

# Consumer Index

## WELCOME TO CONSUMER INDEX

Dear clients and partners,

Once again I am proud to present you with the latest edition of Consumer Index Worldpanel Asia. It provides you with up-to-date data and commentary covering the major movements in key economic indicators, category performances and the trade landscape across China, South Korea, Malaysia, Philippines, Taiwan, Thailand and Vietnam.

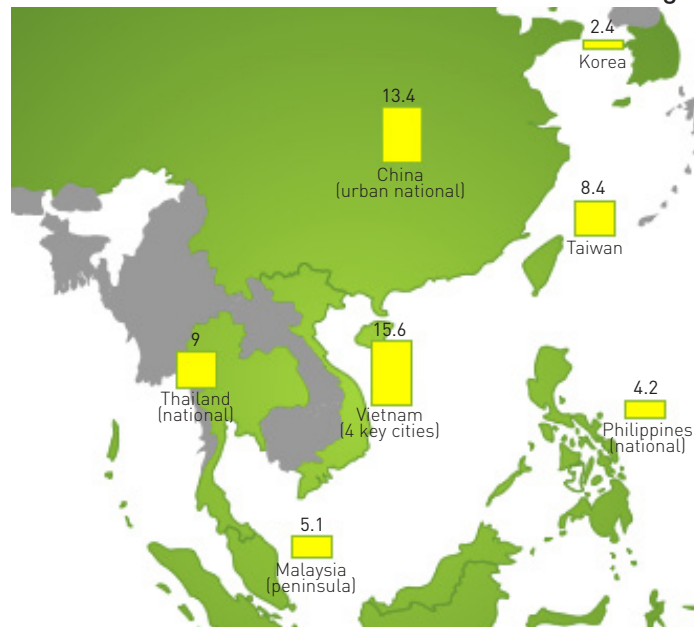
Here are some of the developments and trends we saw in the Asian region.

- Modern trade (hypermarket, supermarket and convenience stores) remained the most important channel in China, in Q3 however the supermarkets' importance within the total FMCG market started to decline by 0.7% against the previous year. Hypermarkets increased their market value by 15% against Q3 of last year, but the growth rate was lower than 2011's 24%.
- In Korea, hypermarket online malls are booming at 52.8%, followed by online open markets (16.8%) and online TV homeshopping malls (11.0%).
- In Malaysia, retail trade became more competitive, especially with more store expansions occurring and new format stores opening.
- The Philippine economy's GDP eased to 5.9% in the third quarter from last quarter's 6.3%, causing the country to fall to Asia's third fastest growing economy behind Indonesia (6.4%) and China (7.8%). The total FMCG market remained on a downtrend as it slipped by 4.2% versus last quarter's 4.6% as buyers tightened up their purchases per shopping occasion.

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### FMCG Trends % Value Changes



- Taiwan's consumer concern index (CCI) worsened since Q2, as the European debt crisis and the spike in energy prices are expected to impact on the future direction of the Taiwanese economy. However, stable job markets and wage levels helped to avoid a drop in consumer demand.
- Although grocery and provision stores (PVS) declined in importance in Thailand, they are still the key channel with the highest penetration. PVS have witnessed quite a positive growth in this quarter, as buyers spent more per trip along with slightly lower average prices.
- Vietnamese urban consumers continued to shift their shopping from traditional trade - both street shops and wet markets - to modern trade channels, where they could find a better range of products at more competitive prices, in particular through larger pack sizes and promotions, while enjoying a safe and convenient shopping experience.

The data used for this issue runs up to Quarter 3, 2012 and is sourced from our Worldpanel network in the Asia region.

I would be delighted to answer any questions you might have or to hear your thoughts and views on this publication. Please contact us by e-mail on [Worldpanel.Asia@kantarkworldpanel.com](mailto:Worldpanel.Asia@kantarkworldpanel.com)

Best regards,



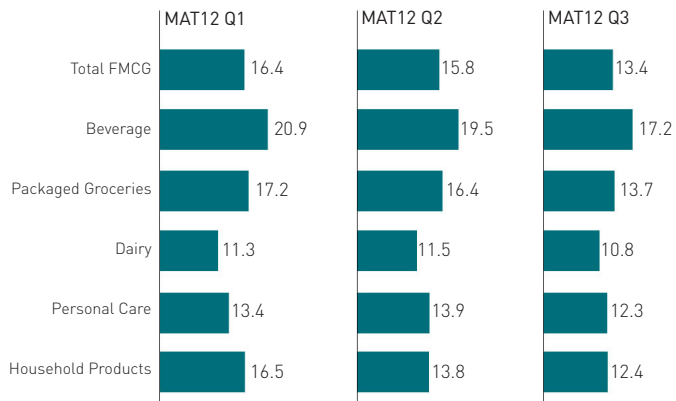
**MARCY KOU**  
Managing Director  
Worldpanel Asia

# CHINA

## Quarter 3, 2012



CATEGORY VALUE % change vs previous year in value



### CATEGORY TRENDS

The FMCG spending in national urban China increased by 13.4% in Q3. The beverage sector continued to enjoy the strongest growth with 17.2% compared against the same period of last year. Food followed closely with a growth rate of 13.7%, while household products and personal care had a growth rate of 12.4% and 12.3% respectively.

Within the beverage category, the alcohol sectors remained the main driving force. Among these, Chinese spirits stayed in pole position with a 24% growth rate, however wine and foreign spirits increased in importance and posted an impressive 34% growth rate – the fastest within the alcohol sectors. Price-ups were observed among Chinese spirits, wine and foreign spirits.

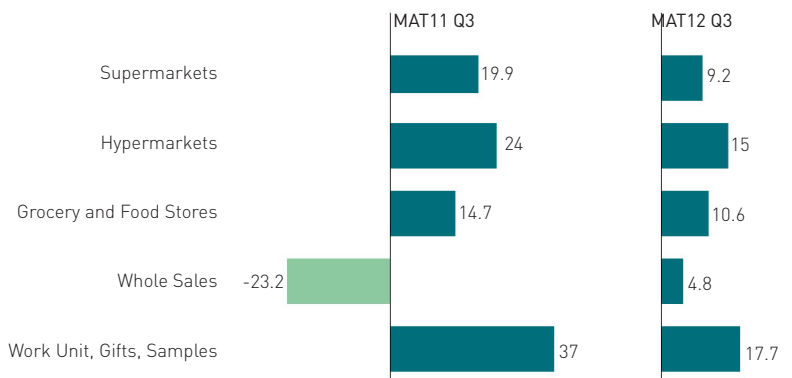
As for food, the confectionary sector was the major contributor of value growth in the third quarter of 2012. Growth was mutually driven by price inflation and consumption volume. Mint candy and chocolate contributed most to this market's performance. The kitchen sector was another category contributing to food's value growth in the third quarter of 2012. Seasoning and spreads noted the most rapid growth pace among the total kitchen sector, mutually driven by price-ups and increased household consumption.

### RETAIL LANDSCAPE

Modern trade (hypermarket, supermarket and convenience stores) remained the most important channel in China, in Q3 however the supermarkets' importance within the total FMCG market started to decline by 0.7% against the previous year. Hypermarkets increased their market value by 15% against Q3 of last year, but the growth rate was lower than 2011's 24%.

Among the top five retailers, Vanguard (16.5%), RT-mart (13%) and Carrefour (10.3%) posted the fastest value growth in Q3. Vanguard enjoyed aggressive momentum in four key cities with a 33.8% growth rate. RT-mart's market size expansion was driven by their double-digit growth in both A and lower tier cities. Carrefour's strong performance was also based on its growth in both A and lower tier cities.

TRADE CHANNEL TREND % value change vs previous year



### KEY ECONOMIC INDICATORS

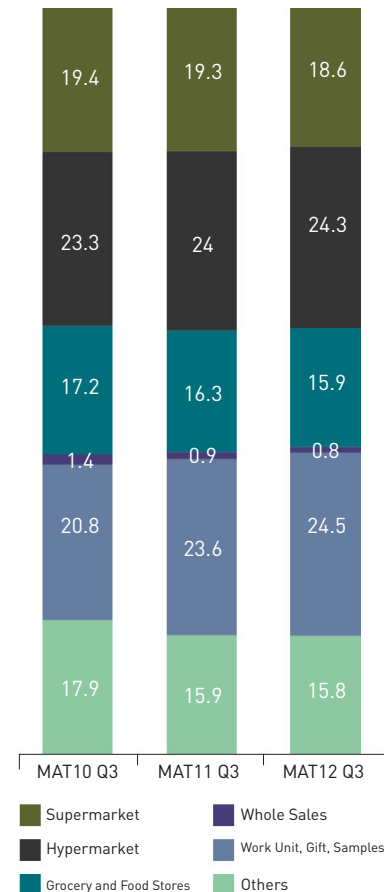
China's GDP growth for the third quarter of 2012 was 7.4% compared with the previous year – the lowest GDP growth rate in 14 quarters.

Consumer prices rose by 2.8%. This pace dropped by 0.5% compared with the first half of 2012, which leads to expect that inflation in China is decreasing. The Income per Household kept growing at a fast pace quarter-on-quarter and increased by 2% compared with last year. Rural residents enjoyed an income growth of 15.4% while urban residents' income increased by 13%.

The year-to-date volume of imports and exports increased by 6.2% and the growth rate slowed down by 18.4 % compared with the same period of 2011. With exports increasing by 7.4% and imports by 4.8%, the trade surplus was US\$148.3 billion for 2012 Q1 to Q3 and grew US\$14.2 billion since 2011.

Wine and foreign spirits increased in importance and posted an impressive 34% growth rate.

TRADE CHANNEL TREND  
Value Shares %



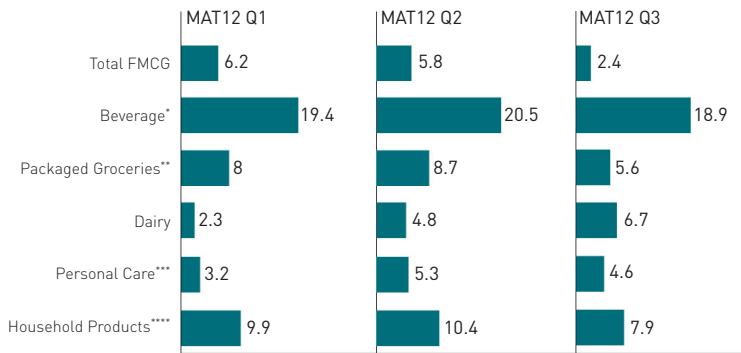
\* Statistics source: National Bureau of Statistics of China, October 2012

# KOREA

## Quarter 3, 2012



CATEGORY VALUE % change vs previous year in value



### CATEGORY TRENDS

The FMCG market grew by 2.6% in Q3, losing its momentum of Q1. Most of the categories still noted a considerable growth, in particular the beverages market, where juice and water were the two strongest factors and both recorded double digit growth rates.

The dairy market showed a healthy recovery from last year's decrease, speeding up its growth this year to 6.7%.

Despite these strong categories, the total FMCG market's growth slowed down from 5.8% to 2.4% in the third quarter, mainly because the fresh meat market diminished by -9.3%, especially fresh beef (-15.1%). As a result, fresh meat's importance in the total FMCG market shrunk from 26.0% to 23.1%.

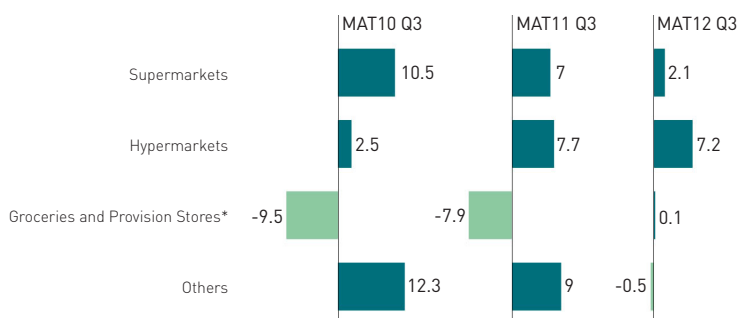
### RETAIL LANDSCAPE

Hypermarkets and internet malls led the total FMCG market growth, recording growth rates of 7.2% and 20.1% respectively. Within hypermarkets, Emart - posting a 13.2% growth - performed better than Homeplus at 2.6% or Lottemart at -1.4%.

Looking closer at internet malls, hypermarket online malls are booming at 52.8%, followed by online open markets (16.8%) and online TV homeshopping malls (11.0%). However, supermarkets, which were growing by 9.6% a year ago thanks to aggressive store expansions, failed to maintain momentum and in Q3 showed a sluggish growth of 2.3%.

Internet malls seem to have grown in line with the convenience trend in Korea. Given that hyper online malls attract both hyper shoppers and internet mall shoppers, they have huge future potential.

TRADE CHANNEL TREND % value change vs previous year



- \* Beverages excluding Soy Drinks
- \*\* Package Groceries excluding Fresh Meat
- \*\*\* Personal Care excluding Cosmetics
- \*\*\*\* Household Products excluding Paper

### KEY ECONOMIC INDICATORS

Korea's GDP of Q3 witnessed a 0.2% quarter-on-quarter growth, dropping by 1.6% compared to the previous year. This was the lowest performance in three years, and worrisome sentiments were widespread among the industries. In particular, the farming and fishing industry faced a significant decrease of -4.0%, while the manufacturing industry also contributed to the economic downturn.

Korea's ever-rising consumer price index (2010=100) reached 106.4 in Q3, which - in combination with low GDP growth rate - shows a strong sign of stagflation in the Korean economy. This was mostly due to the price increase in food and beverages (112.9). The housing price index (109.9) decreased a little but remained the second highest among industries.

In order to revive the economy, the Bank of Korea lowered the base interest rate from 3.0% to 2.75%, but its effort seems unlikely to succeed considering the gloomy outlook of both Korean and world economy. The Bank of Korea readjusted its 2012 GDP growth to 2.4%, which is 0.6% points lower than it forecasted early this year.

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TRADE CHANNEL TREND  
Value Shares %

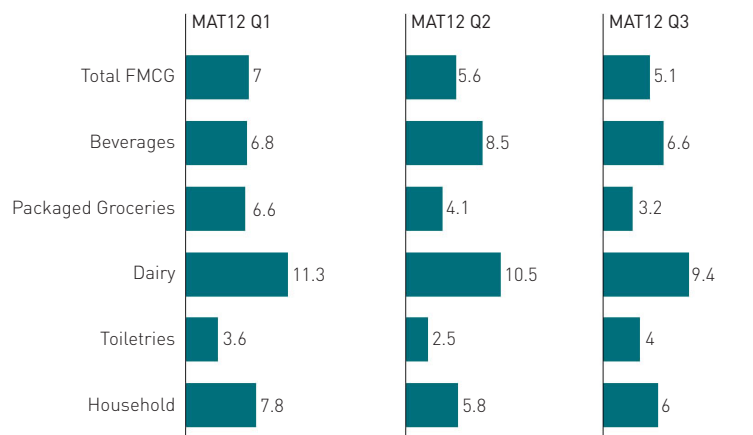


\*Groceries and Provision Stores = Mom & Pop Stores

# MALAYSIA

## Quarter 3, 2012

CATEGORY VALUE % change vs previous year in value



On an annual comparison, packaged groceries grew at 3%, which is a slower growth than the previous year's Q3 growth of 9% as a result of slower moving commodity items like rice, sugar, eggs and flour.

Hot beverages experienced a 12% growth against the previous year, outperforming cold beverages with 1% growth during this festive season. This is partly due to smaller upcoming segments of instant formats such as 2in1 and 3in1 combinations, which drove higher consumption amongst consumers. In fact, non-fresh dairy (11%) also grew stronger than fresh dairy (5%) as a result of consumers shopping more frequently for non-fresh dairy.

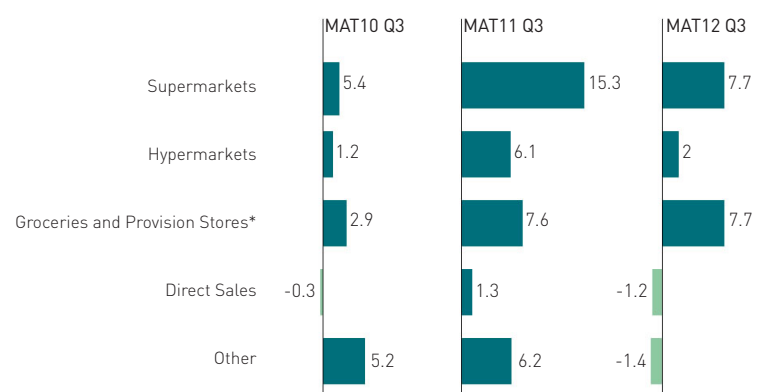
On the other hand, the non-food categories posted a similar growth rate of 5%. Smaller segments within household goods, such as toilet and bathroom cleaners, bleach and multipurpose cleaners significantly contributed to the growth through additional buyers and larger basket purchases.

### RETAIL LANDSCAPE

The FMCG spend is still growing within retailers, with the fastest growth from local chain supermarkets. In fact, retail trade became more competitive, especially with more store expansions occurring and "Kedai 1 Rakyat" stores opening. The Malaysian government introduced this new store format, which aims to support lower income households by providing more affordable private labels and local brands.

The top five retailers currently account for 30% of the total FMCG spend; with Tesco and Giant leading and followed by Eonsave, a local chain retailer which has over-taken Carrefour as the third largest retailer in the Peninsula Malaysia due to its rapid store expansion strategy and continuous message of 'value' to its shoppers. Mydin continued to grow at 19% whilst closing its gap towards Carrefour.

TRADE CHANNEL TREND % value change vs previous year



\*incl. convenience stores

### KEY ECONOMIC INDICATORS

Malaysia's consumer price index (CPI) for September rose by 1.3% compared to the previous year, following a higher cost of food and non-alcoholic beverages. The inflation is expected to remain benign in the coming months, with reflective lower global commodity prices amidst slower global economy growth.

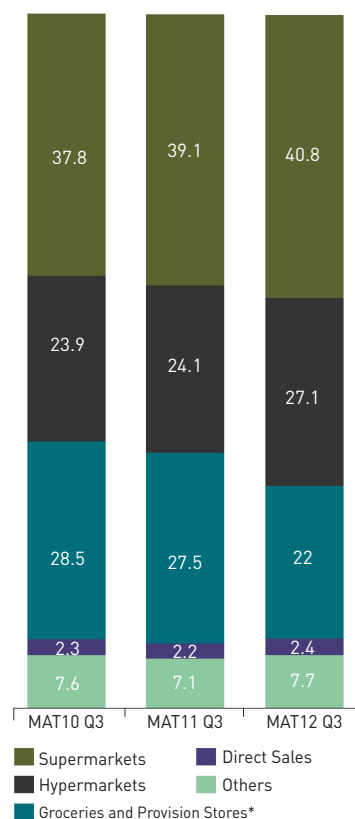
According to Malaysia's Economic Report 2012/2013, overall domestic demand remains relatively strong. Prices of consumer goods may have to rise during the first half 2012, however inflationary pressures are expected to be mitigated by continuous productivity improvements and capacity expansions.

### CATEGORY TRENDS

The total FMCG value recorded a 5% increase over the previous year with beverages as one of the key driving categories during the Hari Raya festive season.

Hot beverages experienced a 12% growth against the previous year, which is partly due to smaller upcoming segments of instant formats such as 2in1 and 3in1 combinations, which drove higher consumption amongst consumers.

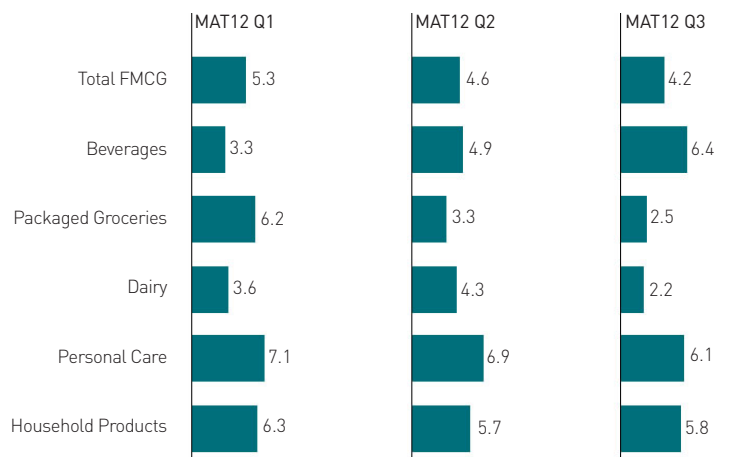
TRADE CHANNEL TREND  
Value Shares %



# PHILIPPINES

## Quarter 3, 2012

CATEGORY VALUE % change vs previous year in value



### CATEGORY TRENDS

The total FMCG market remained on a downtrend as it slipped by 4.2% versus last quarter's 4.6% as buyers tightened up their purchases per shopping occasion.

Beverages overtook personal care as the flagship FMCG category, which beefed up by 6.4% - even faster than the previous quarter's 4.9%. This drive was mainly pushed by bottled water, coffee and alcoholic beverages, in particular new variants of coffee mixes and new brandy brands. Personal care dropped by 6.1% as hand and body products declined. In contrast, spending on household care items grew by 5.8% through the sales boost of fabric cleaning and facial tissues - perhaps a result of the El Niño phenomenon, which is slated to start at the 3rd quarter of 2012.

Packaged groceries slowed down by 2.5% as inflationary pressures caused some shoppers to opt for more practical, cheaper options. This raised support for instant noodles and canned products over more expensive products. Dairy products too, experienced a more sluggish growth as children's and pasteurized milk lost in value.

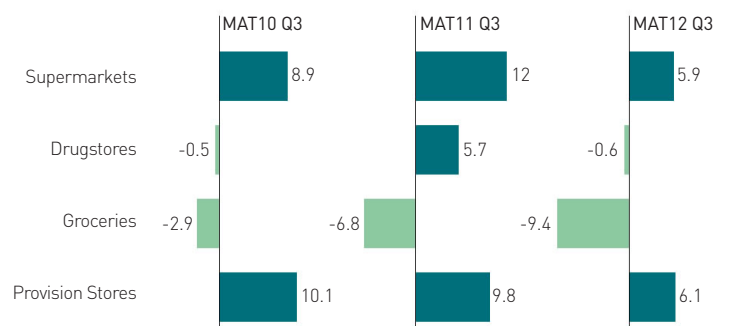
### RETAIL LANDSCAPE

The majority of Filipinos' total in-home purchases still occurred in provision stores with a 55% share followed by supermarkets with 29%.

Grocery sales declined by 9.4%, faster than the previous year's 6.8% decrease, as shoppers continued to spend less in this channel and moved to supermarkets and provision stores.

Most of the FMCG spending was still brought in by key retailers in the country, which garnered a growth rate of almost 9%. Puregold and 7-Eleven captured further buyers with their expansion efforts, leading to increased spending. SM, on the other hand, suffered from a sales dip as it shed off patrons.

TRADE CHANNEL TREND % value change vs previous year



### KEY ECONOMIC INDICATORS

The Philippine economy's GDP eased to 5.9% in the third quarter from last quarter's 6.3%, causing the country to fall to Asia's third fastest growing economy behind Indonesia (6.4%) and China (7.8%).

The Q3 growth was driven by the services sector, booming by 7.6%, which includes business process outsourcing, trade and tourism and a 12.5% increase in government expenditure on social spending and public infrastructure.

Philippines' economy performed above the 4.7% average growth in the past ten years as government expenditure and policies induced investments and made the environment more business-friendly.

However, despite the persistent economic improvement, the unemployment rate remained relatively high at 6.9%, which is twice that of the regional average of 3.2%. The annual inflation rate for September was at 3.6%, lower than August's 3.8%. A notable price decrease in food items was seen in the National Capital Region (NCR). Philippine exports fell for the fifth consecutive month in August.

Beverages overtook personal care as the flagship FMCG category, which beefed up by 6.4% - even faster than the previous quarter's 4.9%. This drive was mainly pushed by bottled water, coffee and alcoholic beverages, in particular new variants of coffee mixes and new brandy brands.

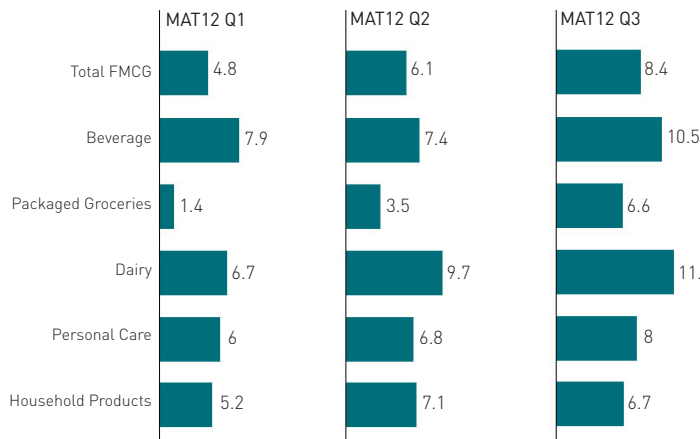
TRADE CHANNEL TREND  
Value Shares %



# TAIWAN

## Quarter 3, 2012

CATEGORY VALUE % change vs previous year in value



Continuing the momentum of the last quarter, sweltering summer temperatures further stimulated the consumer need for fresh milk. The combination of a larger consumer base and higher trip frequency drove the whole dairy category up by 11.7% in value compared to the same period last year. Due to the peak season and heavy promotions, the beverage category enjoyed a double-digit value growth of 10.5%, mainly driven by higher demand.

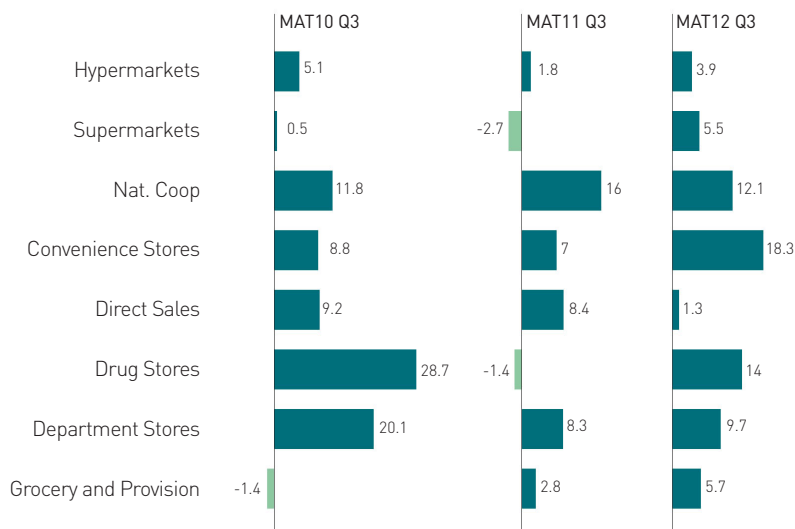
The personal care category also kept up a great pace and experienced an 8.0% value growth against last year. Within this sector, hair care products contributed with a 14% value increase mostly due to price appreciation. Additionally, baby diapers enjoyed a double-digit growth attributed to the higher birth rate in the Chinese dragon year.

### RETAIL LANDSCAPE

Although the overall hypermarket channel was squeezed continuously and dropped to 23.6% in terms of value share, main player Carrefour managed to heavily promote its store brand to attract price-oriented buyers. This successful marketing strategy excluded Carrefour from the downtrend.

PX Mart consecutively enjoyed double-digit growth in the past three years and expanded its value share to 13.9% in MAT12Q3. Almost every 90 out of 100 Taiwanese households own a PX Mart membership card. It is expected that PX Mart will increase its share even further with continuing expansion plans and heavy promotions.

TRADE CHANNEL TREND % value change vs previous year



### KEY ECONOMIC INDICATORS

Despite stock trading and car market values decreasing in Q3, the recovering export business and the low unemployment rate pulled up Taiwan's total GDP from its down trend. The unemployment rate remained stable at 4.2% by Q3 year-to-date and had improved 0.2% from last year.

The year-to-date consumer price index (CPI) for the third quarter was 2.0% higher than that of last year. The increase was mainly attributed to the higher prices of fruits and vegetables caused by the typhoons Saola and Tembin.

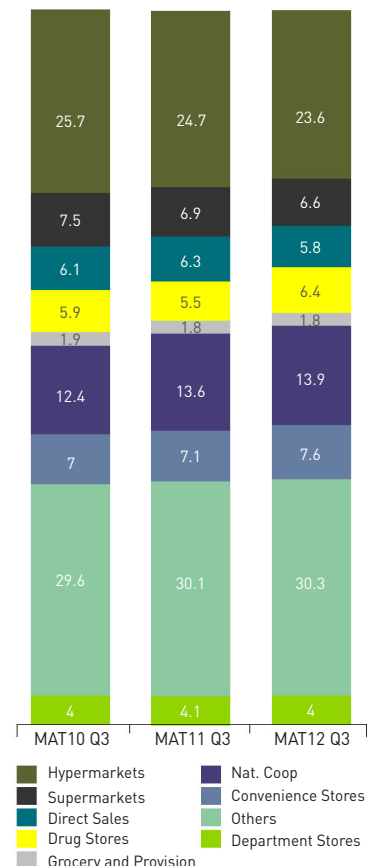
Taiwan's Consumer Confidence Index (CCI) worsened since Q2, as the European debt crisis and the spike in energy prices are expected to impact on the future direction of the Taiwanese economy. However, stable job markets and wage levels helped to avoid a drop in consumer demand.

### CATEGORY TRENDS

The FMCG market increased by 8.4% compared with the previous year. This increase was mainly driven by higher shopping frequencies, correlating with growing channels like Convenience stores and National Coop.

Baby diapers enjoyed a double-digit growth attributed to the higher birth rate in the Chinese dragon year.

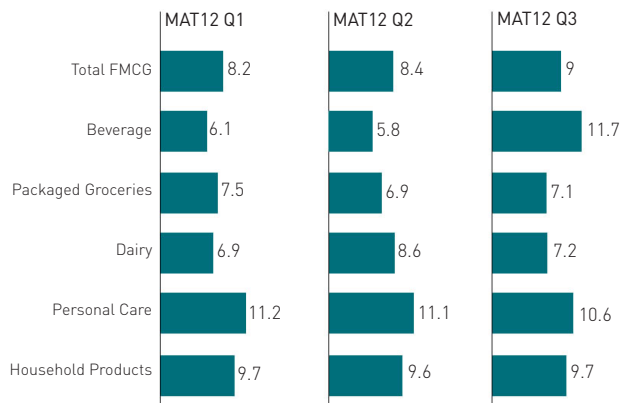
TRADE CHANNEL TREND  
Value Shares %



# THAILAND

## Quarter 3, 2012

CATEGORY VALUE % change vs previous year in value



### CATEGORY TRENDS

The total FMCG market saw a sales growth of 9% in Q3, which was largely driven by the beverage, personal care and household care sectors. Trip spending continued to be the main sales driver reflecting the higher cost of living.

Personal care, once again, led the growth in the Thai FMCG market driven by hair care, face cleansers, body lotion, liquid soap and baby diapers. Household care products continued their growth with higher spending per trip. This was the key growth factor for bathroom cleaners, fabric softeners, insecticides and tissues. Toilet tissue in particular is attracting new buyers into the market.

Dairy continued to grow strongly, mostly as a result of an ever-expanding powder milk segment in supermarkets and convenience stores. Packaged groceries began to grow slightly faster after slow-downs in previous periods due to buyers stocking up. Pet food and snacks continued to grow strongly across all channels while beverages' strong growth was propelled by the performance of packaged water, beer and ready-to-drink beverages.

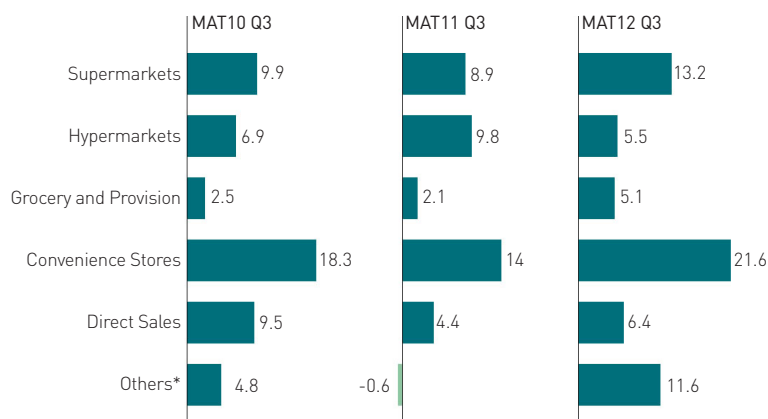
### RETAIL LANDSCAPE

Modern trade is still growing strongly in the Thai FMCG market, driven mainly by convenience stores and supermarkets in this quarter.

Despite the fierce competition in small-sized retail store expansions, there are still opportunities for further stores to reach communities in order to serve consumers who demand greater convenience. Furthermore, the government's policy supports investment in infrastructure and expanding development to communities. These are supporting factors for growth in urban areas and provide opportunities in expanding the number of small sized retail stores.

Although grocery and provision stores (PVS) declined in importance, they are still the key channel with the highest penetration. PVS have witnessed quite a positive growth in this quarter, as buyers spent more per trip along with slightly lower average prices.

TRADE CHANNEL TREND % value change vs previous year



### KEY ECONOMIC INDICATORS

The central bank currently projects the country's 2012 GDP and exports growth at 5.7% and 7%, respectively. Private investments slowed to a 14.2% increase against the previous year from July's 19.2% as investments related to last year's flooding and flood prevention measures are fading.

Within the overall economic stability, the unemployment rate remained at a low level. Headline inflation moderated slightly from the previous month to 2.7% year-on-year, owing mainly to softening raw food prices as well as decelerating core inflation from prepared food prices.

Export value decreased by 5.1% year-on-year, primarily due to contracted exports of manufacturing products following the slumping global demand while rice exports suffered from lower competitors' prices.

Trip spending continued to be the main sales driver reflecting the higher cost of living.

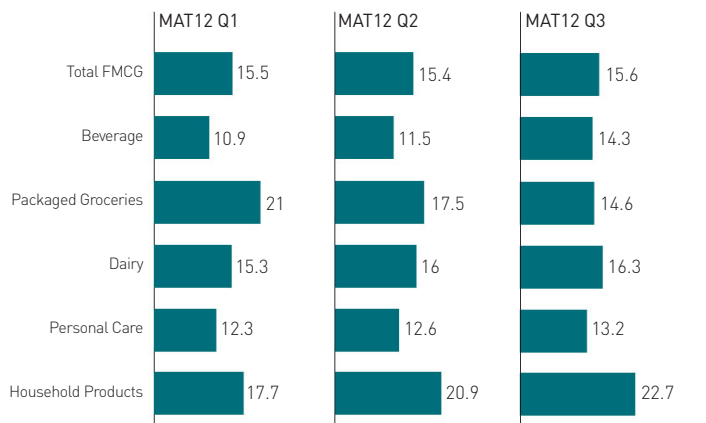
TRADE CHANNEL TREND  
Value Shares %



# VIETNAM

## Quarter 3, 2012

CATEGORY VALUE % change vs previous year in value



Supported by the rise of home care at 23%, the non-food sector enjoyed a high growth rate of 17% year-on-year, mainly thanks to the expansion of convenience items like liquid detergents, shower gel, air freshener and the increasing consumption for basic products like dishwashing liquid and shampoo.

The third quarter also witnessed a strong rise in many beverage items. Energy drinks, tonic drinks and soy milk experienced the most notable growth rates with 41%, 37% and 37%, respectively, reflecting an increasing interest in fresh, healthy and nutritious drinks. It was even more notable that soymilk successfully pulled in huge increments with an impressively expanding consumer base.

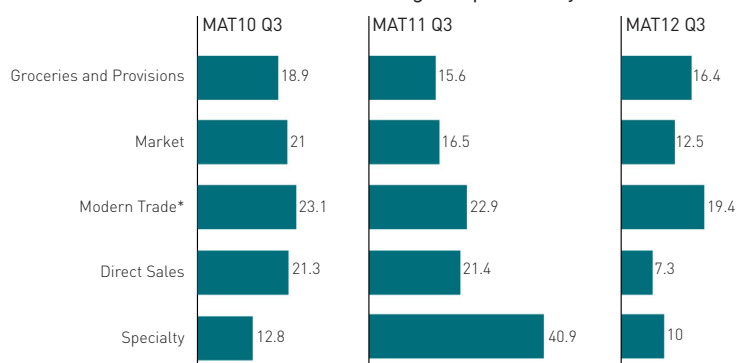
The packaged groceries sector also performed well. Bare necessities such as soy sauce, fish sauce, instant noodles and seasoning powder continued to lead the market with an increase of more than 15% in terms of value.

### RETAIL LANDSCAPE

Except for direct sales, the country's retail sectors all did well with a value growth of 10% plus over the last year. Street shops, which caught over 60% of urban households' FMCG budget, remained the most common FMCG retailers. However, Vietnamese urban consumers continued to shift their shopping from traditional trade - both street shops and wet markets - to modern trade channels, where they could find a better range of products at more competitive prices, in particular through larger pack sizes and promotions, while enjoying a safe and convenient shopping experience. This resulted in a slow-down in traditional channels, especially in wet markets with a shrinking shopper base and a less frequent shopping pattern.

While traditional trade was struggling at 16% value growth per year, modern trade continued to perform well at nearly 19%. The trio hyper-super-minimarkets maintained the fastest growth rate with 24% year-on-year thanks to new store openings but also by matching with the current shopping needs of urban households, especially with the recent expansion of minimarkets.

TRADE CHANNEL TREND % value change vs previous year



### KEY ECONOMIC INDICATORS

Although Vietnam - like other Southeast Asian nations - was facing a period of sluggish growth, its economy continued to show stable signs, recording a year-on-year growth of 4.7% in the first three quarters of 2012. The service sector was the key driver, contributing with a year-on-year growth of 6%.

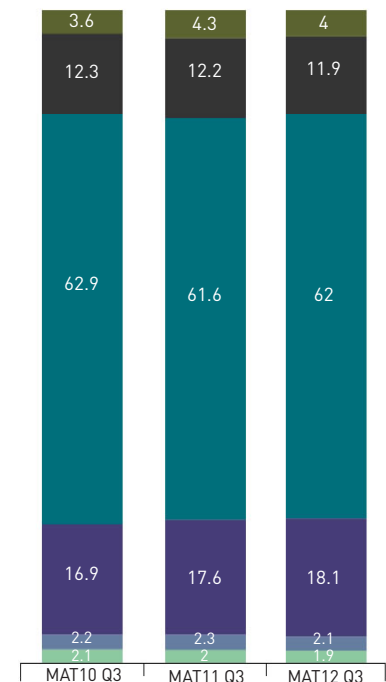
Contrary to all predictions, Vietnam's consumer price index (CPI) for September recorded the fastest pace in the last 16 months with an increase of 2.2% over the previous month and an upsurge of 6.5% compared with the same period last year. The sharpest price hike was in pharmaceuticals and the healthcare sector, followed by essential goods and services like education, transportation, housing and construction materials.

### CATEGORY TRENDS

With all sectors increasing by more than 10%, the overall FMCG consumption in Q3 achieved a value growth of 16% compared with the same period last year. This two-digit pace was on account of a fast gain in the home care, dairy and beverage sectors.

Energy drinks, tonic drinks and soymilk experienced the most notable growth, reflecting an increasing interest in fresh, healthy and nutritious drinks.

TRADE CHANNEL TREND  
Value Shares %



Specialty  
Market  
Groceries and Provisions  
Modern Trade\*  
Direct Sales  
Others

\*Department Stores, Hypermarkets, Supermarkets, Minimarkets and Whole Sales.

# SOURCES AND DEFINITIONS

## METHODOLOGY:

A consumer panel is a permanent, syndicated and representative sample of consumers, who provide ongoing details of the fast moving consumer goods they purchase. Using a diary format, each panel member records the details of every item they purchase.

## SAMPLE SIZES:

Country	Current (Actual) Sample	
	Sample Size	Coverage
China	40,000	National Urban
Korea	3,000	National
Malaysia	2,500	Peninsula
Philippines	3,000	National
Taiwan	2,500	National
Thailand	4,000	National
Vietnam	2,150	4 key cities

## CATEGORY UNIVERSE:

FMCG: Fast Moving Consumer Goods (Includes Food, Beverages, Personal Care and Household Products)

## CHANNEL DEFINITION:

Hypermarket	General self service stores selling food and beverage, clothing, household and electrical equipment. Grouping of all stores with hypermarket format (country specific definition)
Supermarket	Self service store, providing shopping basket / trolley. Grouping of all stores with supermarket formats (country specific definition)  <i>Note: China includes 24 hours opening convenient stores in Supermarket.</i>
Convenience Stores (CVS)	General self service, chain or non chain stores, selling food & beverage, takeaway fast food and limited personal care and household products. Long (often 24 hour) store opening hours
Drugstore	Includes pharmacies, chemists, Chinese Medical Halls, beauty stores
Department Store	Product offering extends beyond FMCG to clothing, household appliance, family and beauty. Often products sold on a counter / department basis
Grocery/Provision/ Liquor Store	Includes sundry/traditional/mom and pop stores, all markets (wet, night, day), liquor stores, convenience, petrol forecourt outlets
Direct Sales	Direct Mail, Direct Delivery and Direct Sales Outlets

*Note: Channel definitions do differ slightly from country to country and in some countries a particular channel may not be available or tracked.*