

Press release

18th October 2016

Kantar Worldpanel reveals global e-commerce grocery market has grown 15% to \$48bn

Both in Vietnam and globally e-commerce growth outpaces the overall FMCG market in the 12 months to June 2016

Sales of groceries through e-commerce platforms reached \$48 billion in the 12 months to June 2016, according to a new report by Kantar Worldpanel, published on 29th September, 2016.

The third annual *Future of E-commerce in FMCG* study shows that e-commerce now accounts for 4.4% of all FMCG sales. Whilst the e-commerce channel is growing, the FMCG market as a whole is flat, increasing just 1.6% during the same period. In Vietnam, the gap is even wider: while e-commerce has grown by 33%, the FMCG market posted growth of 4.4% in Urban 4 key cities.

Stéphane Roger, Global Shopper and Retail Director at Kantar Worldpanel, comments:

“FMCG growth is slowing, but our data shows that people are looking for more convenience, which can be met by shopping online. Grocery e-commerce, although currently small, with only one in four people shopping online, is growing fast. We forecast it will grow to 9% of the market and be worth \$150bn by 2025. With new entrants such as Amazon expanding rapidly, the industry is facing a shake-up.”

“Although online sales have the potential to cannibalise in-store sales, it is vital that retailers act quickly to develop a strong e-commerce presence. The retailer that goes online first in each market can enjoy a far higher market share - this can be a difference of at least 40% in France and up to three times more in the UK. In this report we’ve looked at how retailers and brands are finding ways to work across all channels.”

Country	E-commerce share of market 2016 (value)
South Korea	16.6%
Japan	7.2%
UK	6.9%
France	5.3%
Taiwan	5.2%
China	4.2%
Czech Republic	2.1%
Spain	1.7%
The Netherlands	1.7%
USA	1.4%
Vietnam	0.3%

Source: Kantar Worldpanel & Europanel.

As Fabrice Carrasco – Managing Director of Kantar Worldpanel Vietnam, Indonesia and the Philippines comments in his recent post: “In Vietnam, online FMCG has enjoyed double-digit growth in recent years from a small base and we expect this trend to continue. In less than 3 years it has developed to become a reality in

the non FMCG markets, while a lot of experts were assuming the country was not ready for such offer to be successful in this country. Yes, e-commerce is tomorrow's reality of consumer goods products too, and the offers as well as the players are going to structure themselves quickly. So get ready to make the first move if you are serious about it because it will be a reality quicker than you think".

Key findings from the report include:

Global hotspots: a puzzle of performance

E-commerce growth is not equal around the world and is not explained by connectivity. It might not be surprising that digitally developed South Korea is the world's largest online FMCG market by value share (16.6%). In the USA however, only 1.4% of groceries are bought online. China is the market which saw the biggest growth in the last 12 months, 47% – to a value share of 4.2%. Europe has a relatively low adoption of e-commerce in all countries except the UK with 6.9% of the market and France which has 5.3%. France is a relatively unique e-commerce market as their success is with the Drive model whereby the online shop is collected from the store. Adoption across Latin America is currently very low with the exception of Argentina at 1%.

Online generates more loyalty

Once shoppers have begun shopping online they are more likely to continue doing so. This group spends more through e-commerce year by year, resulting in fewer trips to physical stores.

Impulse needs encouraging

Comparative research across the UK, France and China has shown that one year after starting to shop online, shoppers in the UK and France spent less overall (-2.4% and -1.4% respectively), this is because there is less impulse shopping. Brands need to work on driving impulse purchase online – for example by making suggestions for complementary products. In China, 50% of FMCG's online sales is beauty, it is seen as a prestige occasion and they actually had an increase in sales after one year (+8.1%).

Online shopping baskets are usually bigger

Shoppers generally spend more per trip online than they do offline, so potentially this could be a lucrative group to win. In Vietnam for example, the average shop online is nearly 4 times more than the average spending in a shopping occasion.

Brands that make it onto online shopping lists are more likely to stay there

Kantar Worldpanel data shows that 55% of online shoppers use the same shopping list from one purchase to the next. Brands need to focus their efforts on getting onto that list.

ENDS

Link to the report

Please click [here](#) to access to the full report.

Link to the Fabrice Carrasco's article

Please click [here](#) to access to the full article.

KANTAR WORLDPANEL

About Kantar Worldpanel

Kantar Worldpanel is the global expert in shoppers' behaviour.

Through continuous monitoring, advanced analytics and tailored solutions, Kantar Worldpanel inspires successful decisions by brand owners, retailers, market analysts and government organisations globally.

With over 60 years' experience, a team of 3,500, and services covering 60 countries directly or through partners, Kantar Worldpanel turns purchase behaviour into competitive advantage in markets as diverse as FMCG, impulse products, fashion, baby, telecommunications and entertainment, among many others.

Visit us at

Website www.kantarworldpanel.com.vn

LinkedIn vn.linkedin.com/in/kantarworldpanelvietnam

Contact us

Nguyễn Huy Hoàng

Business Development Director

T +84 (0)83930 6652

F +84 (0)83930 6632

M +84 (0)98524 7503

E HuyHoang.Nguyen@kantarworldpanel.com

Nguyễn Thị Như Ngọc

Senior Marketing Executive

T +84 (0)83930 6631 ext.665

F +84 (0)83930 6632

M +84 (0)98844 5401

E nhungoc.nguyenthi@kantarworldpanel.com