



**AUGUST  
2019**

**KANTAR**

# **FMCG MONITOR**

**An integrated update  
of Vietnam FMCG market**  
*By Worldpanel Division*

**12 week period ending 16 June 2019 (Q2'19)**  
**Urban 4 Key Cities & Rural Vietnam**

# EXECUTIVE SUMMARY

Vietnam's economy and domestic demand maintain momentum.



**KEY  
INDICATORS**

FMCG spending and consumption continue to grow strongly in Quarter 2.



**FMCG  
GROWTH**

Ready-to-drink growing up milk posts a robust growth, especially in Rural areas.



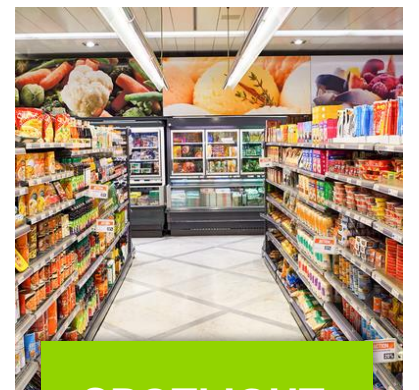
**HOT  
CATEGORY**

Omnichannel strategy is necessary as consumers increasingly shop through multiple channels.



**RETAIL  
LANDSCAPE**

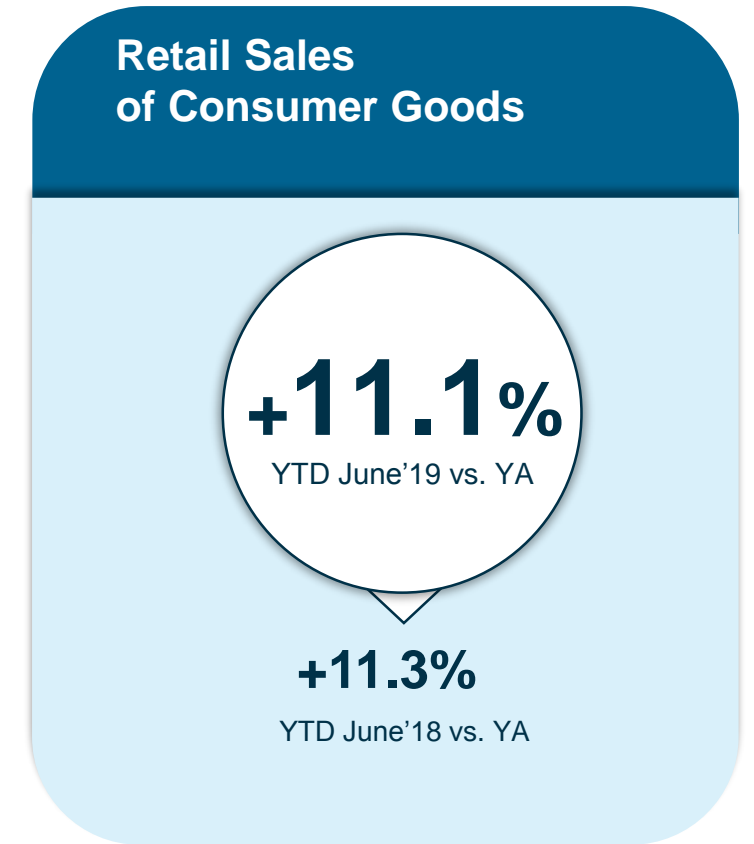
Value creation to growth in high consumption markets.



**SPOTLIGHT**

# 01 KEY INDICATORS

Coupled with low CPI, Vietnam's economy and domestic demand maintain the momentum, slightly slower than the same period last year. However, more efforts needed to make the most of CPTPP\* and EVFTA\*\* in order to further boost the economic growth and reach 2019's GDP growth target of 6.8%.



\*Comprehensive and Progressive Agreement for Trans-Pacific Partnership  
\*\*EU-Vietnam Free Trade Agreement

# 02

# FMCG GROWTH

In long term, FMCG market is heating up, even twice the pace of last year in Rural. In short term, FMCG spending and consumption continues to grow strongly in Quarter 2 and is likely able to keep pace with economic growth of 6%-7% for full year 2019.

Urban  
4 Cities

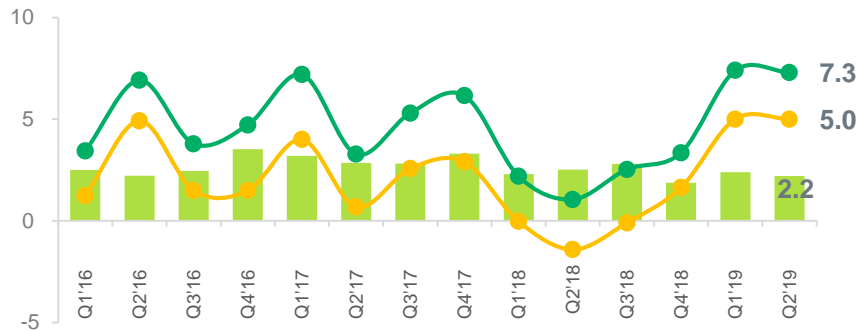
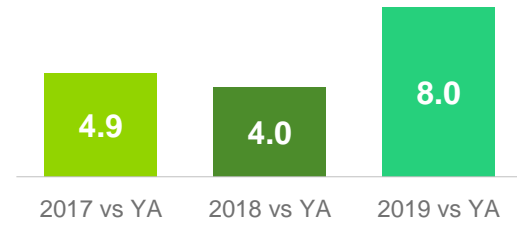


Value Growth %  
52 weeks ending Q2



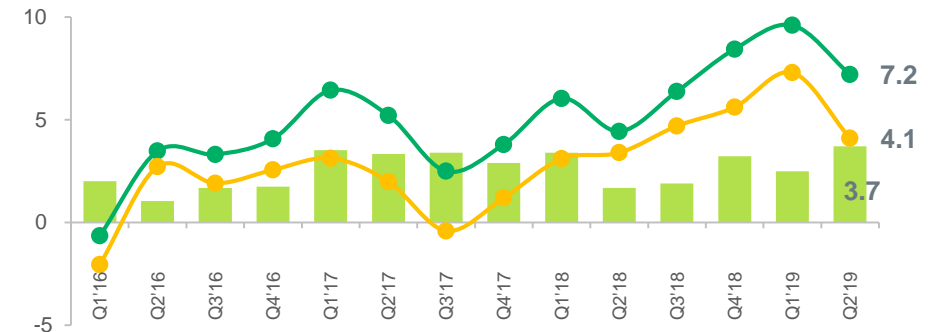
Volume Growth %  
52 weeks ending Q2

Rural



FMCG - 12 weekly  
year-on-year change (%)

■ Value ■ Avg. price paid\* ■ Volume\*\*



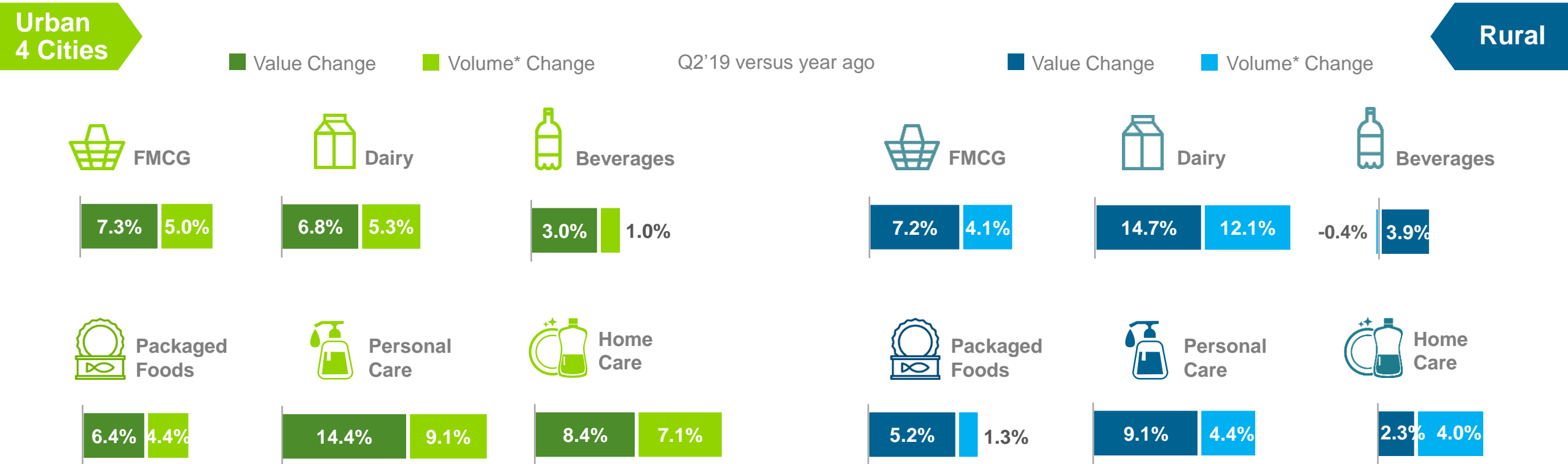
\*: To calculate **FMCG price paid change**, we calculate how much price contributes to the value change for each category, sum up these contributions and relate to value YA

\*\* : 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)

## 03

# FMCG GROWTH BY SECTOR

In Urban 4 cities, all sectors except Beverages perform very well, especially Personal Care with double-digit growth rate. In Rural, Dairy continuously enjoys an impressive growth and is leading the FMCG market growth.



\*: 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)

## 04

## HOT CATEGORY

Dairy growth is partly driven by the robust development of ready-to-drink growing up milk, especially in Rural areas, thanks to its convenience. The category has just reached more than 10% of total consumer base with new players jumping in, showing huge potential to tap into.

## URBAN 4 CITIES

Value growth  
**+12%**

Volume growth  
**+13%**

%Buyers  
**13.4% of households**  
+32,500 new households

Volume per buyer  
**498ml /week**

## Ready-to-drink growing up milk

among households with kids <12YO  
52 w/e Q2'19 vs YA



## RURAL

Value growth  
**+47%**

Volume growth  
**+49%**

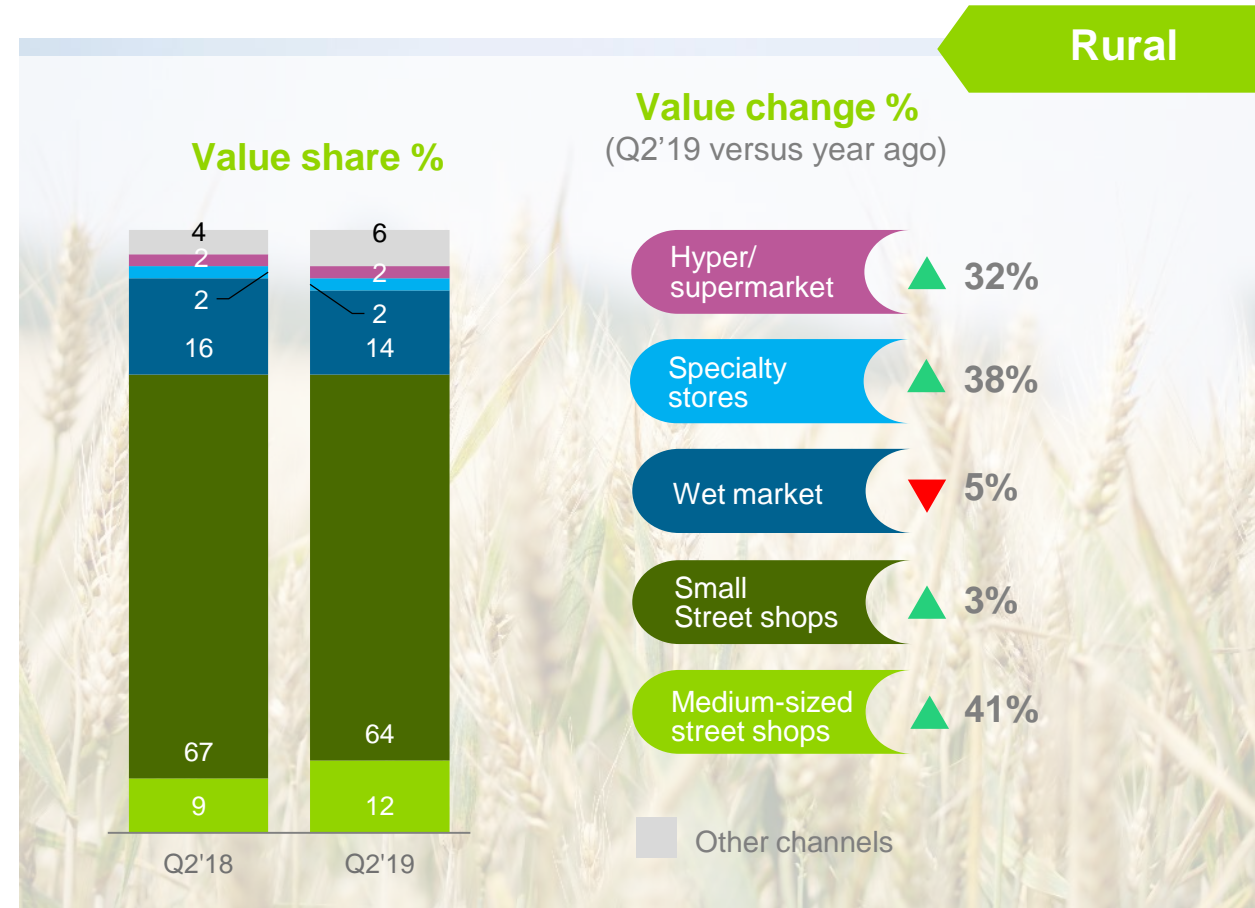
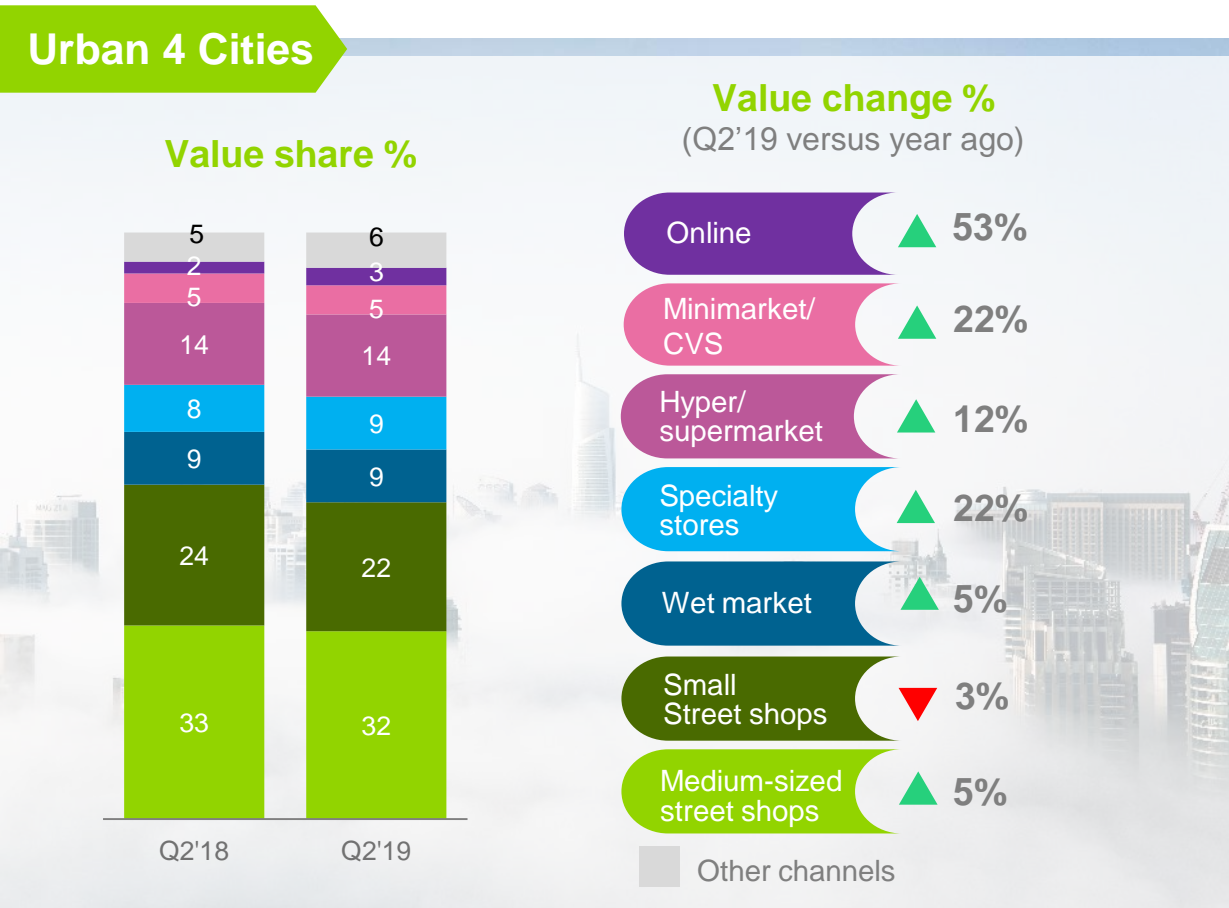
%Buyers  
**16.7% of households**  
+99,000 new households

Volume per buyer  
**506ml /week**

# 05

## RETAIL LANDSCAPE

In quarter 2 of 2019, almost all channels show good performance in Urban areas. Consumers continuously shop FMCG products through multiple shopping channels, reinforcing omnichannel strategy is now a necessary for brands and retailers. In Rural, medium-sized street shops remain the fastest growing channel and continue expanding its coverage.



# SPOTLIGHT OF THE MONTH

## Finding growth in high consumption markets: VALUE CREATION

It can be often a challenge to find growth in mature categories already purchased by most Vietnamese households like Fish sauce and Instant Noodle; however, there are still pockets of opportunity for both.

### FISH SAUCE



52 w/e Q2 2019

% Buyers

> 90%



### INSTANT NOODLE



Urban  
4 cities

Rural

Urban  
4 cities

Rural

Volume consumption  
per capita per year

2.0L

3.3L

36 packs

56 packs

%Value growth

+4%

+2%

+4%

+5%



# SPOTLIGHT OF THE MONTH

How can manufacturers sustain and grow in such categories?

## Target growth segments

These categories have many segments which are defined by various factors (price, packaging, flavors,...). It makes sense to spend more efforts on the growing segments that capture the consumer trends such as premium Fish sauce or Rice-based noodle.

% Average price increase of *Fish Sauce*

▲ 5%

% Value growth of rice based *Instant Noodle*

▲ 6%

## Invest in innovation

Despite being in the slow-growth maturity stage, the manufacturers still have a chance to recruit new shoppers. Adding new products will help give you a competitive edge via exiting consumers and satisfying more needs. But one thing to remember is that to have successful new product development, you need to have an outstanding offer to a sizable consumer need and sufficient launching activities.

*Fish Sauce*

One new launch in every **5** days

*Instant Noodle*

One new launch in every **2** days

## Omnichannel strategy

Shoppers now prefer to shop in multiple channels, even for necessary products. And their choices are different when shopping on different channels. Offering right portfolio at right channels will offer manufacturers huge opportunity to grow shopper base, drive repeat purchase and increase value spend.

General Trade	Hyper & Super	Ministores
Average price paid (vnd/L) of <i>Fish Sauce</i>		
23k	43k	51k
Average pack size bought (L) of <i>Fish sauce</i>		
0.82	0.76	0.78
Average price paid (vnd/pack) of <i>Instant Noodle</i>		
4.2k	5.5k	5.3k



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2019**

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