

Press Release

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For immediate release

FMCG growth remained challenging in the first quarter, while local retailers outpaced the market by opening more stores

(Shanghai, China, May 4th, 2017) – Kantar Worldpanel, the global market leader in consumer panels, reports the spending in fast moving consumer goods (FMCG) in the first quarter of 2017 grew by only 1.7% year on year. China's GDP grew 6.9 percent over the same period from a year earlier, slightly faster than expected, supported by a government infrastructure investment and a frenzied housing market.

Modern trade (including hypermarkets, supermarkets, and convenience stores) grew marginally by 0.3% in the first quarter of the year, as many big format stores struggled to attract shoppers back into store. Across city tiers, provincial capitals and prefecture level cities enjoyed faster growth, up by 2.5% collectively. With slower growth seen in the top tier cities, hypermarkets overall business declined by 0.8%. Of all the regions, West and North regions have been largely upbeat, growing by 2.9% and 3% respectively

Market followers are challenging the position of leaders

Leading Grocery Share of Modern Trade - National Urban China

	52 w/e 2016/03/25	52 w/e 2017/03/24	16Q1	17Q1
SUN ART GROUP	7.6	7.8	8.3	8.3
AUCHAN	1.2	1.3	1.3	1.3
RT-MART	6.4	6.5	7.0	7.0
VANGUARD GROUP	6.5	6.2	6.4	6.4
TESCO	1.0	0.9	0.8	0.8
WAL-MART GROUP	4.8	4.9	5.0	5.0
CARREFOUR	3.3	3.1	3.3	3.2
YONGHUI GROUP	2.4	2.9	2.6	3.0
BAILIAN GROUP	2.8	2.8	2.7	2.8
WSL GROUP	1.6	1.8	1.8	2.0
WU-MART GROUP	1.6	1.7	1.5	1.7
SPAR GROUP	1.3	1.3	1.3	1.5
BUBUGAO GROUP (Incl. NANCHENG)	1.0	1.0	1.0	1.1

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Source: Kantar Worldpanel China

Among the top 5 retailers, Sun Art, Vanguard and Walmart all maintained their position this year. The share of Carrefour dropped slightly by 0.1 point. On the contrary, the local rising challenger Yonghui saw its share rise from 2.6% a year ago to 3% in the first quarter of 2017,

thanks to the opening of 33 new stores. To further expand its presence, Yonghui announced its ambition to open 200+ stores, including different formats to target different shopper groups and shopping missions. It also pioneered YH Membership stores and YH Super Species (its future supermarket prototype combining shopping with in-store dining) to woo middle class consumers who want different shopping experiences. In April, Yonghui also formed a new joint venture with WSL group to further develop the premium supermarket sector and drive collaboration in supply chain integration in Hubei province.

The first quarter of 2017 also witnessed the growth of a few other local retailers. Bubugao, which originated in Hunan province, grew by 16% in the first quarter, driven by the opening of 12 stores and the acquisition of Myshop, a multi-format retailer in Sichuan/Chongqing. This clearly indicated its ambition to move beyond its home territory to nearby inland provinces where modern trade is yet to be consolidated. Wumart, the key retailer in the North, opened 18 stores in the North region in 2016. Meanwhile, it also expanded its business in the East. As a result, Wu-mart's share increased from 1.5% to 1.7%. SPAR also reported share growth edging from 1.3% to 1.5%, driven by its franchise in Sichuan (Dehui) and Guangdong (Jiarong). SPAR also recently welcomed Jinfang to its family, expanding its presence to Yunnan and Guizhou. Under the challenge of local competitors, total international retailers' share saw a further drop from 10.8% last year to 10.1% this year.

E-commerce still bright spot, with major players embrace offline and online integration

Kantar Worldpanel reported 35% growth in FMCG spend through e-commerce platforms in the first quarter of 2017. Tmall (part of Alibaba) still maintained its lead in the B2C camp, followed by JD.com while YHD (now part of JD.com) continued to experience shopper losses, with penetration falling from 1.7% last year to 1.5% in the latest quarter.

Despite stronger growth in FMCG, all major players are facing challenges to grow their overall traffic and are therefore keen to expand their presence in the offline world by either partnering/acquiring offline stores or transforming the current retail/wholesale supply chain network. In April JD.com revealed its ambition to transform 1 million stores in the lower tier cities and rural areas under the JD banner, and its set to provide branding and merchandise supplies to those loosely organized grocery stores. The move, if successful, will dramatically reshape the traditional retail landscape in China.

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Notes to editor:

1. *Kantar Wordpanel China continuously measures household purchases over 100 product categories including cosmetics, food and beverages and the toiletry/household sector. Its national urban panel covers 20 provinces and four municipality cities (Beijing, Tianjin, Shanghai and Chongqing).*
2. *International retailers refer to retailers originated outside Mainland China, Taiwan, Macau, and Hong Kong.*

About Kantar Worldpanel – high definition inspiration™

Kantar Worldpanel is a CTR service in China.

We are the world leader in continuous consumer panels. Our global team of consultants apply tailored research solutions and advanced analytics to bring you unrivalled sharpness and clarity of insight to both the big picture and the fine detail. We help our clients understand what people buy, what they use and the attitudes behind shopper and consumer behaviour.



We use the latest data collection technologies best matched to the people and the environment we are measuring. Our expertise is rooted in hard, quantitative evidence – evidence that has become the market currency for local and multinational FMCG brand and private label manufacturers, fresh food suppliers, retailers, market analysts and government organisations. We are not limited to the grocery sector; we have a wide range of panels in fields as diverse as entertainment, communications, petrol, fashion, personal care, beauty, baby and food-on-the-go.

It's what we do with our data that sets us apart. We apply hindsight, insight, foresight and advice to make a real difference to the way you see your world and inspire the actions you take for a more successful business.

We have over 60 years experience in helping companies shape their strategies and manage their tactical decisions; we understand shopper and retailer dynamics; we explore opportunities for growth in terms of products, categories, regions and within trade environments.

Together with our partner relationships, we are present in more than 50 countries – in most of which we are market leaders – which means we can deliver inspiring insights on a local, regional and global scale. Kantar Worldpanel was formerly known as TNS Worldpanel.

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