An integrated update of Vietnam FMCG market

Q2 2022

(12 weeks ending 19/06/2022)

Urban 4 Key Cities & Rural Vietnam
By Worldpanel Division

KANTAR

FMCG Monitor

Executive summary

GDP thrives in Q2 2022 while CPI rising above 2%.

Macro economy

Spending on in-home FMCG rises in Q2 2022 thanks to the increase in average paid price.

FMCG overview

In-home consumption of refreshment beverages recover significantly in the 2nd quarter of 2022.

Hot category

Emerging channels, including Online and Ministores, continue to strengthen their position in both Urban and Rural in Q2 2022.

Retail landscape

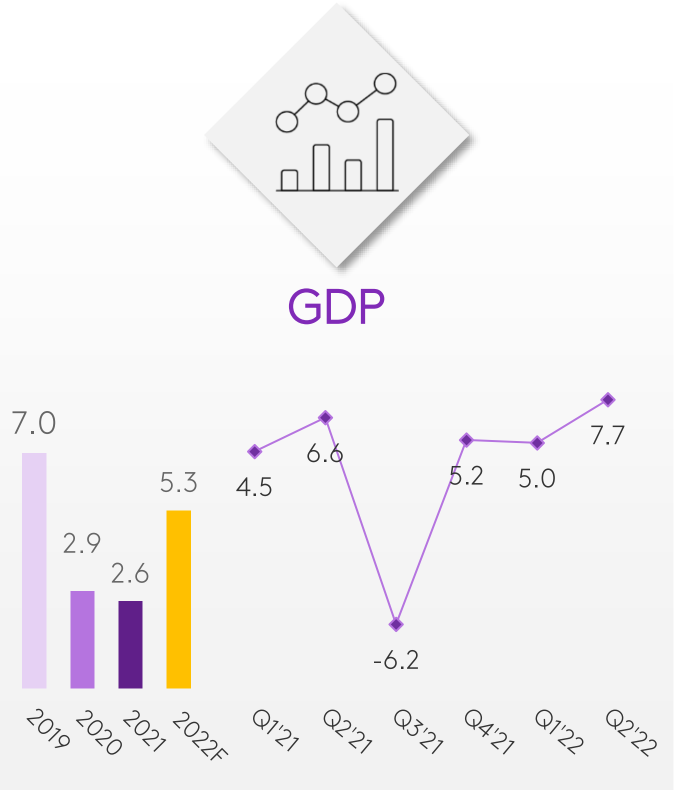
Fresh Food's value triples FMCG market.

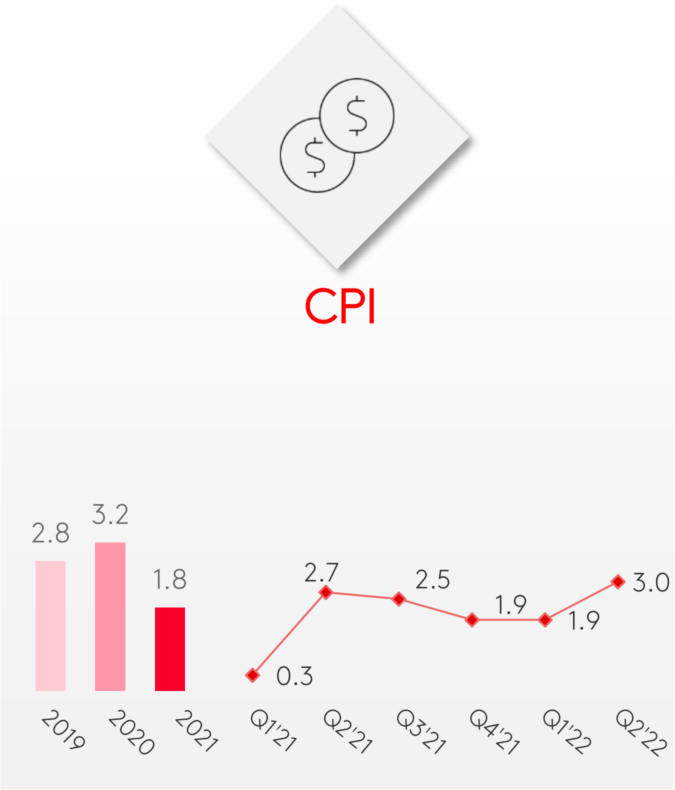
Spotlight

Vietnam's macro economy

GDP thrives in Q2 2022; however, given the unforeseen COVID-19 situation, Vietnam's economy is affected to some degree, resulting in CPI rising above 2% this quarter, potentially posing a new wave of challenges in the upcoming months.

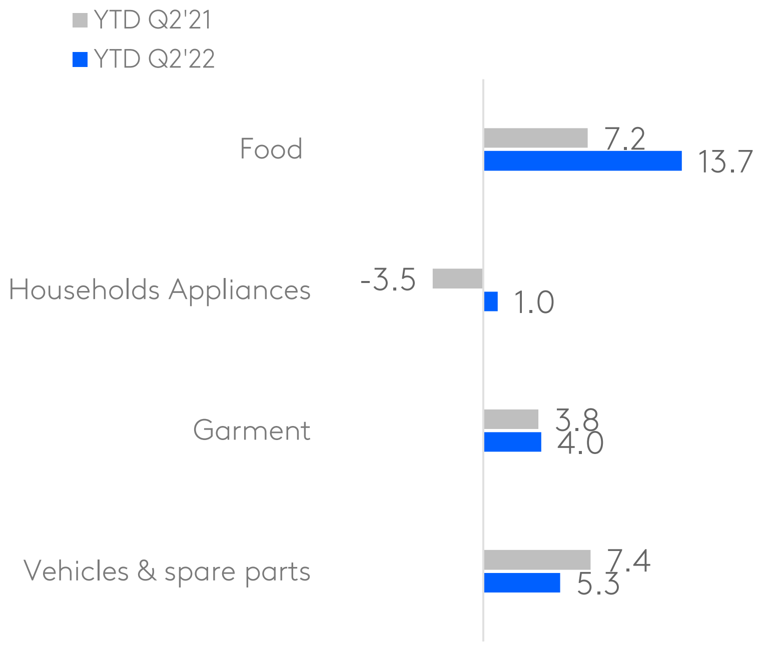
% Change vs the same period last year





Consumer Goods – By Sectors

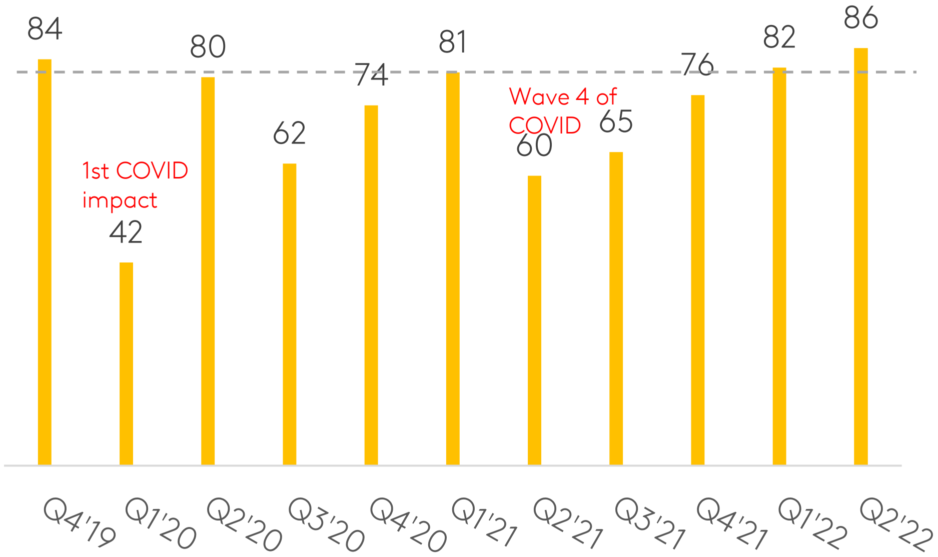
YTD Jun'22 – YoY – GSO Vietnam



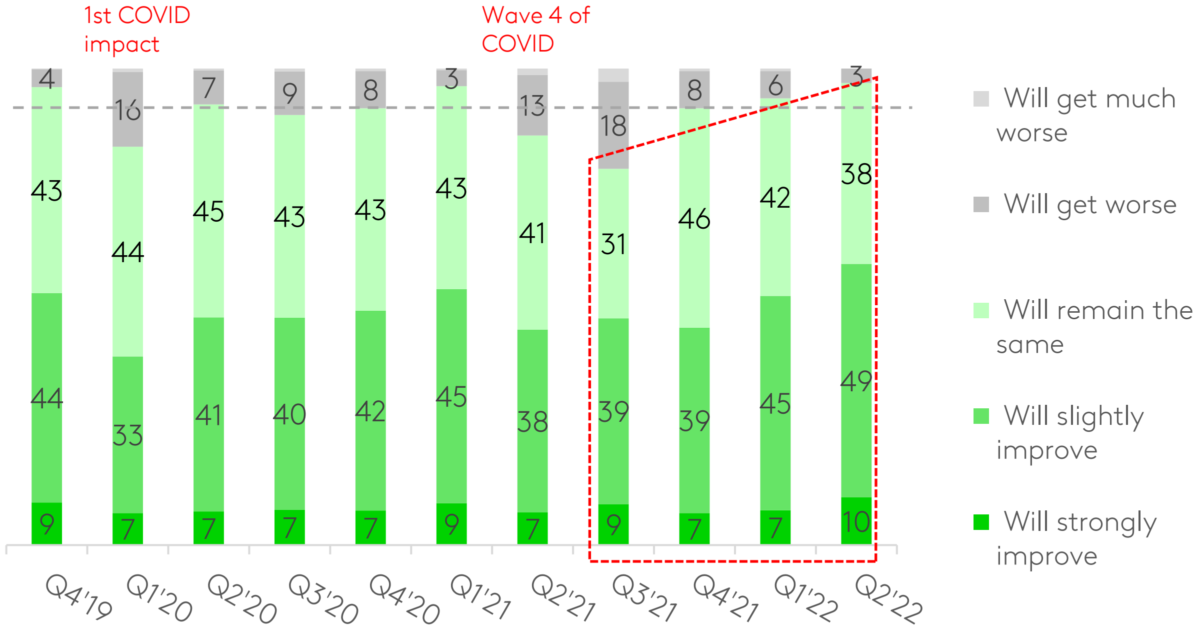
Consumer perspective

With the recent easing of the COVID-19 pandemic, Vietnamese confidence in both the economic outlook and purchasing power has shifted towards optimism, with positive progress surpassing the pre-pandemic level.

The economic situation will be better or the same as today in the next 12 months (% households agree in Urban 4 key cities)



In the upcoming 12 months, do you think that the financial situation in your house... (% households agree in Urban 4 key cities)

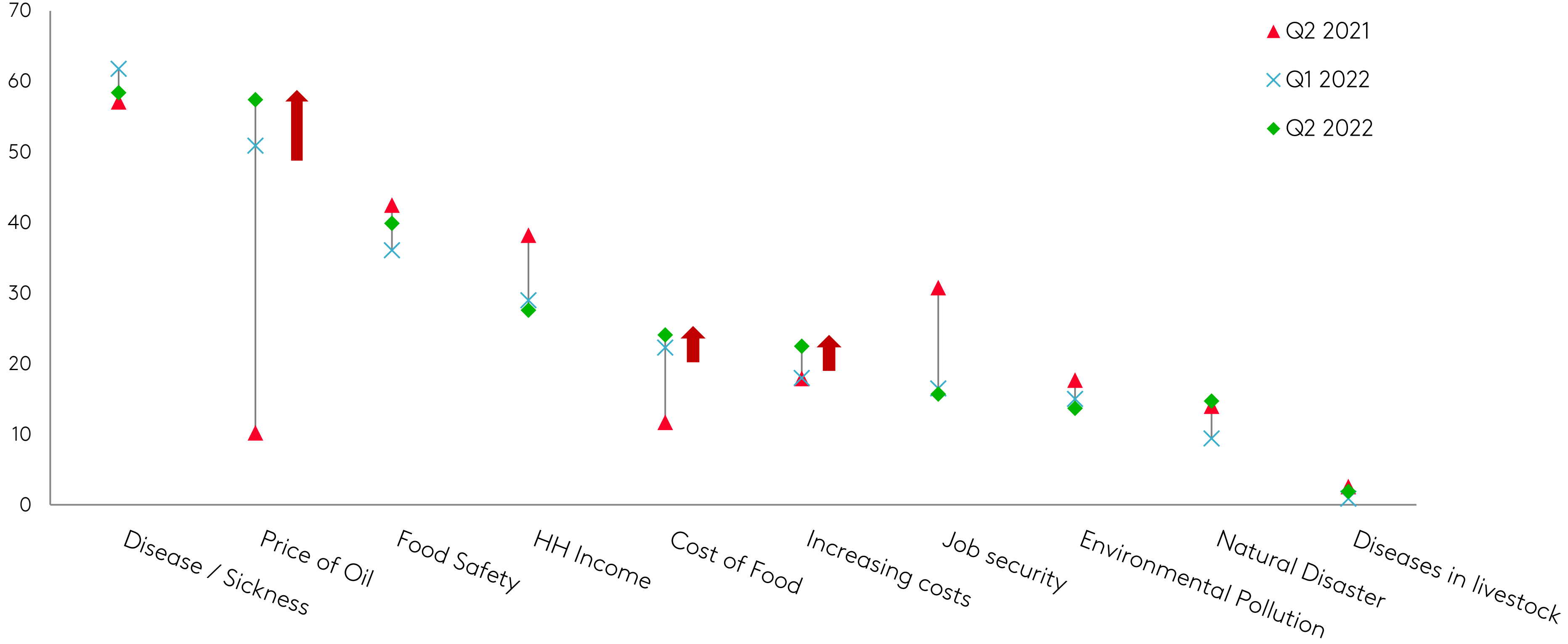


Source: Worldpanel Division | Consumer Confidence Survey | Urban Vietnam 4 key cities | MAT Q2'22 | Field work from 6th to 19th June

Consumers' top concerns

However, in context of the pandemic is going away, starting in the beginning of 2022, cost of living, including cost of oil/gas, leading to cost of food, has come into the picture as significant rising concern of consumers.

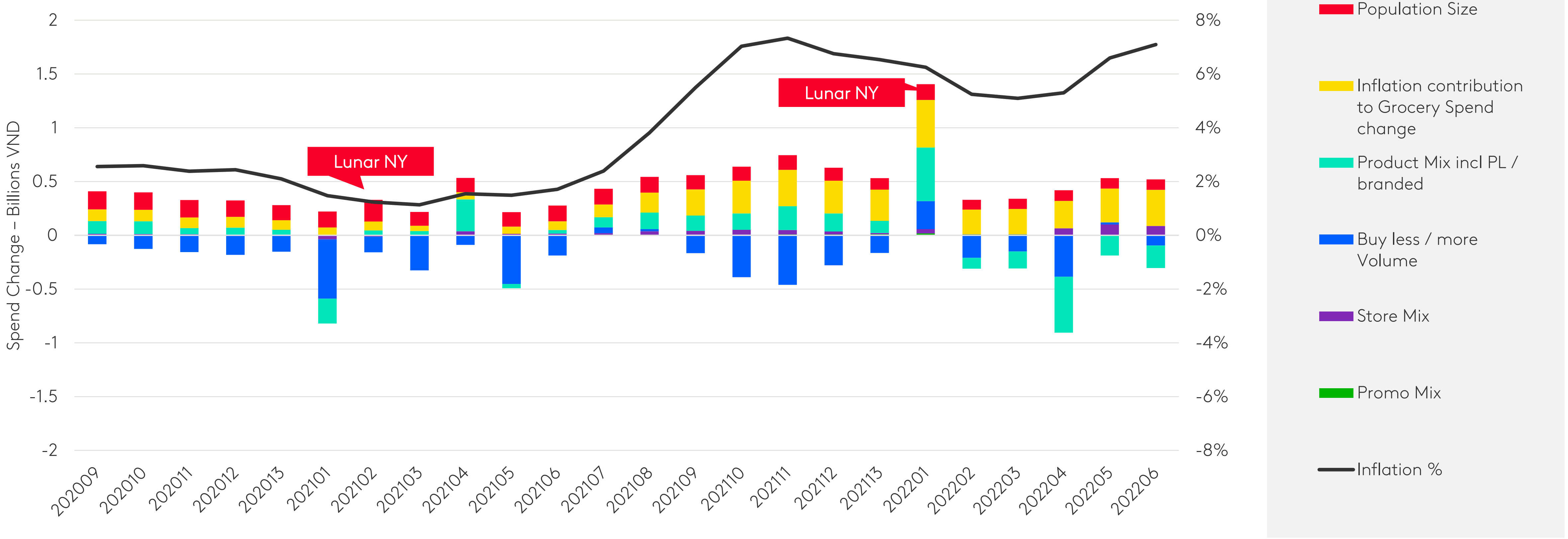
Currently what do you consider to be the biggest concerns you and your household is likely to face? (% households agree in Urban 4 key cities)



Inflation

We're approaching some of the highest rates of inflation in recent
years at around 7% peak on average across FMCG take home grocery and shoppers start to trade down their product choice

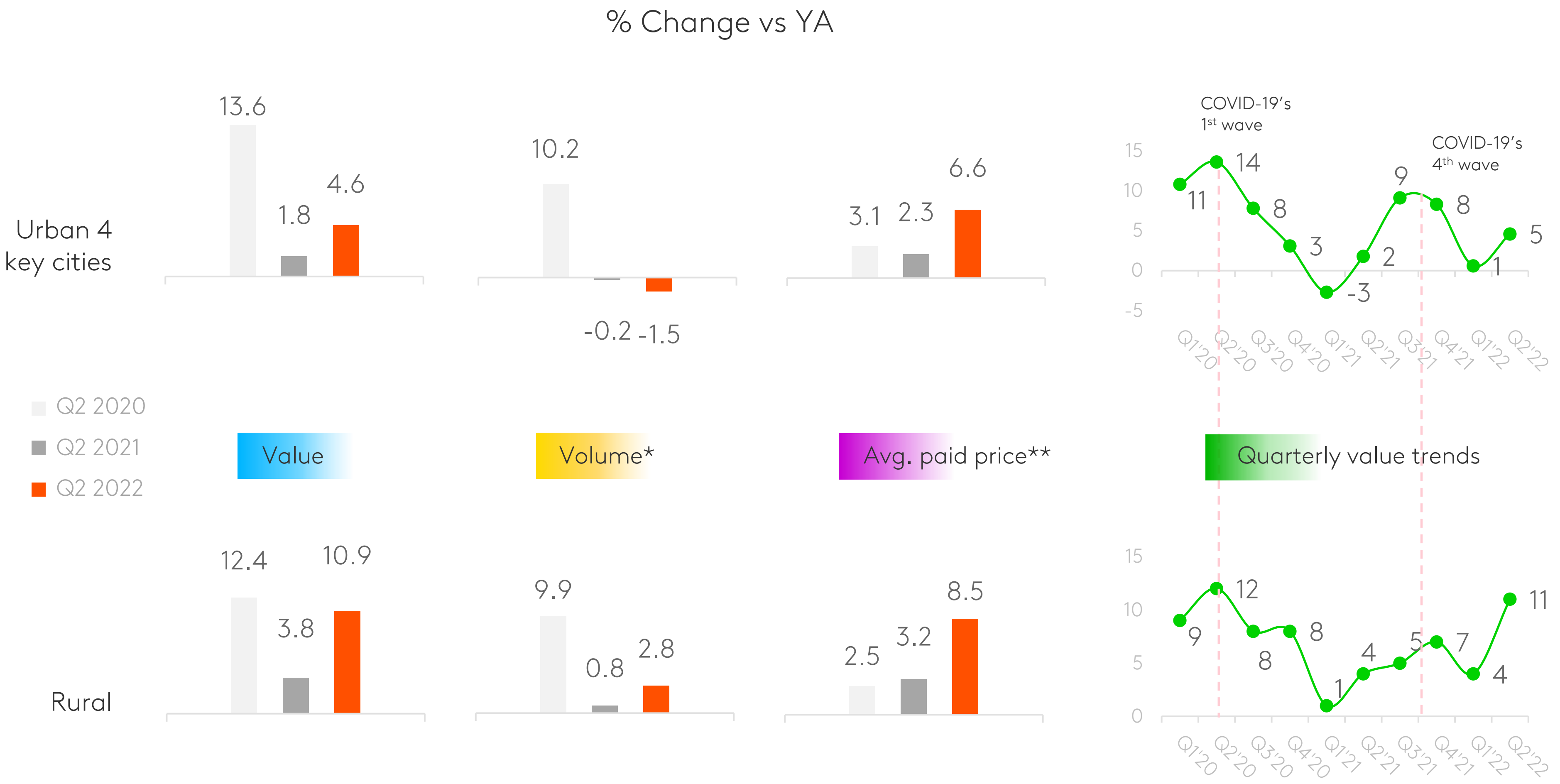
Rolling Contribution to Total Vietnam FMCG Grocery Spend Change



Source: Kantar, Vietnam FMCG Panel, 12 w/e 19 June 2022 vs YA

FMCG overview

Spending on in-home FMCG rises in Q2 2022 thanks to the increase in average paid price; however, volume consumption remains low.



*: 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)

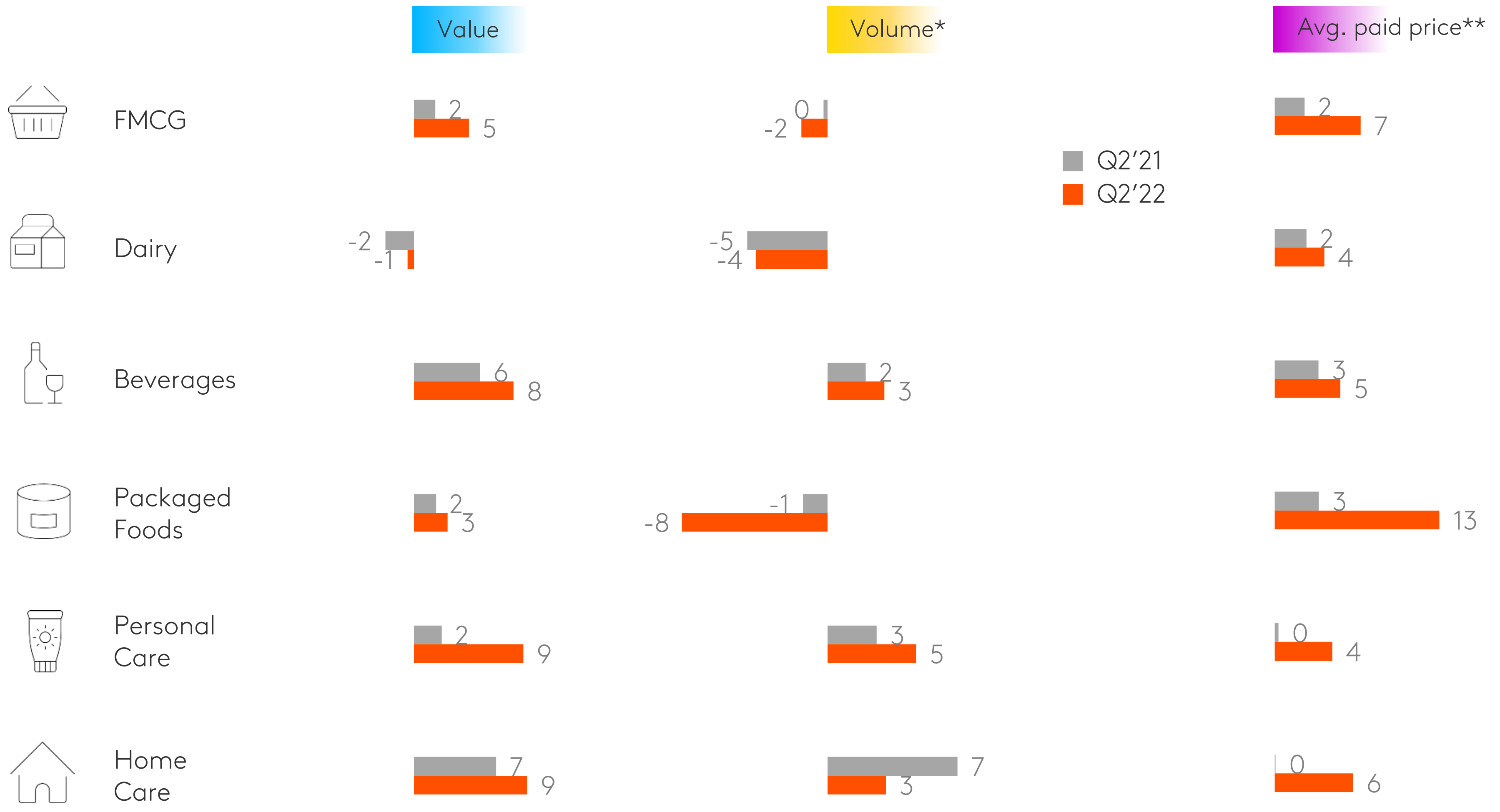
: To calculate **FMCG price paid change, we calculate how much price contributes to the value change for each category, sum up these contributions and relate to value YA

Sector performance

After benefiting greatly from stockpiling during the COVID scenario, Dairy and Packaged Foods face a fall in volume consumption in Q2 of 2022, when the new normal has become familiar.

In line with the total FMCG market, the increase of paid price is the primary driver across all sectors.

% Value change vs YA in **Urban 4 key cities**



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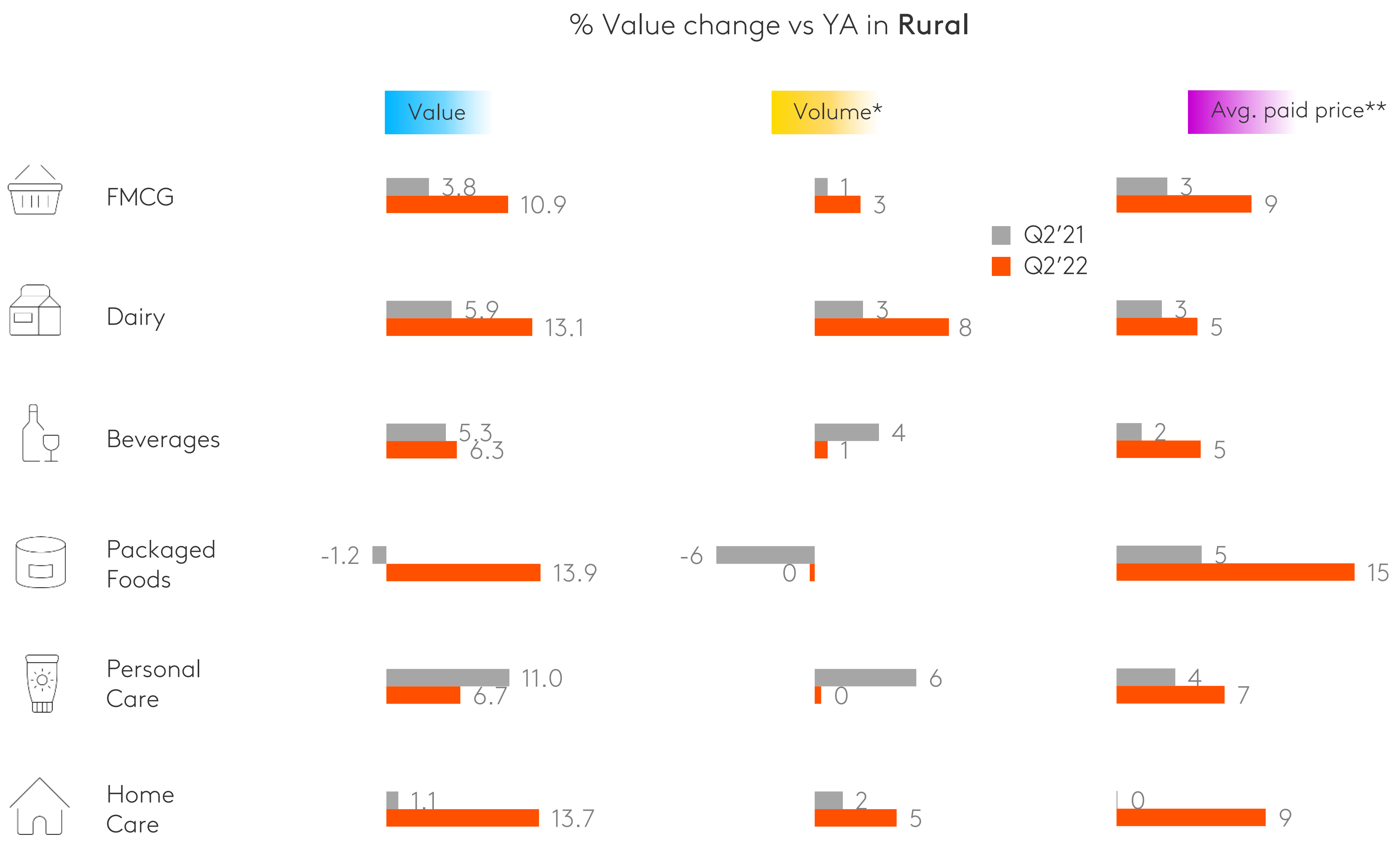
Sector performance

Dairy and Home Care shine brightly in Rural, propelling FMCG performance, while others experience stagnation.

Similarly, average paid price is the main driver of the Rural market growth.



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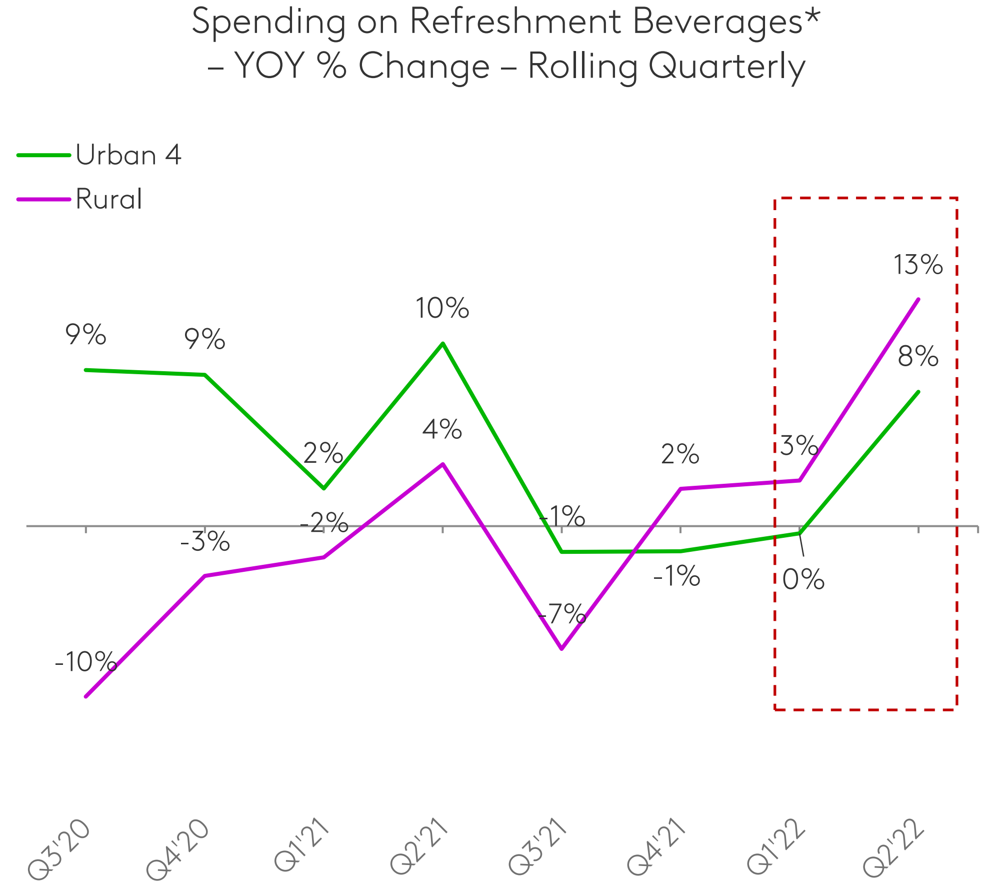
Hot category

Though having some hard times under the impact of COVID-19, in-home consumption refreshment beverages recover strongly in Q2’22 and especially post a much higher spending level compared to pre-COVID time.

In which, Juice, RTD Tea and Energy Drink are categories having best performance in last 3 years.



% Value change of Refreshment Beverages in Q2’22 vs pre-COVID time

+30%
Urban 4

+24%
Rural

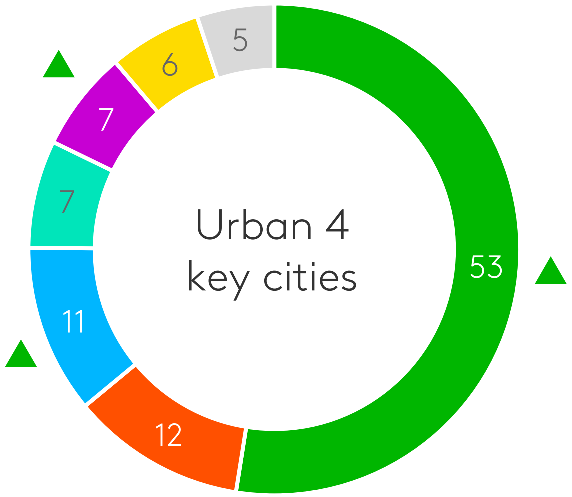
Refreshment Beverages*: Bottled Water, CSD, Energy Drink, Juices, Instant Tea, RTD Tea

Retail landscape

Emerging channels, including Online and Ministores, continue to strengthen their position in both Urban and Rural in Q2 2022, thriving with two-digit numbers. Additionally, while large formats experience a decline in urban, H&S in Rural bounces back strongly with phenomenal growth.

Channel performance within FMCG for in-home consumption

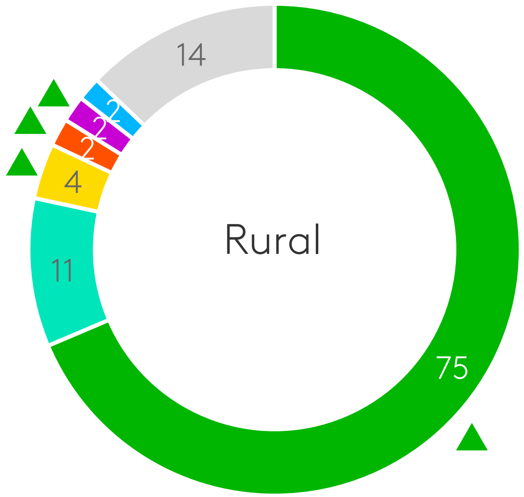
% Value share in Q2 2022



% Value change in Q2'22

+4%	Street Shops
-3%	Hyper & Super
+21%	Ministores
-12%	Wet market
+24%	Online
-14%	Specialty Stores
	Others

% Value share in Q2 2022



% Value change in Q2'22

+7%	Street Shops
-1%	Wet market
+38%	Specialty Stores
+49%	Hyper & Super
+26%	Online
+16%	Ministores
	Others

▲ Increase vs the same period last year

Spotlight: Fresh Food's value triples FMCG market

Up to 51% household buy branded rice and 18% buy branded meat showing the opportunity for Fresh food manufacturers to turn to branding to communicate value to their customers.

% Share of wallet in Q2 2022 – Urban 4 key cities

FMCG & Fresh Food

More than 3/4 is contributed by Fresh Food.

% Buyers bought branded products within the categories in **June 2022**

51%
Rice

18%
Meat

Source: Kantar | Worldpanel Division | Urban Vietnam 4 key cities | MAT Q2'22

Source: Kantar | Worldpanel Division | Vietnam | Fresh food survey | HCMC & Hanoi

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