

Press Release

October 11th, 2014
For immediate release

FMCG Growth Showing Rebound in The Latest Quarter whilst International Retailers losing Buyers

(Shanghai, China, October 11th, 2014) – Kantar Worldpanel, the global market leader in consumer panels, reports 5.7% value growth for the FMCG (Fast Moving Consumer Goods) market for the latest 52 weeks up to Sep 5th 2014. While in comparison to historic levels this remains low, in the latest quarter (Q3 2014), FMCG growth recovered to 6.9%, higher than both Q2 (4.7%) and Q1 (4.6%) - a promising rebound in the second half of the year.

Counties, small less developed cities, maintained their growth momentum at 9.7% for 2014 Q3, while Key cities returned to positive value growth at 1.6%. Consumer trading up to more premium products is the key reason for this rebound. While this trend is present across all city tiers, it's most noticeable in county level cities.

Leading Grocery Share of Modern Trade - National Urban China

	52 w/e 6th Sep 2013	52 w/e 5th Sep 2014	Q3 2013	Q3 2014
INTERNATIONAL RETAILERS ²	20.3	19.0	20.0	18.7
LOCAL RETAILERS	79.7	81.0	80.0	81.3
SUN ART GROUP	8.6	9.0	8.7	8.8
RT-MART	7.0	7.4	7.0	7.3
AUCHAN	1.6	1.6	1.7	1.6
VANGUARD GROUP + TESCO	9.2	8.5	9.1	8.4
VANGUARD GROUP	7.2	6.8	7.1	6.9
TESCO GROUP	2.0	1.7	2.0	1.6
WAL-MART GROUP	7.1	6.7	6.8	6.7
CARREFOUR	5.1	4.8	4.9	4.7
WSL GROUP	2.0	1.9	2.0	2.0
BAILIAN GROUP	4.3	4.2	4.2	4.0
YONGHUI GROUP	2.1	2.5	2.3	2.7

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Source: Kantar Worldpanel China

International Retailers losing shoppers

FMCG international retailers² continue to lose share to local retailers. At national level, international retailers showed declines in penetration with stagnant shopper spending. And are losing share to local retailers across all four regions, with performance especially marked in the north. Conversely, local retailers maintained penetration levels while increasing shopper spending.

If Vanguard can successfully re-brand all current Tesco stores, it will become the biggest individual banner with 8.4% value share (Q3 2014), compared to the 7.3% of the current market leader RT-Mart. However, both Vanguard group and Tesco lost share in the latest quarter, especially in the Tesco stronghold of the east where its Q3 share dropped from 4.1% to 3.4% over the last year. Retailers competing in the east face challenging circumstances with the region showing the highest level of consolidation. The top 10 retailers combined share accounts for 63.1% of modern trade in comparison to the nationwide top 10 share of 41.2%.

Yonghui continued its strong performance with its national value share growing from 2.3% to 2.7% over the past 3 months. This was primarily driven by its fast expansion in the north, with a 0.6% share increase in Q3. Yonghui also demonstrated an impressive value share level of 5.4% in the west region; already making it the third largest player and only marginal lower than the second player, Vanguard group with 5.5%.

E-commerce remains the bright spot for FMCG retailing. Older consumers jumping on the bandwagon

Steady penetration growth remains the driving force for e-commerce in FMCG, as the channel attracts more shoppers as a result of price, product choice and convenience. Kantar Worldpanel reports that 34% of Chinese urban families now shop online in the year. With the historical debut of Alibaba in NYSE in September, it is expected that more investment will be made on building infrastructure of the logistic network to make e-commerce more accessible to consumers across all life stages and locations in China.

E-commerce today is clearly no longer a preserve for younger consumers. Kantar Worldpanel observed that online shopping penetration is now growing strongly amongst older families where 26% shopped online in the latest year – an increase of 49% compared to 2 years ago. According to Kantar Worldpanel, older consumers tend to buy more; household cleaning products, liquid milk, nutrient supplement, kitchen products and pet food from e-commerce retailers. Online retailers will need to ensure that user interfaces are friendly and easy to navigate with suitable support and assurance for those consumers who move from offline channels to online channels. At the same time, brand owners should also embrace the new reality, learning to communicate with consumers throughout the path to online purchase.

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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.

For more information, please visit www.kantarworldpanel.com

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