AUGUST
2017

KANTAR WORLDPANEL

FMCG MONITOR

An integrated update of Vietnam FMCG market

12 weeks period ending 13 August 2017 (12 w/e P8'17)
Urban 4 Key Cities & Rural Vietnam

EXECUTIVE SUMMARY

1 KEY INDICATORS

The **economy** looks **brighter** and is expected to improve further in the remaining months.

2 FMCG GROWTH

The FMCG market is showing an early **signal of rebound** after low season.

3 HOT CATEGORY

Soya Milk wins back consumers’ choice.

4 RETAIL LANDSCAPE

Shopping places that offer a **diverse range of product choices** are leading the market growth.

5 SPOTLIGHT

The importance of **Fresh Foods**!

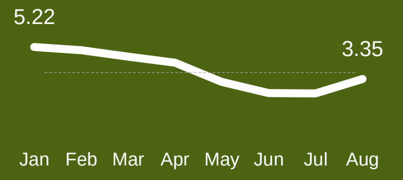
KEY INDICATORS

CPI in August 2017 is higher than last month due to the rising price of oil and health services. However, the average CPI in the first 8 months continues to be controlled under +4%. The Vietnam's economy looks brighter despite challenges and is expected to improve further in the remaining months.

+3.84%

YTD August'17 vs. YA

CPI



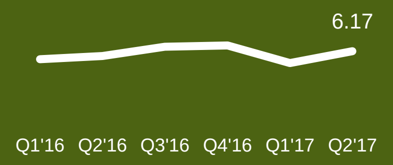
+1.91%

YTD August'16 vs. YA

+6.17%

Q2'17 vs. YA

GDP



+5.55%

Q2'16 vs. YA

+10.3%

YTD August'17 vs. YA

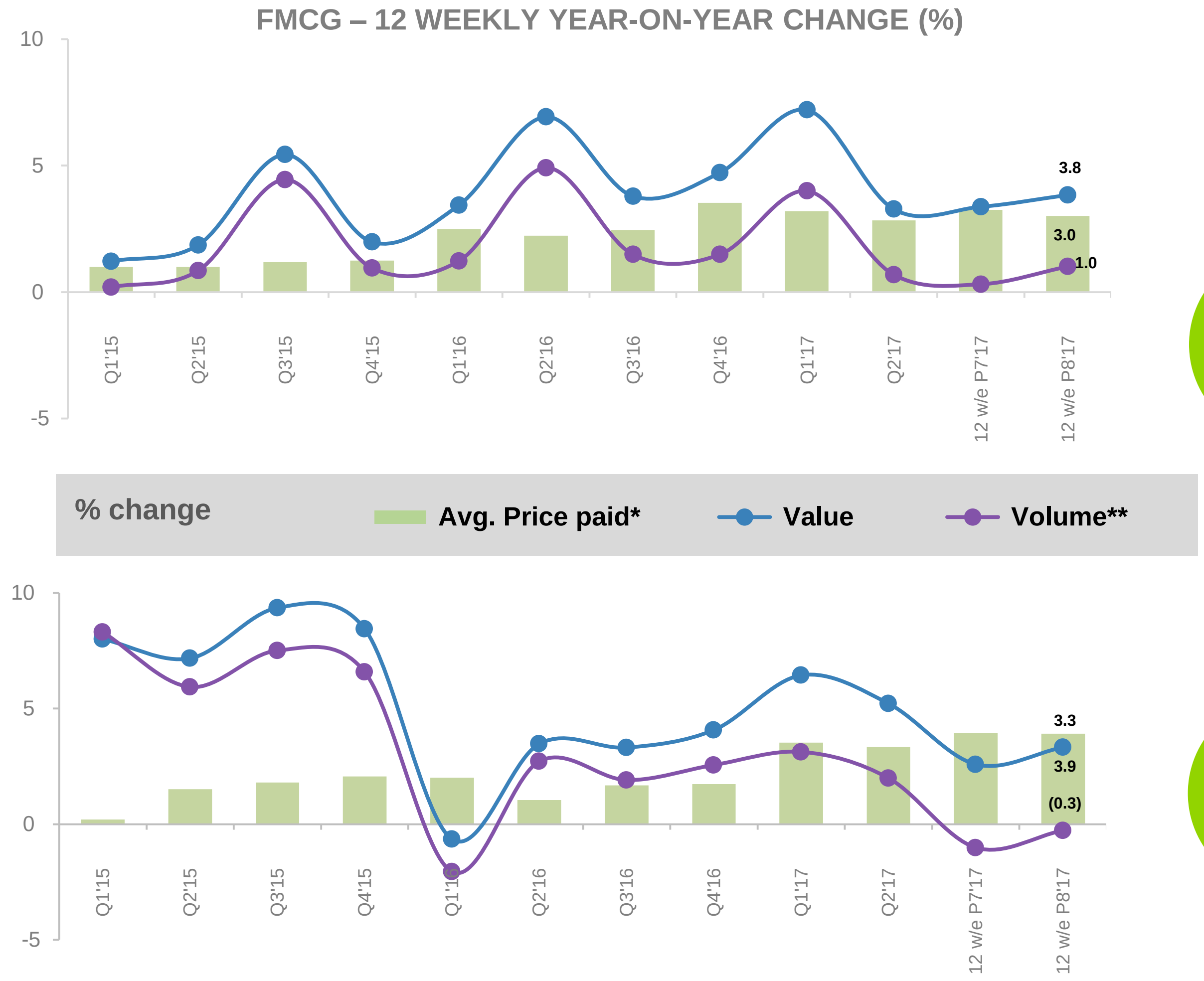
Retail Sales of Consumer Goods

+9.7%

YTD August'16 vs. YA

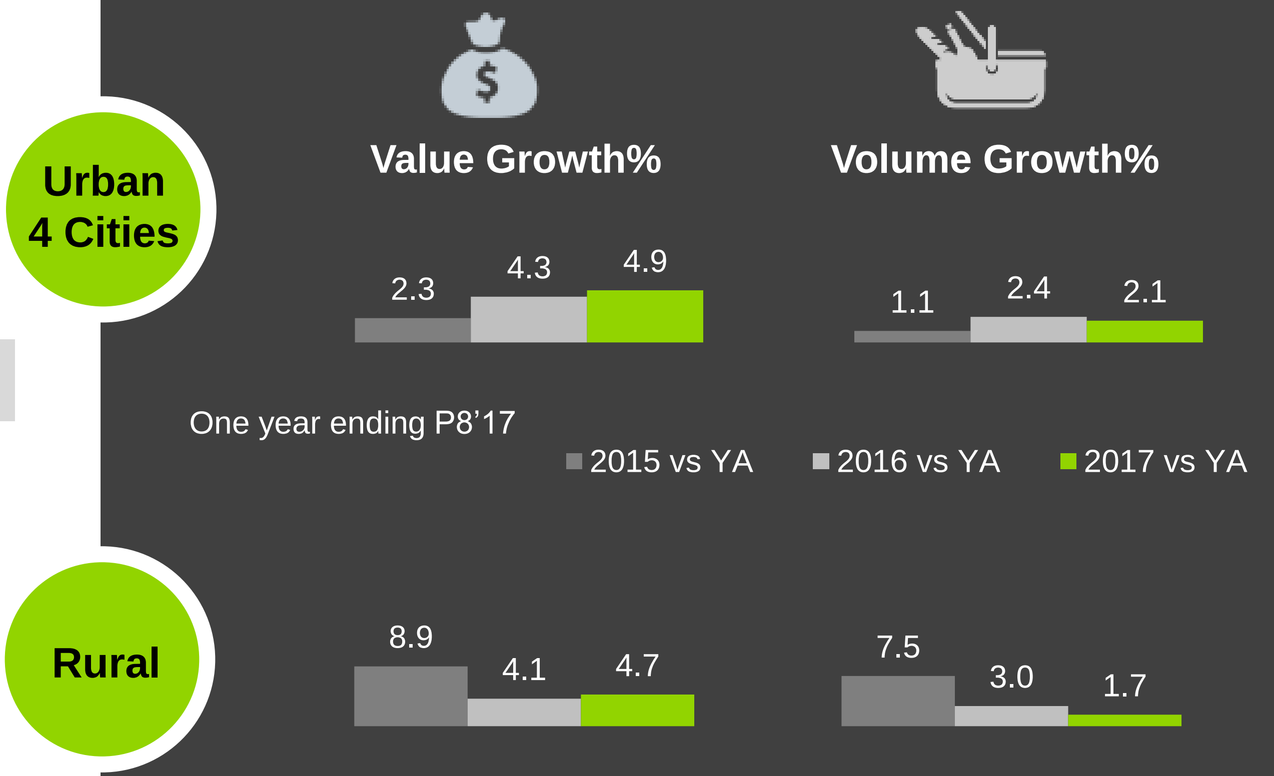
Source: GSO Vietnam

FMCG GROWTH



Source: Kantar Worldpanel | Households Panel | Urban 4 Key Cities & Rural Vietnam | Total FMCG excluding Gift | 12 weeks period ending 13 August 2017

In short term, volume consumption picks up slightly in Urban 4 cities market and has been improved in Rural after falling into the 2017's lowest growth. The market is showing an early signal of rebound after low season.

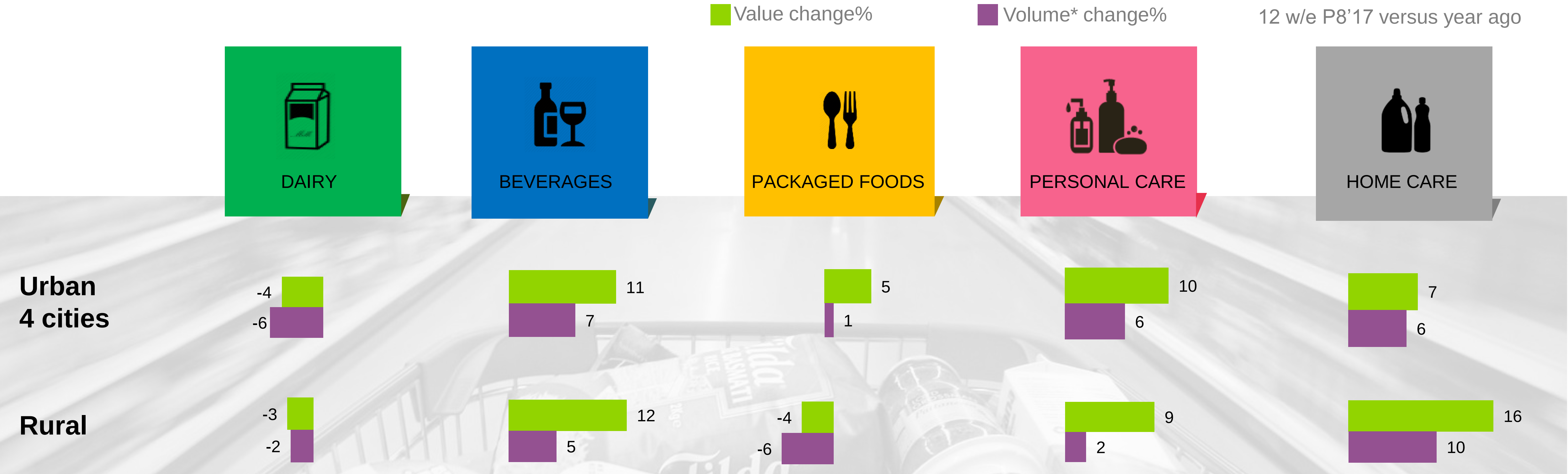


*: To calculate **FMCG price paid change**, we calculate how much price contributes to the value change for each category, sum up these contributions and relate to value YA

: 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)

FMCG GROWTH BY SECTOR

Volume consumption plays a driving role in sector performance. While Beverage is getting its momentum back, non Food sectors continue to shine bright, Dairy and Packaged Foods still post negative growth in this period. Consumers have recently reduced consumption in cooking aids, are they changing their cooking habit? Or spending more on eating out?



*: 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 weeks period ending 13 August 2017

HOT CATEGORY

After a downturn in 2016, Soya Milk has recovered in both Urban 4 cities and Rural since the beginning of this year thanks to winning back consumers' choice. Some key players aggressively pour cash into promotion heating up the market again, does it drive the category healing? And how far Soya Milk can grow amidst the tendency towards adopting more nutrition products?

12 w/e P8'17 versus year ago

URBAN 4 CITIES

Volume growth
+21% vs YA

% Buyers | **23%** of Urban households (+ 4.2 pts vs YA)

Volume per buyer | **466ml / week**

Soya Milk

RURAL

Volume growth
+18% vs YA

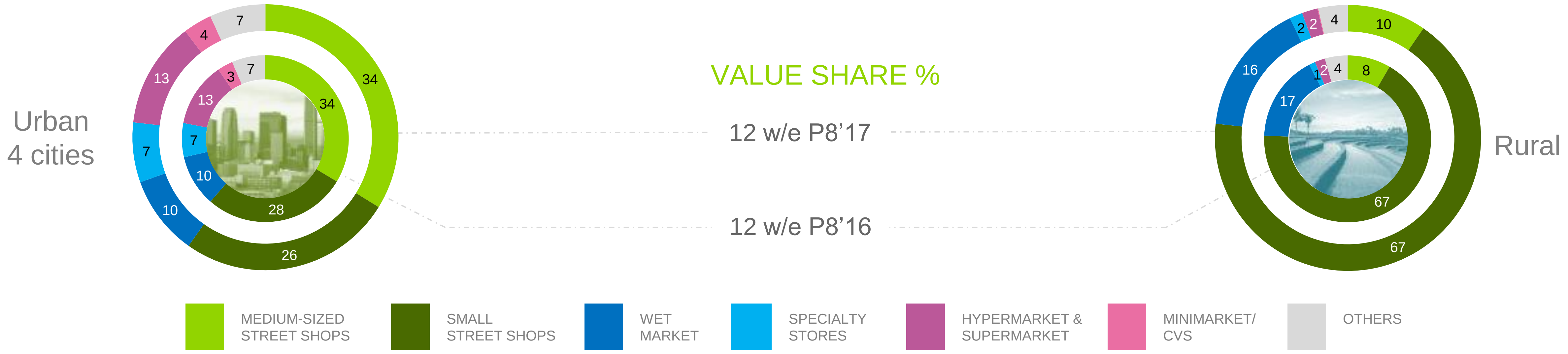
35% of Rural households (+ 4.6 pts vs YA) | **% Buyers**

539ml/ week | **Volume** per buyer

Source: Kantar Worldpanel | Households Panel | Urban 4 Key Cities & Rural Vietnam | Total FMCG excluding Gift | 12 weeks period ending 13 August 2017

RETAIL LANDSCAPE

In Urban 4 key cities, modern formats keep outgrowing traditional channels. Interestingly, Specialty Stores especially selling drinks and personal care items now lead the growth of traditional trade. It seems to meet individual needs consumers are heading more toward shopping places that offer a diverse range of product choices.



VALUE CHANGE % (12 w/e P8’17 versus year ago)

MEDIUM-SIZED STREET SHOPS	SMALL STREET SHOPS	WET MARKET	SPECIALTY STORES	HYPERMARKET & SUPERMARKET	MINIMARKET/ CVS
↑ 5%	↓ 3%	↑ 0%	↑ 15%	↑ 7%	↑ 21%

MEDIUM-SIZED STREET SHOPS	SMALL STREET SHOPS	WET MARKET
↑ 18%	↑ 3%	↓ 1%

Source: Kantar Worldpanel | Households Panel | Urban 4 Key Cities & Rural Vietnam | Total FMCG excluding Gift | 12 weeks period ending 13 August 2017

SPOTLIGHT OF THE MONTH

The importance of Fresh Foods!

Fresh Foods still represent the biggest spending in consumers' wallet, however we are seeing changes in Fresh Food basket. Consumers now allocate more to fruits, vegetables and white meat (sea foods, fishes). Health concern may influence their shopping behavior not only in FMCG but also in Fresh Foods. Hence, prioritizing consumers' wellbeing should be considered in order to drive further growth.

On average,

urban household spends

~1,100,000 vnd

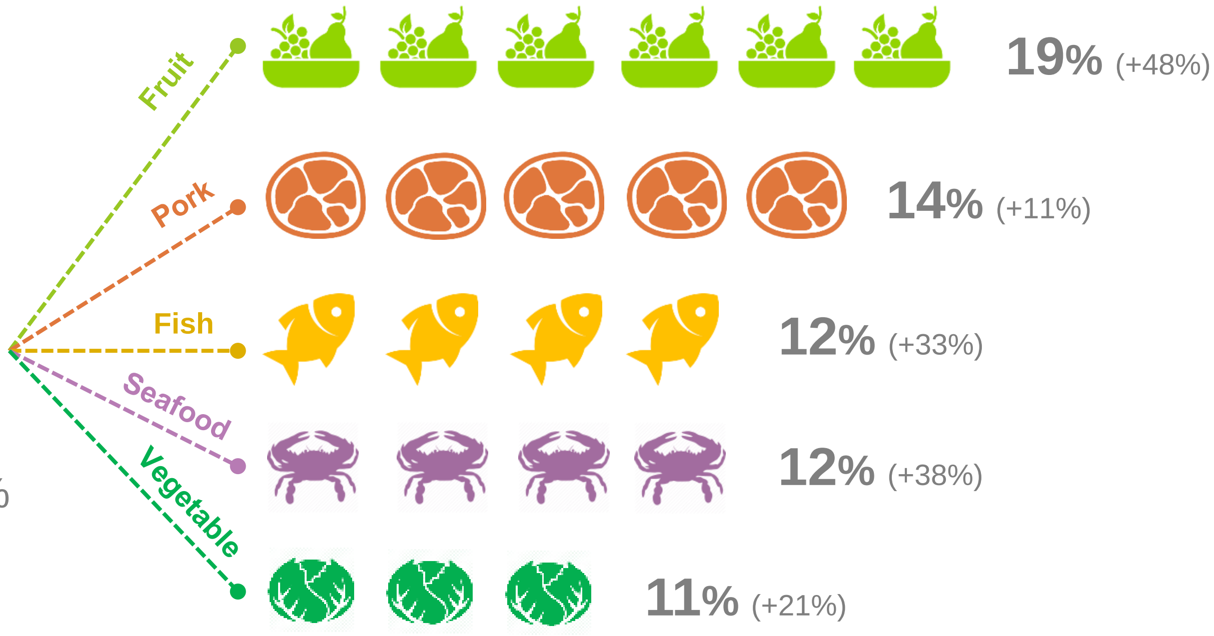
a week on Fresh Food,

triple

FMCG spending

Spending growth +17%

Fresh Food Basket Share – Top 5



Source: Kantar Worldpanel | Fresh Food Panel | Urban 4 key cities (500 households) | Updated to Q2'17 vs Q2'16

* Number in bracket () is spending growth per buyer versus year ago

About Kantar Worldpanel

Kantar Worldpanel is the global expert in shoppers' behavior.

Through continuous monitoring, advanced analytics and tailored solutions, Kantar Worldpanel inspires successful decisions by brand owners, retailers, market analysts and government organizations globally.

With over 60 years' experience, a team of 3,500, and services covering 60 countries directly or through partners, Kantar Worldpanel turns purchase behavior into competitive advantage in markets as diverse as FMCG, impulse products, fashion, baby, telecommunications and entertainment, among many others.

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