Trends in FMCG sector

- Changes in shopper behavior.
- How to influence FMCG shoppers in the retail stores/shops

OMG VIETNAM STRATEGIC BUSINESS UNITS & BRANDS

OMG!
OMNI MARKETING GLOBAL

MEDIA & COMMUNICATION	ACTIVATION & MERCHANDISING	MEMBERSHIP MARKETING	CONTINUITY LOYALTY
ACTMEDIA RED BASKET	DEMOPOWER	K2 smilescard	Continuity PLUS Adding Precision to Continuity

We are a shopper marketing agency

<u>What does that mean to you?</u>

- We are accountable for brand and shopper/consumer inter action <u>at the decision moment</u>: disruptive media, Trial, grab, conversion, sales and repeat sales, shopper data insights based on real facts, loyalty.
- We are not just into : awareness, reach, consideration, likes, promotion, number of clicks, downloads, intention to buy……

Retail environment is changing
In how many stores/shops can you reach/influence shoppers?

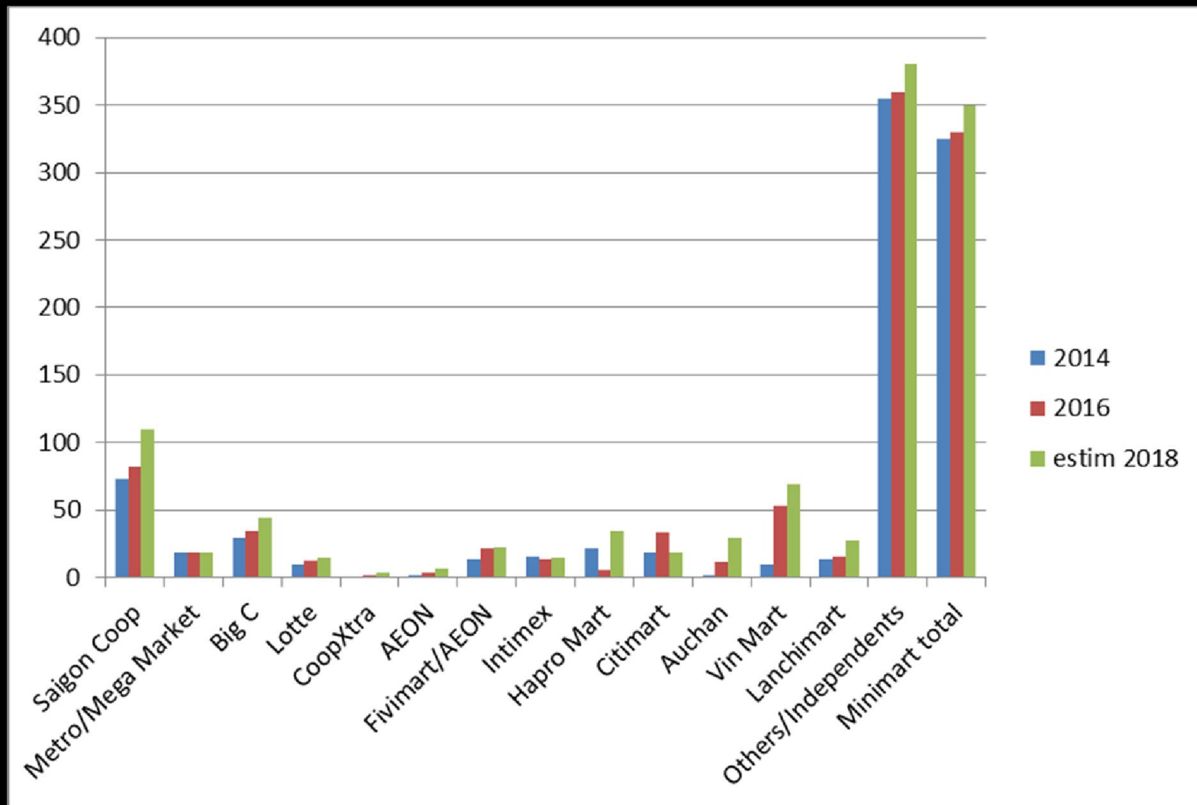
Retail Main Formats	2014	2015	2016	estim 2018
Modern Trade (super)	816	892	898	960
Convenience stores	847	1,093	1,740	2,500
Health Beauty	47	82	94	140
Traditional trade	1,300,000	1,260,000	1,240,000	1,200,000
Wet markets	8,546	8,530	8,460	8,150
Shopping Malls	66	92	118	121
Electronic stores	91	140	232	260
Pharmacy drug stores			182	210

In more than 1,212,000 stores/shops

MT EVOLUTION IN VIETNAM 2013 - 2018

Super/minimarkets

From
600 to **820**
stores
in 2018



Source: retailer meeting/slide share/specialized press

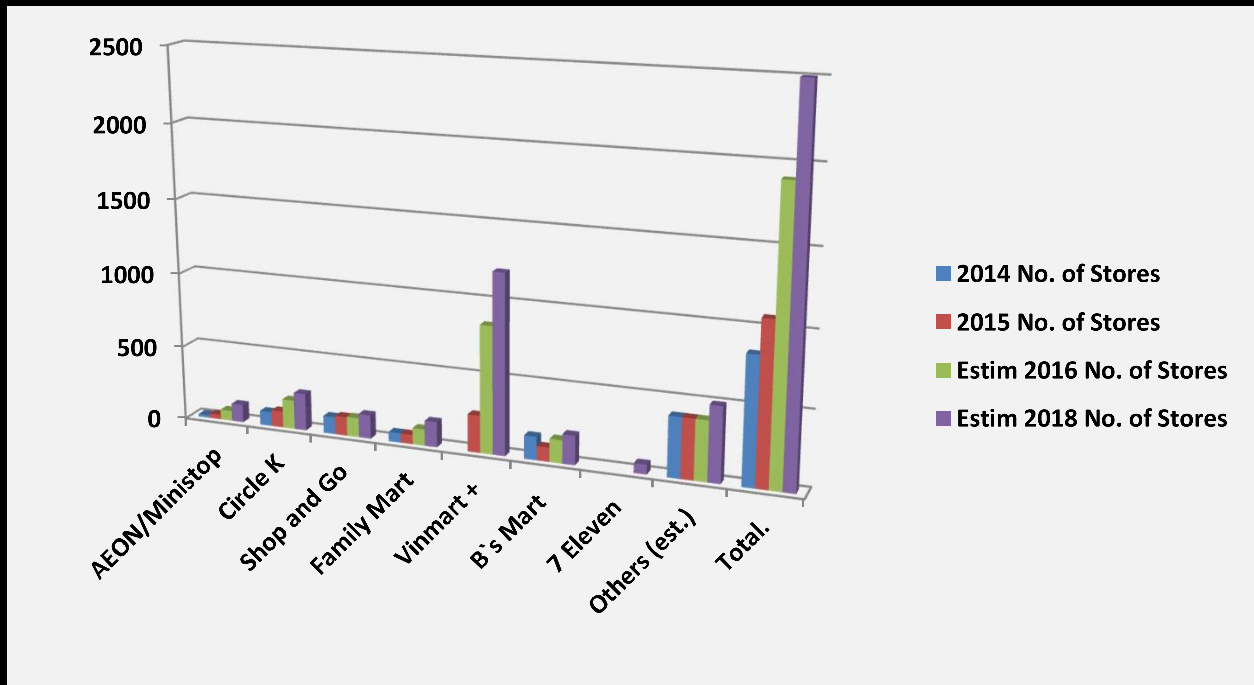
FAST GROWTH OF CVS CHANNEL

From

1000 to 2700

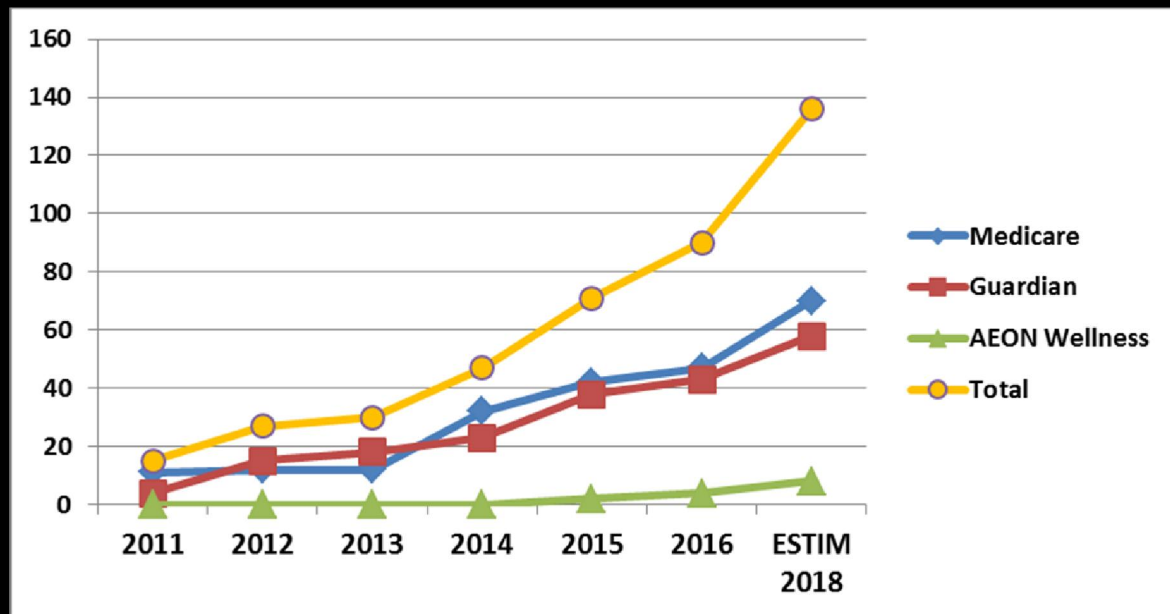
stores

in 4 years?



Source: retailer meeting
Economic press

HEALTH & BEAUTY CHANNEL EXPANSION



*Within a span of 4 years, H&B MT stores grow **from 27 to 140** and expanding outside big cities, with only 3 players.*

URBAN DEVELOPMENT IN VIETNAM

75% Of country GDP will be coming from 6 cities

870 Urban areas accommodating a population of 35 million in 2016

24 Million inhabitants in 6 cities by 2018

1K Urban areas by 2025 accommodating 52 million people (=50% of National Population)

High concentration of citizens in building area leading to shopper behavior changes.

Source: economic press/ministry of Land/construction/urban develop agency

EXPECTED CONSEQUENCES ON MT CHANNEL AND SHOPPER BEHAVIOR

- Less time for shopping: average time spent in a store might decrease

- Convenience will become key: need to find easily a store for weekly groceries and daily needs

- Proximity format: pop and mom shops will be gradually replaced by small supermarket/convenience stores in urban areas (MT format to replace TT format)

- Demand for better or high quality purchases (food safety, origin of product/tracebility) will generate more shoppers in MT channel

EXPECTED CONSEQUENCES ON MT CHANNEL AND SHOPPER BEHAVIOR

- Choice of retailer based on: price/location, quality, loyalty program, e commerce platform

- Demographic fragmentation: Over-40's and under-30's dividing VN into two different shopping behavior (also urban versus rural)

- In store brand choice still expected to be influenced by most effective pre and in store marketing/communication

- Need for an understanding of your consumer/shopper in super and convenience formats: Data Analytics, Insight-driven programs

HOW TO MAXIMIZE YOUR SALES AND BRAND EQUITY ?

Every interaction with shoppers should be about positively influencing the key POC drivers
The POC strategy creates the agenda and priorities for those interactions

The Modern Trade Store is an Ideal Marketing Canvas

Up to **70%** of purchase decisions being made in-store

and **68%** in-store purchases being impulse

Average **3 mins** Shoppers spend at Modern Trade Shelf

versus merely 1.5 mins in Traditional Trade store

WHY DO THEY CHOOSE MT STORES?

91%	Product/ Range related
80%	Convenience
76%	Promotion Related
68%	Quality Related
61%	Service Related
33%	Price related
25%	Habitual

Shopping frequency and spend

4 times & 1.2 mil/ month in Supermarket

8 times & 0.4 mil/ month in Grocery store

PATH TO PURCHASE IN MT

Majority of shoppers plan ahead the trip & store to visit, go shopping with others, travel from home to the store by motorbike, spend one hour & 270k/trip.

44% shoppers visit **at least once a week**

On average: **4** times/month

spend **1.2 Mil VND** per month

and **272 K VND** per trip

Accompanied
63%

On average, they spend **58 minutes** in the store

3.04 km **avg distance** from home

77% planned trip

90% planned store

20% carried shopping list

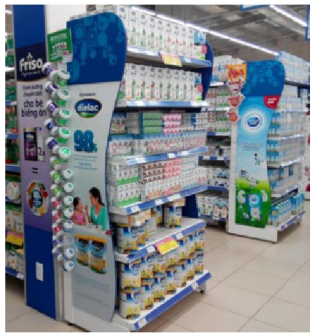
Two wheeler
94%

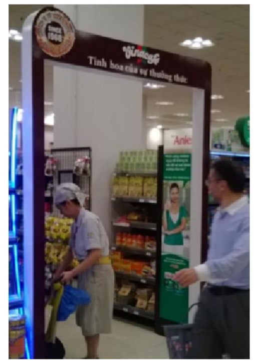
76%
depart from home

Source: Quanti exit in Big C Thang Long, Big C Mien Dong and Lotte
N=225 shoppers visiting MT at least once/ month.
Base: All Shoppers n= 225

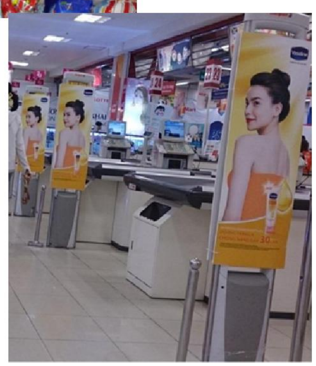
- What message is critical to influence the shopper?
- Which barriers to shopper engagement do we need to overcome?
- Where and how should the message be strategically delivered?
- Which media is likely to work in this environment?
- How much time do we have to deliver a message?

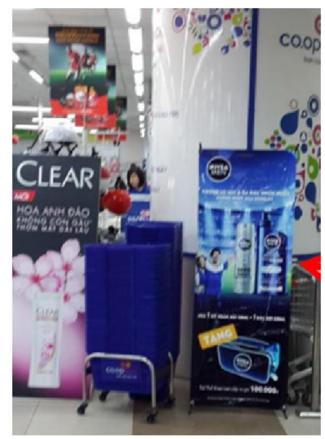
Many POCM stimuli in each store!!

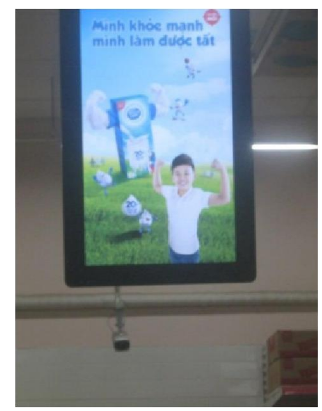




Which one is really disruptive? Right place / right time



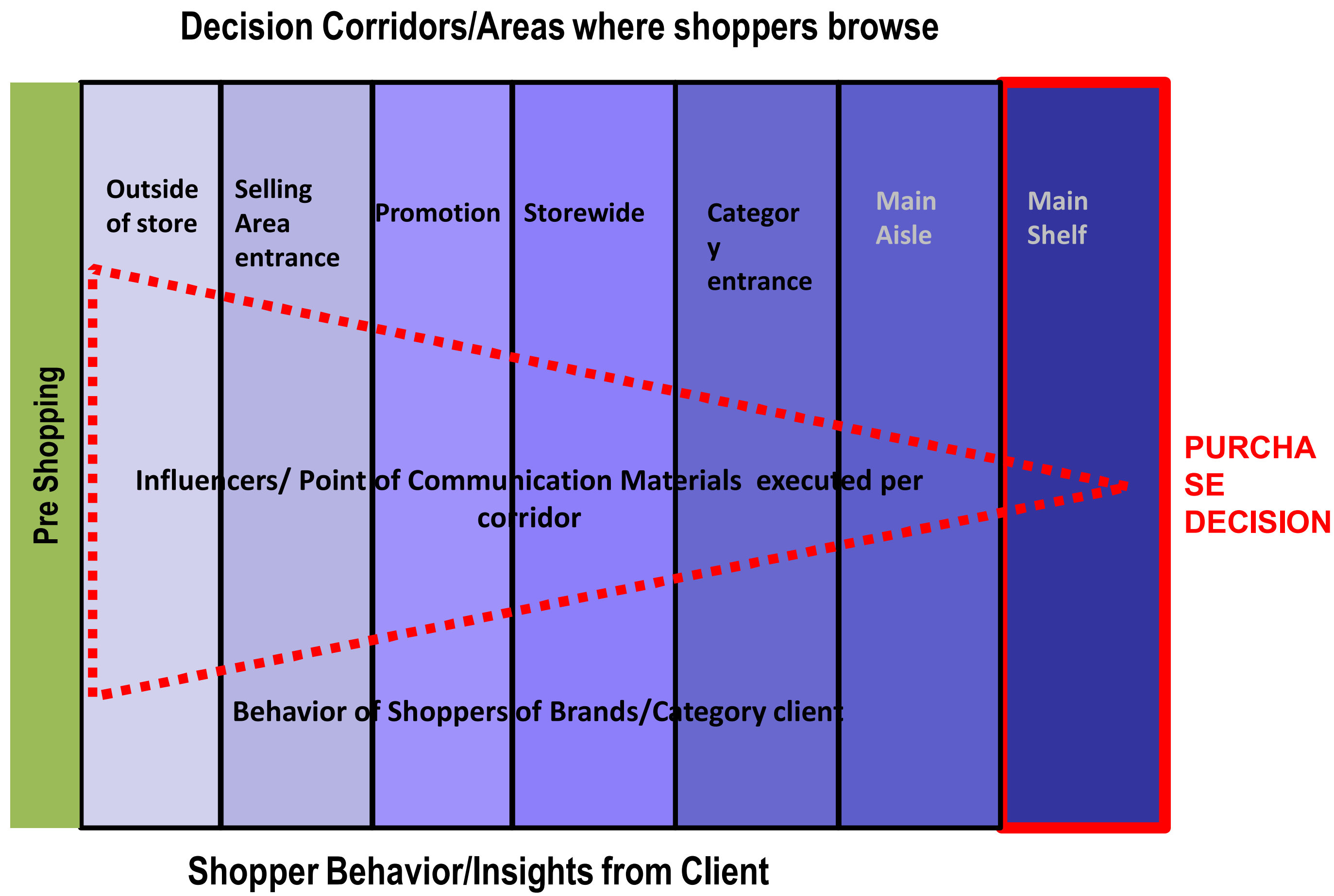




POCM efficiency in FMCG

- What do shoppers see?
- What do shoppers remember?
- What/when they touch and grab?
- What is really influencing them to consider and purchase a brand?

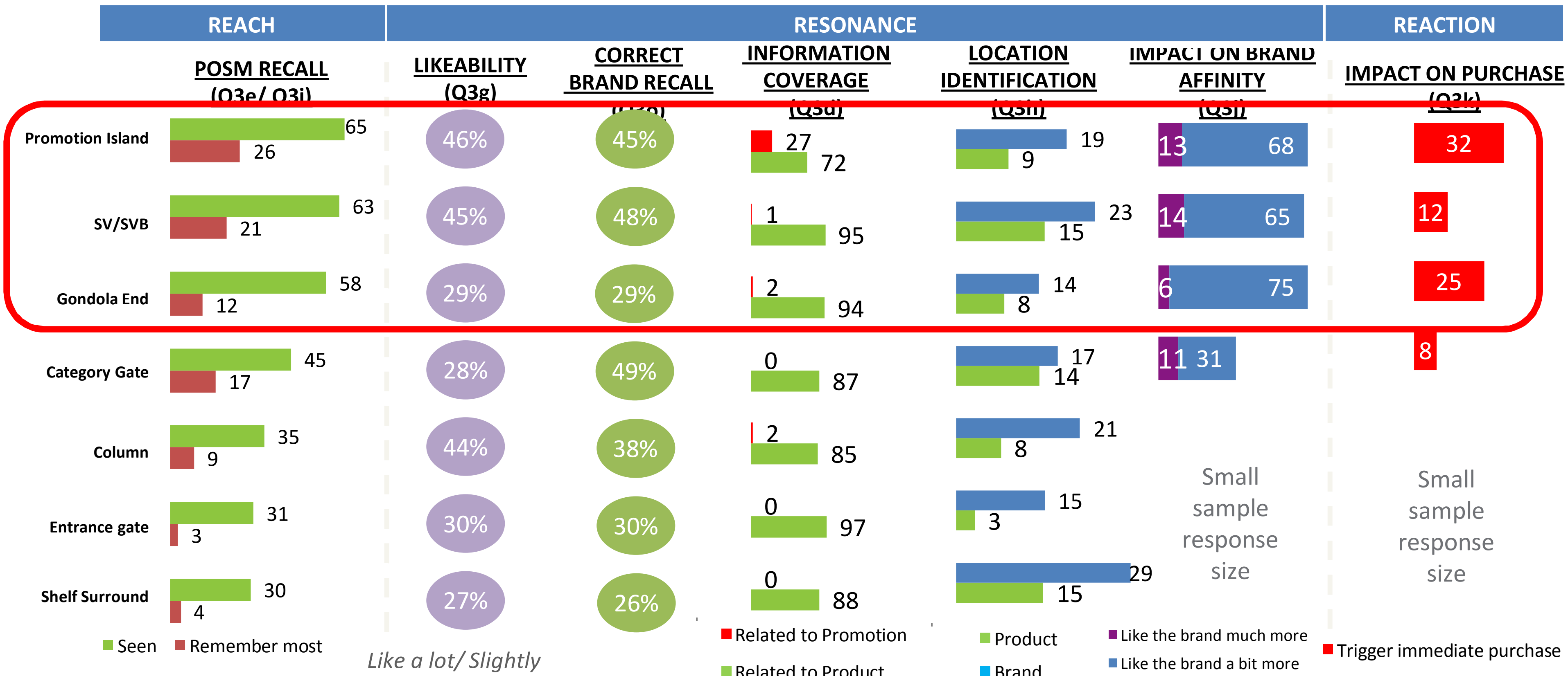
SHOPPER APPROACH & INFLUENCERS



IN-STORE POSM EVALUATION BASED ON REACH – RESONANCE – REACTION

SV/SVB & Promotion Island are top 2 most effective in-store POSMs:

- SV/SVB helps shoppers navigate product/brand location and strengthens brand affinity
- Promotion island provides info on promotion and triggers immediate purchase



Source: Quanti exit in Big C Thang Long, Big C Mien Dong and Lotte HN. N=225 shoppers visiting MT at least once/ month

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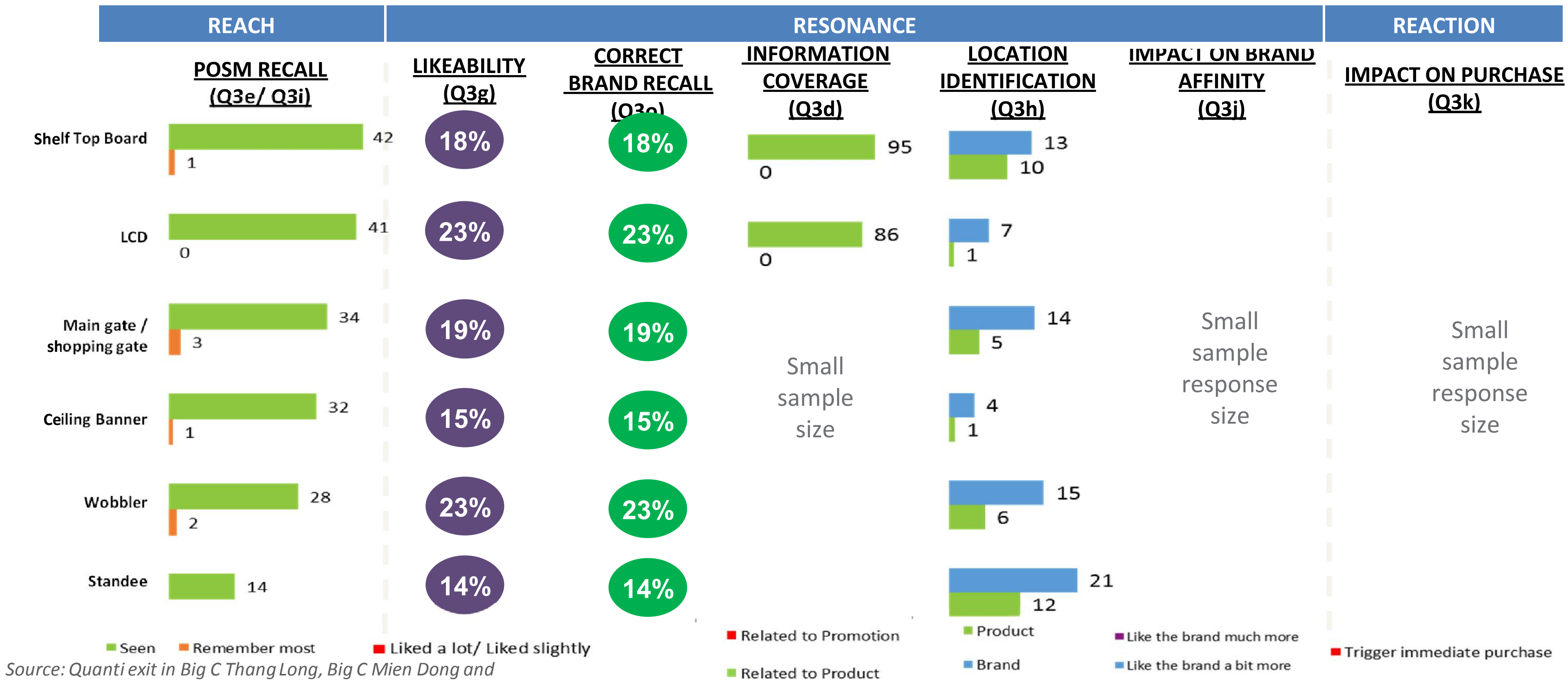

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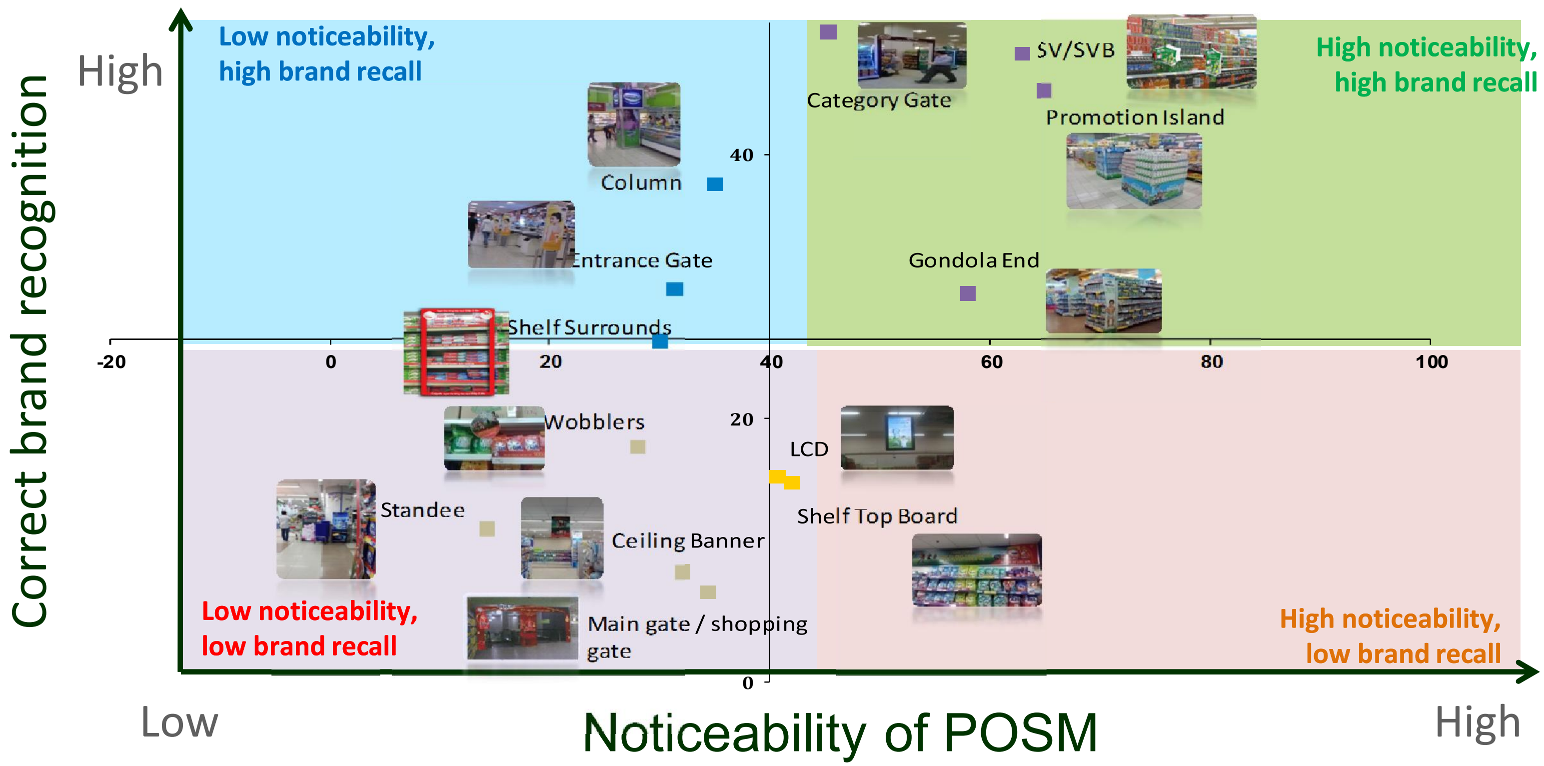
NOTICEABILITY OF POSM AND BRAND RECOGNITION

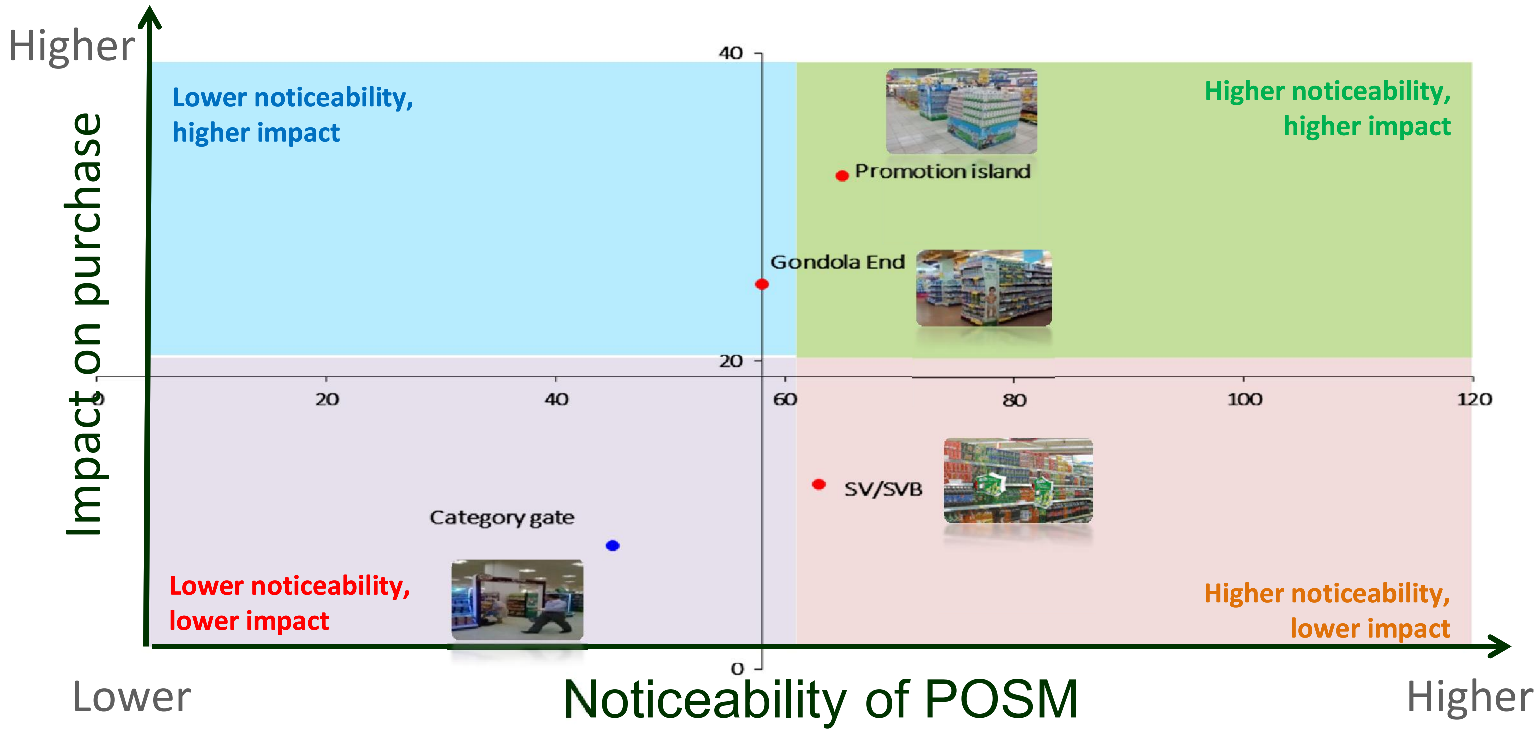
SV/SVB, promotion island, gondola end and category gate are the top effective stimuli generating both noticeability and brand recall.



Source: Quanti exit in Big C Thang Long, Big C Mien Dong and Lotte HN. N=225 shoppers

NOTICEABILITY OF POSM AND IMPACT ON PURCHASE

promotion island has a big impact on shopper decision & trigger immediate purchase.



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SALES

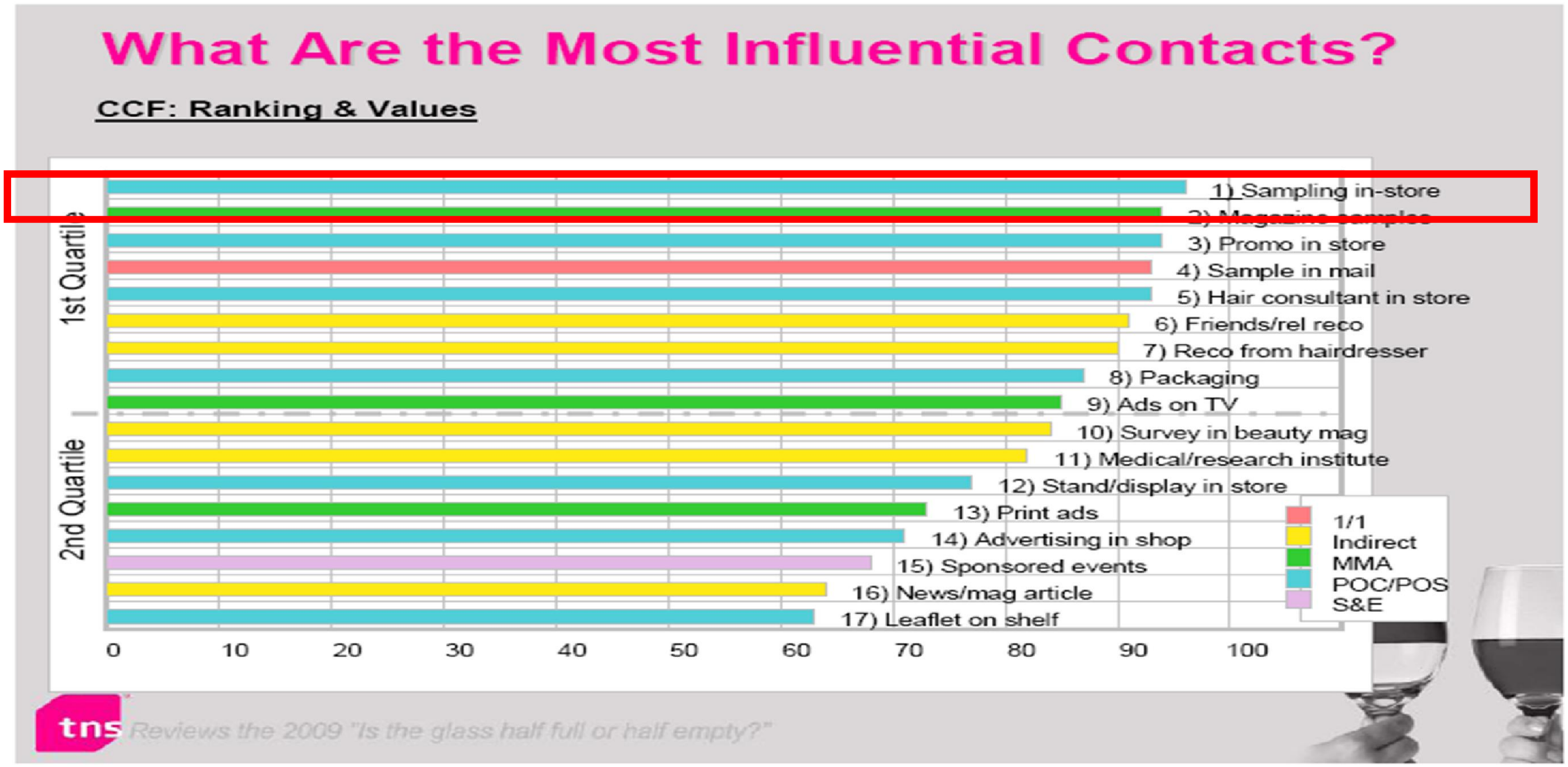
=

Awareness Building x Distribution x TRIAL x Repeat Purchase

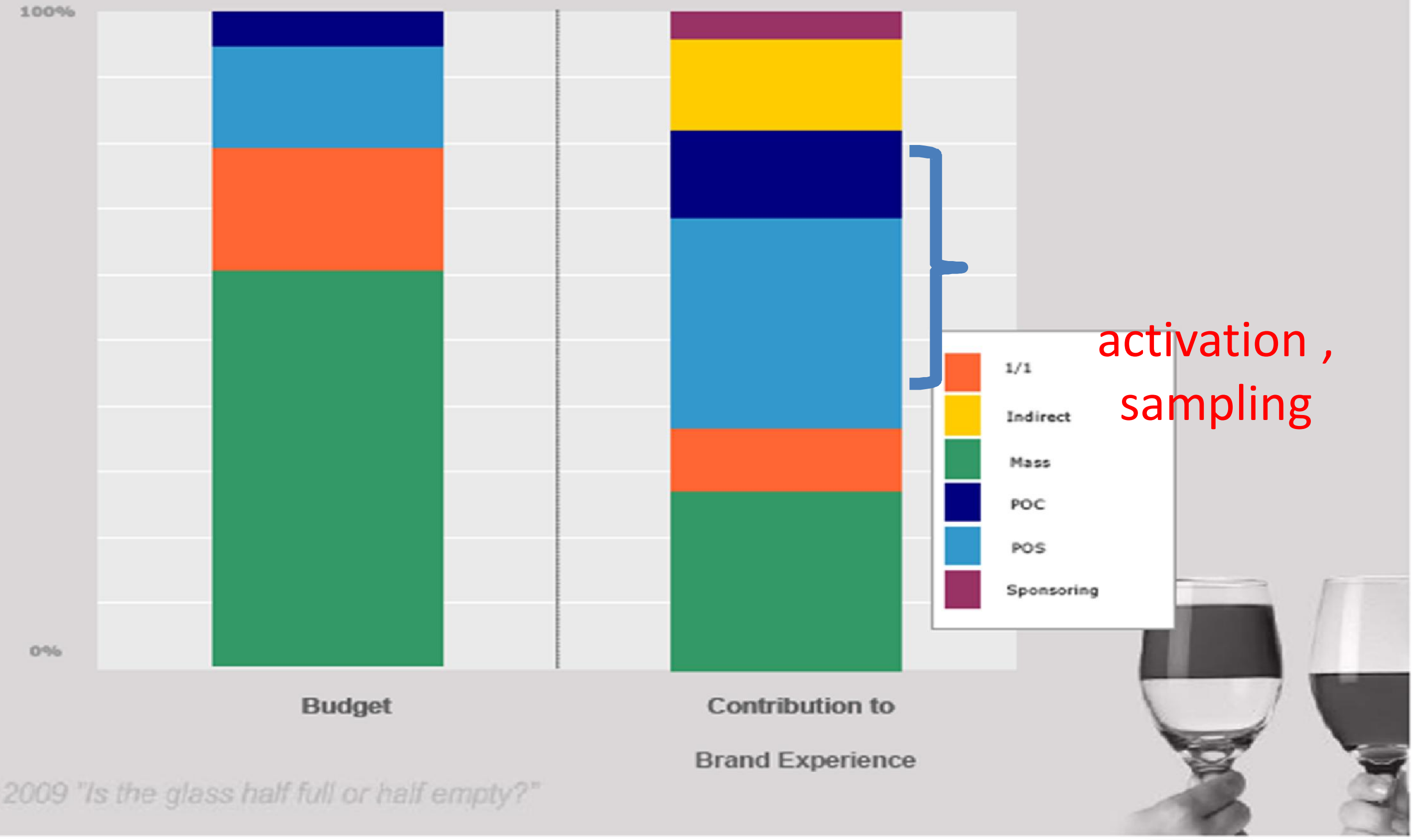
How many unique shoppers have not tried your brand?

No active consumer recruitment = No trial = No Repeat Purchase

Contact Clout Factor: accuracy: contacts which provide good information ;
appeal : contacts which are appealing ;
importance: contacts which are important

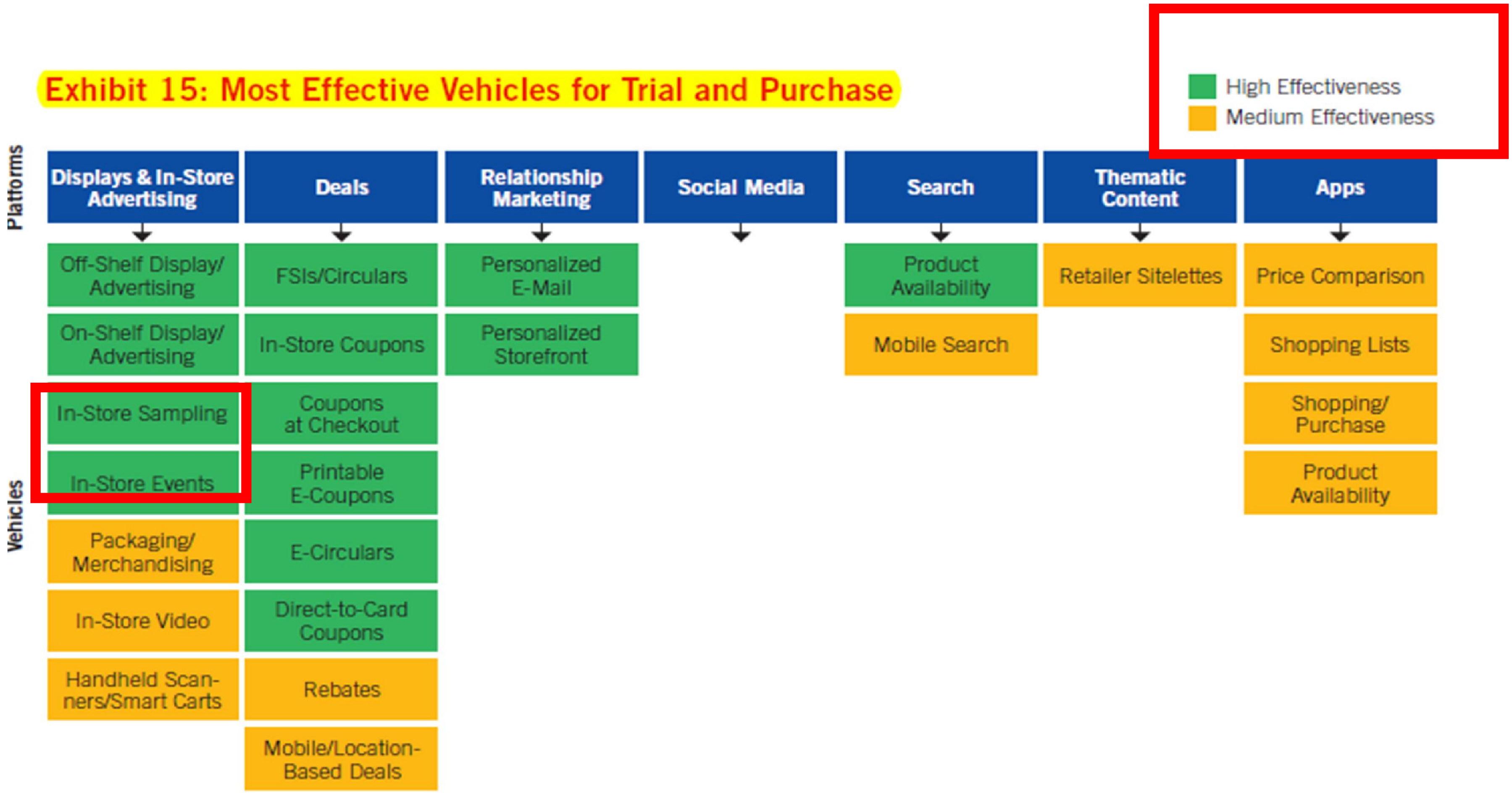


Efficiency Analysis: Budget v/s Brand Exper ience via Contact



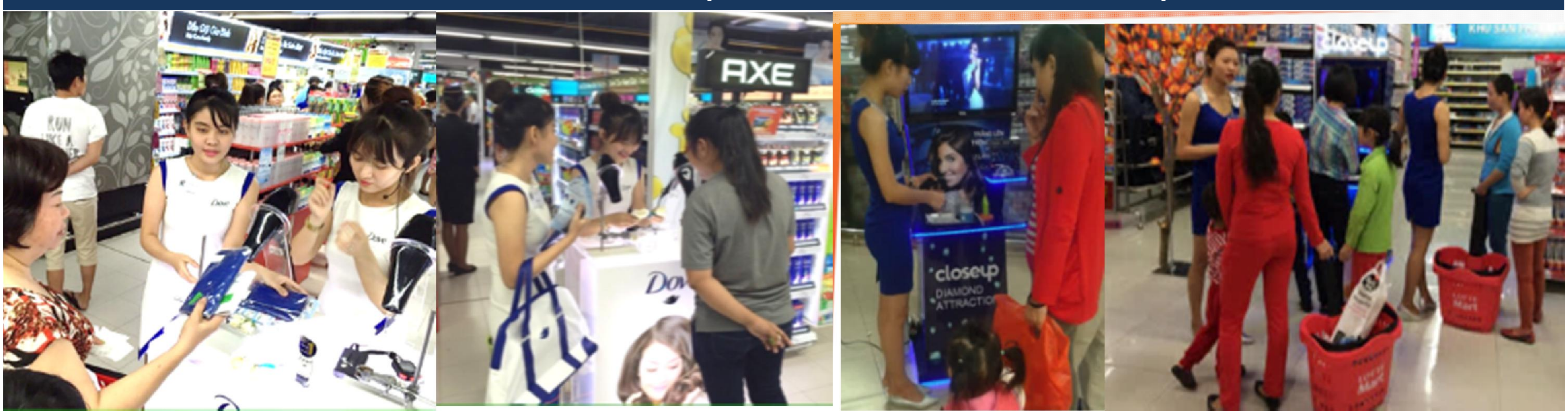
tns Reviews the 2009 "Is the glass half full or half empty?"

Exhibit 15: Most Effective Vehicles for Trial and Purchase

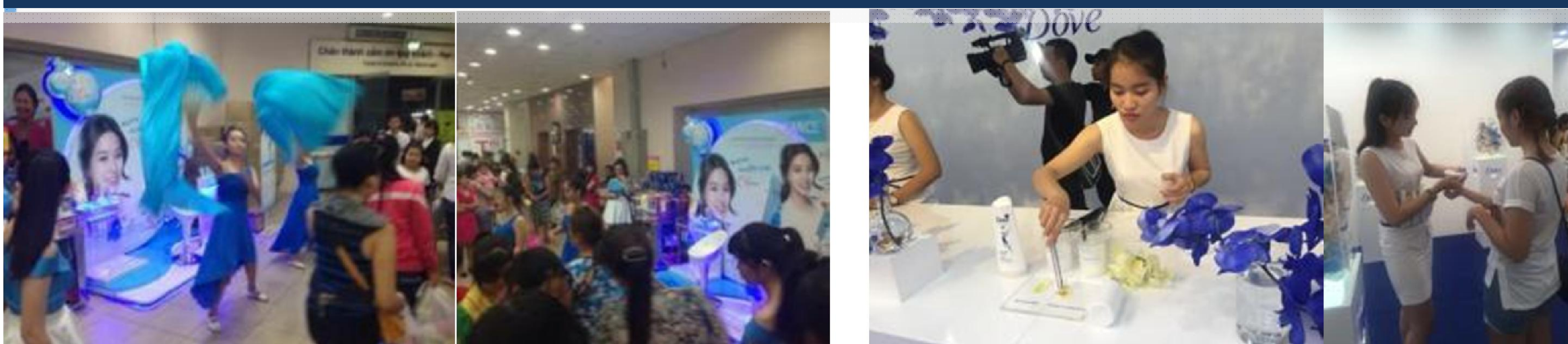


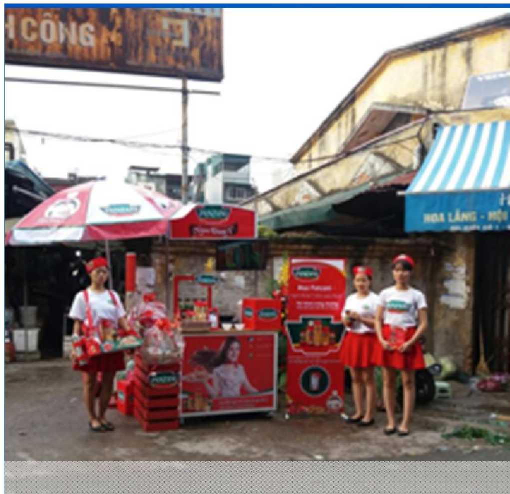
Source: GMA/Booz & Company Survey of CPG Manufacturers and Retailers, Summer 2010; GMA/Booz & Company Shopper Survey, Summer 2010; Booz & Company analysis

IN-STORE (measurable ROI)



OUT OF STORE (partly measurable ROI)





GT & WET MARKET (partly measurable ROI)


MOBILE TEAM (measurable ROI)



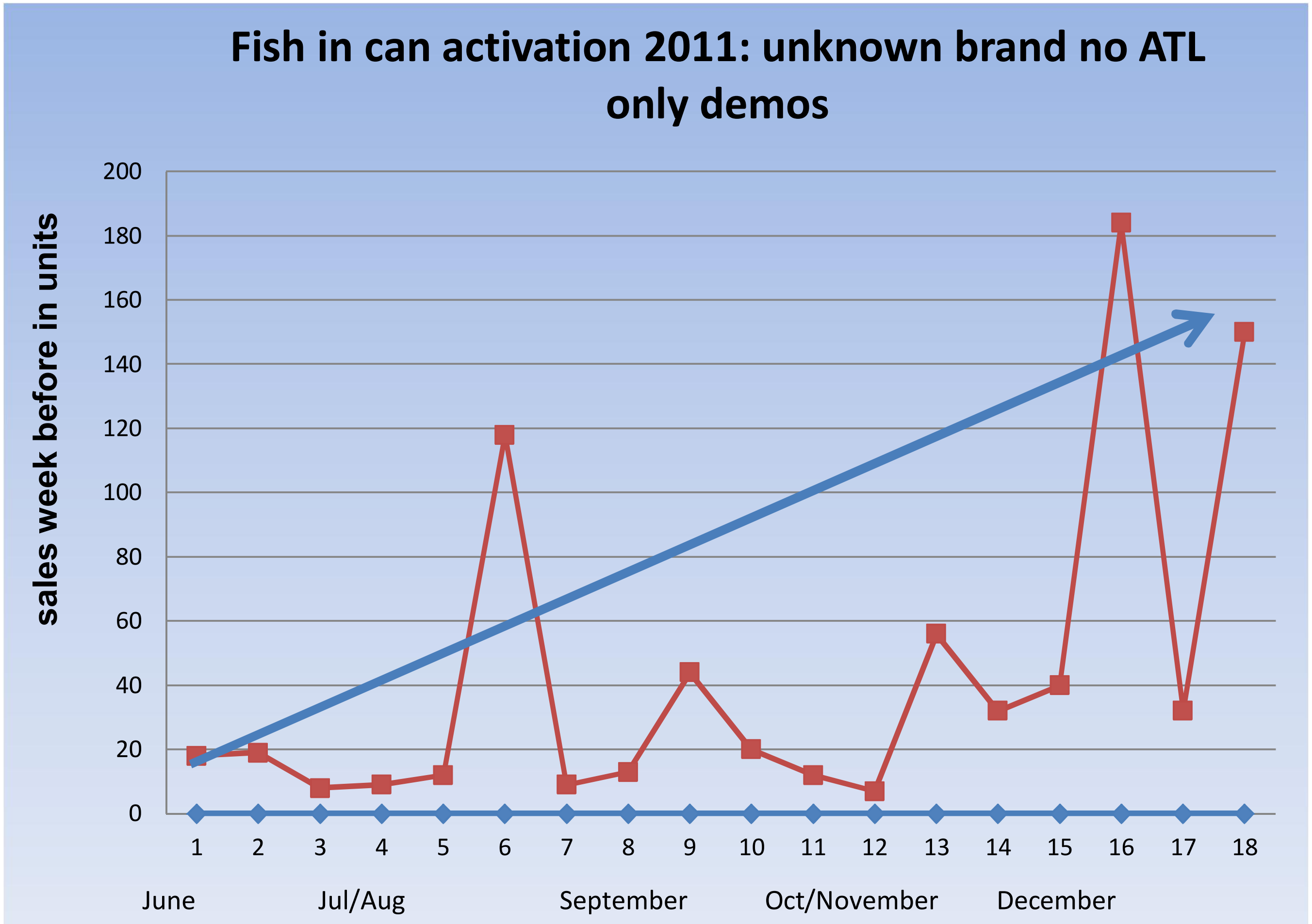
What about measurable results and proven ROI?

- Performance evaluation after the activation
  = space renting costs + activation costs + samples cost/ trial and sales during the activation period.
- Real ROI = **Cost per sold SKU (and future potential repeat purchase)**
- As a marketing tool demos/activations are the most influential contact towards purchase decision and the most expensive! (one to one marketing)

K2

Example on how to grow a brand without ATL or social media

Brands	Product category	Demo date	Retailer	Number of Stores	Demo Days	Consumer Trial	Consumer purchases in units	Conversion rate in %	Sales Week before	Sales Week during	Sales Week after	Sales uplift during in %	sales per store week during	Sales week before per store	sales week bef per store
Total 2010	Fruit juice	2010	Metro/Big C	10	96	75,588	4571	6%	463.72	3550	1647	766%	1410	4.83	46.4
Total 2011	Fruit juice	2011	Metro/Big C	98	630	349,612	32512	9%	9805	31306	11604	319%	319	15.56	100
Total 2012	Fruit juice	2012	Metro/Big C	27	185	113,851	11140	10%	2798	8128	3090.5	290%	301	15.12	104



- When activation started in June nearly no stable sales.
- After 6 activations waves the regular sales increased 7 times