FMCG Monitor

12 weeks period ending 16 June 2013
(12 w/e P6/13)

KANTAR WORLDPANEL

FMCG Monitor

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EXECUTIVE SUMMARY

- The Vietnam economy posts a **relatively stronger growth** of 5% in Quarter 2, up from the revised 4.76% growth in the Quarter 1, as interest rate is cut to revive lending to businesses and rising foreign investment boosts exports. Yet, it is premature to conclude whether this is the beginning of a sustained recovery.

- Though posting a higher growth than the previous period, the market does not show strong signs of rebound. Market growth in Urban is currently stagnant at **+8%**. In Rural, though achieving a slight uplift in terms of volume growth at +9%, FMCG does not show much upbeat sign in terms of value growth as it still rests at **+11%.** While Dairy and Beverages continue to lead the market, Packaged Foods stays flat in Rural and even shows a 3% slump in Urban.

- **Street Shops** sustain its performance whereas most other key channels report a decline in growth. Noticeably, **Minimarkets** and **Convenience Stores** continue to show rapid expansion fueled by both the emerging convenience needs among Urban shoppers and the openings of new stores.

- In Urban, **Tonic Food Drink** (Chocolate Malt Beverages) lifts up by **+31%** compared to the same period last year in volume thanks to a 19% increase in household consumption and an incremental of 51,000 new household buyers. In Rural, **Chilli Sauce** witnesses outstanding growth at **+38%** by increasing household volume consumption by 9% and attracting more than 600,000 new buyers.

- **Lower income group in both Urban & Rural** are particularly hard hit during this difficult time, with a **decline** in their average spending for total FMCG, suggesting different approaches towards different income groups.

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KEY INDICATORS

GDPGrowth

GDP posts a relatively stronger growth at 5% in Quarter 2 as interest rate is cut to revive lending & rising foreign investment boosts exports.

#LowDemand

Despite positive signs, it is too early to conclude whether this is the beginning of a sustained recovery as consumption is still at low levels.

+5% GDP
Q2/2013 vs. year ago

+6.7% CPI
June 2013 vs. year ago

7.7% FMCG GROWTH, URBAN 4 CITIES
12 weeks ending 16 June 2013 vs. year ago
(12 w/e P6/13 vs. YA)

+10.7% FMCG GROWTH, RURAL
12 weeks ending 16 June 2013 vs. year ago
(12 w/e P6/13 vs. YA)

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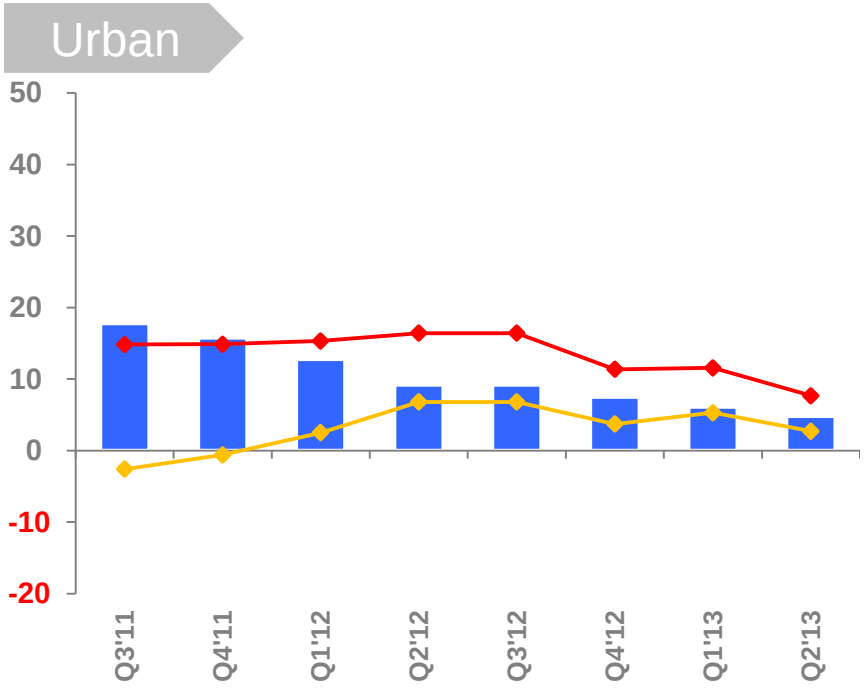
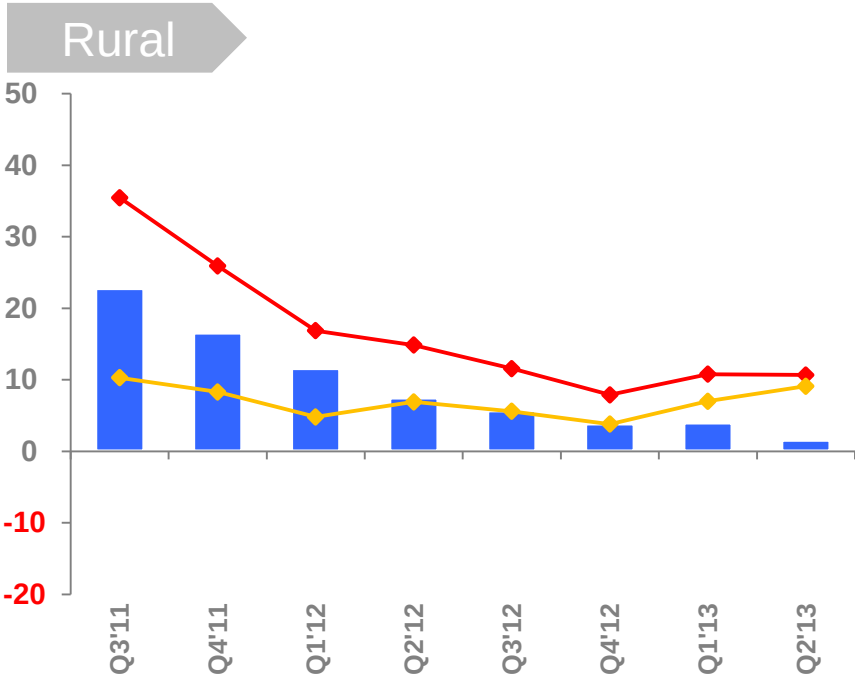
FMCG – 12 WEEKLY YEAR-ON-YEAR CHANGE (%)

Market growth in Urban is currently stagnant. In Rural, though achieving a slight uplift in terms of volume growth, FMCG market does not show much upbeat sign in terms of value growth.





% change:

Avg. Price paid** | Value | Volume*

*: To calculate **FMCG volume change**, we calculate how much volume contributes to the value change for each category, sum up these contributions and relate to value YA (this results in an average category change in volume)

: To calculate **FMCG price paid change, we calculate how much price contributes to the value change for each category, sum up these contributions and relate to value YA

Source: Kantar Worldpanel – Households Panel – Total FMCG excluding Gift

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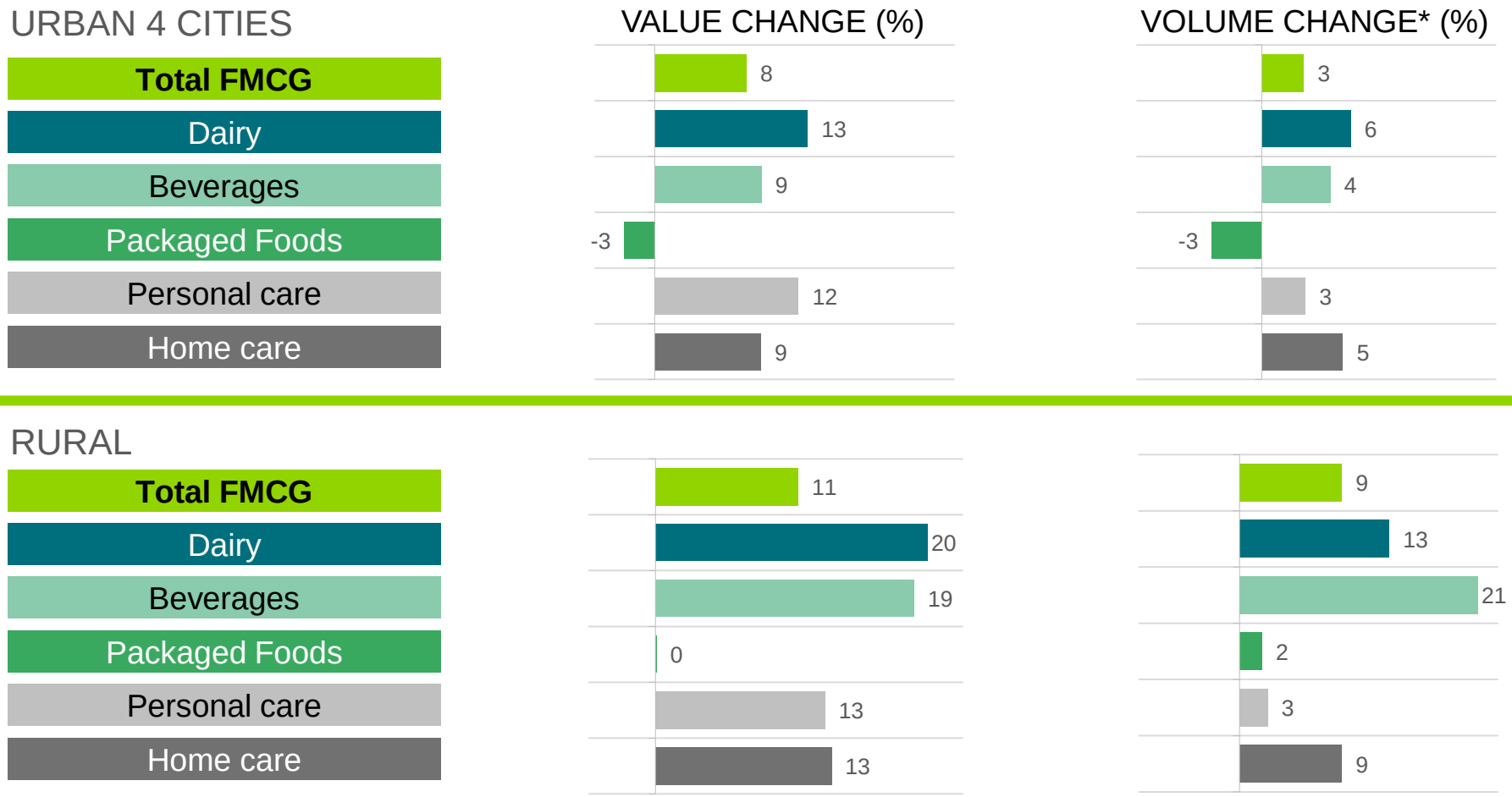
FMCG BASKET TRENDS

While Dairy and Beverages continue to lead the market, Packaged Foods is stagnant in Rural and even shows a 3% slump in Urban.



12 weeks ending P6/13 vs. YA

*: To calculate **FMCG volume change**, we calculate how much volume contributes to the value change for each category, sum up these contributions and relate to value YA (this results in an average category change in volume)
Source: Kantar Worldpanel – Households Panel – Total FMCG excluding Gift

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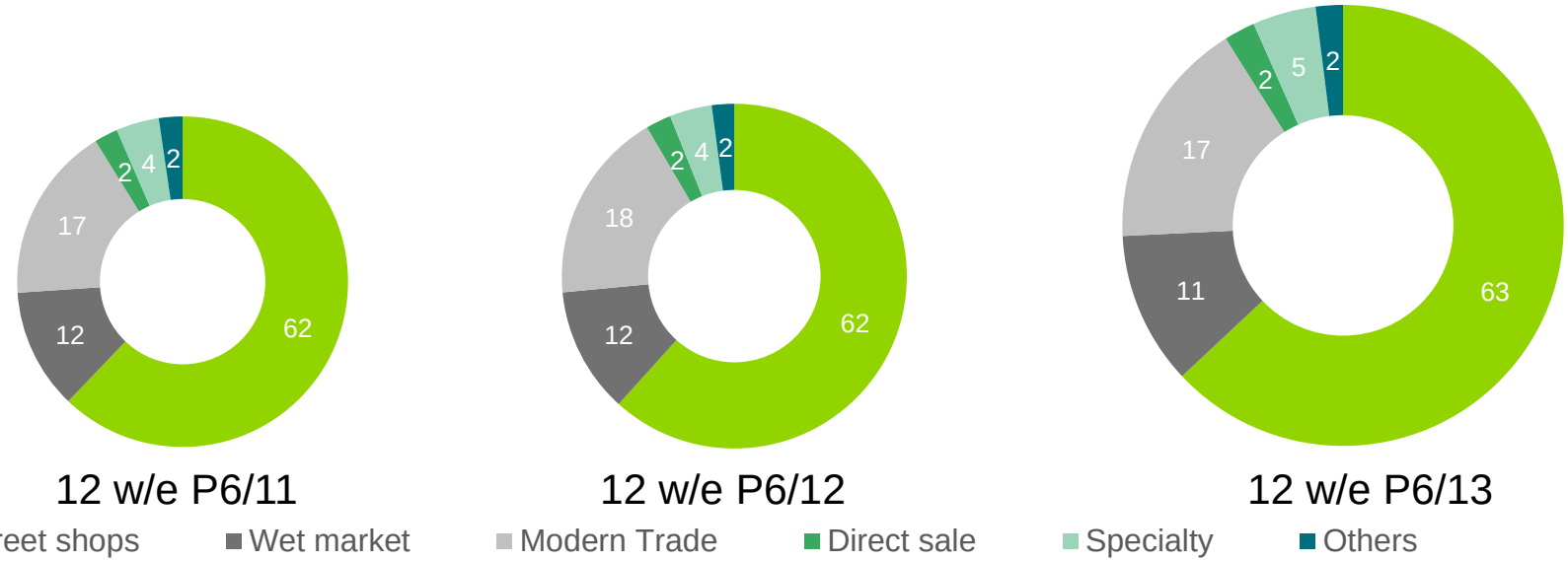
RETAILER SNAPSHOT – URBAN

% Value



VALUE CHANGE %	12 w/e P6/12 vs. YA	12 w/e P6/13 vs. YA
Street shops	●	●
Wet market	●	●
Modern trade	●	●
> Hyper/Supermarket	●	●
> Ministores	●	●

● Growth ≤ -0.5% ● -0.5% < Growth < 5% ● 5% ≤ Growth ≤ 15% ● Growth >15%

Source: Kantar Worldpanel – Households Panel – Vietnam 4 key urban cities – Total FMCG excluding Gift

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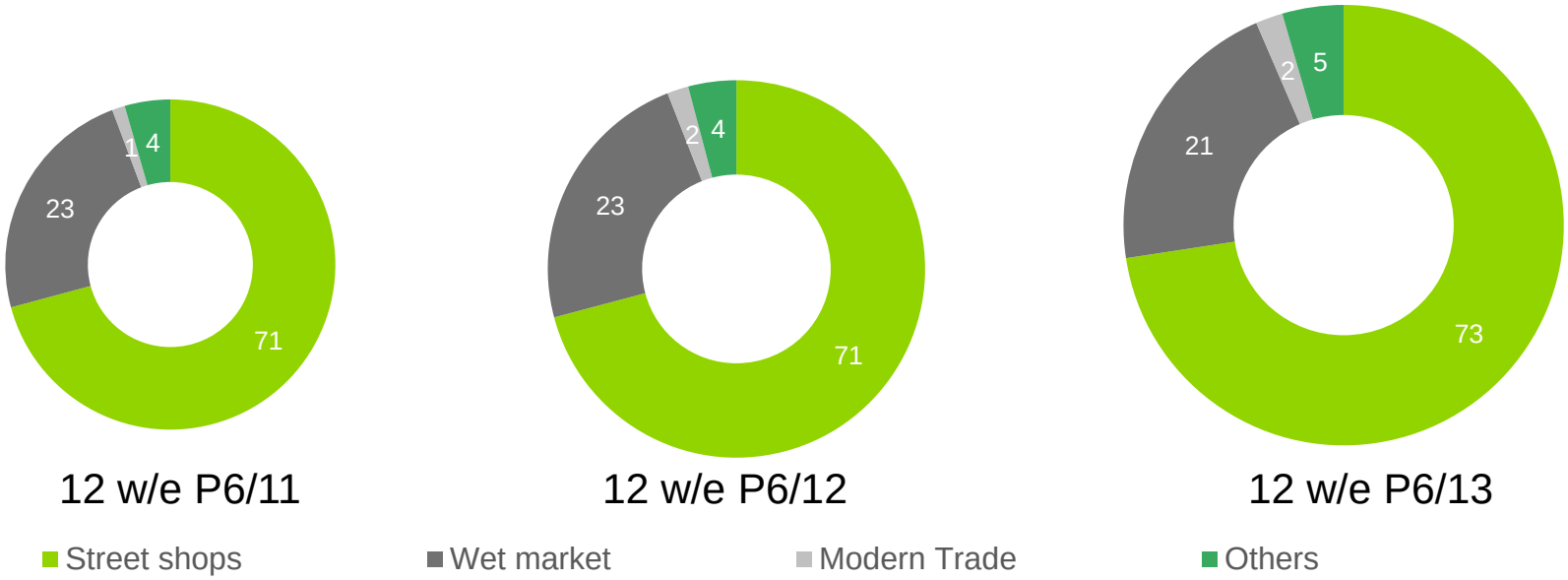
RETAILER SNAPSHOT – RURAL

% Value



VALUE CHANGE %	12 w/e P6/12 vs. YA	12 w/e P6/13 vs. YA
Street shops	●	●
Wet market	●	●
Modern trade	●	●

● Growth ≤ -0.5% ● -0.5% < Growth < 5% ● 5% ≤ Growth ≤ 15% ● Growth >15%

Source: Kantar Worldpanel – Households Panel – Rural Vietnam – Total FMCG excluding Gift

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HOT CATEGORIES

URBAN 4 CITIES

Tonic Food Drink
(Chocolate Malt Beverages)

VOL CHANGE %
+31%

12 w/e P6/13 vs. YA

+1.2pt **Penetration**
Incremental of 51,000 households

+19% **Average volume per buyer**
Increase volume purchase by 19%

RURAL

Chilli Sauce

VOL CHANGE %
+38%

12 w/e P6/13 vs. YA

+3.5pt **Penetration**
Incremental of 633,000 households

+9% **Average volume per buyer**
Increase volume purchase by 9%

Source: Kantar Worldpanel – Households Panel – Total FMCG excluding Gift

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DIFFERENT INCOME GROUPS IN TOUGH TIMES

	AVG. SPENDING CHANGE %	YTD P6/12 vs. YA	YTD P6/13 vs. YA
URBAN	**Low HH income (<4.5Mln VND/month)**	Growth ≤ -0.5%	Growth ≤ -0.5%
URBAN	**Middle HH income (4.5-9Mln VND/month)**	-0.5% < Growth < 5%	Growth ≤ -0.5%
URBAN	**Middle High HH income (9-13.5Mln VND/month)**	-0.5% < Growth < 5%	Growth ≤ -0.5%
URBAN	High HH income (>13.5Mln VND/month)	Growth ≤ -0.5%	5% ≤ Growth
RURAL	Low HH income (<1.5Mln VND/month)	5% ≤ Growth	5% ≤ Growth
RURAL	**Middle HH income (1.5-3Mln VND/month)**	5% ≤ Growth	Growth ≤ -0.5%
RURAL	Middle High HH income (3-4.5Mln VND/month)	5% ≤ Growth	-0.5% < Growth < 5%
RURAL	High HH income (>4.5Mln VND/month)	-0.5% < Growth < 5%	-0.5% < Growth < 5%

Growth ≤ -0.5% -0.5% < Growth < 5% 5% ≤ Growth

Source: Kantar Worldpanel – FMCG excluding Gift

Lower income group in both Urban & Rural are impacted the most during the last quarter, with a decline in average spending for FMCG.

WHAT ARE THE TIPS?

TIERING STRATEGY
to take advantage of shifting needs

INVEST IN MEDIA
more than ever to communicate the value

Offer greater value through
BIGGER PACKS & PROMOTION

THINK PROXIMITY!
Street shops & Ministores

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KEY MESSAGES

1. STRONGER GDP GROWTH BUT RECOVERY IS NOT CLEAR
2. FMCG MARKET CONTINUES TO GROW SLOW
3. MINISTORES SHINE AND STREET SHOPS HOLD STRONG WHILE MOST OTHER KEY CHANNELS DECLINE IN GROWTH
4. HOT CATEGORIES: TONIC FOOD DRINK IN URBAN & CHILLI SAUCE IN RURAL
5. DIFFERENT INCOME GROUPS IN TOUGH TIME: DIFFERENT APPROACHES NEEDED

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Kantar Worldpanel is the world leader in consumer knowledge and insights based on continuous consumer panels. Its High Definition Inspiration™ approach combines market monitoring, advanced analytics and tailored market research solutions to deliver both the big picture and the fine detail that inspire successful actions by its clients. Kantar Worldpanel's expertise about what people buy or use – and why – has become the market currency for brand owners, retailers, market analysts and government organisations globally.

With over 60 years' experience, a team of 3,500, and services covering more than 55 countries directly or through partners, Kantar Worldpanel delivers High Definition Inspiration™ in fields as diverse as FMCG, impulse products, fashion, baby, telecommunications and entertainment, among many others.

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