Consumer Index

WELCOME TO CONSUMER INDEX

Dear clients and partners,

Once again I am proud to present you with the latest edition of Consumer Index Worldpanel Asia. It provides you with up-to-date data and commentary covering the major movements in key economic indicators, category performances and the trade landscape across China, South Korea, Malaysia, Philippines, Taiwan, Thailand and Vietnam.

Here are some of the developments and trends we saw in the Asian region.

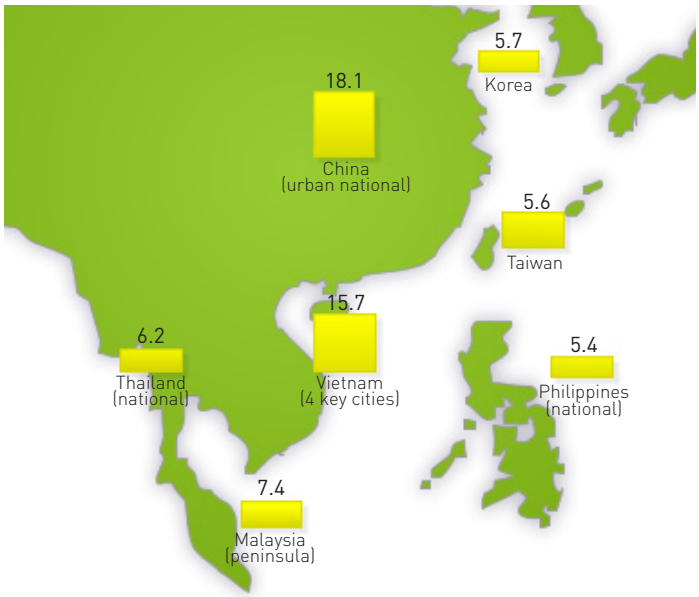
- Total FMCG spending in national urban China increased by 18.1% in 2011. The beverage sector had the strongest growth of 22.5% compared with last year, followed closely by food with 19.5%.

- In Korea, the FMCG market grew by 5.7% in the fourth quarter of 2011, slowing down the pace after the steady growth until quarter 3.

- In Malaysia, consumers were even more conscious than before in their spending, following the continued price pressures on commodities.

- The Philippine economy stayed afloat amidst calamities that struck the country towards the end of 2011, continued decline in exports and external pressure from softening economic superpowers.

FMCG Trends % Value Changes



- Compared to last year, Taiwan's FMCG market grew by 5.6% in value in 2011. However, this growth trend has been slowing down consecutively over the past three quarters due to a descending economy.

- In Thailand, packaged groceries, household and personal care products could strengthen their growth, as the flooding crisis drove consumers to stock-up. Especially categories such as cooking oil, instant noodles and snacks shot up in value sales.

- Vietnam noticed an impressive growth of mini-markets, which surged up by over 60% in value and were mainly energized by Coop-Food, appealing to more and more shoppers.

The data used for this issue runs up to Quarter 4, 2011 and is sourced from our Worldpanel network in the Asia region.

I would be delighted to answer any questions you might have or to hear your thoughts and views on this publication. Please contact us by e-mail on Worldpanel.Asia@kantarworldpanel.com

Best regards,

MARCY KOU
Managing Director
Worldpanel Asia

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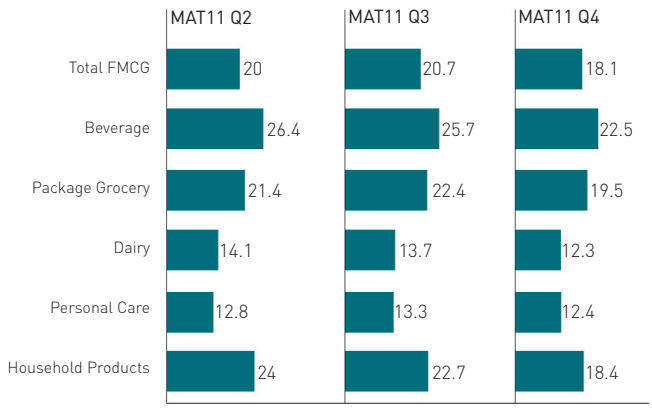
CHINA
Quarter 4 2011

CATEGORY VALUE % change vs previous year in value



KEY ECONOMIC INDICATORS

China's GDP growth for the fourth quarter of 2011 was 8.9% compared to the same time last year and -0.2% if compared to the third quarter of 2011. However, the GDP growth for 2011 lay at a healthy 9.2%. The total sales of consumer goods increased by 17.1% for 2011 against the previous year.

Consumer prices for 2011 increased by 5.4%, mainly driven by rural areas with 5.8% while prices in urban areas rose by 5.3%. Incomes per household grew faster than inflation, by 17.9% for rural and 14.1% for urban residents. In terms of categories, there was an 11.8% increase for food, 3.4% for health care and personal care products and a 2.8% increase for cigarettes and alcohol against 2010.

The total volume of import and export increased by 22.5% in 2011, with a trade surplus of $155.1 billion for 2011, which had decreased by $26.4 billion in comparison with the previous year.

CATEGORY TRENDS

Total FMCG spending in national urban China increased by 18.1% in 2011. The beverage sector had the strongest growth of 22.5% compared with last year, followed closely by food with 19.5%.

The main growth driver within the beverage category was alcohol, especially Chinese spirits. Its 32% value increase against 2010 was mutually driven by a stronger penetration and a price-up in this category.

The kitchen sector was the major contributor to the value growth of food in 2011. Zooming in, we found this was mainly driven by a price inflation of 15.5% and larger trip volumes. The cigarette sector was another remarkable category, where a 31.3% volume increase per trip and 17.6% price inflation also resulted in extreme value growth.

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RETAIL LANDSCAPE

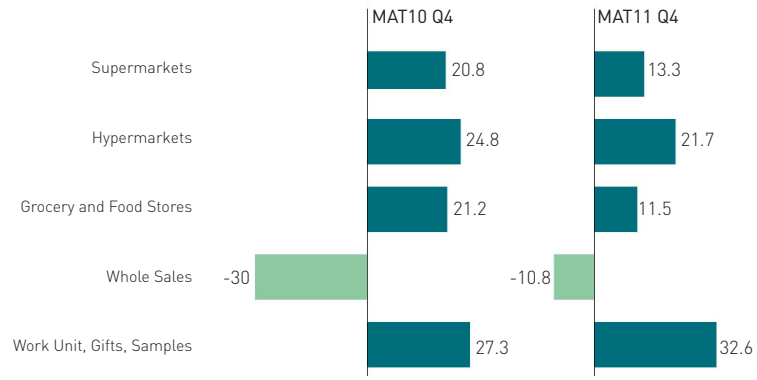
Modern trade (hypermarkets, supermarkets and convenience stores) is still the most important in China and makes up over 40% of the value share in China's FMCG market. However, its importance remained similar to last year's. Free products given by Work Units, gifts and samples (Work Unit, Gifts, Samples channel) showed the most rapid growth among all channels with a 32.6% increase in market value compared with last year, mainly driven by China's key and tier A cities*.

Hypermarkets also marked a rapid growth of 21.7% market value increase. Top 5 retailers RT-Mart, Wal-Mart, Carrefour, Vanguard and Century Mart made up 25% value share of all hypermarkets in urban China. Carrefour was the No.1 key account in key and tier A cities while RT-mart was the most important retailer in lower-tier cities.

* Key cities: Beijing, Shanghai, Guangzhou and Chengdu. Tier A cities: 20 capital cities plus Qingdao, Dalian and Shenzhen

TRADE CHANNEL TREND
Value Shares %

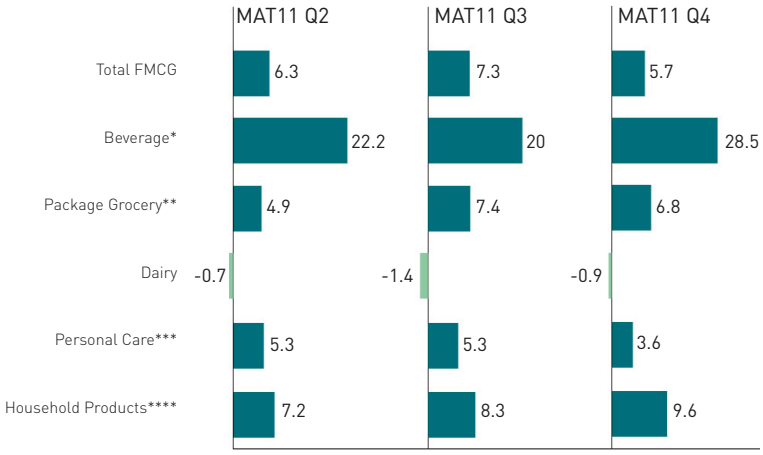
TRADE CHANNEL TREND % value change vs previous year



Statistics source for Key Economic Indicators: National Bureau of Statistics of China, January 2012

KOREA
Quarter 4 2011

CATEGORY VALUE % change vs previous year in value



CATEGORY TRENDS

The FMCG market grew by 5.7% in the fourth quarter of 2011, slowing down the pace after the steady growth until quarter 3. The slowdown resulted from the consumption decrease in packaged groceries to 6.8%, despite a continuing trade-up trend in household products of 9.6%. Dairy, the second most important category recorded a four-quarter-in-a-row decline this year with -0.9% due to less frequent shopping trips, while beverages witnessed four quarters of consecutive double-digit growth - 18.5% in Q4 - thanks to bigger baskets per trip. Personal care products continued to hold their ground through value-driven growth of 3.6%.

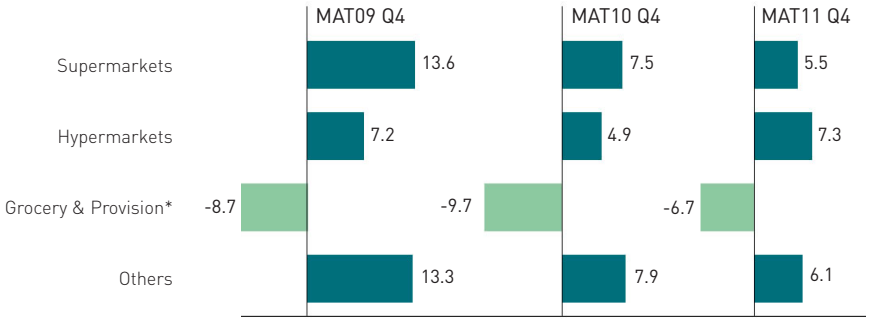
In 2011, most categories' growth was driven by price increases while sales volumes stagnated. Packaged groceries in particular experienced an 8% price hike, resulting from price increases of raw materials like wheat and sugar. Meanwhile, in spite of price increases, beverages showed a stable volume growth thanks to larger basket sizes.

RETAIL LANDSCAPE

Hypermarkets showed the highest growth in three years after the depressed performance in 2010. Although Homeplus and Lottemart did not perform well, Emart boosted the growth of the total hypermarket channel to record a 7.9% year-on-year growth in 2011. However, hypermarkets may have a hard time in 2012 since the lawmakers decided to limit the opening hours of hyper and supersupermarkets (SSM) in an effort to protect Mom and Pop stores and other small shops in addition to the regulations on new hypermarkets and SSM openings.

Hypermarkets led the price increase of the total FMCG market in the last quarter of 2011. Emart in particular was one of the key drivers of the increase in dairy and packaged grocery prices with 6.2% and 7.6% respectively. Homeplus also pushed the prices up, especially for household products and personal care with 18.0% and +20.4%.

TRADE CHANNEL TREND % value change vs previous year



* Beverages excluding Soy Drinks
** Package Groceries excluding Fresh Meat
*** Personal Care excluding Cosmetics
**** Household Products excluding Paper

KEY ECONOMIC INDICATORS

The Korean economy maintained its real GDP year-on-year growth at 3.4% and quarter-on-quarter growth at 0.4% in the last quarter of 2001, showing signs of economic slowdown, which resulted from private consumption and export stagnation.

Korea's Consumer Price Index recorded a high of 4.9% in Q4, the highest quarterly CPI this year. This was mostly due to the price hike in clothes and home consumables. Also, the ever-rising price of living with public transportation and utility price increases contributed to this trend.

Hidden behind Korea's export slowdown was a manufacturing contraction, although the service sector showed a vivid rebound. Telecommunication and construction services were the driver of a service trade surplus.

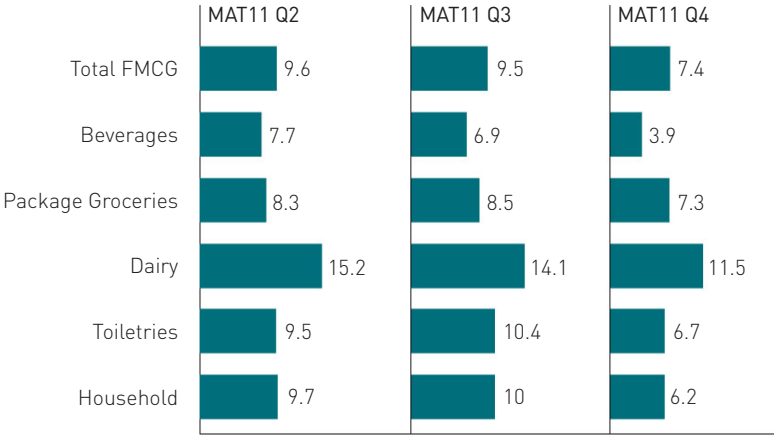
In 2011, most categories' growth was driven by price increases while sales volumes stagnated.

TRADE CHANNEL TREND
Value Shares %

* Grocery and Provision = Mom & Pop Stores

MALAYSIA
Quarter 4 2011

CATEGORY VALUE % change vs previous year in value



CATEGORY TRENDS

The total FMCG market grew by 7% in the latest quarter compared to the previous year. Following the continued price pressures on commodities, consumers were even more conscious than before in their spending.

The food sector grew by 8% year-on-year, mainly driven by staples such as rice, instant noodles, cooking oil, cooking aids and also the up and coming frozen food category. Tea and coffee categories also posted stronger performances against cold beverages.

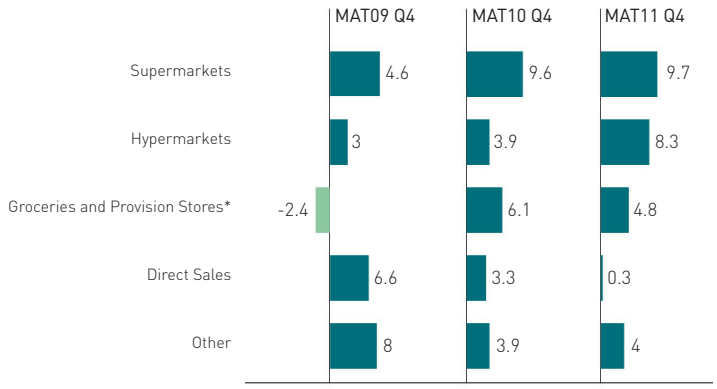
The non-food categories experienced a similar growth rate at 7% with their continued promotions attracting buyers. The oral care category grew considerably thanks to multipack offerings, whereas refill or value packs drove the growth in both the personal care and household care categories.

RETAIL LANDSCAPE

Supermarkets continued to grow above the total market average at about 10% against 2010. This was mainly driven by 99 Speedmart and local supermarkets such as Mydin and Econsave. In 2011, Hypermarkets also became more aggressive in terms of driving sales through their food sector as well.

The top five retailers accounted for 30% of the total FMCG spend; with the top two accounts, Tesco and Giant recording above market average growth of 11% and 15% respectively. Econsave took over from Carrefour as the third largest retailer on the Peninsula Malaysia due to its rapid store expansion strategy and continuous message of 'value' to its shoppers.

TRADE CHANNEL TREND % value change vs previous year



*incl. convenience stores

KEY ECONOMIC INDICATORS

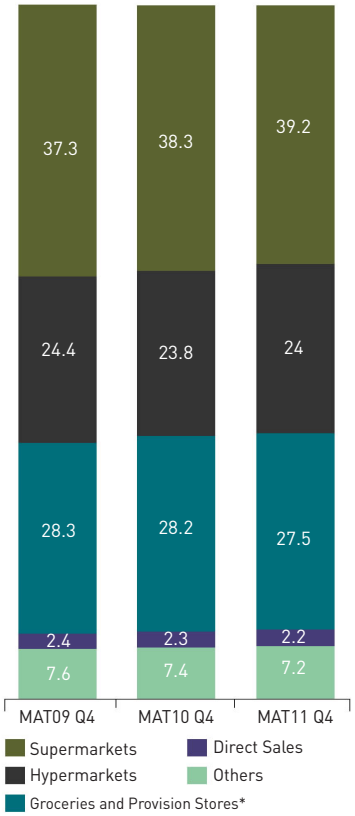
Malaysia's GDP growth for 2011 was closer to 5% than 6% amid a "less than benign" global economy. The country's economic expansion was expected to pick up in the third and fourth quarters after growing 4.6% in the first half of the year. As a country, Malaysia was less dependent on Europe for exports and a contraction in the region posed a 'less serious' impact.

Overall, the CPI for the year 2011 rose by 3.0 to 3.5% as food prices remained high, even as non-food prices gradually dropped, reflecting the rising trend in global commodity prices.

The inflation rate may have risen in 2011, however, Malaysia's inflation rate remains modest in comparison with other countries in the region.

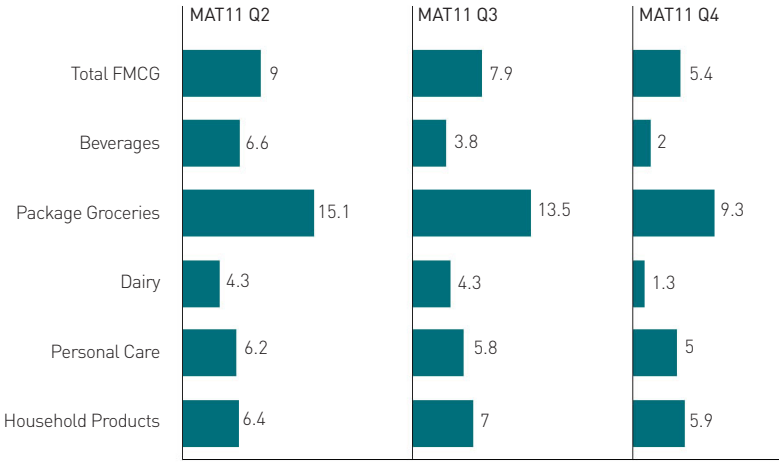
The oral care category grew considerably thanks to multipack offerings, whereas refill or value packs drove the growth in both the personal care and household care categories.

TRADE CHANNEL TREND
Value Shares %



PHILIPPINES
Quarter 4 2011

CATEGORY VALUE % change vs previous year in value



Packaged groceries, the highest contributing category, outpaced the growth of other macro-categories at 9.3%; however, these were mostly due to inflationary increases. Cooking oil led the uptrend of packaged groceries with a 28.4% price-driven growth, followed by household care, which perked up by 5.9% mainly driven by fabric cleaning products. Personal care's 5% improvement came from increased in-home purchases of feminine care and hair care products.

Dairy products and beverages slowed down by 1.3% and 2%, respectively. The slower rate of powdered milk growth triggered the flat sales in the dairy category. For beverages, only bottled water and coffee pushed the growth in this category while purchases for other major beverages like carbonated soft drinks, juices and tea declined.

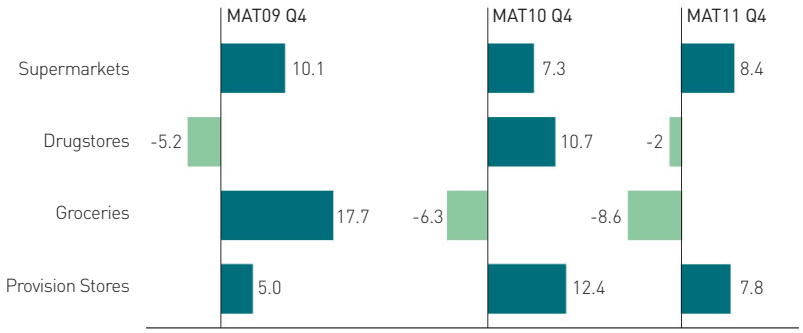
RETAIL LANDSCAPE

Filipinos continue to source the bulk of their in-home FMCG purchases from provision stores that strengthened by 7.8% year-on-year. Supermarkets, which account for a quarter of FMCG purchases, grew by nearly the same rate of 8.4%, and benefitted from an expansion of their buyer base. This stemmed from key retailers' efforts to extend their businesses outside the National Capital Region.

On the contrary, grocery store sales, which used to be one of the channel growth drivers two years ago, declined by 8.6%. Households re-allocated their budget to other channels like supermarkets and provision stores; and groceries' sales were pulled down by household products.

Philippines' top 5 key retailers now own 11% of Filipinos' FMCG spending. Puregold and Robinsons experienced the fastest gains as they continued to establish branches throughout the country in the latest year. SM continues to grow by 9.6%, which was propelled by stronger spending on food and household products.

TRADE CHANNEL TREND % value change vs previous year



KEY ECONOMIC INDICATORS

The Philippine economy stayed afloat amidst calamities that struck the country towards the end of 2011, continued decline in exports and external pressure from softening economic superpowers. The Philippine Gross Product Income grew by 3.7% year-on-year in 2011, which is relatively weak compared to 7.6% in 2010. Growth stimuli that aided the local economy were improved household consumption by 6.7%, an upsurge of construction at 11.4%, catch-up government spending in the last quarter and dollar remittances coming from overseas Filipino workers.

Inflation, on the other hand, grew at 4.8% chiefly influenced by price hikes of food and oil.

The government expressed optimism that the Philippine economy will post a faster recovery in 2012 via pump- priming activities of the government and a possible upturn of the exports sector.

CATEGORY TRENDS

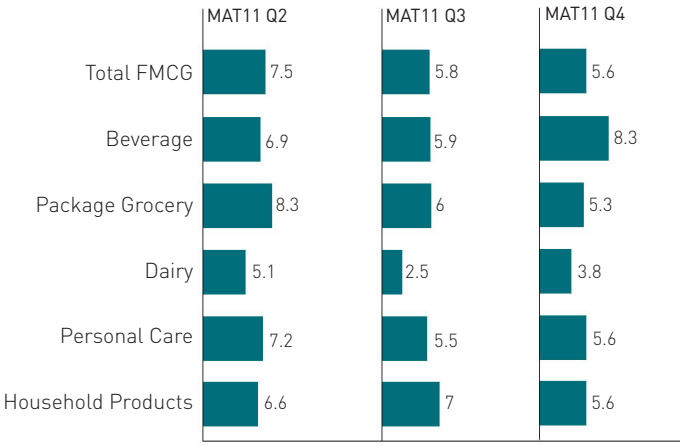
The total FMCG market registered a growth of 5.4% in 2011, a slower pace than last year's performance of 8.7%. Calamities that hit the country during the last quarter of 2011 may have influenced this slowdown in purchases.

Grocery store sales, which used to be one of the channel growth drivers two years ago, declined by 8.6%.

TRADE CHANNEL TREND
Value Shares %

TAIWAN
Quarter 4 2011

CATEGORY VALUE % change vs previous year in value



Driven by Japanese or high tier derma brands, hair care products contributed to over 30% of the sales value increase in the personal care category. The total personal care category grew by 5.6% in value against last year.

Kantar Worldpanel observed that the number of DINK (double income no kids) and single households in Taiwan has been increasing. To match this type of people's needs, convenience jumped to become a priority. Therefore, ready to cook food, such as dried instant noodles and frozen food, grew more popular and led the total package grocery category to grow by 5% in value versus last year.

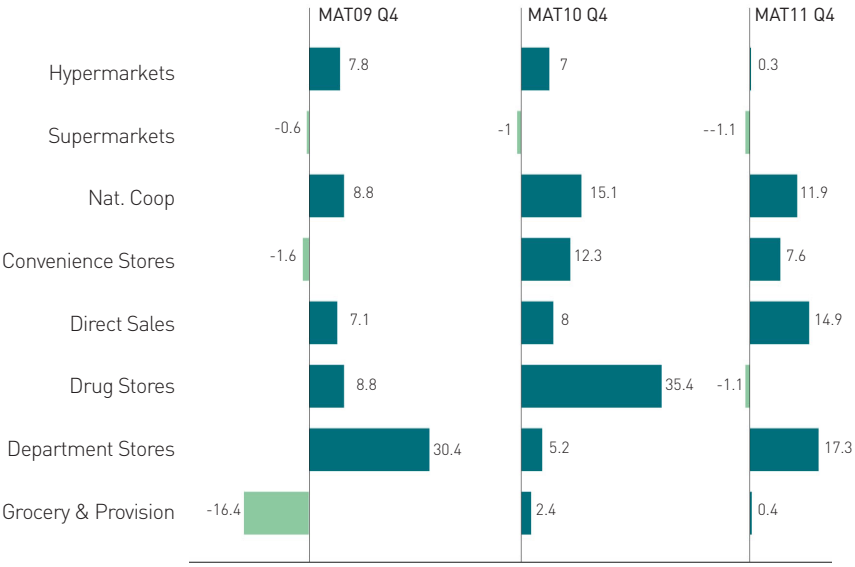
RETAIL LANDSCAPE

Hypermarket's value share has consecutively decreased in the past three years from 26.5% (MAT 09Q4) to 24.3% (MAT 11Q4). The main players Carrefour and RT-Mart both suffered from buyers lost. The only exception within this channel, Costco, continued its growth thanks to a unique product offering and marketing position.

As expansion plans and heavy promotions led to a consumer base expansion and increasing consumer loyalty, National Coop enjoyed a double digit growth of 12% and expanded its value share to 13.5% in 2011. Meanwhile, 7-Eleven and Family Mart successfully attracted more buyers and heightened shoppers' spending by continuously expanding, offering innovative service and providing food court areas in their stores. Thanks to this brilliant strategy, convenience stores grew by 7.6% in terms of value versus last year.

Due to its strong buyer loyalty and booming sales of health food products, Amway surpassed its main competitors Avon and Melaleuca in sales value and became the number 1 key account in the direct sales channel. Amway's outstanding performance led the total sales of this channel to enjoy a 14.9% value growth in 2011.

TRADE CHANNEL TREND % value change vs previous year



KEY ECONOMIC INDICATORS

The real GDP demonstrated a positive growth trend after the financial crisis in 2008. The GDP growth rate in Taiwan was 4.5% in 2011. Although it was up to 6.7% in Q1, the pessimistic global economy and the European debt crisis influenced Taiwan's export business in the second half of 2011 and dragged down the growth rate of whole year. The GDP growth rate is forecasted to be 4.0% in 2012.

Because of the price hike of Chinese medicine and certain raw materials such as cooking oil, flour and fabric, the Consumer Price Index (CPI) grew significantly by 1.4% in 2011.

Thanks to increasing domestic demand, the unemployment rate has consecutively decreased in the past three years and sunk from an average of 5.2% in 2010 to 4.4% in 2011.

CATEGORY TRENDS

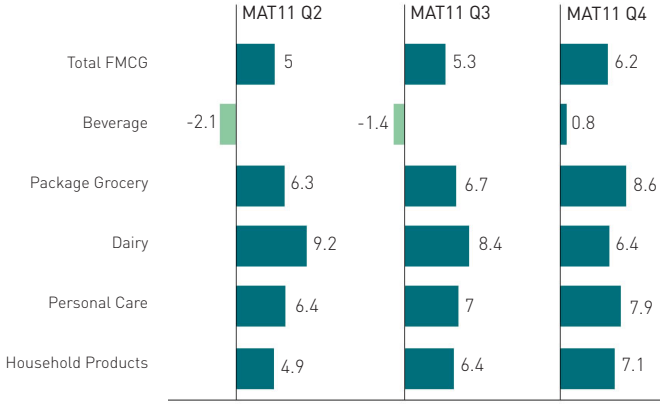
Compared to last year, Taiwan's FMCG market grew by 5.6% in value in 2011. However, this growth trend has been slowing down consecutively over the past three quarters due to a descending economy.

> The number of DINK (double income no kids) and single households in Taiwan has been increasing. To match this type of people's needs, convenience jumped to become a priority.

TRADE CHANNEL TREND
Value Shares %

THAILAND
Quarter 4 2011

CATEGORY VALUE % change vs previous year in value



KEY ECONOMIC INDICATORS

Thailand's economy is likely to grow by more than 5% in 2012 according to the projection of the Bank of Thailand. The economy in 2011 faced a marked slowdown compared to a year ago as the production sector experienced supply disruption problems due to Japan's natural disaster, coupled with the flooding in the Central region of Thailand. Exports, private consumption and investments slumped in the last quarter of 2011. However, Thailand's internal stability remained sound as the unemployment rate stayed low.

In spite of oil spikes, the 2012 inflation is projected to lie at about 3.7%, which is higher than same period last year.

The tourism sector began to rebound in mid December as the number of foreign tourists rose from 1.2 million in November to 1.8 million in December.

CATEGORY TRENDS

Despite the flood crisis, the total FMCG market in Thailand could still continue to grow in the fourth quarter of 2011, as the majority of consumers placed more importance towards imperishable goods and necessities. Packaged groceries, household and personal care products could strengthen their growth, as the flooding crisis drove consumers to stock-up. Especially categories such as cooking oil, instant noodles and snacks shot up in value sales.

The flooding also influenced sales of personal and household care goods, as both increased their significance in Thai consumers' baskets. Driver of this trend was the influx of buyers into liquid detergents, bathroom cleaners and toilet tissue who also spent more per shop occasion on facial cleansers, hair conditioners and toothpaste.

Beverages value sales slowed down. This was much attributed to a sharp increase of buyers in packaged water, which was however insufficient to compensate for the beer consumers who continued to drop despite the holiday season.

> Despite the flood crisis, the total FMCG market in Thailand could still continue to grow in the fourth quarter of 2011.

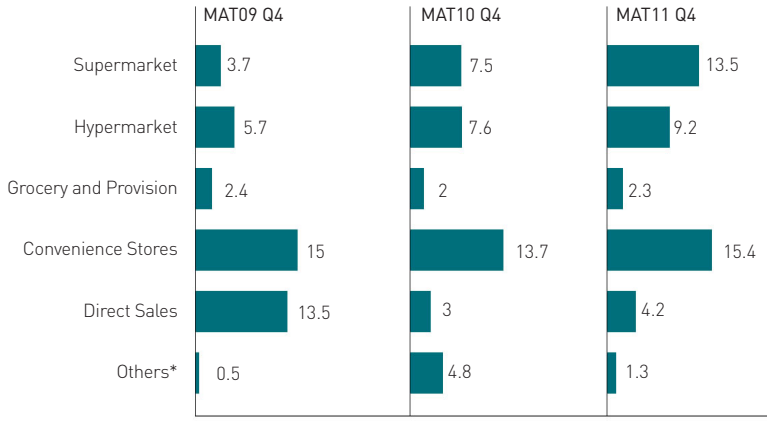
RETAIL LANDSCAPE

Grocery and provision stores remained the key channel in Thailand, as the majority of the population is composed of rural households. However, with the continuous expansion and growing importance of hypermarkets and convenience stores, modern trade continued to show a healthy growth throughout the year.

In the hypermarket arena, big players Tesco and Big C carry on their fierce competition, moving into the premium market and opening more premium retail lines like Tesco Extra and Big C Extra. As a result, more shoppers and higher spending per trip drove the hypermarket growth.

Supermarkets and convenience stores (CVS) showed a similar scenario, gaining more shoppers who also consumed more. CVS in particular saw their buyers visiting their stores more frequently.

TRADE CHANNEL TREND % value change vs previous year

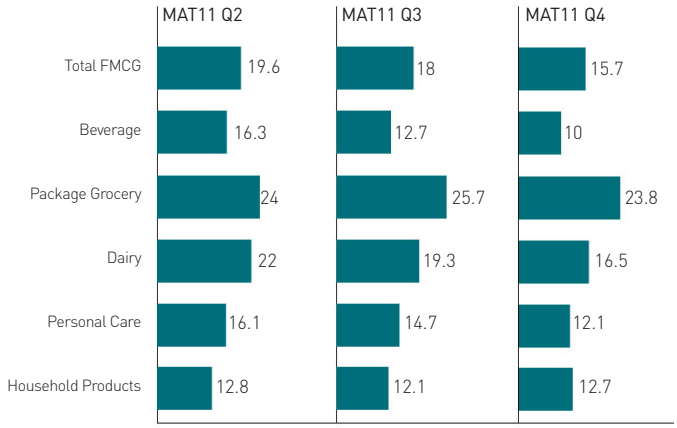


TRADE CHANNEL TREND
Value Shares %

* including drug stores & department stores

VIETNAM
Quarter 4 2011

CATEGORY VALUE % change vs previous year in value



Packaged groceries such as cooking oil, sauces, seasoning powder, bouillon and instant noodles continued to extend their part in the wallet share of urban consumers for FMCG products, while beverages, personal care and household care products couldn't manage to sustain their importance in the list. Urban consumers nowadays tend to manage their consumption more carefully, hence somewhat tightened their annual basket volume of shampoo, toothpaste, detergent, paper products or carbonated soft drinks and liquor for in-home consumption.

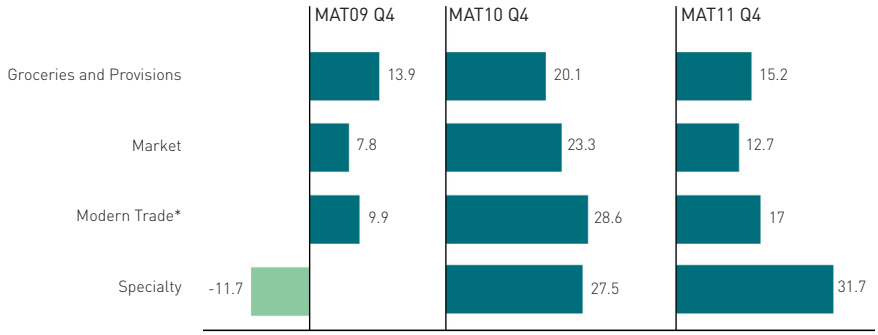
However, regardless of budget constraints, they still favored healthy foods and drinks, and were willing to spend more on them. Liquid milk, functional milk, soy milk and tonic food drinks kept expanding their market by either attracting new shoppers or triggering their annual consumption. Also baby care products – particularly diapers and baby wipes – performed exceptionally well during 2011 and gained more acceptance among urban households.

RETAIL LANDSCAPE

Most key shopping channels in urban cities reported a slowing growth. Traditional street shops remained the main channel in urban Vietnam thanks to their proximity to urban consumers. Yet hyper-supermarkets were springing up at a faster increase of their consumers' spending.

It is remarkable to notice the impressive growth of mini-markets, which surged up by over 60% in value and were mainly energized by Coop-Food, appealing to more and more shoppers. Despite their very first steps, mini-markets proved to be a promising channel to urban consumers for shopping FMCG.

TRADE CHANNEL TREND % value change vs previous year



KEY ECONOMIC INDICATORS

Vietnam's real GDP in the last quarter of 2011 showed a year-on-year growth of 6.1%, seizing the highest of all four quarters of 2011 though slowing down from 7.3% in the same quarter last year. Closing the year 2011, the GDP gained 5.9% compared with 2010.

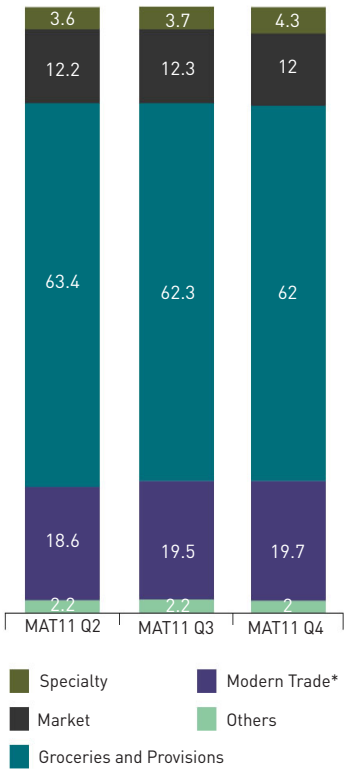
The Consumer Price Index of the whole year 2011 saw a tremendous soar and hit a double-digit increase of 18.6%, twice higher than that of 2010. However, thanks to the government's efforts, the inflation heat eased down for the last few months of 2011 with the month-on-month growth in December retained at 0.5% even though this was the shopping month for the Lunar New Year.

CATEGORY TRENDS

Experiencing such dragging inflation concerns during 2011, the FMCG market expansion incurred a brake against last year's pace, however still kept positive at an annual rate of 15.7%.

> Urban consumers nowadays manage their consumption more carefully, and hence tightened their annual basket volume.

TRADE CHANNEL TREND
Value Shares %



* Department Store, Hyper Super, Minimarket, Direct Sales & Whole Sales.

SOURCES AND DEFINITIONS

METHODOLOGY:

A consumer panel is a permanent, syndicated and representative sample of consumers, who provide ongoing details of the fast moving consumer goods they purchase. Using a diary format, each panel member records the details of every item they purchase.

SAMPLE SIZES:

Country	Current (Actual) Sample	
	Sample Size	Coverage
China	40,000	National Urban
Korea	3,000	National
Malaysia	2,500	Peninsula
Philippines	3,000	National
Taiwan	2,500	National
Thailand	4,000	National
Vietnam	2,150	4 key cities

CATEGORY UNIVERSE:

FMCG: Fast Moving Consumer Goods (Includes Food, Beverages, Personal Care and Household Products)

CHANNEL DEFINITION:

Hypermarket	General self service stores selling food and beverage, clothing, household and electrical equipment. Grouping of all stores with hypermarket format (country specific definition)
Supermarket	Self service store, providing shopping basket / trolley. Grouping of all stores with supermarket formats (country specific definition) *Note: China includes 24 hours opening convenient stores in Supermarket.*
Convenience Stores (CVS)	General self service, chain or non chain stores, selling food & beverage, takeaway fast food and limited personal care and household products. Long (often 24 hour) store opening hours
Drugstore	Includes pharmacies, chemists, Chinese Medical Halls, beauty stores
Department Store	Product offering extends beyond FMCG to clothing, household appliance, family and beauty. Often products sold on a counter / department basis
Grocery/Provision/ Liquor Store	Includes sundry/traditional/mom and pop stores, all markets (wet, night, day), liquor stores, convenience, petrol forecourt outlets
Direct Sales	Direct Mail, Direct Delivery and Direct Sales Outlets

Note: Channel definitions do differ slightly from country to country and in some countries a particular channel may not be available or tracked.

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