

Consumer of the Future

Elevating APAC & HK growth within a Polycrisis

1. The State of FMCG in Asia Pacific & HK
2. How to win with Premiumization
3. Trends to drive growth



APAC ripe with potential, as **it recovers faster than the rest of the world**

+3.1% GDP

GDP reenergized as tourism rebounds across the region and lockdown restrictions in China ease
vs global +2.9%

+3.9% inflation

Inflation slows as fiscal policy tightens and commodity prices soften
vs global +6.6%

+2.6% import | +2.4% export volume

APAC remains a key area of opportunity for trade in goods and services
vs global +2.4% trade volume growth

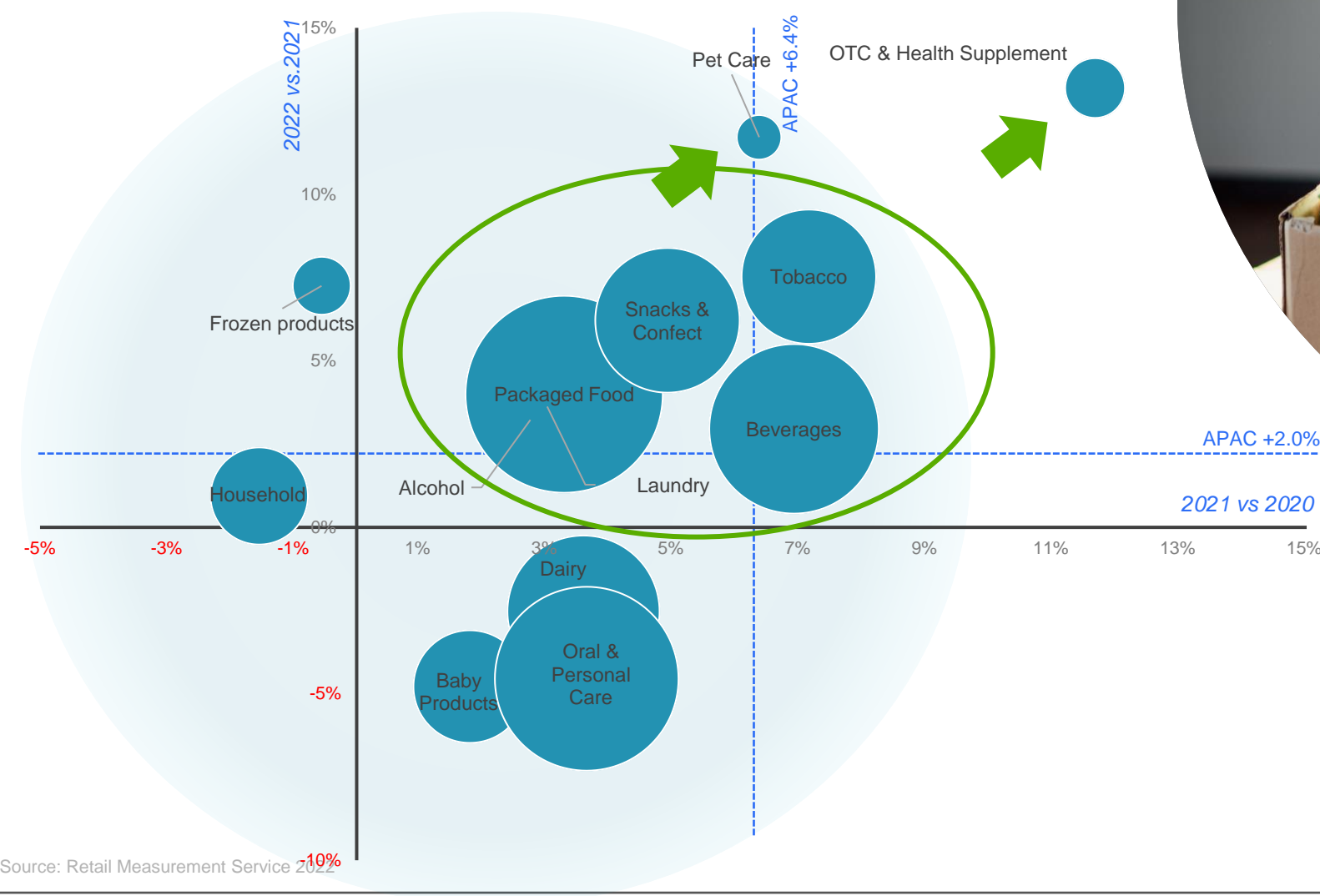


APAC is the ***world's biggest consumer base***, comprising **60%** of the global population

Source: International Monetary Fund, Oct 2022. Regional Economic Outlook – Asia and Pacific. Sailing Into Headwinds.
International Monetary Fund, Jan 2023. World Economic Outlook Update. Inflation Peaking amid Low Growth.
Asia-Pacific Economic Cooperation, Feb 2023. APEC Regional Trends Analysis.
Statista. Distribution of the global population 2022, by continent.
World Population Review, 2023.

OTC & Health & Pet are the leading category among APAC. Good to see necessity categories now rebound as well

Super-Category Contribution & Growth Performance



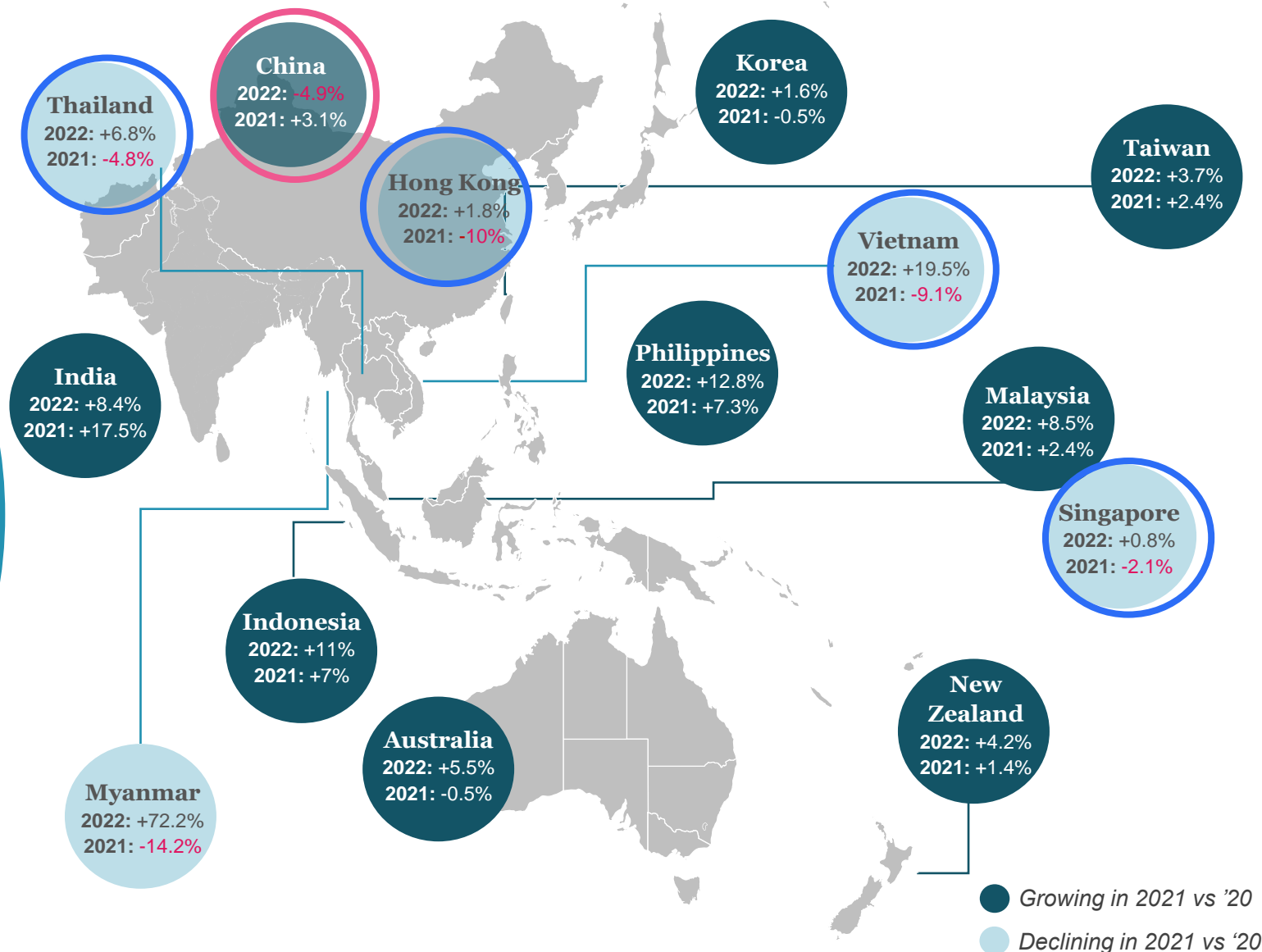
Source: Retail Measurement Service 2022

Situation:
**The State of
FMCG in
Asia Pacific & HK**

APAC
2022 growth
+2.0% vs 2021
+6.4% vs 2020

FMCG value growth slowed in Q4 2022 to +1.8% vs YA. Strong growth found in SEA including *Indonesia, The Philippines & Vietnam*. Rebound first noted in developed market including *HK, Singapore*.

APAC Markets Value % Growth vs a Year Ago



Source: Retail Measurement Service 2022

Drive the right promotion strategy as 50% could be sold in absence of promotion as well



*41% in 2021



51%

Of these sales **would have happened anyway**, even without the use of the discount (**subsidy**)

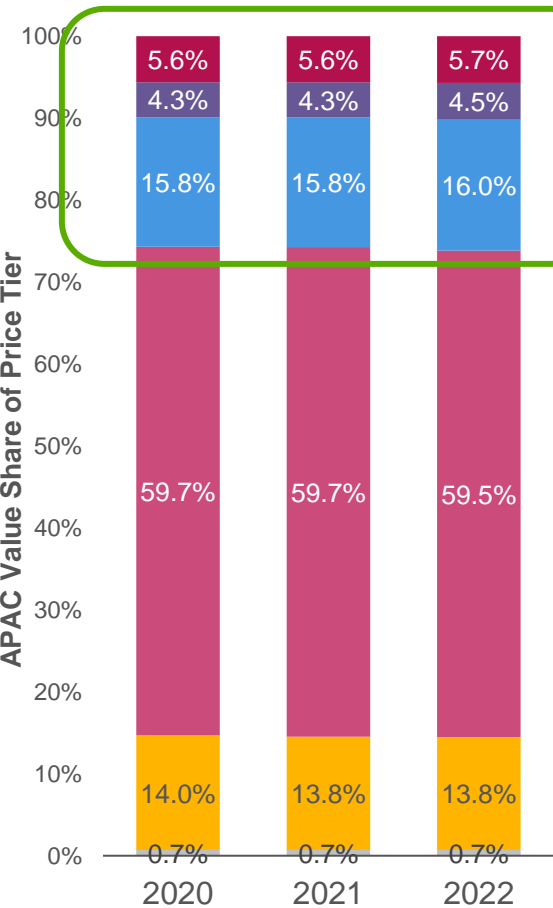
Price Promo Contribution Supermarket Hong Kong	
Hair Colourants	69%
Carbonated Soft Drinks	66%
Wine	63%
Milk Substitutes	62%
Suncare	59%
Hair Treatment	59%
Fabric Softeners	59%
Baby Diapers	56%
Frozen Food	56%
Hair Conditioners	56%

Source: NielsenIQ Advanced Analytics – Everyday Pricing Analytics .

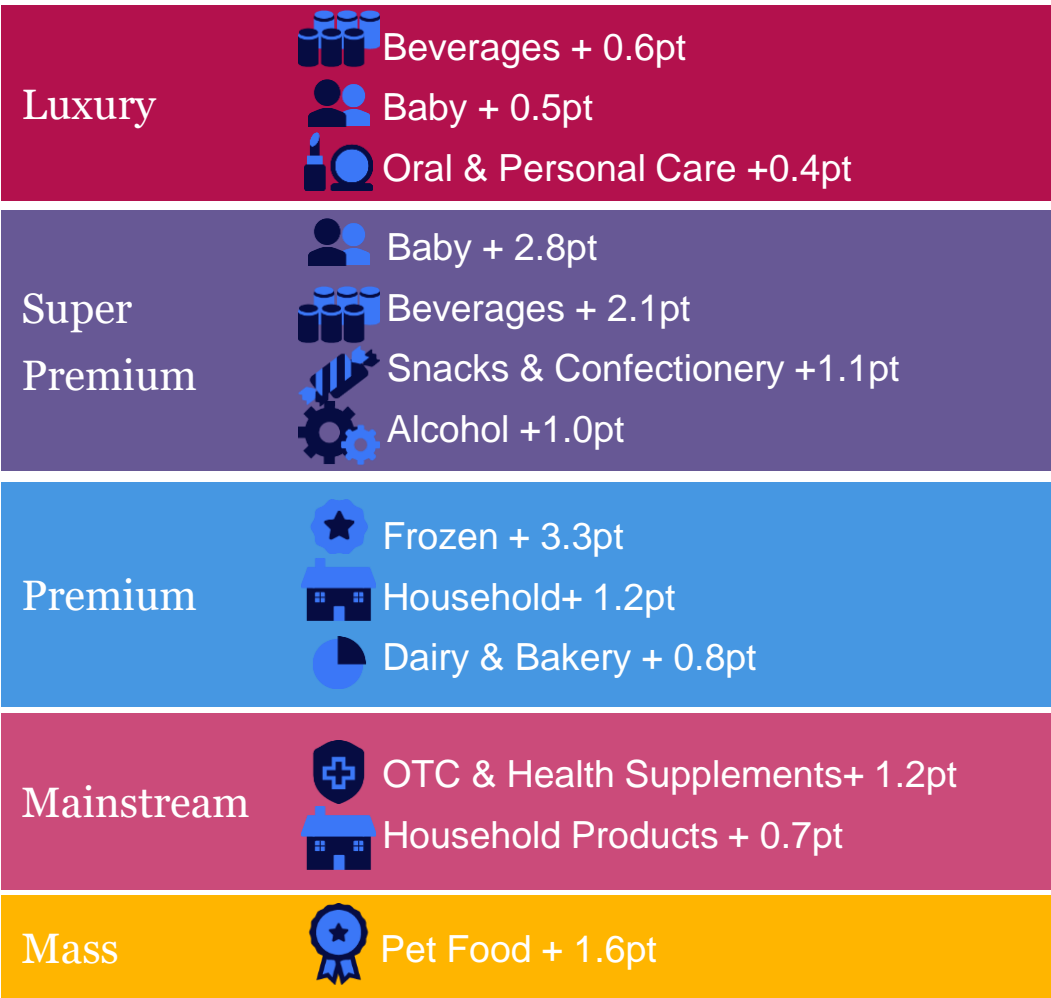
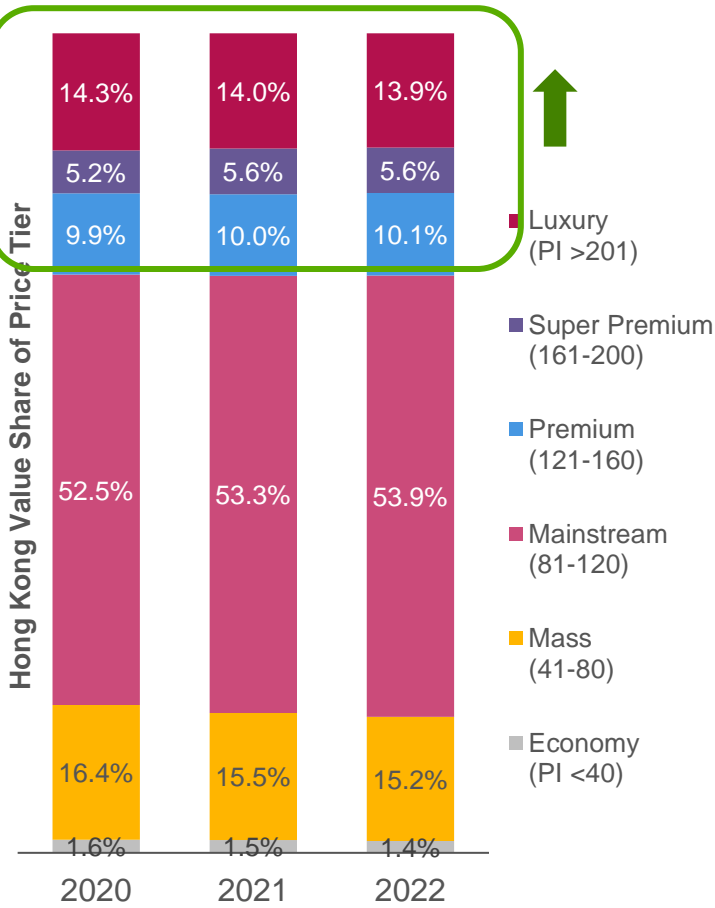
Hong Kong a strong market for Luxury and Super Premium products, particularly observed in contrast to APAC, with >1/4 value contribution from more premium price tier



APAC



Hong Kong



PI = Price Index (Brand to the Category)
Source: NielsenIQ RMS Data to December 2022

Price Tier winning the most share within the supercategory at Hong Kong level

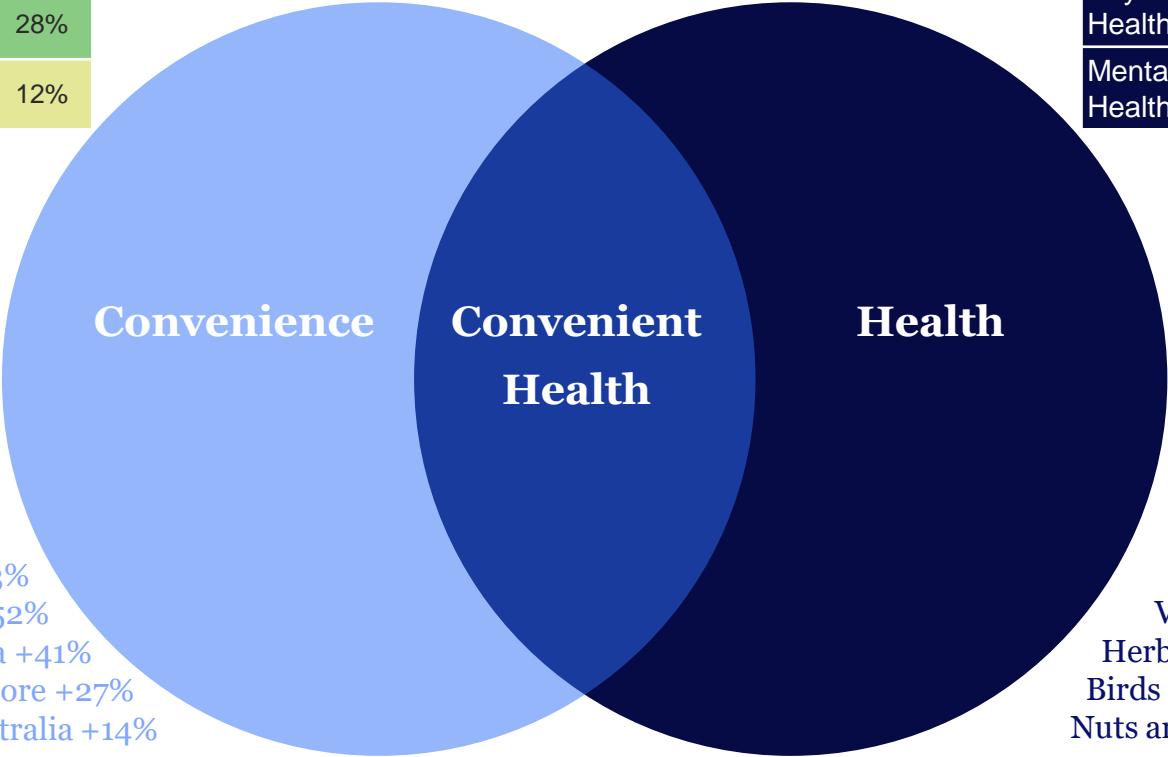
APAC consumer looks for convenient solution to address their concerns

Factors on *where to buy*

	18-34	35-55	55+	Male	Female
Wide product range	31%	35%	28%	31%	29%
Convenient location	28%	30%	21%	29%	28%
Convenient store layout	14%	13%	3%	13%	12%



Fabric conditioner sheets in Philippines +73%
Cooling gel in Malaysia +52%
Ready to Drink Coffee in Indonesia +41%
Laundry pods in Singapore +27%
Meal kits in Australia +14%



Hangover treatment drinks in Korea +33%
Hot spring powder in Taiwan +22%
Non Dairy Milk drinks in New Zealand +11%

Biggest *concerns*

	18-34	35-55	55+	Male	Female
Physical Health	27%	33%	35%	31%	32%
Mental Health	23%	16%	10%	15%	20%



Cordyceps in Hong Kong +76%
Vitamins in China +44%
Herb candies in Hong Kong +27%
Birds Nest in Singapore +29%
Nuts and Pili in Indonesia+18%

Source: NielsenIQ data to December 2022. Value Growth rate vs YA
Source: NielsenIQ BASES Survey (n = 2200: AU,CN,HK,ID,IN,PH,MY,SG, SK,TH,TW) March 2023

What attributes are you willing to pay a premium for?



Beverages

APAC	
Low sugar	35%
Premium flavours	34%
Added benefits (vitamins)	33%

Low sugar	40%
No Sugar	31%
Premium flavours	31%





Alcohol

APAC	
Country of origin's expertise	23%
Convenience (RTD)	21%
Local flavours	20%

Imported	29%
Local Flavours	24%
Country of origin's expertise	23%





Snacks & Confectionery

APAC	
Low calories/healthier ingredients	38%
Convenience (ease to eat)	35%
More flavor	30%

Low calories/healthier ingredients	37%
Local Flavours	34%
Organic/Natural/ Vegan	31%





Packaged Food

APAC	
Low sugar/salt	36%
Low calories	35%
Convenience (ease to use)	31%

Low sugar/salt	38%
Local Flavours	35%
Low Calories	34%



Source: NielsenIQ BASES Survey (n = 2200: AU,CN,HK,ID,IN,PH,MY,SG, SK,TH,TW) March 2023

Win with Premiumization

We need to provide a solution to address...

Health – Make consumer releases their concerns



Convenience – make your product easy



Sustainability – Make consumers pay for the earth



What's next:

Trends to drive growth

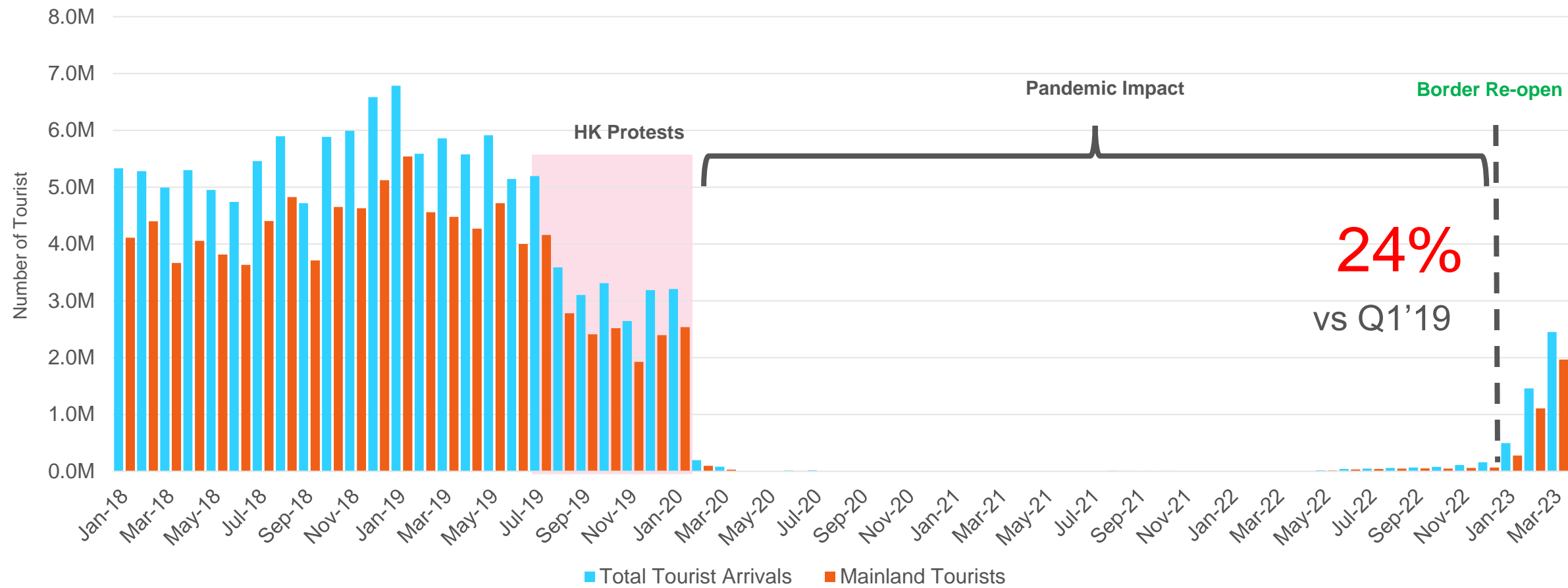
Tourist Dynamic



HK boarder re-open since Jan23. Yet to fully recover but taking a good pace.



Trended Tourist Arrivals



Source : HK Census and Statistics Dept
*Comparing Q1 2019 and Q1 2023 data

Understand tourists from China and Philippines

To accelerate the growth from tourists rebound

Top APAC markets consumers *plan to visit* in *Hong Kong* 2023:
Top categories tourists intend to buy in *Hong Kong*:



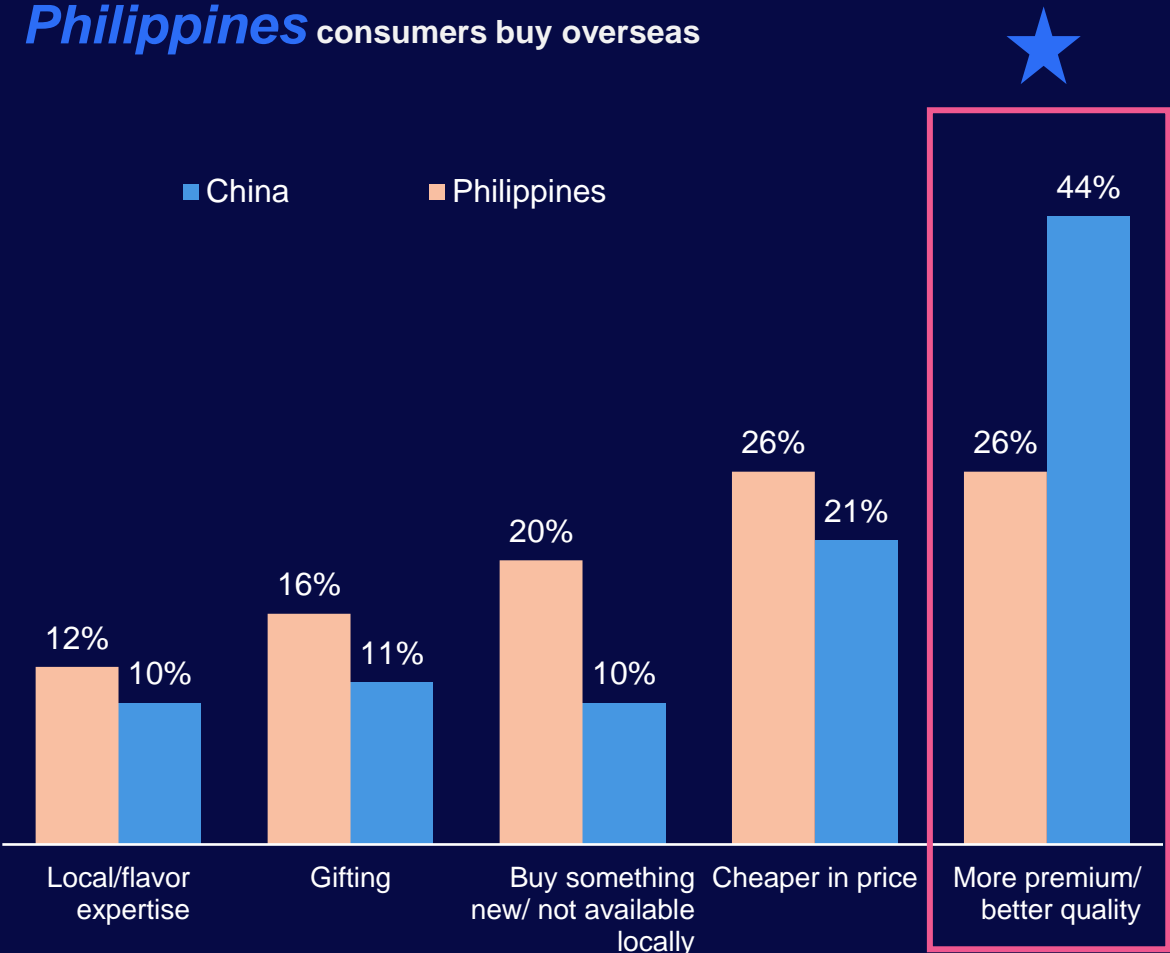
Source: NielsenIQ BASES Survey (n = 2200: AU,CN,HK,ID,IN,PH,MY,SG, SK,TH,TW) March 2023

Good product drive CN tourist interests



Opportunity to extend premiumization momentum

Top reasons why *China and Philippines* consumers buy overseas

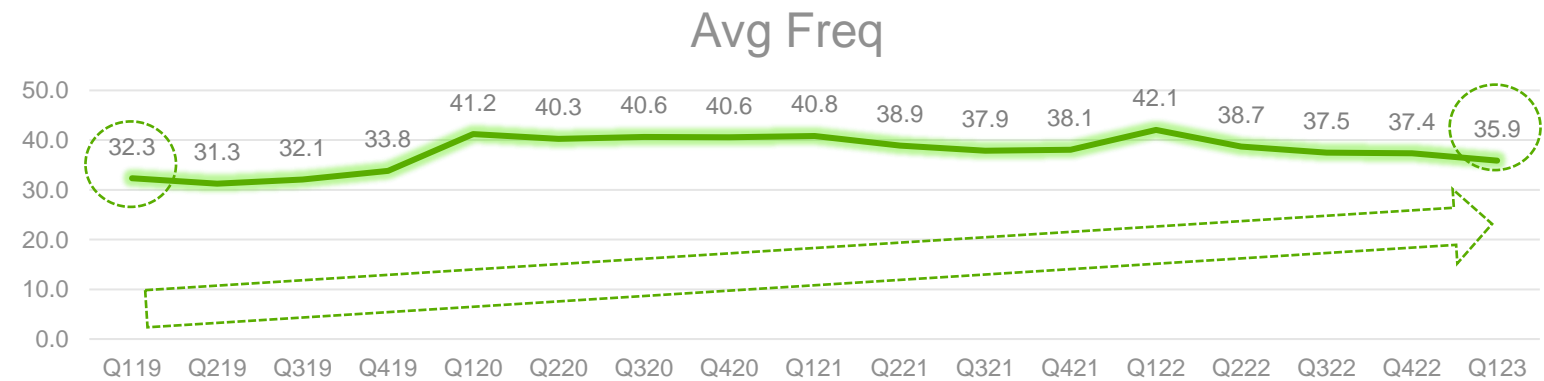
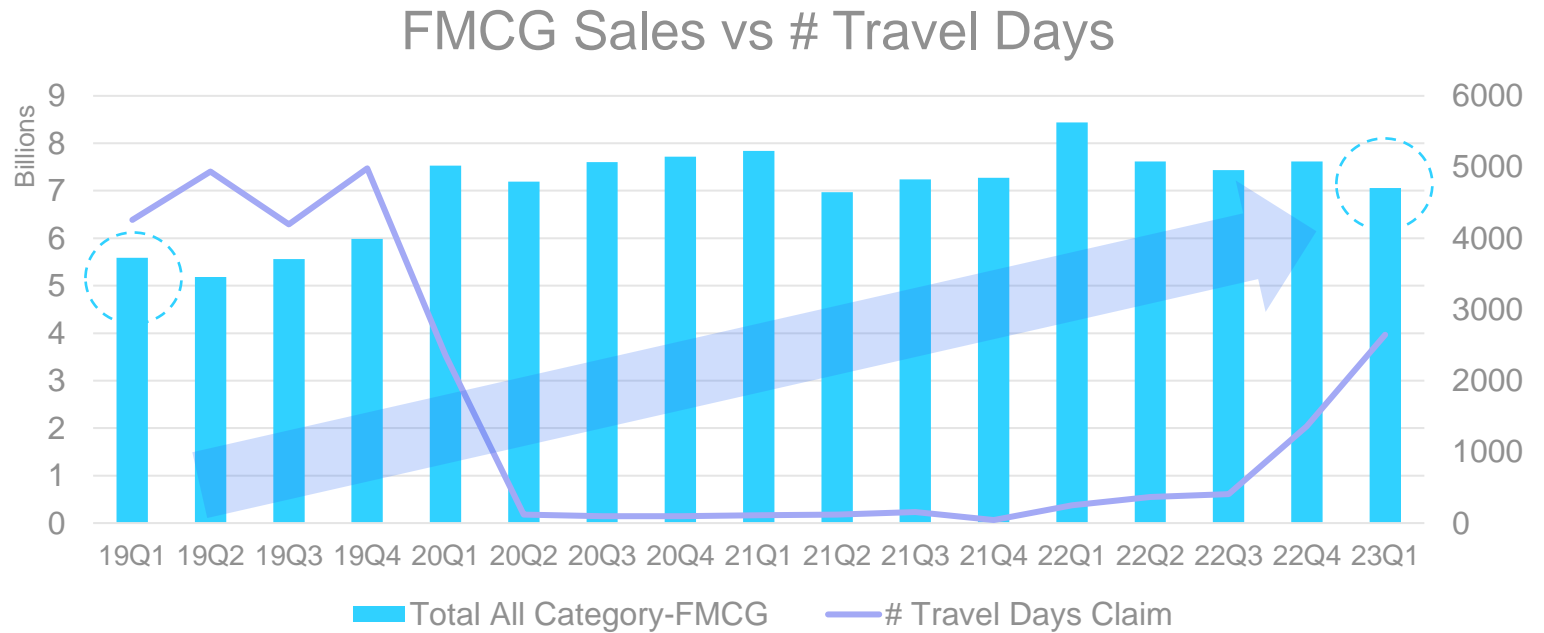


In-Home Trend





Traveling aboard is resuming but it is having limited effect on in-home consumption until 23Q1



Source: NielsenIQ Homescan HK, # of days Travel based on Panelist claims

In-home momentum extend after traveling resume as compared with pre-Covid19.

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Premium SMKT are the key growing trend with Cooking related categories being the driving force

**Growth vs 19
Val / Penetration**

c!ty'super

+130% / +4.9

#1

Frozen Meat

#2

In-Store Bakery

#3

Frozen
Seafood

#4

Biscuits

#5

Chocolate
Confectionery

UNY
生活創庫

+107% / +3.5

Liquid Milk

Frozen Meat

Biscuits

Pre-Packed
Soup

Frozen Dim
Sum

SOGO
HONG KONG

+28% / +1.6

Cordyceps

Yogurt

In-Store Bakery

Frozen Meat

Frozen
Seafood

YATA

+32% / +5.7

Frozen Meat

Frozen
Seafood

Sauces

Instant Noodle
& Pasta

Cheese

**DONDON:
DONKI**

+524% / +16.3

Crisp (Potato
/Corn/Prawn)

Instant Noodle
& Pasta

Frozen Meat

Chocolate
Confectionery

Biscuits

Source: NielsenIQ Homescan HK,

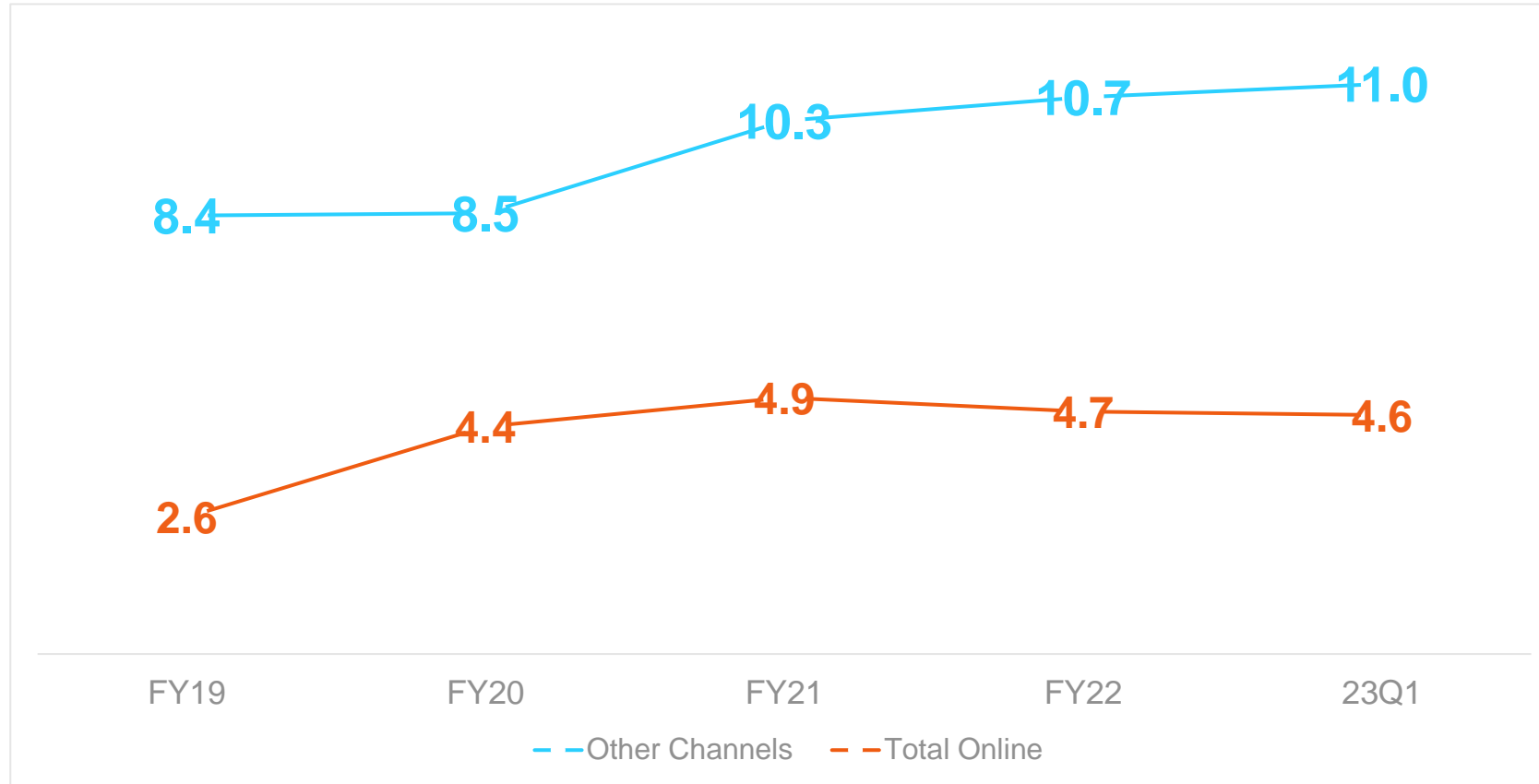
*Growth Val / Penetration comparison for DonDon Donki are vs 2020

Households tend to be more diverse as referred by increasing importance from “Other channels” & “Online”



% Importance in terms of channel in HomeScan

Total FMCG



Import goods specialist

Growth vs 19
Val / Penetration

優品360°
BESTMART
+274% / +19.4

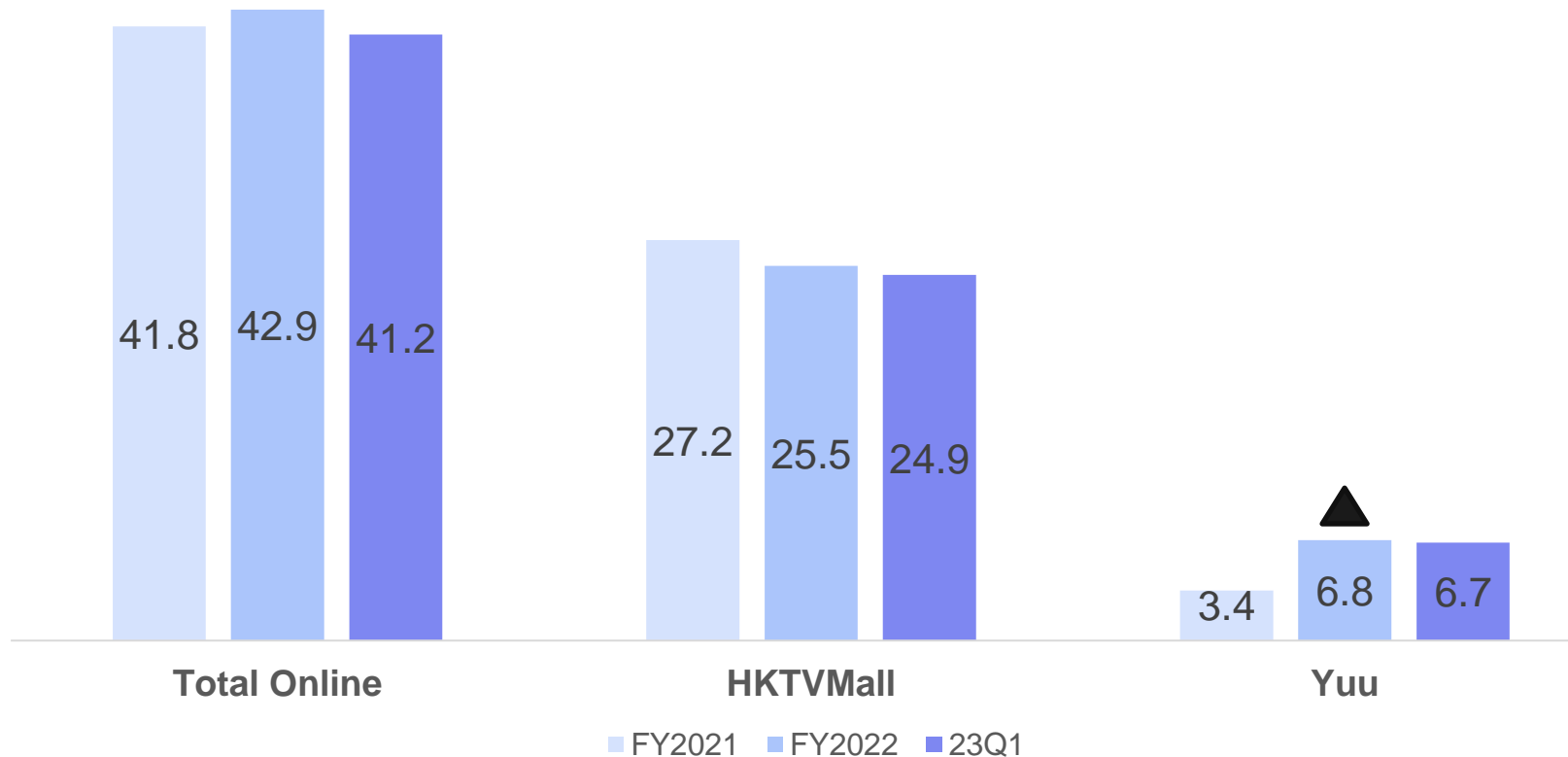
759 陶信屋
+45% / +4.6

日本城 JHC
+166% / +15.9

Source: NIQ Homescan Hong Kong as of MAT Q1 2023

E-retailer turned into steady performance with Omi channel improved in penetration

% HK Household Penetration for Online Purchases



Homescan captures purchases from all channels.

NielsenIQ HomeScan is in the unique position to track household purchase behaviors of over 200 categories and over thousands of brands in Hong Kong, both online and offline.

NIQ





Get the Full View

Innovation

- HK is the premium market among APAC (>29% from Premium Brands)
- Consumers stay with the brands instead of switch down when facing price up.

Action: Look for innovation on Health, convenience & also sustainable product as solution to premising the market.

International

- Travel is a big opportunity as 81% of APAC consumers mentioned they will travel aboard.
- Tourist from China & Philippine interested to visit HK, looking for high quality products.

Action: Understand tourists and offer quality product to pick up this opportunity

Domestic

- Still growing with 10% uplift in value & frequency versus Pre-Covid
- Omni & emerging channel led the momentum of the growth in 2023

Action: Stay focus on domestic demand with maintain domestic drive

Explore for *inspirations* across the shelves

