DISCOVER THE NEW NORMAL

7 facts about “shoppers” discovered in their behaviors

KANTAR WORLDPANEL

Total 40 Individual Categories Studied

Beverage (10)

- ☐ White milk
- ☐ Flavored milk
- ☐ Yogurt
- ☐ Juice
- ☐ Soy milk
- ☐ Drinking vinegar
- ☐ Instant coffee
- ☐ Coffee mix
- ☐ Coffee bean
- ☐ Green tea

Packaged Food (14)

- ☐ RTE Cereal
- ☐ Vinegar
- ☐ Cheese
- ☐ Chocolate
- ☐ Instant noodle
- ☐ Frozen dumpling
- ☐ RTE Frozen food
- ☐ Ham/Sausage
- ☐ Kimchi
- ☐ Powdered curry
- ☐ Seasoning
- ☐ Sugar
- ☐ Liquid sugar
- ☑ Infant formula**

Personal Care (9)

- ☐ Shampoo
- ☐ Conditioner
- ☐ Treatment
- ☐ Body wash
- ☐ Body moisturizer
- ☐ Sanitary product
- ☑ Baby diaper**
- ☑ Skincare***
- ☑ Makeup***

Household Care (7)

- ☐ Toothpaste
- ☐ Laundry detergent
- ☐ Fabric softener
- ☐ Kitchen cleaner
- ☐ Fabric deodorizer
- ☐ Baby wet wipes
- ☐ General wet wipes

*Source: Kantar Worldpanel Household (Sample N=3,000, TY ending June 2013)
**Infant formula & Baby diaper source: Kantar Worldpanel Baby (Sample N=1,800, Latest 12P cum ending Aug 2013)
***Skincare & Makeup source: Worldpanel Beauty (Sample N=9,000, TY ending June 2013)

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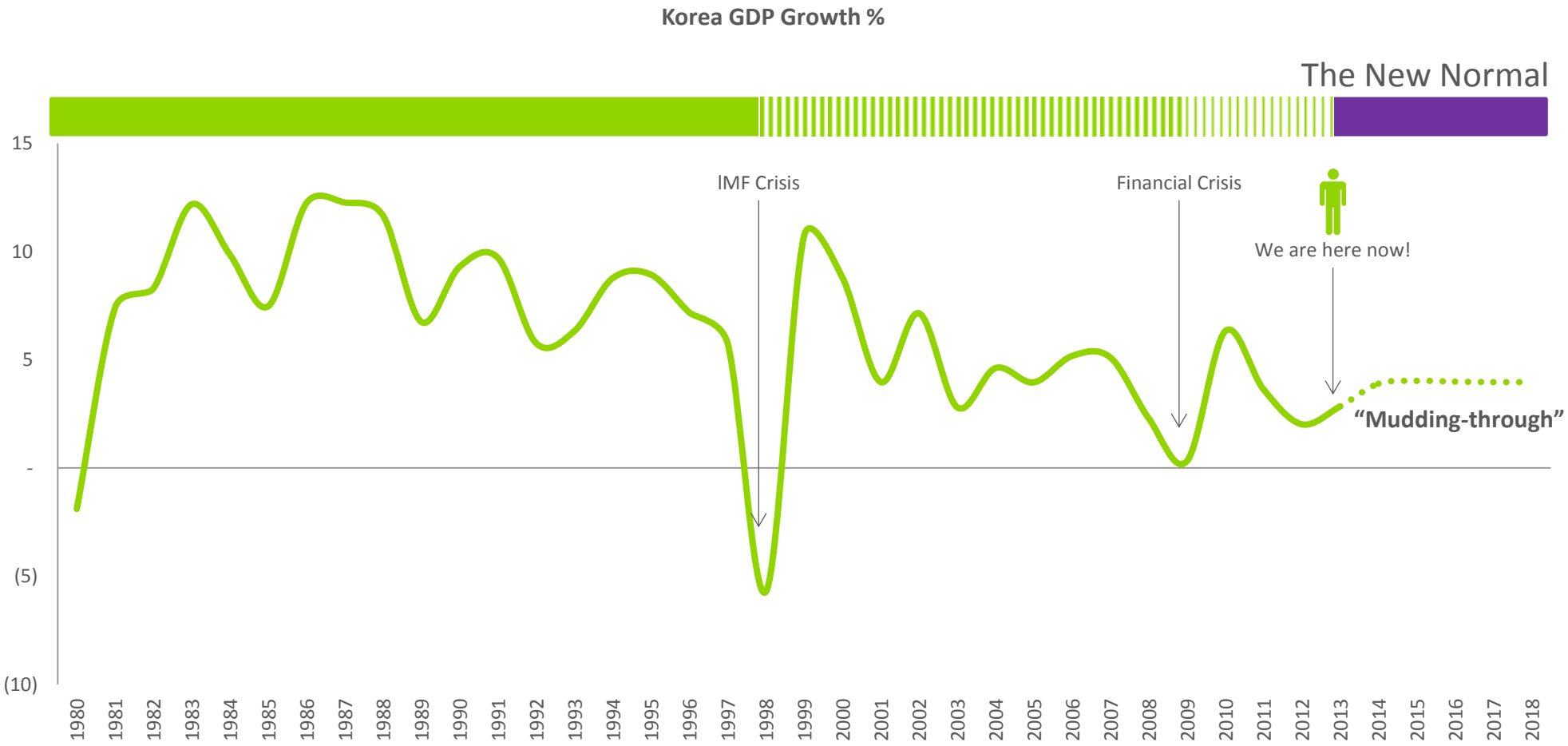
Entering the era – not the period – of “Mudding-through economy”

Consumers are changing to adapt to the “New Normal”



YoY Korea GDP growth%

*Source: IMF world economic outlook 2013 April

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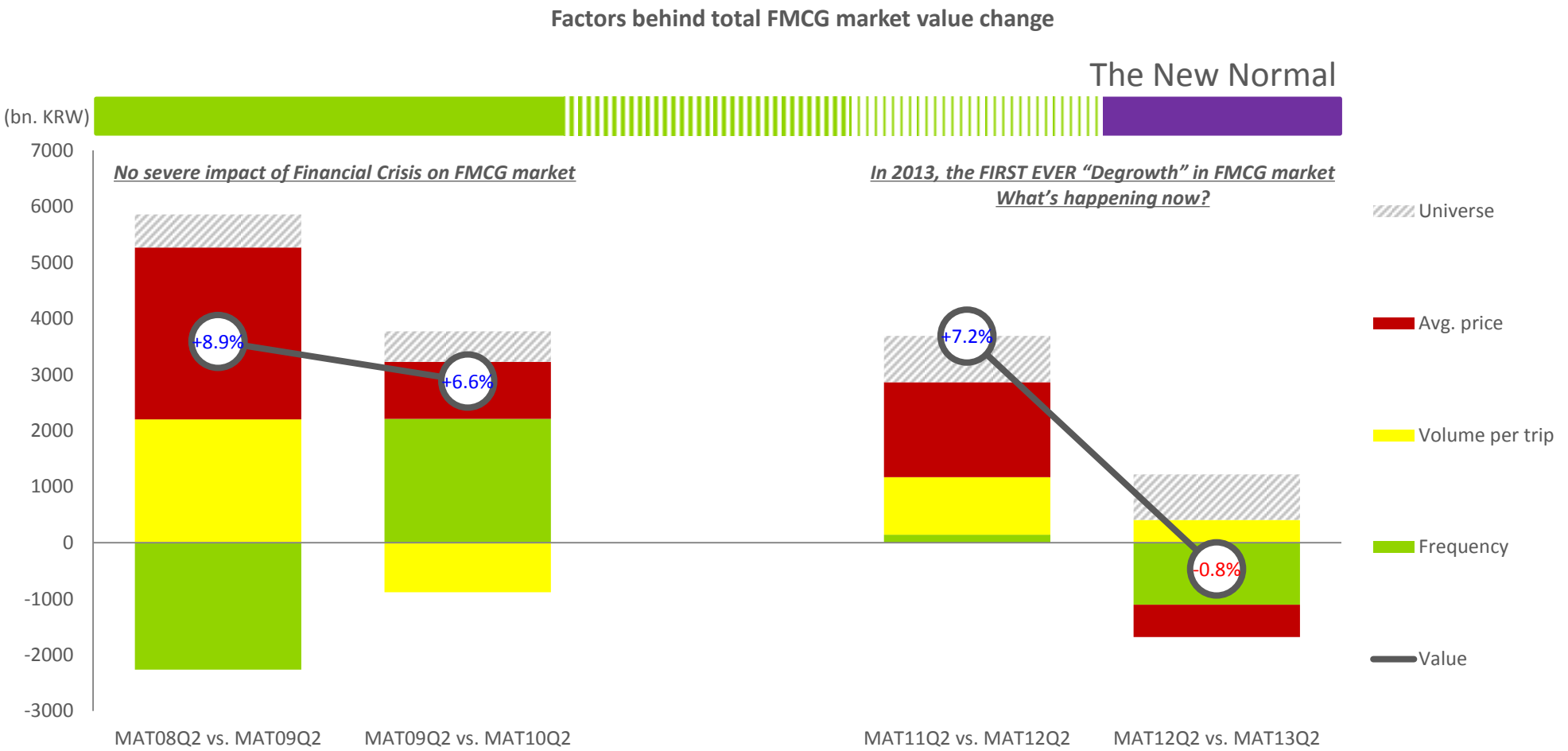
In 2013, we encountered “Degrowth” with frequency & price drop

We should discover the “New Normal”



Total FMCG market value growth% and Value contribution (bn. KRW) of each factor to total FMCG market incl. fresh food

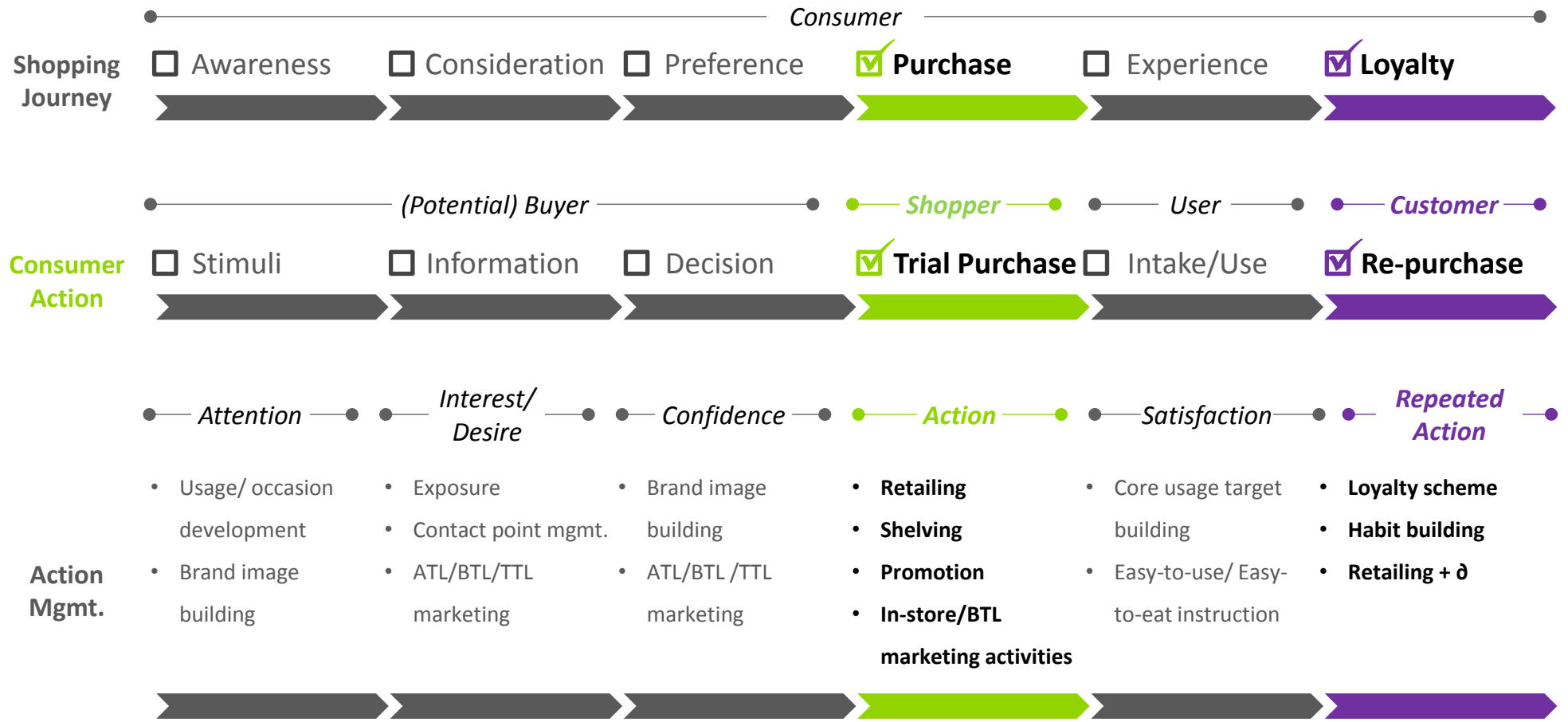
© Kantar Worldpanel

Shoppers are not your brand Buyers

© Kantar Worldpanel

How do you measure brand performance? TOM? Awareness? Preference? Loyalty? And then, how do you approach to improve BPI?

Shift the view to “Consumer Action” and focus on “Shoppers” first!



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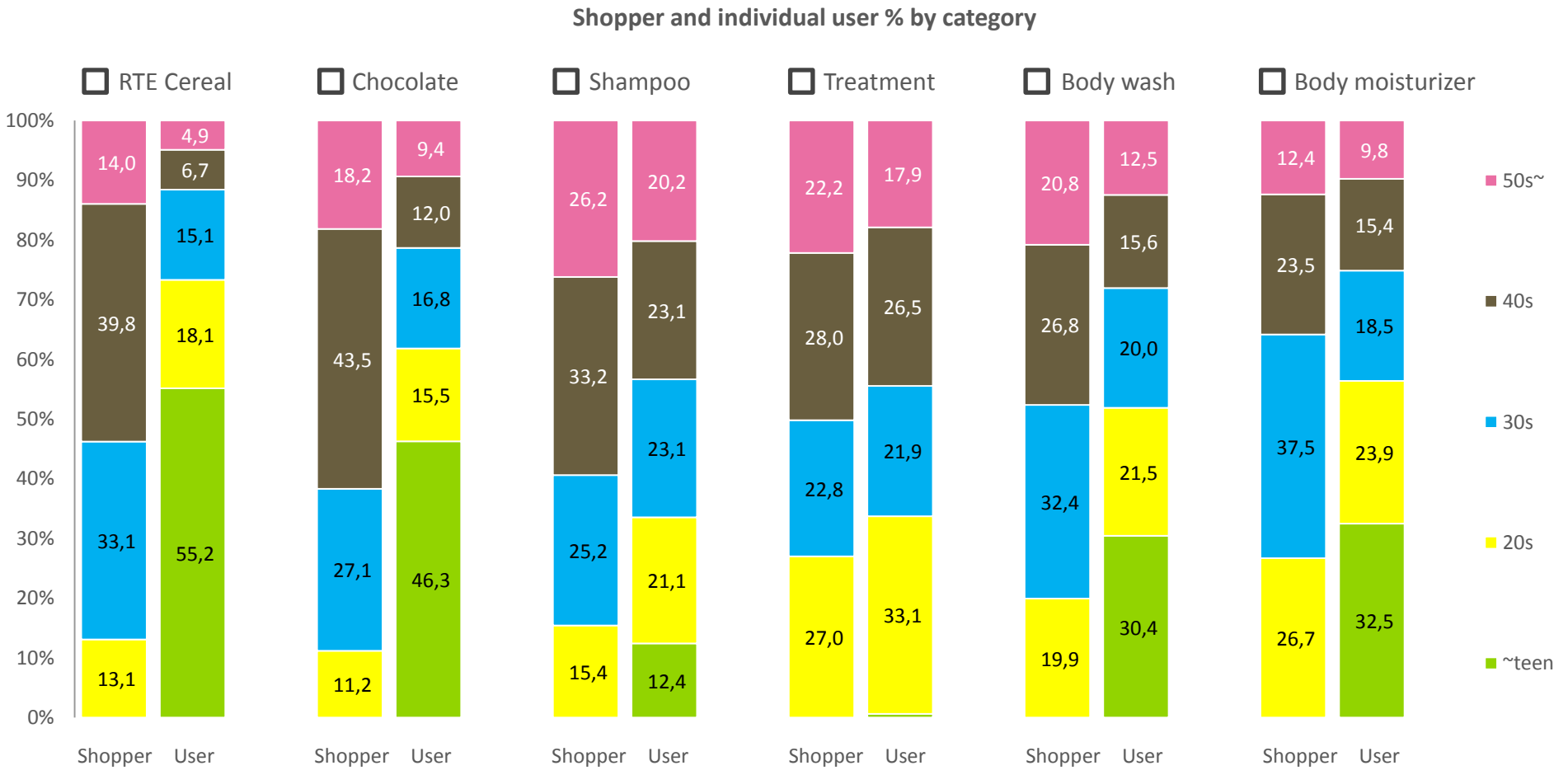
Looking at differences b/w shoppers and users…
Users might be close to your brand “(potential) Buyers”

Then, how are you marketing your brand to “Shoppers”?

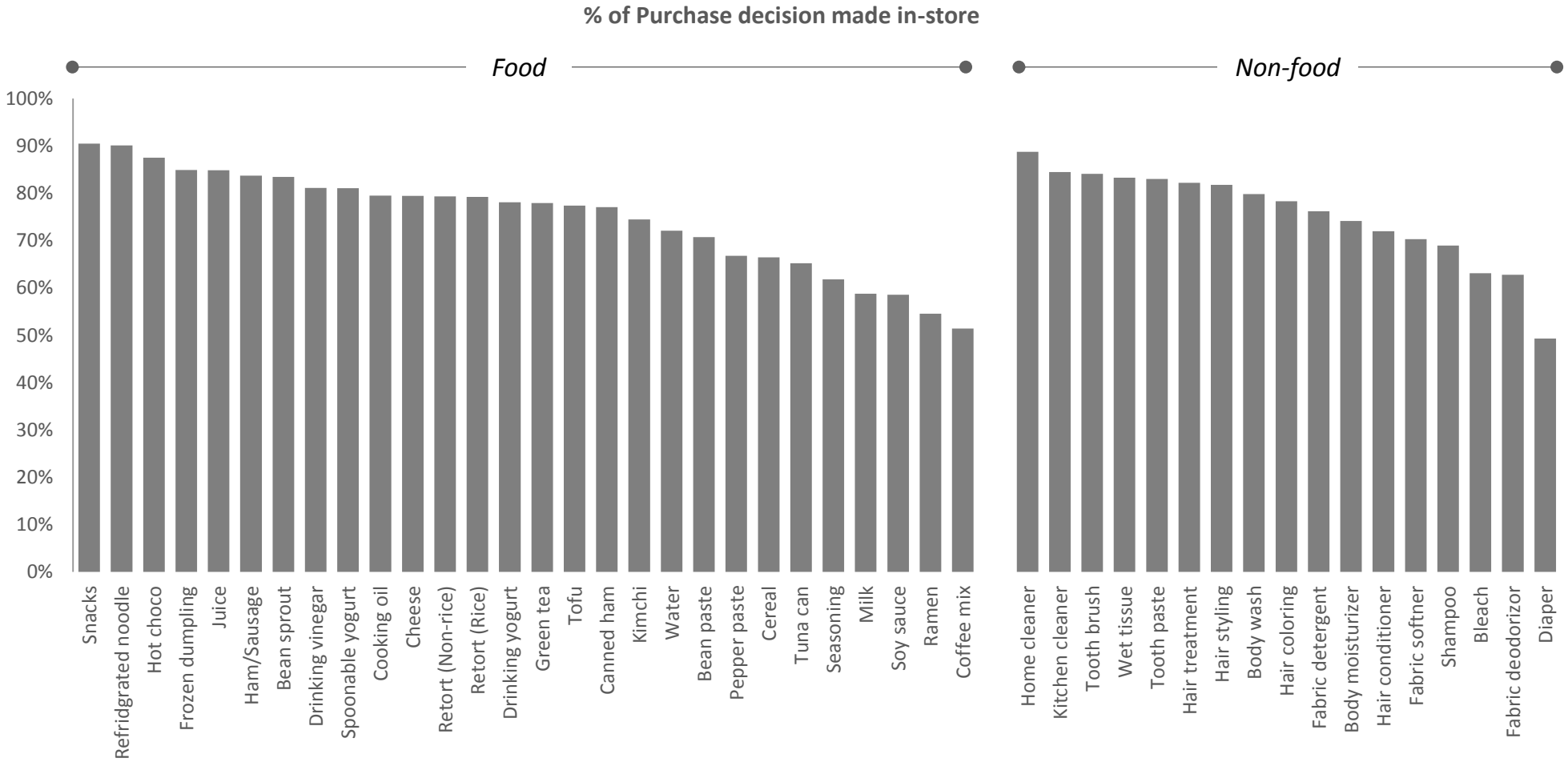


Value% of shopper and individual user in each category in this year

© Kantar Worldpanel

75% of purchasing decisions are made in-store
Shoppers don't think of your brand before they go for shopping!

Important to capture "Shoppers" at Point-of-Sales



*Source: Kantar Worldpanel Lifestyle survey 2013 / Respondents% of those who make purchase decision in-store

© Kantar Worldpanel

Shoppers are not your brand Buyers

We manage brands?

We manage Consumer Action by step!

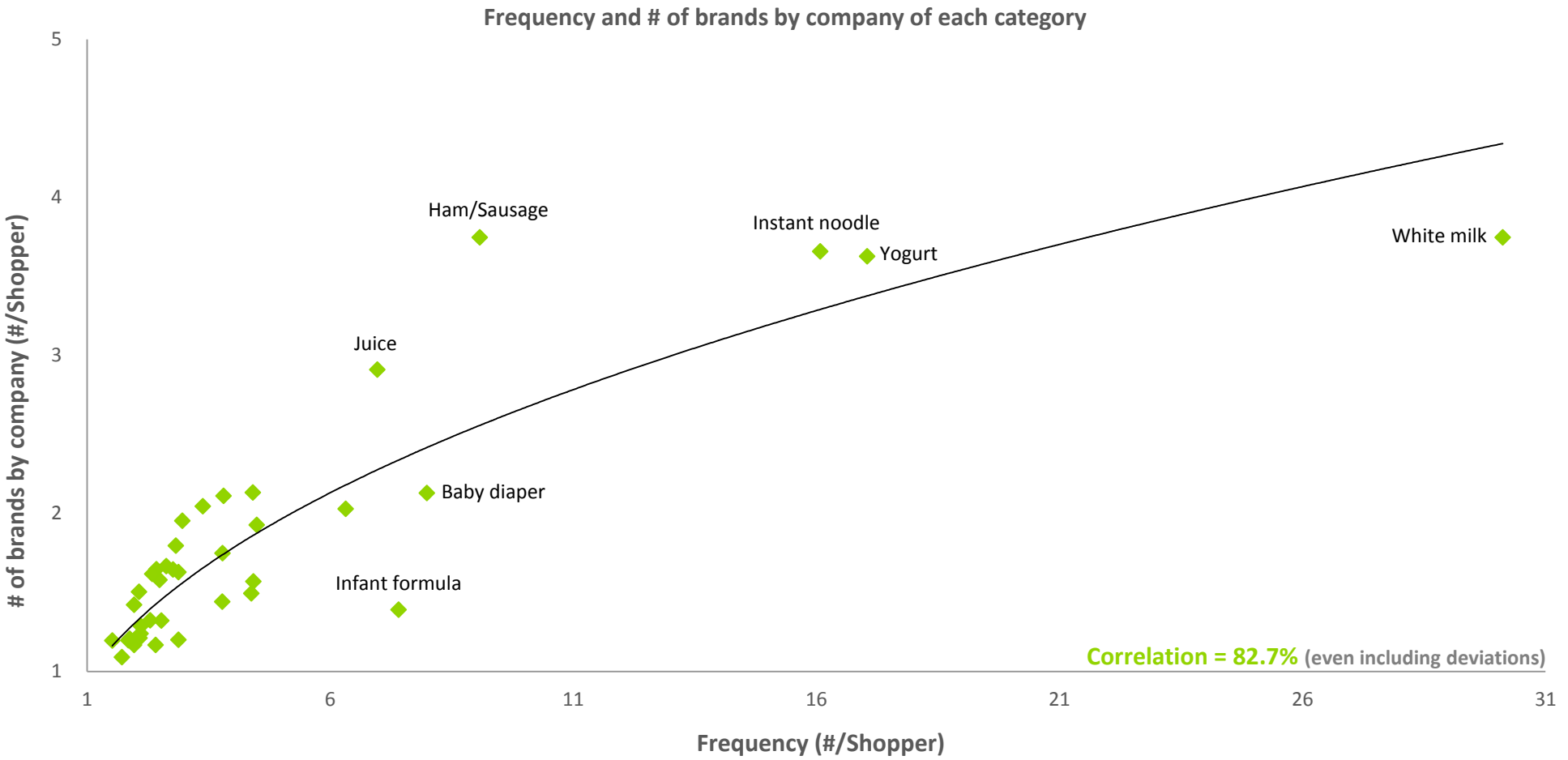
© Kantar Worldpanel

Shoppers don’t love your brands

© Kantar Worldpanel

Brands in categories with higher frequency are bound to face higher competition

Shoppers have “Repertoire” behavior



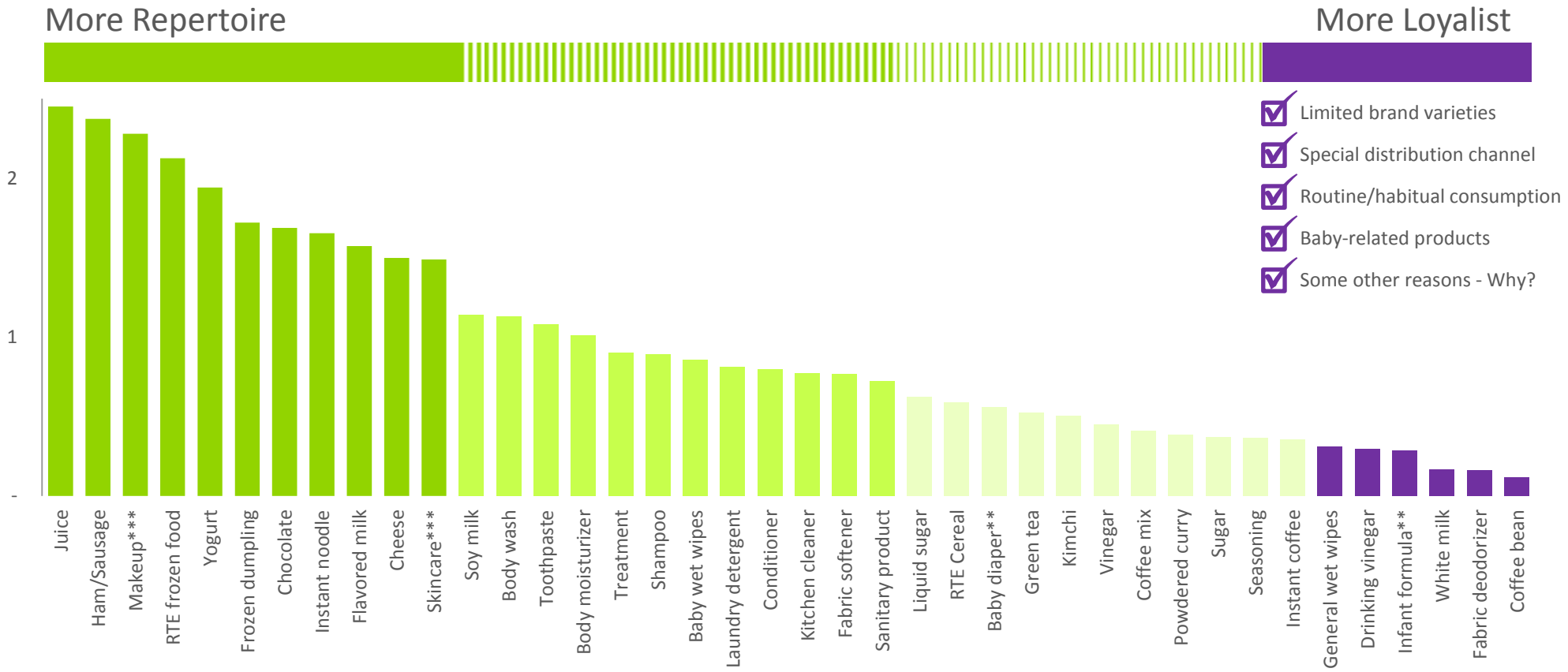
Category frequency (#) and # of brands by company bought by category in this year

© Kantar Worldpanel

Avg. Juice buyers pick up 2.9 manufacturers' brands while juice heavy buyers indulge 5.4
The same story for all other categories with different only in the level of gap

"Repertoire" behavior is NORMAL

Gap in # of brands by company purchased b/w Heavy and Average shoppers



Gap in # of brands by company purchased b/w Heavy and Average shoppers in each category in this year
>> Heavy shoppers = Those whose spending belongs to Top20% in the total category

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Shoppers don't love your brands

Brand loyalists vs. Brand switchers?

Everyone is Loyal switchers!

© Kantar Worldpanel

New shoppers grow your brands

(especially if you are not a leader in the market)

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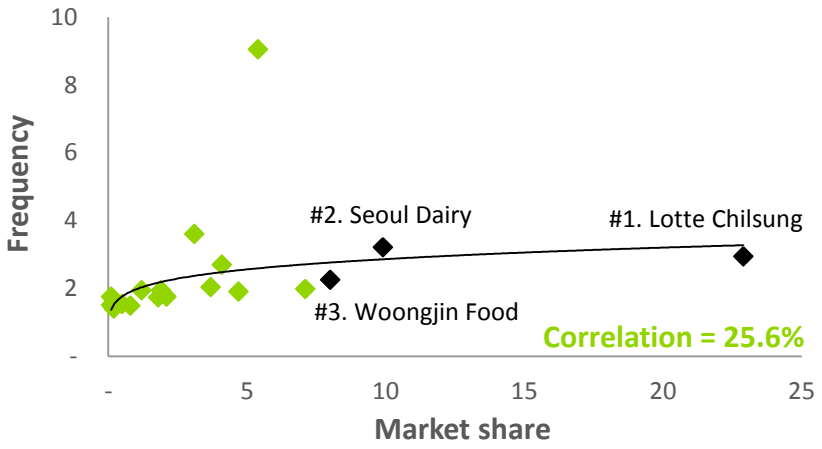
Penetration – not Loyalty – decides your brand market share

Growing penetration should take place first!

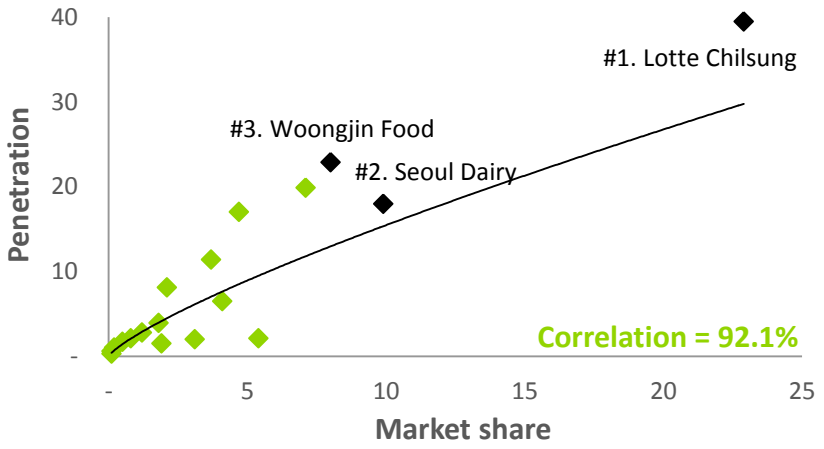
Repertoire Category

Juice

☐ Loyalty & Market Share

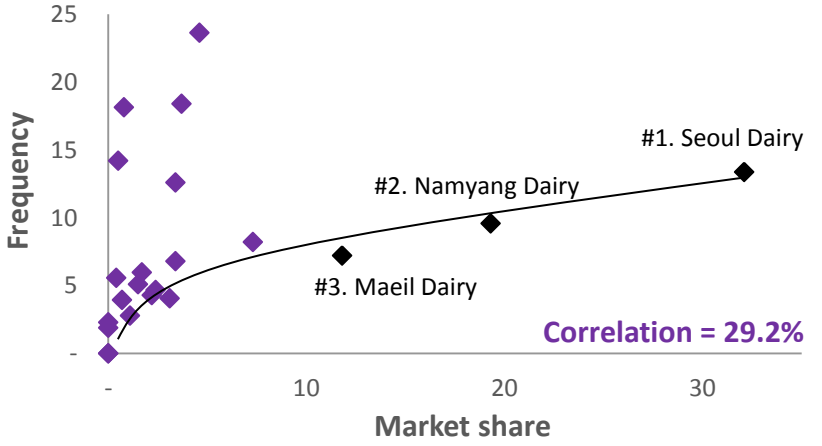


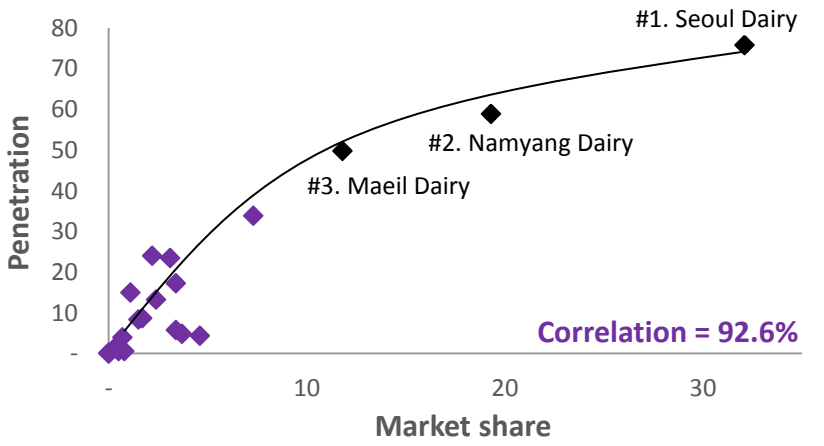
☑ Penetration & Market Share



Loyalist Category

White milk



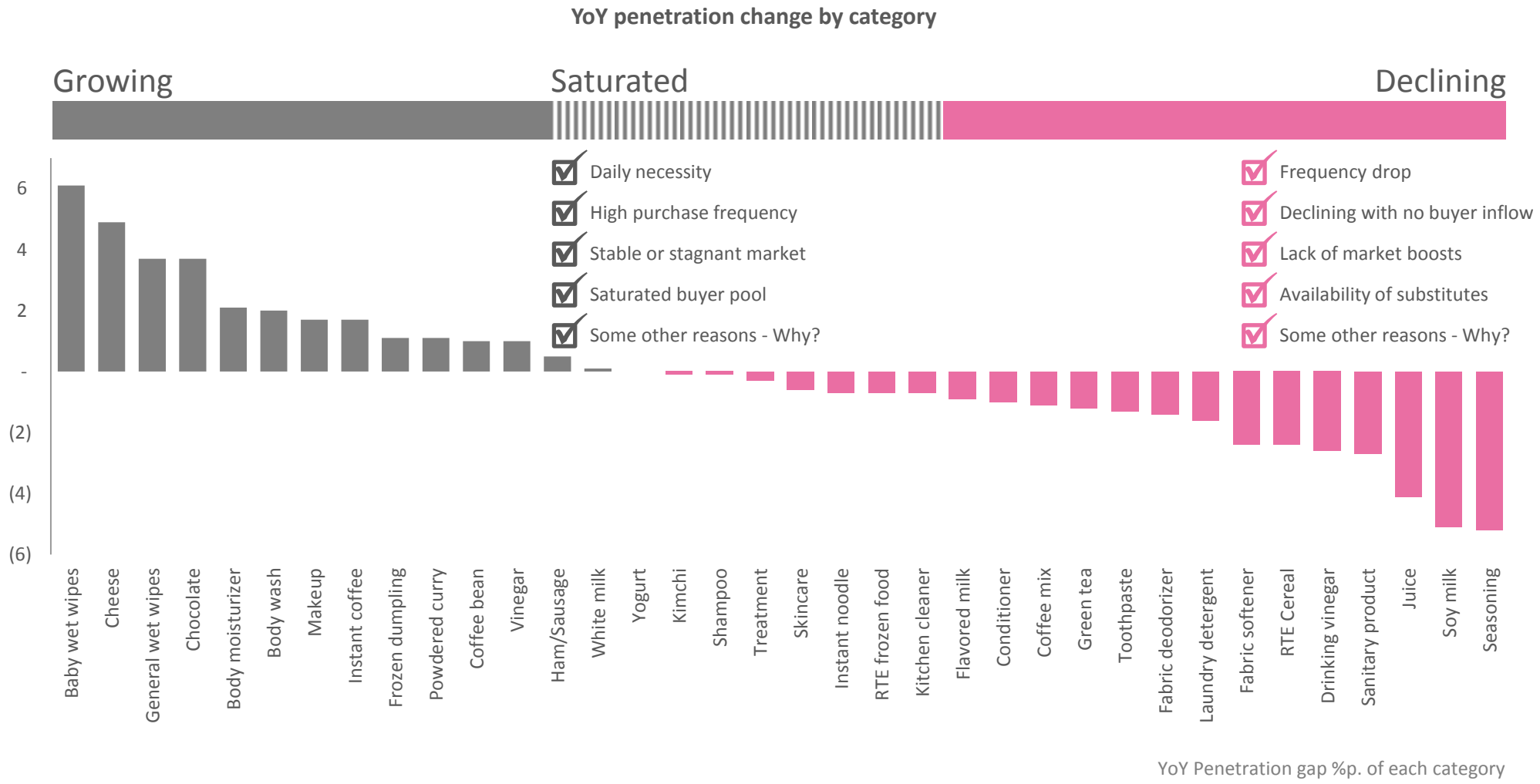


Category frequency (#) or penetration (%) and value market share (%) by company in this year

© Kantar Worldpanel

Category consumer pool has limitation
How to grow penetration in saturated or declining market?

Brands should grow "Relative penetration" – penetration against your competitors

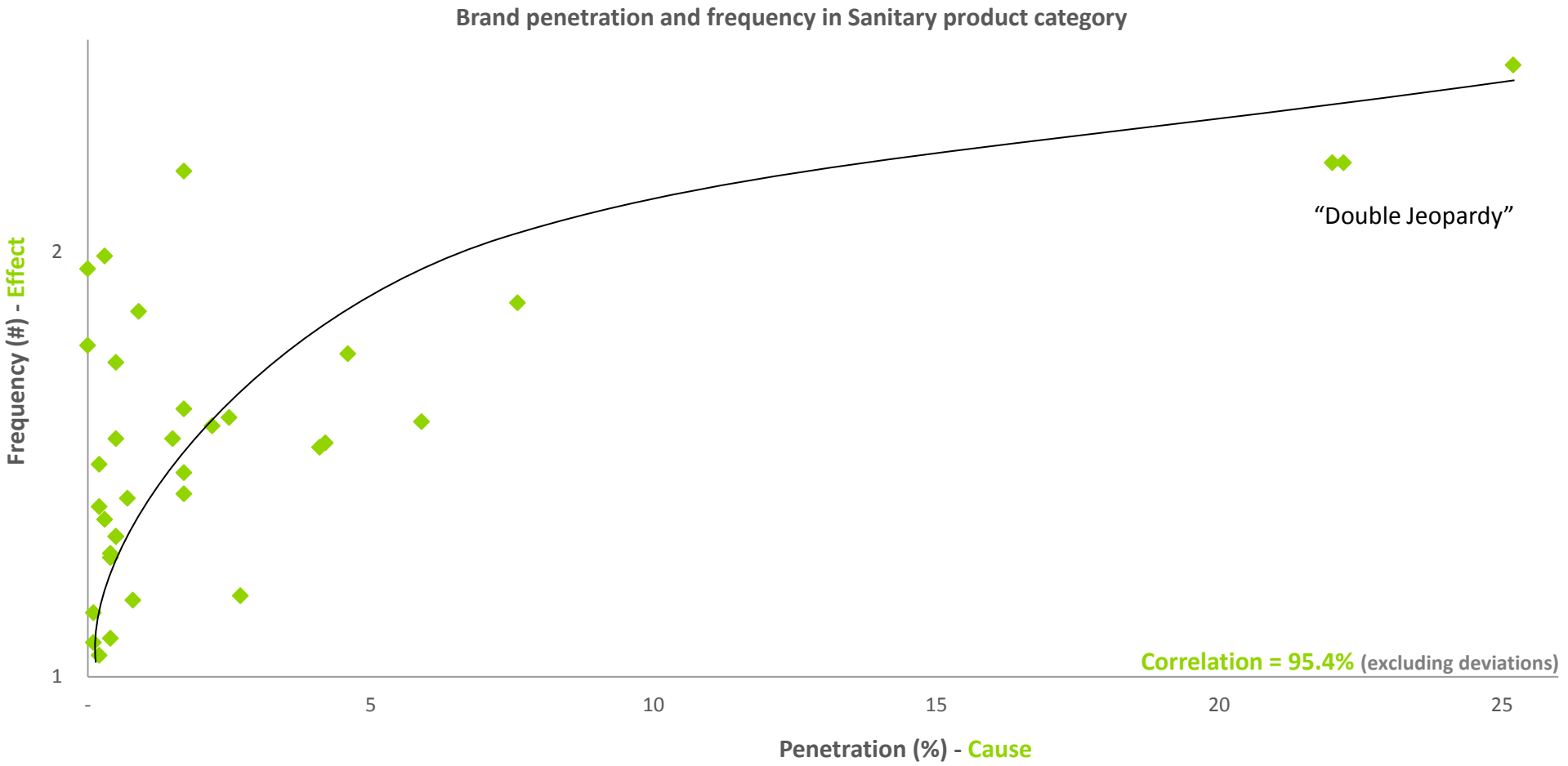


YoY Penetration gap %p. of each category

© Kantar Worldpanel

Brands with relatively low penetration suffer from lower loyalty

Then, how smaller brands can outgrow?

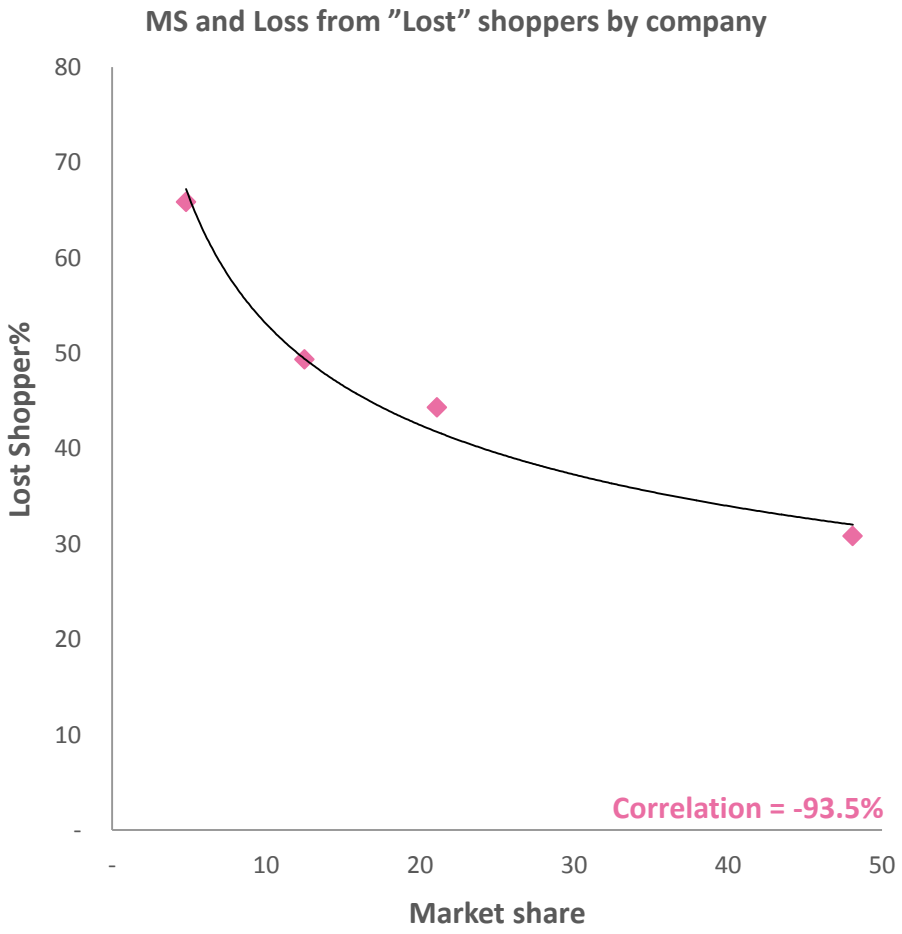


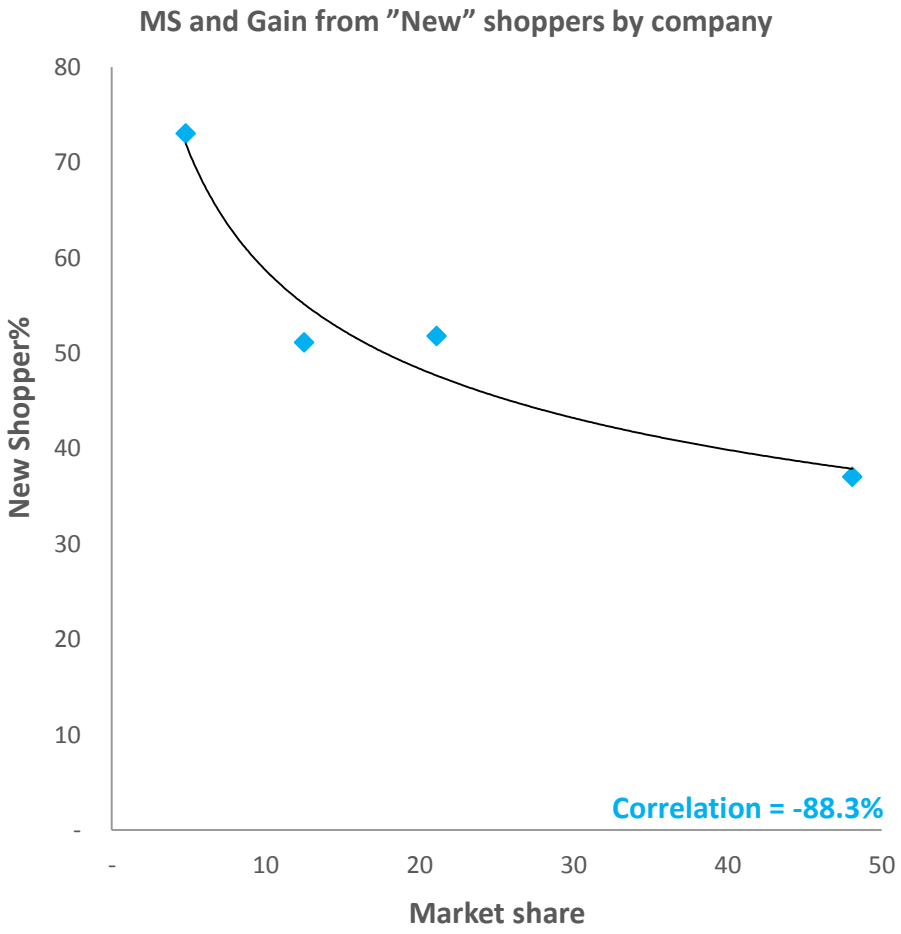
Brand penetration (%) and frequency (#) in Sanitary product category in this year

© Kantar Worldpanel

Smaller brands can grow by recruiting more “New” shoppers to fill up the leaky buckets

So, focus on “New” shoppers especially if you are not a leader in the market





Value contribution% of “Lost” shoppers in last year and of “New” shoppers in this year in Sanitary product category

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New shoppers grow your brands

(especially if you are not a leader in the market)

We focus on brand loyalty

We focus on brand penetration first

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Unloyals are more valuable than Loyals

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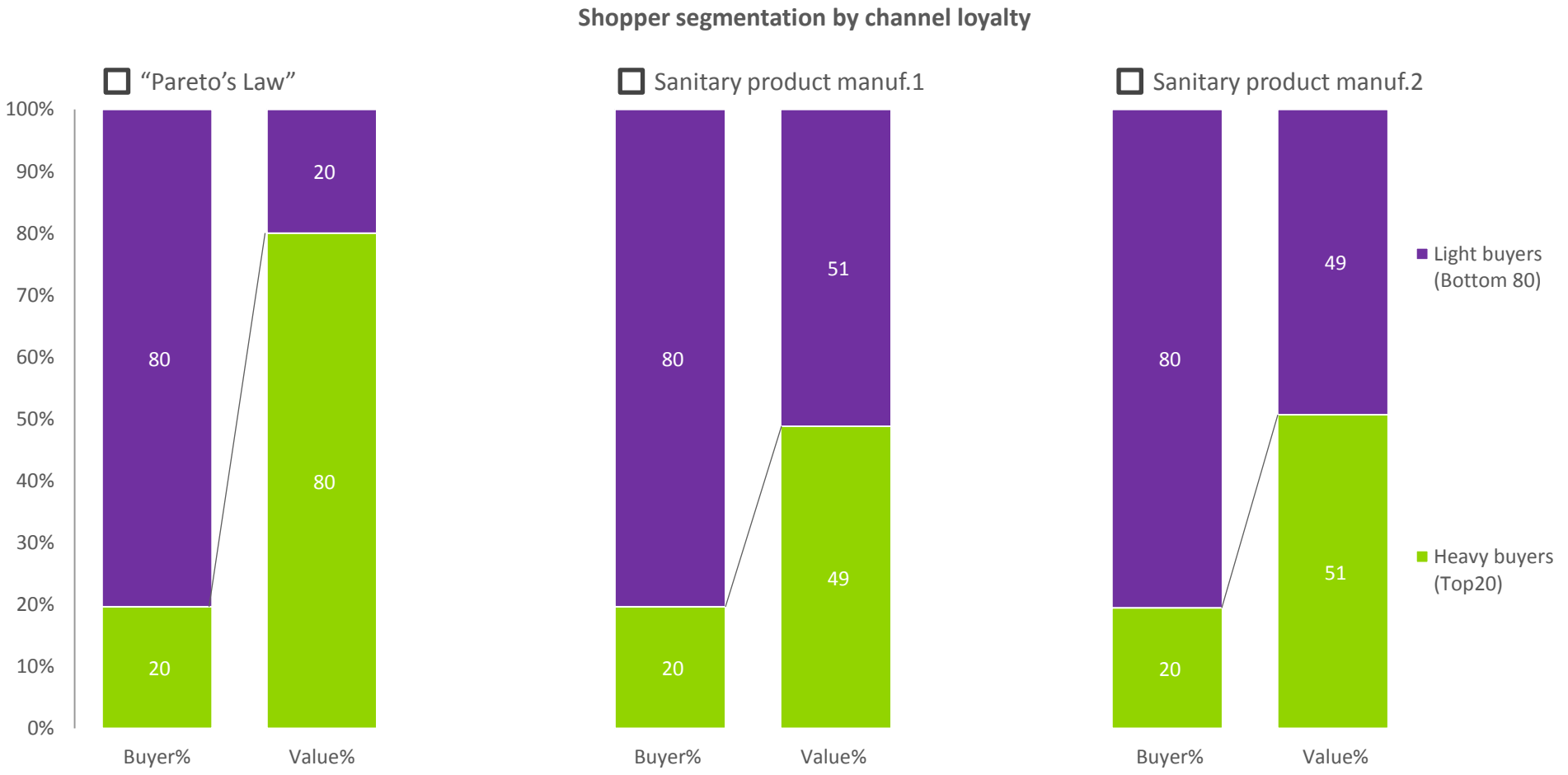
“Light buyers” account for more than 50% of your brands’ sales
“Pareto’s Law” is not 20/80 – it’s 20/60 or even only 20/50

“Light buyers” contributes more than you think

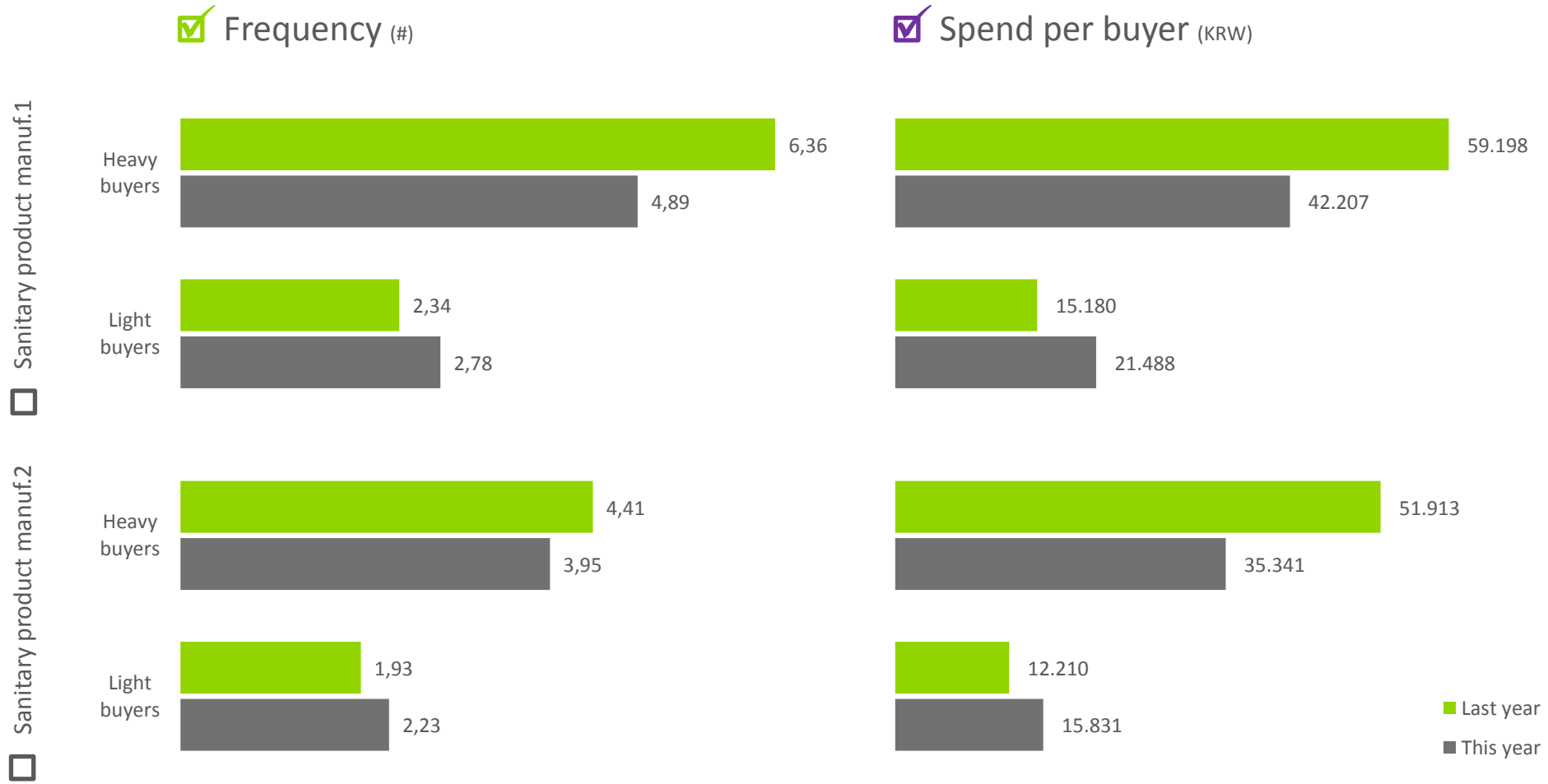


Brand buyer% and value% in Sanitary product category by manufacturer in last year

© Kantar Worldpanel

Last year's "Heavy buyers" are likely to be LIGHTER this year, and vise versa

Easier, more efficient, and more effective to increase loyalty of "Light buyers"



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Unloyals are more valuable than Loyals

We should maintain brand Loyals

We can make Unloyals more loyal to our brand

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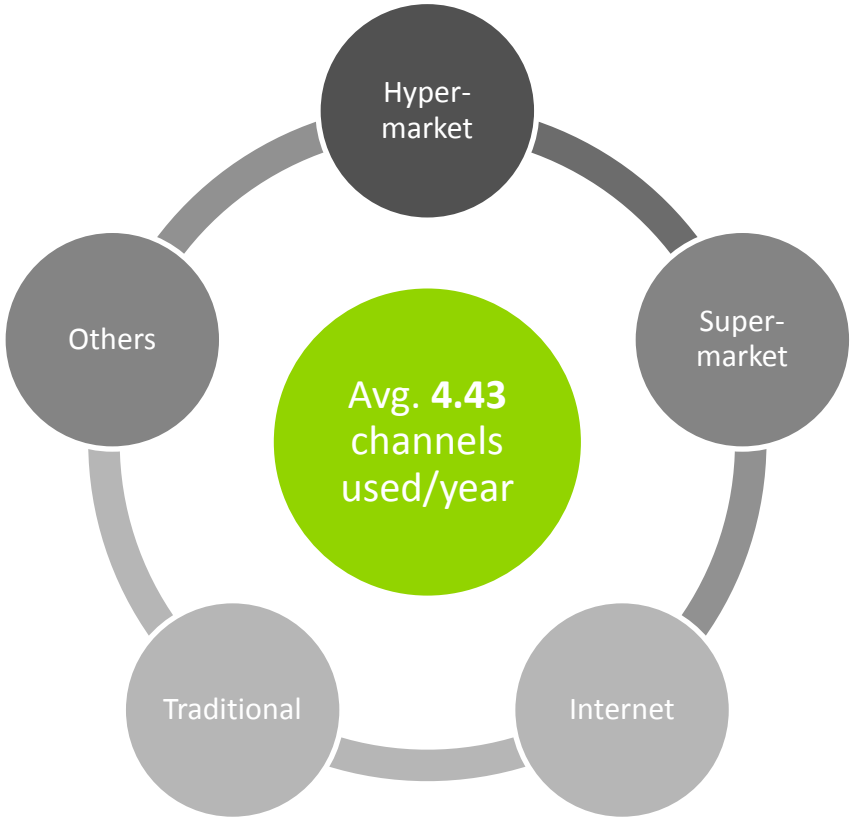
Shoppers are not loyal to channels either

© Kantar Worldpanel

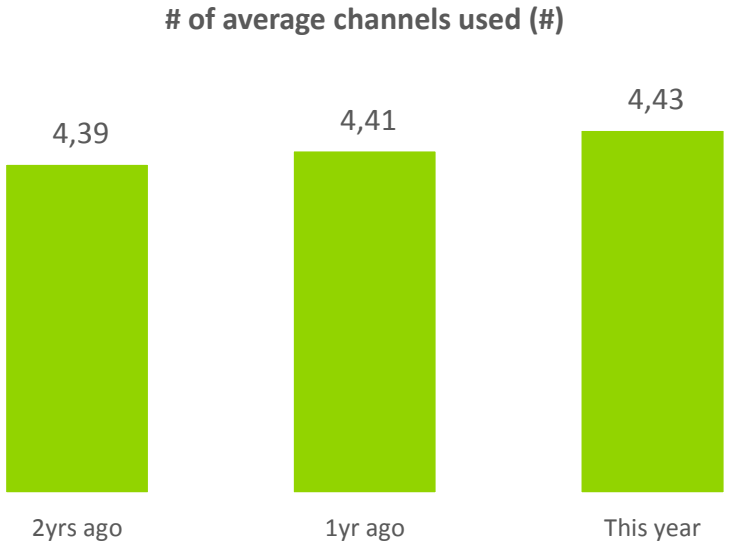
Korean shoppers use 4.43 channels on average
And the number of channels used is increasing

Consumer contact points are getting more diverse



If spending more than **50% in a single channel**,

those shoppers are classified as **Channel Loyalists**

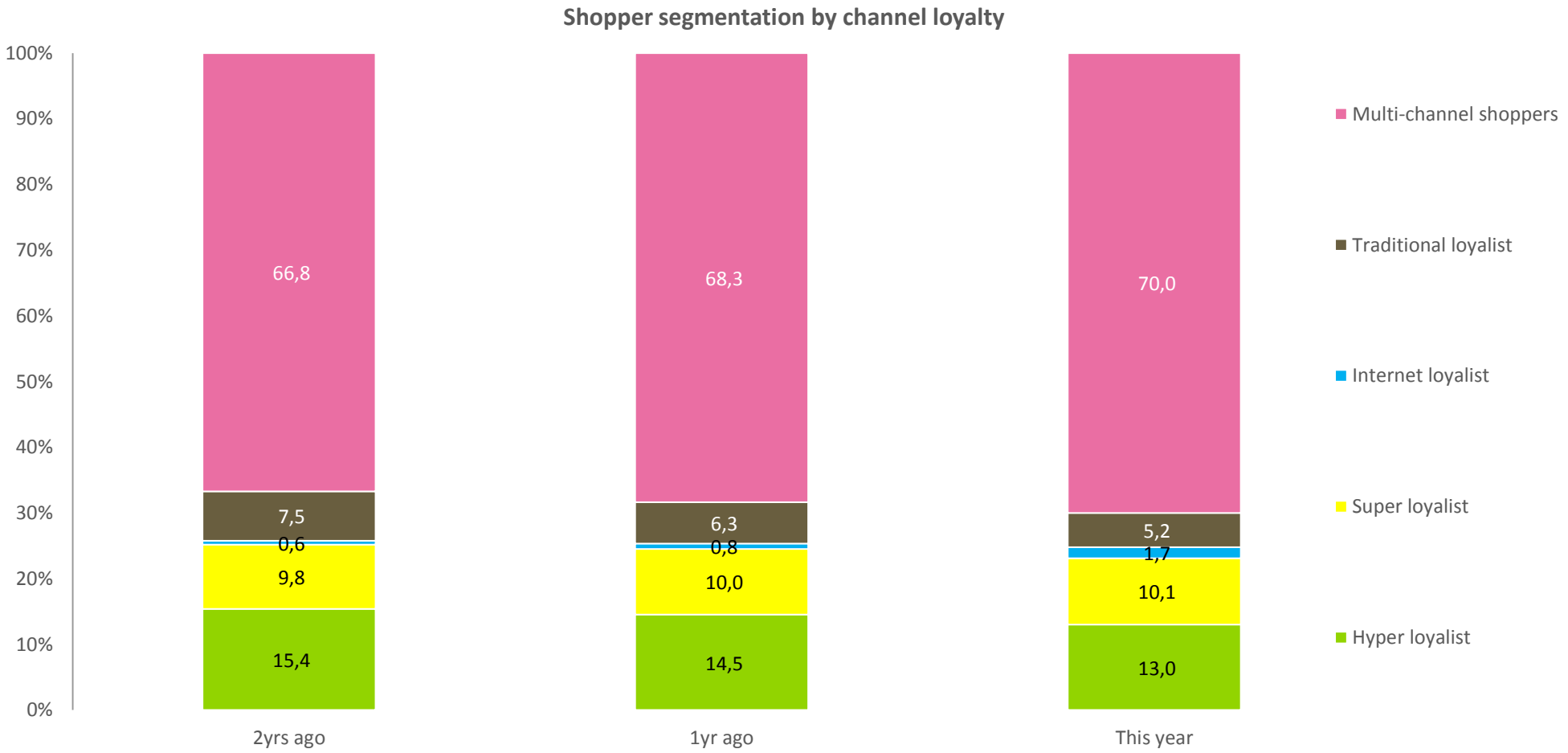


Average number of channels used(#)

© Kantar Worldpanel

More than 70% of total shoppers don't have high loyalty to any channels
Multi-channel trend is taking a heavy toll on hypermarkets

Supermarket and Online are successfully expanding Loyalists



Shopper% based on channel loyalty in all categories incl. fresh food in this year
>> Loyalist = those who spend more than 50% in a single channel

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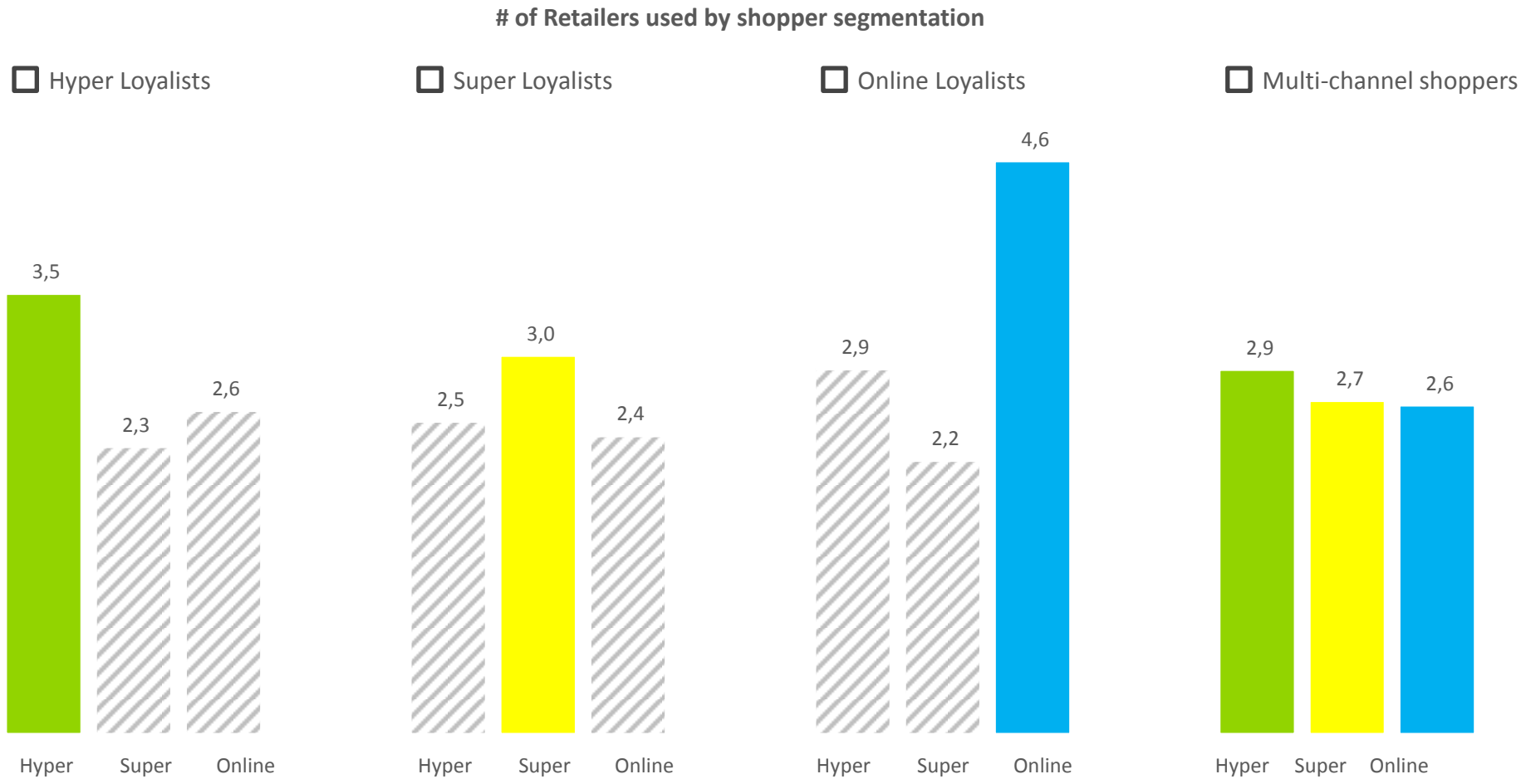
Yet, be aware that shoppers have ‘Repertoire’ tendency in channel usage too
Heavy channel shoppers use more retailers within the channel they are loyal to

So, basically, everyone is multi-channel shoppers!



# of retailers used by Loyalists of each channel and multi-channel shoppers incl. fresh food in this year
>> Loyalists = shoppers who spend more than 50% in a single channel

© Kantar Worldpanel

Shoppers are not loyal to channels either

Multi-channel users vs. Channel loyalists?

Everyone is Multi-channel shoppers!

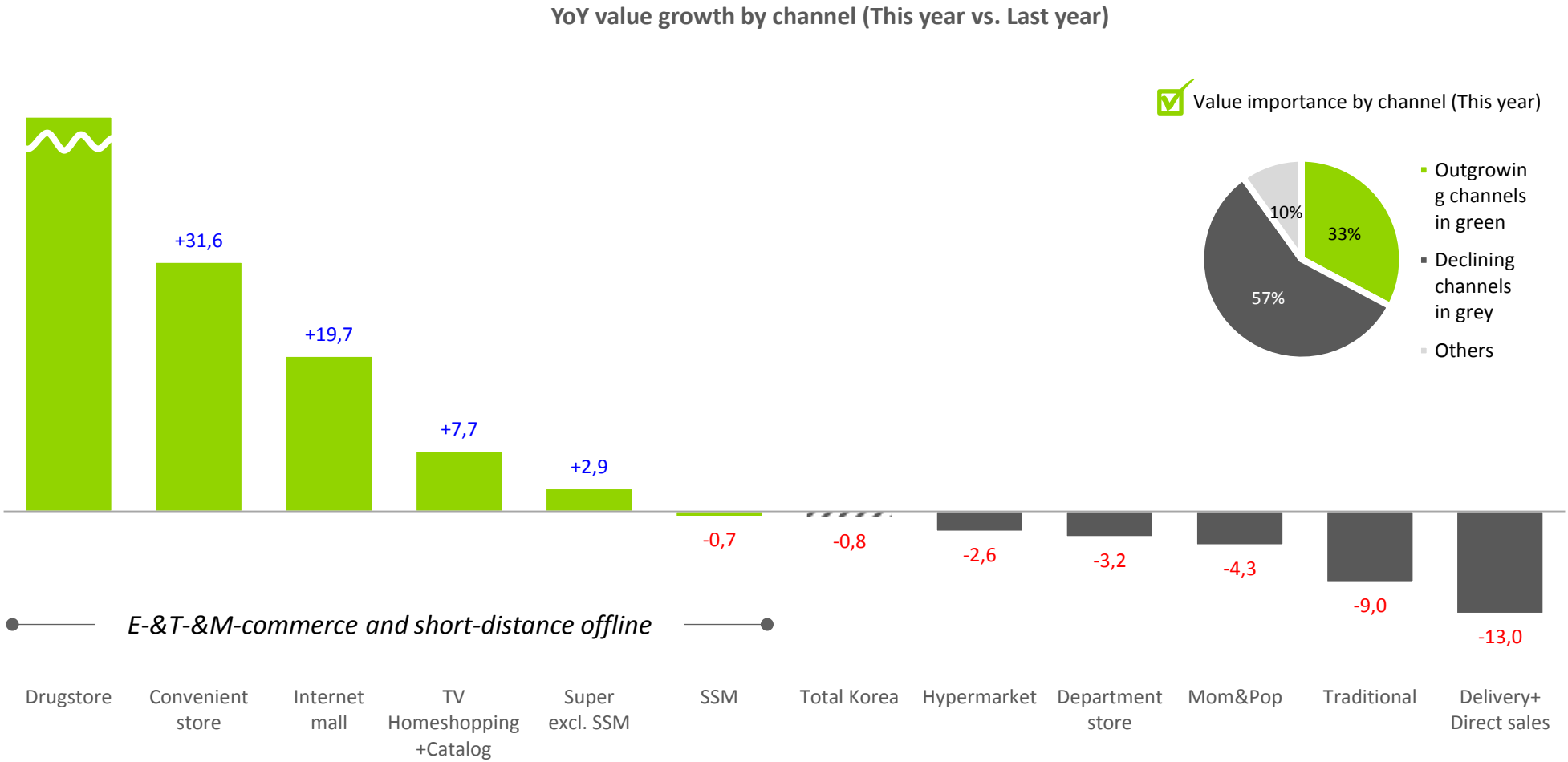
© Kantar Worldpanel

Shoppers go on mini-shopping mission to either nearby offline or online

© Kantar Worldpanel

Other than online, only short-distance channels, maintained growth
Major channels which account for 61% are in decline

Category-specific mini-shopping anytime at your convenience!



YoY value growth% (this year vs. last year) and value importance in total FMCG of each channel (this year, excl. gift & give-away) incl. fresh food

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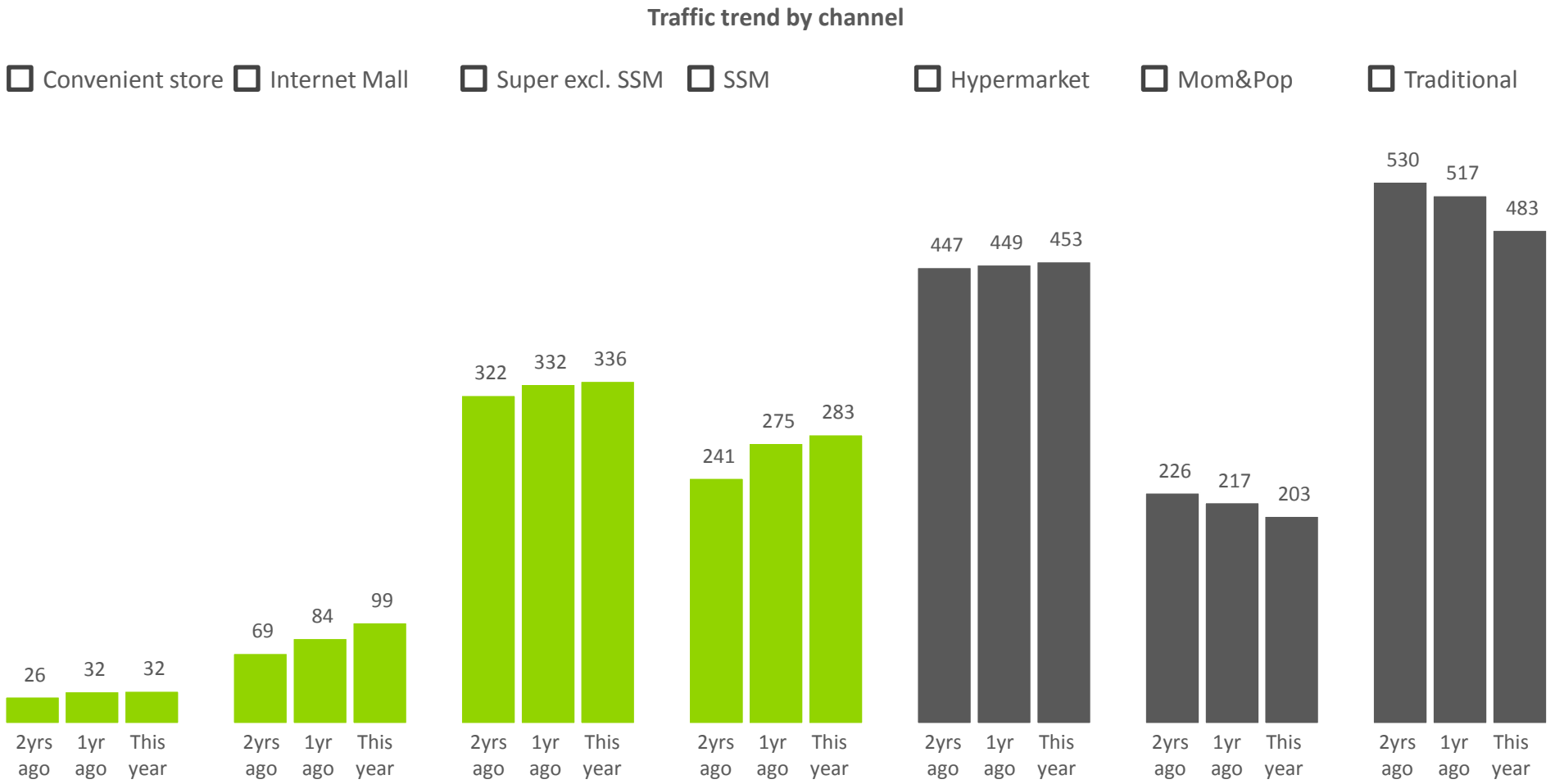
Traffic increase in rising channels yet drop/stagnant in declining channels
For Hypermarket & SSM, shrinking basket size also impacted severely

Traffic generation is crucial for retailers in overall FMCG frequency decline

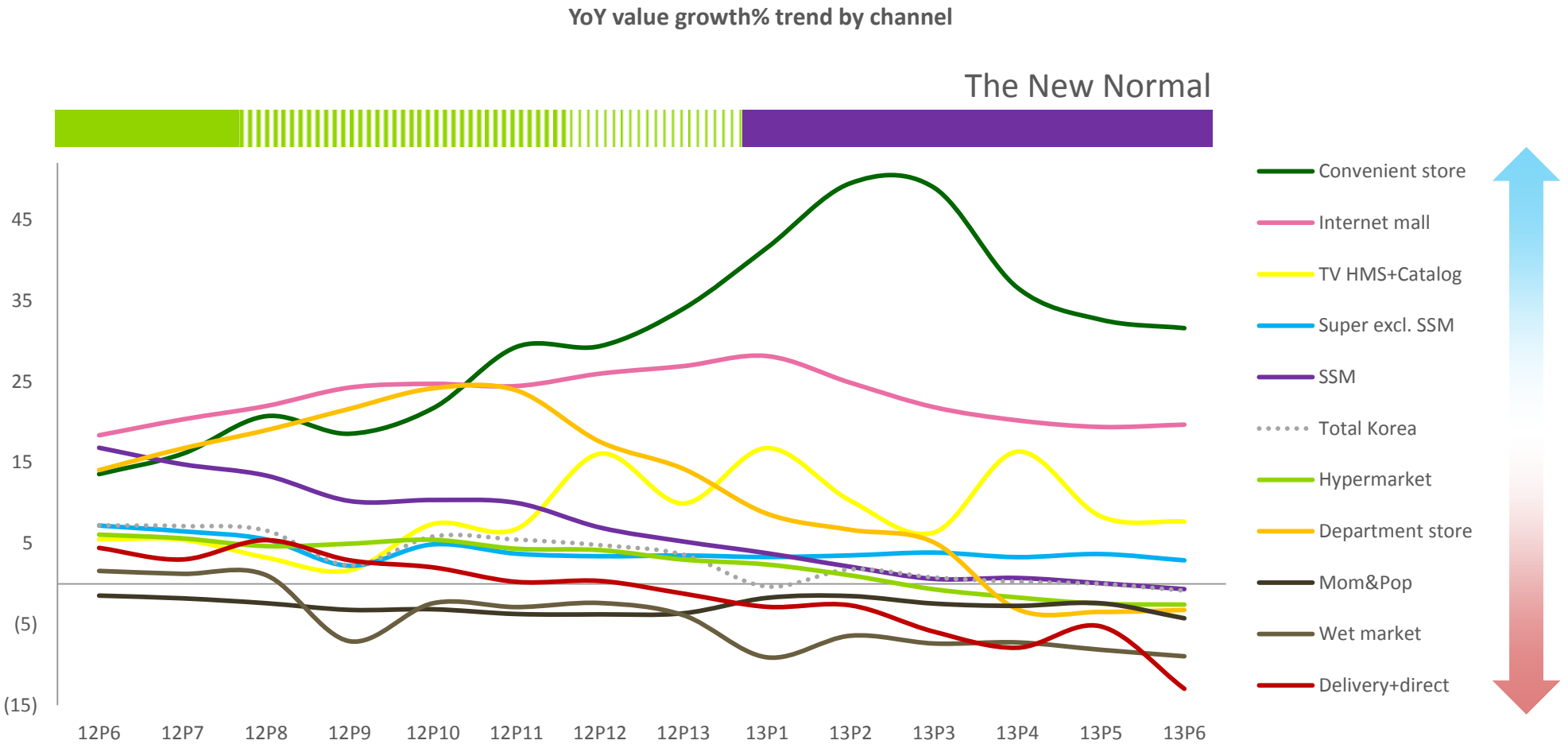


Traffic (# of footprints in million) of each channel incl. fresh food in the recent 3 years

© Kantar Worldpanel

Yet, in the face of Mudding-through economy even growing channels slow down…

Only Internet mall has sustainable growth



YoY value growth% of each channel incl. fresh food

© Kantar Worldpanel

Shoppers go on mini-shopping mission to either nearby offline or online

In the recession, frequency drop is normal?

Winning channels grow with traffic increase!

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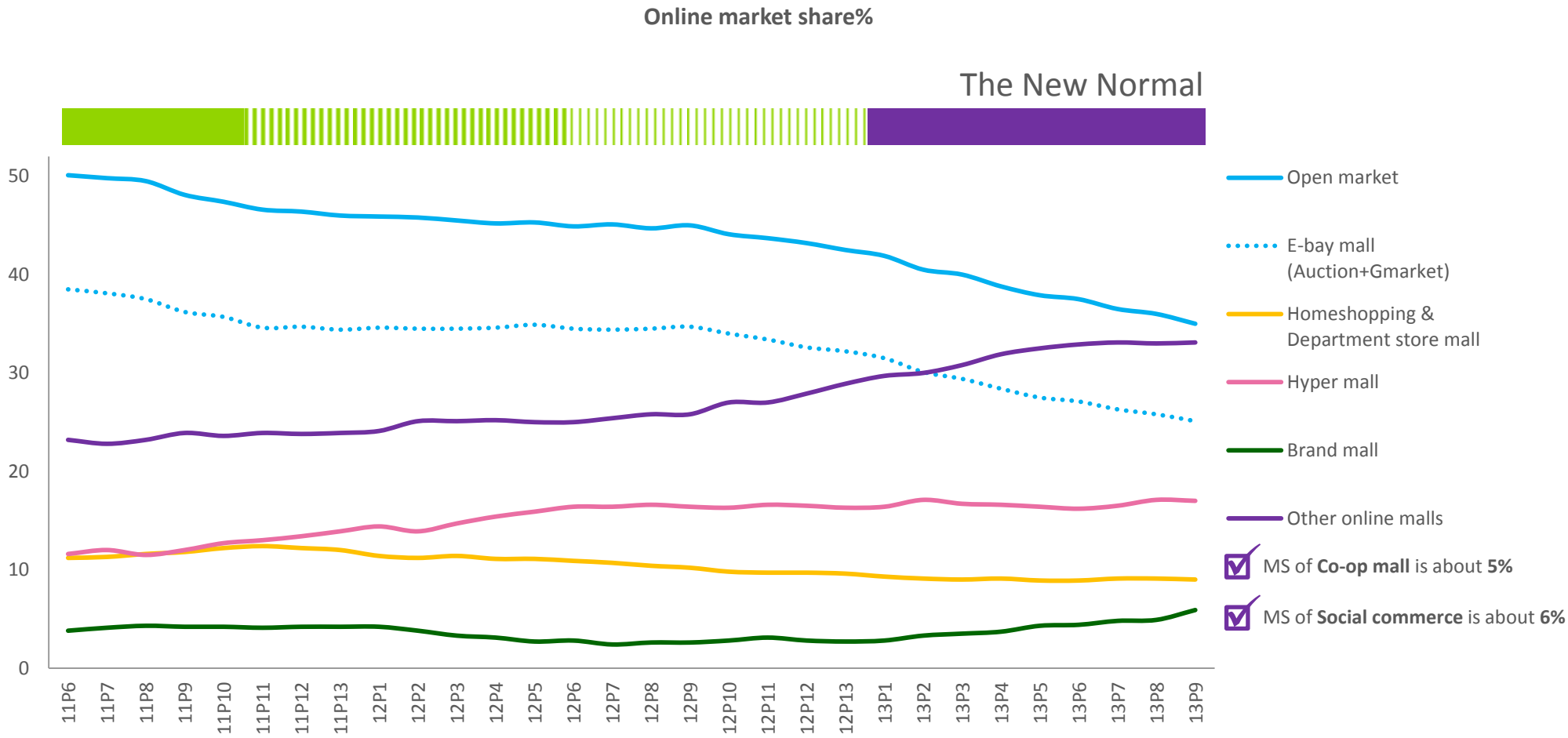
Shoppers are highly fragmented online

© Kantar Worldpanel

Rapidly changing online landscape
Other online malls already caught up E-bay mall and keep rising to the top

Are you taking the same approach to all online retailers?

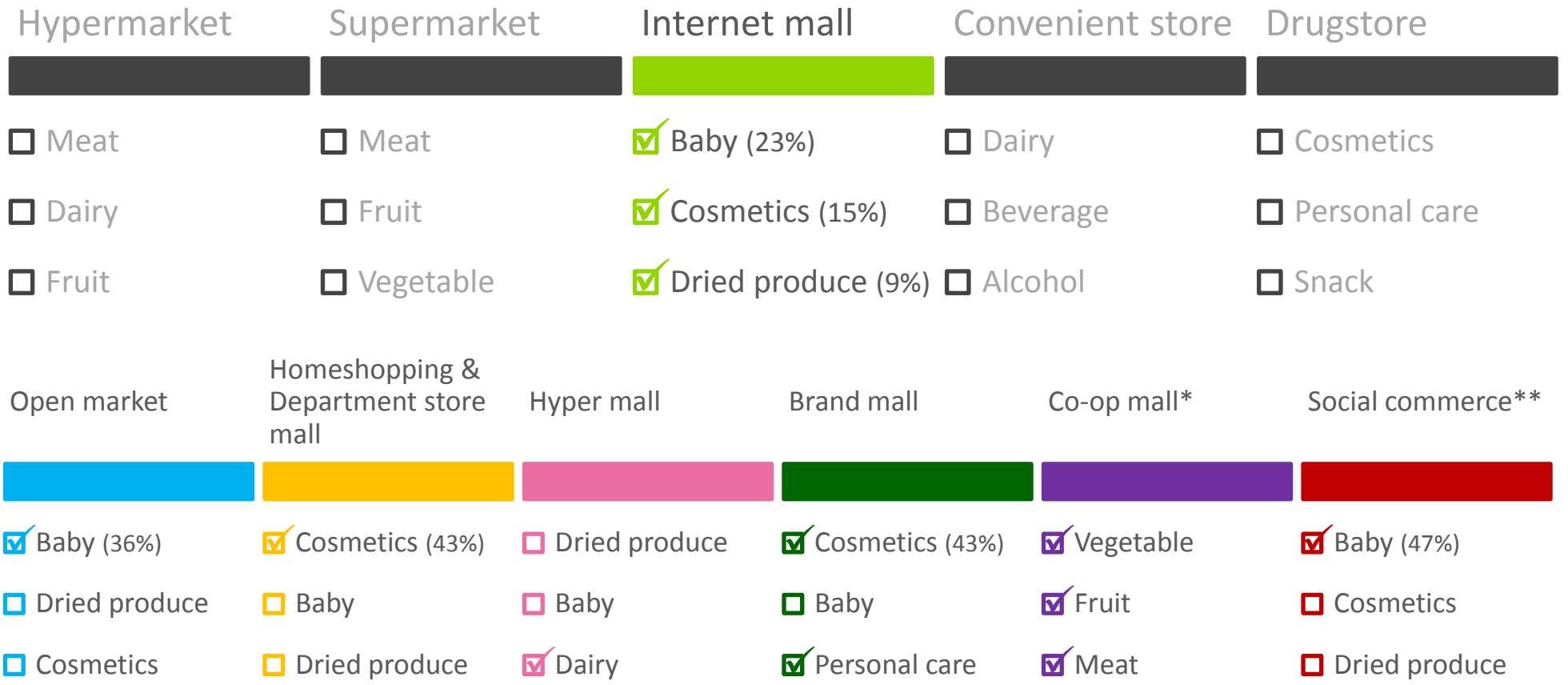


Moving annual trend of channel value% in total online incl. fresh food

© Kantar Worldpanel

We know online shoppers differ from offline

Are you pushing the same brands in all online malls?



Category value% in each channel incl. fresh food in this year
*Limited sample size **Only Social commerce data 13P9

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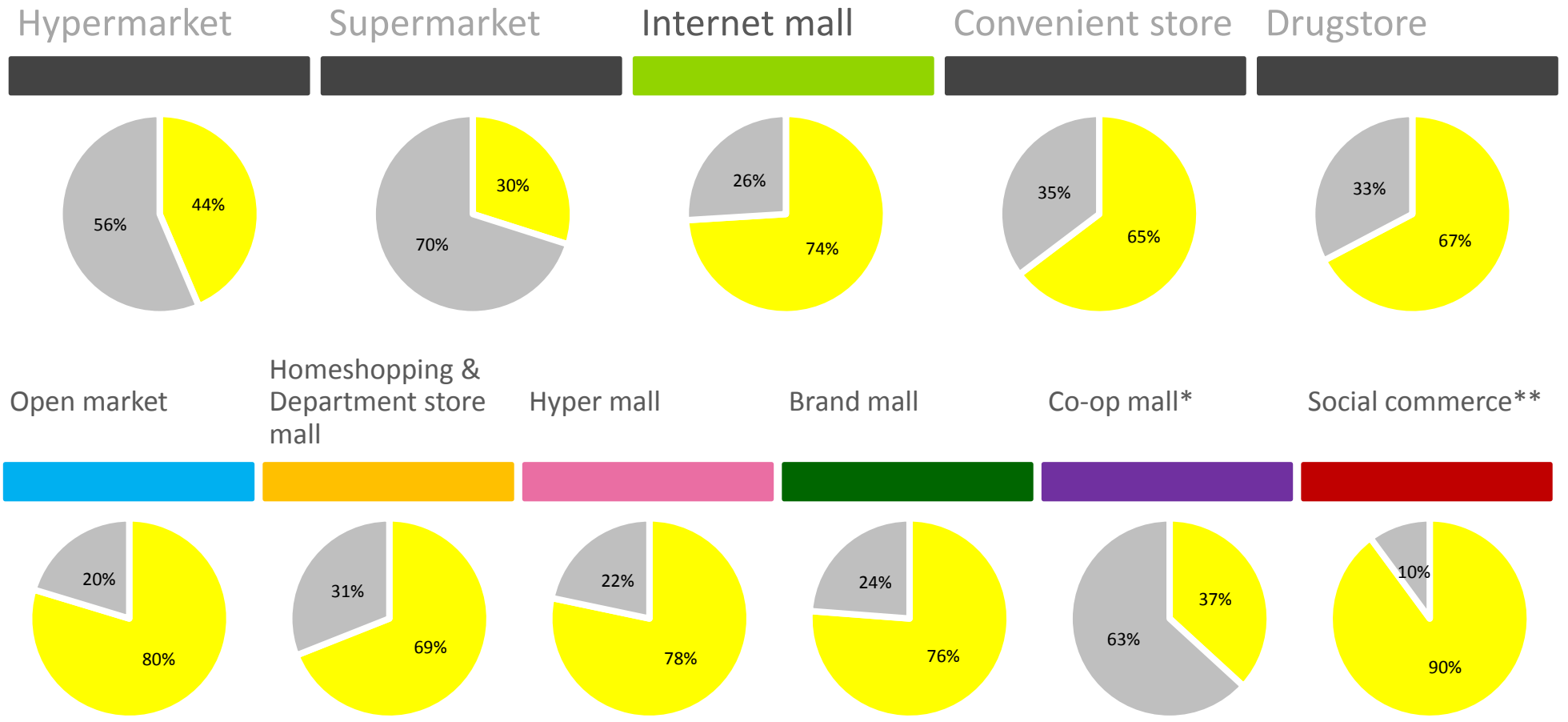
Shopper base is also different across online

Are you targeting the same shoppers in all online malls?



Age value% in each channel incl. fresh food

*Limited sample size **Only Social commerce data 13P9 ***Latest 3yrs cum ending in 13P9

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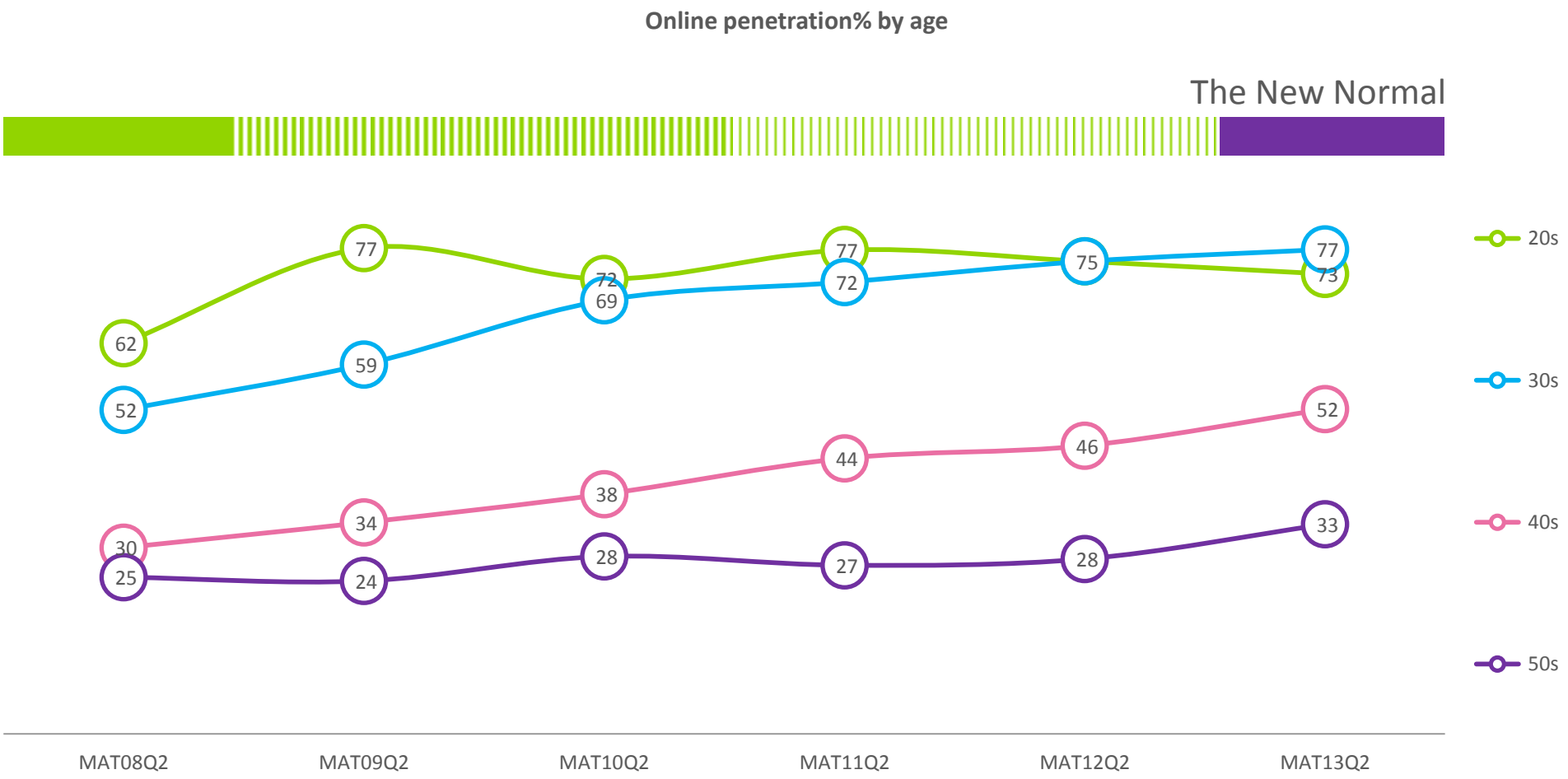
Online shopper base keeps expanding and changing

Are you ready for a change?



Moving annual trend of channel penetration% by age in total online incl. fresh food

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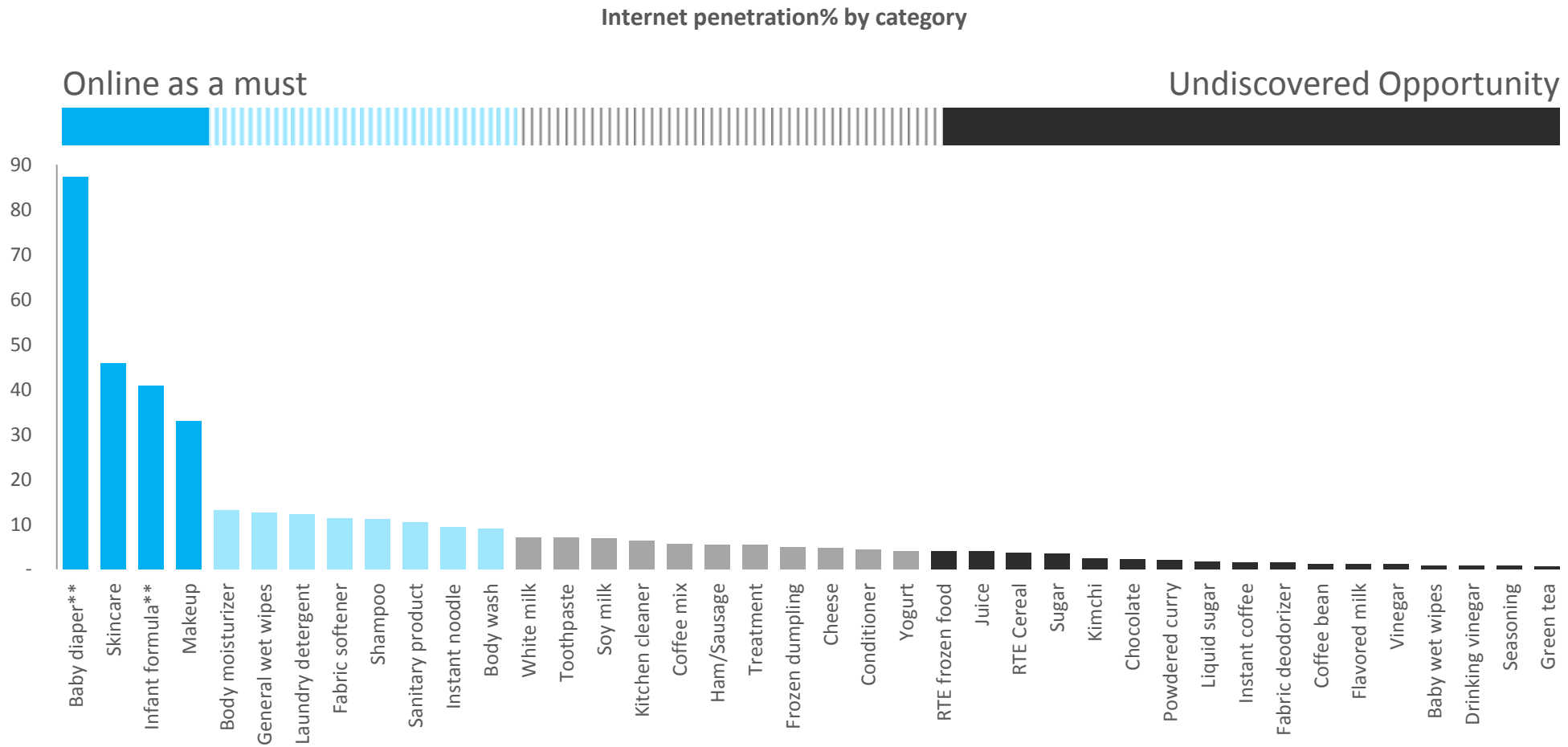
You can be a PIONEER online in most of the categories

Are you ready to be a pioneer in “fragmented online”?



Internet penetration% (population = households) by category in this year

**Baby category population = 0-24 month old babies for infant formula and 0-30 for diapers, ***Cosmetics category population = 15-55 years old female

© Kantar Worldpanel

Shoppers are highly fragmented online

Offline shoppers vs. Online shoppers

Huge differences even among Online shoppers

© Kantar Worldpanel

Are you ready for the era of NEW NORMAL?

The FIRST EVER "Degrowth" in FMCG

"(Relative) Penetration" is the key for GROWTH

"Shopper-focused" Channel Strategy is a MUST

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