CONSUMER CONNECTION X 2014

KANTAR WORLDPANEL'S CLIENT DAY

The World of "brick and click"

Online shopping impact on shopper's behavior

Lifei Tang

stay tuned

AGENDA

THE WORLD OF “BRICK AND CLICK”

This Presentation covers the following sections

- Recent development of E-commerce
- Purchase behavior change of E-shoppers
- Global outlook and future trends

RECENT DEVELOPMENT OF E-COMMERCE

MARKET OVERVIEW

ONLINE FMCG SHARE IS STILL SMALL.

FMCG SPENDING SHARE % MAT

OFFLINE CHANNEL

ONLINE CHANNEL

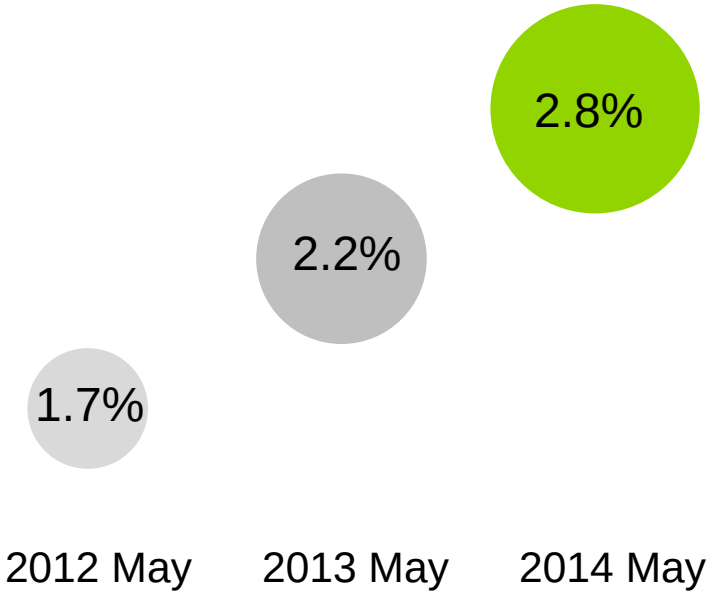
97.2% VS 2.8%

Source: KWP. FMCG. National. 2014MAY

IN PREVIOUS YEARS

BUT IT GREW VERY FAST.

FMCG ONLINE SPENDING SHARE % MAT

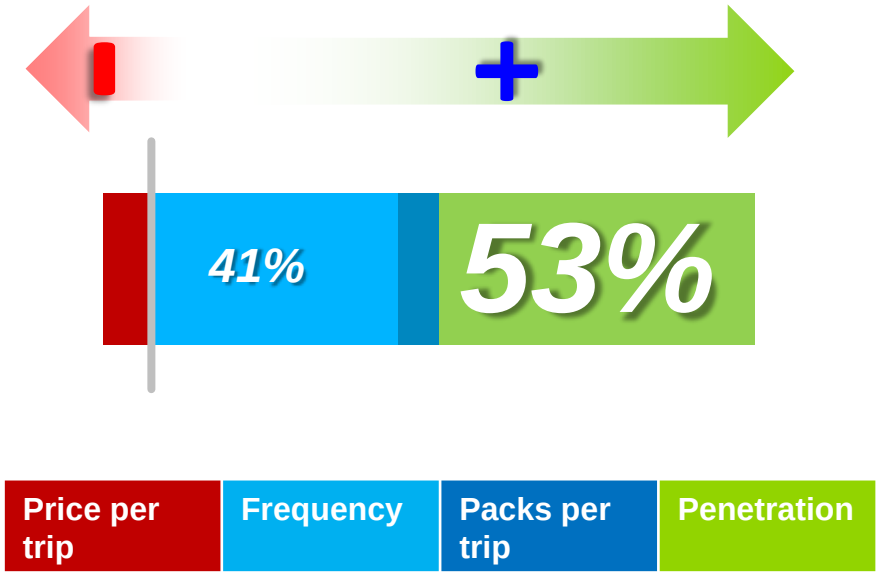


Source: KWP. FMCG. National. 2012MAY - 2014MAY

DRIVERS FOR THE GROWTH

PENETRATION IS THE KEY DRIVER FOR THE GROWTH.

FACTORS BEHIND THE GROWTH 2014MAY MAT

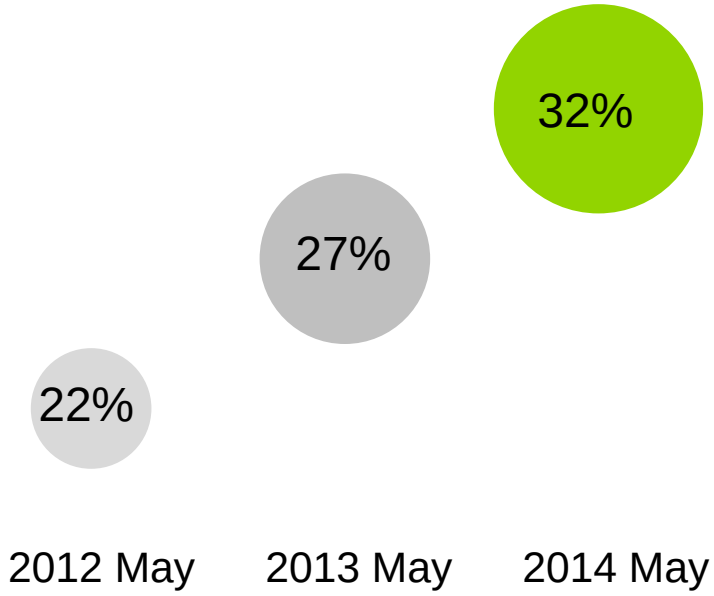


Source: KWP. FMCG. National. 2014MAY

IN PREVIOUS YEARS

FAST GROWTH

FMCG ONLINE PENERATION % MAT



Source: KWP. FMCG. National. 2012May - 2014MAY

FMCG CATEGORY PENETRATION GROWTH

FOOD CATEGORY ENJOYS FASTER GROWTH.

FMCG ONLINE PENERATION GROWTH

Food

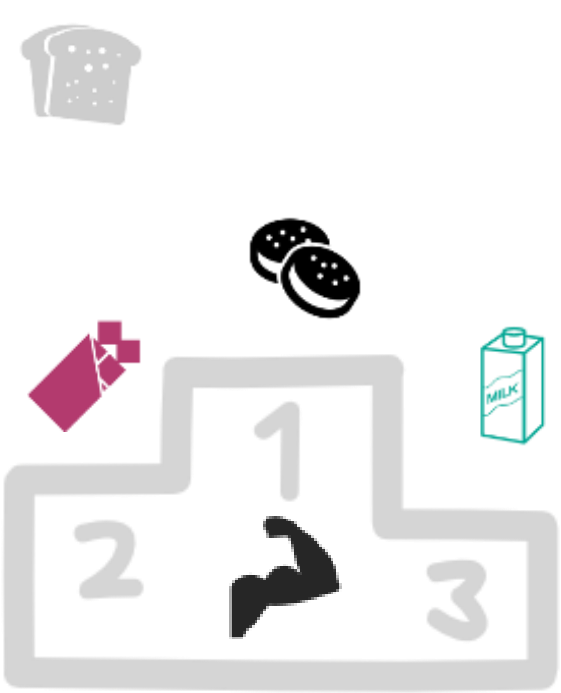
X 2

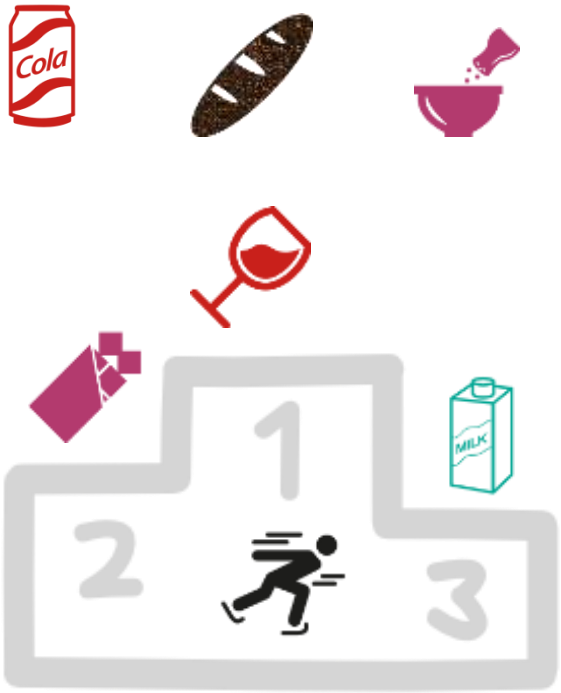
NON-FOOD

Source: KWP. FMCG. National. 2014MAY

FOOD PENETRATION – “SIZE AND SPEED”

KEEP GROWING

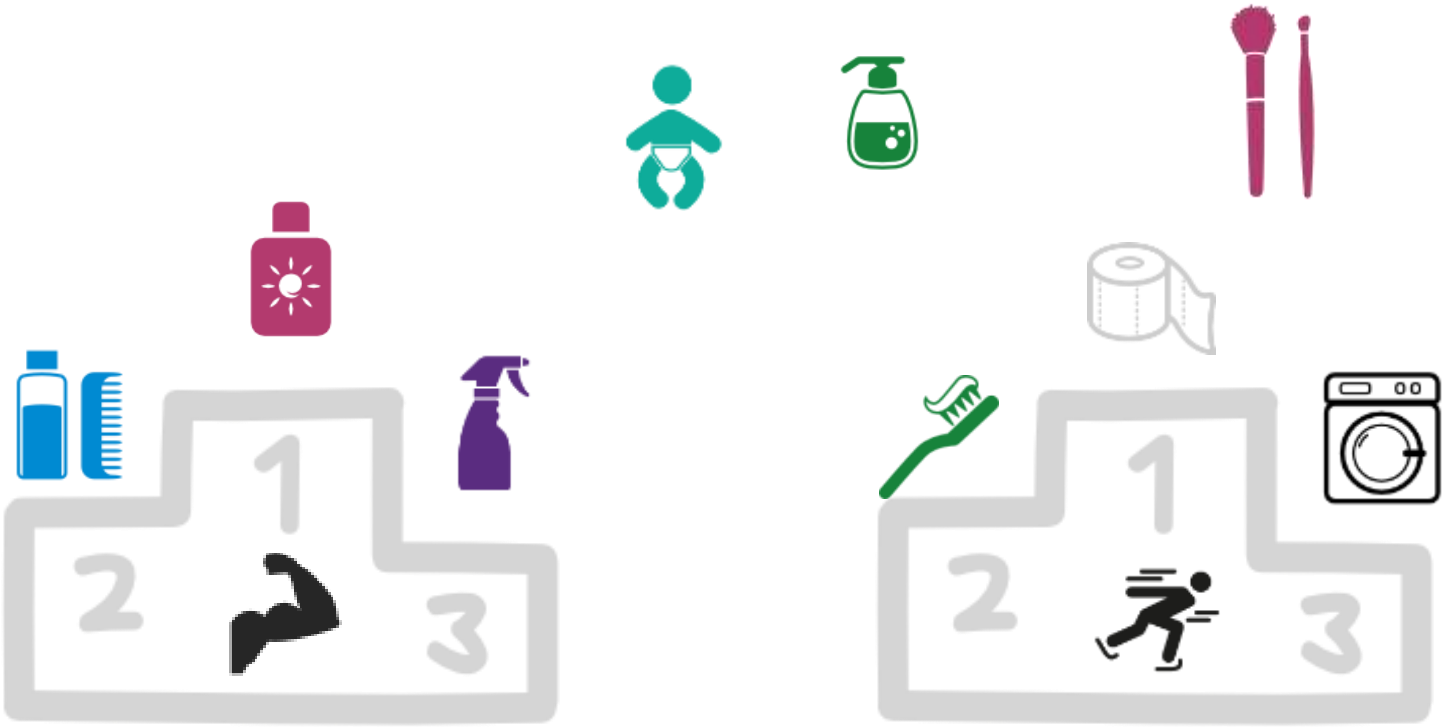




Source: KWP. FMCG. National. 2014MAY

NON-FOOD PENETRATION – “SIZE AND SPEED”

SHOPPERS ARE BUYING MORE CATEGORIES.



Source: KWP. FMCG. National. 2014MAY

How do E-shoppers buy categories?

SHOPPER'S E-JOURNEY – A STORY TO TELL

PERSON INTRODUTION

ONLINE SHOPPER

My name is Tang

I started shopping online 2 years ago and

I'm lovin it.

I'm a smart shopper who always look for

the best for my family and myself too.

And I have something to share with you!

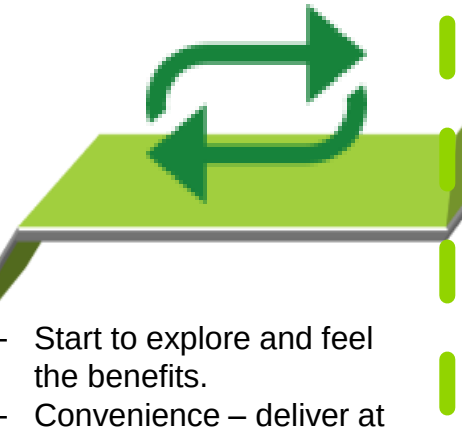
STAGES OF MY ONLINE SHOPPING EXPERIENCE

THREE STAGES

Wait and See

- Payment methods/safety
- Product quality
- Return and refund
- Slow delivery
- Being told not trendy enough

Trial and repeat



- Start to explore and feel the benefits.
- Convenience – deliver at the door.
- Cost – “best” deal, promotion.
- Availability – vast selection of products.

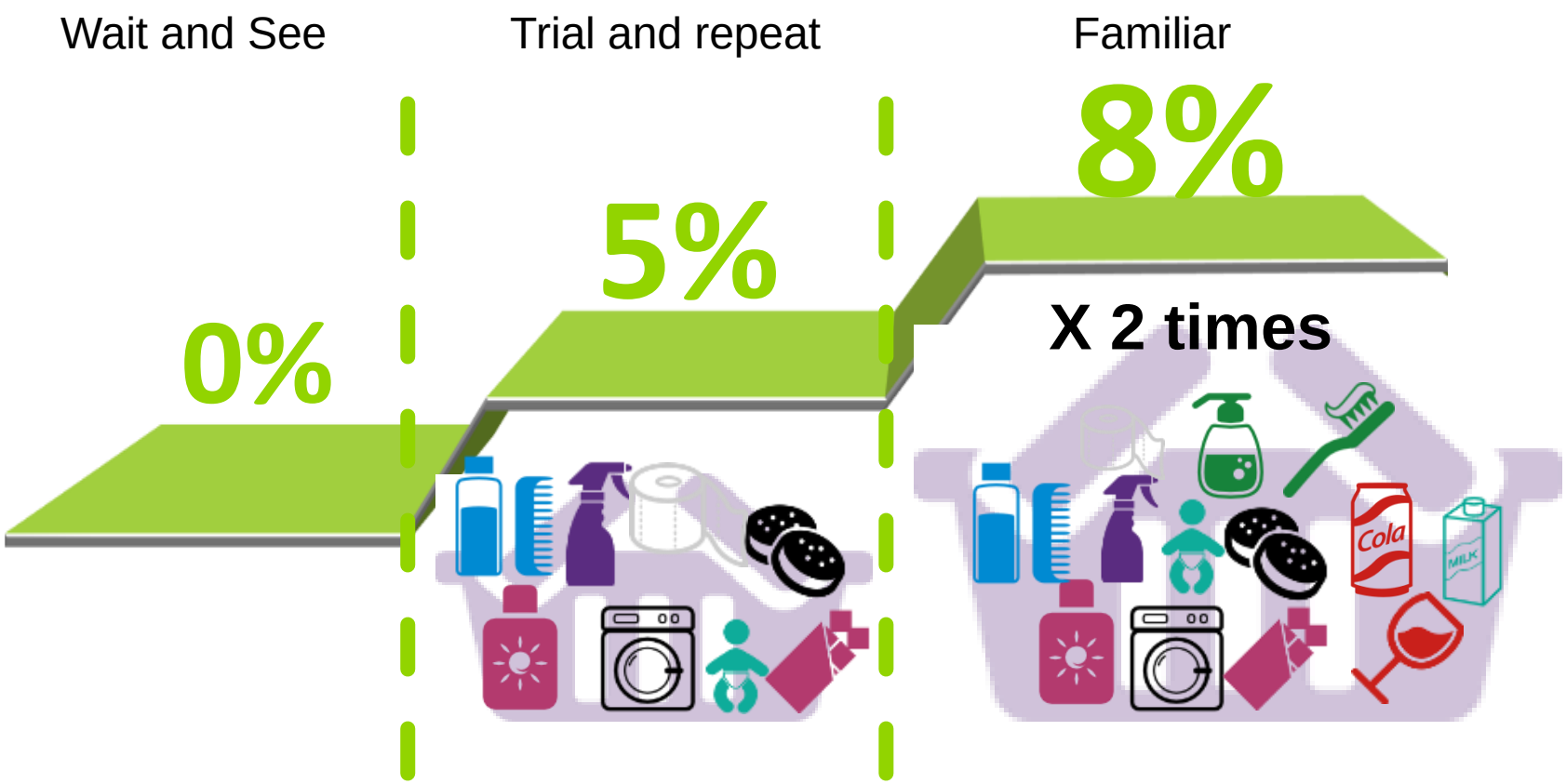
Familiar

- Where to shop
- When to shop
- How to shop for best deal

HOW DOES MY ATTIBUTE REFLECT IN MY ACUTUAL SPENDING?

THE CHANGING SHARE OF WALLET

SPEND MORE ONLINE



How is this different to offline shopping?

Source: KWP. FMCG. National. 2014MAY

I HAVE STARTED TO BUY MORE PREMIUM PRODUCTS

TRADE UP

Unit price/trip Online Vs. Offline

Shampoo

X 1.5

Baby Diaper

X 1.2

Source: KWP. FMCG. National. 2014MAY

I'VE STARTED BUY MORE VOLUME PER TRIP

SIZE UP

Packs per trip Online Vs. Offline

Milk

X 1.9

CSD

X 2.1

Source: KWP. FMCG. National. 2014MAY

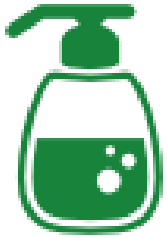
ONLINE PROMOTION ATTRACTS ME

VARIETY OF PROMOTION

Sales via promotion % Online % >Offline %

Wine

42%>22%



Hand wash

41%>27%

Source: KWP. FMCG. National. 2014MAY

I HAVE STARTED TO SHOP AT ANYTIME I WANT

ANY TIME

3pm
Thursday
11am
Monday
6pm
Tuesday
Sunday
Wednesday
Saturday
Friday
11pm
8am
8pm
10pm
12am

Source: KWP. FMCG. National. 2014MAY & CTR E-COMMERCE REPORT

I WILL…….

Buy more food category, especially fresh food.

Start mobile shopping

STOP & RECAP

PART 1

- Online FMCG grew very fast driven by penetration。
- Food penetration grew aggressively while non-food expanded into buying more categories。

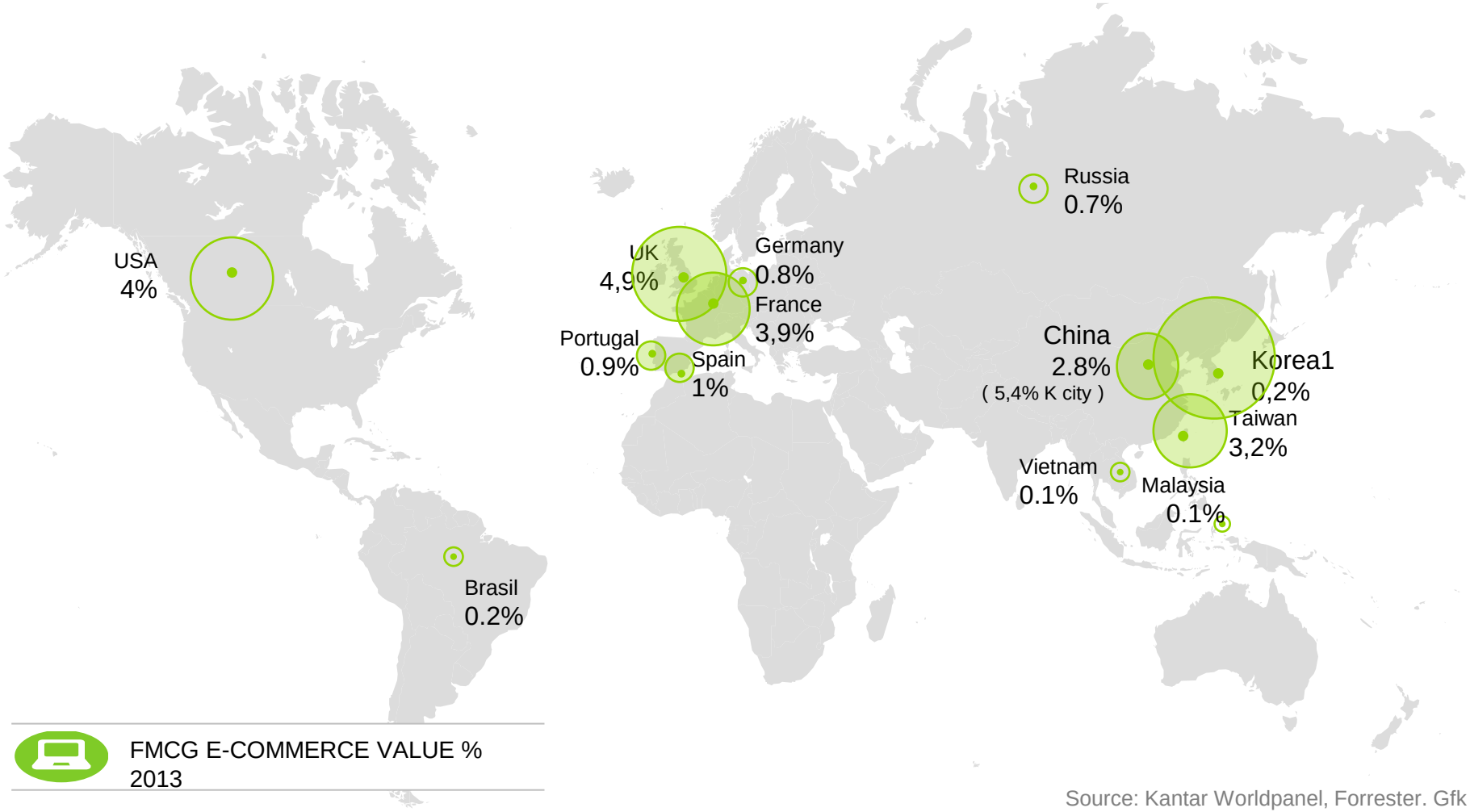
PART 2

- Online spending % of shoppers increased.
- “trade up”
- “Volume up”
- Attractive promotion
- “Any time” shopping experience.

GLOBAL OUTLOOK & FUTURE TREND

GLOBAL OUTLOOK

KOREA LEADS THE E-COMMERCE



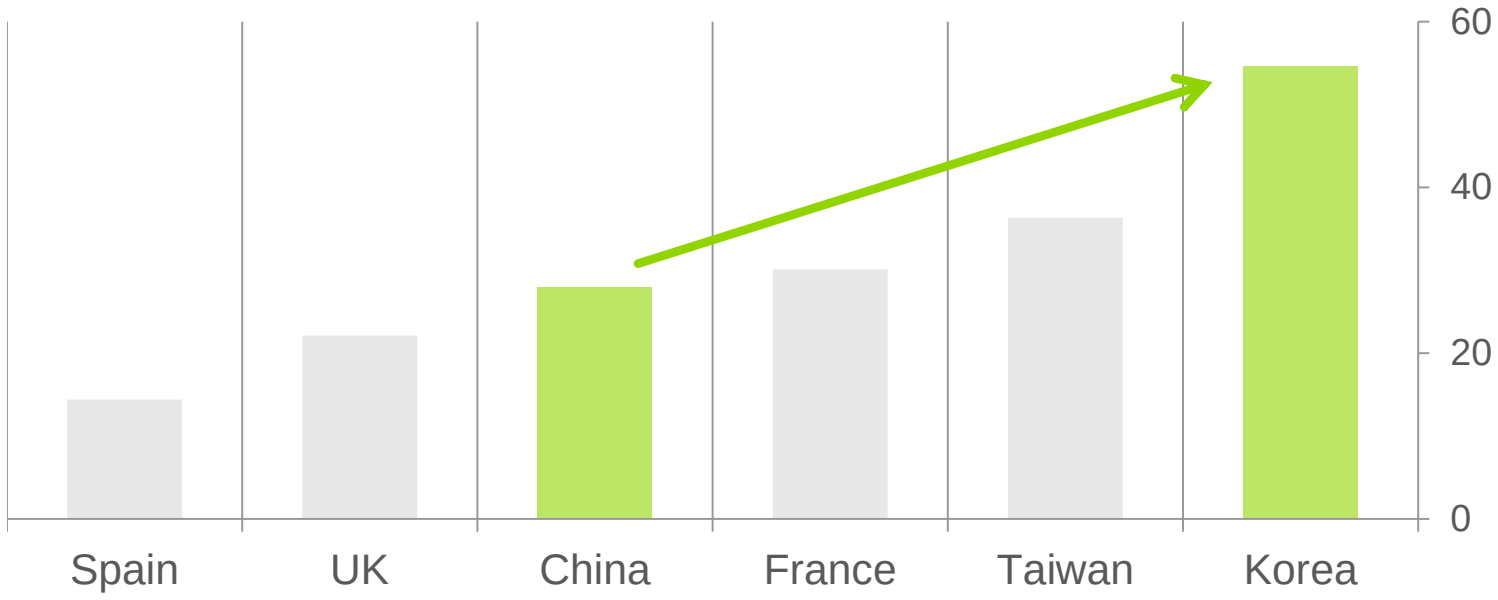
FMCG E-COMMERCE VALUE %
2013

Source: Kantar Worldpanel, Forrester. Gfk 2013

E-COMMERCE PENETRATION IN DIFFERENT COUNTRY

HUGE POTENTIAL FOR CHINA

E-commerce penetration % 2014MAY



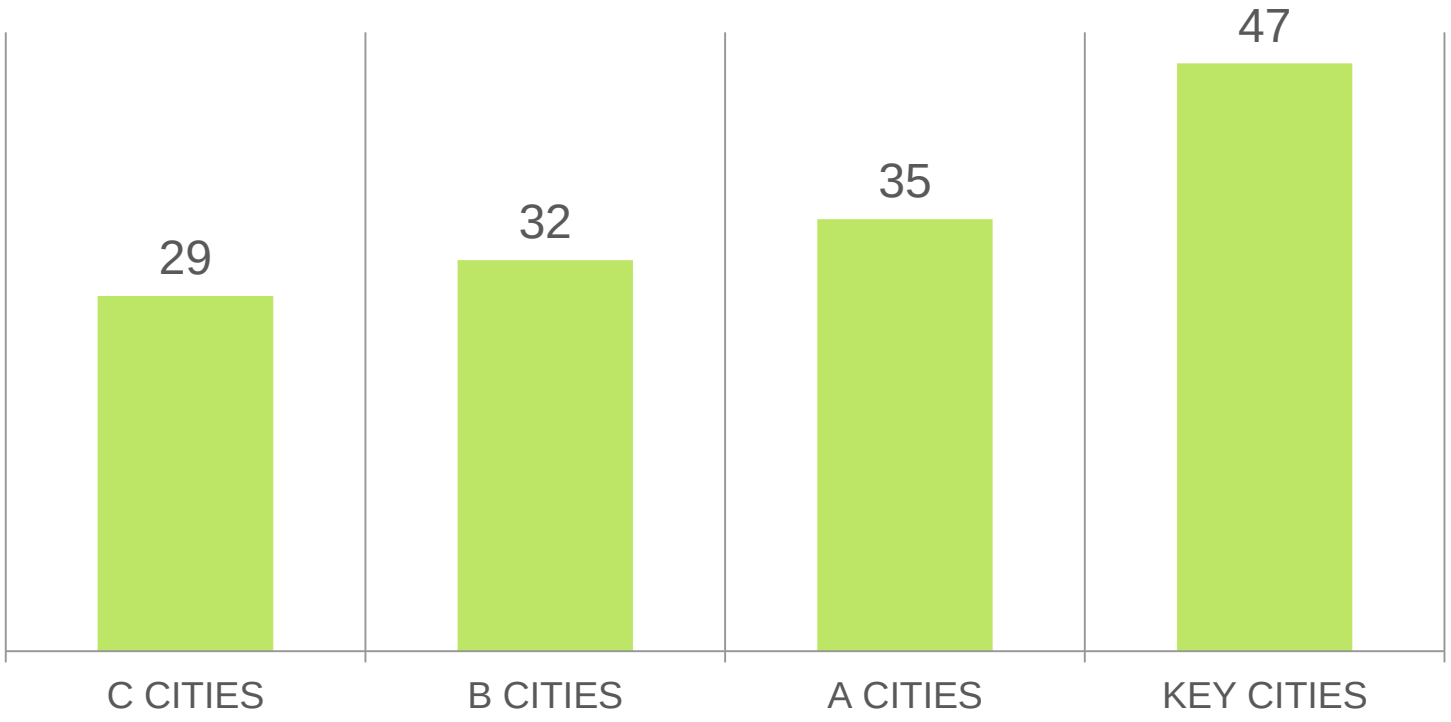
CHINA WILL REACH KOREAN LEAVEL IN NEXT 5 YEARS, WHICH MEANS E-COMMERCE FMCG VALUE % WILL ACCOUNT FOR OVER 20%.

Source: KWP Global Report

IN DIFFERENT CITY TIERS

LOWER CITIES POTENTIAL

E-commerce penetration % 2014MAY

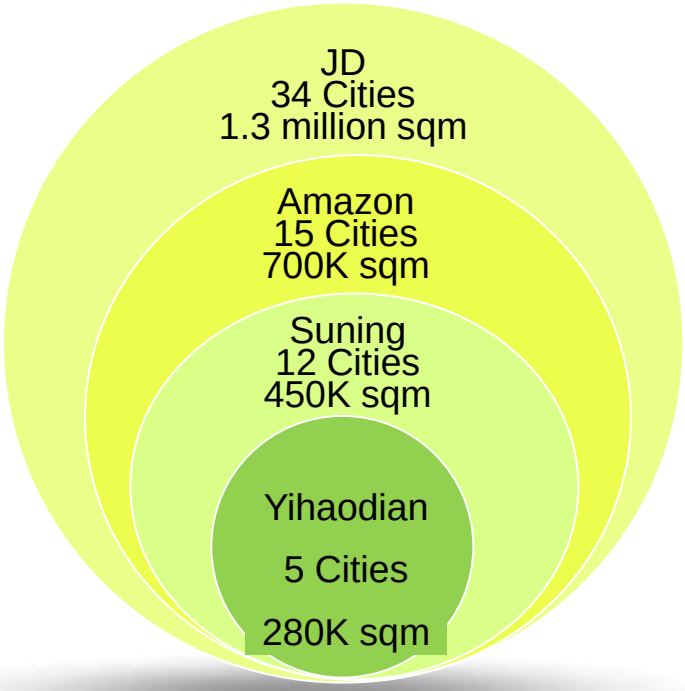


Source: KWP. FMCG. National. 2014MAY

INVESTMENT IN LOGISTIC INFRASTRUCTURE

LOWER CITIES OPPORTUNITY

JD.com has huge ambition for distribution expansion



JD.京东.COM

刘强东称，”IPO所得资金将用于发展三四线城市，以及生鲜电商.”

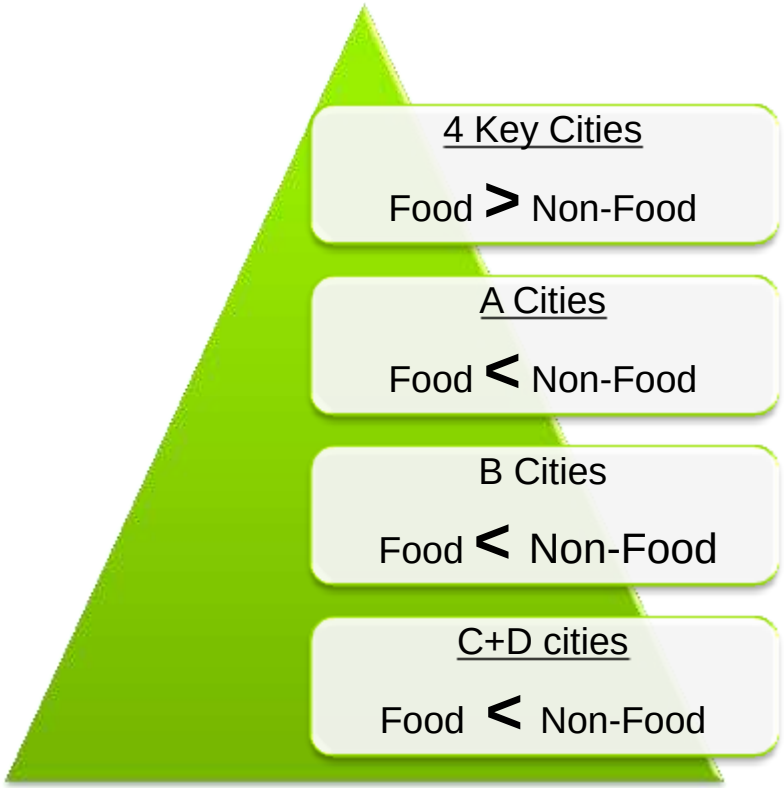
CAINIAO菜鸟

“5至8年的努力打造一个开放的社会化物流大平台，在全国任意一个地区做到24小时送达。”

CATEGORY PENETRATION IN DIFFERENT CITY TIER

DEVELOPMENT FOR FOOD CATEGORY

FMCG ONLINE PENERATION %



Food value %

Source: KWP. FMCG. National. 2014MAY & CTR E-COMMERCE REPORT

TAKE OUTS

While yet developing penetration of Key + A cities, Lower cities must not be neglected. In particular food categories.

1. "Move down"

Online shoppers likely to trade up. Brands to optimize brand portfolio to meet shopper's different needs.

2. "Price up"

More volume per trip is encouraged. Brands need to think about size strategy & promotion mechanism.

3. "Size up"

Shoppers now have many choices of when/where to make a purchase. Brands need to get visible in shoppers' touch points. E.g. through mobile app,

4. "Any Time"

Thanks!

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stay tuned