# FMCG Monitor

## An integrated update of Vietnam FMCG market

12 weeks period ending 7 September 2014 (12 w/e P9/14)
Urban 4 Key Cities & Rural Vietnam

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# INSIDE THIS ISSUE

## KEY INDICATORS

GDP growth accelerated in the third quarter. However, domestic demand remains weak.

## FMCG TRENDS

In Urban, FMCG consumption posts a stagnant growth at 0.4% in value. Meanwhile, after many periods of 2-digit growth, rural market has reduced to 1-digit pace.

## HOT CATEGORIES

Liquid Tonic Food Drink in Urban and Drinking Yoghurt in Rural.

## RETAIL LANDSCAPE

All key channels in urban are suffering from the slow-down in growth. In rural, wet market remains stagnant while street shop is decelerating.

## SPOTLIGHT ON VN

Rural Vietnam: Gear up for the new growth avenue



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# FMCG GROWTH

**GDP**

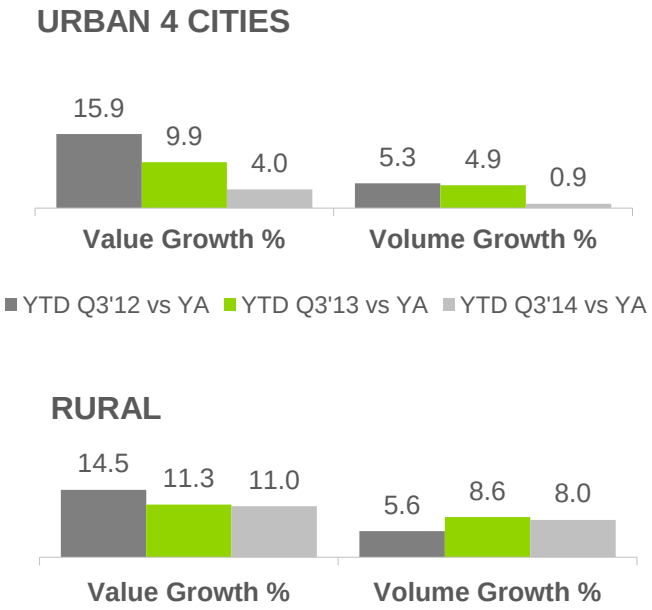
**+6.2%** Q3'14 vs. YA

**+5.5%** Q3'13 vs. YA

**CPI**

**+3.6%** Sep'14 vs. YA

**+6.3%** Sep'13 vs. YA




GDP growth accelerated in the third quarter to 6.2% over the same period last year. However, domestic demand remains weak.

During the first 9 months of 2014, growth of FMCG consumption continues to slow down in Urban while Rural market is losing its momentum compared with the same period of previous years.

Source: GSO
Kantar Worldpanel – Households Panel – Urban 4 Key Cities & Rural Vietnam – Total FMCG excluding Gift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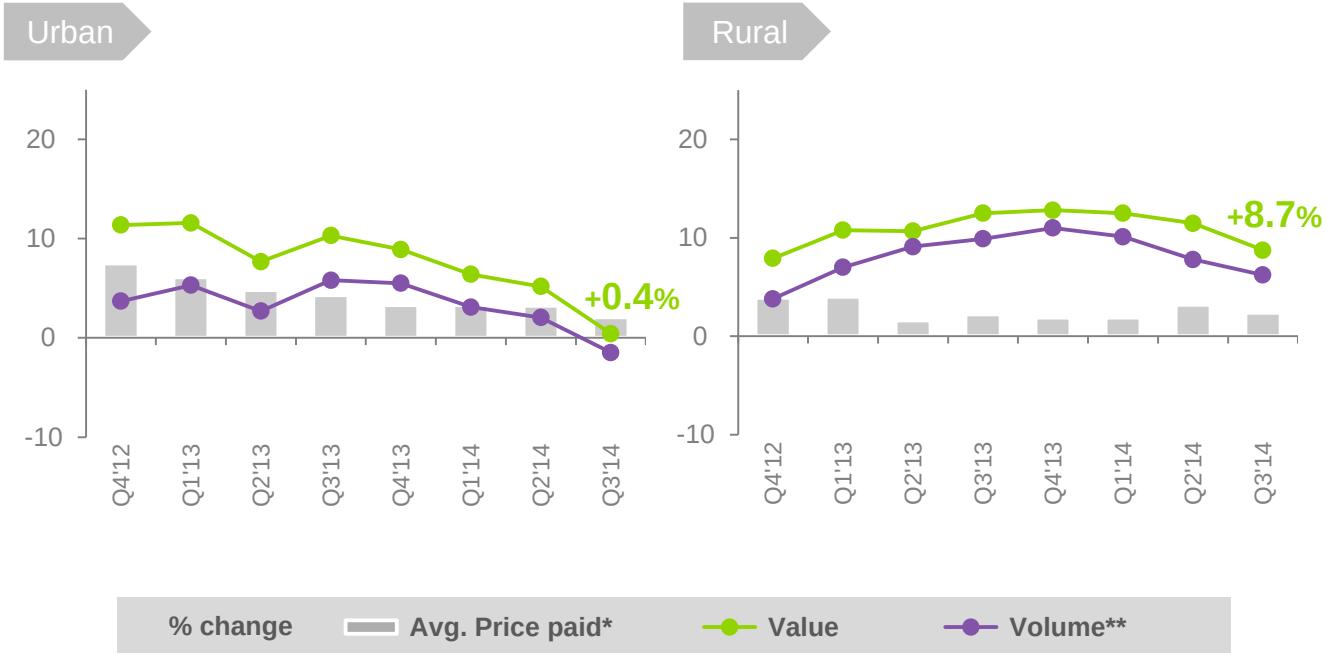
# FMCG – 12 WEEKLY YEAR-ON-YEAR CHANGE (%)




In Urban, FMCG consumption posts a stagnant growth at 0.4% in value while volume declines at 1.5% in Quarter 3 compared with the same period last year.

Meanwhile, after many periods of 2-digit growth, FMCG consumption in rural has reduced to 1-digit pace during the last quarter with value growth now registering at 8.7% and volume growth at 6.2%.

*: 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 – Urban 4 Key Cities & Rural Vietnam - Total FMCG excluding Gift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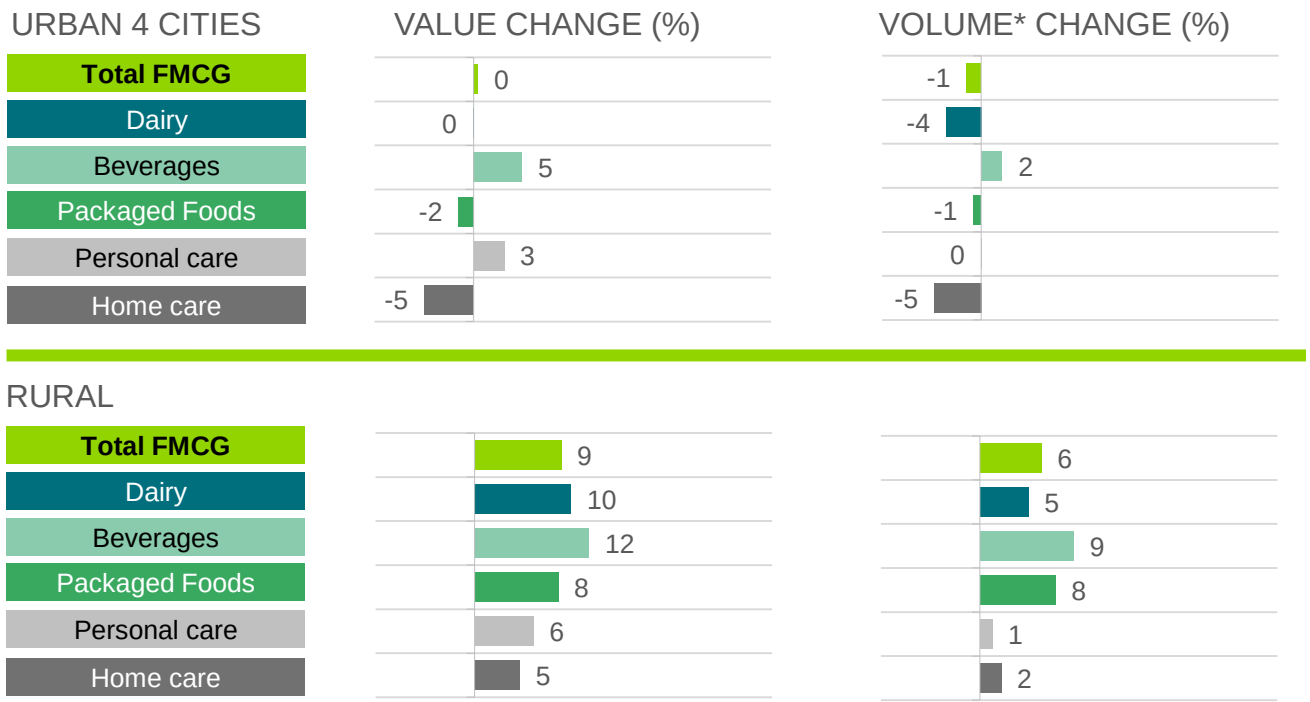


In Urban, Home Care is the hardest hit among 5 main FMCG sectors as consumers withhold their consumption on fabric care products, floor cleaners, etc.

In Rural, food categories are performing better than non-food ones in terms of both volume and value growth as consumers are prioritizing towards necessities.

*: 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 – Urban 4 Key Cities & Rural Vietnam – Total FMCG excluding Gift

12 w/e P9/14 vs. YA


© Kantar Worldpanel

## URBAN 4 CITIES

VOL CHANGE %
**+38%**

LIQUID TONIC FOOD DRINK*

**Penetration** +4.1pt
Incremental of 100,000 households

**Average volume per buyer** +8%
Increase volume purchase by 8%

## RURAL

VOL CHANGE %
**+47%**

DRINKING YOGHURT

**Penetration** +3.6pt
Incremental of 600,000 households

**Average volume per buyer** +15%
Increase volume purchase by 15%

Liquid Tonic Food Drink in urban has earned a 38% increase in volume compared with the same period last year, by attaining 100,000 new buyers and achieving 8% growth in average volume consumption.

In Rural, Drinking Yoghurt is the most outstanding category with 47% uplift in volume consumption thanks to a 15% increase in household consumption and incremental recruitment of 600,000 new household buyers.

Source: Kantar Worldpanel – Households Panel – Urban 4 Key Cities & Rural Vietnam – Total FMCG excluding Gift

12 w/e P9/14 vs. YA

(*): Tonic Food Drink also known as Chocolate Malt Beverages



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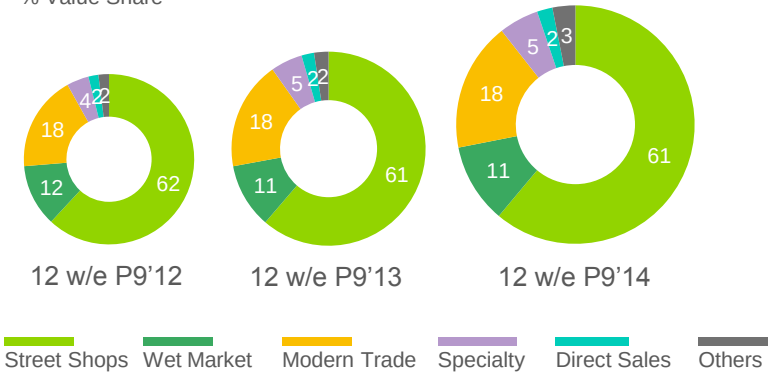
# RETAIL LANDSCAPE

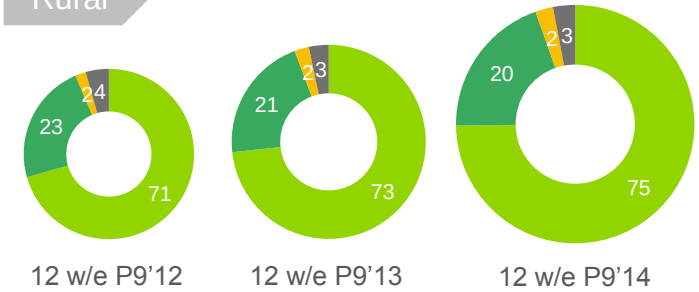
## Urban

% Value Share




| | 12 w/e P9'13 vs. YA | 12 w/e P9'14 vs. YA |
|---|---|---|
| Street shops | 5% ≤ Growth ≤ 15% | -0.5% < Growth < 5% |
| Wet market | -0.5% < Growth < 5% | -0.5% < Growth < 5% |
| Modern trade | 5% ≤ Growth ≤ 15% | Growth ≤ -0.5% |
| > Hyper/Supermarket | 5% ≤ Growth ≤ 15% | Growth ≤ -0.5% |
| > Ministores | Growth >15% | Growth >15% |

## Rural




| | 12 w/e P9'13 vs. YA | 12 w/e P9'14 vs. YA |
|---|---|---|
| Street shops | Growth >15% | 5% ≤ Growth ≤ 15% |
| Wet market | -0.5% < Growth < 5% | -0.5% < Growth < 5% |
| Modern trade | Growth >15% | 5% ≤ Growth ≤ 15% |

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

All key channels in urban are suffering from the slow-down in growth. Modern Trade channels, especially Hyper/Supermarkets are declining. In Rural, Wet Market remains stagnant while Street Shop is decelerating.

Source: Kantar Worldpanel – Households Panel – Urban 4 Key Cities & Rural Vietnam – Total FMCG excluding Gift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# RURAL

Gear up for the new growth avenue

## WHO ARE THEY?

**68%** population

**3.7** members/HH

**5.3 million** VND/HH of monthly income

**16 million** households

## WHAT'S ALREADY IN THEIR HOMES?

Handphone
**97%**
99.5% in urban

Motorbike
**88%**
96% in urban

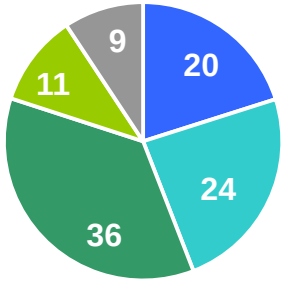
Washing Machine
**15%**
76% in urban

Fridge
**53%**
93% in urban

Computer
**12%**
51% in urban

Internet
**8%**
63% in urban

## HOW DO THEY SPEND?

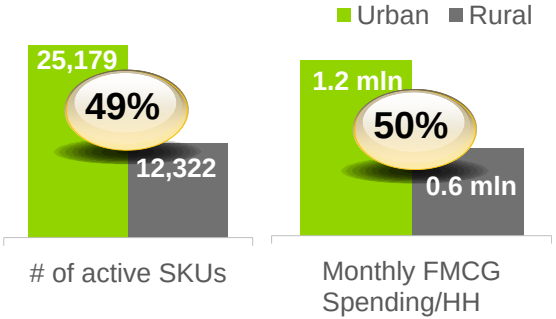



**FMCG Wallet Share**
**(600,000 VND per month)**

- DAIRY
- PACKAGED FOODS
- HOUSEHOLD CARE
- BEVERAGES
- PERSONAL CARE

## OPPORTUNITY & CHALLENGE

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




Source: Kantar Worldpanel – Household Panel MAT P9'14 & Family Form 2013 – Rural Vietnam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# 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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