FMCG PULSE: THE FULL VIEW

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BY NIQ

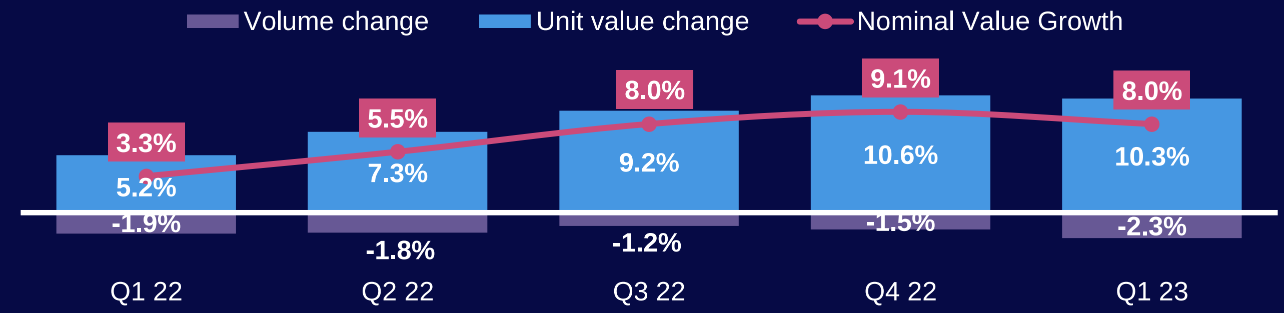
MAT Q1 2023

+9.7% Global Unit Value Growth (MAT)	**-1.8%** Global Weighted Volume Growth (MAT)	**+7.9%** Global Nominal Value Growth (MAT)

Data from NIQ Retailer Measurement Services reveal a slight slowdown in global fast-moving consumer goods (FMCG), with nominal growth in Q1 2023 at 8% compared to the 9.1% growth rate in Q4 2022. This deceleration was primarily driven by a 2.3% decrease in volume amid an increase in prices by 10.3%. In response to rising inflationary pressures, consumers are increasingly turning to private labels, resulting in its 12.6% growth (excluding China). Among FMCG industries, snacking and pet food demonstrated the fastest growth, while dairy surpassed ambient food to become the third-fastest-growing industry. On the other hand, non-food industries such as tobacco, homecare, baby care, and personal care grew at a slower pace compared to the overall FMCG average. The on-premise retail channel continued its resurgence while discounters gained more growth momentum.

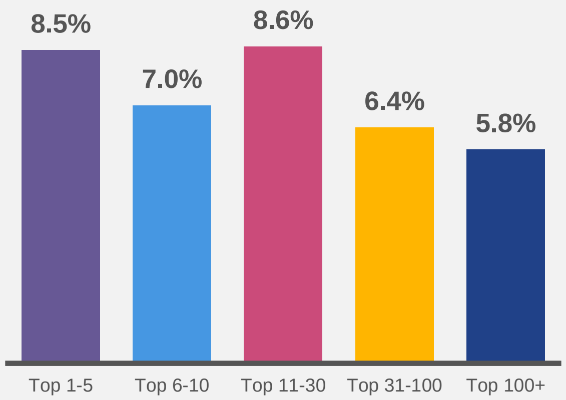
FMCG market dynamics

Weighted average (quarterly)



Manufacturer performance

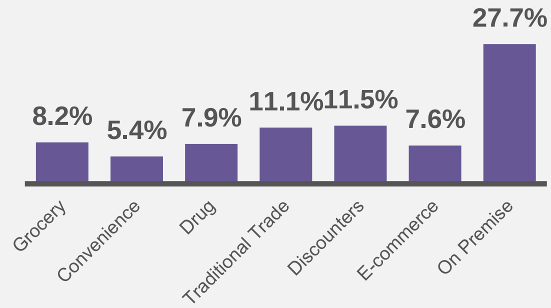
% Growth vs YA (MAT)



Channel performance

% Growth vs YA (MAT)

On-premise grows more than double the growth of the next biggest channels. Discounters record double-digit growth, signaling its growing importance among consumers.



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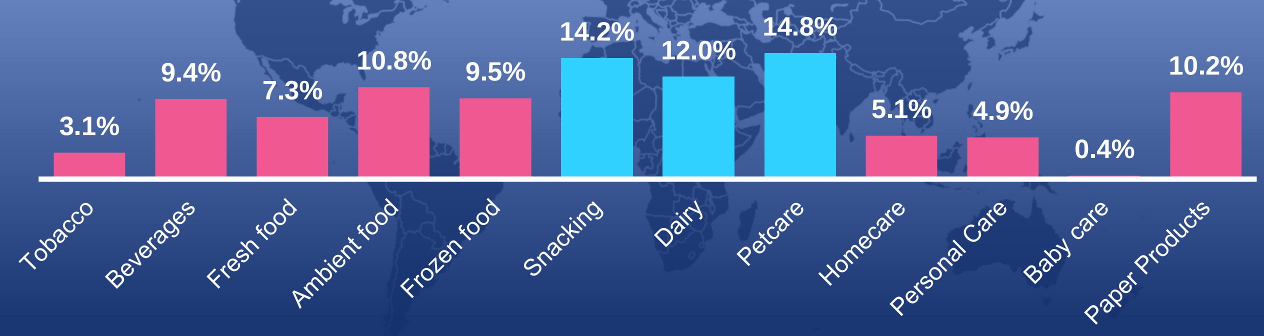
Industry performance
% Growth vs YA (MAT)



Regional performance

North America Overview:

In the U.S., FMCG dollar growth was driven by rising prices while coinciding with a decline in consumer confidence. Cost consciousness has led to a preference for private labels, a shift towards value retailers, and a heightened focus on promotions.

Canadians have reacted to inflationary pressures by shifting their shopping habits towards discount banners, increasing the frequency of their shopping trips, and showing a preference for private labels.

North America
% Growth vs YA (MAT)

▼ -1.2%
Volume change

▲ +9.2%
Unit value change

▲ +8.0%
Nominal value growth

▼▲ Denotes growth faster or slower than MAT previous year

Regional performance

Asia Pacific (APAC) & China Overview:

APAC experienced a slowdown in FMCG value growth, registering a modest increase of 1.7% compared to Q1 2022. This deceleration was primarily driven by a decline in weighted volume growth. Amid this overall trend, markets such as the Philippines, Vietnam, Thailand, Malaysia, and Myanmar showed robust double-digit growth. Recovery in China is projected to take longer due to the 6% decline in volume growth from a year ago. In India, FMCG is on its path to recovery, with double-digit growth of 10.2% this quarter.

APAC & China
% Growth vs YA (MAT)

-2.2%
Volume change

+4.0%
Unit value change

+1.8%
Nominal value growth

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Regional performance

Europe Overview:

High price inflation, rising utility bills, and stilted wage inflation are causing financial strain on Western European consumers. As a result, purchasing behavior shifted towards smaller trips for better price options. Despite the constrained scenario, sustainability and self-care are relevant trends that promise opportunities for growth in the region.

In Eastern Europe, economic activity remained low due to the ongoing war and tightened monetary policies. Price inflation continues to drive FMCG sales growth across Eastern European markets while weighted volumes decline. In Western and Eastern Europe, private label sales accelerated as consumers focused on value for money. Price strategy and positioning are crucial for success in both regions, as consumers prioritize value for money.

Europe (EE & WE)
% Growth vs YA (MAT)

▼ -2.9%
Volume change

▲ +10.5%
Unit value change

▲ +7.6%
Nominal value growth

▼▲ Denotes growth faster or slower than MAT previous year

Regional performance

Latin America (LATAM) Overview:

LATAM's FMCG expected performance in 2023 shows lower economic growth projections, with the region expected to grow only 1.6%. High-core inflation disproportionately affects low-income households, but the FMCG sector continues to experience positive nominal value trends of 19.4% in this quarter. Private label brands are growing faster than manufacturers, and channels like cash and carry in Brazil and hard discount stores in Colombia are performing well. Consumer caution and the need for adaptation require effective segmentation strategies for channels and products.

Latin America
% Growth vs YA (MAT)

+1.7%
Volume change

+17.4%
Unit value change

+19.0%
Nominal value growth

Regional performance

Africa Middle East (AME) Overview:

In the AME region, the impact of inflation is evident. FMCG baskets in markets like Lebanon, Egypt, and Morocco show high-value gains while volumes grow at 3 – 8%. However, in markets like KSA and UAE, prices increased by 8%, but volumes remained flat. With less confidence and income, consumers are seeking savings through promotions or switching to tier 2 brands. Products that are deemed as non-essential (i.e., soft drinks or snacks, etc.) can leverage occasions like Ramadan and the summer season to stimulate consumption. Differentiating brand value and assortment among channels is crucial.

Africa Middle East
% Growth vs YA (MAT)

▼ +2.0%
Volume change

▲ +36.5%
Unit value change

▲ +38.5%
Nominal value growth

▼▲ Denotes growth faster or slower than MAT previous year

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Get the *Full View*™

Definitions and sources

FMCG Market dynamics

Compares overall market dynamics (value and unit growth) in the FMCG sector based on the sales tracking NIQ performs in the mentioned markets. The FMCG definition is based on the widest possible basket of product categories that are continuously tracked by NIQ in each of these countries and channels.

Nominal value growth: Percentage change in value sales (expenditures) as measured by the total basket of reported product categories

Volume growth: Percentage change in purchased volume (quantity) of products

Unit value growth (≈ 'price' change): Reflects how consumers experience 'cost of living' in their actual grocery shopping behavior. Changes in average price per unit may result from:

- Price changes of individual products
- Change in the mix of purchased products
- Channel switching
- Product or channel mix changes may be induced by price change or may just be the result of market dynamics.

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About NIQ

NIQ, the world's leading consumer intelligence company, reveals new pathways to growth for retailers and consumer goods manufacturers. With operations in more than 100 countries, NIQ delivers the most complete and clear understanding of consumer buying behavior through an advanced business intelligence platform with integrated predictive analytics. *NIQ delivers the Full View.*

NIQ was founded in 1923 and is an Advent International portfolio company. For more information, visit NIQ.com

SOURCE: NIQ RMS MAT Q1 2023;
Notes: Argentina, Brazil, and Italy not included in the market dynamics; Industry performance: Tobacco 40 markets, Beverages 64 markets, Fresh Food 50 markets , Ambient Food 63 markets, Frozen Food 47 markets, Snacking 64 markets, Dairy 62 markets, Petcare 46 markets, Homecare 65 markets, Personal Care 65 markets, Baby Care 63 markets, Paper Products 53 markets; Channel performance: Modern Trade 25 markets, Hypermarkets 29 markets, Supermarkets 34 markets, Small Superettes 28 markets, Convenience 35 markets, Drug 41 markets,Traditional Trade 41 markets, Discounters 16 markets, Ecommerce 13 markets, On Premise 14 markets.