



Win from Challenging 2024

Driving growth with choices

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13th Jun 2024

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We involved in
a complicated
market...

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**Retail and FMCG
sectors rebounded
sharply in 2023**

GDP Growth

2023 FY vs YA

3.7%

Q4 2023 (YoY % change)

4.3%

Consumer Price Index

2023 FY

Total CPI 2%

Total food 3%

Q4 2023

Total CPI 2.7%

Total food 3.1%

Retail Sales vs FMCG Sales Growth

2023 FY

Retail Sales 16.2%

Q4 2023

Retail Sales 10%

Unemployment Rate

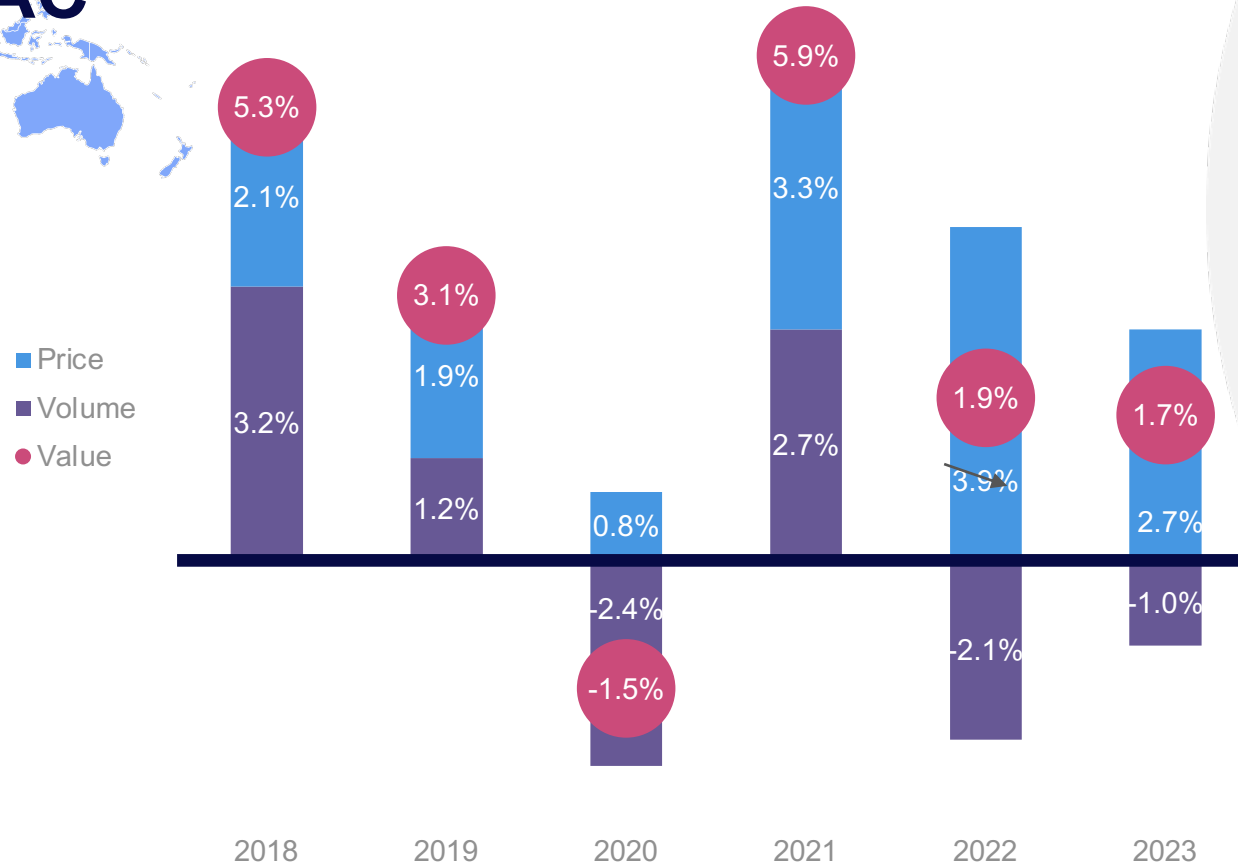
Q4 2023

2.8%

Price up trend maintained but slowed in the region



APAC FMCG growth



Source: NIQ Offline RMS Data to Dec 2023, Quarters By Numbers report

In 2024, Hong Kong Retail faces challenges...

HK citizens travels intensively to China

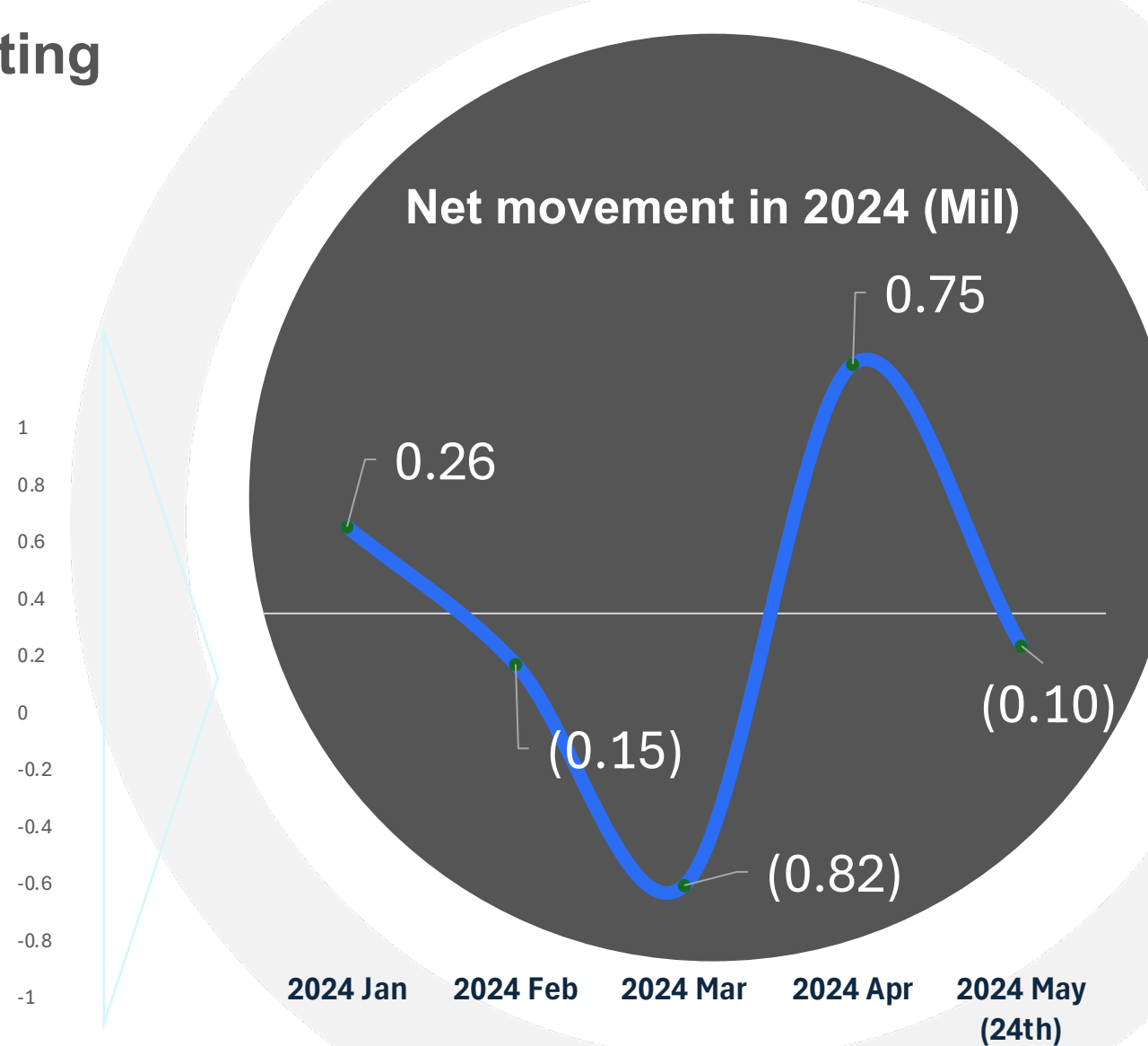
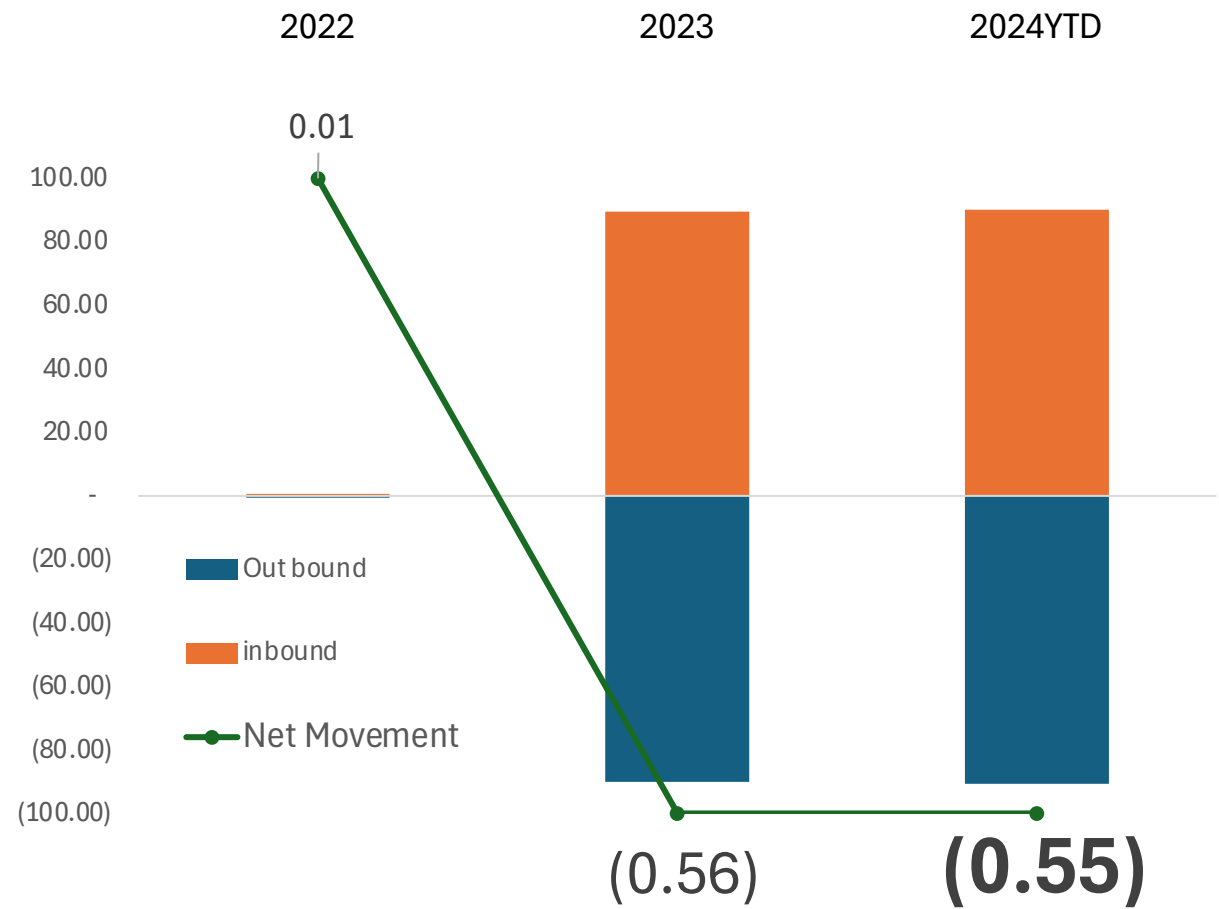
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Negative net movement on traffics resulting since 2023 affect overall consumption

No. of HK boarder traffic (in Mil)

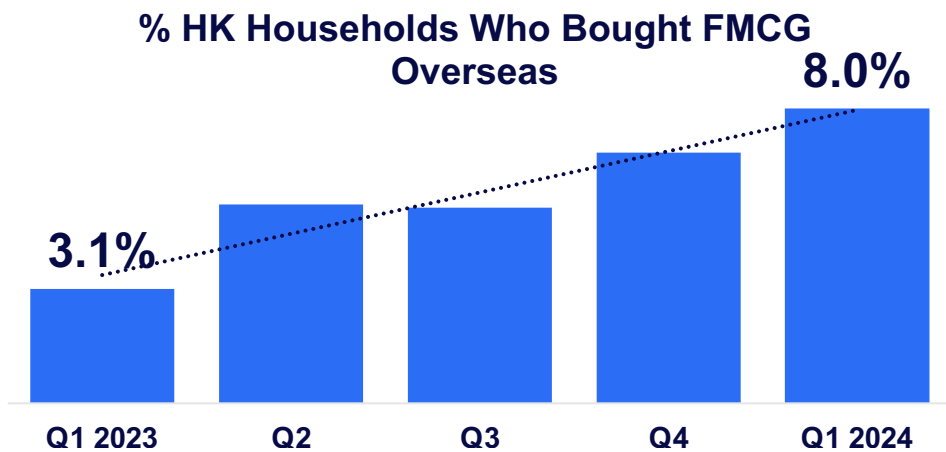


Source: <https://data.gov.hk/>, HK residents' departure excludes airport/Macau Ferry Terminal/Kai Tak Cruise Terminal/Hong Kong-Zhuhai-Macao Bridge; HK01, Etnet



Buyer bought overseas increased & affect its local consumption as well

Consumer
Panel



Spending in Local Market



Value per Household



Frequency



Value per Trip

Higher spend

**Travel
Household**

-20%

-5%

-16%

Lower spend

**Non-Travel
Household**

-17%

-17%

0%



CMI

HK people buy more grocery when they travel

2 out of 3 HK people have traveled to Shenzhen in P3M

87% of them have done grocery shopping

Reasons for grocery shopping in SZ:



Price

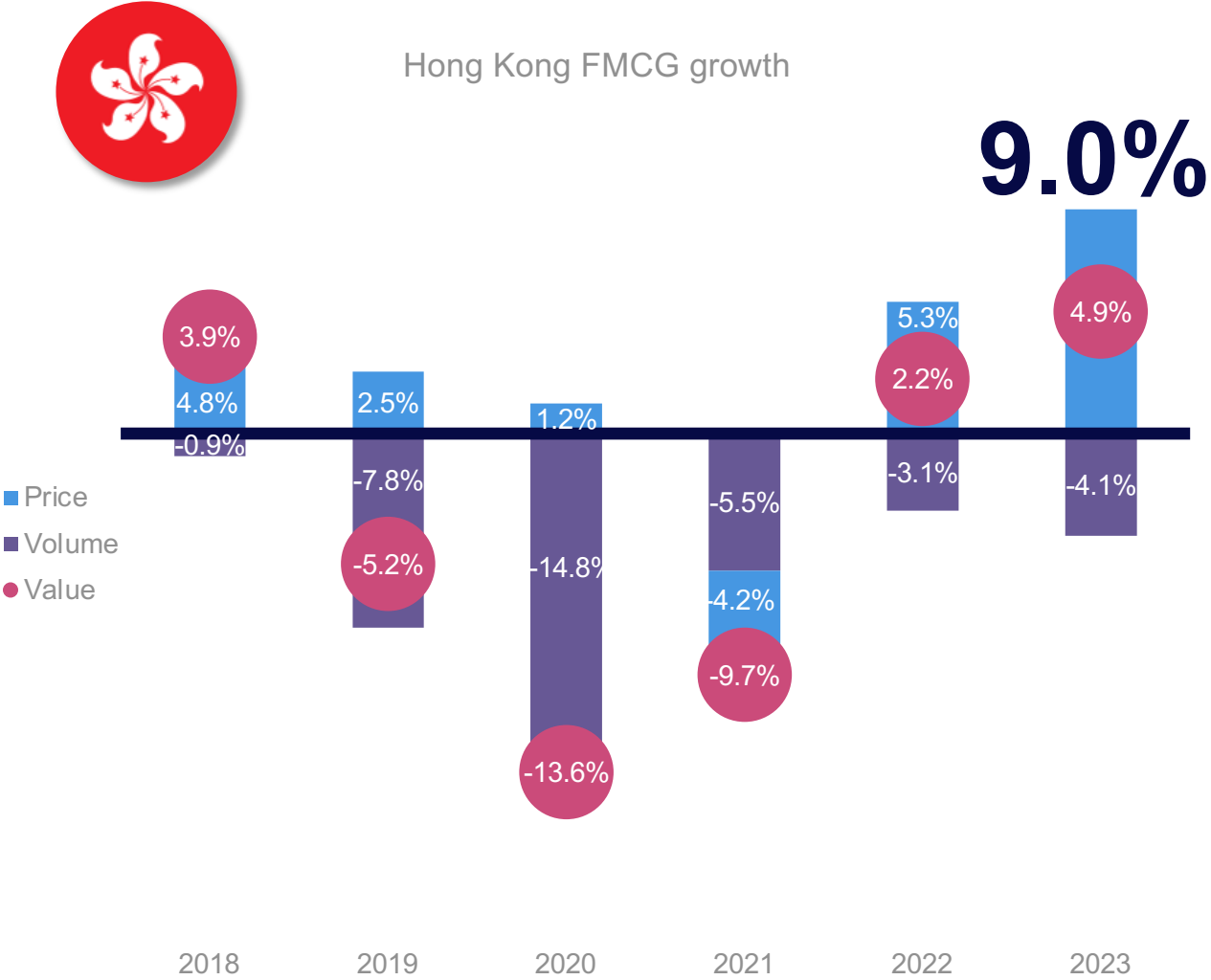


Product range

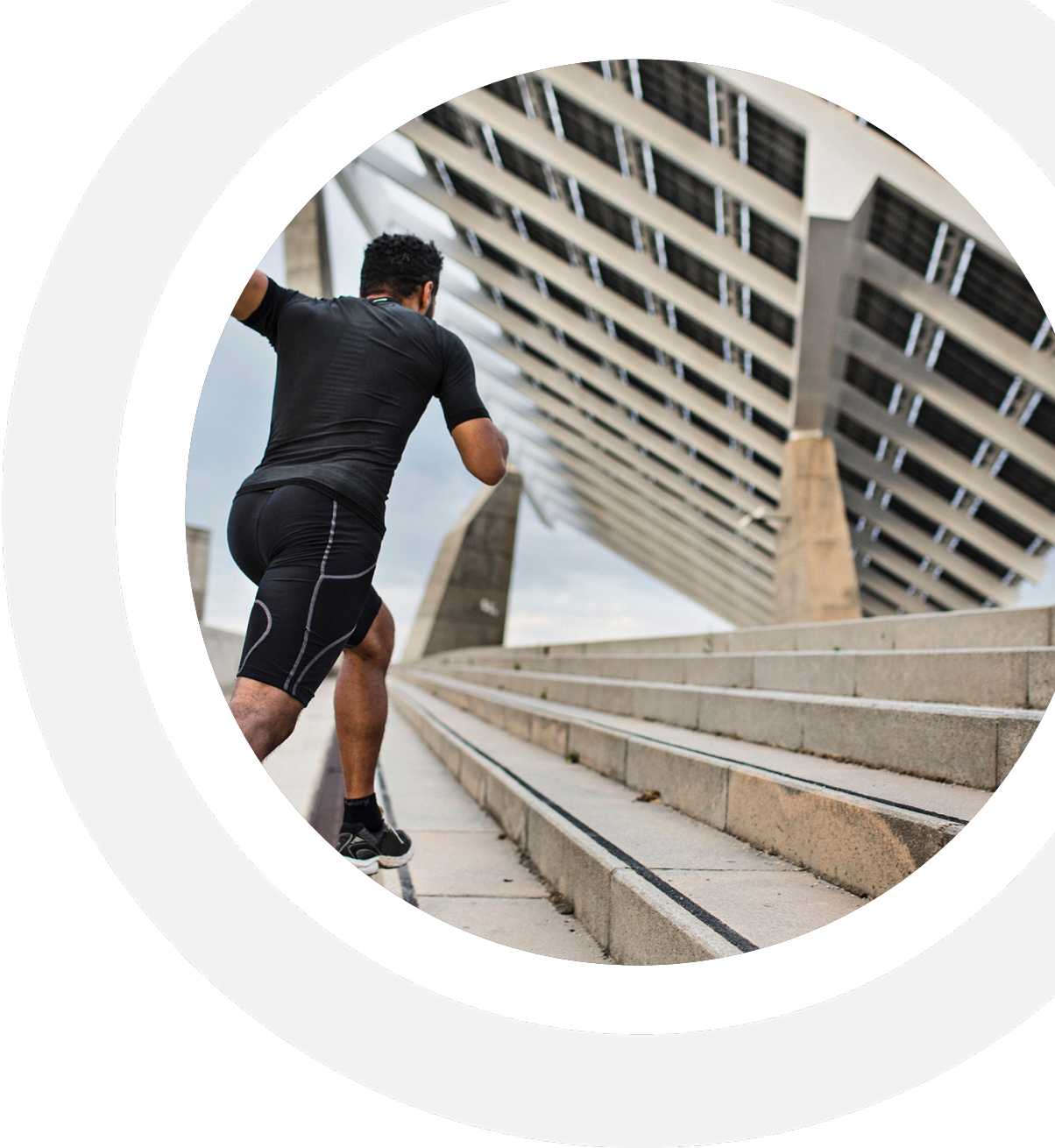


Attractive promotion

Driving higher & higher price to maintain business momentum



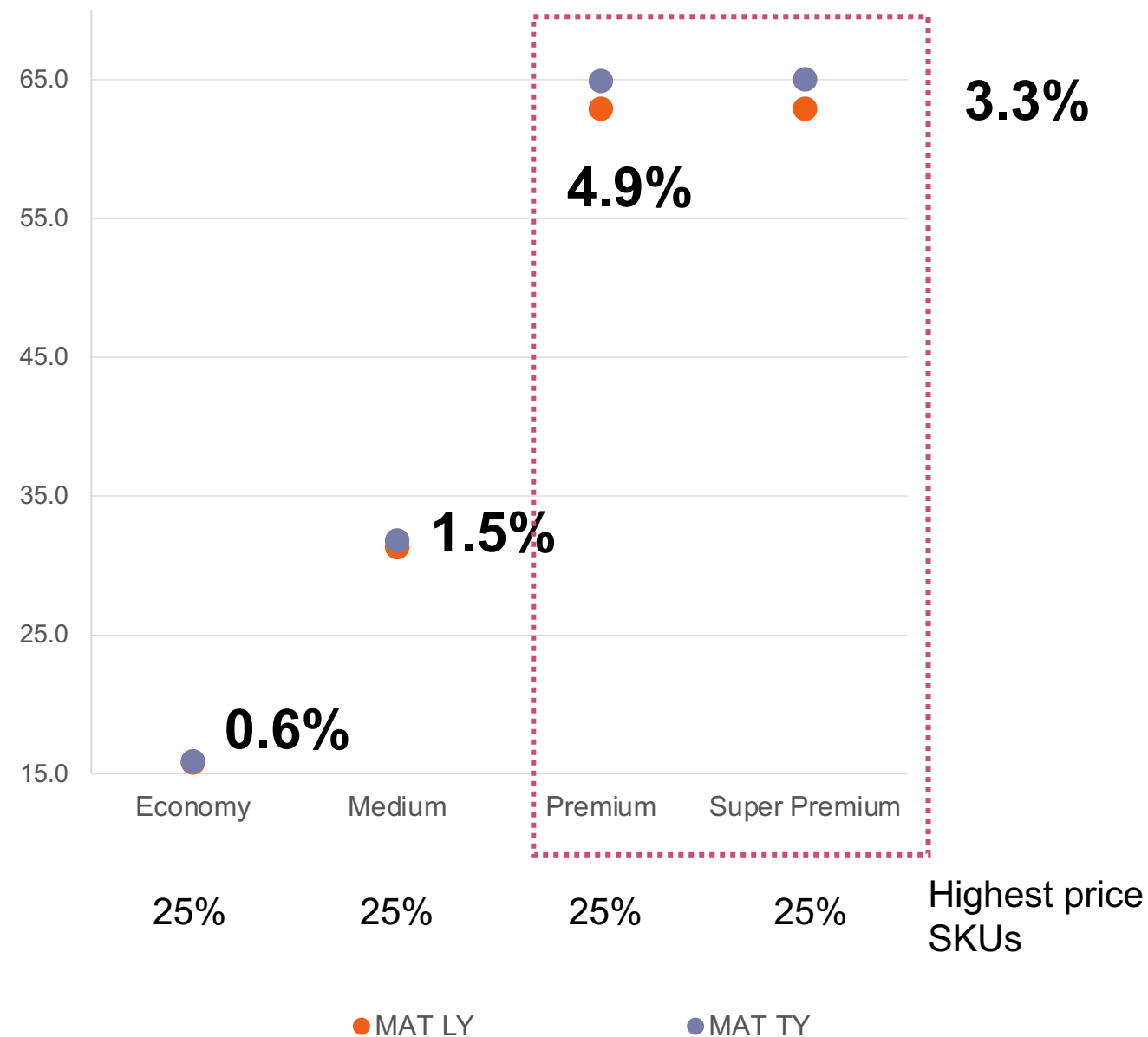
Source: NIQ Offline RMS Data to Dec 2023, Quarters By Numbers report



Premium Tiers
offer higher uplift
on pricing

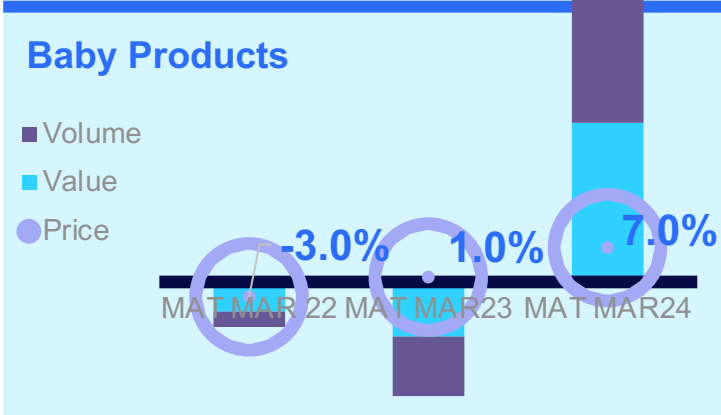
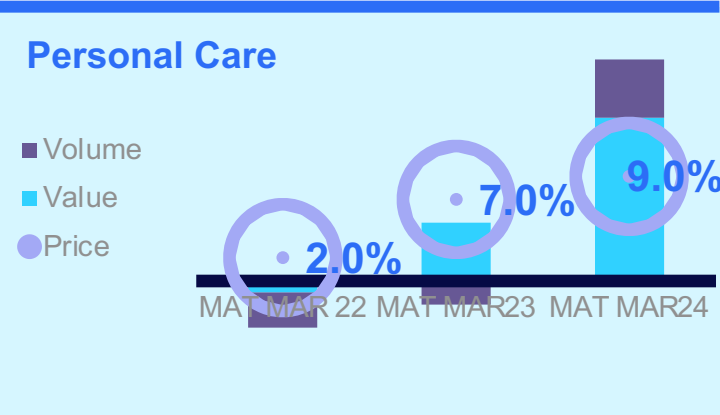
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Price movement for different segment

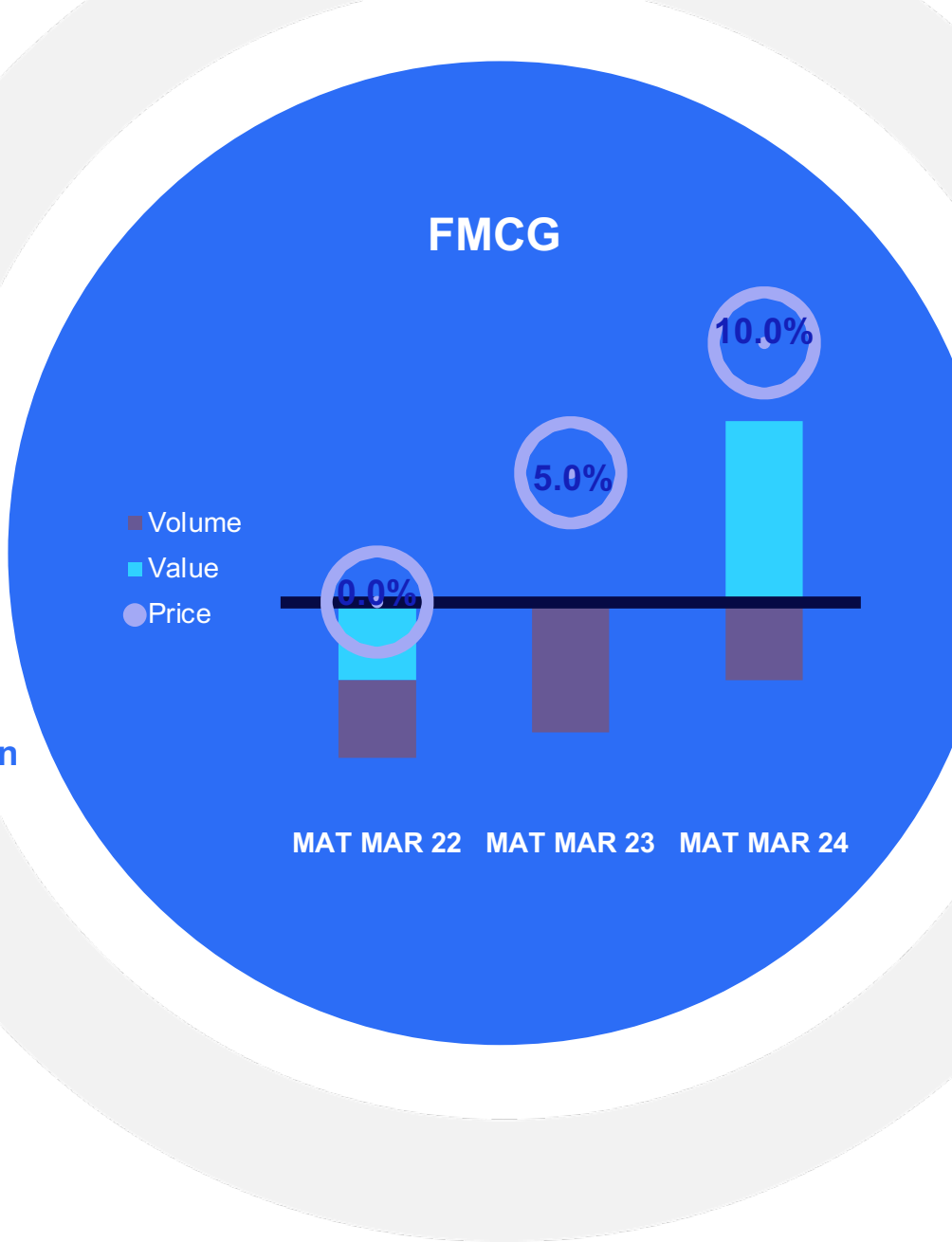
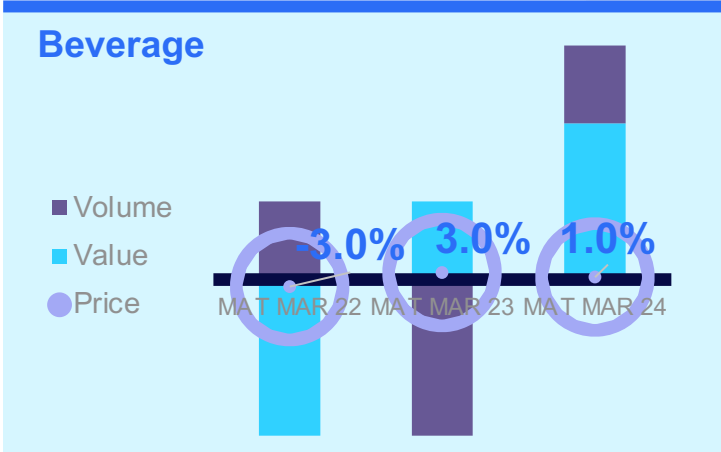
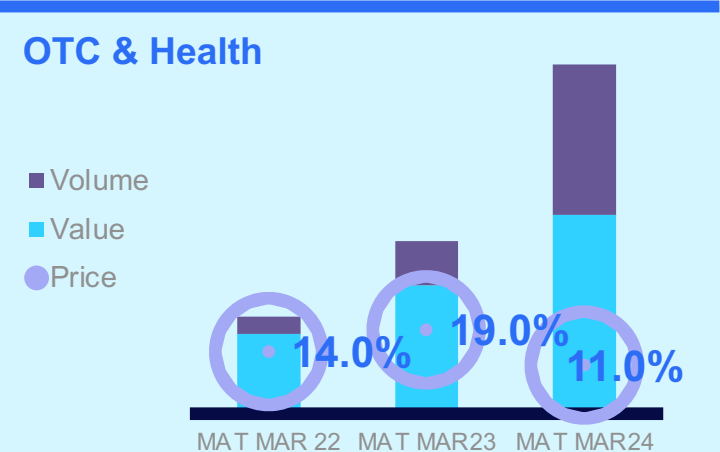


Price increased in 2024 drive by Personal Care, Baby & Health Products

Driving Categories – increasing price drive higher value growth than volume



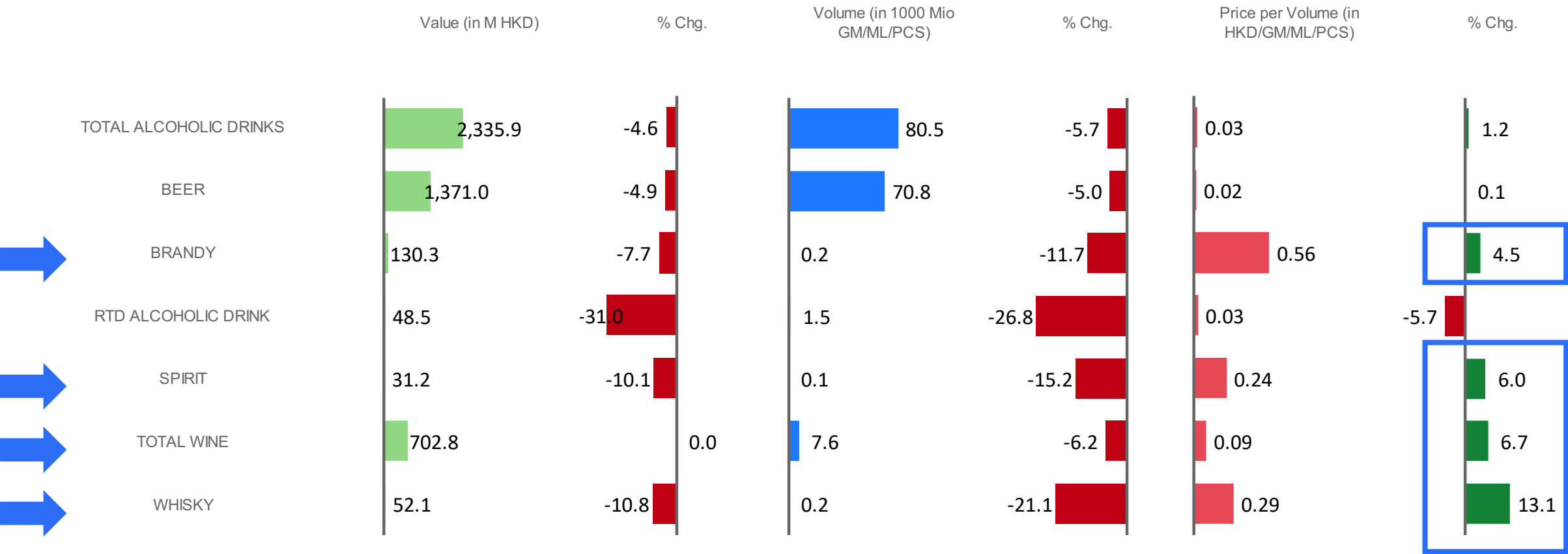
Super categories to catch – Price momentum slowed down but value grew better than volume



Premium alcohol categories including Whisky and Brandy

Keen to drive Alcohol pricing momentum to align FMCG overall picture

Sumbase - ScanTrack Key Account - Latest 12 Months - February 2024



Identify the right promo strategy to drive sustainable demand

Top influencers on APAC purchasing behaviour

	Alcohol	Baby care	Beverages	Confectionery & Snacks	Household Products	OTC & Health	Personal Care
1	Word of mouth	Online ratings and reviews	Price drop promotion	Price drop promotion	Price drop promotion	Professional endorsement (e.g. doctor)	Price drop promotion
2	Price drop promotion	Online videos long	TV Advertisement	TV Advertisement	TV Advertisement	Online ratings and reviews	Online ratings and reviews
3	Online ratings and reviews	Social media posts from the brand/retailer	Word of mouth	Word of mouth	My family has always bought it	My family has always bought it	TV Advertisement
4	Social media posts from the brand/retailer	Social media posts from the public	Online ratings and reviews	Social media posts from the brand/retailer	Word of mouth	Word of mouth	Word of mouth
5	TV Advertisement	TV Advertisement	My family has always bought it	Online ratings and reviews	Online ratings and reviews	Price drop promotion	Social media posts from the brand/retailer



Top saving strategies in APAC

1. Shop online to get deals
2. Shop at Discounters/low priced stores
3. Switch to lower priced products

Source: BASES consumer survey Feb 2024 and Consumer Outlook Jan 2024

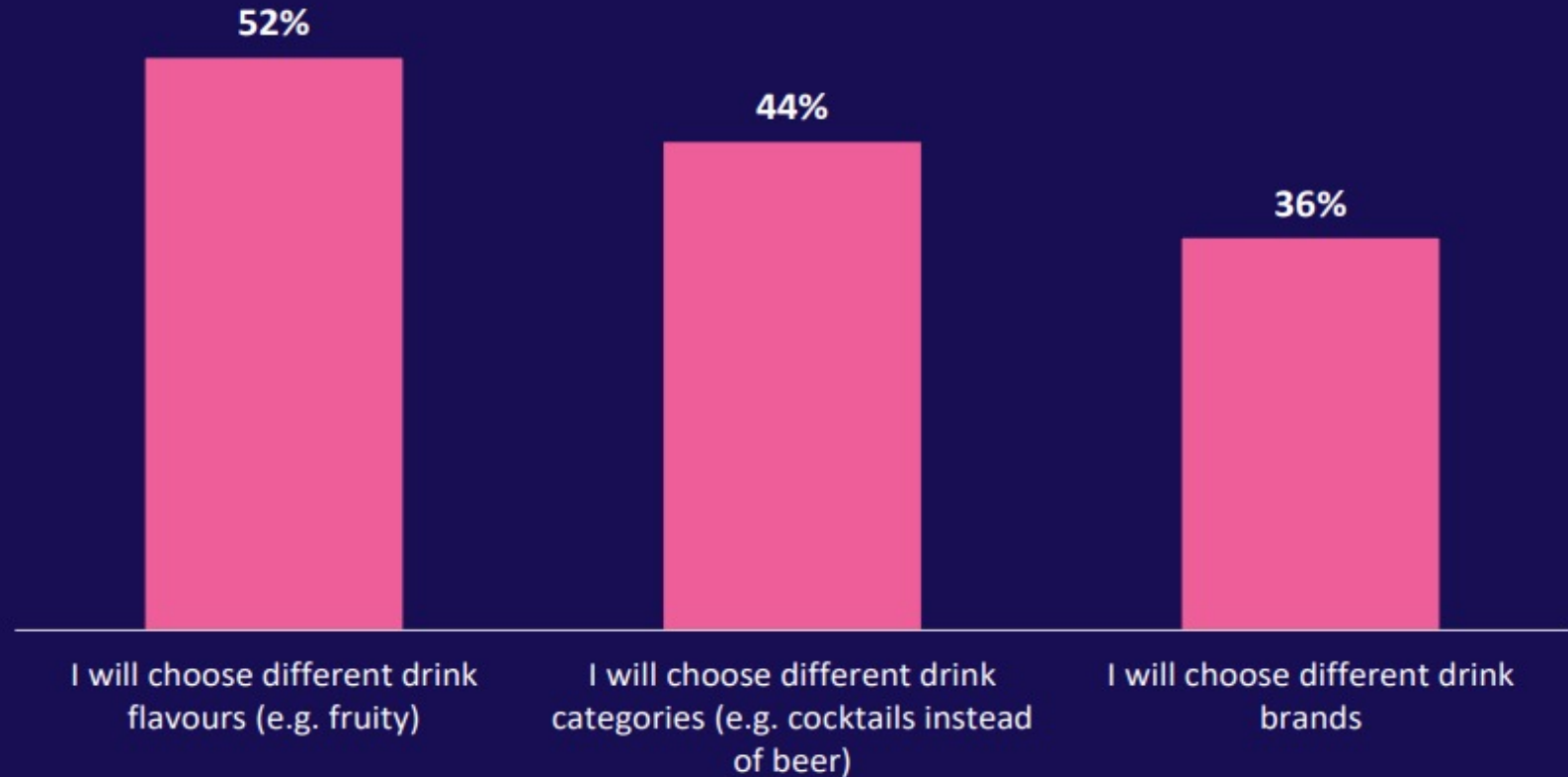
	Act Now	Deliver	Protect	Less Relevant
Alcohol	<ul style="list-style-type: none"> Country of origin's expertise Unique Flavors Improves mood (e.g. stress relief) 	<ul style="list-style-type: none"> Convenience (Ready to Drink) Taste Brand Alcohol content (e.g. zero alcohol, contains alcohol) 	<ul style="list-style-type: none"> Imported Local flavours Low calories Organic/Natural/Vegan Personalisation/Customisation Pre-Mixed with non-alcoholic brands Sustainable packaging 	<ul style="list-style-type: none"> Endorsed by celebrities Herbal and botanical flavours Technology enabling (links to apps) Celebrity owned
Beverages	<ul style="list-style-type: none"> Low sugar Improves gut health 	<ul style="list-style-type: none"> Convenience (ease to drink) Refreshing Taste 	<ul style="list-style-type: none"> No sugar Functionality (e.g. energy) Added benefits (e.g. vitamins) Sustainable ingredients Sustainable packaging Local flavours Texture (e.g. boba, jelly pieces) Organic/Natural/Vegan Improves mood Fizz/Carbonation High protein Includes probiotics/prebiotics Caffeine content 	<ul style="list-style-type: none"> Technology enabling (links to apps) Personalisation/Customisation



YOU MENTIONED THAT YOU ARE LIKELY TO CHANGE YOUR DRINK CHOICES DURING SPRING. IN WHICH OF THE FOLLOWING WAYS WILL YOUR DRINK CHOICES CHANGE?

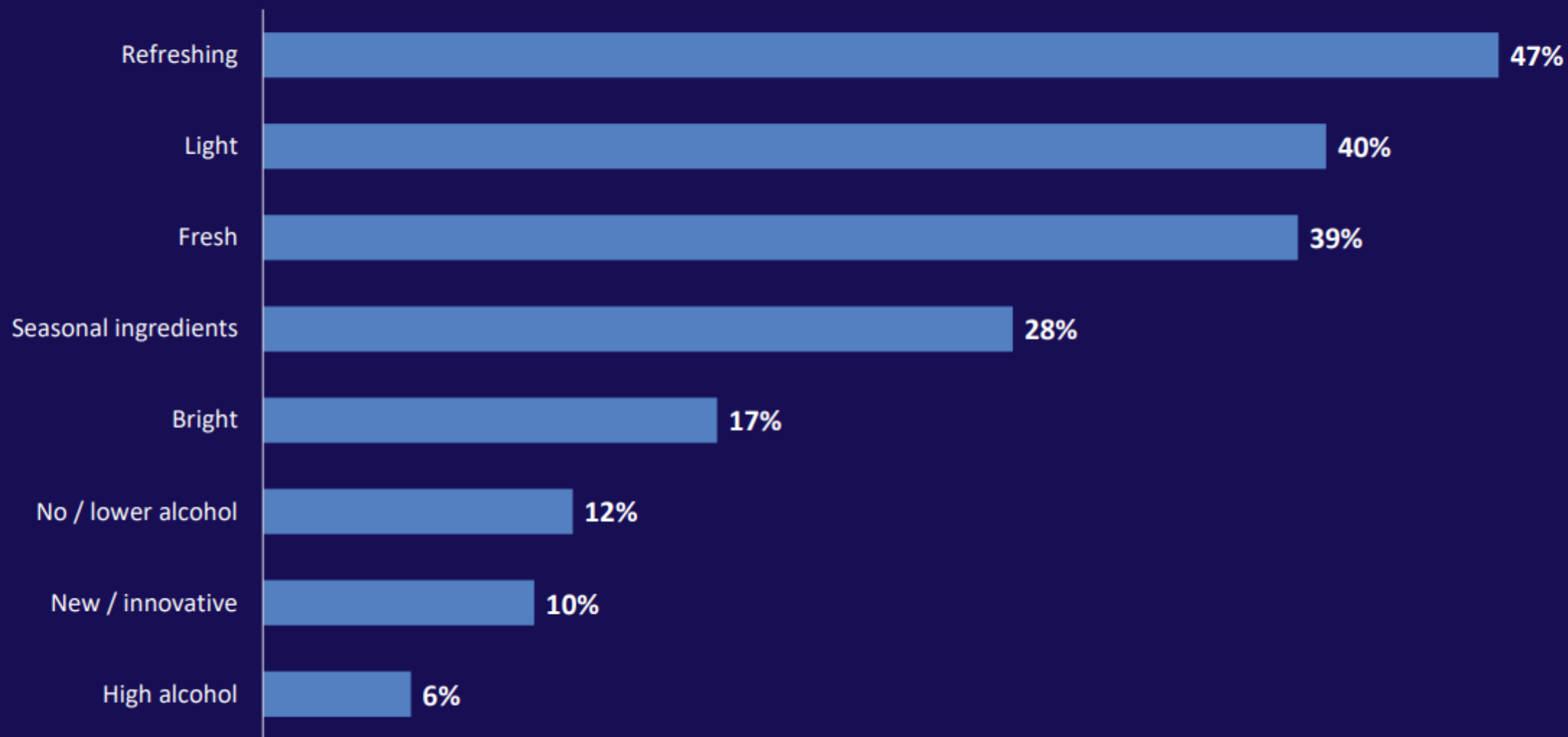
Change in drink choices during spring

Korea



WHAT DRINK CHARACTERISTICS ARE APPEALING DURING SPRINGTIME?

Korea



Despite low consumption generally within the restaurant channel, there is an enhanced opportunity for whiskey alongside wine in the fine dining space

Taiwan

What do you typically drink when visiting [channel]?
Indexes shown for premium / luxury restaurant visitors vs avg cuisine restaurant visitors

Top 3 over indexing drink choice for premium western restaurants



Sake

+7pp



Whiskey

+5pp



Grape wine

+4pp

Top 3 over indexing drink choice for premium Chinese restaurants



Sake

+8pp



Whiskey

+6pp



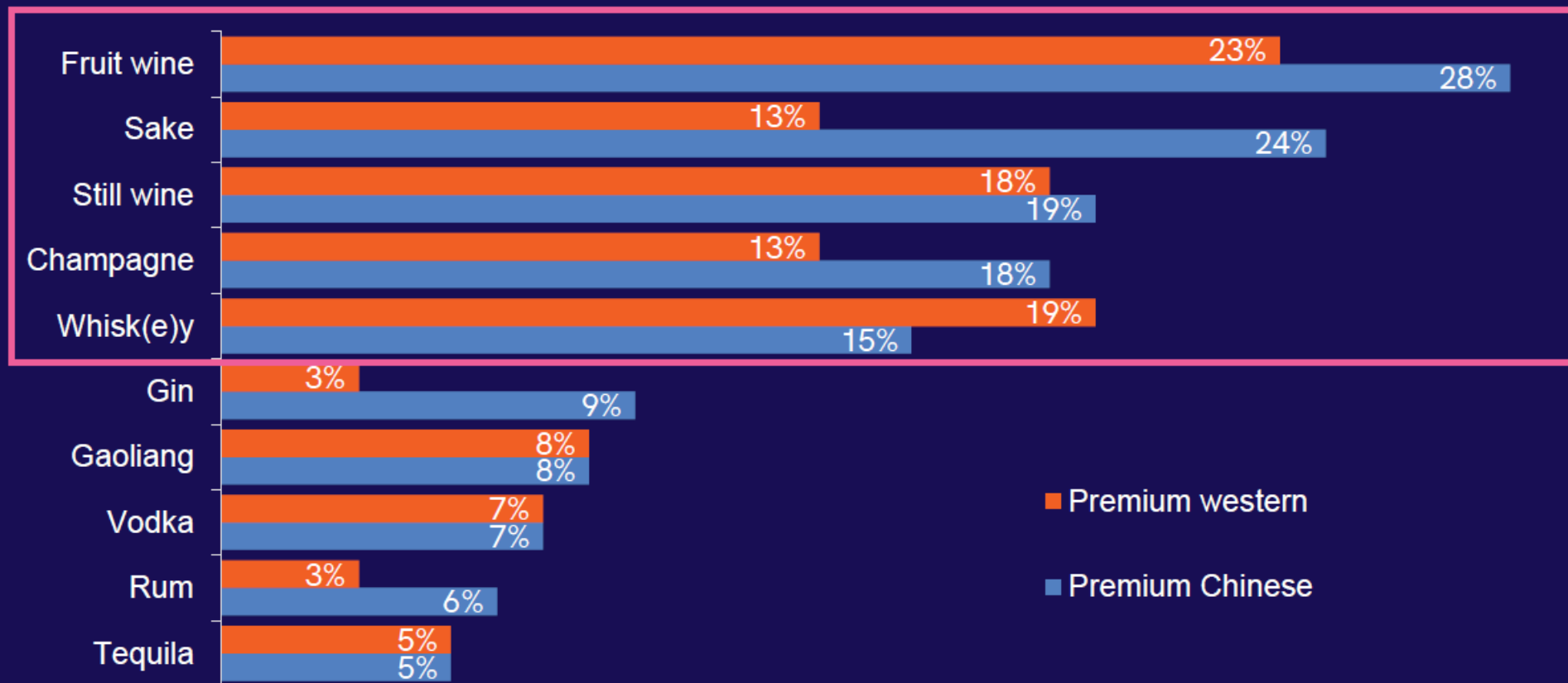
Beer

+5pp

The availability of bottle serves for whiskey in fine dining could enable the category to challenge wines stronghold being something consumers increasingly want to see in these spaces

Taiwan

And which of the following bottles of alcohol would you order if they are available in [channel]?
Premium / luxury restaurant visitors



win in HK challenging market

Innovate to stay relevant

Innovation growth should be targeted to support both value and volume increases. Provide more choices and occasion to consumers



Price it right

Promote with purpose:
Promote smarter not harder to avoid over-promoting and support your bottom line.



THE END

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