

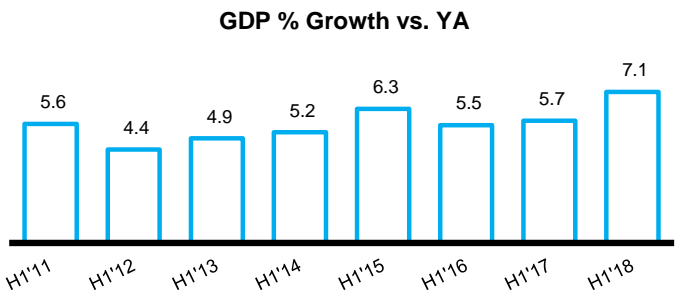
# WHAT'S NEXT?

TODAY'S CHANGE IS  
TOMORROW'S OPPORTUNITY

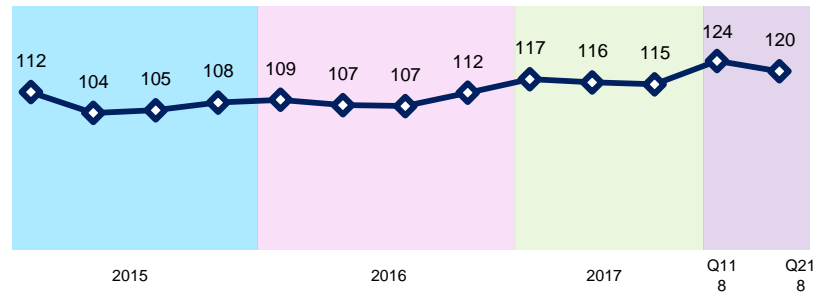


# VIETNAM'S ECONOMY MAINTAINS STELLAR PERFORMANCE, WITH INCREASED CONSUMER SPENDING AFTER NECESSITIES

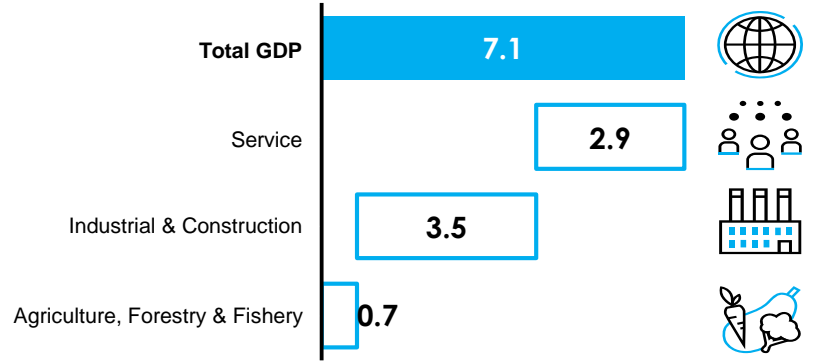
## HIGHEST HALF YEAR GDP since 2011



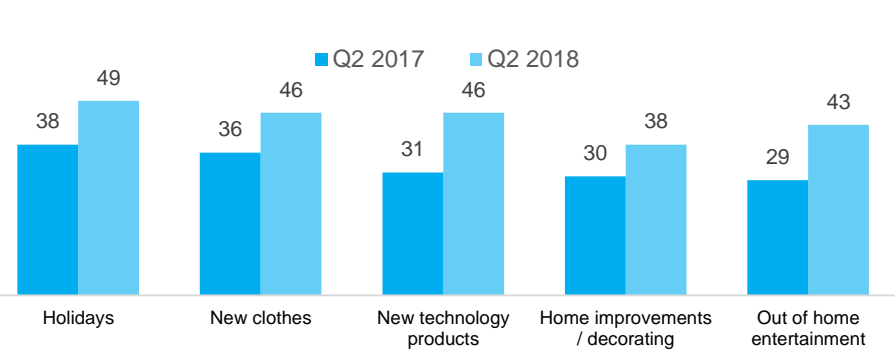
## VIETNAM CONSUMER CONFIDENCE INDEX



## GDP CONTRIBUTION BY SECTORS



## TOP SPENDING AFTER NECESSITIES



Source: GSO. Consumer Confident Index Q1'18

# OTHER INDUSTRIES ARE GROWING FASTER THAN FMCG




SLOW GROWTH

GROWTH 1<sup>st</sup> HALF OF 2018


FAST GROWTH

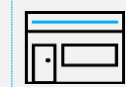
**GDP**  **7.1%**


 Agriculture  
4%

 Services  
6.9%

 Industry  
9%


 Finance & Banking  
7.6%


 Retail  
8.2%


 Manufacturing  
13%


Imports  
10%

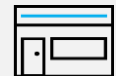
 Exports  
16%


 FMCG\*  
3.2%

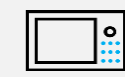
 Consumer Electronics  
9%

 Phones  
15.4%

 Transportation  
7.7%

 Accommodation & Catering services  
7%

 Travel  
9.4%

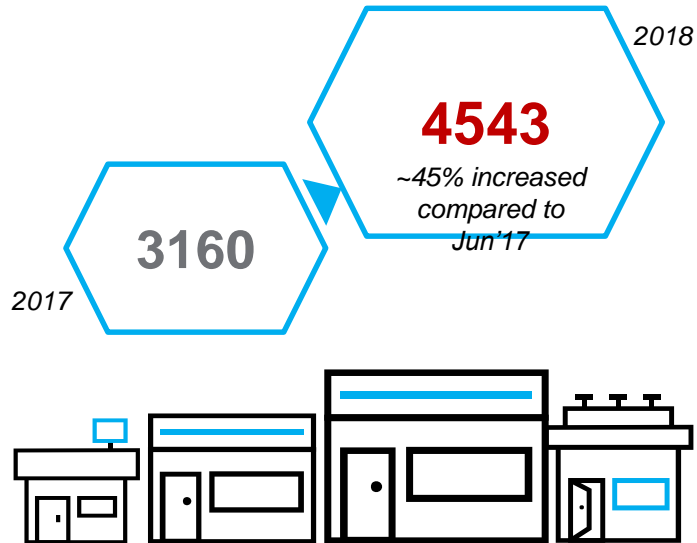
 Small Appliances  
11%

Source: \*Nielsen Retail Audit Data FMCG Urban (YTD TY);  
Desk Research <http://www.vietnam-briefing.com/news/vietnams-economy-sees-strong-growth-in-the-first-half-of-2018.html/>



# MODERN TRADE KEEPS GROWING IN TERM OF STORE EXPANSION, PROVIDING CONSUMERS MORE CHOICES TO SHOP AND BUY

□ No. of chained MT stores in Jun'18 vs YA



1

## INCREASE PENETRATION OF MT STORES

- Existing chains continue to open new stores
- New chains entering the market: 7-eleven (Japan), Cheers (Saigon Co.op), L-speed (Korea), GS25 (Korea)



2

## DIVERSE ACTIVITIES OF M&A IN RETAIL INDUSTRY

- The increasing entries of foreign retailers into market through M&As, especially by Thailand companies
- Diverse activities has stimulated the dynamics of retail landscape

CENTRAL Group



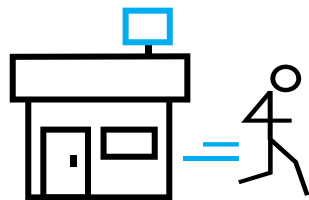
**HOW DO YOU BECOME WHAT'S NEXT WHEN THE  
PACE OF CHANGE IS ACCELERATING?**



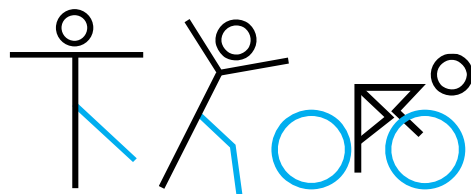
# WHAT'S NEXT VIETNAM



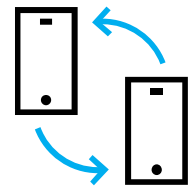
URBANIZATION



CONVENIENCE

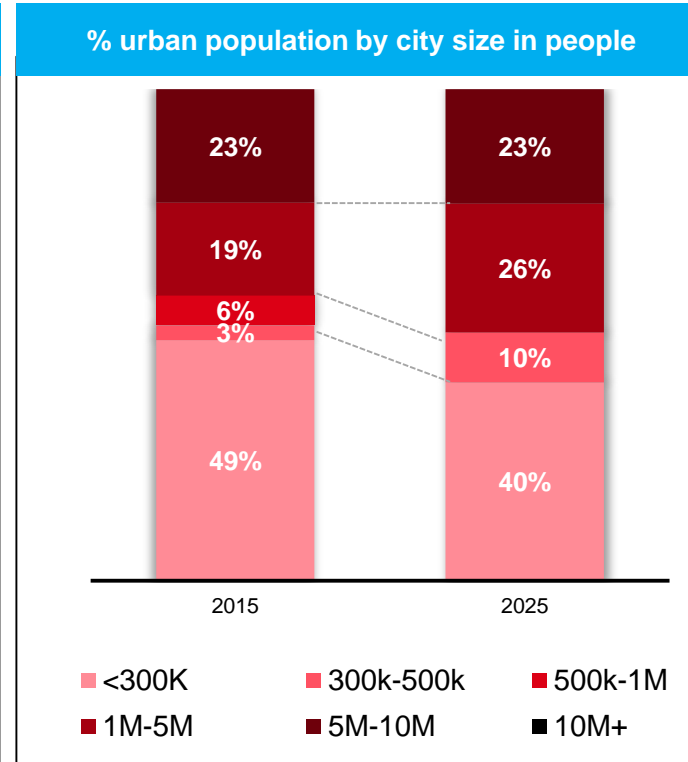
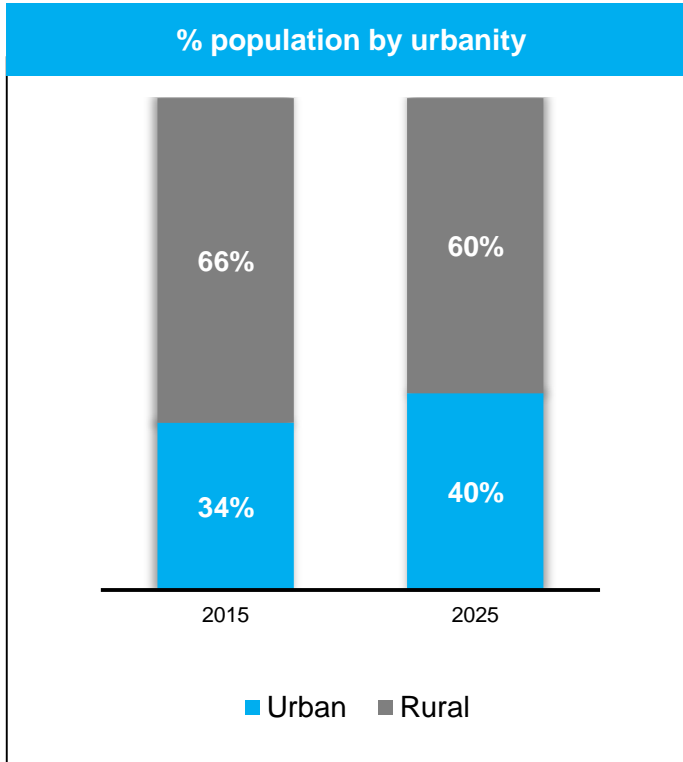


HEALTH AND  
WELLNESS



ECOMMERCE

# MORE PEOPLE WILL LIVE IN MIXED DENSITY CITIES (1-5 MILLION) THAN MEGA CITIES. WHERE IS YOUR NEXT SOURCE OF GROWTH?

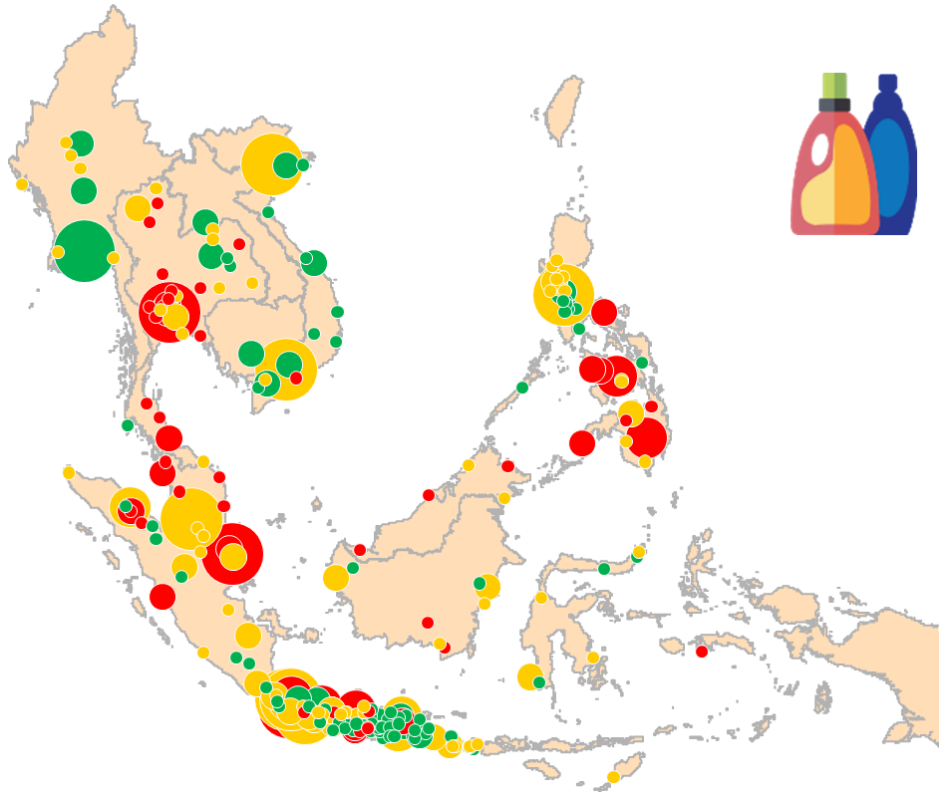


Source: Study What's Next In Emerging Markets Study, 2018







# THEN, THE FORMULA OF GROWTH MAY NOT EXIST IN OUR MEGA-CITIES IN THE FUTURE.

FORECAST: DEMAND GROWTH FOR DETERGENT, 2016 - 2030



## Type of region by population, 2016

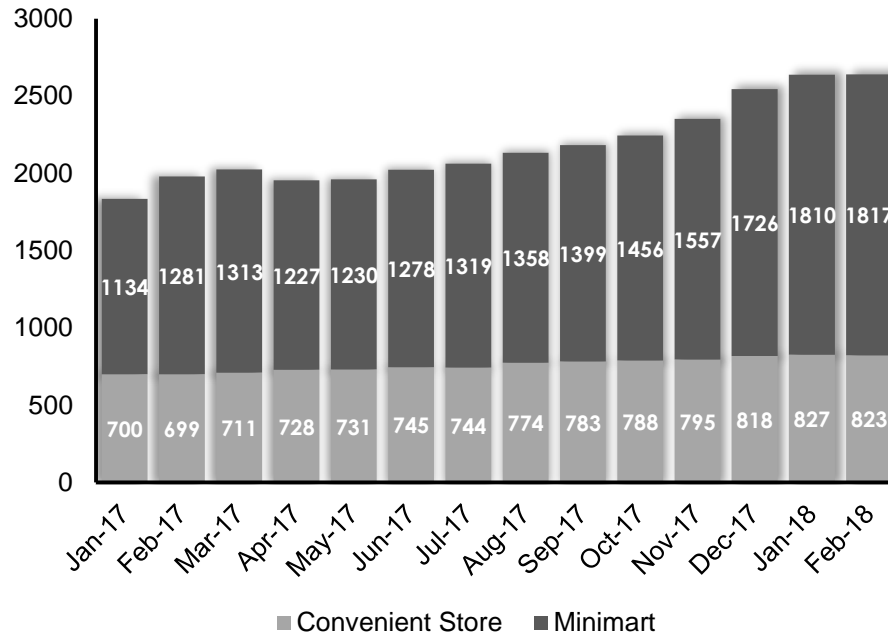
-  Small regions (300,000-500,000)
-  Small middleweights (500,000-1 million)
-  Large middleweights (1 million-5 million)
-  Mega-cities (≥5 million)

## Annual demand growth for product category, 2016 – 2030

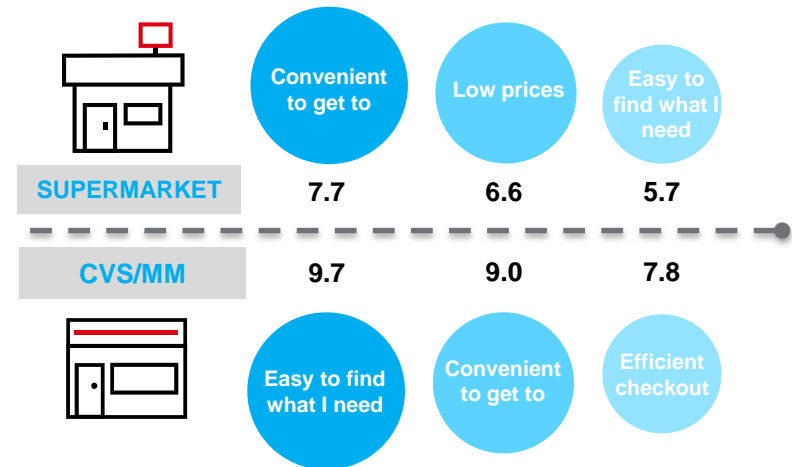
-  Less than 2%
-  2-5%
-  More than 6%

# URBANIZATION LEADS TO CONVENIENCE NEED, AND CVS/MM EXPANSION

Number of Chained Convenient store & Minimart (stores)



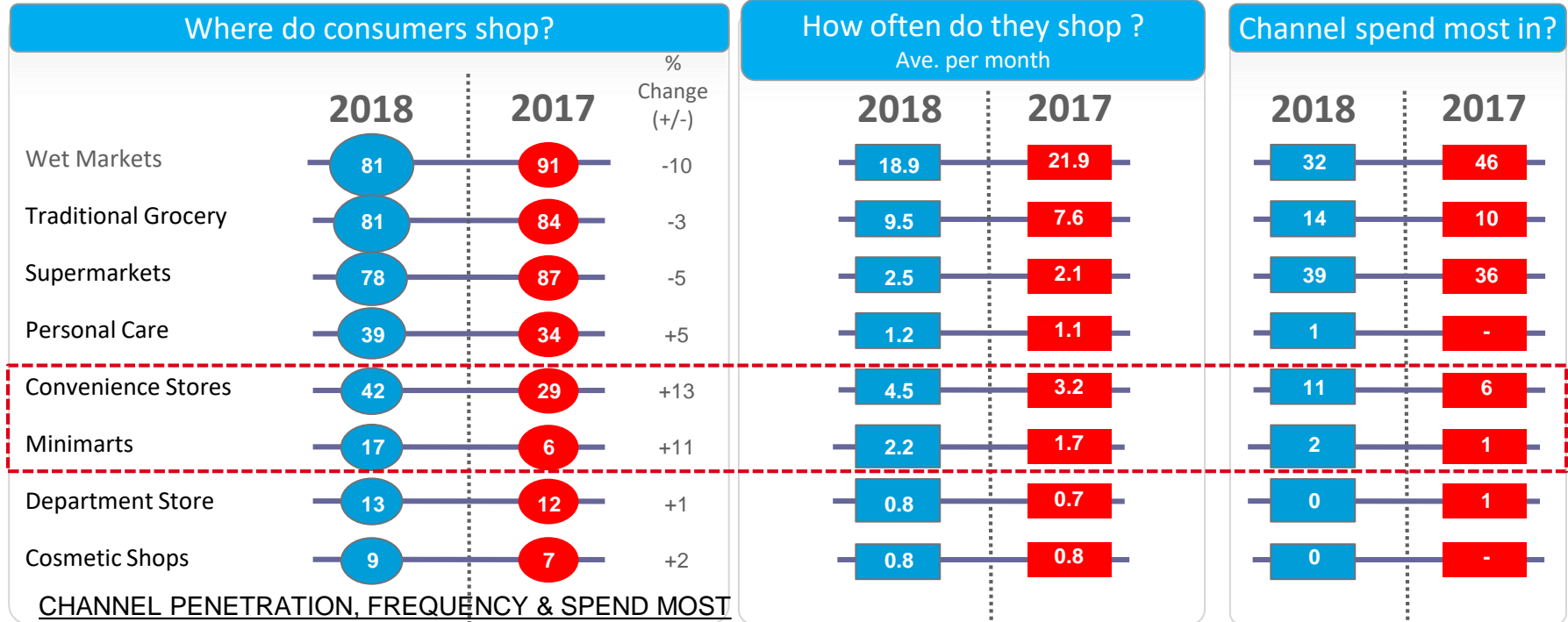
Top 3 important attributes for shopping destination (index)



Source: Retailers' official website. CVS includes Circle K, B's Mart, Family Mart, Shop & Go, Mini Stop, 7-eleven. MM includes: VinMart+, Coop Food, SatraFoods, Bach Hoa Xanh, Coop Smile, T-Mart, My Auchan. Nielsen Shopper Trend 2016 - Total Hanoi & Ho Chi Minh (All HM/SM shoppers n=1346)

# CVS & MM GAIN SIGNIFICANT PENETRATION & FREQUENCY

## CHANNEL PENETRATION, FREQUENCY & SPEND MOST



Base: All shoppers

Ref: Q7a Which of these types of stores have you visited in the past 4 weeks? | Ref: Q8 On average, how often would you shop at the following type of store?

Ref: Q7d Which of these types of stores would be the one where you normally buy most of your food and grocery items?

# VIETNAMESE ARE VERY CONSCIOUS ABOUT HEALTH, AND THEIR CONCERN IS ONLY INCREASING



## OVERWEIGHT

Prevalence of obesity & overweight rises from 2.3% in 1993 to **15%** in 2015



## FOOD SCANDALS

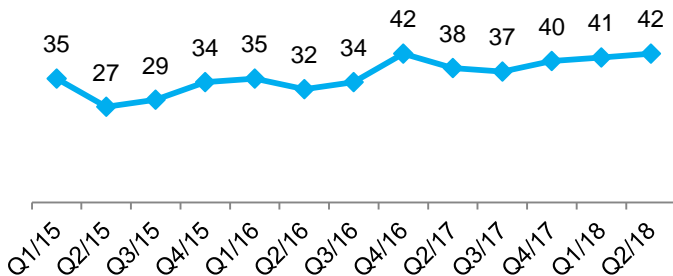
Food poisoning death toll **x2** in 2017 vs. 2016



## AGING POPULATION

Vietnam is one of the **fastest aging** countries (#25 global). Estimated population aged 60+ is **28%** in 2050

## Health as a top concern in Vietnam

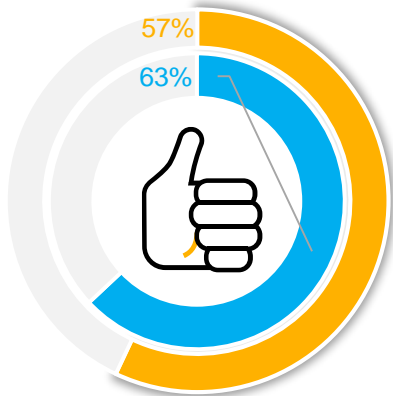


## TAKING ACTIONS

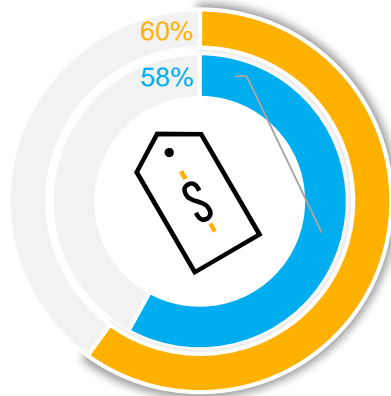
- **83%** 83% actively make dietary choice to prevent bad health condition (vs. 79% global)
- **89%** willing to pay more for foods that promote health benefits (vs. 76% global)
- **88%** read packaging labels carefully for nutrition contents (vs. 75% global)

# NEED TO RESOLVE THE TRUST ISSUES

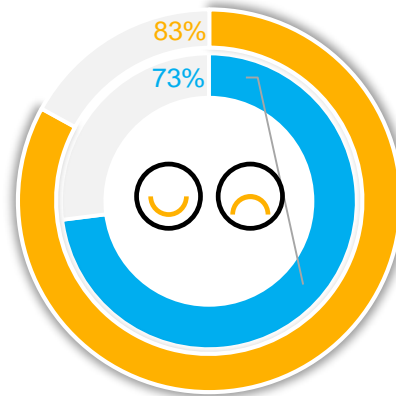
I trust health claims on food packages



Health claims are just a way for manufacturers to charge more



I feel more positively about companies that are transparent about how products were made

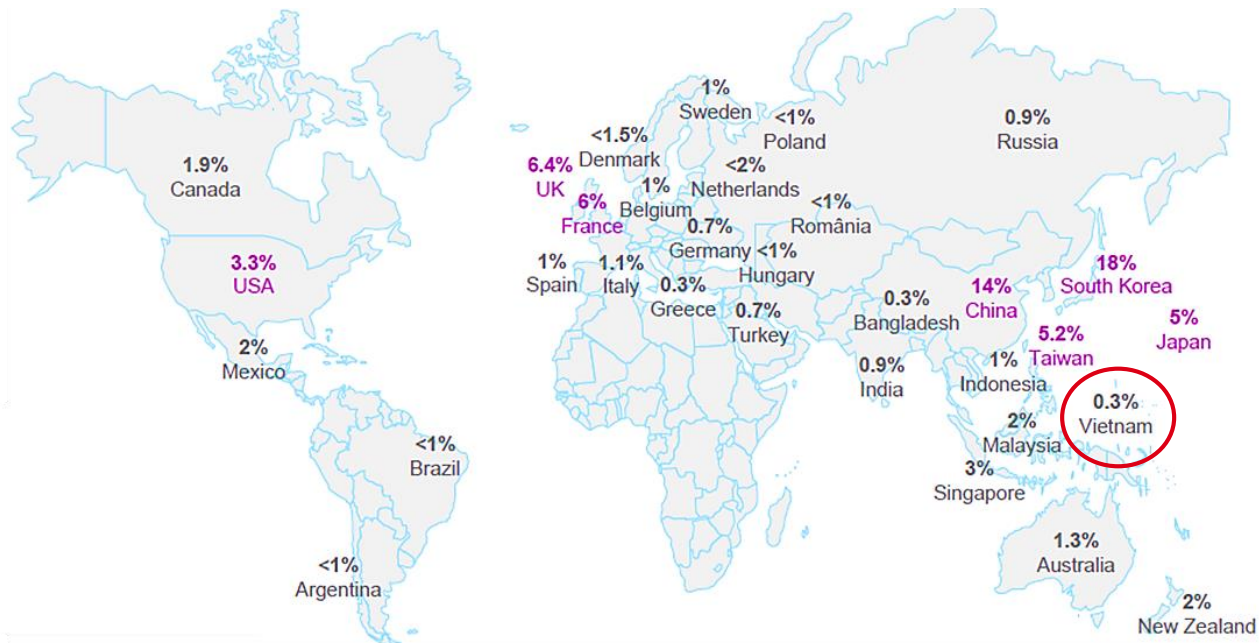


Global

Vietnam

# FMCG E-COMMERCE IS STILL AT EARLY STAGE IN VIETNAM

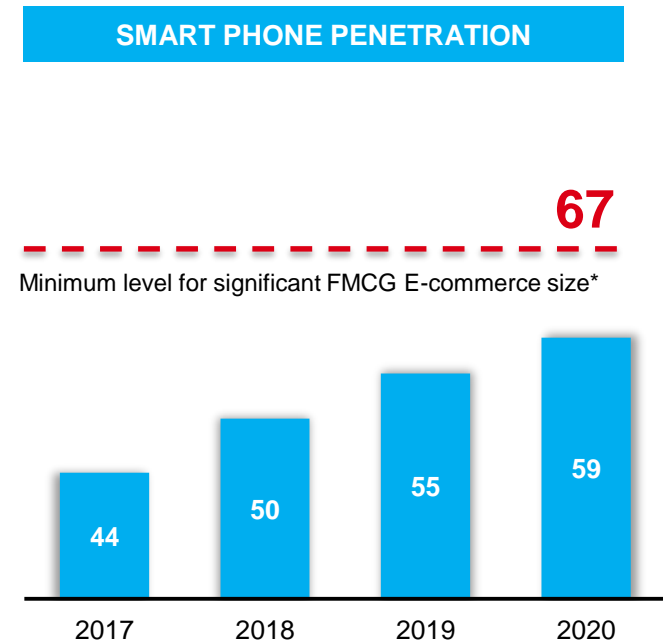
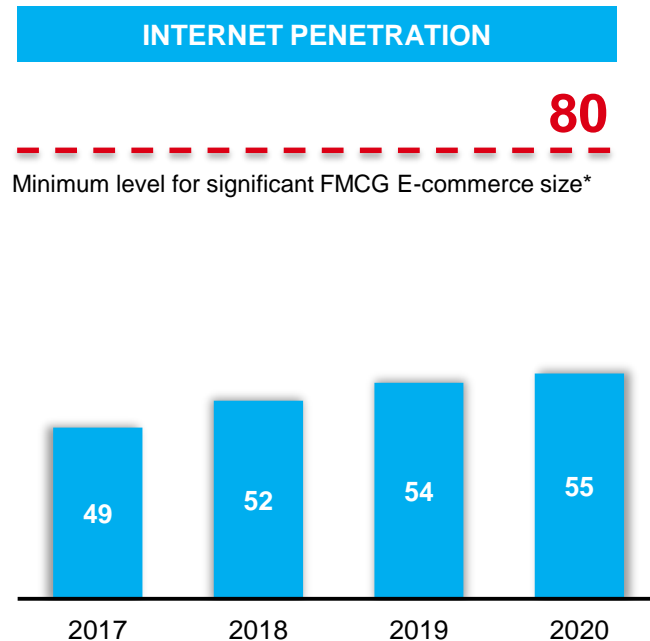
## □ E-commerce % Contribution to total FMCG Sales – 2016



• Source: Nielsen estimation based on Nielsen Retail Measurement Service, Nielsen Consumer Panel Service, Nielsen Online sales e-book and other leading industry sources

# FOUNDATIONAL ELEMENTS SHOW IMPROVEMENT, BUT YET TO MEET THE THRESHOLD FOR SIZEABLE E-COMMERCE MARKET

## □ Vietnam FMCG E-commerce foundational elements



\* Source: CIA World Factbook; Nielsen: Cross Platform Insights 2016. \*as compared to total 30 developed & developing countries – Nielsen global key drivers for Grocery E-commerce 2018

# E-COMMERCE MAY NEED MORE TIME TO GET BIG, BUT OPPORTUNITIES ARE ALREADY HERE WITH CONNECTED SPENDERS

DRIVER E-COMMERCE

WHO ARE THEY?

HOW THEY ACT?



Have internet access



Are willing to spend discretionary income

**40** Million people in 2025 (x1.7 vs 2017)

**99** Billion USD of annual spending in 2025 (x2.0 vs 2017)

**48%** Total consumer spending in 2025 (x1.3 vs 2017)

**99**  
Normal  
Internet User

Confidence Index

**117**  
Connected  
Spenders

**CONNECTED  
SPENDERS**

## They stay connected with brands



**64%**

Engage with other viewers on social media while watching advertising



**53%**

Appreciate learning about products through advertising



**54%**

Expect a relevant and personalized advertising experience

## They review products online before making purchase

**77%**

Read product review and feedbacks

**73%**

Check promotion

**70%**

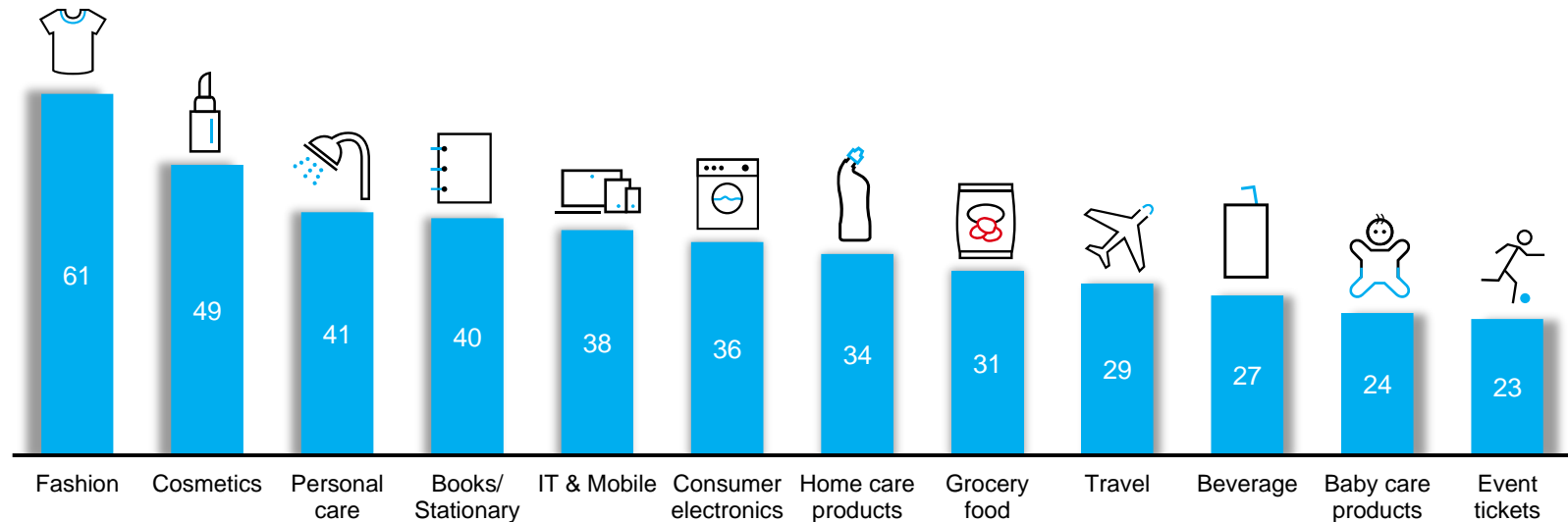
Check brand's reputation and quality

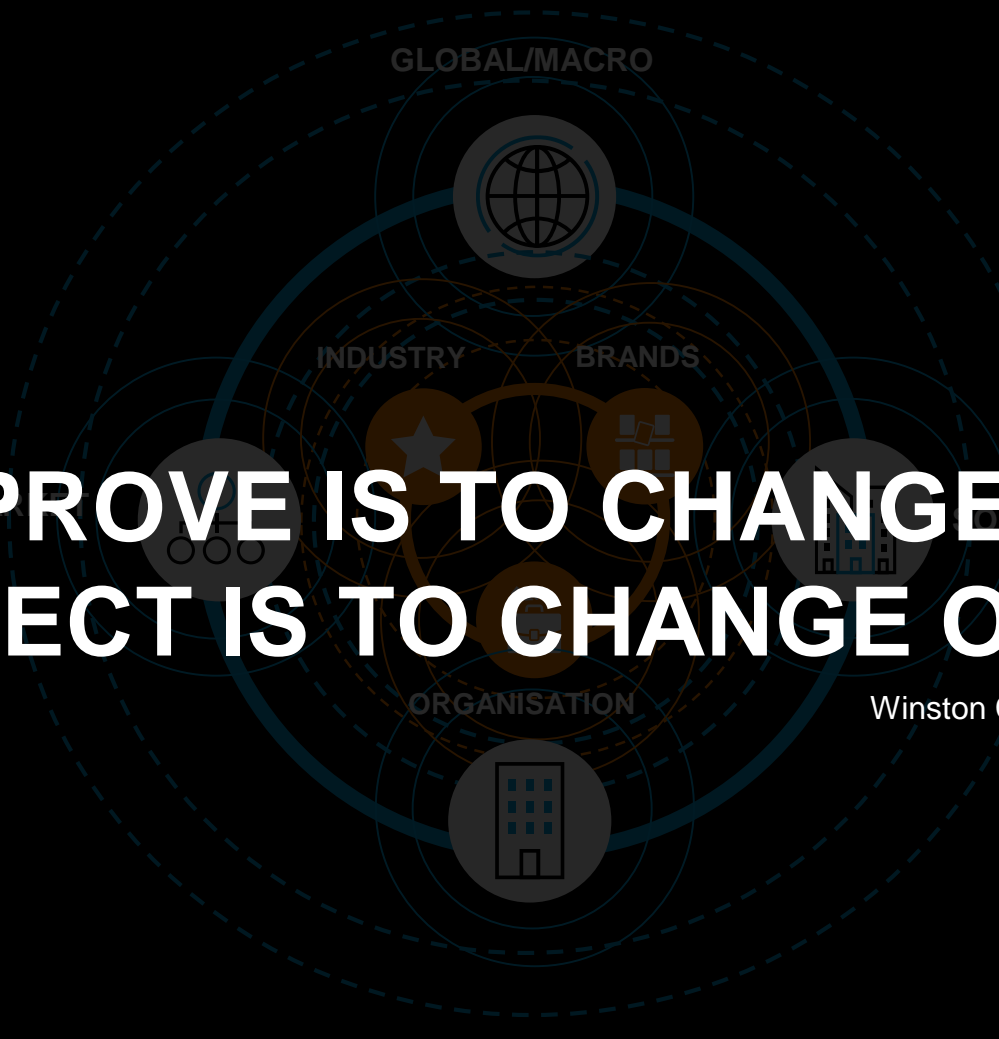
• Source: Demand Institutes, Nielsen Omni - Shopper Trend 2017



# MANY CONSUMERS HAVE PURCHASED ONLINE

□ Categories Vietnamese online shopper purchased in L3M





**TO IMPROVE IS TO CHANGE; TO BE PERFECT IS TO CHANGE OFTEN”**

Winston Churchill

The background of the image is a vibrant blue with a 3D, wavy, undulating texture that resembles water or a topographical map. The waves are layered, creating a sense of depth and movement. In the center of the image, the word "nielsen" is written in a clean, white, lowercase serif font. Below the letters of the word, there is a horizontal line of eight white dots, evenly spaced, which serves as a decorative underline.

nielsen  
● ● ● ● ● ● ● ●