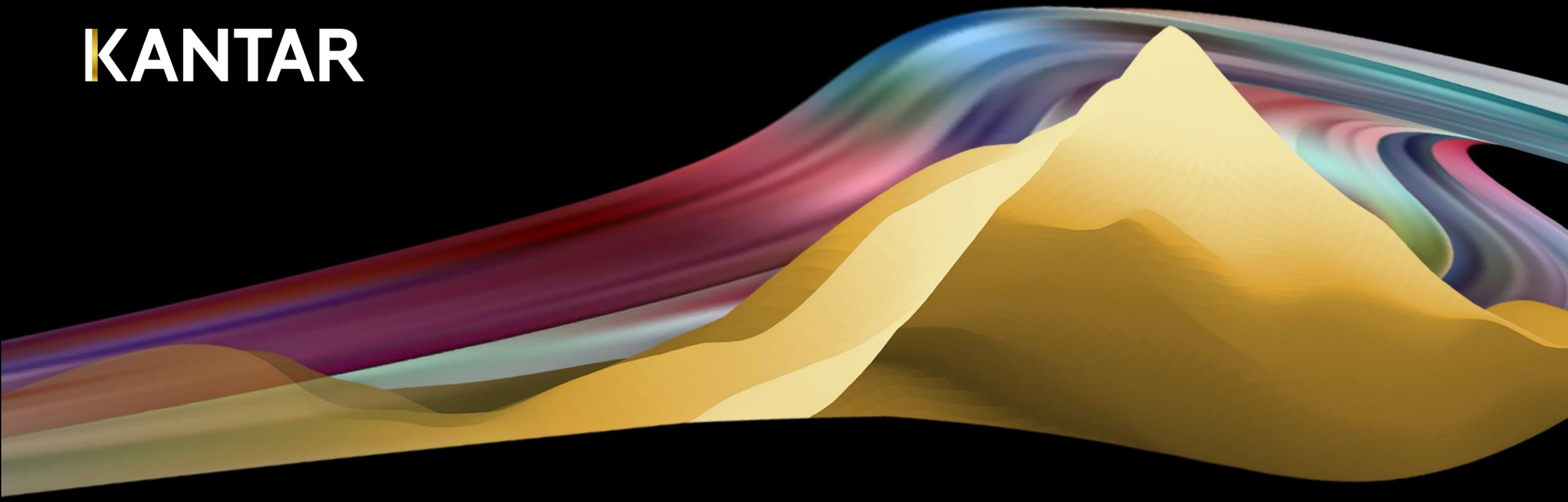
KANTAR



ASIA PULSE

ASIA'S FMCG MARKET AT A GLANCE

Issue 3 • December 2022
Data period: MAT Q3 2022

WORLDPANEL DIVISION

KEY HIGHLIGHTS ACROSS ASIA

CHINESE MAINLAND

A steady recovery in Q3

Amongst the different FMCG sectors, beverages enjoyed the highest year-on-year growth as a severe summer heatwave impacted the market. Ice cream remained popular for in-home consumption. Dairy and personal care products also started to recover.

Membership store formats expand

The membership store model is constantly evolving to meet demands for quality from middle-class families and young shoppers. These stores have successfully adjusted their merchandise and operations to better suit changing consumer habits.

Interest in ecommerce booms

Ecommerce continued to attract more shoppers. It has entered a new stage of development, offering a more accessible interface that enables consumers to search for and buy products directly through high-quality content marketing.

TAIWAN

FMCG growth slows down

Taiwan got COVID under control during Q3 of 2022, and consumers gradually increased their social activities, including eating out. This affected food categories and slowed down the FMCG market's growth momentum.

Personal care sales grow by 10%

As the pandemic eased, shoppers started returning to physical stores and enjoying social events more often, leading to a slight recovery in the cosmetics sector.

Offline channels are in recovery

Ecommerce benefited significantly from COVID and the lockdown in Taiwan. With the number of cases lowering, shoppers began to spend more money per trip in offline channels, while online spending per trip dropped slightly.

SOUTH KOREA

The slowest quarterly growth in a year

Korea's GDP grew by 0.3% in Q3 compared to the previous quarter, which is the slowest quarterly growth in a year. This was caused by high inflation and rising interest rates worldwide. Despite these pressures, consumers' 'revenge spending' in leisure, entertainment, and travel meant that the economy still managed to grow.

Haircare sees growth, and colour cosmetics rebound

Colour cosmetics has recovered thanks to increased consumer demand for beauty products. In addition, the sales of haircare products, especially shampoo, surged compared to the previous year due to the launch of new specialised shampoos that help to darken grey hairs.

Ecommerce continues to develop

The importance of online channels increased once again, with the share of value across all channels reaching 34.5% in Q3. The convenience of ecommerce is becoming more widely recognised among consumers, and this has helped it to become a leading channel, especially in the FMCG market.

INDIA URBAN

Inflationary pressure continues

Inflation has maintained its grip on FMCG, with volumes dipping by 1.2% in Q3, while value grew by 4.4% as manufacturers hiked up prices in response to inflation. FMCG growth has remained sluggish for almost 16 months now.

Pack sizes have shrunk

Compared to the pre-pandemic period, Indian consumers are shopping more frequently and buying more packs. However, the average pack size and spend per trip are both declining. This reflects the inflationary scenario the market is currently experiencing.

New purchase behaviours emerge

Among all the channels, ecommerce is seeing the highest growth in terms of shopping occasions. With the pandemic ebbing, sales of home hygiene and immunity-building products have declined, while categories including chocolates, soft drinks, biscuits, salty snacks and noodles have kept their footing.

KEY HIGHLIGHTS ACROSS ASIA

SAUDI ARABIA

The economy gets stronger

The social fabric of Saudi is changing – the proportion of women in the workforce keeps rising, and more FMCG purchase decision makers are working outside, which affects their shopping behaviour. Government support to encourage growth in non-oil sectors continues with Vision 2030, and this is likely to bode well for the FMCG market.

The volume vs spend gap widens

Price inflation has led to an uplift in spending, unusually for the post-Ramadan period, while volume has dropped lower than in pre-COVID times. Shoppers have reduced frequency to its lowest level in recent memory to manage their cash outlay.

Modern trade growth is challenged

By reducing shopping frequency and basket size, shoppers in the largest cities are pushing modern trade sales into degrowth. Shoppers from all walks of life are rationalising spend, but the the least affluent are especially stretched.

UNITED ARAB EMIRATES

A strong and resilient economy

Although the economic surplus is supported by higher oil revenue, the slowdown in oil output may have a negative impact on the UAE's overall GDP growth. The FMCG sector is firmly in expansion territory, as tourism and real estate are also showing strong growth, especially in Dubai.

Volume grows despite price rises

An increase in the number of ex-pats has brought additional shoppers to the UAE, and they absorbed most of the pressure on volume from price inflation in Q3. However, looking at individual shoppers' baskets, inflation is reducing the amount that they buy.

Online shopping is at a critical point

Online shopping's contribution to total FMCG value across all channels has increased significantly in the last two years. This calls for all FMCG brands to put their best foot forward in creating an ecommerce environment for their intended target groups.

INDONESIA

The economy continues to recover

Indonesia's GDP growth remained healthy in Q3. Household consumption stayed at the same level as the previous quarter, with growth of around 5%. Pressure from inflation continues, along with higher exchange rates, which might lead to a setback in consumer confidence.

Every shopping trip counts

Growth in the FMCG sector currently stands at 7%, the same level as in Q3, thanks to the positive impact of Indonesia's festive season. Looking at the longer-term trend, consumer spending is starting to slow down, with smaller basket sizes and lower shopping frequency; this means each shopping trip is becoming more crucial for brands to win.

Shoppers' baskets are changing

Spend per trip is mainly driven by price increases, and this is proving to be a challenge for all socio-economic groups. This could lead consumers to prioritise the categories in their shopping basket.

MALAYSIA (PENINSULAR)

Consumers adapt to inflationary pressure

In Q3 of 2022, Malaysia's Consumer Sentiment Index recovered to levels similar to those seen at the beginning of the year. This was potentially driven by an easing of inflationary pressure, leading to a rise in consumer confidence as they begin to adapt to the economic outlook.

Spending slows down

In-home FMCG consumption declined marginally as consumers adjusted their spending habits to due to inflation. The food sector is experiencing a slowdown, whereas in the non-food sector consumers are absorbing higher prices and spending more.

A shifting channel landscape

As consumers move back to modern trade, hypermarkets are starting to lose penetration, and shoppers are reducing the frequency of their visits. Meanwhile, drug, beauty and pharma channels are growing in tandem with the non-food sector, gaining in penetration as well as trip size and spend.

KEY HIGHLIGHTS ACROSS ASIA

THAILAND

FMCG growth returns to pre-COVID low

FMCG growth in the second year of COVID was high, as demand for in-home consumption increased. In Q3 of 2022 FMCG registered negative growth as it returned to pre-COVID levels, in line with lower demand for in-home FMCG.

More cautious shopping and spending habits

In Q3 in-home FMCG received less government support. This led to a reduction in consumers' disposable income, and they felt the full impact of a high inflation rate, becoming more cautious in their spending. As a result, shoppers are buying a smaller number of categories and products, and searching for better value on each trip.

Consumers return to modern trade

The change in consumers' habits is also affecting shopping channels. Shoppers are looking to buy via channels that offer better value for money, which has led to the rise of hypermarkets and convenience stores, which offer more promotions. Combined with lower government subsidies, this has driven a shift from traditional trade back to modern trade.

PHILIPPINES

Consumers feel discouraged by the economic situation

Consumer confidence in the economy declined as inflationary pressure heightened. However, as workplaces opened in Q3 more jobs became available to Filipinos, leading to a decrease in unemployment.

Filipino shoppers are adapting

While spending remained higher than a year ago, shoppers have recently taken steps to rein in their total FMCG spend as they adapted to inflationary pressure. This is being driven by middle to lower-income homes and less-developed regions, where shoppers are focusing spend on food and home care.

New channel choices have emerged

Shoppers are selecting direct sales and grocery stores as additional channel options, as these offer increased product choices for a lower cash outlay.

VIETNAM

Double-digit GDP growth rate

Vietnam's GDP grew significantly by 13.7% in Q3 of 2022, outperforming the forecast. Meanwhile, the consumer price index continued to rise, threatening the government's objective of controlling inflation. Vietnamese consumers maintained their optimism about the economy and their purchasing power, while a drop in oil prices relieved some of the cost pressure on them.

Increasing average price paid is a key value driver

Rural areas witnessed the highest total FMCG growth at 9.1%, while in urban regions growth is slowing down compared to Q3 last year when the fourth wave of COVID-19 hit the hardest. The average price paid continues to be the key value driver. The beverage and non-food sectors are contributing significantly to the growth in total FMCG in both rural and urban areas.

The beverage sector recovers strongly

The beverage sector is set to bounce back after the lockdown in Vietnam, and is looking likely to thrive once again after a two-year slump. This is reflected by a higher value growth rate than was seen in Q3 of 2019, before COVID hit.

Q3 2022 | Summary Asia

OVERVIEW

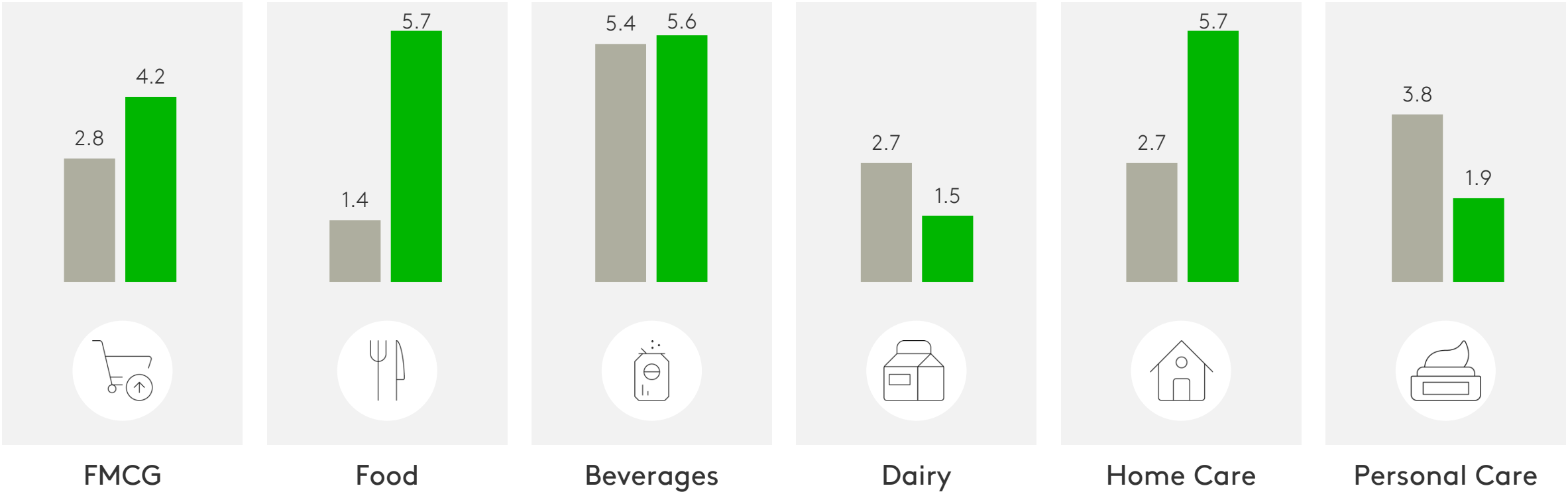
% Value Change FMCG – MAT Q3 2022 vs. Year Ago

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

	Asia	Northeast Asia			West & South Asia			Southeast Asia					
	Total	Chinese Mainland	Taiwan	South Korea	India (Urban)	Saudi Arabia	UAE	Indonesia	Malaysia (Peninsular)	Thailand	Philippines	Vietnam (Urban)	Vietnam (Rural)
FMCG Total	4.2	3.6	5.0	4.3	4.4	6.8	2.4	7.3	-1.5	-1.0	8.5	3.8	9.1
Food	5.7	5.5	4.6	2.5	5.1	7.4	3.7	11.8	-4.0	-0.2	10.2	1.4	11.2
Beverages	5.6	7.0	-3.4	3.2	9.4	3.5	1.4	2.6	-2.2	0.7	8.1	4.9	5.4
Dairy	1.5	0.6	-4.1	-4.3	-1.2	10.6	0.7	3.7	-1.3	-1.5	4.6	1.7	11.9
Home Care	2.7	3.6	-2.8	1.9	5.3	-1.6	-7.5	0.5	1.3	3.3	-1.5	-2.0	3.2
Personal Care	1.9	-0.2	9.8	12.2	1.2	2.7	1.8	6.7	1.4	-2.5	8.4	7.2	5.7

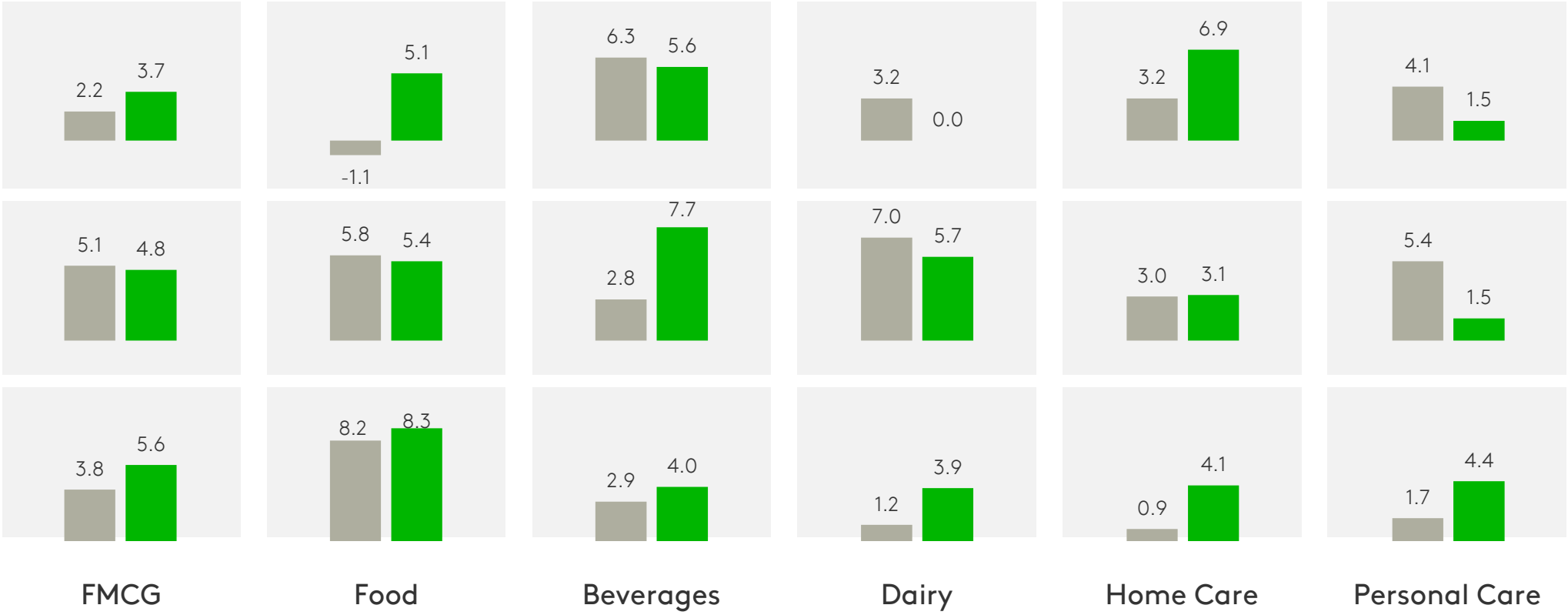
FMCG Growth in Asia: YOY

Asia/MAT Q3 2022 – Value Spend Growth vs YA



FMCG Growth in Asia: YOY

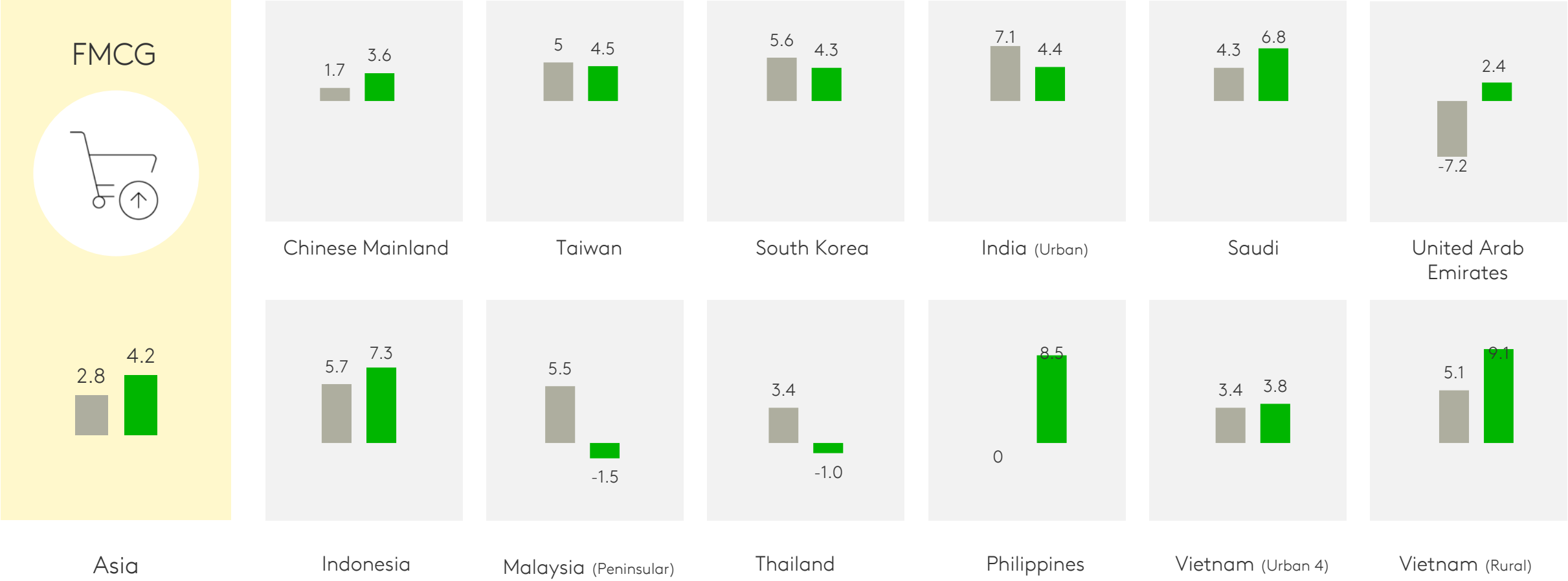
Asia/MAT Q3 2022 – Value Spend Growth vs YA



FMCG

Asia/MAT Q3 2022– % Value Growth vs YA

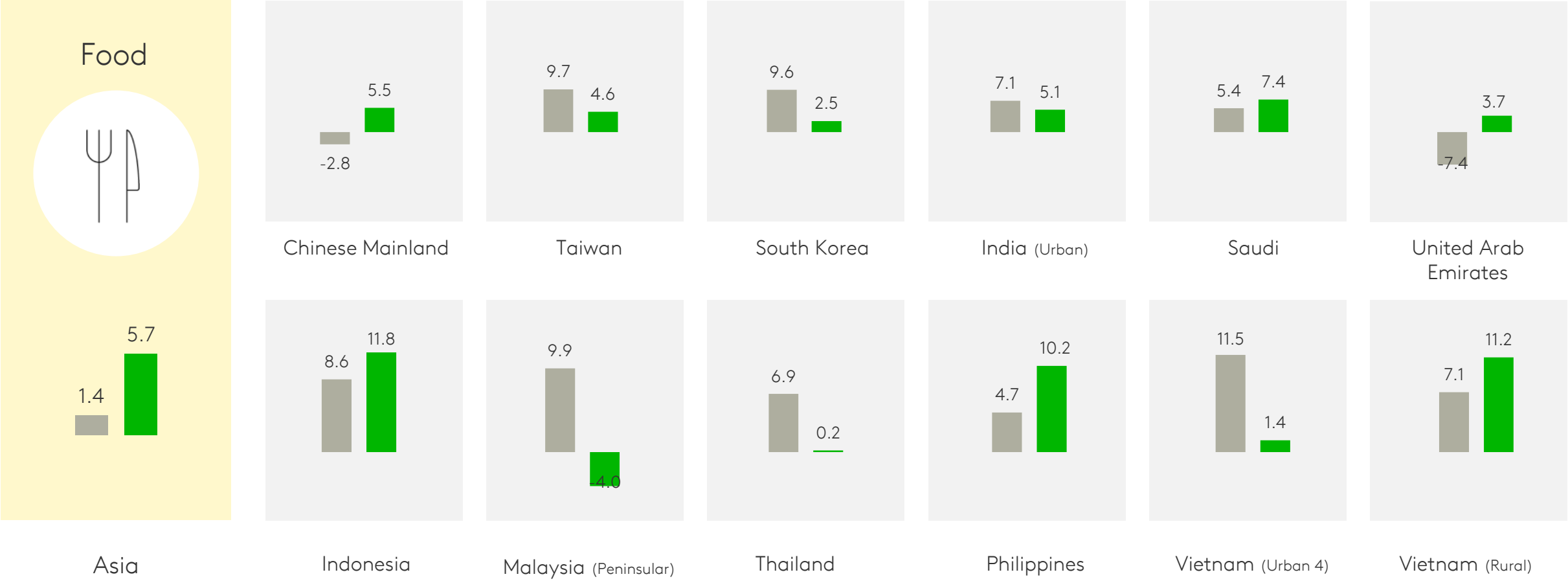
Q3 2021 Q3 2022



Food

Asia/MAT Q3 2022– % Value Growth vs YA

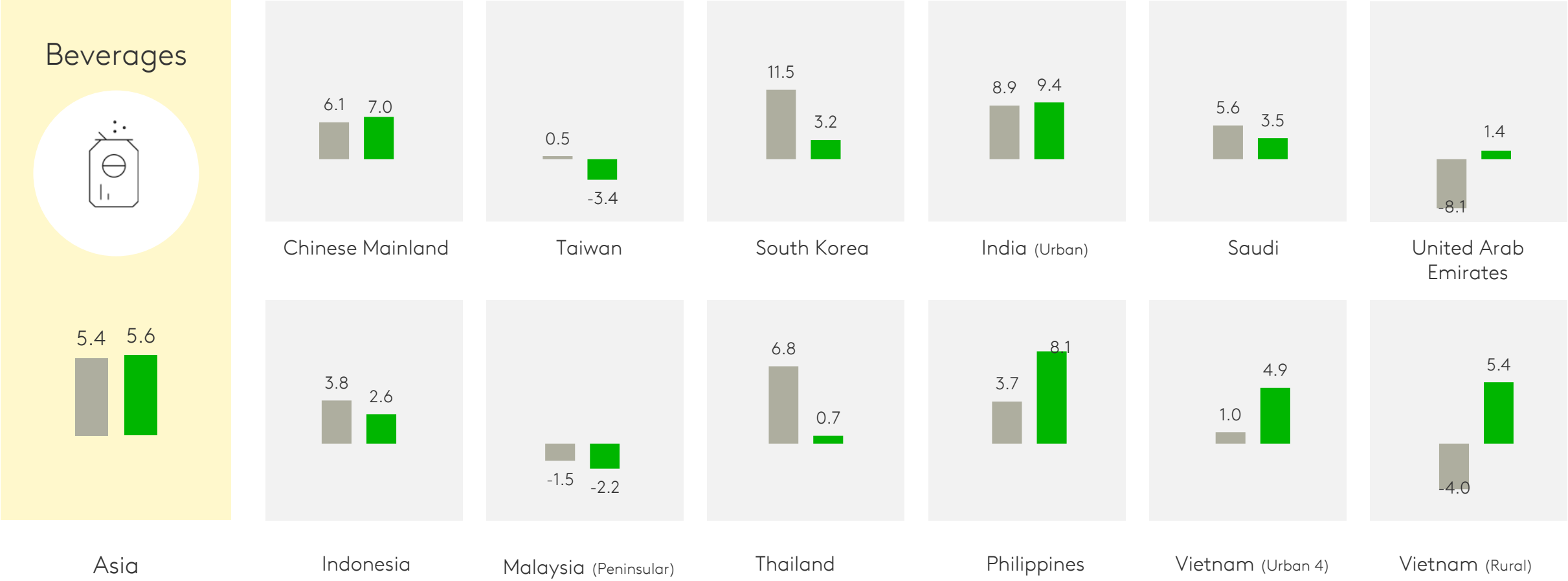
Q3 2021 Q3 2022



Beverages

Asia/MAT Q3 2022– % Value Growth vs YA

Q3 2021 Q3 2022



Dairy

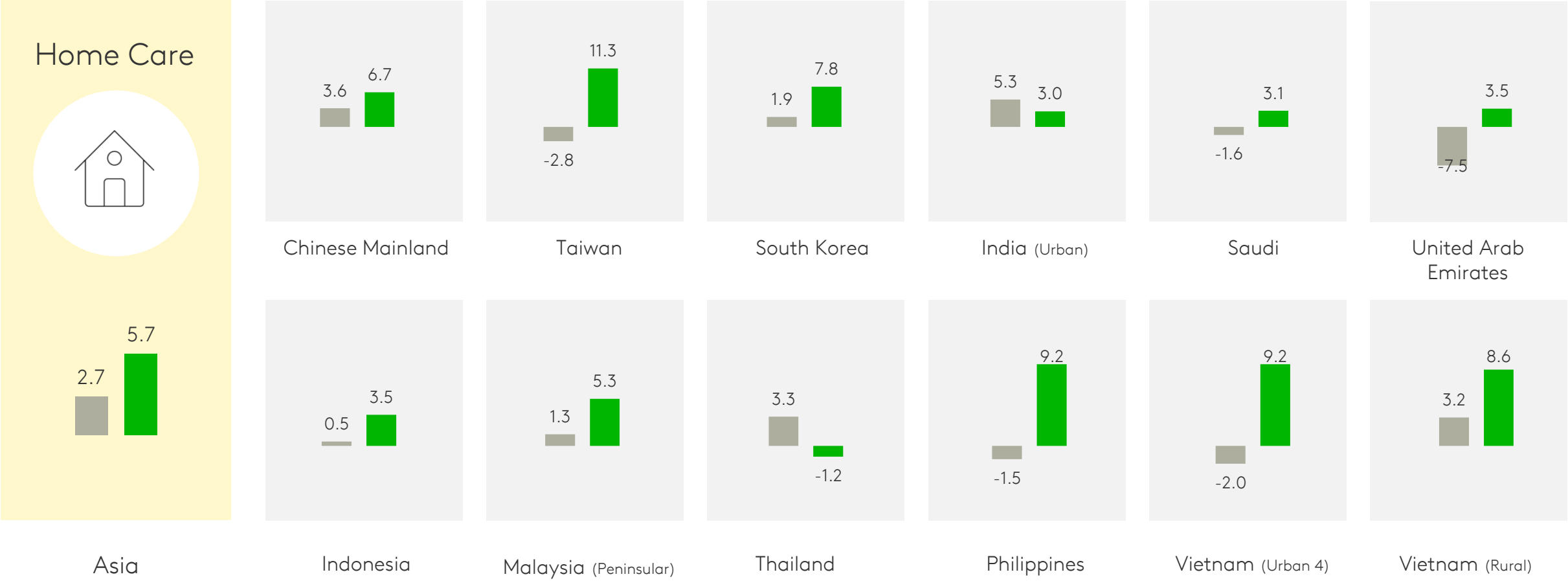
Asia/MAT Q3 2022– % Value Growth vs YA

Q3 2021 Q3 2022

Home Care

Asia/MAT Q3 2022– % Value Growth vs YA

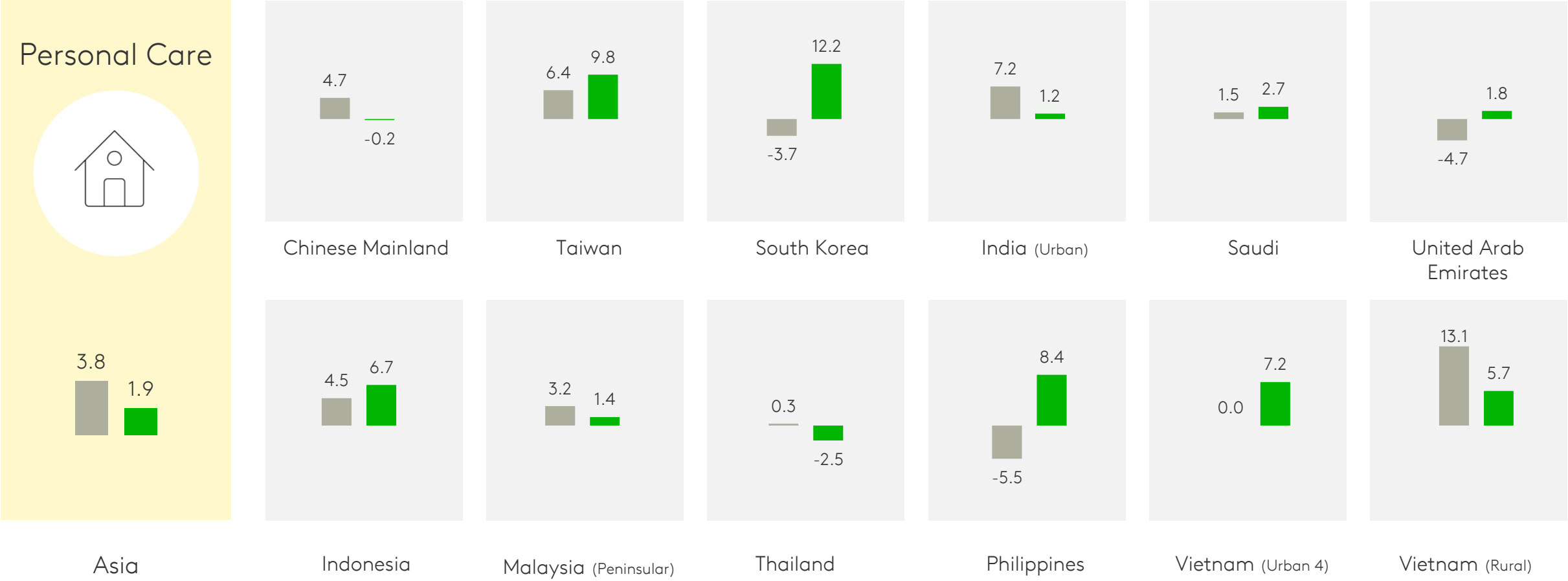
Q3 2021 Q3 2022



Personal Care

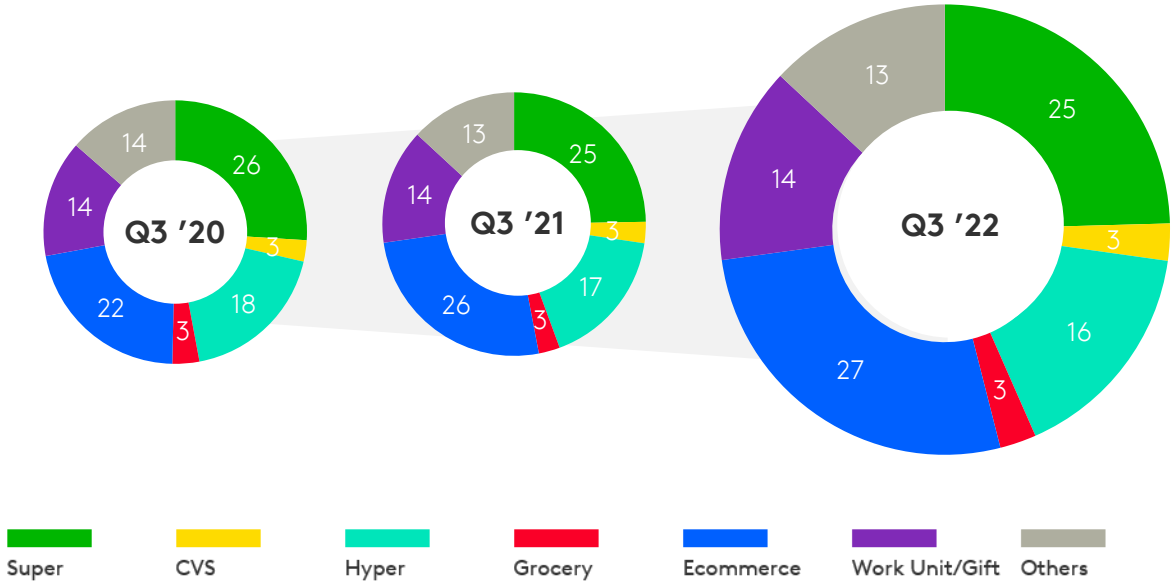
Asia/MAT Q3 2022– % Value Growth vs YA

Q3 2021 Q3 2022

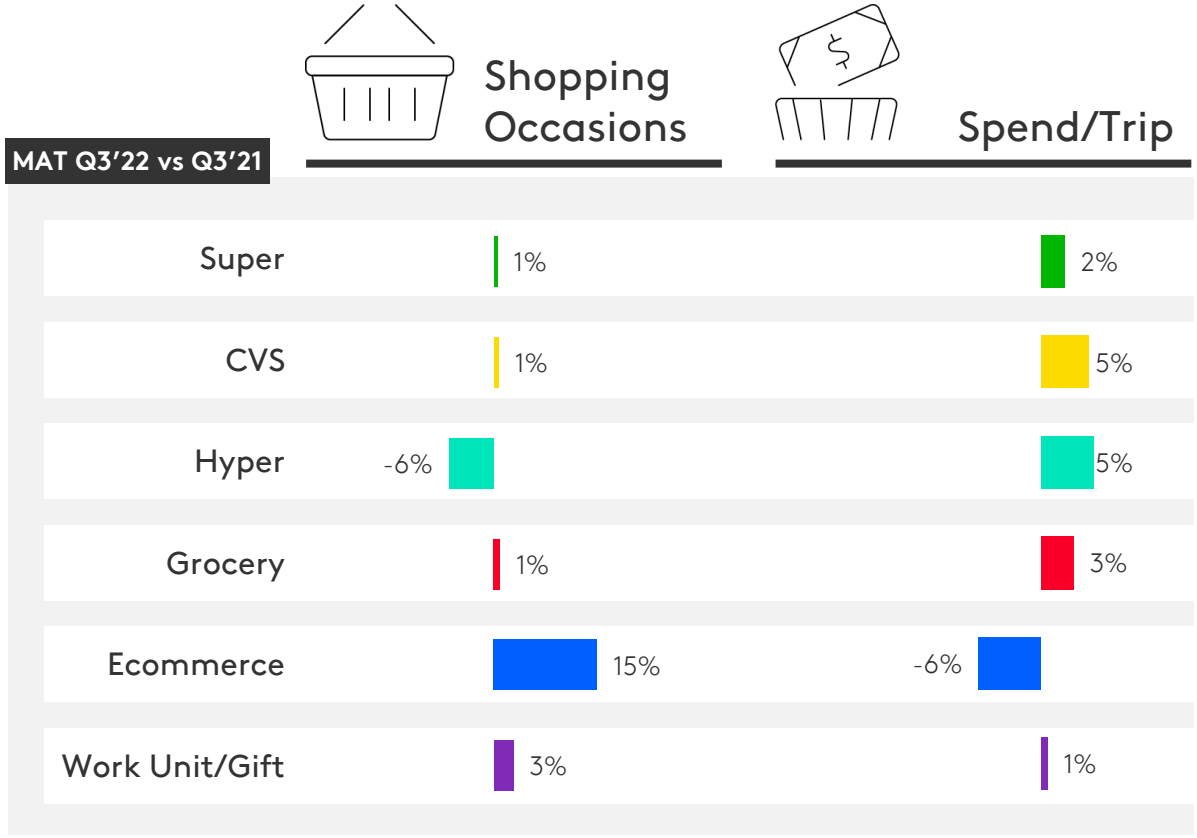


Chinese Mainland

Channel Importance – % Value

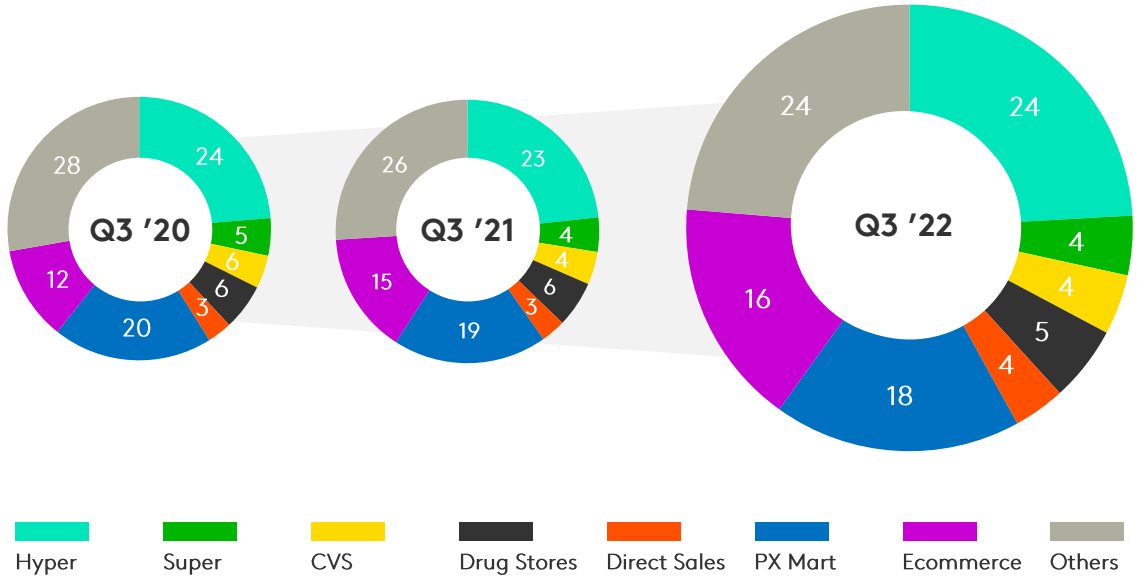


MAT Q3'22 vs Q3'21



Taiwan

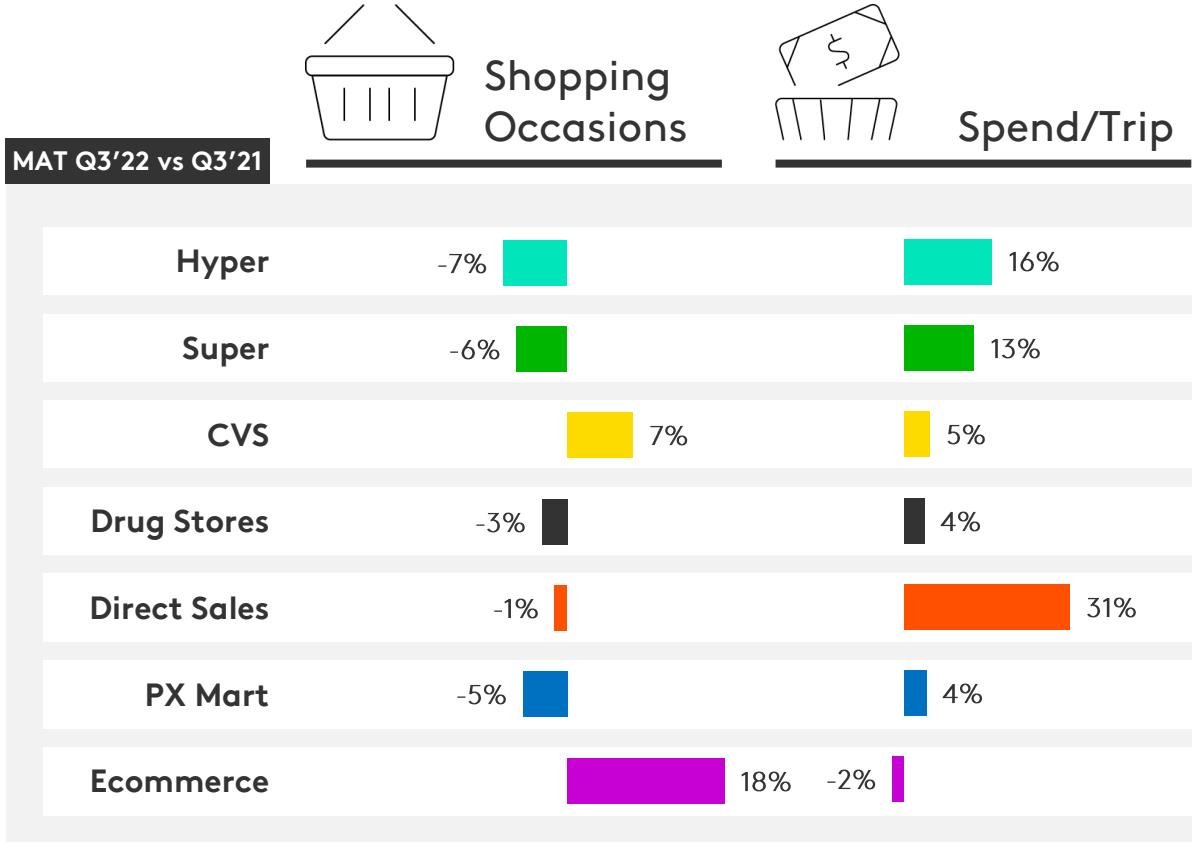
Channel Importance – % Value



MAT Q3'22 vs Q3'21

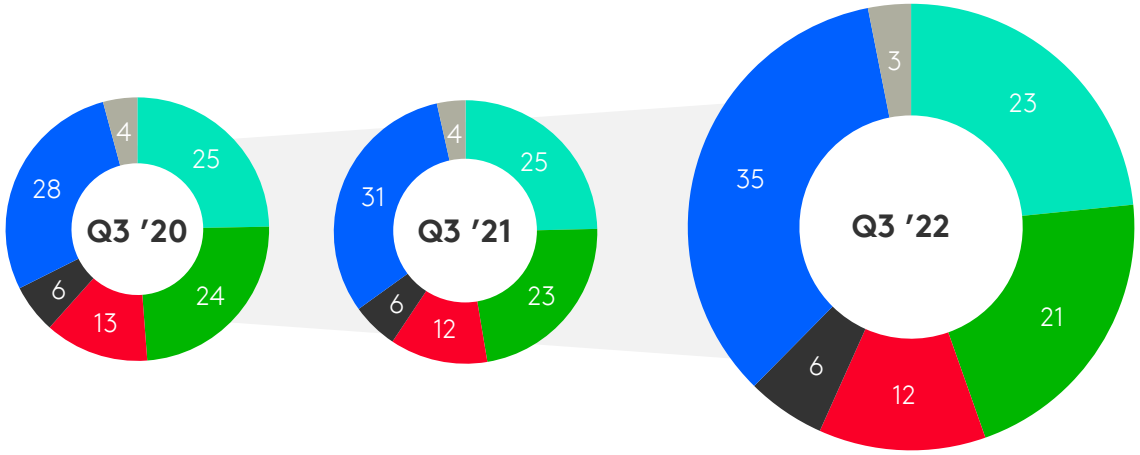
Shopping Occasions

Spend/Trip



South Korea

Channel Importance – % Value



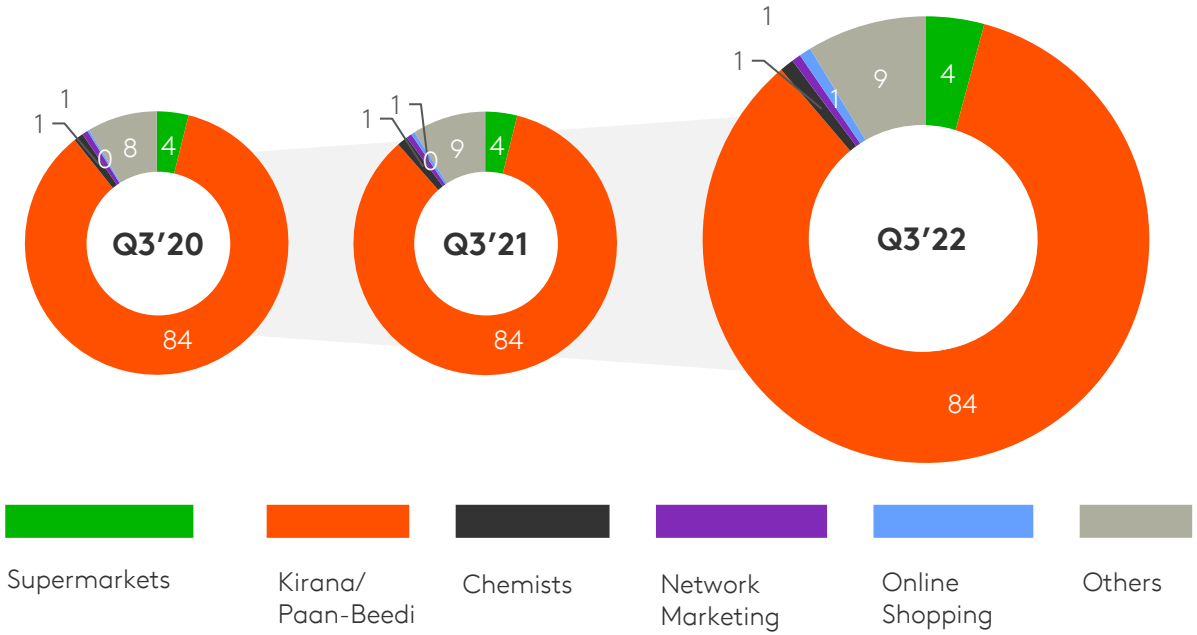
Hyper | Super | Other Modern Trade | Traditional Trade | Internet | Non-Store

MAT Q3'22 vs Q3'21

	Shopping Occasions	Spend/Trip
Hyper	-6%	5%
Super	-6%	4%
Other Modern Trade	1%	4%
Traditional Trade	-5%	10%
Internet	9%	5%
Non-store	-19%	12%

India (Urban)

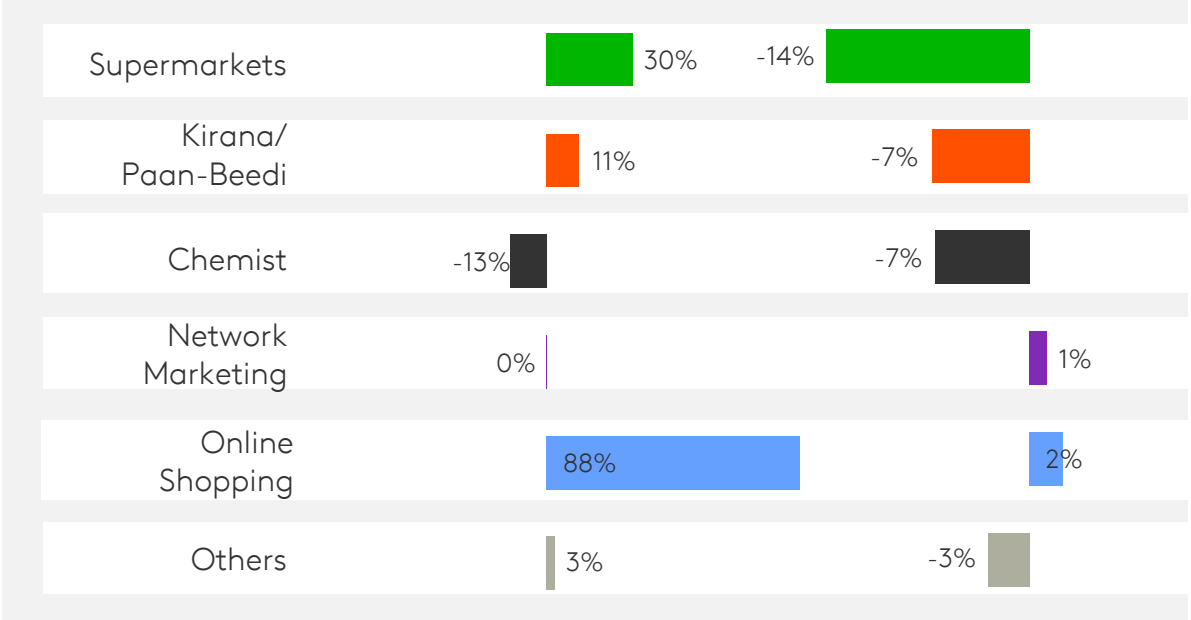
Channel Importance – % Value



MAT Q3'22 vs Q3'21

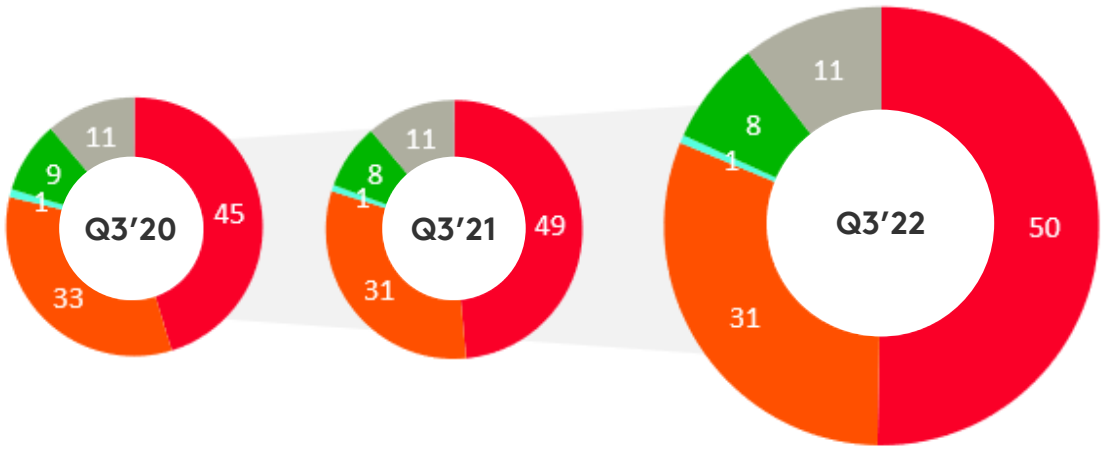
Shopping Occasions

Spend/Trip



Saudi Arabia

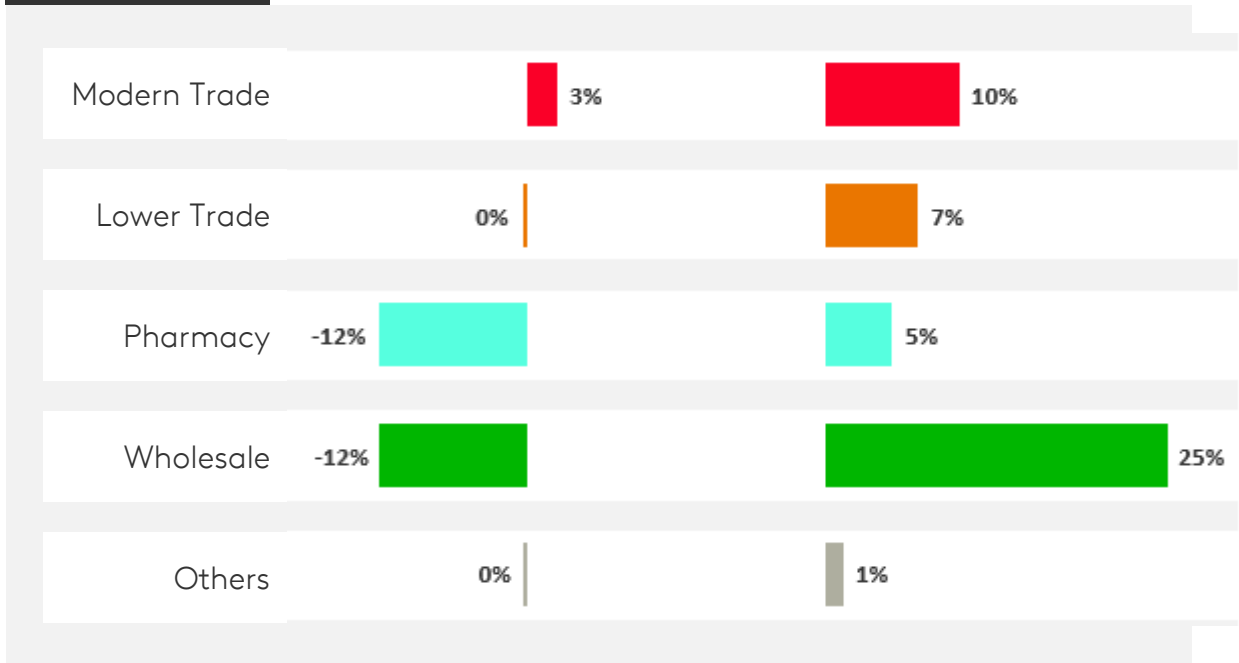
Channel Importance – % Value



Modern Trade | Lower Trade | Pharmacy | Wholesale | Others

Shopping Occasions / Spend/Trip

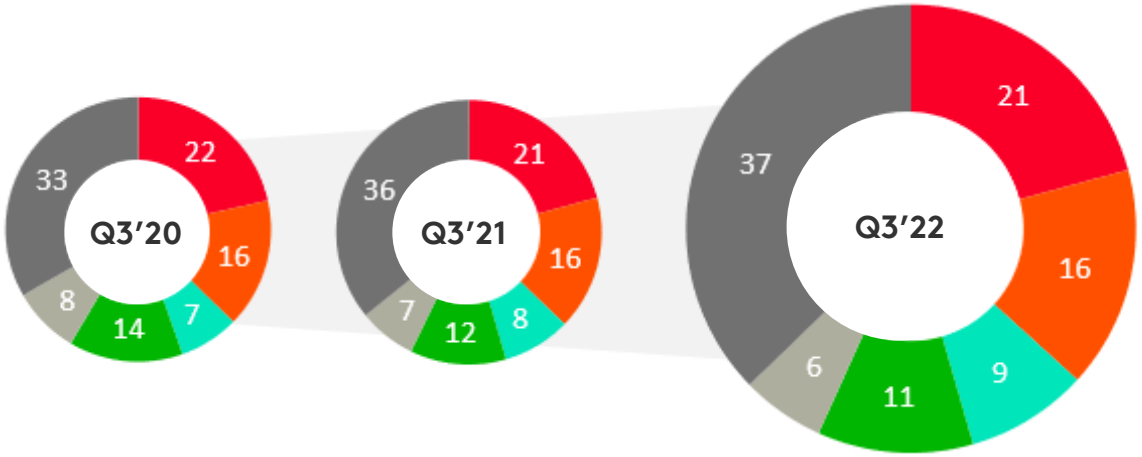
MAT Q3'22 vs Q3'21



*Modern Trade - Supermarkets, hypermarkets and minimarkets that are part of an organised retail chain (e.g. Panda, Othaim, etc.).
Lower Trade - Baqalas and minimarkets that are not part of organised retail chains and have 1 - 2 check-out counters.
*Pharmacy - Store selling healthcare products and medicines, offering both OTC and prescription medication.
*Wholesale - Shopping channels mainly meant for bulk purchases, selling mostly to small retailers.
*Others - Stores dealing in some specific categories like Chocolate (e.g. Patchi), Juice Parlours, Roastery (Coffee), Honey, Poultry Shops, etc.

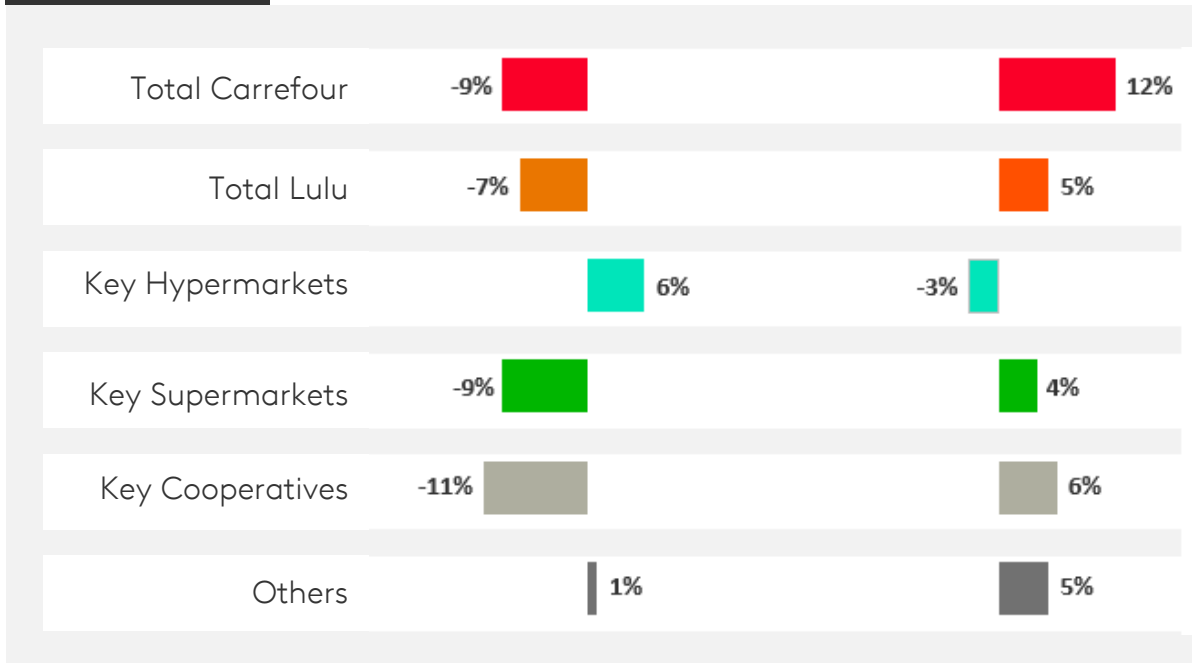
United Arab Emirates

Channel Importance – % Value



Total Carrefour | Total Lulu | Key Named Hypermarkets | Key Named Supermarkets | Key Named Cooperatives | Others

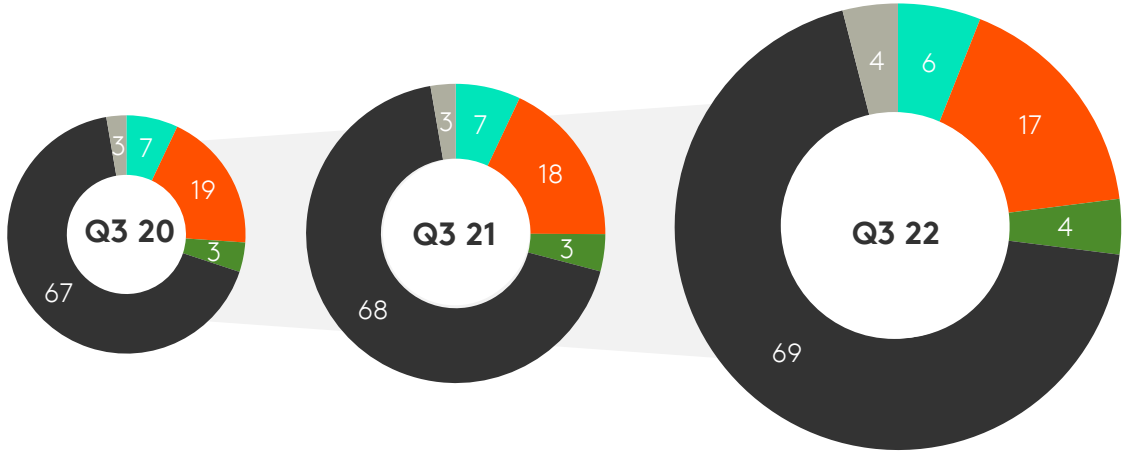
MAT Q3'22 vs Q3'21



*Key Hypermarkets - Nesto Hypermarket, Safeer/Al Safeer Hypermarket, K.M.Trading, Mega Mart, Big Mart Hypermarket
*Key Supermarkets - Al Madina Supermarket, Al Maya, West Zone, Choitrams, Talal Supermarket, Spinneys, Al Manara Supermarket
*Key Cooperatives - Union Coop. Society, Abu Dhabi Coop. Society, Sharjah Coop. Society, Emirates Coop. Society, Al Mushrif Coop. Society, Al Ain Coop. Society, Bani Yas Coop. Society
*Others – Baqalas/Minimarkets, Newly added stores (e.g Viva, Shaklan, Big Bazar) and Remaining stores (Pharmacies, Specialty Stores and Others)

Indonesia

Channel Importance – % Value

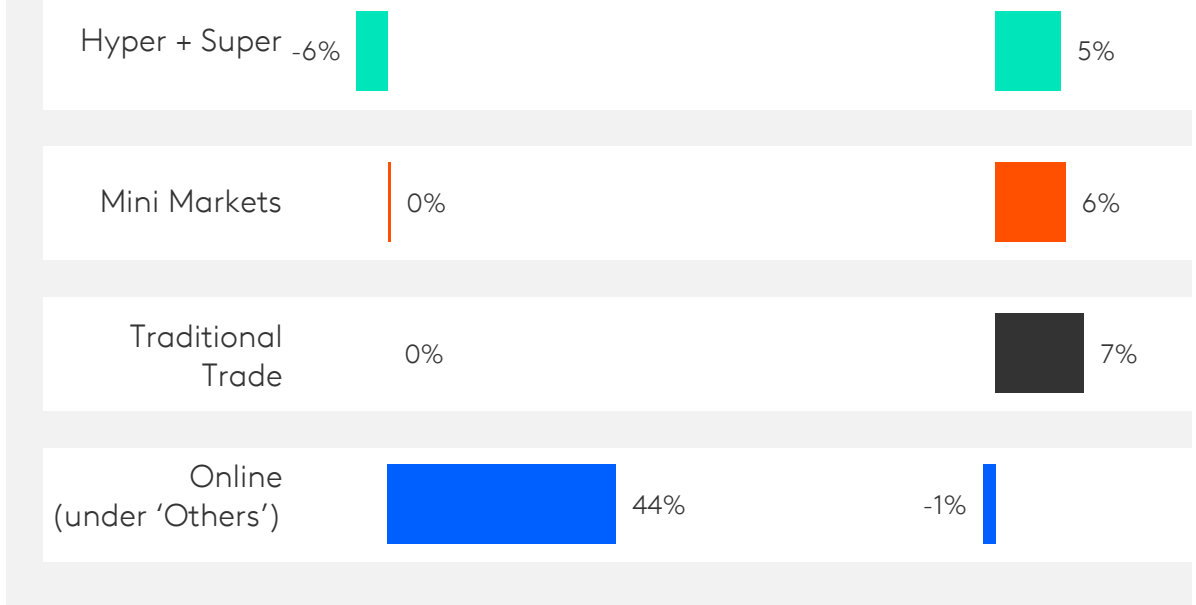


Hyper + Super | Mini Markets | Traditional Trade | Specialty store | Others

MAT Q3'22 vs Q3'21

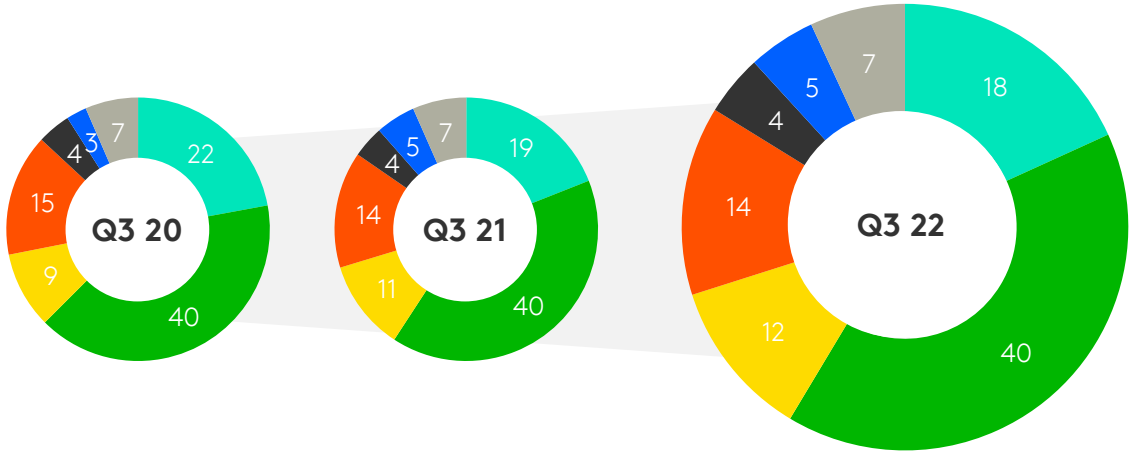
Shopping Occasions

Spend/Trip



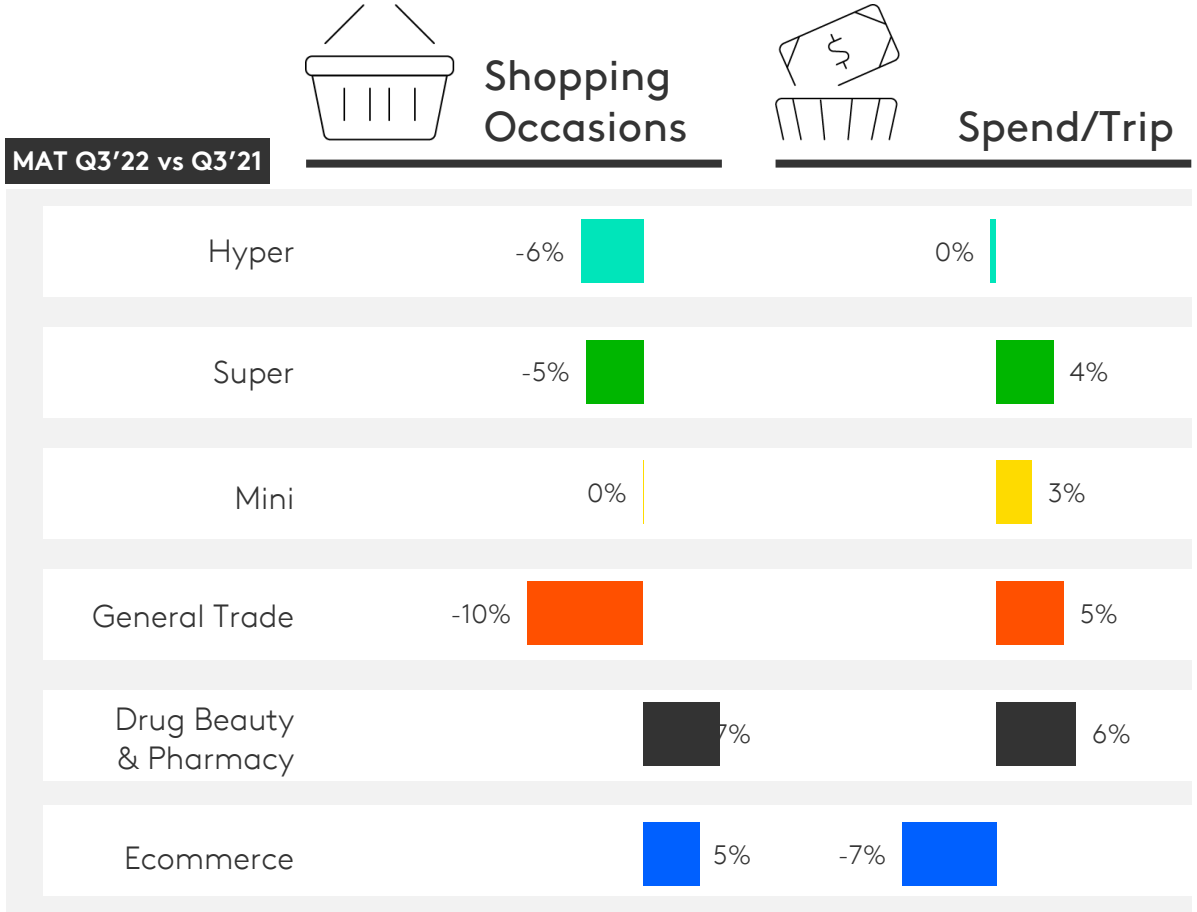
Malaysia (Peninsular)

Channel Importance – % Value



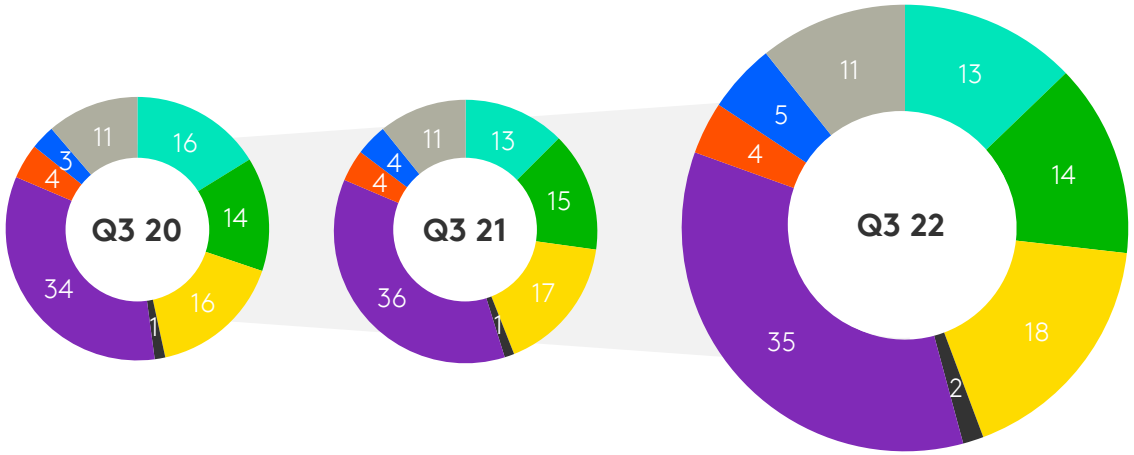
Hyper | Super | Mini | General Trade | Drug Beauty & Pharmacy | Ecommerce | Others

MAT Q3'22 vs Q3'21



Thailand

Channel Importance – % Value

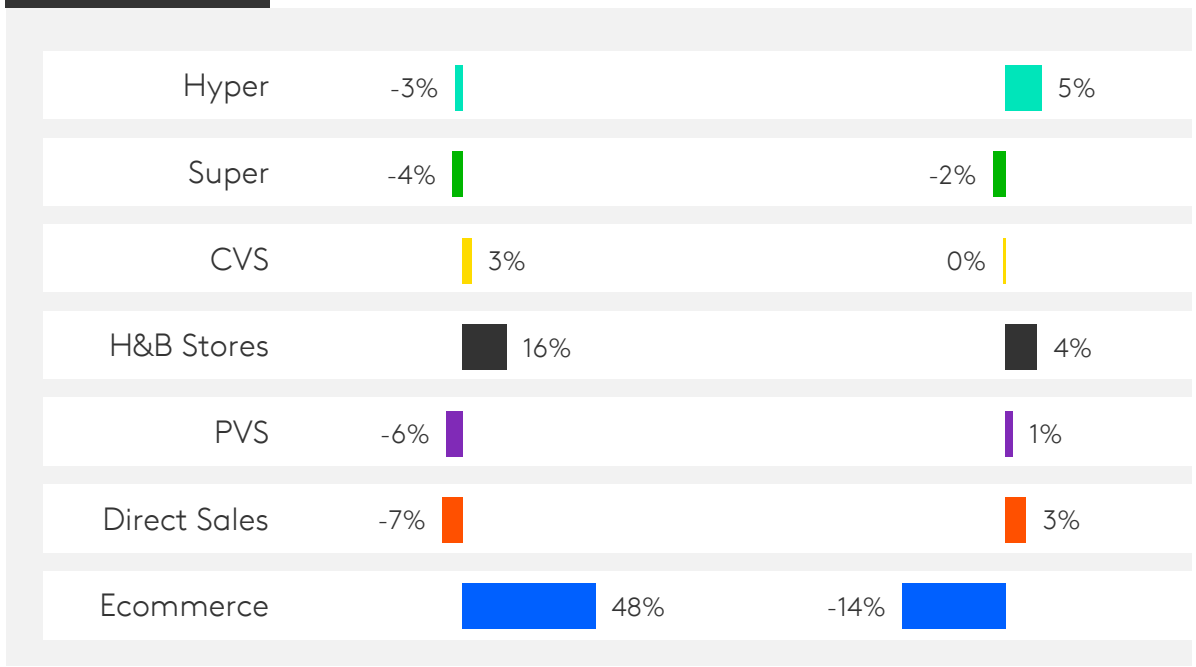


Hyper | Super | CVS | H&B Stores | PVS | Direct Sales | Ecommerce | Others

MAT Q3'22 vs Q3'21

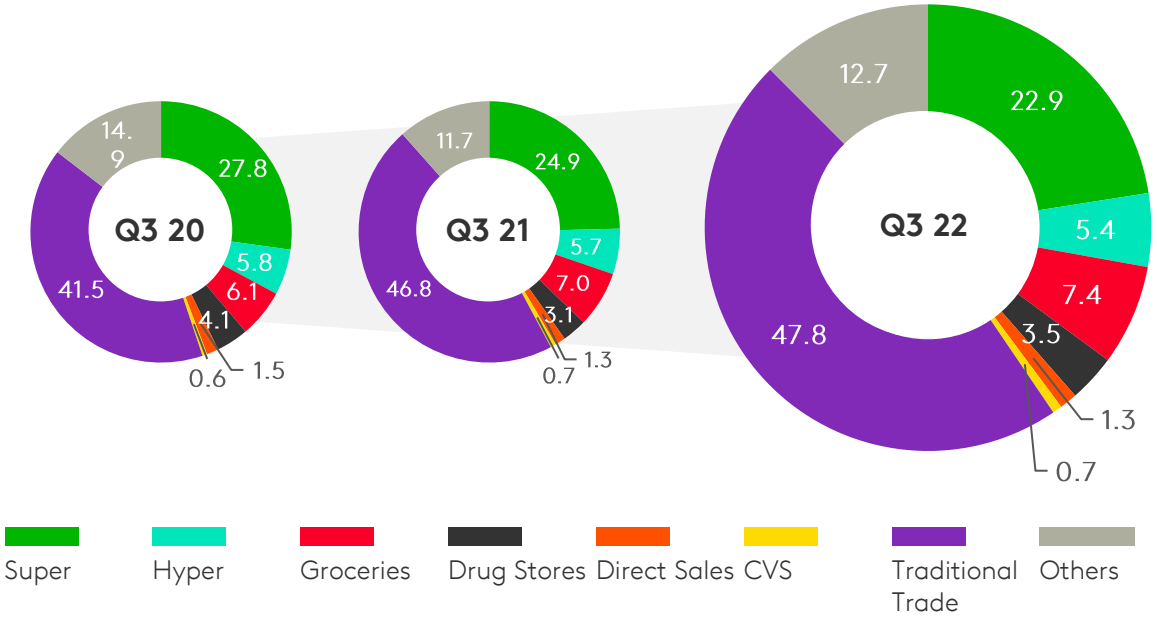
Shopping Occasions

Spend/Trip



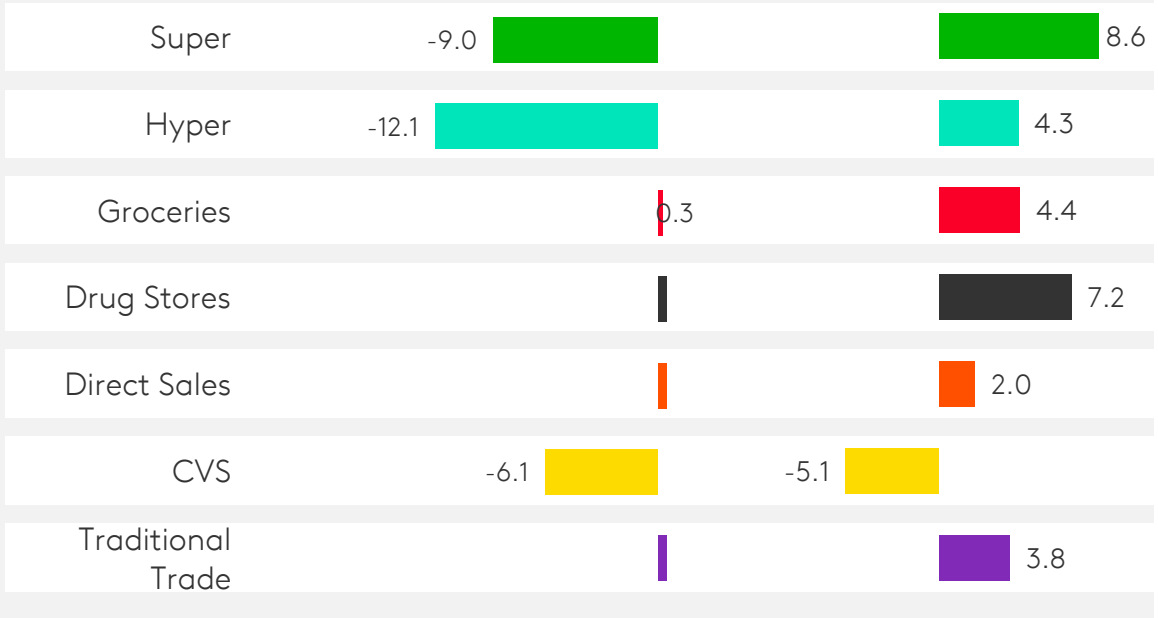
Philippines

Channel Importance – % Value



MAT Q3'22 vs Q3'21

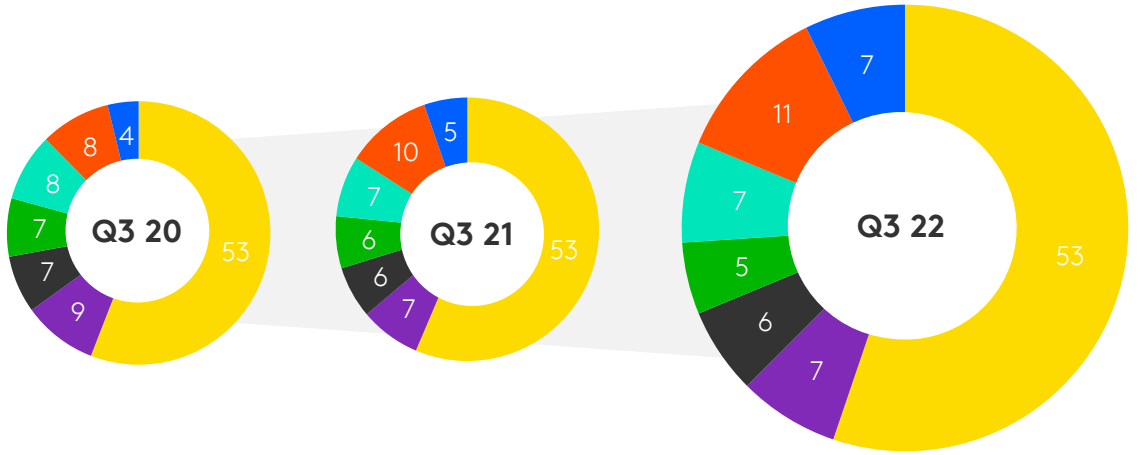
Shopping Occasions / Spend/Trip



*Traditional Trade- Sari-Sari Stores, Market Stalls
Others- Gifting, Online, Meat Shop, Water Refilling Station, Peddlers, Personal Care Store, Department Store

Vietnam (Urban 4 cities)

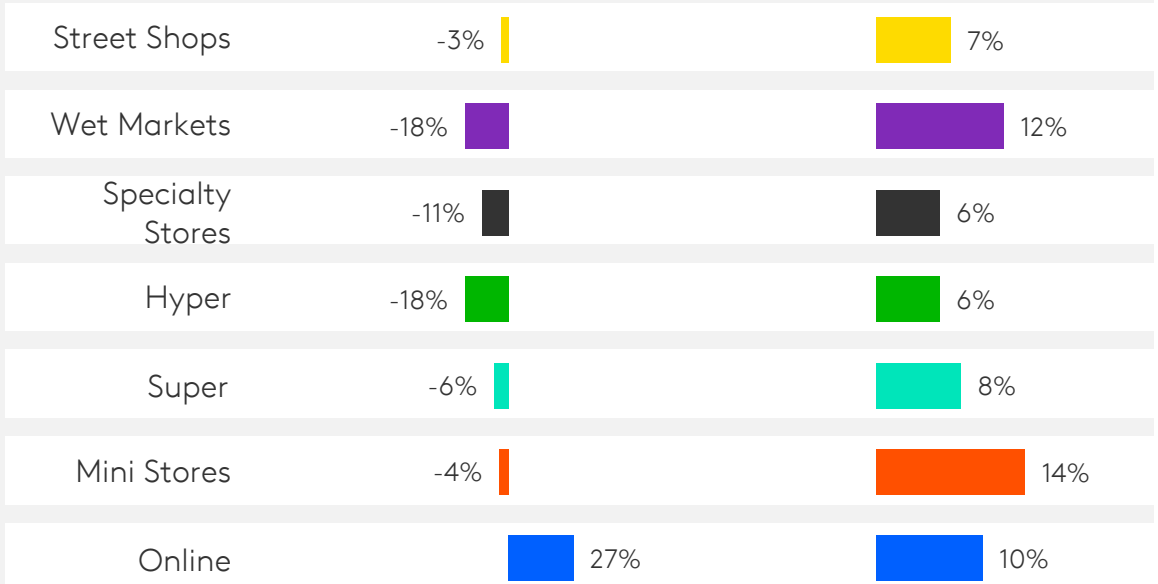
Channel Importance – % Value



MAT Q3'22 vs Q3'21

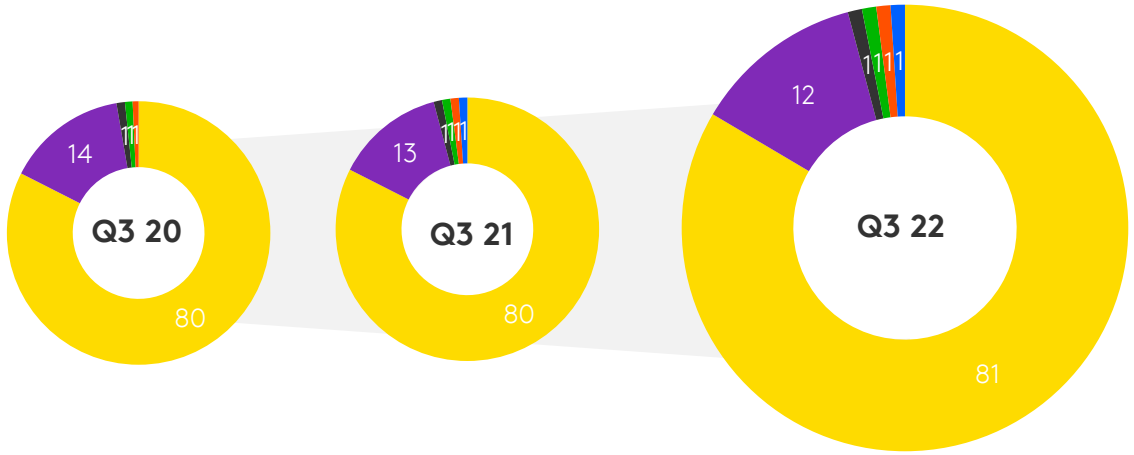
Shopping Occasions

Spend/Trip



Vietnam (Rural)

Channel Importance – % Value



Street Shops | Wet Markets | Specialty Stores | Hyper & Super | Mini Stores | Online | Others

MAT Q3'22 vs Q3'21

	Shopping Occasions	Spend/Trip
Street Shops	-2%	11%
Wet Markets	-12%	14%
Specialty Stores	8%	17%
Hyper & Super	5%	19%
Mini Stores	18%	5%
Online	21%	13%

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