

News Release

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For Immediate Release

Asia Pacific FMCG sales grew 11% in first quarter 2010, reversing broad slow-down in 2009

- *Smaller and multi-formats gain share over Hypermarkets*
- *South and South east Asian male shoppers increasingly more visible at the grocery aisles*
- *Shoppers in Vietnam, Malaysia, China and India most likely to be promotion-seekers*

Singapore, September 27, 2010 – FMCG sales grew 11% in the Asia Pacific in the first quarter of 2010, rebounding from a general decline in growth rates for most markets in 2009, according to Nielsen's latest Retail and Shopper Trends report. This growth over the fourth quarter of 2009 was largely driven by five developing markets, out of a total of 13 markets studied. Vietnam led the way with a sizzling 27.1% growth, followed by the Philippines (+12.6%), China and India (both +11%) and Indonesia (+8.4%).

As a result of the economic downturn, Hypermarkets lost as much as 1% share in 2009 in a number of countries such as Korea and Taiwan. Shoppers used them slightly less frequently, possibly to try to save money by avoiding these stores where they would be faced with more non-discretionary spending temptations. Instead, shoppers turned to other smaller store types such as supermarkets and minimarkets.

Mr. **Peter Gale**, Nielsen's Managing Director – Retailer Services, Asia Pacific, Middle East & Africa, said, *"With the improving consumer sentiment across the region, consumers are looking to spend some spare cash on categories such as clothes and technology. This should bode well for Hypermarkets, which suffered from the cut back in general merchandise in 2009 as consumers allocated more spending on basic grocery items to reduce their dining-out expenses. We started to see consumers switching back into personal care, healthy and more premium products in the second half of 2009 and expect this trend to continue going forward."*

The Retail and Shopper Trends report also highlighted growth opportunities based on emerging shopper trends. In particular, a more pronounced multi-format strategy, the emergence of the male shopper, focus on value and convenience and "out-of-store" shopping channels are important drivers for FMCG retailing going forward. The 13 markets included in the report are: Australia, New Zealand, China, Hong Kong, Taiwan, South Korea, India, Indonesia, the Philippines, Singapore, Malaysia, Thailand and Vietnam.

Format wars: Hypermarket growth stalls as multi-format strategy gains

As the economic downturn in 2009 halted the forward march of Hypermarkets, many countries saw growth in the usage of smaller supermarkets or mini-markets, stores that offer shoppers more convenient local grocery shopping option and lower travelling costs.

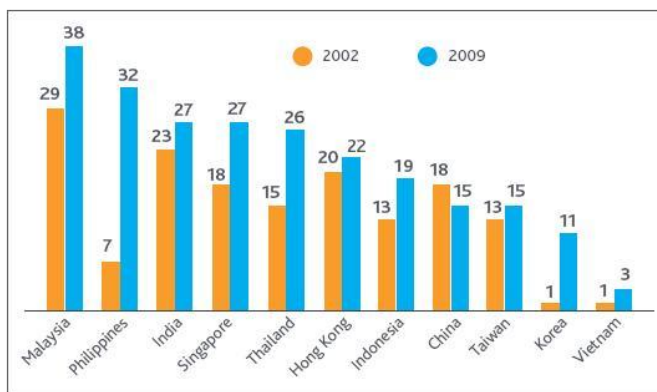
- In Korea, the number of shoppers who used supermarkets as their main channel increased from 17% to 23%, reversing a 10-year declining trend. Regular use of Supermarkets also increased for the first time in many years in Taiwan, Indonesia and Thailand, markets that have had strong development of Hypermarkets.
- As retailers continue to invest in smaller formats to offer shoppers more convenient “top-up” shopping, leading Hypermarket chains are also jumping on the bandwagon to expand their footprint to smaller catchment areas and capture spending from different shopping trips.

Mr. Gale said, “Convenience stores typified by 7-Eleven will continue to grow strongly in all countries, with a big driver of this likely to include an ever-expanding offer in food service as well as many other services aimed at making everyday life even more convenient.”

The emerging importance of the male shopper in South and Southeast Asia

Slowly but surely, males across the Asia Pacific region are emerging as the main grocery shopper for their families. Over the last 10 years, the proportion of males who are main grocery shoppers across the region increased from 14% to 22% on average.

% of male shoppers (2009 vs. 2002)



Males are more likely to be the grocery shoppers in South and South-East Asia, and now account for more than 25% of the “main” shopper pie. Malaysia leads the way with 38% followed by the Philippines and India.

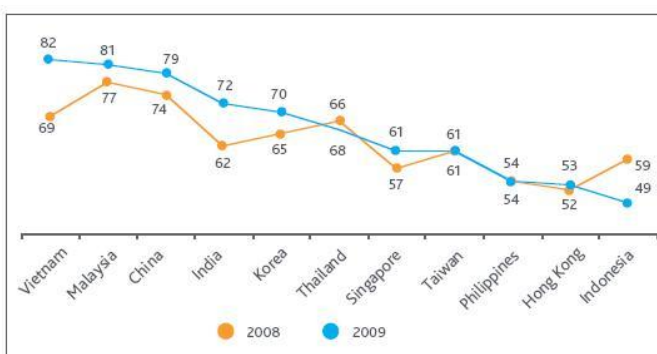
In Korea and Vietnam however, things remain a little more traditional. While there are signs of change in Korea, likely driven by the development of Hypermarkets, only 11% of men claim to be the main shopper for their families. In Vietnam, the percentage is likely to

stay low for a while as long as the traditional Wet Market channel continues to dominate packaged grocery sales.

Shoppers in Vietnam, Malaysia, China and India most focused on promotions

Shoppers across the region responded to the economic downturn in 2009 by becoming more value-conscious, a behaviour also driven in part by retailers ramping up promotional activities in a number of markets.

% of shoppers focused on promotions



Across the region, Vietnam, Malaysia, China and India had the highest percentage of promotion seekers. The proportion of promotion seekers increased noticeably in 2009, particularly in developing markets such as Vietnam (+13%) and India (+10%).

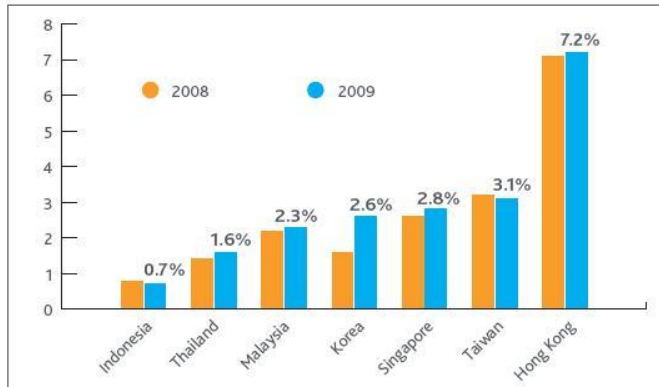
In Indonesia though, shoppers were less inclined to be influenced by promotional offers but were more likely to buy the brands they trust instead. Indonesia is also the country where the highest

proportion of shoppers (81%), claims to choose stores purely based on convenience (store location). This may well be due to the preponderance of conveniently located mini-markets.

Tapping the potential from Private Labels

While the private label concept is still undeveloped in all Asian markets, with only Hong Kong having a share above 5%, its share of sales increased in most markets in 2009 during the economic downturn. For example, Private Label grew by over 25% in Thailand, as shoppers increasingly looked for value when buying grocery products.

Private label share of total market



“There is a significant long-term opportunity for retailers to cater to more value-conscious consumers and to differentiate themselves by investing in private label product development. Ensuring consistent product quality and actively marketing the concept to shoppers is critical, as Asian consumers are largely brand-loyal,” added Mr. Gale.

“Out-of-store” Shopping

As the most prolific online shoppers in the world, 90% of consumers in Asia intend to make online purchases over the next 6 months, based on a recent Nielsen study on online shopping. The study also indicated that consumers in Korea and China spend the most on online purchases.

Not surprisingly, consumers in Korea are leading the charge towards “out-of-store” shopping. 4% of shoppers now claim to use the internet for the majority of their grocery shopping needs, while 71% use the internet regularly to purchase groceries and personal care items, and 30% use TV shopping channels.

“Technology is also going to fundamentally alter how and where shoppers spend their money and interact with retailers. Whether it is through TV shopping, on-line retailers, mobile phone applications or social networking sites, the application of technology is likely to be the area where we see some of the biggest changes during the next decade” Mr. Gale said.

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