KANTAR WORLDPANEL High definition inspiration

SPOTLIGHT ON VIETNAM

April 2012

Dear partners and clients,

Welcome to another issue of “Spotlight on Vietnam”!

2012 will be a very special year for Kantar Worldpanel in Vietnam as we will celebrate our 10th year of operation in this country. And for that particular event it will be again a great honor and eagerness to welcome you personally to celebrate with us our entrance into a new age of understanding your consumers and shopper behaviors.

In this edition, we wish to share with you the latest FMCG shopping trends in urban Vietnam under the price hike over the whole year 2011. This is then followed by a snapshot of rural consumers, where you may find many opportunities are waiting. To end with, we are delighted to introduce LinkQ, an advanced and valuable research solution to investigate unique behaviour of consumers, build segmentations and understand shopper motivations.

Your feedback, as always, is very welcome. Please e-mail us at vietnam@kantarworldpanel.com

We wish you an enjoyable and inspirational reading.

Best regards,

FABRICE CARRASCO
Managing Director
Kantar Worldpanel Vietnam, Indonesia, Philippines

INSIDE THIS ISSUE

Fast Facts on Consumer Trends

Consumers’ struggling to manage their different demands under high price pressure has shaped an overall saving trend for the whole year. Yet, other trends were also observed among consumers, which suggested new developments for FMCG market. >>>

A Snapshot of Rural Consumers

Accounting for 70% of the population, 60% GDP contribution, with 2-digit income and FMCG spending yearly growth rate, rural Vietnam is now a promising target. Let’s discover what opportunity is waiting for you out there. >>>

How can you talk directly to your consumers?

Kantar Worldpanel is proud to introduce in this issue our LinkQ service to assist your team in investigating unique behaviour of consumers, building segmentations and understanding shopper motivations… >>>

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Fast Facts on CONSUMER TRENDS

RATIONALITY

Bare necessities, bulk buying & down-trading among low income shoppers

Price is the most important factor when grocery shopping

75% urban housewives

I save for harder time rather than spend now to make life easier/nicer

63% urban housewives

BEHAVIOURS

1. **Re-arrange FMCG budget** towards packaged groceries at the expense of beverages, home care and personal care
2. Keep going for **big packsizes** and **refill pack types** as an economical solution for their annual basket
3. Become **more provident** about the future by expanding wallet share of saving (**13%** of monthly expenditure vs. **11%** in 2010)
4. **Down-trading**: **Low income** consumers are switching to more affordable options (e.g. switching from mainstream to low price brands, from using shampoo and hair conditioner in bottle form to sachet form)

CONVENIENCE

Convenience & time saving

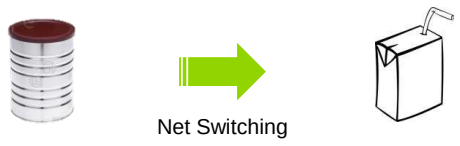
I prefer beverages that I can drink straight from the container

73% urban drinkers

I like to prepare foods that don't require much time

63% urban housewives

BEHAVIOURS



Tonic Food Drink Powder
Ground Coffee
Powder Milk

Tonic Food Drink Liquid
Instant Coffee
Liquid Milk

Meal Maker has reached **17%** of urban households and increased **+37%** in terms of value

HEALTH

Fresh, energy, hygiene safety

These days I worry more about food safety

94% urban housewives

vs. 89% in rural

I worry about my health more than before

88% urban housewives

vs. 86% in rural

BEHAVIOURS

1. Keep going for **fresh, nutrient** and **energy** foods
2. Increase usage of **hygiene** products from qualified brands (e.g. branded dishwashing liquid, household cleaner,…)

Top volume growing categories in Urban

Functional milk
Soya milk
Tonic food drink
Liquid milk
Energy drink

SOPHISTICATION

Premiumisation driven by high income

I buy brands that are of good quality, even more expensive

90% urban middle-high income housewives

vs. 87% averagely

Higher priced product means higher quality

54% urban middle-high income housewives

vs. 51% averagely

BEHAVIOURS

1. **Up-trading** observed in home care, personal care and food categories especially among **high income** shoppers

Liquid Detergent	Shower Gel	Premium Soya Sauce
↑	↑	↑
Powder Detergent	Bar Soap	Mainstream Soya Sauce

2. **More sophisticated** needs for **premium** products

Ready-to-wear diapers have reached ¼ babies 1-3 years old, and achieves value **growth** at **55%**

Premium toothpaste has reached **44%** of urban households in 2011 (+2.5 pts. vs. 2010)

Night segment in Sanitary Napkin market increases **+33%** value in 2011

Sensorial Fabric conditioner has reached **41%** of urban households in 2011 after 1.5 years of launch

MODERNIZING

From traditional to modern shoppers

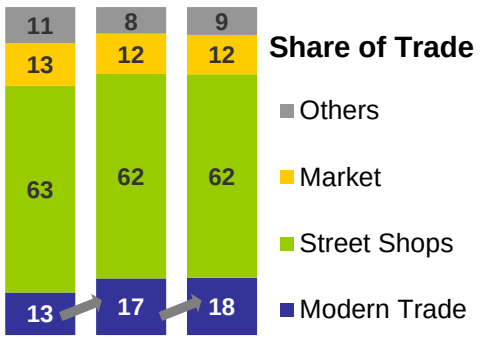
Super/Hypermarkets are the best place to find new products

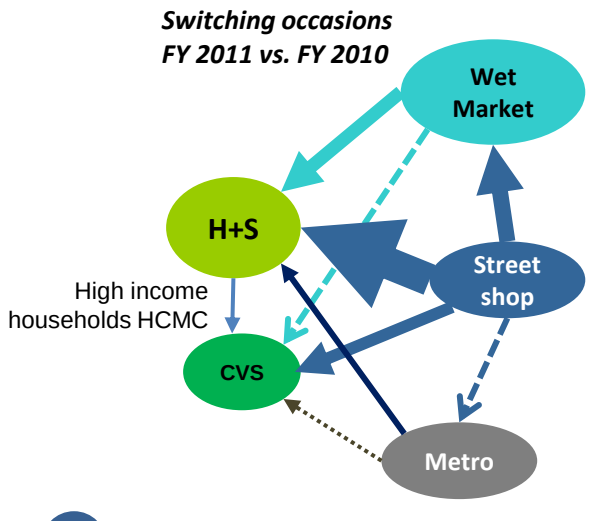
73% urban housewives

I like to go to Supermarket/Hyper market for eye catching/ entertaining

58% urban housewives

BEHAVIOURS





1. Traditional trade still dominates consumer choices but **modern trade** continuously **gains grounds**
2. **Switching** purchases **from traditional** places **to modern channels** especially hyper-supermarkets

Source: Kantar Worldpanel – Household Panel | Drink Usage Panel | Lifestyle Survey – Urban 4 key cities – Excluding Gift - FY2011

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A Snapshot of Rural Consumers

Who are they?

70% Vietnam's population

11,000,000 available consumers
(households with monthly income >1.5 million VND)

Income **3.1 million** VND/household/month
+17% vs. last year

Household size **3.9** members/household

43% self-employed
(vs. 19% in urban)
mostly **farmers and fishermen**

What's already in their homes?

		vs. urban
TV	97%	97%
Rice cooker	97%	99%
Mobile phone	91%	98%
Gas stove	83%	94%
Refrigerator	42%	91%
Washing machine	11%	70%

TRADITIONAL & FAMILY CLINGING
97% agree that a close family is essential to their happiness

HEALTH & HYGIENE CONCERN
89% agree that, these days, they worry more about food safety

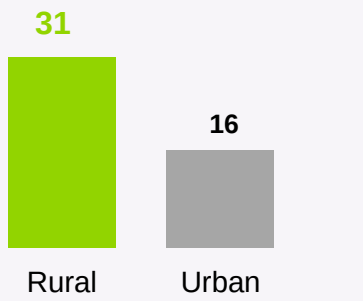
PRICE SENSITIVITY
74% agree that price is the most important factor when grocery shopping

SMARTER
66% prefer to buy big packsize because price is usually less expensive

MODERN TRADE EARLY ORIENTING
57% believe super/hypermarkets are the best place to find new products

What do they think?

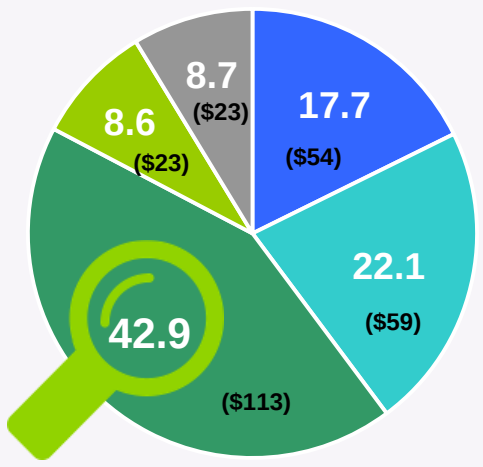
How do they spend?



FMCG Value Growth %

Top growing sectors

Packaged Grocery	+34%
Dairy Products	+31%
Beverages	+30%



FMCG WALLET SHARE 2011
(US$ 264 or $ 22 per month)

- DAIRY + CHILLED FOOD
- BEVERAGES
- PACKAGED GROCERY
- PERSONAL CARE
- HOUSEHOLD CARE

Top growing categories

Baby Diapers	+96%
Table Napkins	+87%
Soya Milk	+74%
Cooking Oil	+63%
Fruit Juice	+50%
Chili Sauce	+46%

Source: Kantar Worldpanel – Household Panel | Lifestyle Survey | Family Form – Rural Vietnam – Excluding Gift – FY2011

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LinkQ

How can you talk directly to your customers?

1. Unique behaviour

Investigating why & how!

- Sourcing sample on actual behaviour is unique to consumer panels
- Offering tailored samples based on unique behaviour will give incredibly accurate and actionable insight
- It also helps budgets stretch further

LinkQ can give the answers to the below questions:

- Noticed a change in behaviour of customers?
- Brand share or category decline?
- Why do people buy x & y… and how do they use it [formats, SKUs]?
- How are people using products / what effects change (Usage focused)?
- Households switch their purchasing
- Need to understand what drives my target shoppers / customers – how do I communicate with them?

2. Building segmentations

Key client consumer groups tracked

2 key opportunities

- Segmentations that have been created via a custom agency
  - Cost effective way for you to obtain a sizing of your segments
  - Re-create the segments on our panel
  - Tracking of segments over time
  - Other studies – segment information can feed in as another layer of analysis
- Bespoke segmentations design 'in house' by Expert Services
  - Same benefits apply….

3. Shopper motivations

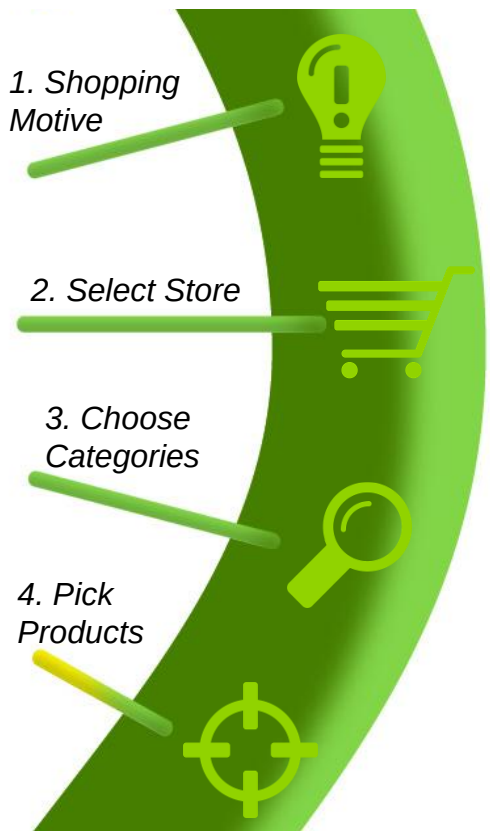
Mission & store choice

We collect a huge amount of actual shopping trips that our panellists have made. Each trip contains a wealth of information

We can now achieve a deeper understanding of the key motivations and missions that each person has on each trip shopped

LinkQ possesses the ability to relay all of the actual trips a sample of people have shopped over the last 2 weeks (for example). The recall will therefore not be an issue

At Worldpanel, we see 4 key elements of a shoppers' path to purchase – from needs before a trip to the selection of an item in store



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