NielsenIQ

E-commerce Success in 2023 and Beyond

October 27, 2022

Meet your presenters

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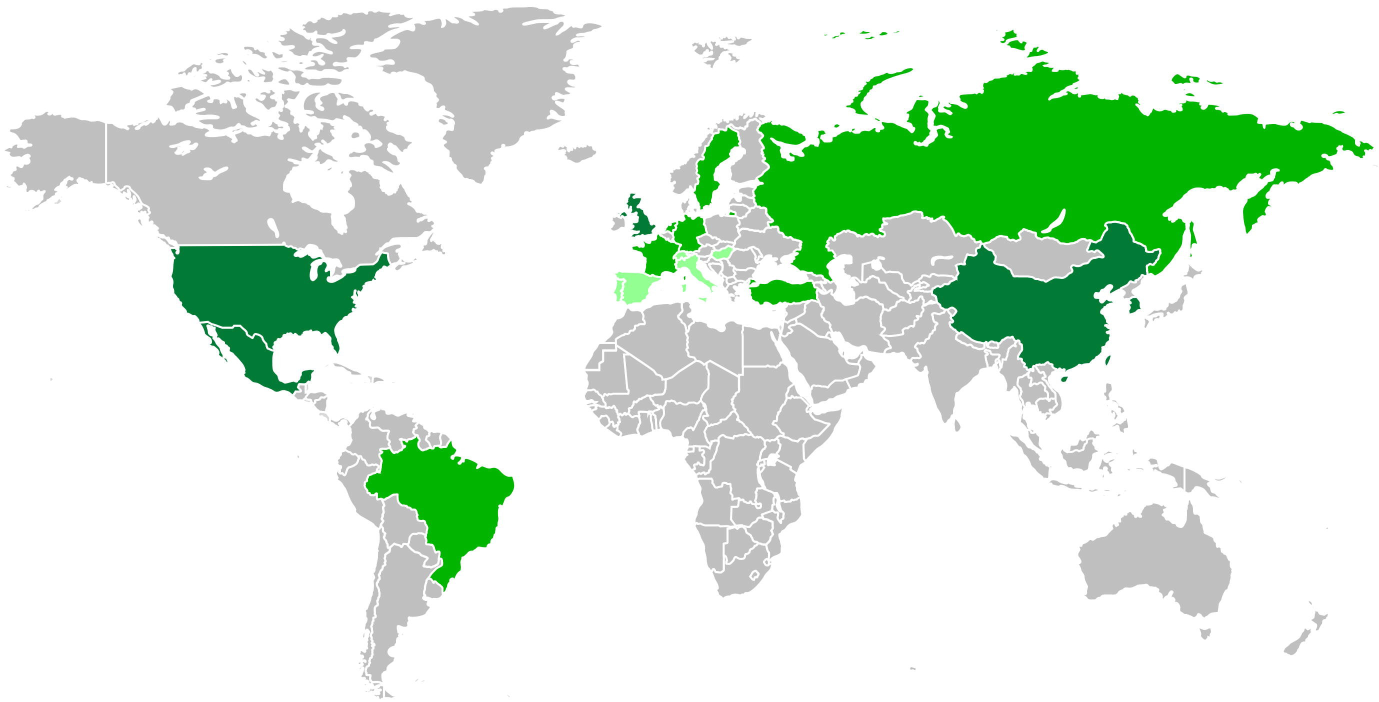
Acceleration of e-commerce

Vaughan Ryan
Managing Director, E-commerce,
Asia Pacific

E-commerce has been the indisputable winner during Covid

E-com Value Split in FMCG Sales (%)

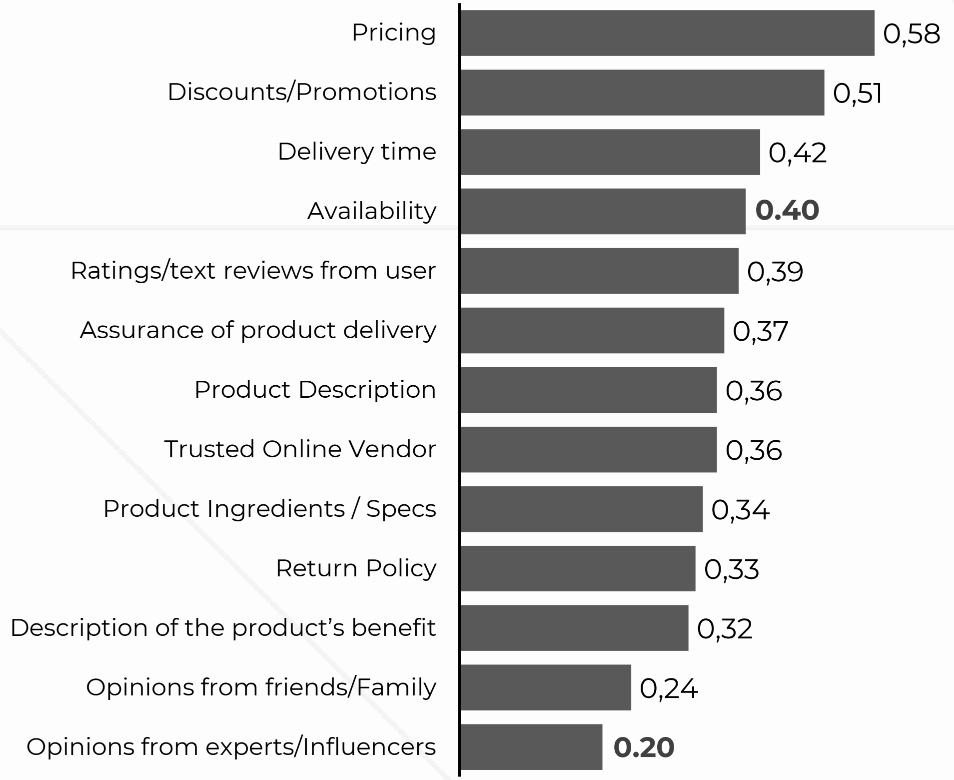
	2020	2021
S. Korea	31,6%	34,8%
China	31,1%	31,6%
USA*	9,0%	15,0%
UK	11,5%	13,4%
Mexico*	3,0%	12,0%
Taiwan	8,1%	9,8%
France	7,8%	8,3%
Brazil*	4,0%	8,0%
Turkey	4,0%	5,7%
Sweden	4,6%	5,7%
Russia	3,3%	5,4%
Netherlands	3,5%	5,3%
Spain	2,5%	2,9%
India	2.3%	2.4%
Portugal	1,7%	2,4%
Italy	1,9%	2,3%
Germany	1,0%	1,4%
Hungary	1,0%	1,1%
Switzerland	0,6%	0,8%



Source:: NielsenIQ Retail & Consumer Panels
*USA, Mexico and Brazil data belongs to 2020 prepandemic & postpandemic periods

Everything is pointing to e-commerce continued acceleration

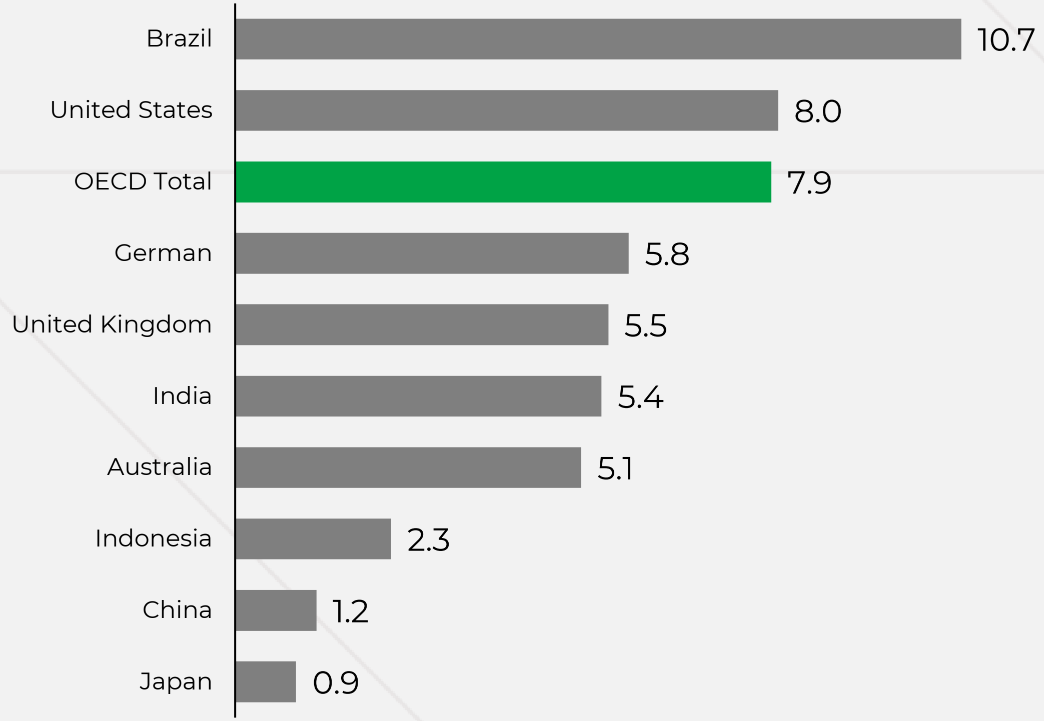
Top factors when buying online



Source: NielsenIQ APAC BASES Survey, February 2022

Inflation driving further growth

CPI Q1 2022 (%)

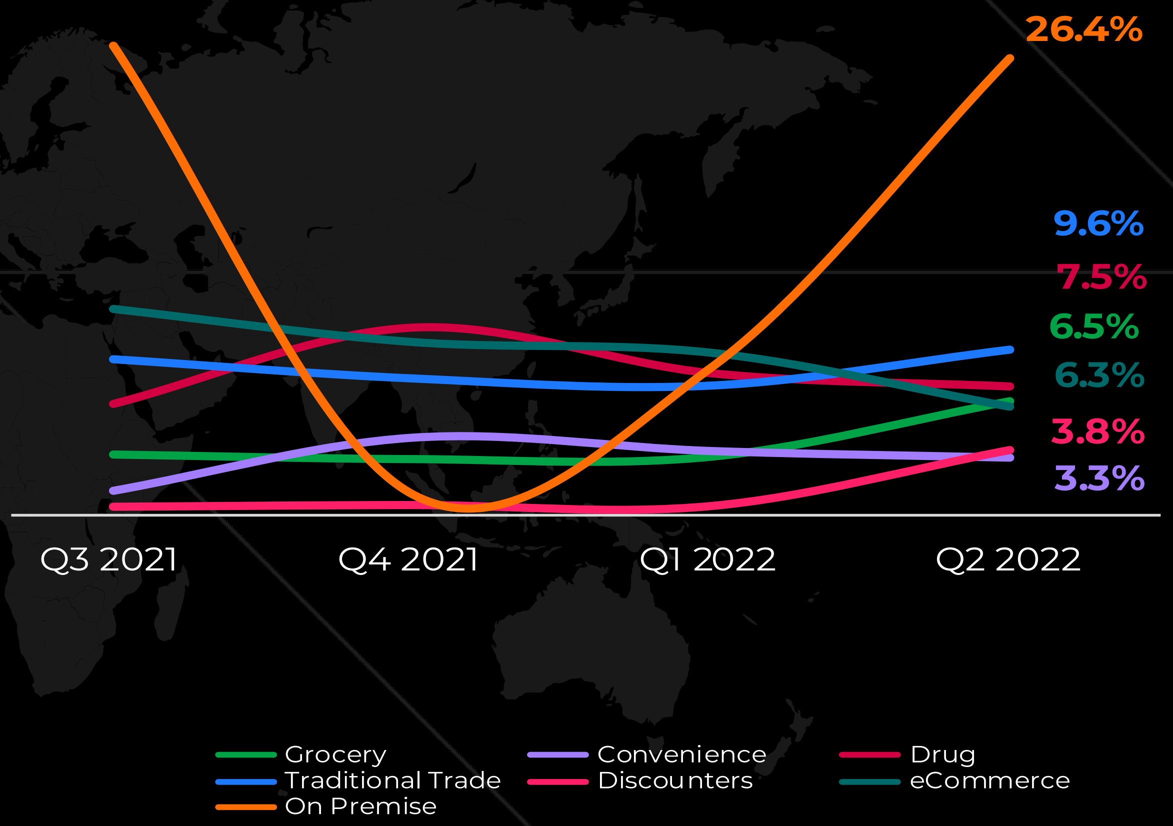


Source: OECD CPI results Total Q1 2022

Heavily impacted by lockdowns, On Premise rebound as restrictions are lifted, but eCommerce continues to grow

FMCG channel performance

%Growth vs YA

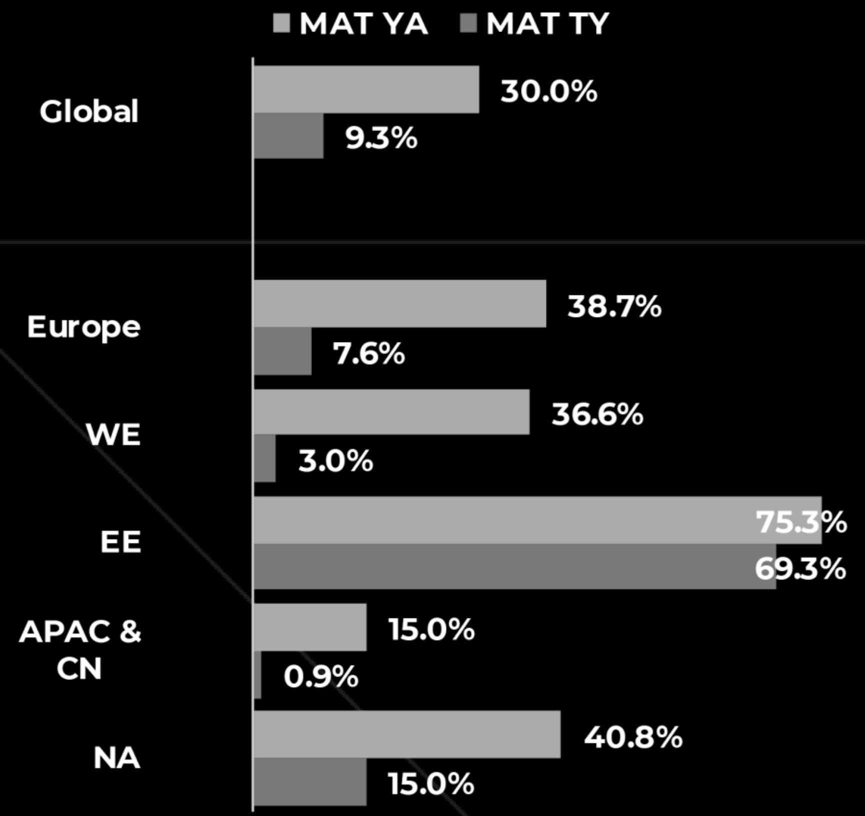


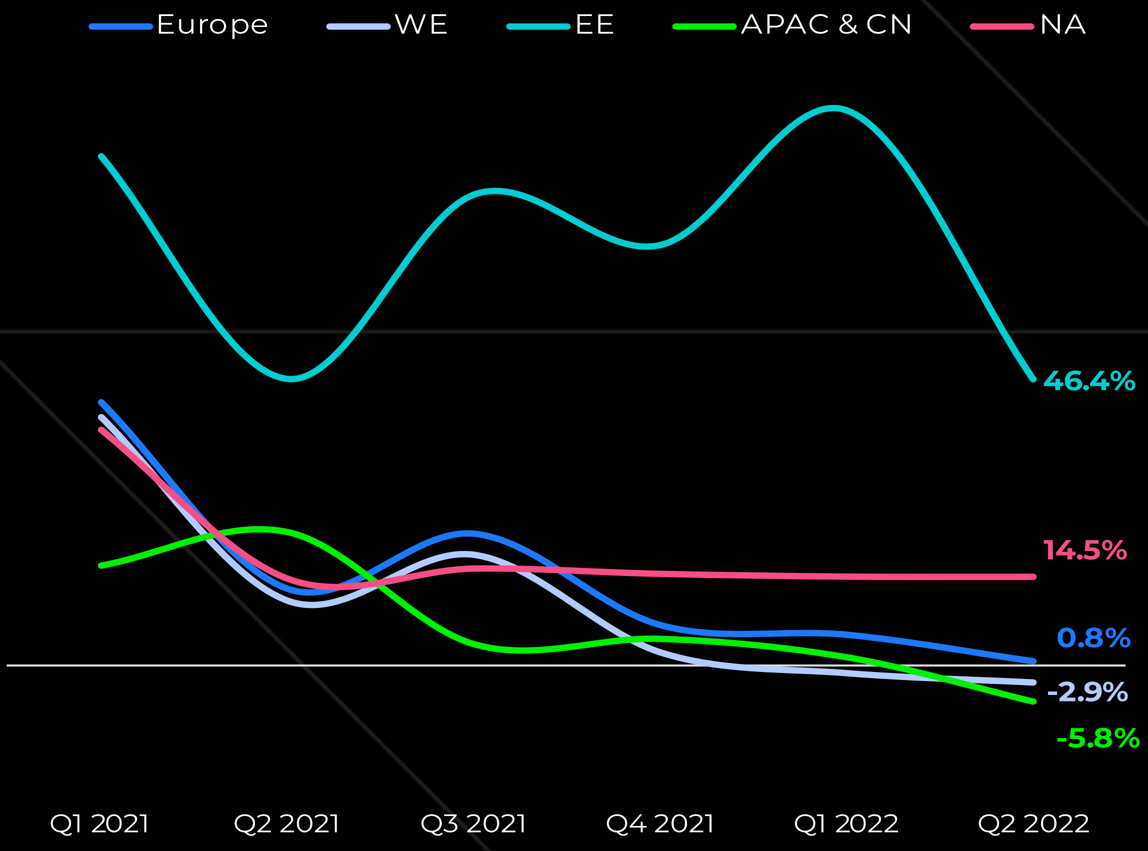
Source: NielsenIQ RMS FMCG MAT and quarterly Q2 2022, Hypermarkets 29 markets, Supermarkets 34 markets, Small Superettes 28 markets,Convenience 33 markets,Drug 39 markets,Traditional Trade 41 markets, Discounters 16 markets, Ecommerce 12 markets, On Premise 13 markets.
*Fact: Value % growth vs YA (unweighted)
Note: Italy excluded from Global and Regional benchmarks
Note: Ukraine data sourced from Scantrack from Q1'22

...And after the rapid increases of the pandemic, e-commerce continues to grow over most regions

Channel performance

% value growth vs YA



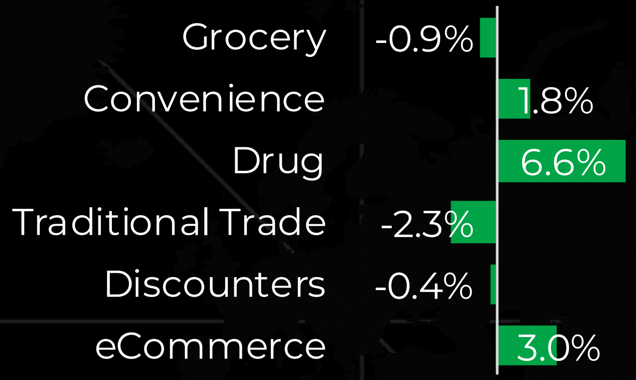


Source: NielsenIQ RMS FMCG MAT and quarterly Q2 2022 - Ecommerce 12 markets considered
Asia Pacific n=3, North America n=1, East Europe n=2, West Europe n=5

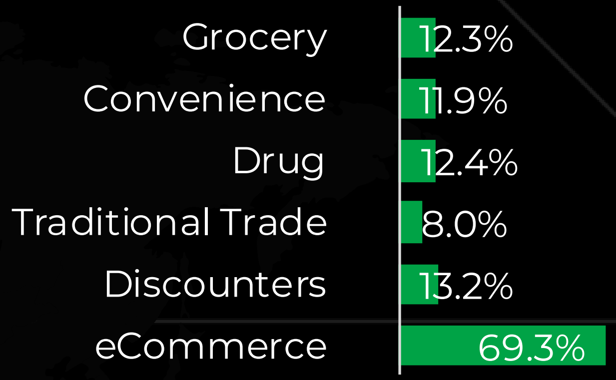
FMCG Channel performance across regions

6.9% North America

-0.2% West Europe

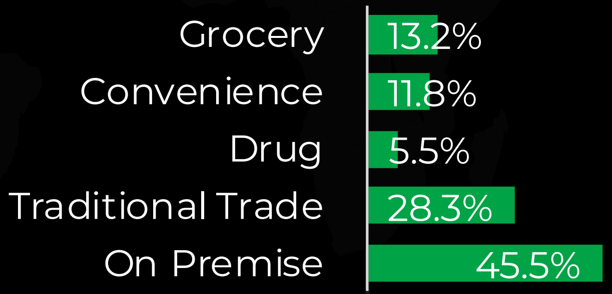


11.6% East Europe

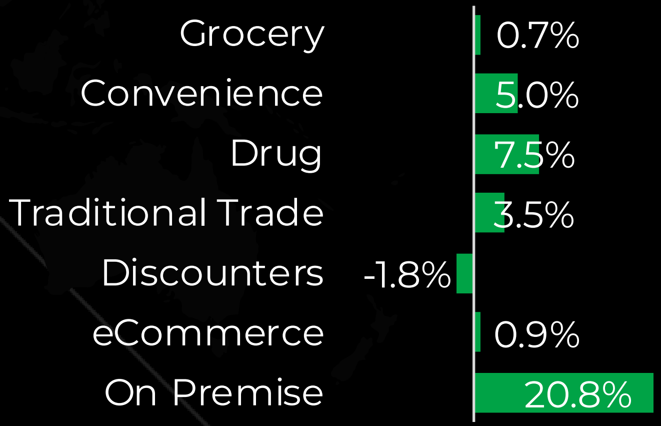


14.1% Latin America

20.7% Africa Middle East



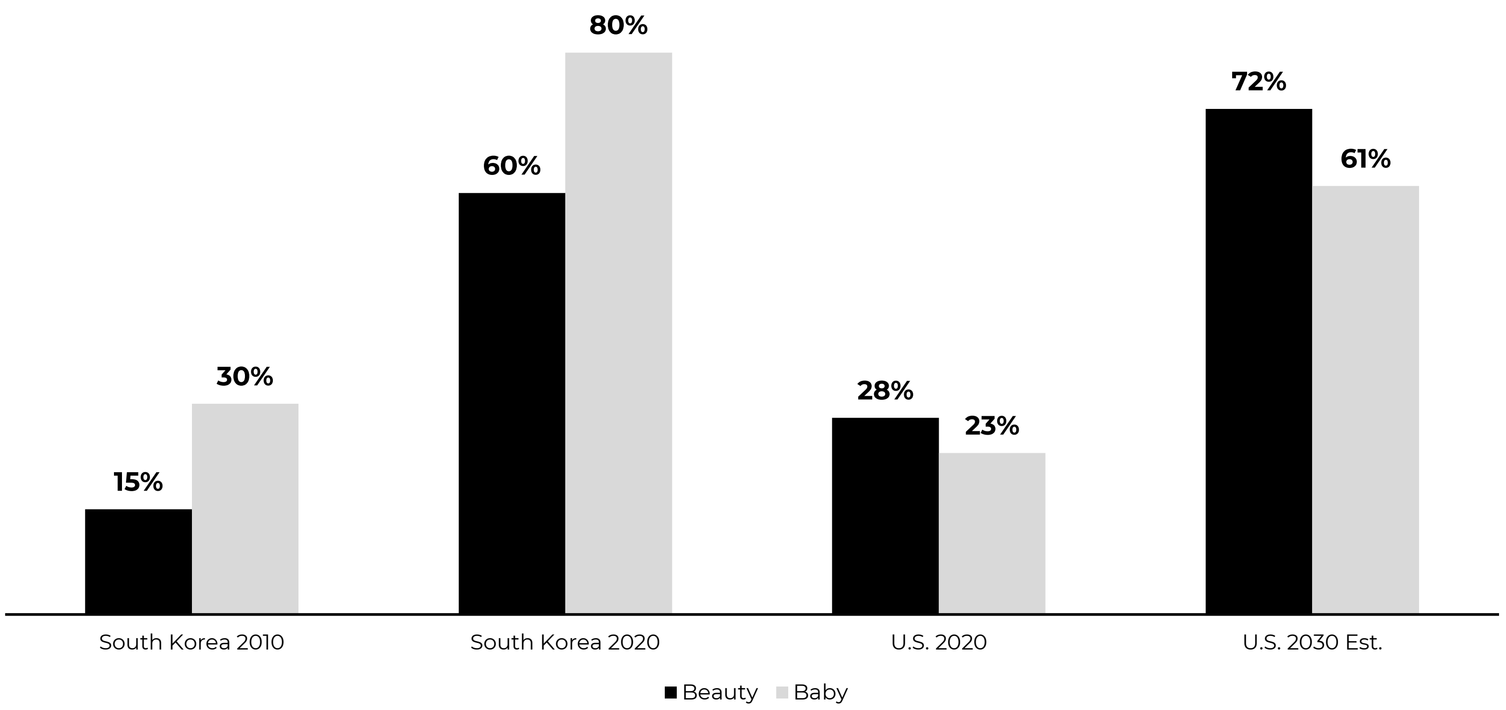
1.6% Asia Pacific and China



Source: NielsenIQ RMS FMCG MAT Q2 2022
Fact: Value % growth vs YA (unweighted)
Note: Grocery is Modern Trade, Hypermarket, Supermarket, and Small Superett… ME Hypers/Supers incl Grocery)
Note: for Global and regional aggregates; WE excludes Italy, EE excludes Serbia
Note: Ukraine data sourced from Scantrack from Q1'22

What is the ceiling on e-commerce?

Share of online sales, South Korea vs US in %



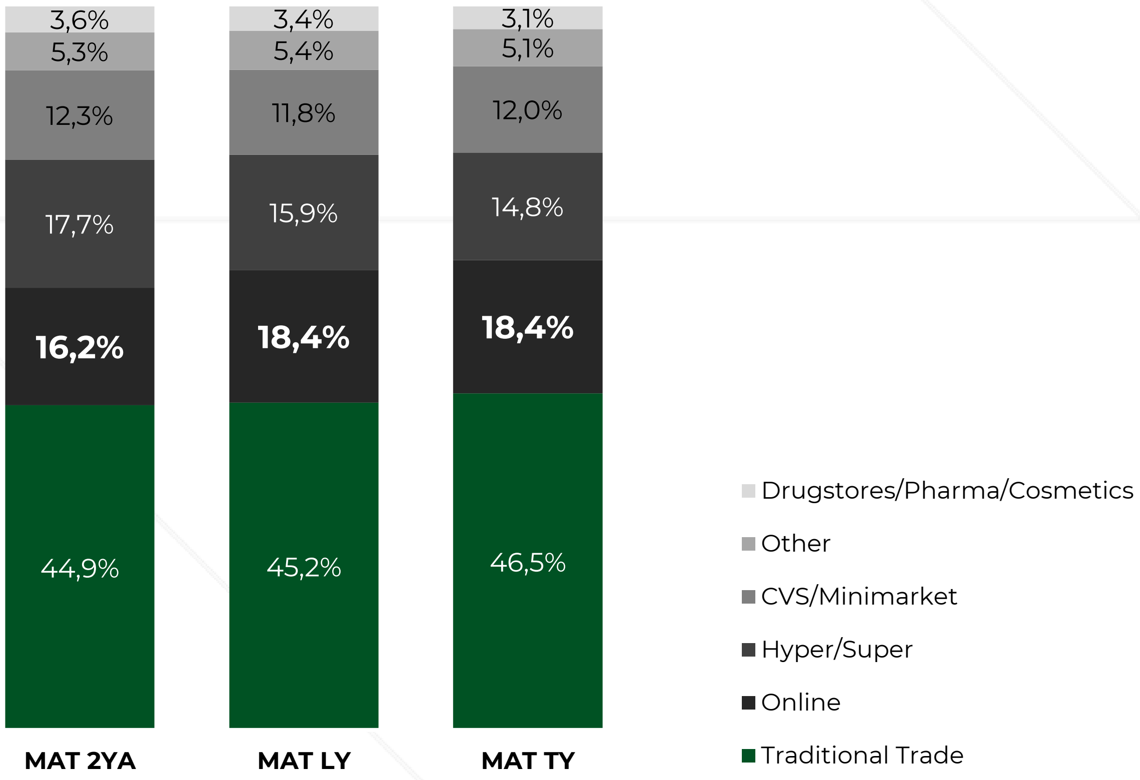
- South Korea is the **world's largest online FMCG** market by value share
- **SK's e-commerce trend** is typically about **10 years ahead** of the rest of the world
- **The global pandemic fueled** online sales in SK which relies partly on **COVID**, partly on **convenience**.
- Currently, **online** projections are expected **to surpass traditional channels**
- A most likely scenario will be that the **rest of world will follow the South Korean e-commerce** growth trend - see U.S. example.
- Two valuable lessons for FMCG players and brands: **Invest in e-commerce now** but be prepared to be **flexible to the changing market dynamics** to continue a growth trajectory in the future
- As Apple founder Steve Jobs once said: **"You can't just ask a customer what they want. By the time you build it, it's too late."**

Source: + NIQ e-commerce sales & forecast

It's not online or offline but OMNI

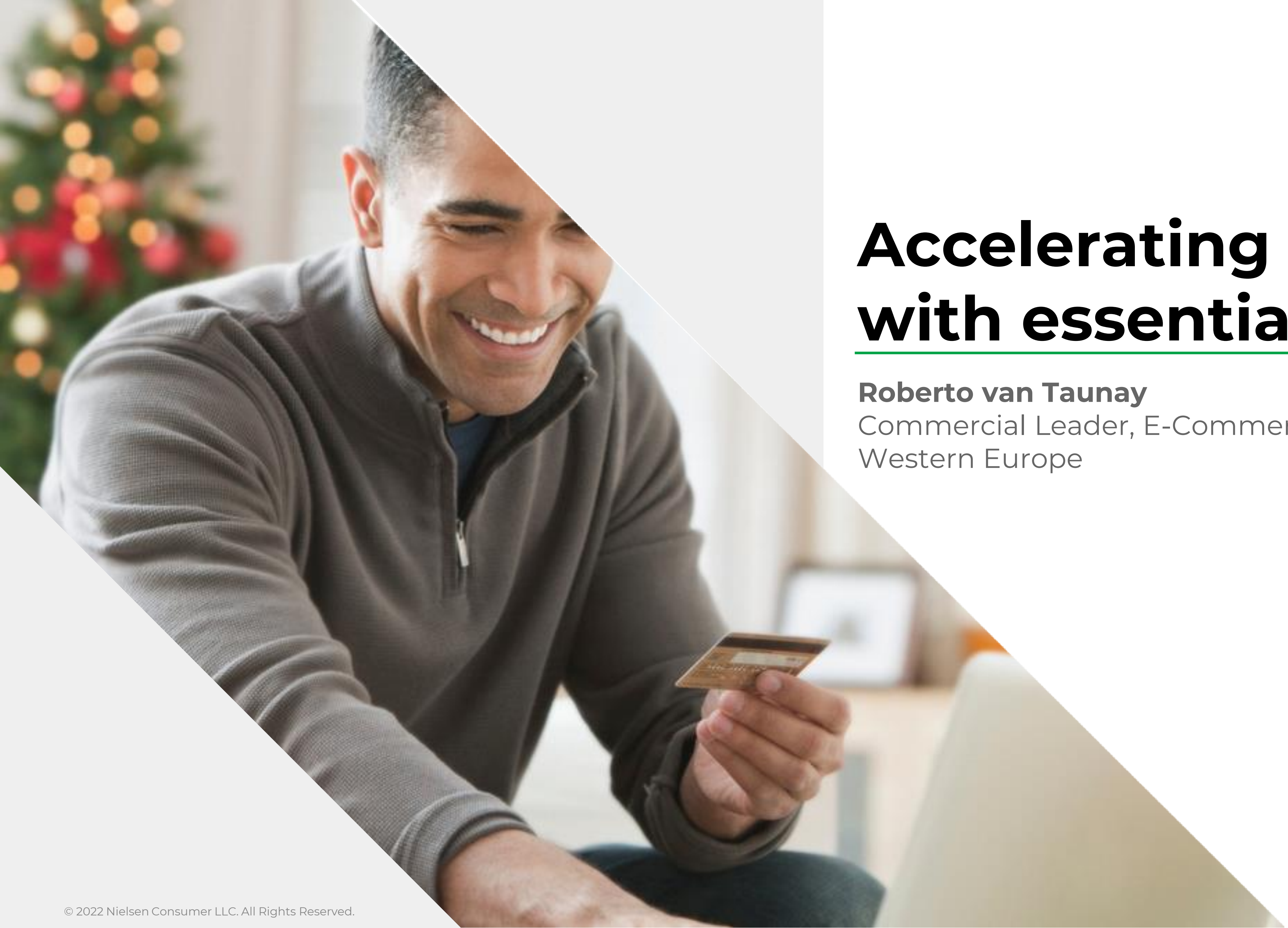
50% of global E-Commerce sales comes from Asia & continuing to grow even with slower pace vs the start of the pandemic, it is clearly the 2nd biggest channel in Asia behind Traditional Trade

Value share of trade in Asia Pacific



Online importance	MAT 2YA	MAT LY	MAT TY	Trend
South Korea	31,0%	36,0%	38,0%	
China	27,5%	29,8%	30,2%	
Singapore	10,4%	14,7%	16,9%	
Australia	7,3%	10,5%	12,2%	
Taiwan	7,0%	8,7%	10,1%	
Hong Kong	2,9%	4,9%	5,0%	
India	1,7%	2,3%	2,3%	

Source: NielsenIQ RMS and CPS data to June 2022. Other includes mom & baby stores, department stores, schools, HORECA etc where tracked

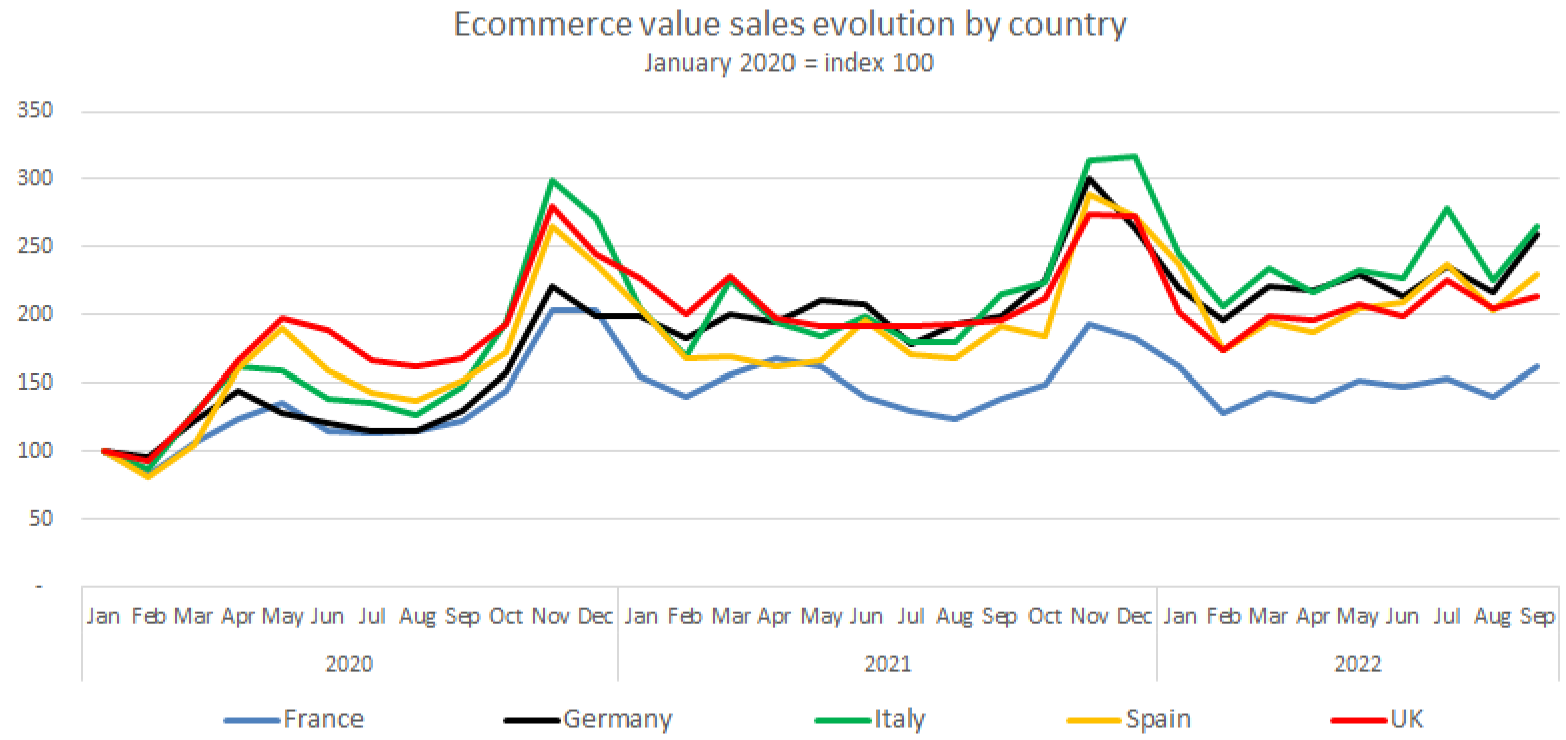


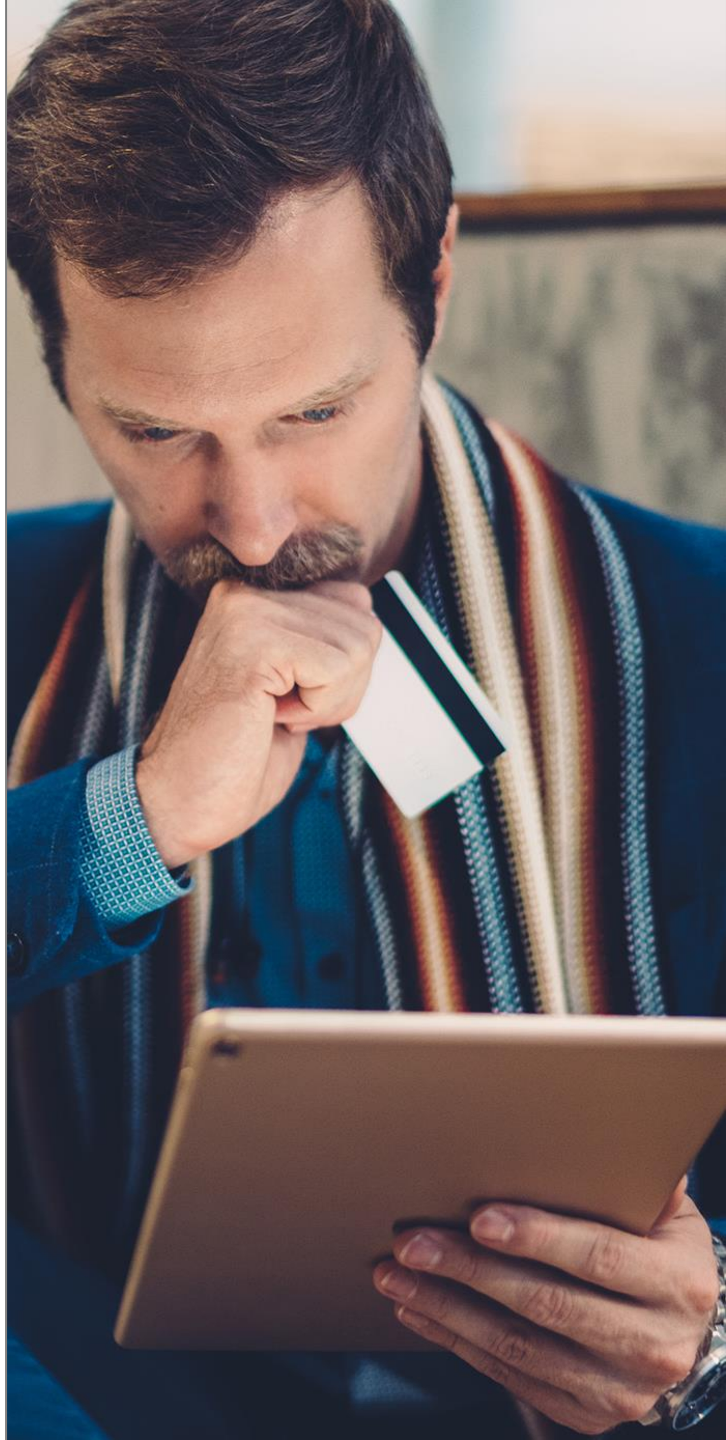
Accelerating growth with essential data

Roberto van Taunay
Commercial Leader, E-Commerce,
Western Europe

COVID-19 has resulted in an acceleration in e-commerce usage

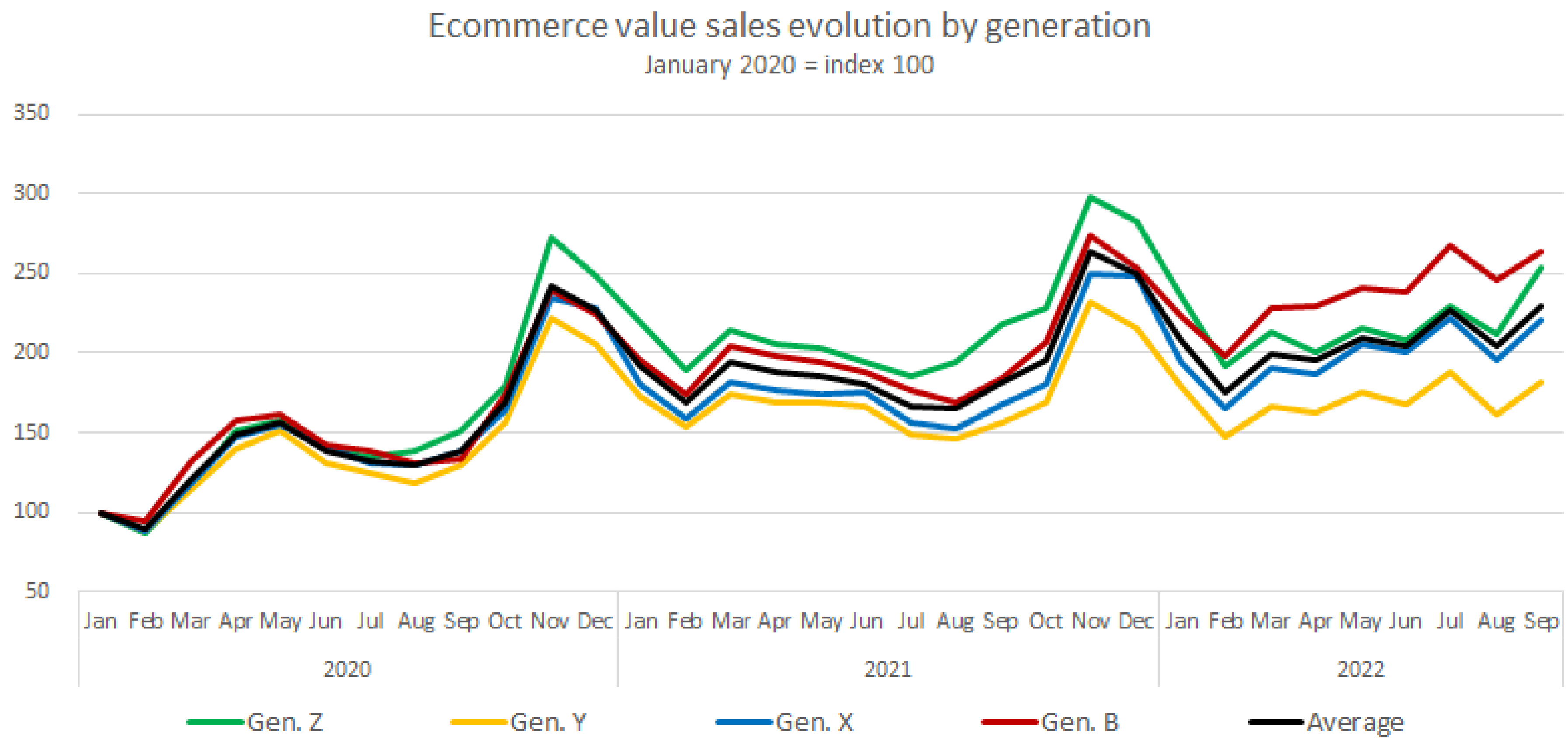
While for some countries 1H 2022 showed a slowdown vs. 2021, acceleration visible across all countries in 2H





Source: NielsenIQ Foxintelligence e-commerce consumer panel of >1.3 million panelists

The oldest and youngest generation have shown the strongest increase in their online spending compared to January 2020



Generation Z: ≤ 27 years

Generation Y: 28 - 42 years

Generation X: 43 – 62 years

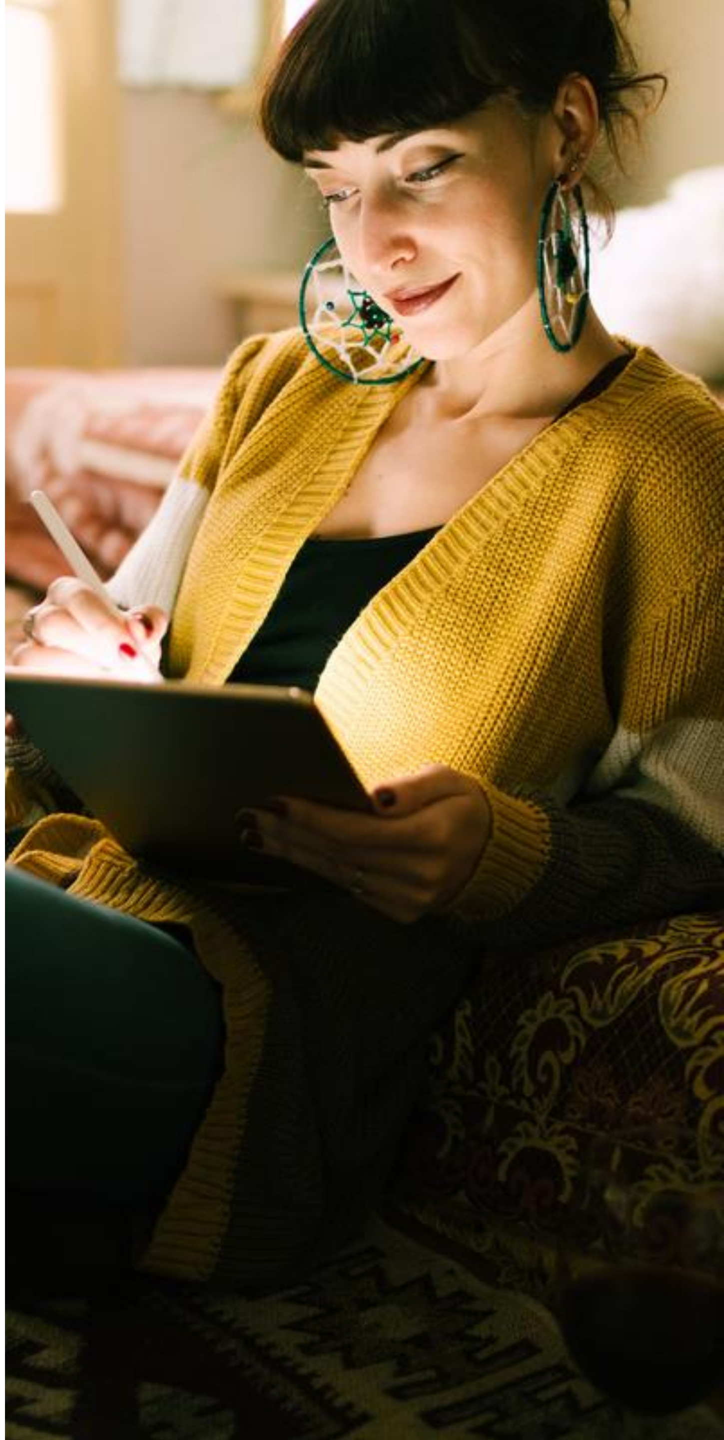
Generation B: ≥ 63 years

Source: NielsenIQ Foxintelligence e-commerce consumer panel of >1.3 million panelists

Due to the 24/7 model, the key shopping moments have changed

Important to understand when consumer activation is most impactful

	#1	% of categories	#2	% of categories
France	Monday	40%	Friday	16%
Germany	Monday	42%	Tuesday	27%
Italy	Monday	31%	Tuesday	29%
Spain	Monday	32%	Tuesday	23%
UK	Monday	32%	Friday	21%



Source: NielsenIQ Foxintelligence e-commerce consumer panel of >1.3 million panelists

Zoom in to optimize your consumer activations to ensure to be top of mind when consumers make their purchase decisions

Example: salty snacks in France. While Friday and Thursday are the days where consumers spend most, there are other important timeslots to be top of mind

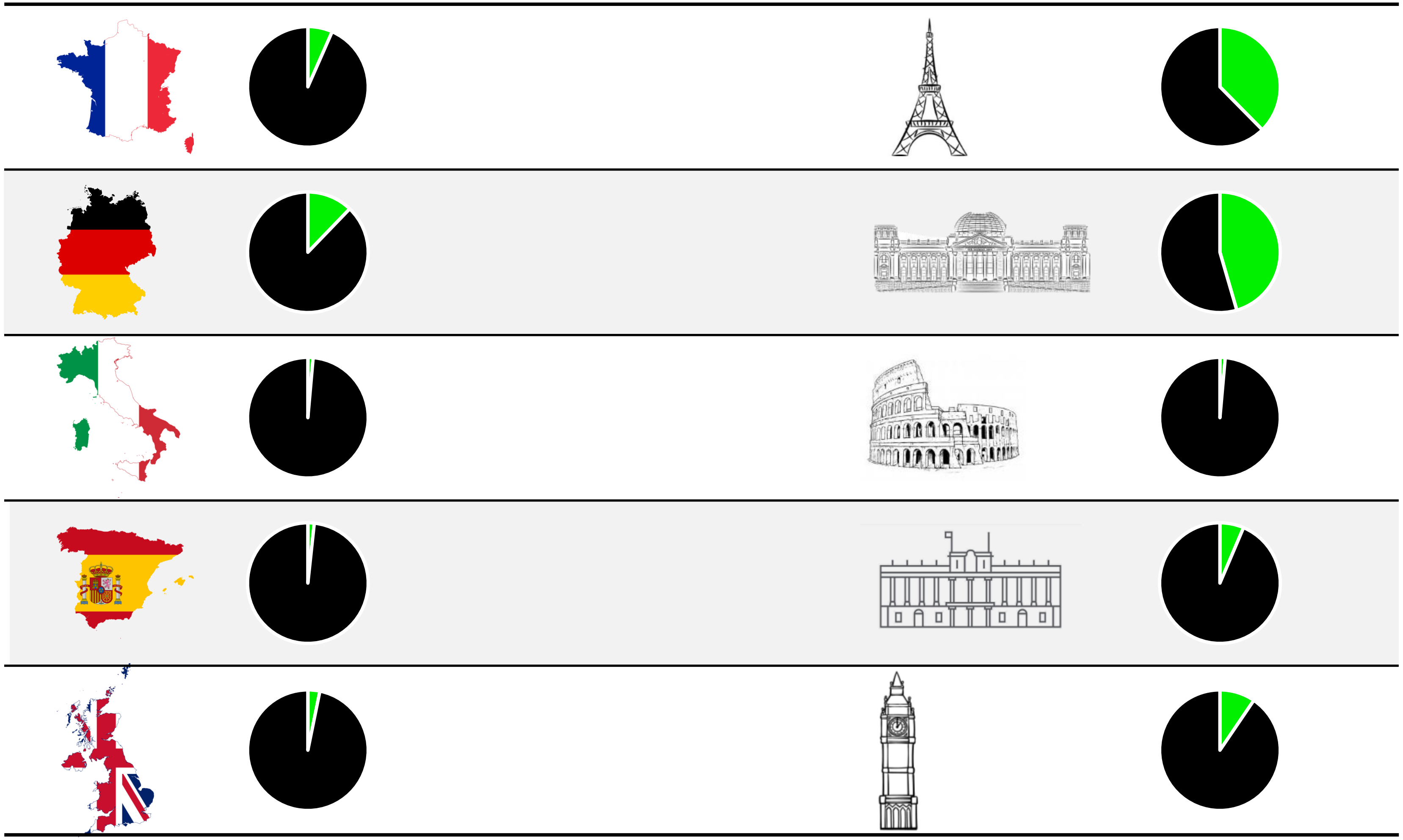
		Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
	Total	**13,9%**	**14,1%**	**15,3%**	**17,1%**	**17,6%**	**13,1%**	**9,0%**
Morning	**12am - 7am**	0,8%	0,9%	1,0%	1,0%	1,4%	1,0%	0,2%
	7am - 8am	0,6%	0,7%	0,8%	0,7%	1,0%	1,2%	0,2%
	8am - 10am	1,8%	1,7%	1,9%	1,8%	2,4%	2,8%	0,7%
	10am - 12pm	1,9%	1,8%	2,0%	2,0%	2,4%	2,4%	0,7%
Afternoon	**12pm - 2pm**	1,7%	1,6%	1,7%	1,9%	2,1%	2,1%	0,8%
	2pm - 4pm	1,5%	1,4%	1,6%	1,6%	1,8%	1,4%	0,9%
	4pm - 6pm	1,7%	1,7%	1,7%	2,1%	2,1%	1,0%	1,6%
Evening	**6pm - 8pm**	2,0%	2,1%	2,2%	2,9%	2,1%	0,6%	2,0%
	8pm - 10pm	1,5%	1,7%	1,9%	2,5%	1,7%	0,4%	1,5%
	10pm - 12am	0,4%	0,5%	0,5%	0,6%	0,6%	0,2%	0,4%

Source: NielsenIQ Foxintelligence e-commerce consumer panel of >1.3 million panelists

Quick commerce / rapid delivery: what to expect?

Consumer demand is clear: rapid deliveries is relevant however behind in Southern EU

Share of quick commerce within number of orders in 2022 comparing total country versus capital city



Source: NielsenIQ Foxintelligence e-commerce consumer panel of >1.3 million panelists

* Note: Getir is excluded in the UK

…and there is more potential

Quick commerce is currently used more often for specific categories

- Baby food
- Health care
- Home care
- Personal care
- Pet food

- Confectionary
- Dairy
- Meat, fish, vegetarian, vegan
- Non-alcoholic beverages

- Alcoholic beverages
- Bread spreads
- Fruit & vegetables
- Pasta, rice, sauces.
- Pizza, salads, RTE meals
- Salty snacks

Source: NielsenIQ Foxintelligence e-commerce consumer panel of >1.3 million panelists

...another trend with potential: direct to consumer

Available data shows D2C importance especially in coffee, cosmetics, nappies, perfumes, personal care, pet food, and vitamins, minerals & supplement

1 out of 18 orders

1 out of 71 orders

1 out of 59 orders

1 out of 52 orders

1 out of 31 orders

DTC/All merchants
- DE: 33/159
- ES: 23/108
- FR: 81/200
- IT: 10/105
- UK: 43/166

Source: NielsenIQ Foxintelligence e-commerce consumer panel of >1.3 million panelists

Top 10 fastest growing brands in e-commerce per country

Scope: FMCG top 100 brands (excl. private label) in value sales, YTD Oct 2022 vs. 2021

#	Brand
1	Les Petits Culottes
2	Ultra Premium Direct
3	Typology
4	Pampers
5	Coca Cola
6	Hills
7	Le Gaulois
8	Barilla
9	Royal Canin
10	Cristaline

#	Brand
1	Pro Plan
2	Coca Cola
3	Dr. Oetker
4	Kinder
5	Iglo
6	Alnatura
7	Mjamjam
8	La Roche Posay
9	Ben & Jerry's
10	M. Asam

#	Brand
1	Nespresso
2	Royal Canin
3	Plastimea
4	Yamamoto Nutrition
5	Gourmet
6	Natural Trainer
7	Equilibra
8	Zzzquil
9	Almo Nature
10	Felix

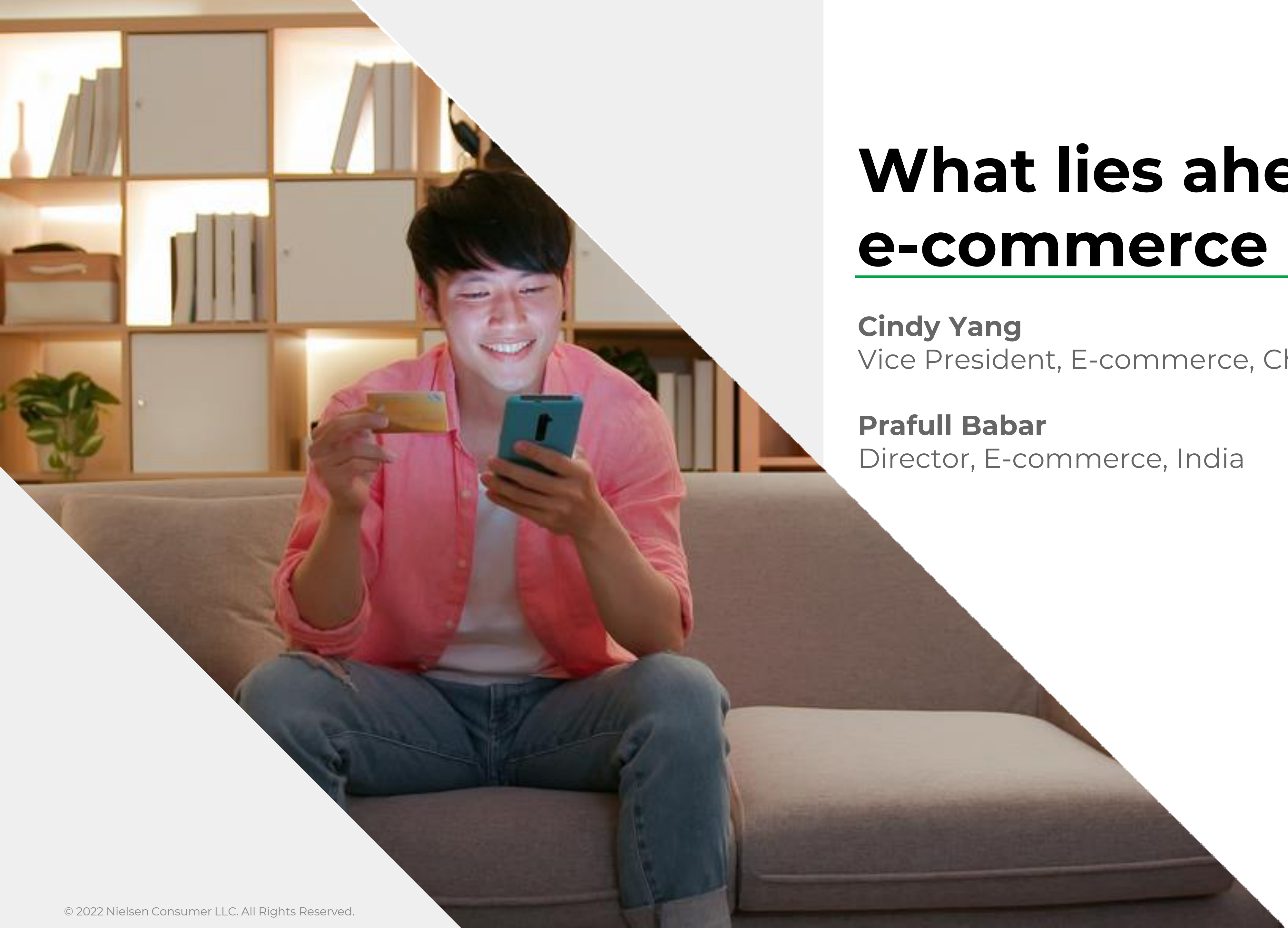
#	Brand
1	Dogfy
2	Hills
3	Dodot
4	Isdin
5	Royal Canin
6	Gourmet
7	Natures Variety
8	La Roche Posay
9	Eukanuba
10	Red Bull

#	Brand
1	Pepsi
2	Walkers
3	Andrex
4	Felix
5	Oral B
6	Birds Eye
7	Fanta
8	Nivea
9	Royal Canin
10	Gillette

* Note: first selection criteria is size, and following growth. Above doesn't imply that these brands are always the fastest growing brands in their respective categories

Next to known brick & mortar brands, several examples of direct to consumer and e-com exclusive brands within the fastest growing biggest online brands

Source: NielsenIQ Foxintelligence e-commerce consumer panel of >1.3 million panelists



What lies ahead for e-commerce

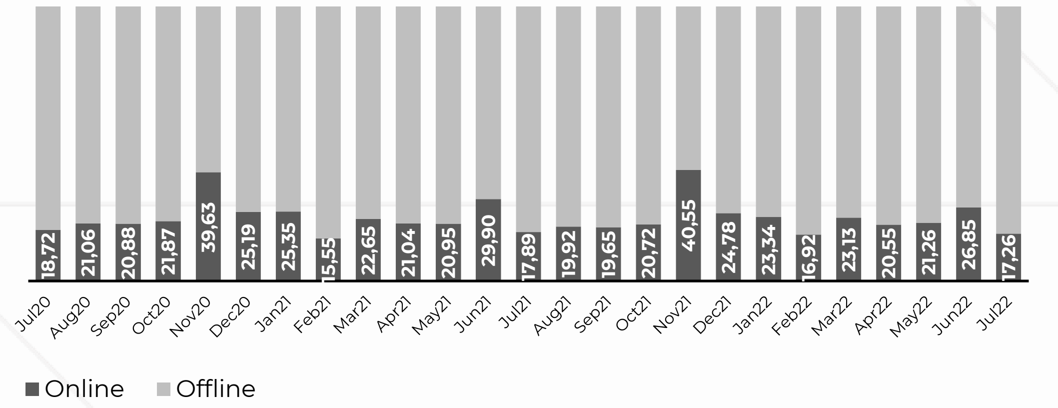
Cindy Yang
Vice President, E-commerce, China

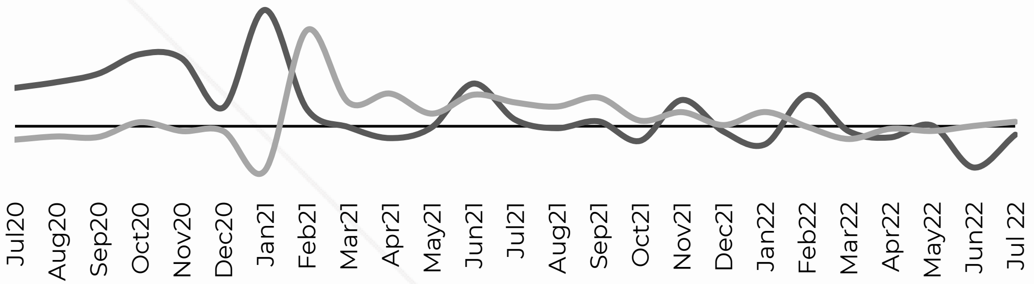
Prafull Babar
Director, E-commerce, India

Consumers start to look for products from Omni channels

All METRO INDIA

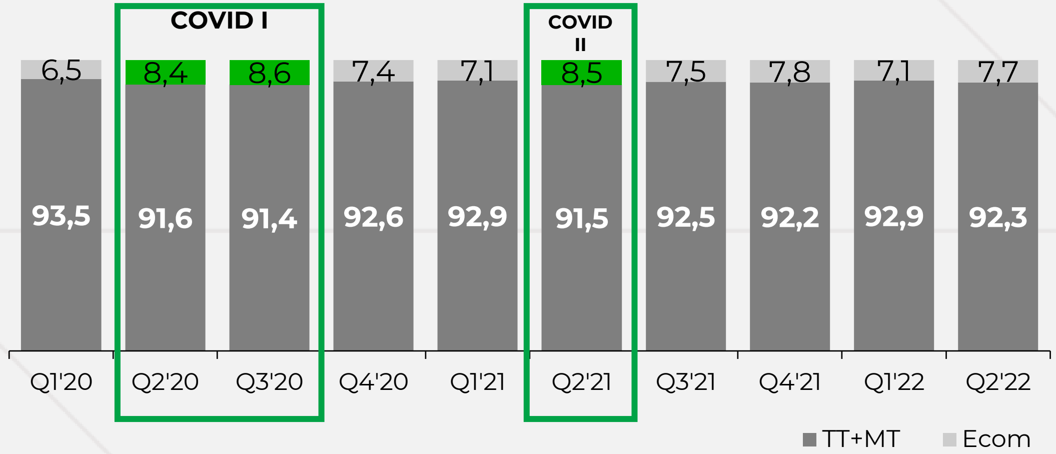
FMCG Online & Offline share and growth





Source: NIQ Ecom tracking

FMCG Value contribution%

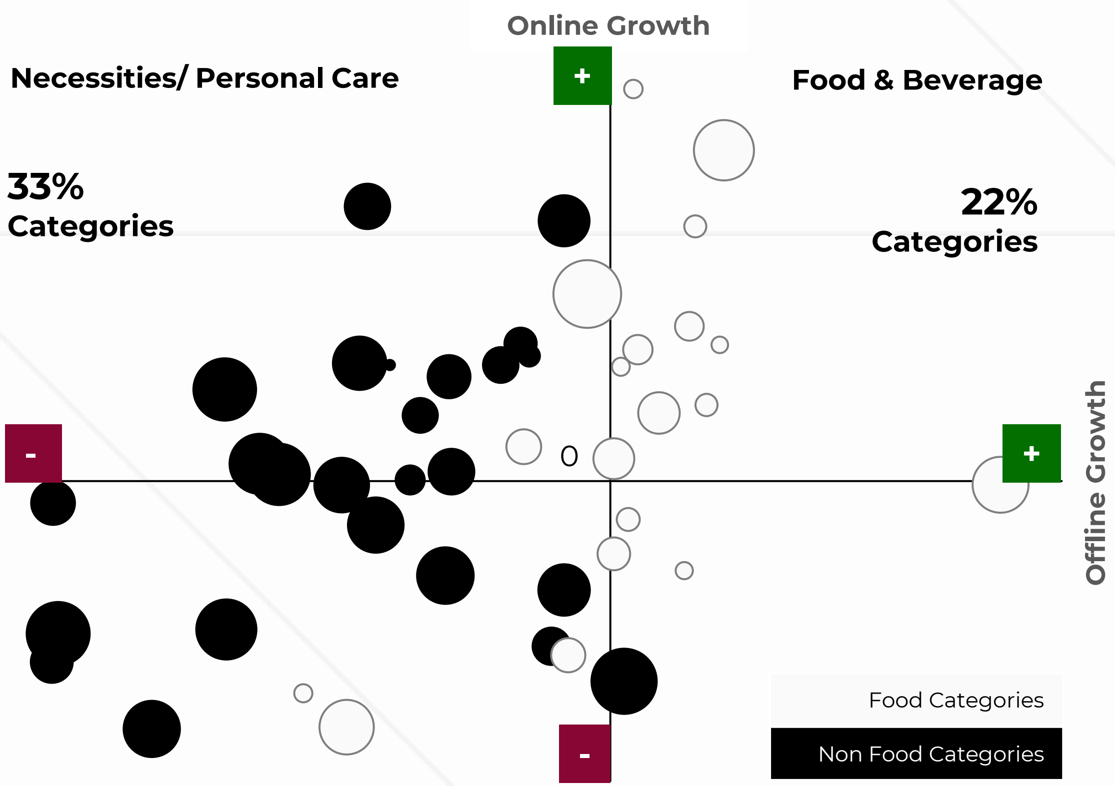


- MAT March 22 value **growth** for e-commerce at **14.4%.** Online FMCG penetration grew from **15% pre – COVID to 25% Post COVID^**
- **Headroom for e-com growth** in a market dominated by traditional trade
  - Increasing **smartphone penetration**
  - Faster and economical **delivery infrastructure**
  - Greater adoption in **Tier II and Tier II towns**
  - Simpler **payment options**

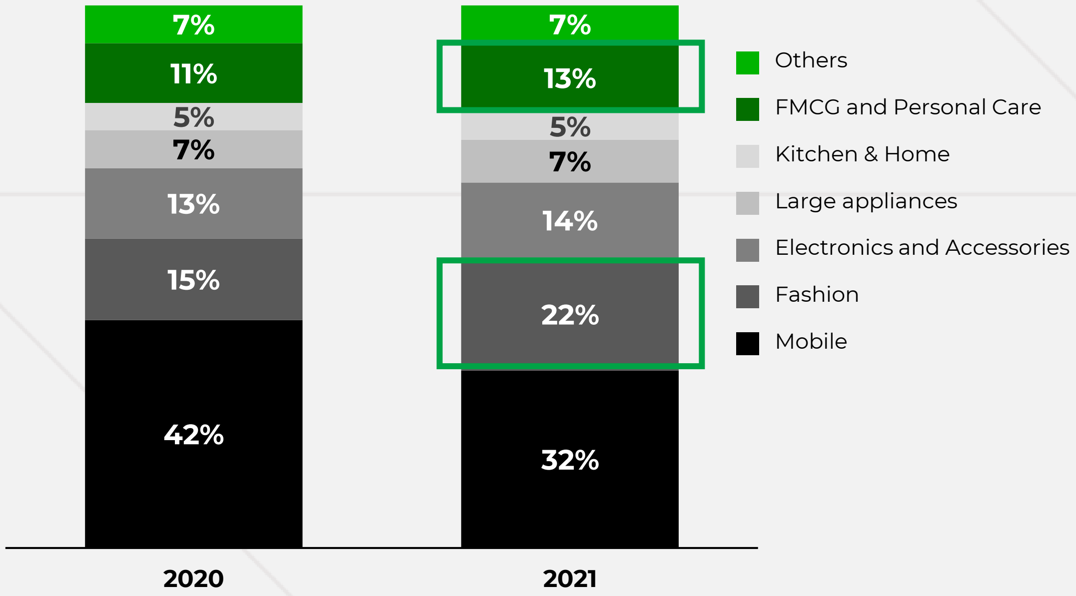
* Source: Nielsen IQ e-track index ^: Nielsen Consumer Intelligence (Consumer Panel) | Period: Nov'19 to Nov'21, Post Cancellations/ returns | FMCG

Personal care/ Necessities drove online migration trend in China, while Beauty & Fashion gained momentum in India e-commerce

FMCG growth trend



Total e-commerce sales value contribution



- Non foods FMCG categories^ growing at 37% vs YA
- Beauty & Hair, Personal & Home hygiene expected to gain further momentum

Source: NIQ Ecom tracking 2022 Jun. MAT

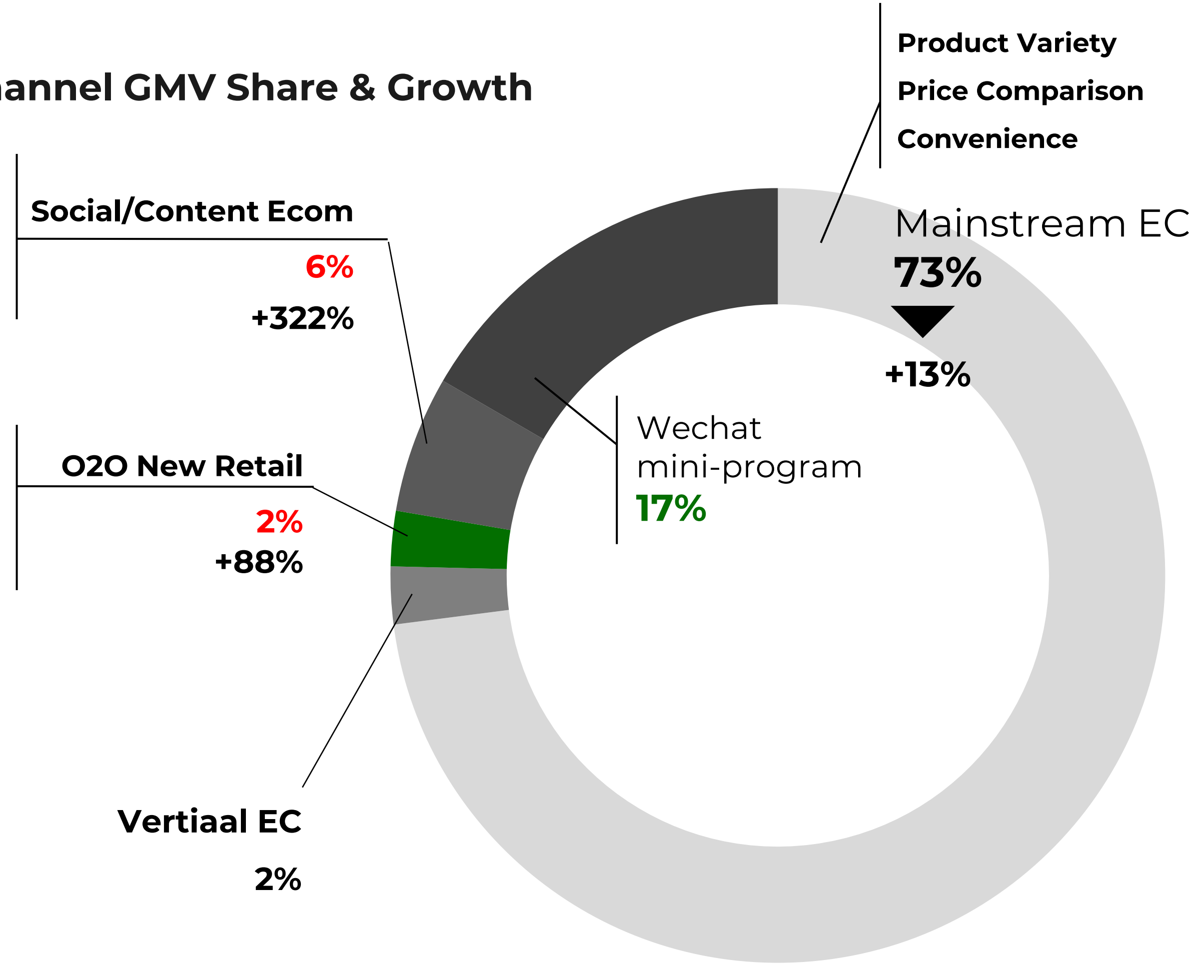
Source: NielsenIQ India Consumer Panel, Jan 2020 – Dec 2021
*^Source: Nielsen IQ e-track index ^ MAT NOV 21

Emerging channels, such as Quick Commerce (O2O) and Social Commerce surge to meet different consumption scenario

2021 Ecom Channel GMV Share & Growth

Appealing Contents
Livestream Commerce with
Persuasive Host

Delivery Speed
Fresh and Quality product
Detailed Product Information



'Quick commerce' and 'Brick & Click' retailers promising deliveries as early as **10 minutes**

blinkit

zepto

JioMart

DMart ready

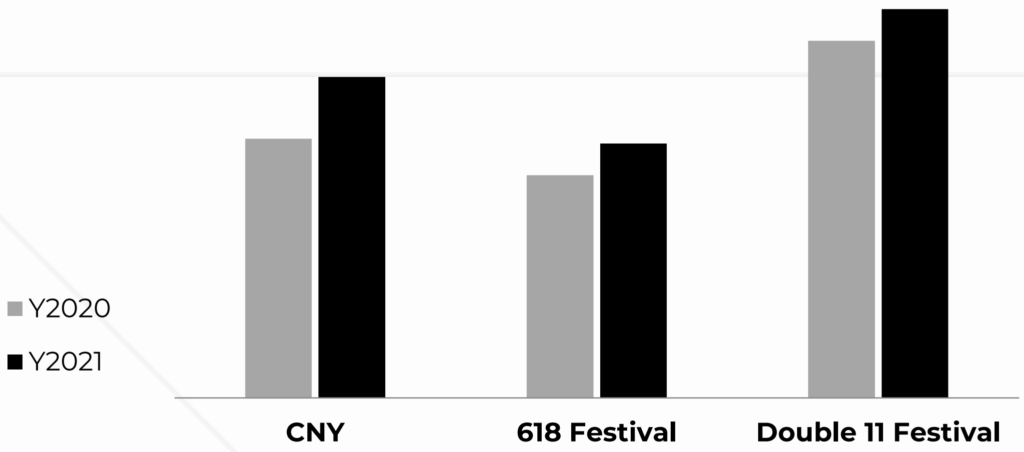
Social/Content Ecom: Tiktok, Kuaishou, Dewu, XHS ; **O2O New Retail** : Meituan, ELM, JDDJ, HEMA, Others **Wechat miniprogram** : mainly brand/retailer owned

Source: 2021 Financial statement of relevant company

Key festivals take important part of online sales

Key online festival sales performance

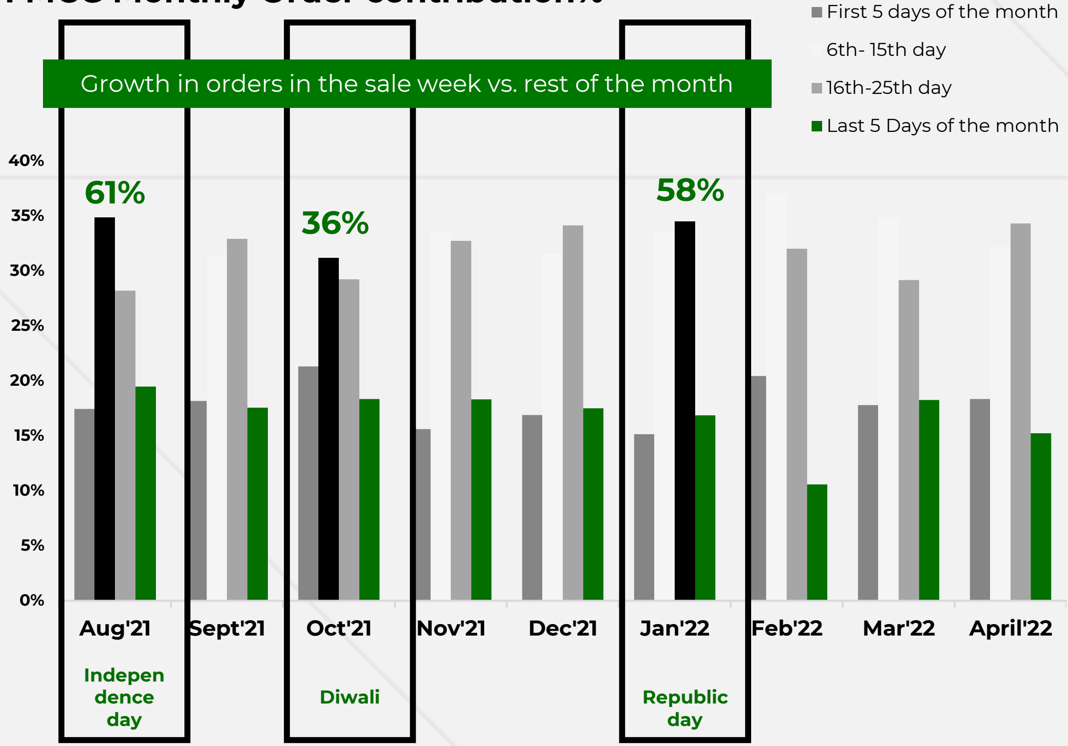
Contribute **~40%** sales of the whole year



vs. non-peak sales	X 1.3	X 1.6	X 2.5

Online consumers are deal crazy

FMCG Monthly Order contribution%



Source: NIQ Ecom tracking

* Source: : Nielsen Consumer Intelligence (Consumer Panel) | Post Cancellations/ returns

Focus on the fundamental and embrace the trends

Fundamental Needs

Promotion & Value for money

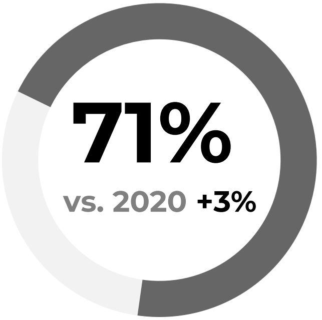
Upgrade with Innovation

Rising of health consciousness
Beauty & Fashion

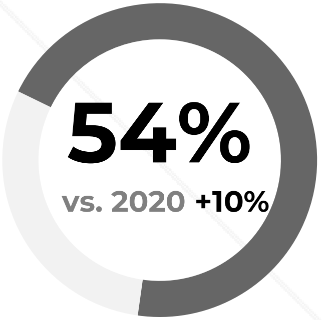
Most Valuable Consumers

Gen Z & the Grey/ Silver

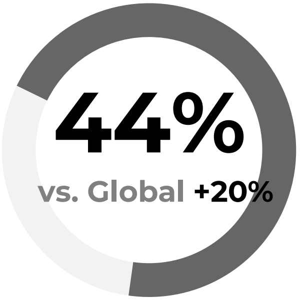
Value For Money - Promotion and livestream continuously strengthen to attract consumers' attention



Consumer attracted by the promotion of Ecom festival

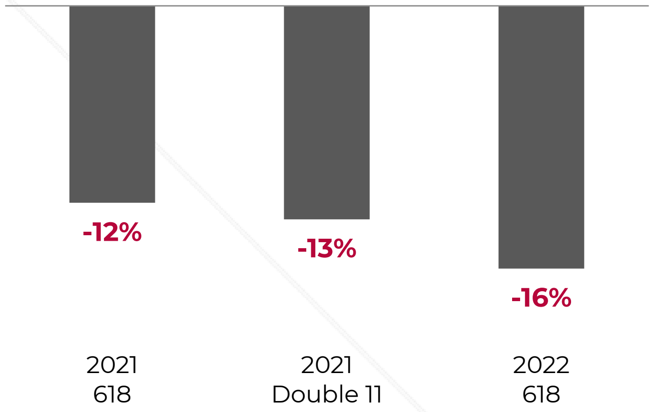


Consumer seek for lower discount in livestream

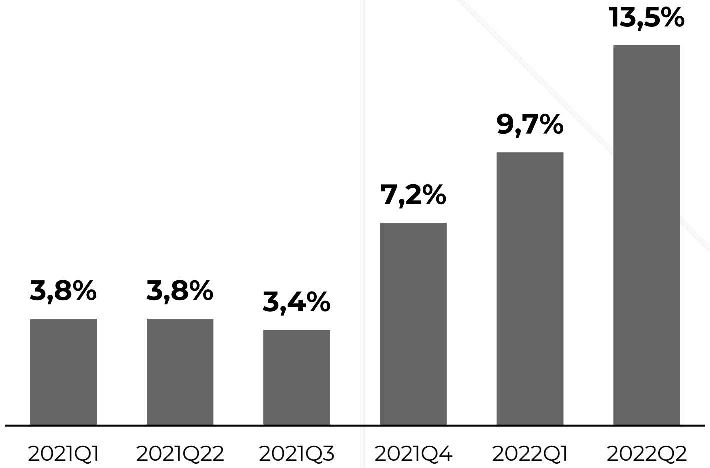


Consumer prefer to choose products "Value for money"

Tmall Promotion% in Ecom Festival



Share of B2C livestream item count



Economy package is welcomed

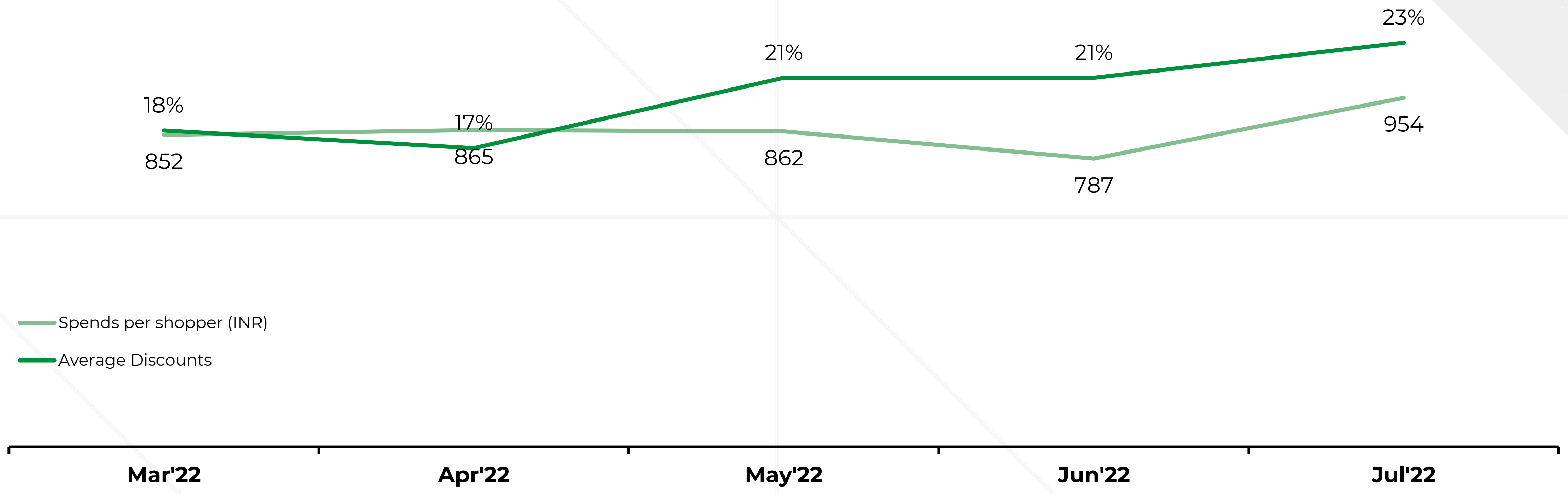
- "Bundle pack"
- "Multi pack"
- "Full box "
- …

2X~5X Growth
vs. category total growth

Source: NIQ online shopper trend, NIQ Ecom tracking

Spending per shopper grows as discounts increase

Personal Care



Source: Nielsen E-commerce Consumer Panel (eAnalytics), Average discounts from Digital Shelf tracking solution for select retailers in top 8 metros * Personal Care includes FMCG Personal categories such as Soaps, Shampoo, Skin Creams, Face Washes etc

Upgrade opportunity - Consumers are willing to pay premium for health-related products.

Consumer's attitude to health & wellness

Nutrition Management:
89%
Chinese consumers put nutrition as top priority

Weight Management:
32%
Chinese consumers are overweight

Healthy lifestyle:
73%
Chinese consumers are actively seeking a better lifestyle than ever before

Top selling products with health concept - Food & Beverage

CSD	Chocolate	Liquid Milk
0 Sugar 0 Calorie 0 Fat	0 Sugar Low Fat	Organic For unique needs
+40% Price index: 139	**+60%** Price index: 289	**+32%** Price index: 226

Sources: World Health Organization, NIQ My Ecom MAT2206

‘Looking good’ shows up in the booming Fashion and Beauty segments

	Fashion Retailers		Beauty Retailers	
	AJIO	meesho	MYGLAMM	NYKAA
Users for Jun 22 indexed to June 21	1.3x	1.2x	1.9x	0.7x
Premium vs category, Jun 22	1.6x	0.6x	1.1x	1.6x

Source: Nielsen E-commerce Consumer Panel (eAnalytics) , Premium based on spends per shopper

New online consumption power

GenZ's Shopping Attitude

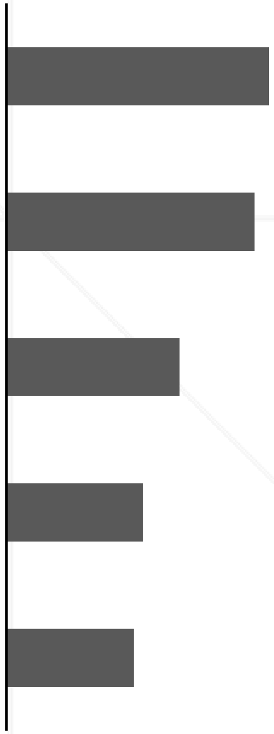
68%

Willing to spend more for improving life quality

69%

Passionate about buying new products as a pleasure in life

Factors which impact shopping decision of GenZ



Aging population

The elderly population over 60 are rapidly expanding

2021	2025e	2035e
18,9	20,0	30,0

The Silvers

online shopping sales increased

X 4.8 (vs. 2001-2006)

75%

Willing to spend more for products with good quality

Source: NIQ X Bilibili Genz study report, NIQ global consumer health attitude study, JD the Silver online consumption study

Play in Omni-channel

Focus on Fundamental Value > Money

- Consumers seek for better quality with cheaper price, and are enthusiastic for promotion and lower discount
- Value for money products are welcomed

Upgrade with Innovation Trends

- Consumers are willing to pay premium for what they care most, either Health & Wellness or beauty.

Look For Most Valuable Consumers

- GenZ pursue quality and freshness
- The Silver are becoming more online-savvy

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Stay ahead by staying connected

About NielsenIQ

Arthur C. Nielsen, who founded Nielsen in 1923, is the original name in consumer intelligence. After decades of helping companies look to the future, we are setting the foundation for our future by becoming NielsenIQ. We continue to be the undisputed industry leaders as evidenced by our experience and unmatched integrity. As we move forward, we are focused on providing the best retail and consumer data platform, enabling better innovation, faster delivery, and bolder decision-making. We are unwavering in our commitment to these ideals and passionate about helping clients achieve success. For more information, visit: **niq.com**