# FMCG Monitor

12 weeks period ending 11 August 2013
(12 w/e P8/13)

# EXECUTIVE SUMMARY

- CPI in August rises by 0.83% against July and 7.5% against the same period last year, a significant lift from 0.27% and 7.3% by end of July. However, slight signs of improvement can be spot out in the macro picture as retailed sales of consumer goods & services in the first 8 months rises by **+5.1%** (inflation excluded) and employment index for industrial enterprises of August rises strongly by **+2.6%** against last year, suggesting a **brighter expectation** of both overseas demands and domestic consumption.
- After several months of decelerating growth, FMCG market has seen some **favourable signals**. Urban market witnesses a slightly accelerating growth at **+10%** in value while FMCG consumption in Rural areas jumps by **+14%** compared to the same period last year. Personal Care continues to lead the value growth in Urban market while recent boom in in-home consumption of beverages is notable among rural families.
- Most key channels enjoy early signs of improvement, especially Hyper and Supermarkets, where growth is gaining speed, though not at fast pace as last year. Wet market in both Urban and Rural areas continues to remain stagnant.
- **Baby Wipe** and **Carbonated Soft Drink** are the hottest category in Urban and Rural respectively. Urban consumption of Baby Wipe surges up by **+51%** in terms of volume, mainly thanks to a **+32%** increase in average household consumption while CSD in rural has more than doubled its volume consumption a year ago. CSD has reached additionally **1 million** new households and achieved a **+63%** increase in average consumption, partly thanks to price-off campaigns of global giants.
- Accounting for **70%** of the population, contributing **60%** of GDP, with an annual **2-digit** income growth rate, Rural Vietnam is now a potential, yet indispensable target in manufacturer's growth plans. The rural picture is changing rapidly and is showing huge consumer business opportunity and plenty of first entry advantage.

# KEY INDICATORS

**#RisingCPI**
CPI in August rises by 0.83% againts July and 7.5% against a year ago, a significant lift from 0.27% and 7.3% by end of July.

**#SlightlyPositiveSigns**
Retailed sales of consumer goods & services in the first 8 months of this year rises by 5.1% and employment index for industrial enterprises rises strongly by 2.6% against last year.

**+5%** — **GDP**
Q2/2013 vs. year ago

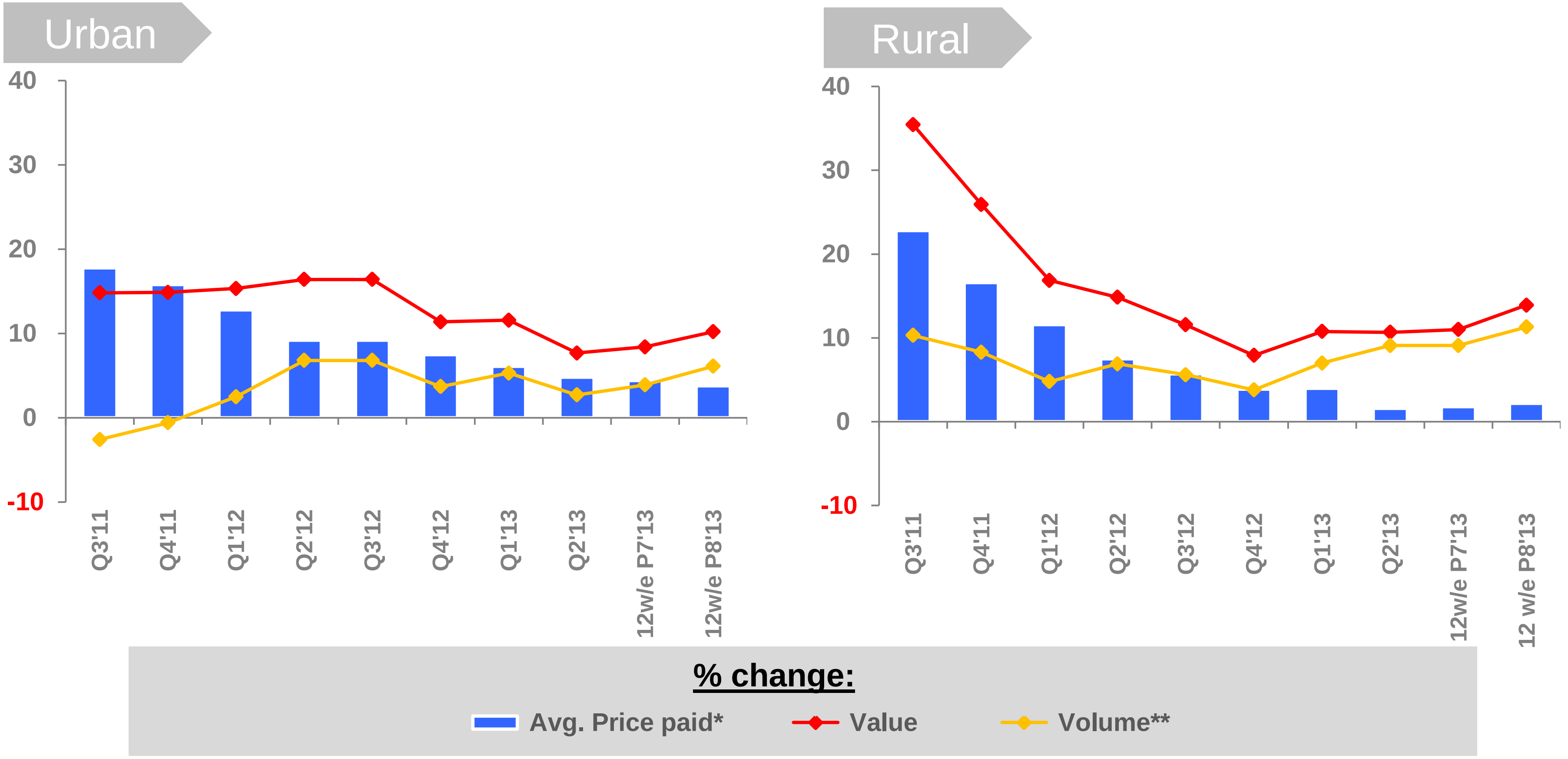
**+7.5%** — **CPI**
August 2013 vs. year ago

**10.2%** — **FMCG GROWTH, URBAN 4 CITIES**
12 weeks ending 11 August 2013 vs. year ago
(12 w/e P8/13 vs. YA)

**+13.9%** — **FMCG GROWTH, RURAL**
12 weeks ending 11 August 2013 vs. year ago
(12 w/e P8/13 vs. YA)

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

After several months of stagnant growth, FMCG market in Urban has reached its 2-digit growth rate for the first time. FMCG growth in Rural touches its highest level since end of 2012, rising more strongly on a slightly brighter view of the economy.




*: 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
**: 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)

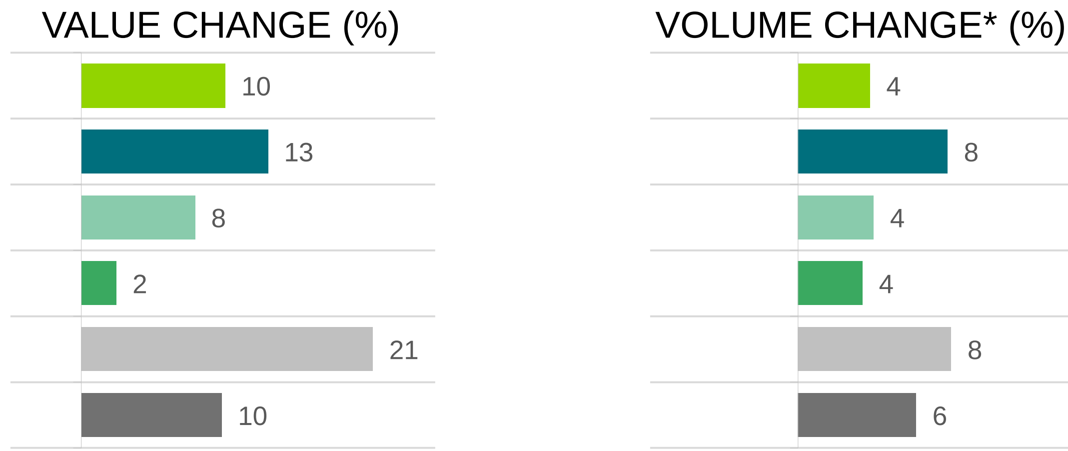
Source: Kantar Worldpanel – Households Panel – Total FMCG excluding Gift

# FMCG BASKET TRENDS

Personal Care in Urban and Beverages in Rural continues to lead the market.

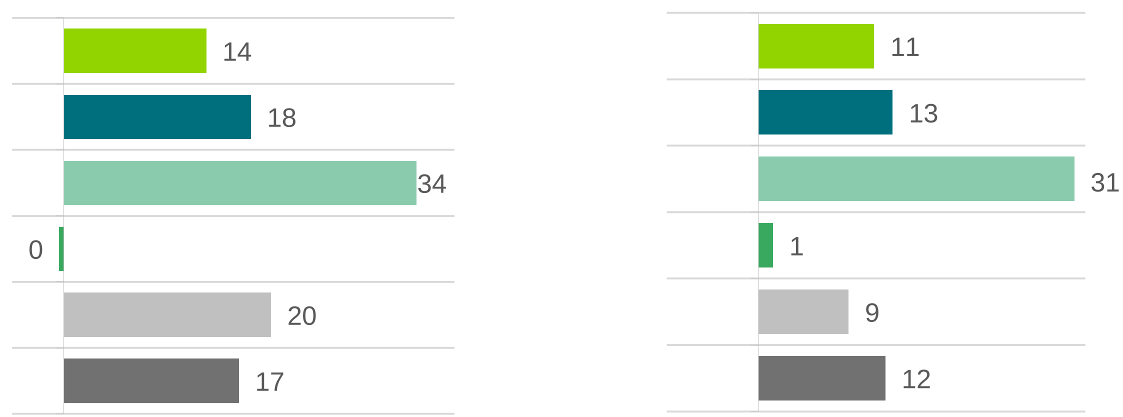
## URBAN 4 CITIES

**Total FMCG**
Dairy
Beverages
Packaged Foods
Personal care
Home care




## RURAL

**Total FMCG**
Dairy
Beverages
Packaged Foods
Personal care
Home care




*: 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

12 weeks ending P8/13 vs. YA

# HOT CATEGORIES

## URBAN 4 CITIES

**Baby Wipe**

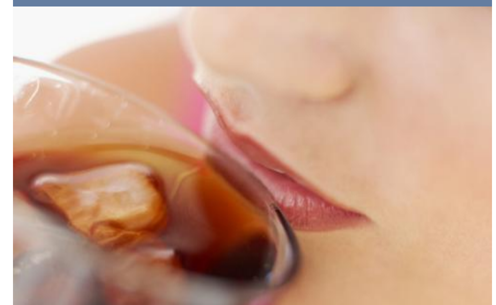
VOL CHANGE %
**+51%**

12 w/e P8/13 vs. YA

+1.0pt **Penetration**
Incremental of 33,000 households

+32% **Average volume per buyer**
Increase volume purchase by 32%

## RURAL



**Carbonated Soft Drinks**

VOL CHANGE %
**+111%**

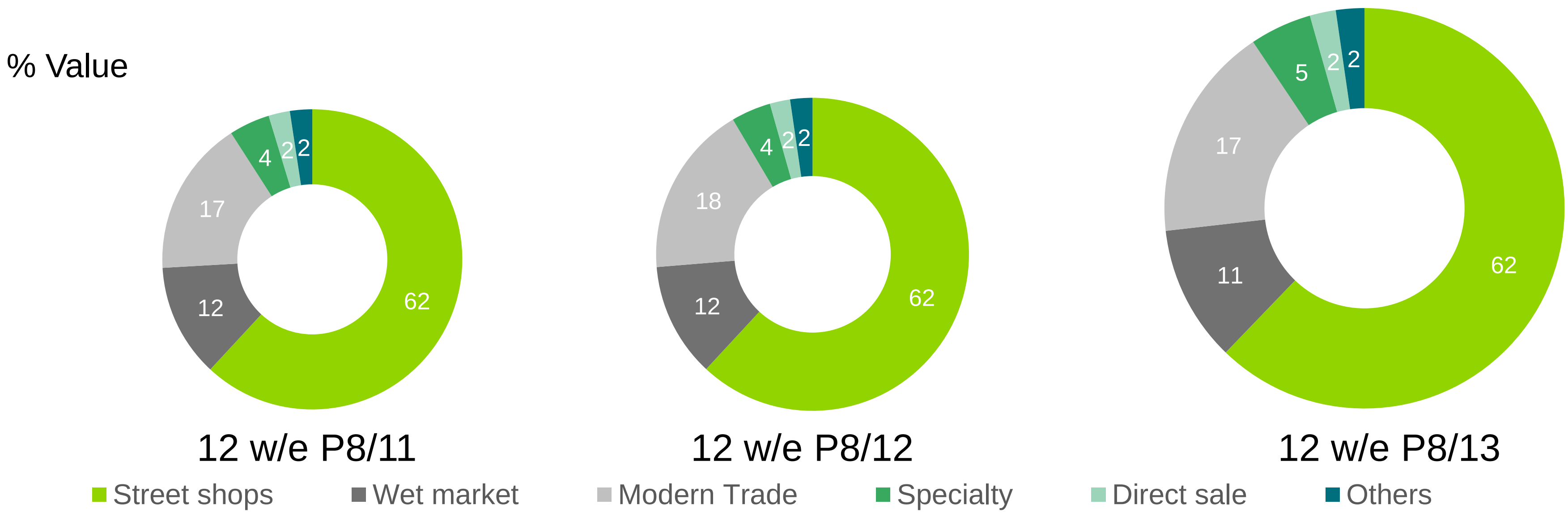
12 w/e P8/13 vs. YA

+5.6pt **Penetration**
Incremental of 1,000,000 households

+63% **Average volume per buyer**
Increase volume purchase by 63%

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

# RETAILER SNAPSHOT – URBAN

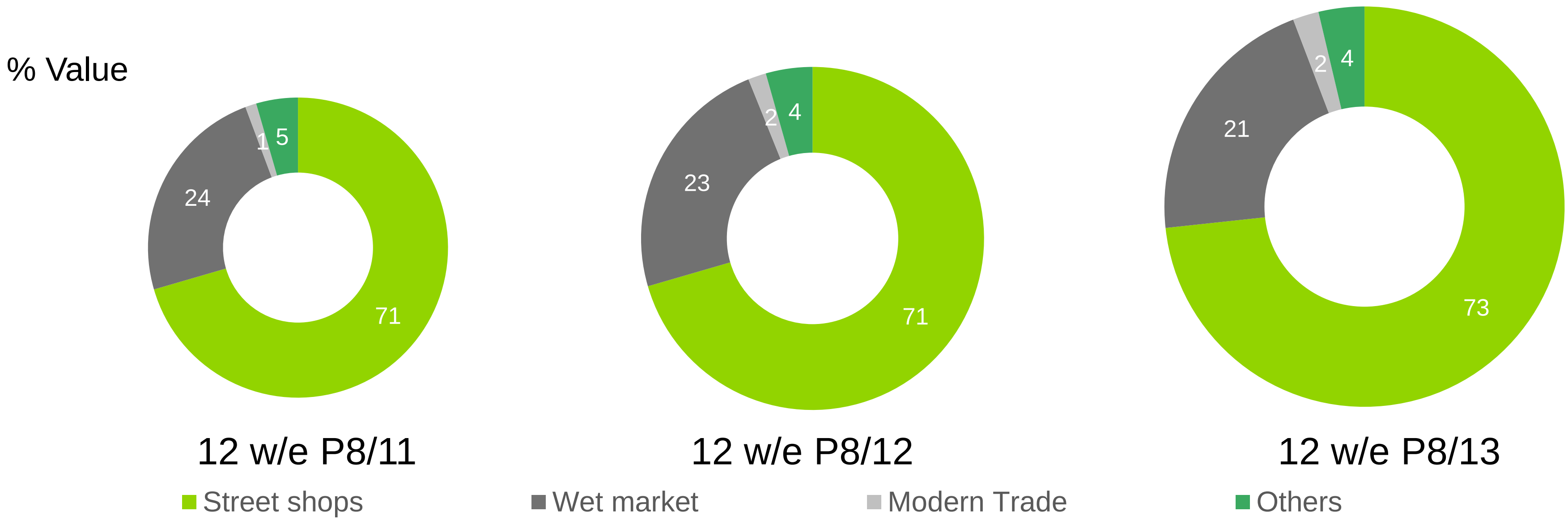



| VALUE CHANGE % | 12 w/e P8/12 vs. YA | 12 w/e P8/13 vs. YA |
|---|---|---|
| Street shops | ● | ● |
| Wet market | ● | ● |
| Modern trade | ● | ● |
| > Hyper/Supermarket | ● | ● |
| > Ministores | ● | ● |

● 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

# RETAILER SNAPSHOT – RURAL




| VALUE CHANGE % | 12 w/e P8/12 vs. YA | 12 w/e P8/13 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

# DISCOVER RURAL CONSUMER

## Who are they?

**68%** population

**3.9** members per household

**12 million** available consumers (households with monthly income >1.5 mln VND)

**3.9 million** VND/household of monthly income

## What's already in their homes?

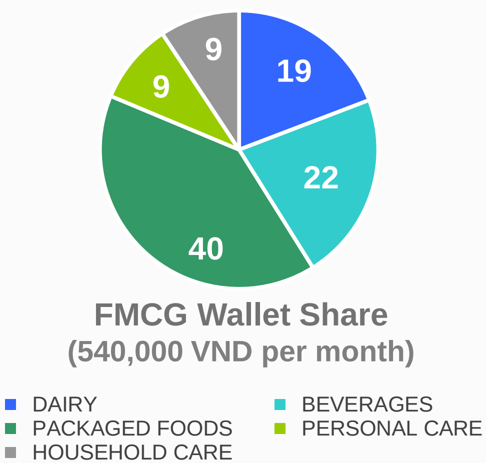
**96%** 92% in urban

**95%** 99% in urban

**87%** 93% in urban

**47%** 91% in urban

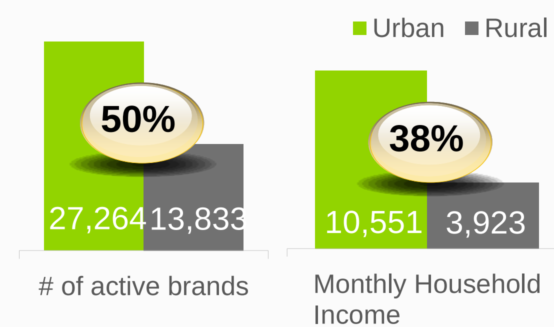
## How do they spend?




FMCG Wallet Share (540,000 VND per month)

## Opportunity & Challenge

Limited spending power in rural versus increased competition in urban areas.




Source: Kantar Worldpanel – Rural Panel – Total FMCG

Link to Previous Issues

# KEY MESSAGES

1. RISING CPI VS. POSITIVE SIGNS IN MACRO PICTURE
2. IMPROVING FMCG MARKET GROWTH
3. HOT CATEGORIES:  BABY WIPE IN URBAN & CARBONATED SOFT DRINKS IN RURAL
4. SIGNS OF IMPROVEMENT IN ALL KEY CHANNELS, ESPECIALLY IN HYPER-SUPERMARKETS IN URBAN
5. RURAL VIETNAM: POTENTIAL YET INDISPENSABLE TARGET

# UPCOMING EVENT

## CONSUMER CONNECTION 2013

KANTAR WORLDPANEL'S CLIENT DAY

15 October 2013 | 9:00– 12:00 | Nikko Hotel

Click here for more information

# About Kantar Worldpanel

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.

For further information, please visit us at www.kantarworldpanel.com.vn

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