FMCG Monitor

An integrated update of Vietnam FMCG market

12 weeks period ending 23 March 2014 (12 w/e P3/14)
Urban 4 Key Cities & Rural Vietnam

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INSIDE THIS ISSUE

KEY INDICATORS

Improved economic outlook with modest inflation

FMCG TRENDS

FMCG slows down in Urban, and show stagnant signs in Rural.

CATEGORIES ZOOM-IN

In Urban, 1/3 of FMCG categories suffer from volume decline.

RETAIL LANDSCAPE

Short-term slow-down across channels in Urban. In Rural, the retail picture reports steady growth.

SPOTLIGHT ON VN

FMCG Key Trends

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GDP

+5.0% Q1'14 vs. YA

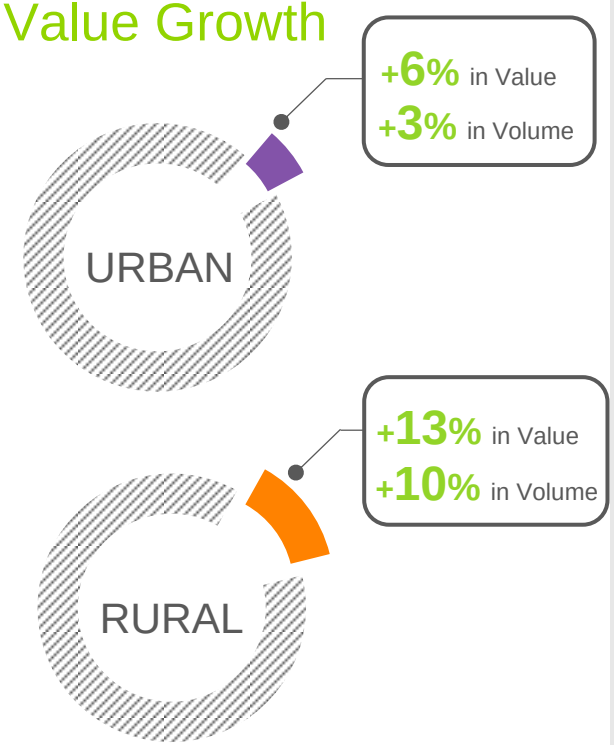
+4.8% Q1'13 vs. YA

CPI

+4.4% Mar'14 vs. YA

+6.6% Mar'13 vs. YA

FMCG Value Growth



12 weeks ending P3/14 vs. YA

Improved Macro Outlook

In Q1'2014, Vietnam's economy expanded by 5.0%, a slight improvement compared with the same period last year.

Eased CPI

After marking its decade-low record in 2013, CPI continues to ease down in March, partly under relatively weaker demands compared with the previous year.

FMCG Slows Down in Urban

and shows early signs of stagnant growth in Rural.

*: 12 weeks ending 23 March 2014 vs. year ago
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 (%)

Though maintaining positive pace at +6% in value, FMCG consumption continues its slowdown since Quarter 3 last year in Urban. Meanwhile, Rural market shows some early signs of stagnant growth.

*: 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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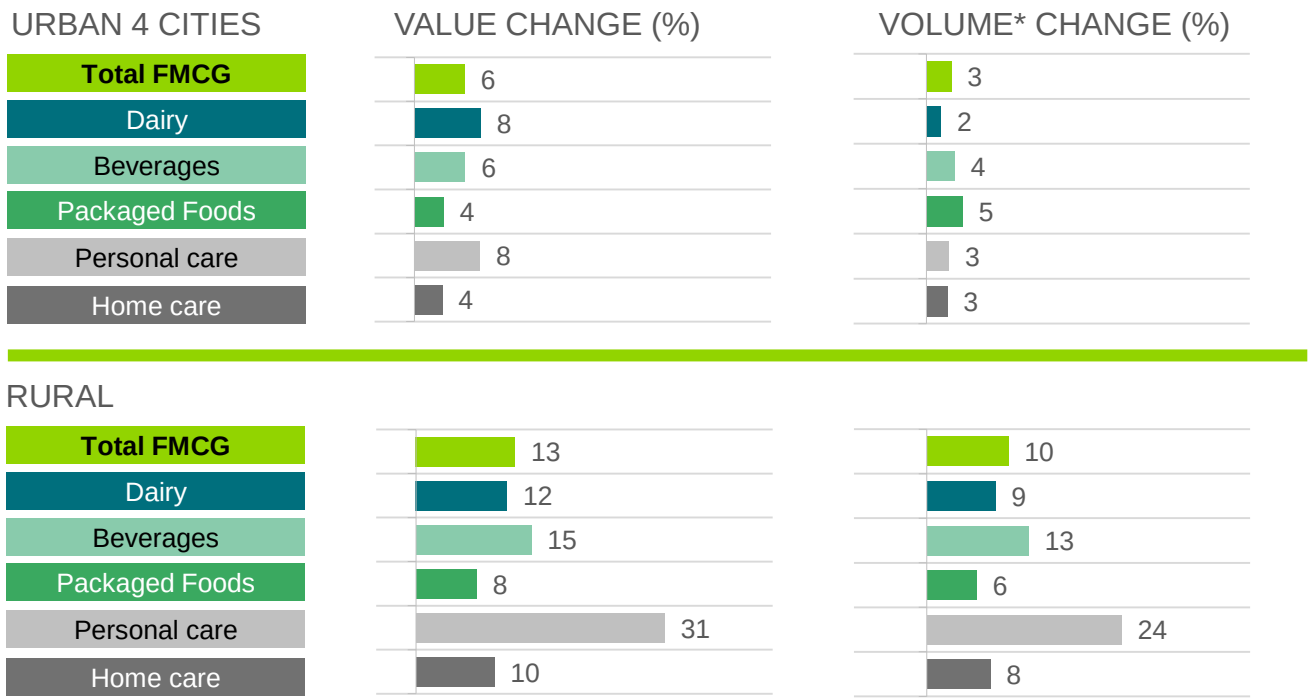


Growth is quite low in Urban across both food & non-food categories while Rural market reports 2-digit growth in all sectors, except Packaged Foods

*: 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

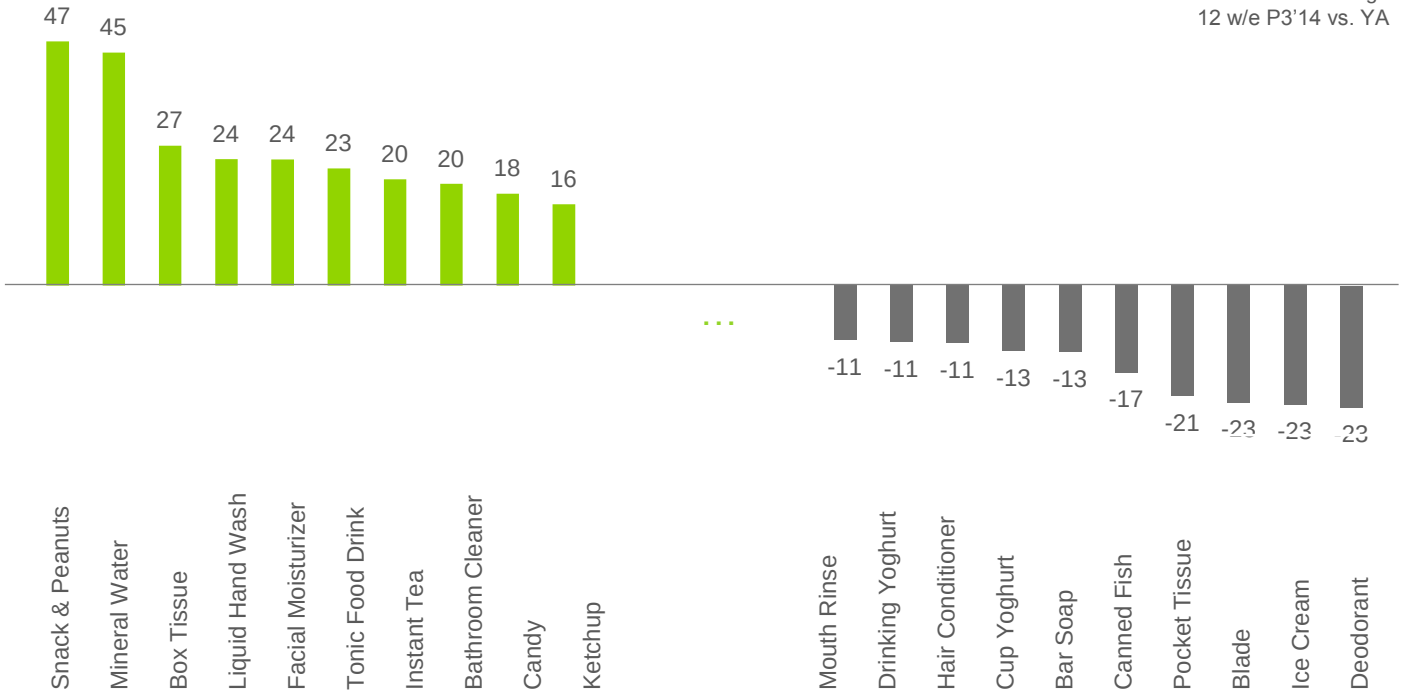
12 w/e P3/14 vs. YA

© Kantar Worldpanel

TOP GROWING

TOP DECLINING

% Volume Change
12 w/e P3'14 vs. YA



In Urban, 1/3 of FMCG categories suffer from volume decline. The hardest hit are nice-to-have personal care items such as Deodorant, Blades, Pocket Tissue, Mouth Rinse.

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

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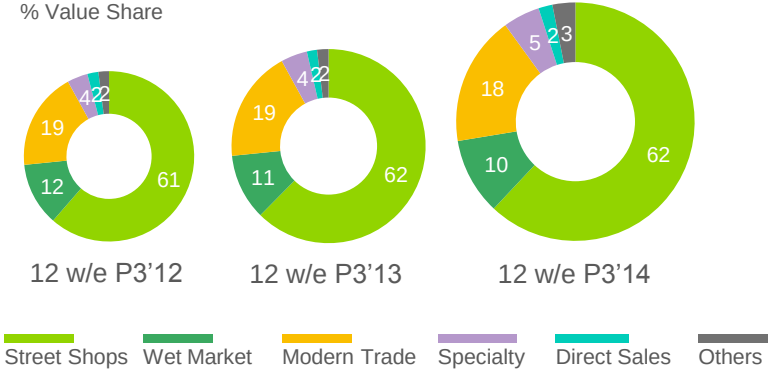
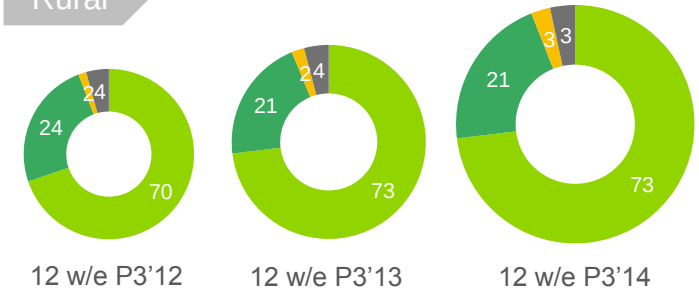
Urban

% Value Share



	12 w/e P3'13 vs. YA	12 w/e P3'14 vs. YA
Street shops	5% ≤ Growth ≤ 15%	5% ≤ Growth ≤ 15%
Wet market	-0.5% < Growth < 5%	-0.5% < Growth < 5%
Modern trade	5% ≤ Growth ≤ 15%	-0.5% < Growth < 5%
> Hyper/Supermarket	5% ≤ Growth ≤ 15%	-0.5% < Growth < 5%
> Ministores	Growth >15%	Growth >15%

Rural



	12 w/e P3'13 vs. YA	12 w/e P3'14 vs. YA
Street shops	Growth ≤ -0.5%	5% ≤ Growth ≤ 15%
Wet market	Growth ≤ -0.5%	-0.5% < Growth < 5%
Modern trade	5% ≤ Growth ≤ 15%	Growth >15%

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

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

Short-term trend shows the slow-down across almost all channels in Urban, except emerging Ministores.

In Rural, the retail picture reports steady growth of over 5% across channels.

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FMCG
KEY TRENDS

AFFORDABILITY vs. PREMIUMIZATION

Under unfavorable economic conditions, consumers find **down-trading** as a way to save costs…

Premium
Mainstream

Added Value
Regular

… but **up-trading** still happens esp. **among high incomes**

Upsizing

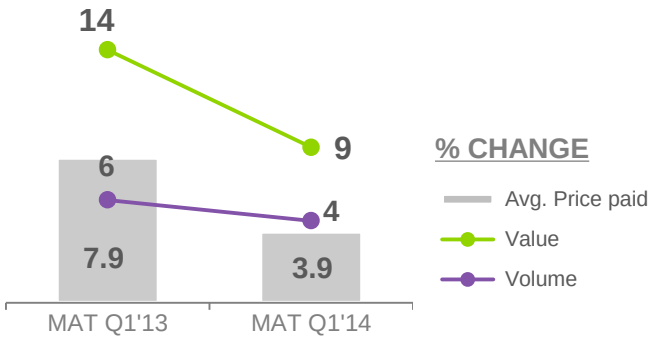
62% categories show increase in Avg. Packsize.

Promotion seeking

% Change FMCG Spending per HH

+38% on promoted items

+3% on non-promoted items



Source: Kantar Worldpanel – Households Panel – Urban 4 Key Cities – Total FMCG excluding Gift – MAT Q1'14

CONVENIENCE

Mini-stores are gaining from other channels, esp. from street shops and hyper-supermarkets.

Reaching **23%** **households**

Convenient products are 'warm welcome' among urban households

Ground Coffee » Soluble Coffee | Bar Soap » Liquid Hand Wash/ Shower Gel

INNOVATION

Nearly **4,500** launches of new products / SKUs in 2013 (vs. 2012: **3,500**)

After one year, **a successful launch** (top 20% new launches) should be able to achieve **15.2% penetration**, with **38%** of buyers have **repurchased**.

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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.

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Contact us

KWP_VN Kantar Worldpanel Vietnam

Kantar Worldpanel Vietnam | 58 Vo Van Tan St., Dist. 3, Ho Chi Minh City, Vietnam
tel: +84 8 39306631 | fax: +84 8 39306632
email: vietnam@kantarworldpanel.com | website: www.kantarworldpanel.com.vn

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