CONSUMER CONNECTION X 2014

KANTAR WORLDPANEL'S CLIENT DAY

Marketing with Chinese Characteristics

Lessons from the Success of Local Brands

Elaine Liu

stay tuned

In China,

There are over

100,000

local brands

interacting with consumers everyday

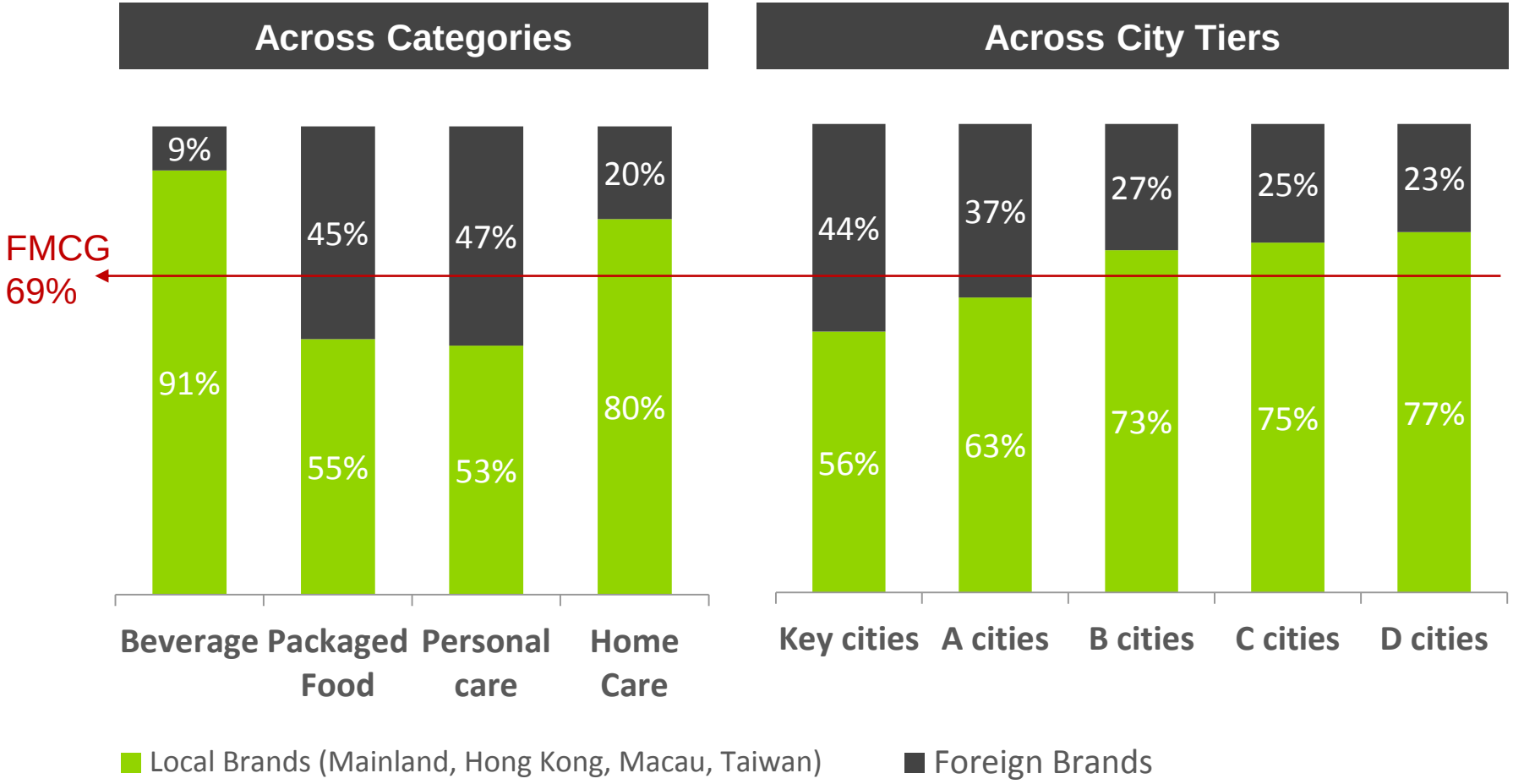
Active from top city to rural areas

Passionately talking with consumers

Providing all kinds of product

CHINESE BRANDS STRONG ACROSS FMCG

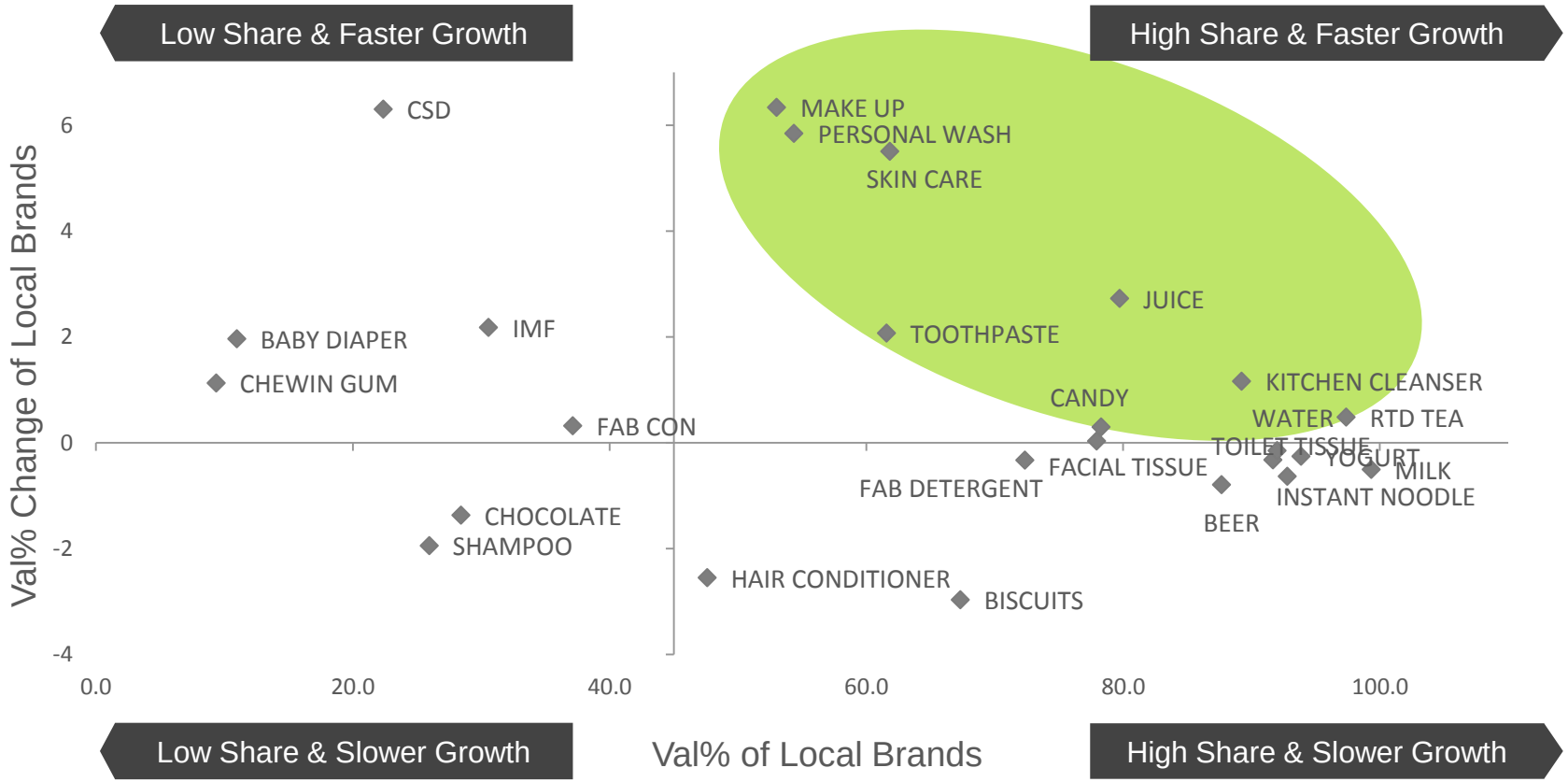
China National D+ – TT FMCG* - Year 2013 – Val% of Local Brands



Data source: Kantar Worldpanel Purchase Panel
* TT FMCG include 26 categories

LOCAL BRANDS GAIN SHARE IN 58% OF CATEGORIES, FOREIGN BRANDS EXPERIENCING FIERCE COMPETITION

Importance And Growth Of Local Brands



Data source: Kantar Worldpanel Purchase Panel

LOCAL BRANDS CONJURE A LOT OF IMAGES IN OUR MIND, EITHER STRENGTHS OR WEAKNESSES. ARE THEY STILL TRUE?

Access to raw materials

Copy cat

In-store execution

Lower city tier

Traditional image

Mass market

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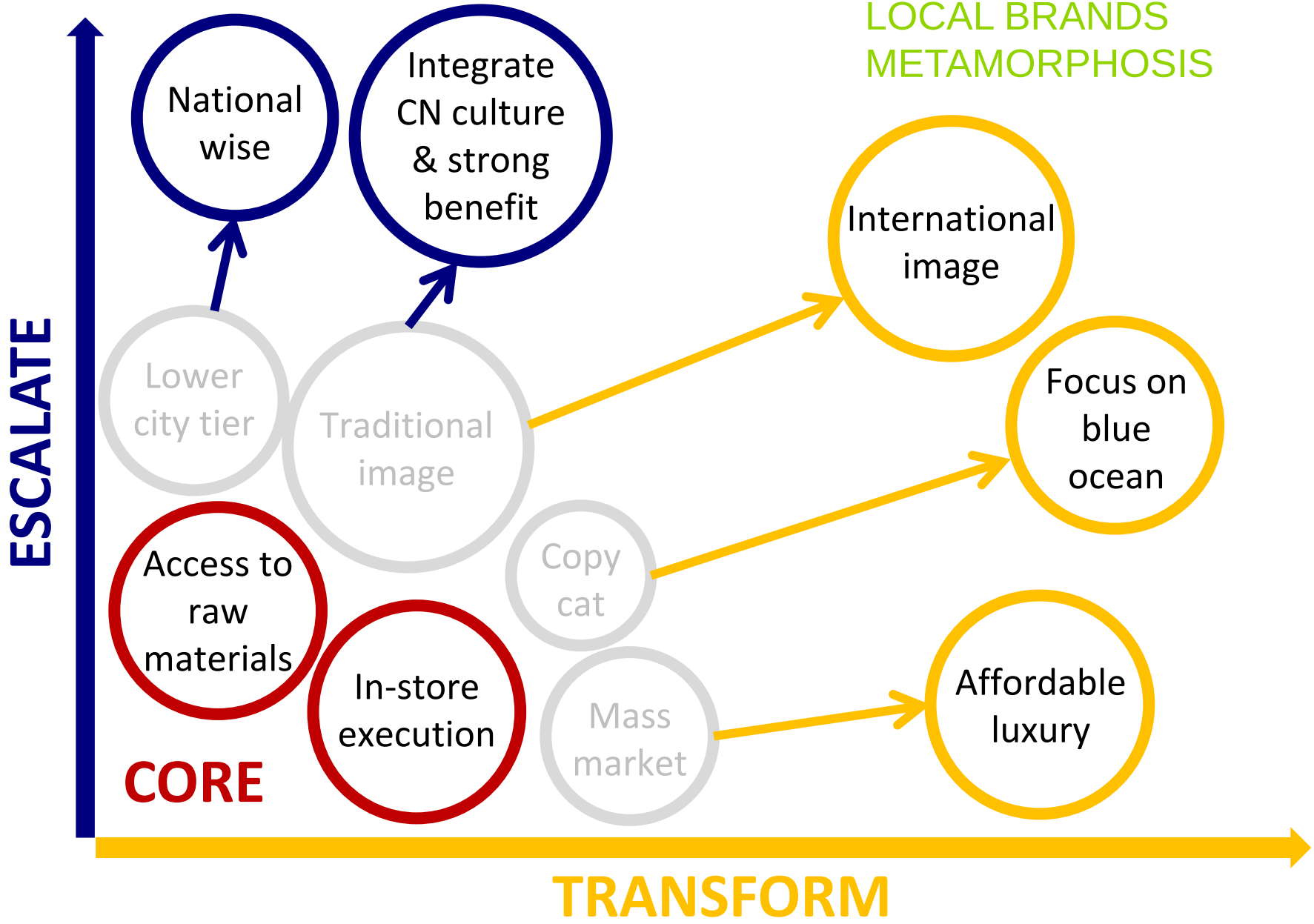
Traditional image

Mass market

LOCAL BRANDS METAMORPHOSIS



Now it’s a battle to win the hearts of Chinese consumers

ESCALATE

Integrate CN culture & strong benefit

Traditional image

“YUN NAN BAI YAO” SUCCEEDS WITH STRONG ADVANTAGE IN TRADITIONAL CHINESE MEDICINE

Excellent quality through TCM ingredient

164

*Benefit of improving teeth/gum health stronger than other gum-care toothpaste**

Premium proposition supported by high quality

250

Price index to average toothpaste

With successful reception from consumers

6.3M

New buyers in 1 year from 2012 to 2013

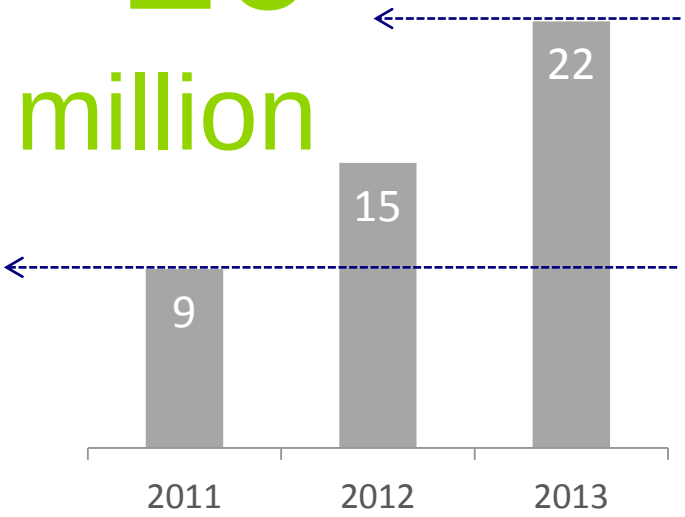
Data source: Kantar Worldpanel Purchase Panel
* Data source: Kantar Worldpanel Usage Panel

6 WALNUT SUCCESSFULLY UTILISES THE TRADITIONAL BELIEF IN DIATETIC INVIGORATION

六个核桃™

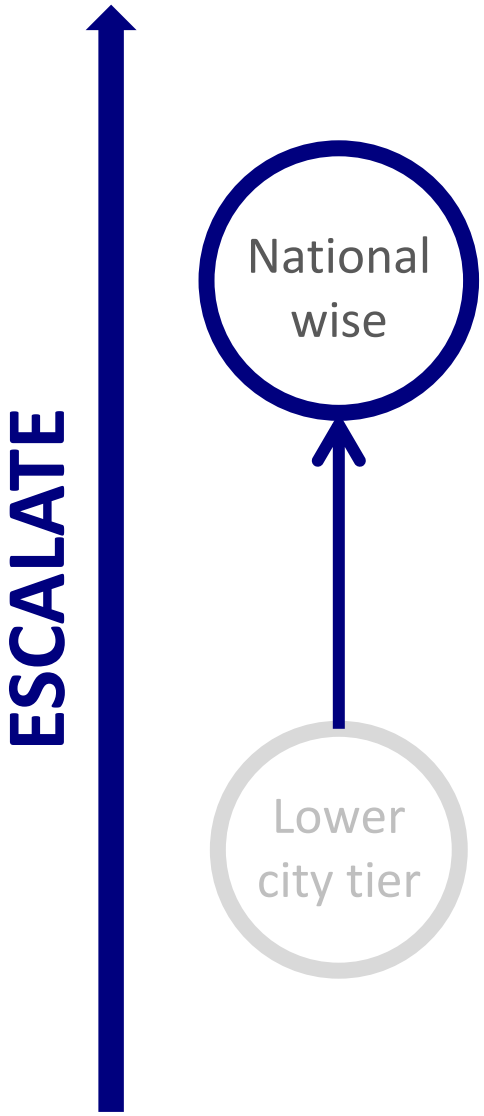
+20 million

New buyers in 2 years



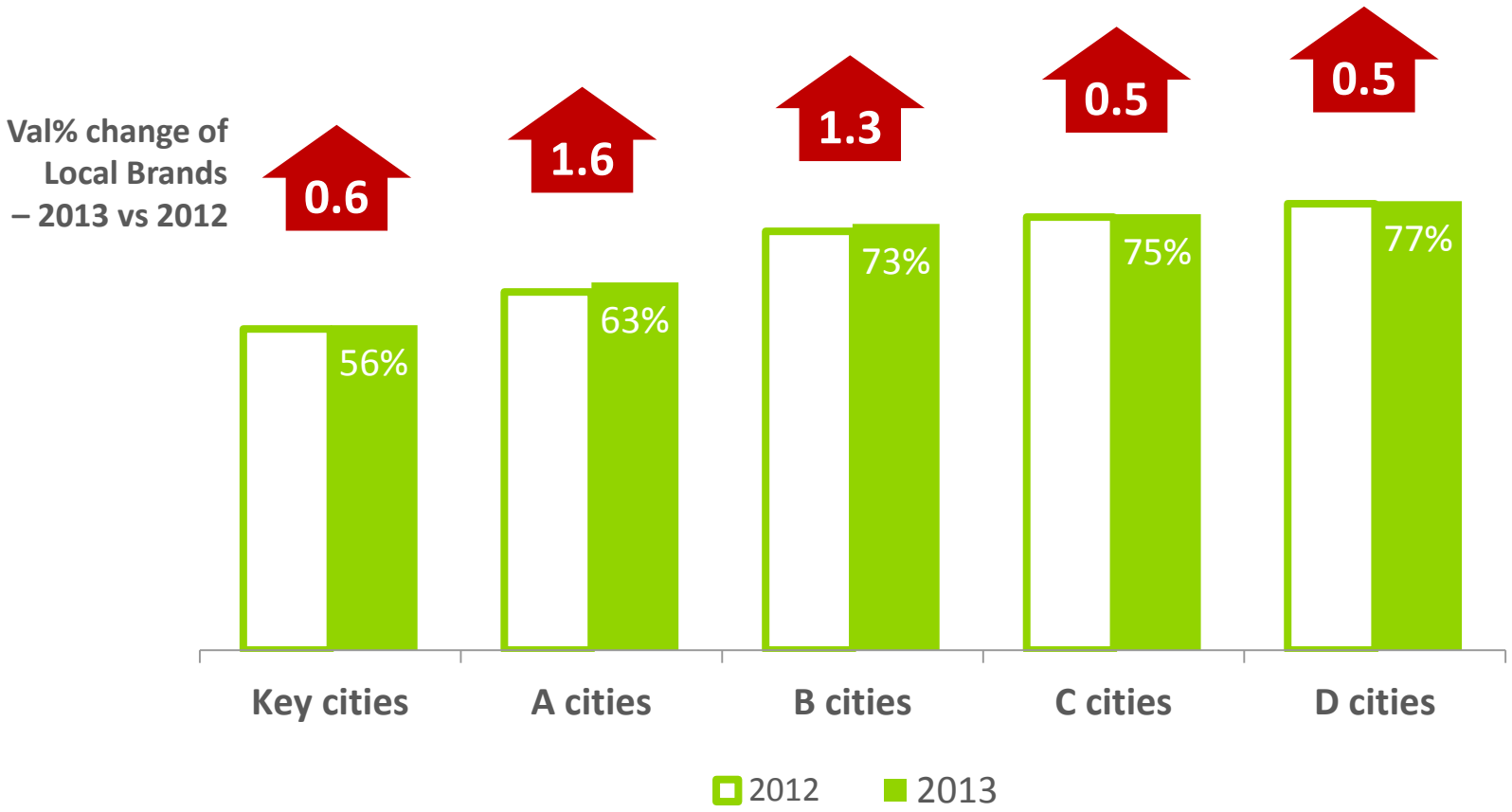
Pen% - Nat D+

Val% by channel


ESCALATE
National wise
Lower city tier

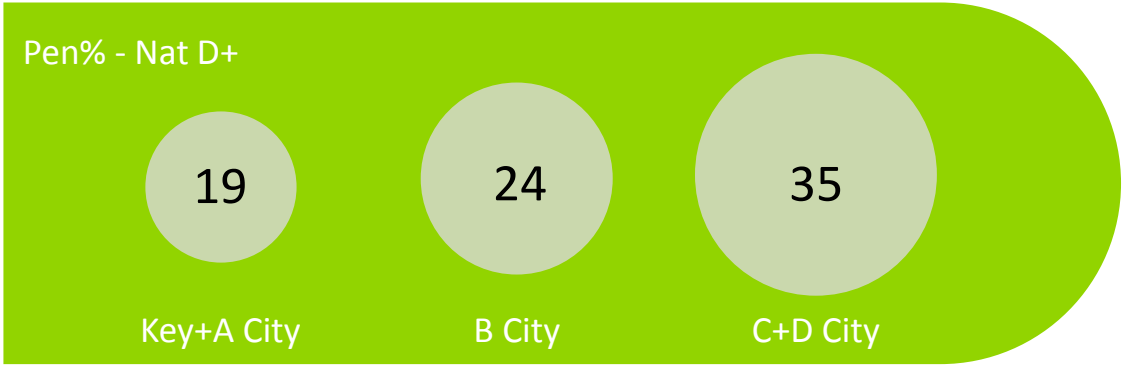
LOCAL BRANDS MAINTAIN THEIR LOWER CITY TIER STRONGHOLDS WHILE PICKING UP SPEED IN HIGHER TIERS

China National D+ – Val% of Local Brands – Year 2013



Data source: Kantar Worldpanel Purchase Panel

CHAONENG INVEST MORE RESOURCES TO MEET THE TREND OF HIGH TIER CITIES TO DRIVE NATIONAL SUCCESS



Brand growth from 2011 to 2013

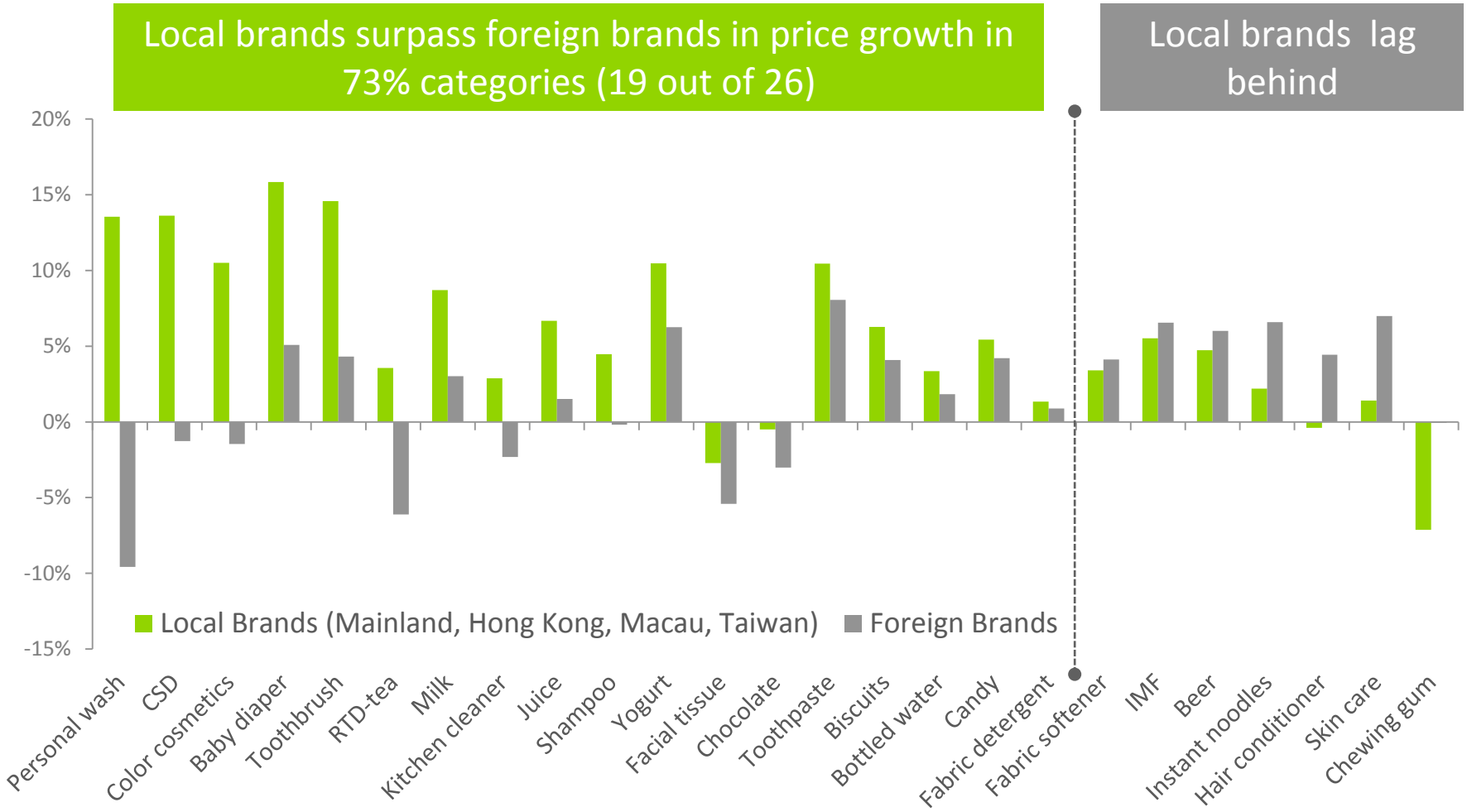
+25% **+24%** **+20%**

Cheap image → Affordable luxury

TRANSFORM

LOCAL BRANDS CATCH UP WITH INTERNATIONAL BRANDS IN PREMIUMIZATION

China National D+ - 2013 vs 2012 – Avg. Price Growth



Data source: Kantar Worldpanel Purchase Panel

HIGH QUALITY PRODUCT AND INTERACTIVE MARKETING CAMPAIGNS AIDE VINDA'S PREMIUMIZING

143

Price index to average facial tissue

Boom Range & Upgrade Brand

8M

New buyers captured – 2013 vs 2012

Vinda 维达

17%

Buyer spending on Vinda growth – 13 vs 12

Interaction Campaigns online and offline

Wedding dress design made of tissue

Strong tissue experience share

Data source: Kantar Worldpanel Purchase Panel

“FOOD IS THE PARAMOUNT NECESSITY OF PEOPLE”

234

Price index to average frozen dumpling

A good meal after one hard day – resonance with young white collars

1.2M

New buyers in Key/A cities since new launch

High income & young families

High income Index = 118
Young family Index = 106

Talk with white collars on every point of their life lines

Metro

土豆网 tudou.com 每个人都是生活的导演

youku 优酷 .com

Data source: Kantar Worldpanel Purchase Panel

Traditional image → International image

TRANSFORM

INTERNATIONAL HERITAGE WITH LOCALIZED STRATEGY ENABLES BRIGHT TO CHARGE A PREMIUM

THE SECRET OF LONG-LIVED VILLAGE - STORY FROM BULGARIA

Localized Strategy

接地气

International Image

国际范

22% *Vol% through Gift given to old people with long-lived wishes*

203 *Price index to average yogurt*

168% *Pen% growth in regions out of EAST, where is Bright's home field, by usage of UHT package*

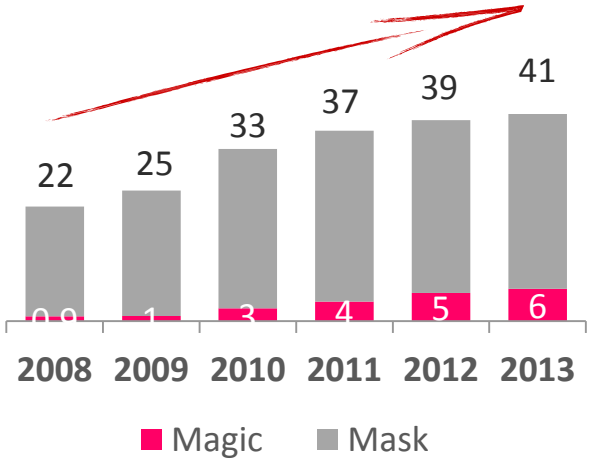
+33M *CRP growth 2013 vs 2012*

Data source: Kantar Worldpanel Purchase Panel

Copy cat → Focus on blue ocean

TRANSFORM

MAGIC BROUGHT MASKS TO THE MAINSTREAM



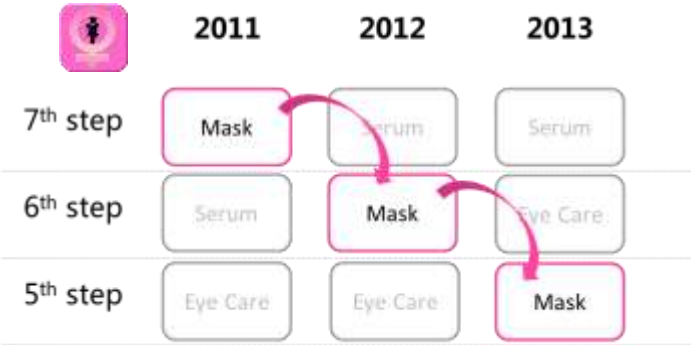
Pen% - NA C+

Develop mid-tier price & single pack that effectively drive mask trial

￥10 / piece

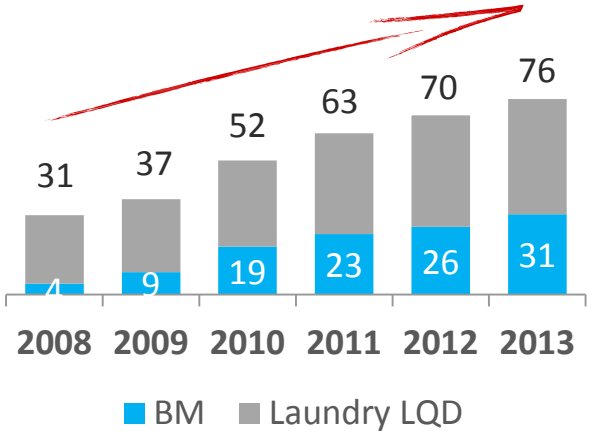
Overcome the barrier of time and space in using mask

Mask become a more important role in women's regime *



Data source: Kantar Worldpanel Purchase Panel
* Data source: Kantar Worldpanel Usage Panel

BLUE MOON PIONEERS IN LAUNDRY



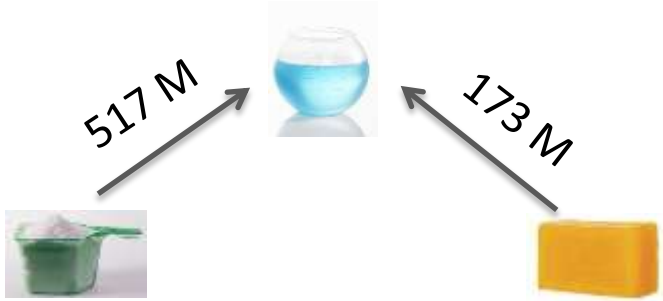
Pen% - NA C+

Upgrade the market to a more advanced segment

Innovation to further develop the segment

Strong in-store promotion to drive brand trial

Val Switching in Laundry – Value - 13 vs 12



Hand wash

Baby clothes

Travel package

Data source: Kantar Worldpanel Purchase Panel

THEY ARE JUST ONE DROP IN THE OCEAN

CN herbal tea

Medicated biscuit

Pesticide removal detergent

Air-conditioner cleanser

Malt drink

Packaged TCM

FOOD FOR THOUGHT

Consumers needs

- New Product — China Market Development
- New Image — Localized Execution
- New Price — Value for Money
- New Communi-cation — Chinese Culture

Thanks!

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stay tuned