

Capitalising on Asian Retailer Interest in Fresh Produce – Using Information To Drive Sales Growth

A Fresh Produce White Paper from The Nielsen Company



Capitalising on Asian Retailer Interest in Fresh Produce – Using Information To Drive Targeted Sales Growth

For the fresh produce industry, the Asian market is both intriguing and intimidating. The rapid pace of change in moving from traditional retail to modern retail formats and the impact of this change on produce buying and selling remains, to a degree, the great unknown.

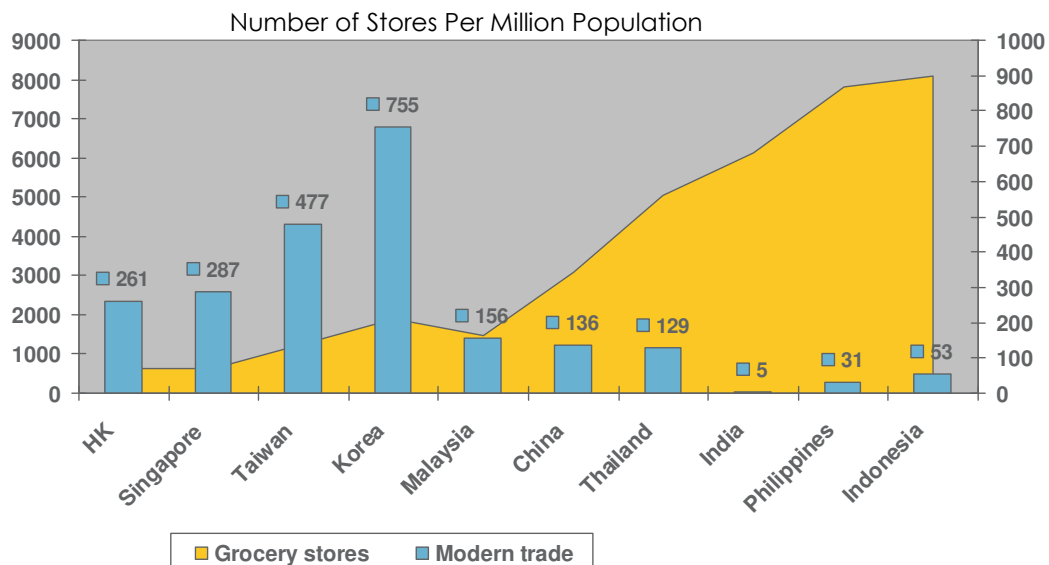
Adding to the market's intrigue is the need to understand the Asian produce consumer. While Asian consumers are often grouped together as one target market, those successfully selling in the market provide the constant reminder that each Asian country is a unique consumer market in its own right.

Using Nielsen Retail Census, Nielsen ShopperTrends and Nielsen Homescan Consumer Panel data, this report presents information and insights to help those interested in the Asian market better understand Asian market dynamics and the Asian consumer.

Understanding the Growth of Modern Grocery Retailing in Asia

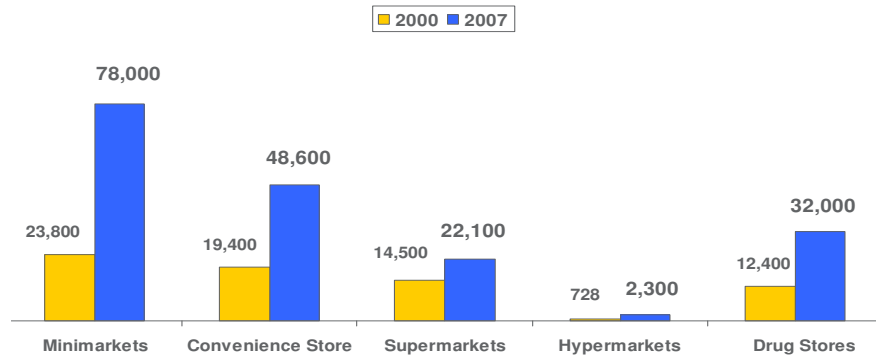
The Asian grocery market continues to change. The region is experiencing the same retailing trends that have been seen across the globe over the last 30 years. Asian shoppers are changing their shopping behaviour, switching from traditional counter service stores to modern self-service grocery stores. This in part has been driven by **significant investment** from leading retailers as well as **changing shopper needs** and expectations.

To understand the sheer scope of the market in transition, it is helpful to understand Asia's current retail environment. As of 2007, the Asian region had over 13 million grocery stores of which less than 2% were modern self-services outlets. However, Asian countries are at very different levels of development as the following chart shows. Taiwan has the highest number of modern trade stores relative to the size of its population with 500 per million people compared to just 52 in Indonesia.



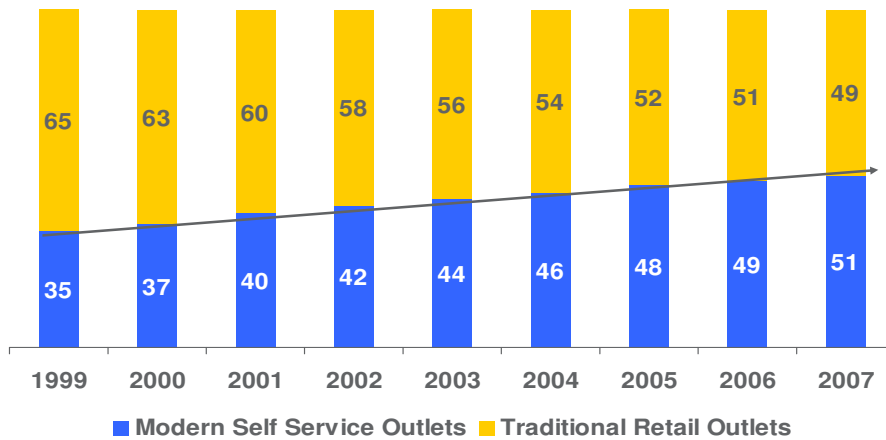
While only 2% of Asia-Pacific grocery stores are modern format, the modern format stores are growing fast.

Modern trade store numbers

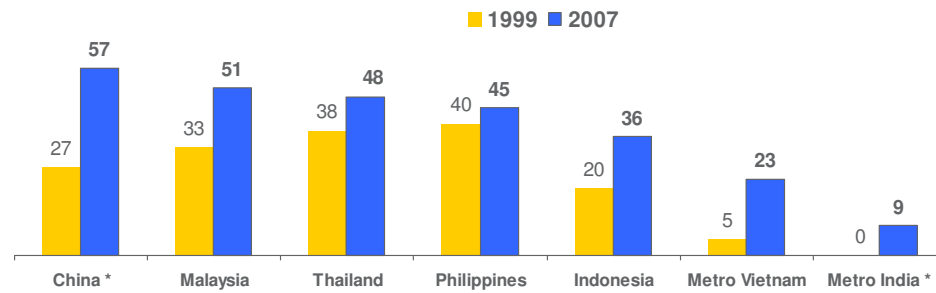


Within grocery, modern format stores now account for over 50% of all grocery purchasing.

Grocery share of trade in Asia
(excluding Japan)



In more developed Asian countries, modern trade is dominant – accounting for 80% to 90% of FMCG sales. In developing countries, modern trade is growing - although it generally holds less than 50% share.

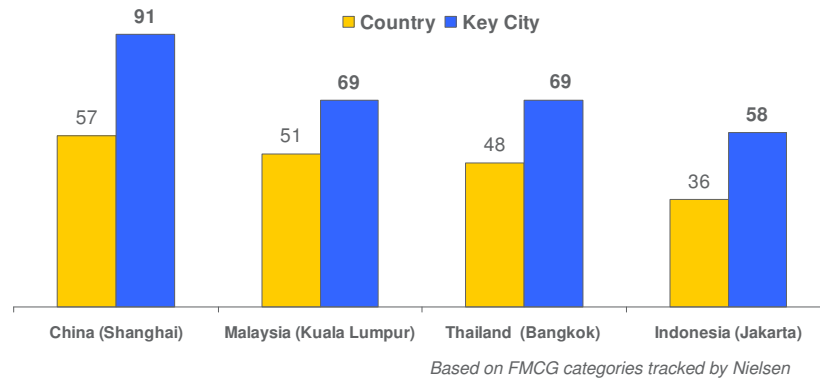


•China = excluding villages

•Vietnam = Hanoi & Ho Chi Minh * India = 15 key cities

Based on FMCG categories tracked by Nielsen

Except... main cities in developing countries have a much higher share than the country as a whole.

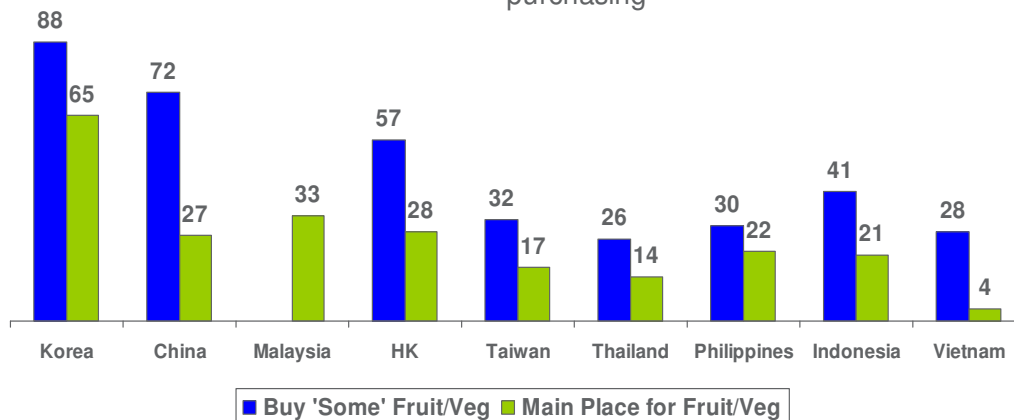


Fresh Fruits and Vegetables – Who Is Winning The Battle For Shopper Spend?

Given the importance of fresh and given the substantial growth of the modern trade sector, where are shoppers choosing to spend their fresh dollars? Are they staying loyal to the wet markets and more traditional retail channels, or are they venturing into modern retail outlets for their fresh purchasing?

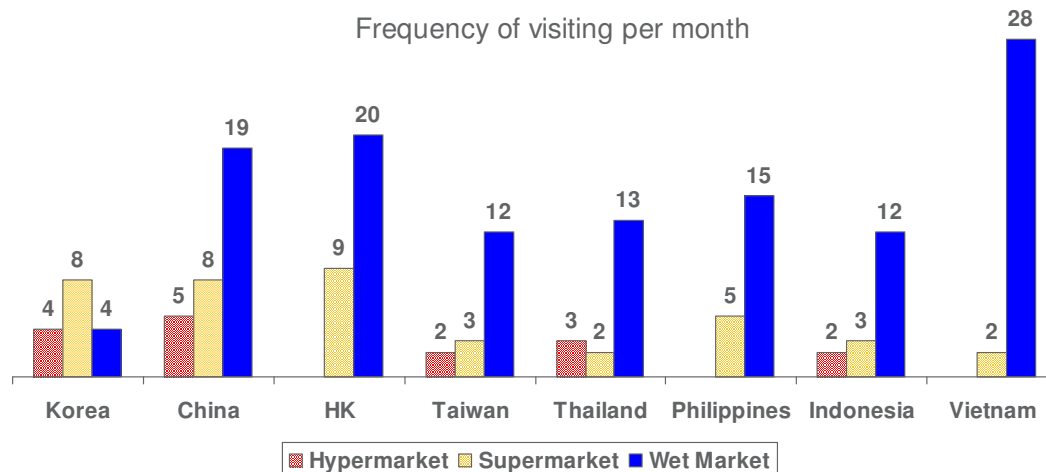
Depending on the market, Nielsen ShopperTrends data reveals a high percentage of shoppers buy 'some' fruits and vegetables within modern format outlets. However, this percentage drops significantly when compared to shoppers who use modern format stores as their 'main' source for fruit and vegetables.

Comparison of urban shoppers using modern grocery trade for 'some' fruit/veg purchasing vs the main place for fruit/veg purchasing



Based on ShopperTrends 2007

For modern trade retailers and their fresh produce suppliers, fresh food is THE opportunity area into increase traffic in store. The importance of gaining a greater share of shoppers' fresh food expenditure can be seen by the frequency that Asian shoppers visit traditional wet markets.



Based on ShopperTrends 2006

Understanding What Motivates Shoppers' Choice

Driving increased traffic into store via the modern channels requires an in-depth understanding of what motivates shoppers. Thailand consumer research clearly shows a difference in shopper behaviour, depending on their outlet of choice.

	Wet market	Modern trade
How often?	<ul style="list-style-type: none"> majority went everyday → bought in small quantities 	<ul style="list-style-type: none"> went once or twice a week on weekends → bought in bigger amounts and stocked
What time?	<ul style="list-style-type: none"> majority went in the early hours of the morning (6-8 AM) 	<ul style="list-style-type: none"> early afternoons or evenings
How much time?	<ul style="list-style-type: none"> spent about 20-30 minutes per trip → short trip 	<ul style="list-style-type: none"> spent minimum 1 hour and lasted up to a couple hours → long trip
Who to go with?	<ul style="list-style-type: none"> alone 	<ul style="list-style-type: none"> with kids or family → one stop shopping
Cooking meals?	<ul style="list-style-type: none"> breakfast and dinner 	<ul style="list-style-type: none"> dinner
Decision of menus?	<ul style="list-style-type: none"> involving family members → asking on a daily basis 	<ul style="list-style-type: none"> most of the time decided by the shoppers themselves

Nielsen Thailand qualitative study

They also have different perceptions on quality. Wet market shoppers believe freshness is about speed of turnover, while modern shoppers trust the hygiene of the modern trade more.

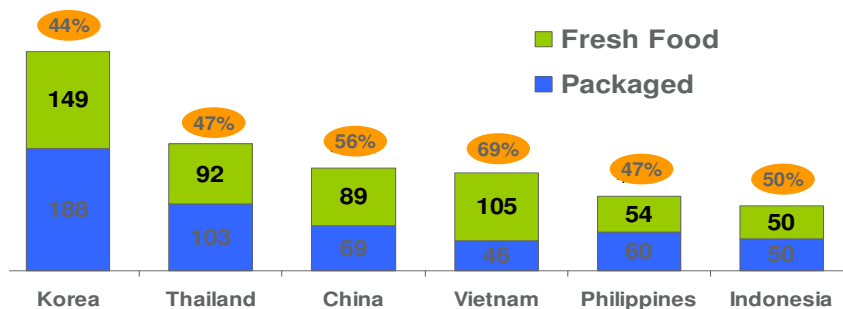
Wet market	Modern trade
<ul style="list-style-type: none"> • Freshness <ul style="list-style-type: none"> -Newness of goods → daily turnover of fresh goods -Stored foods under cooling section were not fresh 	<ul style="list-style-type: none"> • Freshness & Hygienic <ul style="list-style-type: none"> -Cleanly kept foods were fresh -Believed in expiry date on pack as benchmark guarantee of freshness -Chemical free goods
<ul style="list-style-type: none"> • Cheaper price and ability to bargain 	<ul style="list-style-type: none"> • Acceptable price → willing to pay for clean food, good ambience, convenience from one stop shopping
<ul style="list-style-type: none"> • Close to home (5-10 minutes walk) 	<ul style="list-style-type: none"> • Close to home (10-20 minutes by bus)
<ul style="list-style-type: none"> • Regular vendor → emotional link & loyalty retainer 	<ul style="list-style-type: none"> • Standardization and orderly system -> Not be cheated
<ul style="list-style-type: none"> • Liberty to choose exactly what they want → guaranteed fresh goods 	<ul style="list-style-type: none"> • Freedom to choose goods from various pack sizes or from meat stall
<ul style="list-style-type: none"> • Convenient timing → early morning 	<ul style="list-style-type: none"> • Convenience from trolley, one-stop shopping, and close late at night

Nielsen Thailand qualitative study

The Importance of Fresh Food To The Asian Consumer

There is no doubt fresh food is important to Asian consumers. Nielsen's ShopperTrends survey from 2006 reveals many Asian shoppers spend more than 45% of their monthly grocery spend on fresh foods.

Urban shoppers spend per month on groceries (US\$)



Based on ShopperTrends 2006

Creating Opportunity By Understanding Both Customer and Consumer Needs

Fresh produce marketing success in any market, whether Asia, Europe or America, requires those supplying the markets to understand not only the customer...but also the consumer. Get this understanding' right...and the opportunities for growing sales in the rapidly changing and developing Asian market are significant.

About The Nielsen Company...

The Nielsen Company is the global leader in delivering market research information and analysis. Nielsen gives clients a more complete view of their markets and a better understanding of their consumers through our combined insights, experiences, knowledge, market intelligence and advanced technologies.

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