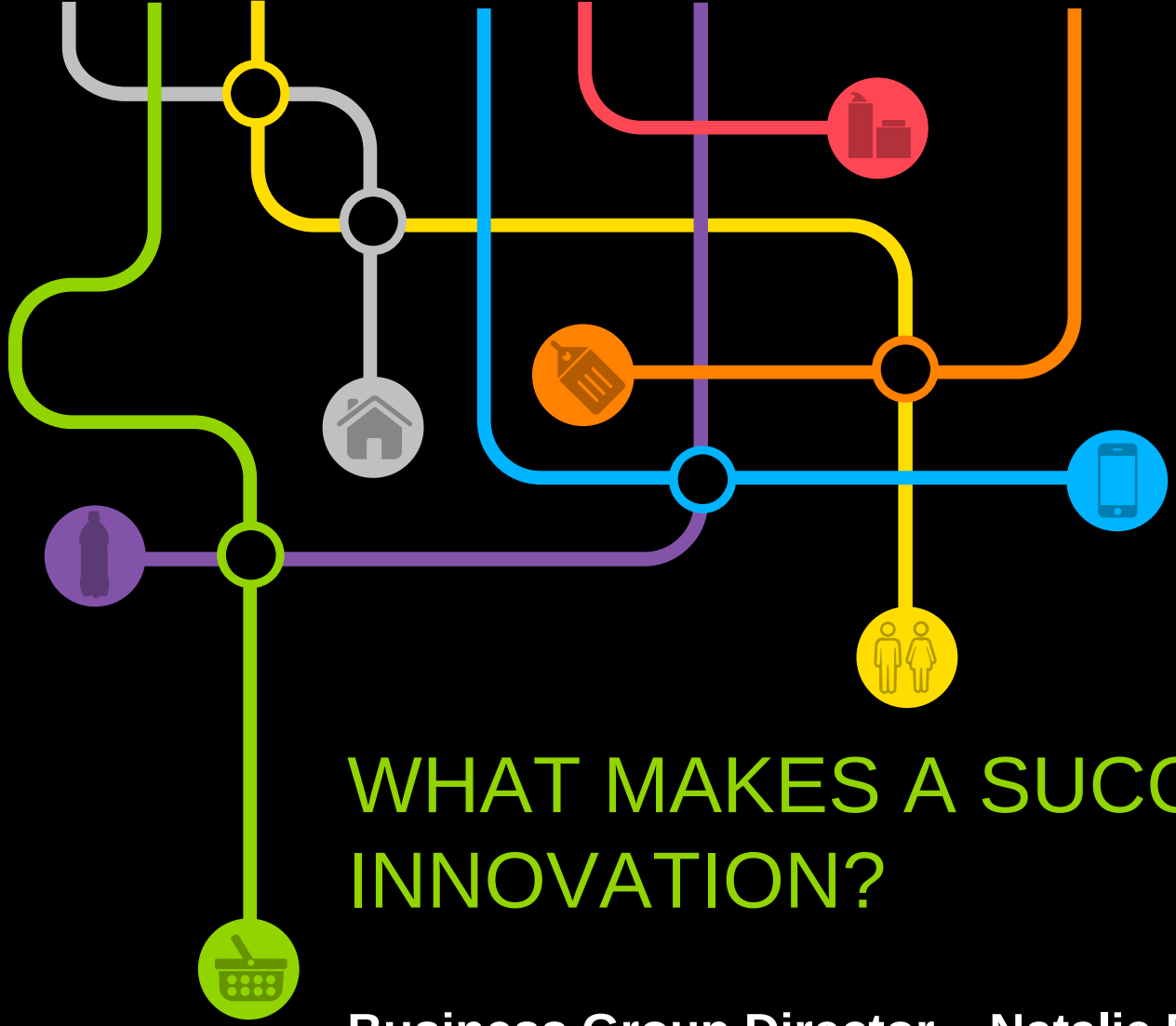


WHAT MAKES A SUCCESSFUL INNOVATION?

Business Group Director – Natalie Babbage

233,000

2012 FMCG New Products

New product enters China market in every 2 minutes

数据来源: Kantar Worldpanel中国消费者指数2012年

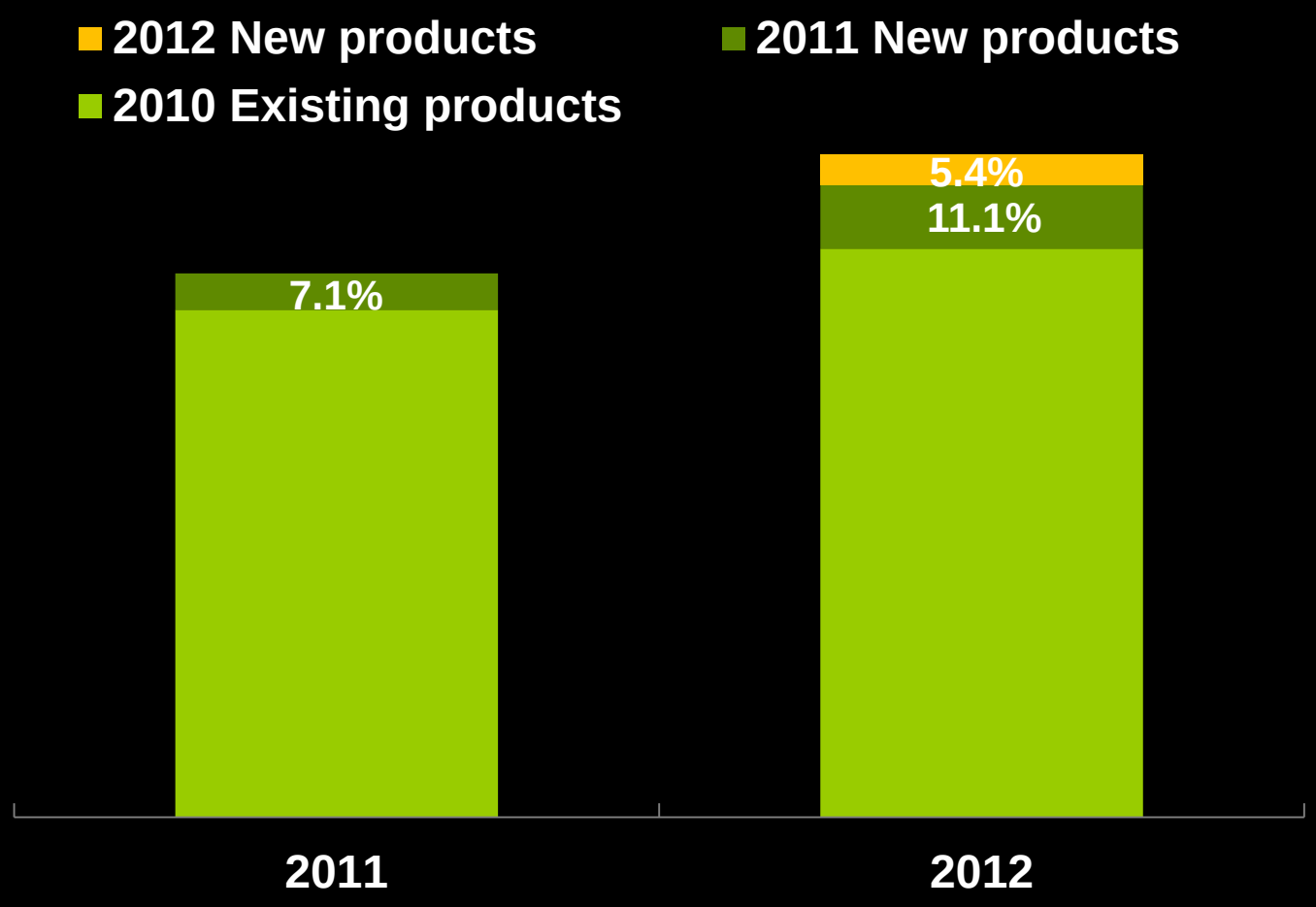
74%

New product survival rate in 2nd -yr

45%

New product survival rate in 3rd -yr

New products are substantial to the growth of market, however, continuous support is the key.



THE NEW LAUNCHES STUDIED IN THIS REPORT

Studied Period

Leading brands' new launch
* Leading brands: top 5 – 10 in the category

With at least 1-year of launch in recent 3 years

Studied Categories

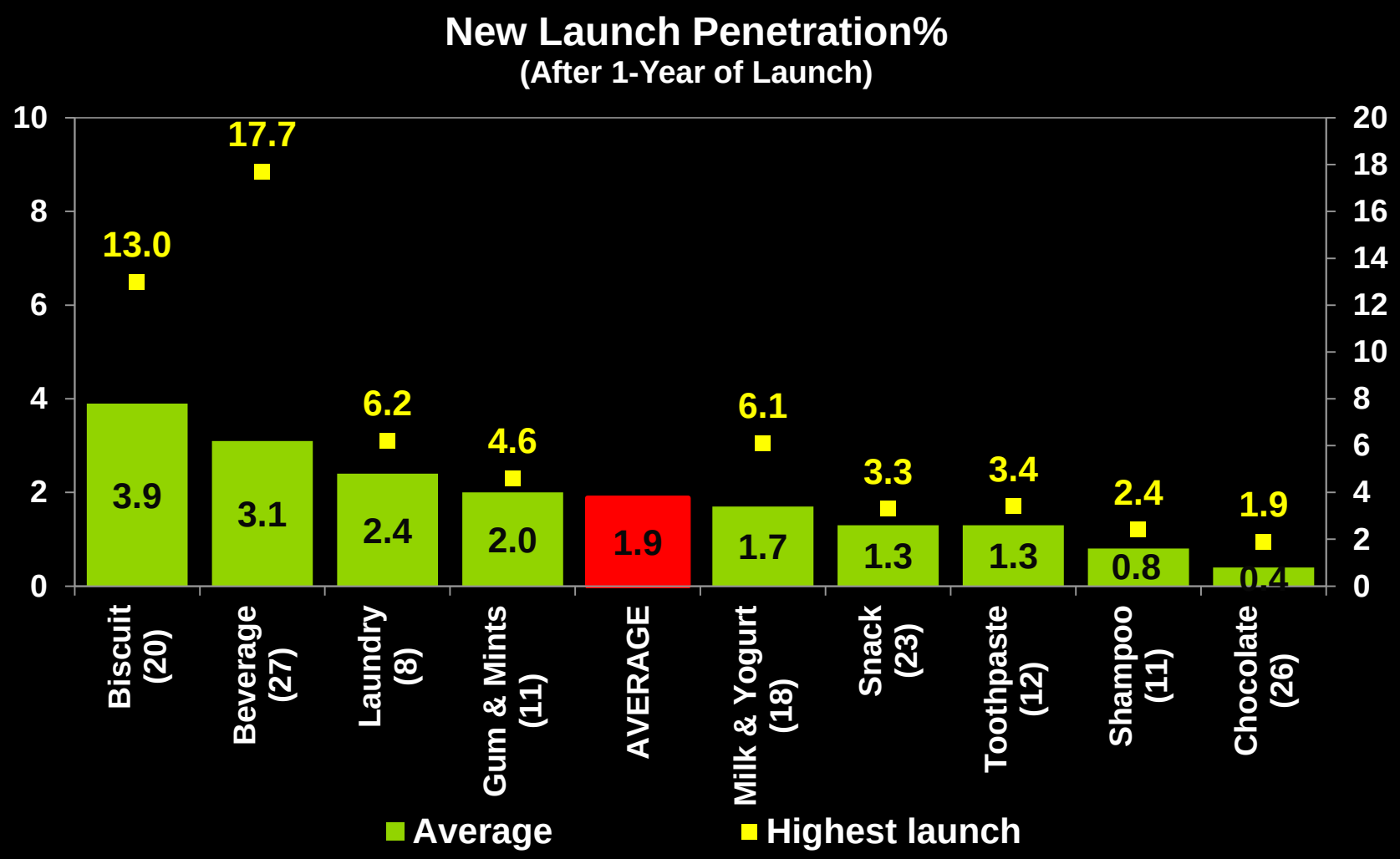
- LAUNDRY (POWDER & LIQUID)
- DAIRY (MILK+YOGURT)
- BISCUIT
- SNACK
- CHOCOLATE
- SHAMPOO
- BEVERAGE
- TOOTHPASTE
- CHEWING GUM & MINTS

Definition of New Product

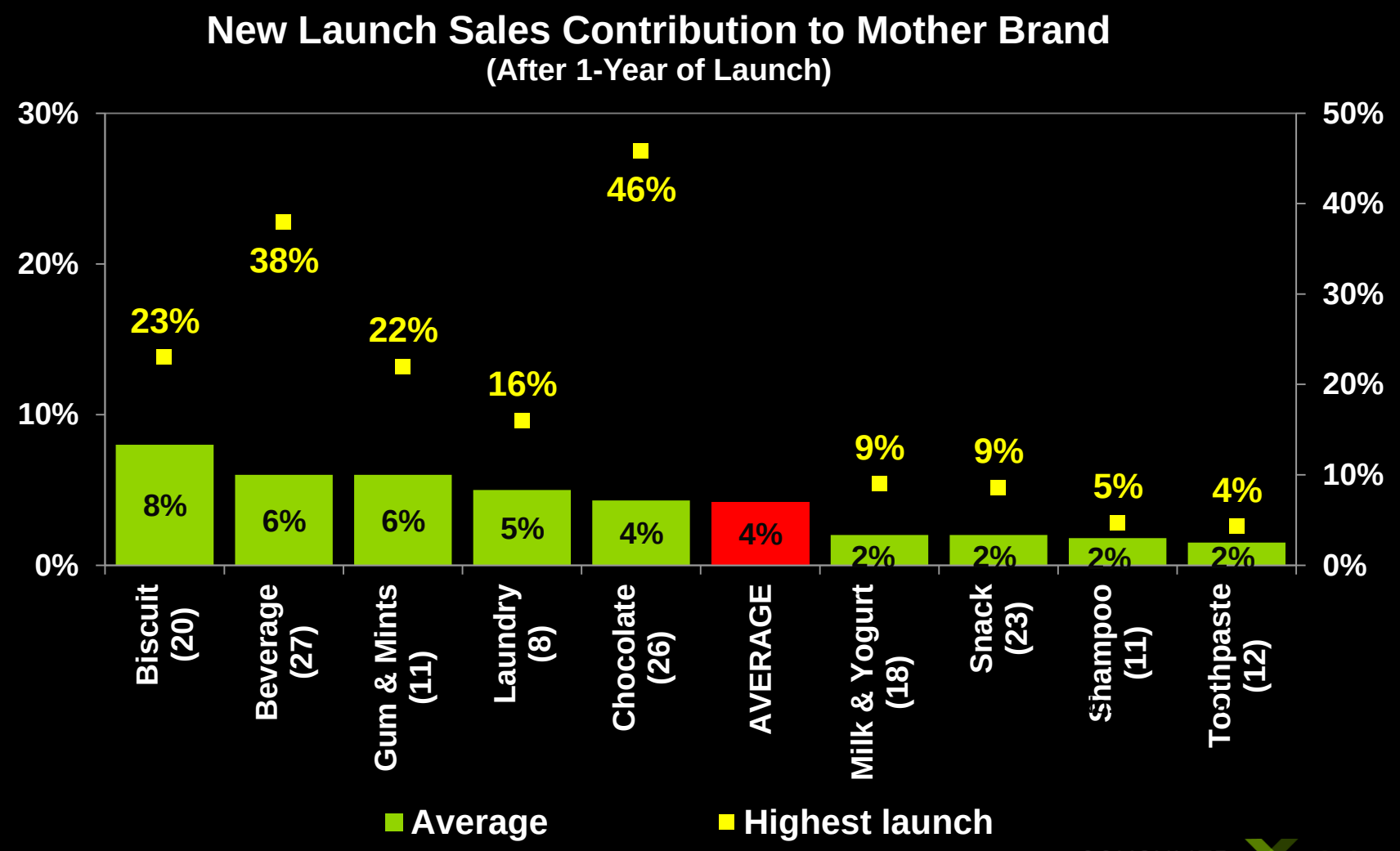
- New Brand
- New Variant
- New Flavor
- New Package
- New Pack Size

HOW DO NEW LAUNCHES PERFORM?

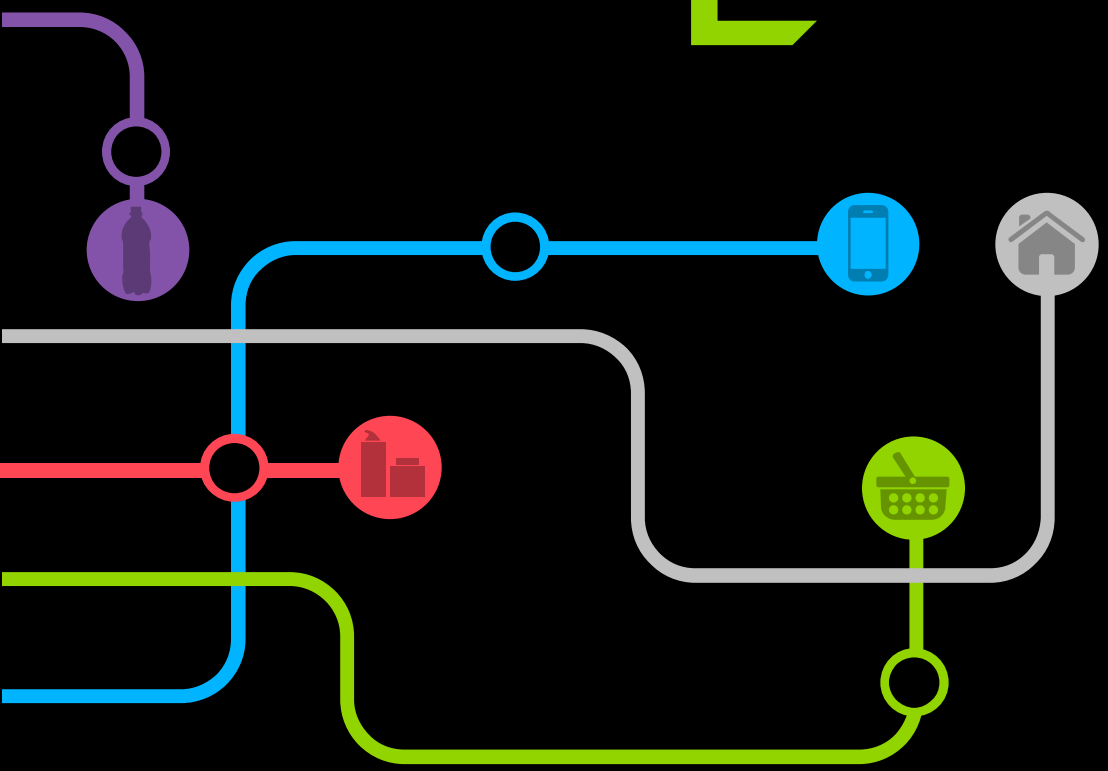
In average, Food new launches reach higher penetration than Non-food ones.



Food new launches also contribute more to mother brand sales.



DOES HIGH PENETRATION = SUCCESS?



President Snow Pear

Penetration%

4.1%

Sales Value (RMB)

65MN

Minute Maid Red Grape

Penetration%

4.1%

Sales Value (RMB)

63MN

**上市一年以后表现*

President Snow Pear

Incremental Pen%

1.8% out of 4.1%

Sales Value (RMB)

65MN

Minute Maid Red Grape

Incremental Pen%

0.8% out of 4.1%

Sales Value (RMB)

63MN

*上市一年以后表现

President Snow Pear

Incremental Pen%
1.8% out of 4.1%

Incremental Sales:
29M out of 65M

Minute Maid Red Grape

Incremental Pen%
0.8% out of 4.1%

Incremental Sales:
13M out of 63M

*上市一年以后表现

President Snow Pear

Contribution to brand GR%:

2.8%

Minute Maid Red Grape

Contribution to brand GR%:

0.5%

*上市一年以后表现

3.2 : 1

Only 1 out of every 3.2 new product buyers are incremental buyers to mother brand.

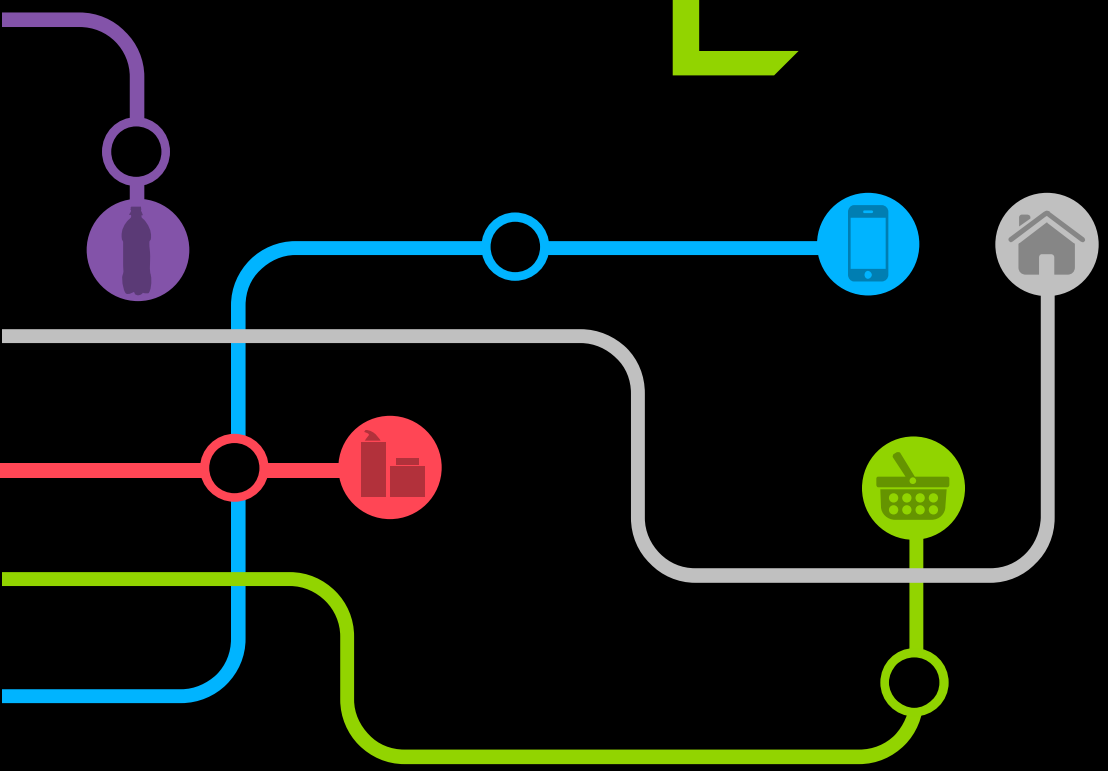
<30%

Less than 30% of new product sales are incremental sales to mother brand.

2.6%

In average, new products bring 2.6% growth rate to mother brand.

WHAT CHARACTERISTICS DO INCREMENTAL LAUNCHES HAVE?



New Flavor

Blue Berry

Snow Pear

New Function/ Benefit

Color Protection

Enamel

New Usage Occasion

Hand Care

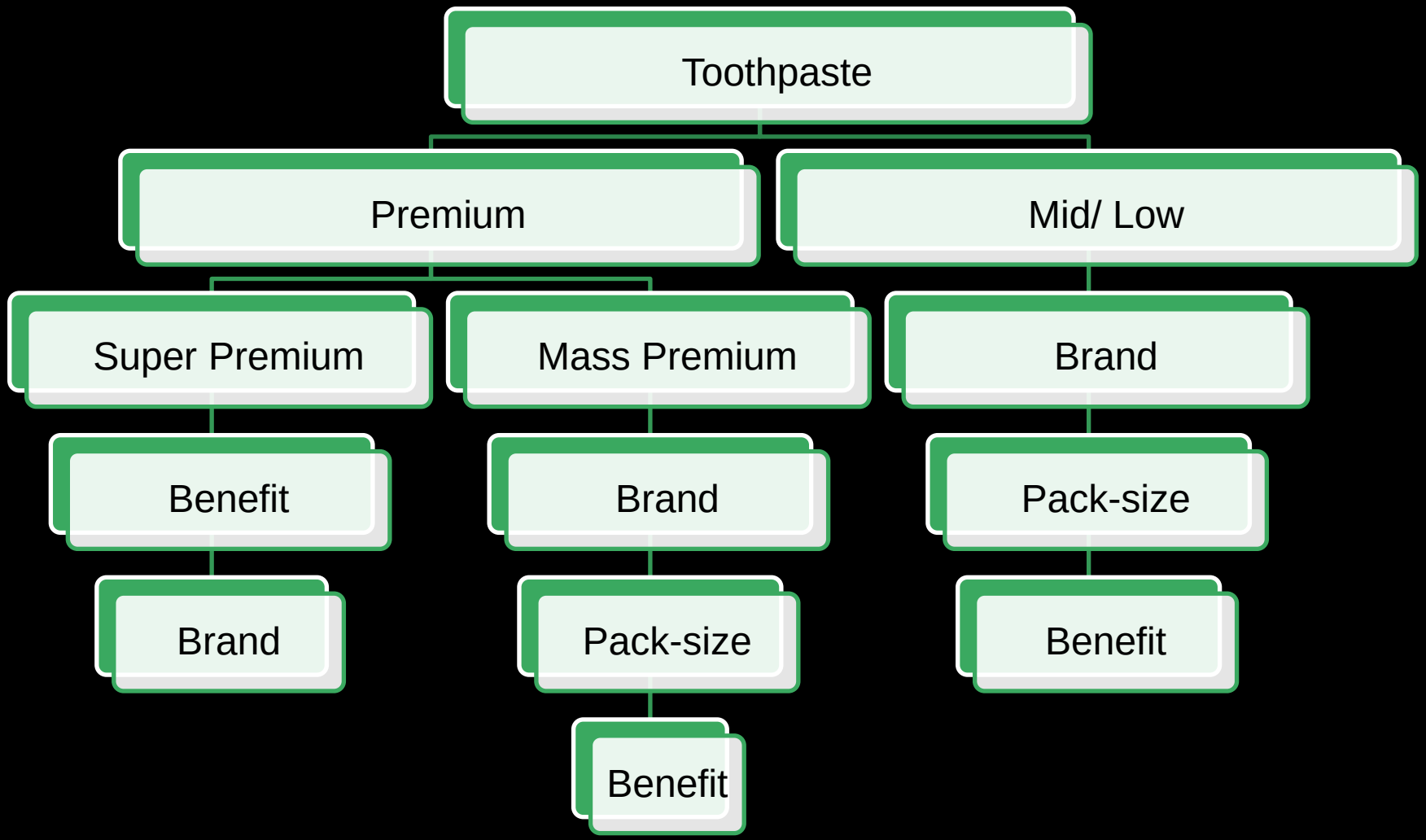
Snacking/ Sharing

New Product Type/ Brand Extension

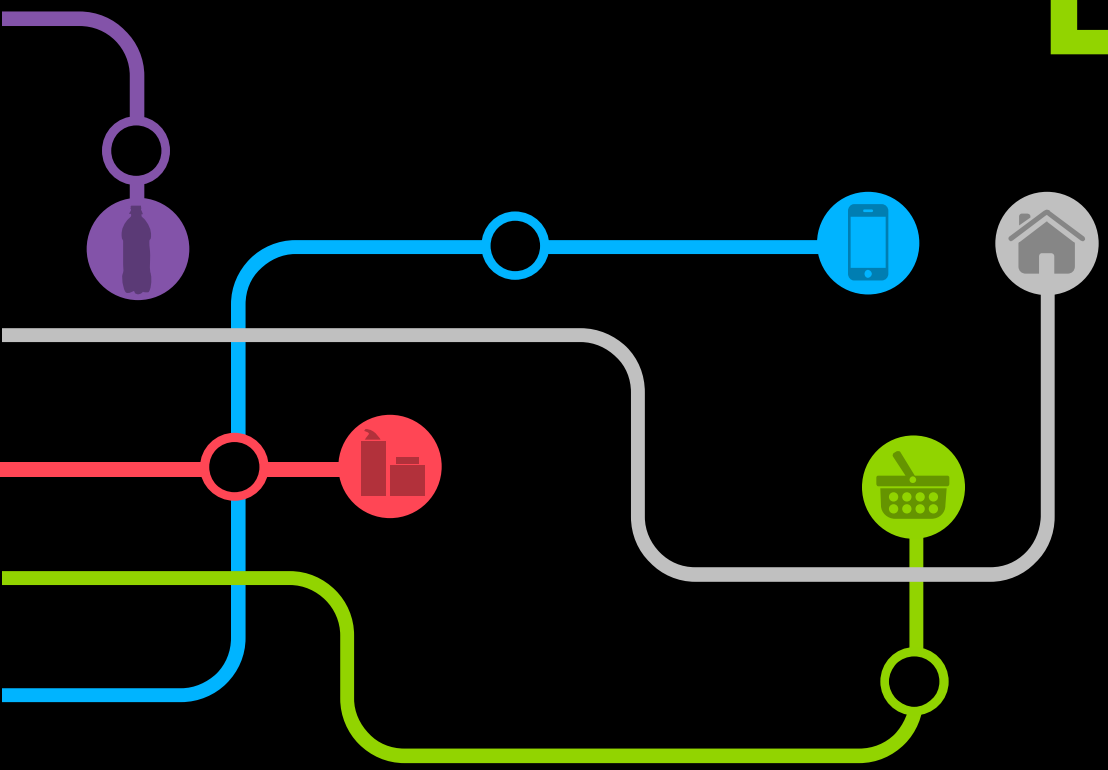
Water -> Flavor Water

Chewing Gum -> Mints

Consumer needs vary by category, identify new product opportunity by understand how consumer makes decision in store



TAKE OUTS



TAKE OUTS

New products are substantial to the growth of market, however, continuous support is the key.

“Incrementality”, instead of “sales value”, is the key to growth.

Increase the success rate of your new products by taking into consideration of consumer’s decision hierarchy.