

Press release

September 30th, 2013

FMCG Monitor: 12 weeks period ending 11 August 2013

Accelerating growth in FMCG consumption

Recent movements of Consumer Price Index have fuelled some concerns of another price hike to come by end of this year. CPI in August rises by 0.83% against the previous month and by 7.5% against the same period last year, a significant lift from 0.27% and 7.3% by end of July. However, slightly positive signs of improvement can be observed in the current economic situation since total retail sales of consumer goods and services of the first eight months of this year rises by 5.1% (inflation excluded) and employment index for industrial enterprises as of 1st August 2013 rises strongly by 2.6% from a year ago, suggesting a brighter expectation of both overseas demands and domestic consumption.

According to observation by Kantar Worldpanel during the latest 12 weeks ending 11 August, after several months of stagnant growth, FMCG market in Urban has reached its 2-digit growth rate for the first time at 10% in value. FMCG growth in Rural touches its highest level since end of 2012 at 14% in value and 11% in volume, rising more strongly on a slightly brighter view of the economy. 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 remains stagnant.

Personal Care continues to lead the value growth in Urban FMCG market. Demand for Baby Care and Facial Care products is leading the way, with value growth recorded at 34% and 26% for each sector respectively. Noticeably, Baby Wipe has become the hottest category in Urban market. Urban consumption of Baby Wipe has surged up by 51% in terms of volume, mostly thanks to a 32% increase in average household consumption.

Meanwhile, recent boom in in-home consumption of beverages is notable among Rural families. Among all beverage categories, Carbonated Soft Drink (CSD) has recorded the most outstanding performance with doubled volume consumption against a year ago. CSD has recruited an additional 1 million rural households while managed to achieve a 63% increase in average household 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. Rural homes have rapidly transformed throughout the last decade. Television sets and hand phones can now be seen in almost every Rural household. With more and more modern equipment available at home, Rural consumers are becoming more connected to the world and have more tools to ease their life. According to our Lifestyle Survey in late 2012, 1 out of every 2 families owns a fridge at home. The expanding penetration of fridges may, in turn, encourage the consumption of dairy products, beverages and other food items.

"With much lower income than their Urban counterparts, an average Rural household spends only 540,000 VND per month for FMCG with the biggest part dedicated for Packaged Foods. However, with moderate FMCG brand availability, which equals only half of Urban's, Rural market is showing huge consumer business opportunity and plenty of first entry advantage." – commented David Anjoubault – General Manager of Kantar Worldpanel.

<End>

About Kantar Worldpanel

Kantar Worldpanel is the world leader in consumer knowledge and insights based on continuous consumer panels. Combining market monitoring, advanced analytics and tailored market research solutions we deliver both the big picture and the fine detail that inspire successful actions by our clients. Our expertise about what people buy or use – and why – has become the market currency for brand owners, retailers, market analysts and government organizations globally.

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

Kantar Worldpanel is among 13 specialist operating companies of the Kantar group – which is a wholly-owned subsidiary of WPP Group plc.

Visit us at

Our Website <http://www.kantarworldpanel.com.vn>
Facebook <https://www.facebook.com/KWPVN>
LinkedIn <http://vn.linkedin.com/in/kantarworldpanelvietnam>
Twitter <https://twitter.com/#!/KWPVietnam>

Contact us

Lê Thị Bạch Dương

Marketing Manager

T +84 (0)83930 6451

F +84 (0)83930 6632

M +84 (0)90 909 4987

E duong.le@kantarworldpanel.com

Nguyễn Đặng Thanh Thủy

Marketing Executive

T +84 (0)839306631 ext. 610

F +84 (0)839306632

M +84 (0)972 336 049

E tthuy.nguyen@kantarworldpanel.com