



News Release

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BABY FOOD/FORMULA SALES TO REACH NEARLY \$30 BILLION; DIAPER MARKET TO SURPASS \$29 BILLION

- Urbanization, growth of middle class, and increased number of women in the workforce propel baby food/diaper growth
- 12% of households in Vietnam have children below 1 year old; 19% have children from 1-2 years old
- Nutrition, ingredients and good price/value are the top parents' consideration for baby food; skin protection, good price/value and overnight dryness matter most for diapers

Vietnam, August 26, 2015 – Rapid urbanization, the growth of the middle class and rising rates of female participation in the labor force, especially in many developing markets, are expected to stimulate growth in baby food sales around the world, which Nielsen estimates will reach nearly \$30 billion in 2015¹ and in the diaper market which is projected to exceed \$29 billion², according to a new report released today by global performance measurement company, Nielsen.

To better understand trends within baby care categories such as baby food and diapers and why consumers choose one brand over another, Nielsen polled online respondents in 60 countries who have made a baby care purchase in the past five years. The findings reveal important insights about the path to purchase and identify the online and offline sources most influential in the process.

¹Based on Nielsen retail sales data for infant nutrition, infant cereal and infant formula categories in selected countries, which cover an estimated 95% of global baby food and formula sales.

²Based on Nielsen sales data for baby diapers and wipes in 63 countries, which account for an estimated 90% of global value sales.

The Nielsen report, which explores trends within baby care categories such as baby food and diapers and why consumers choose one brand over another, highlights considerable opportunities in Southeast Asia for baby care manufacturers thanks to the region's young and growing population.

More than one in ten consumers in Vietnam report having a baby below the age of one in their household, the highest levels in this region and double the global average of 5%. A further 19% of consumers in Vietnam have children aged 1 to 2 years old in their household compared to just 9% globally (Chart 1).

“When it comes to caring for their little bundles of joy, parents are highly discerning—from the food they put in their mouths to the diapers they put on their bottoms, there is little room for compromise, and they're willing to spend more for quality,” states Connie Cheng, Head of Shopper Insights for Nielsen in Southeast Asia, North Asia and Pacific. “Growing affluence, urbanization and the increasing number women in the workforce are major factors influencing the adoption of convenience-oriented products such as baby formula, prepared baby foods and diapers.”

However, competition in the baby care market is fierce and numerous branded and store-brand products at various price points compete for attention. Moreover, the window for purchasing baby care products is relatively short.

“Despite the challenges, opportunities in the baby care market are substantial,” advises Cheng. “Achieving competitive advantage in a space dominated by only a few major brands is possible through a deep understanding of what is driving product choice.

ORGANIC, HEALTHY OPTIONS AND TRUSTED BRAND FOR BABY FOOD

Half of respondents in Vietnam (50%) say good nutrition is important when deciding which baby good product to purchase. Good price/value and trusted brands were also important for more than one third of consumers (38%), along with safe ingredients/processing (36%) and flavor or taste (32%). Organic and all-natural foods are also an important purchase consideration, cited by 27% of respondents in Vietnam (Chart 2).

“Greater awareness of the importance of health and nutrition is leading consumers to look for natural, minimally-processed foods, and when it comes to their babies, consumers are especially particular— even if their demands come at a premium,” observes Cheng. “Parents are prepared to trade up and this will drive continued growth in the segment, albeit that growth will come from different sources for different markets. In developed markets, where birthrates are lower and baby care categories are highly saturated, growth will be spurred by innovation and premiumisation while in developing markets, increasing demand will be the biggest growth driver.”

SKIN PROTECTION, COMFORTABLE WEAR AND GOOD PRICE VALUE FOR DIAPERS

When it comes to attributes in choosing the brand and type of diaper to buy for their babies, more than half of consumers in Vietnam identify skin protection/good for sensitive skin (53%) as key factors influencing their purchase decisions. Around one third identified price/value and overnight dryness (33%) as the second most important attributes, along with good fit /comfortable to wear (27%) and trusted brand (26%) (Chart 2).

THE VALUE OF ADVOCACY

The Nielsen report highlights the importance of recommendations from family and friends and TV advertising as sources of information for new parents in learning about which baby food to buy for their babies the first time. Recommendations from friends/family wield the most influence to nearly three in five Vietnamese consumers (56%) on their purchase decisions for baby food, followed by seeing an advertising on TV (50%) and recommendations from baby health experts (47%). Online influences from parenting websites (41%), parenting magazines (39%) and social medias (33%) also plays a key role as having a big influence on their first-time purchase decisions (Chart 2).

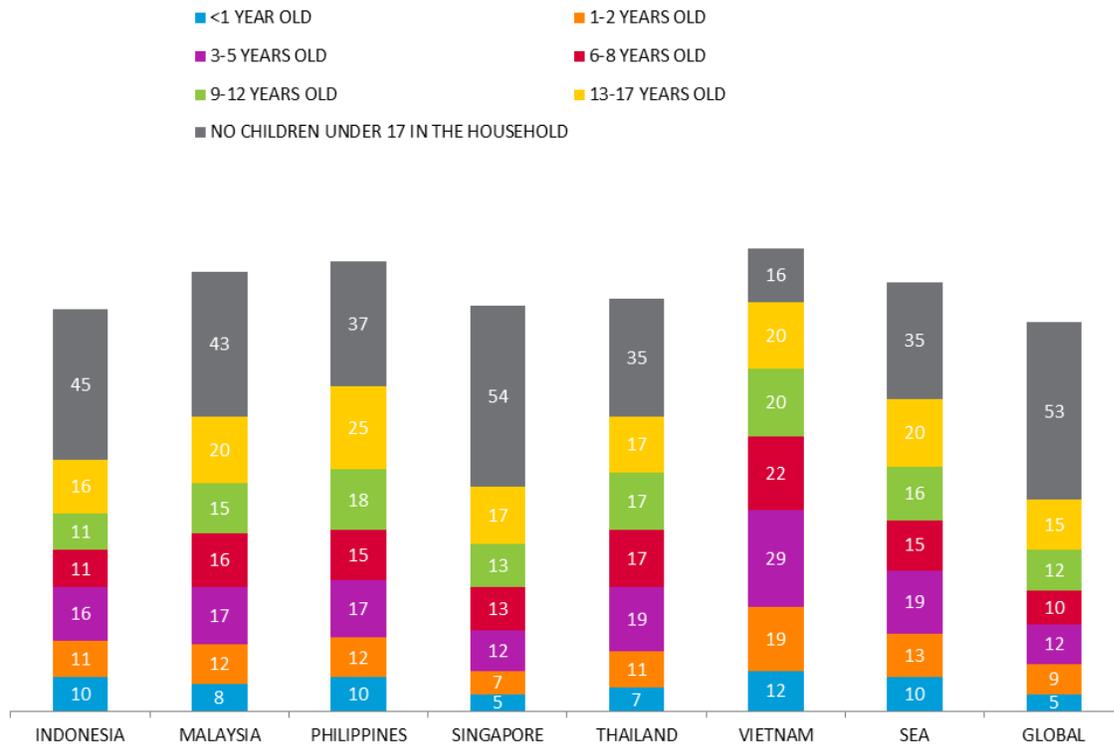
When it comes to influencing purchase for diapers, close to half of Vietnamese consumers (49%) say recommendations from family and friends had the most significant influence on their purchase decisions followed by recommendation from baby health experts (32%) and TV advertising (29%) (Chart 2).

ONLINE PURCHASING TRENDS

While consumers of baby care products in Southeast Asia are most likely to purchase baby clothes and supplies in a baby specialist stores, online channels are gaining momentum more and more with 28% of consumers having purchased baby food online, 27% having purchased baby diapers online and 24% having purchased baby beauty products and strollers online (Chart 2).

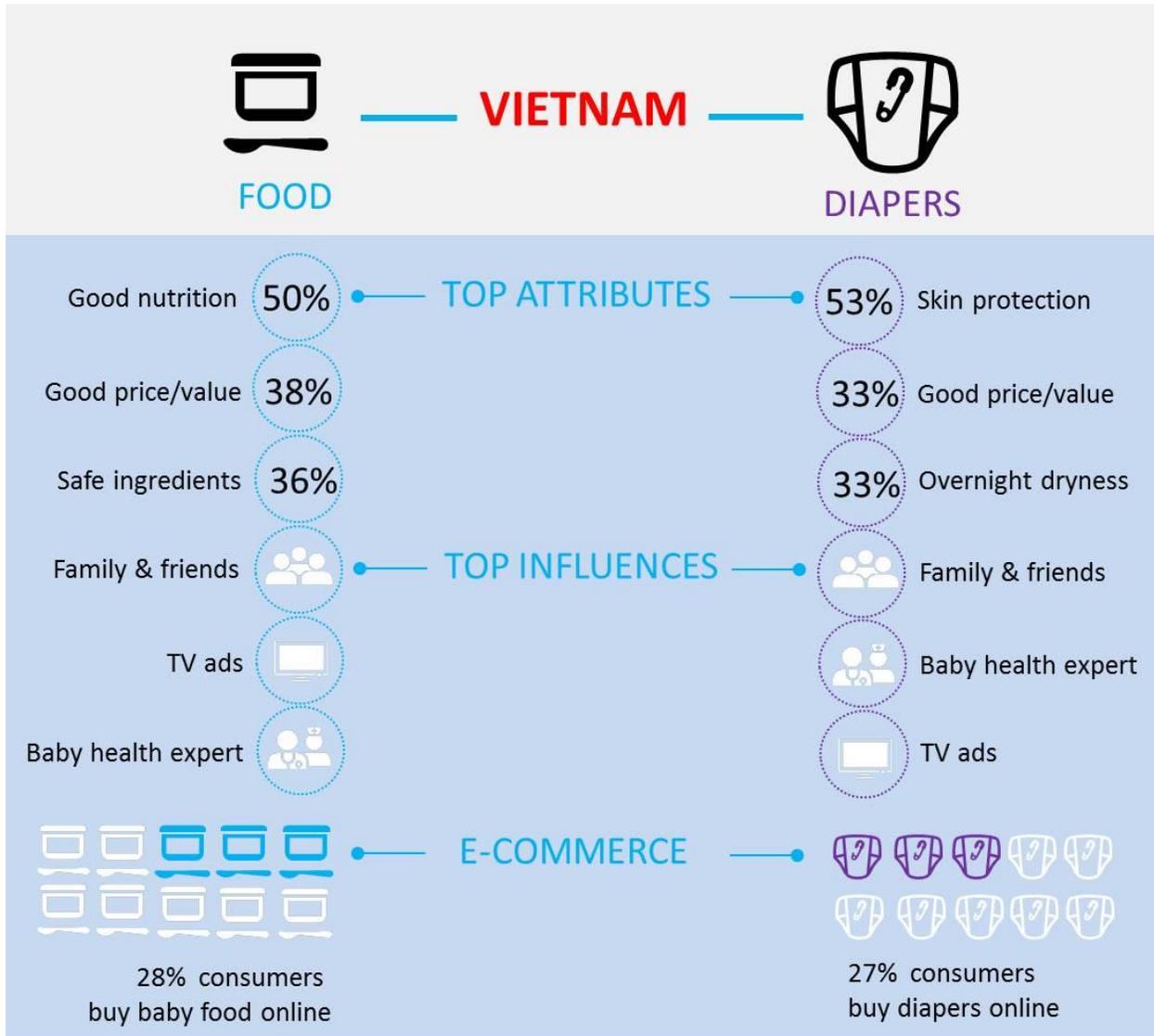
“Online retailers are able to compete on price and convenience due to reduced capital investment in physical infrastructure and, in some cases, the elimination of links in the supply chain,” explains Cheng. “From the consumer’s perspective, purchasing baby care products online offers a compelling proposition for busy parents. Online shopping is extending store hours and this helps the parents to better juggle both family and work demands. The enablers of online shopping translate into convenience, choice and price-value for a shopper. With its predictable consumption rates and long shelf life, baby categories like diapers and baby wipes lend themselves well to e-commerce.”

Chart 1. Age groups of children in households



Source: Nielsen Global Baby Care Report, 2015

Chart 2. Attributes and influencers when purchasing baby food and diapers



Source: Nielsen Global Baby Care Report, 2015

ABOUT THE NIELSEN GLOBAL SURVEY

The Nielsen Global Baby Care Survey was conducted between Feb. 23-March 13, 2015, and polled consumers in 60 countries throughout Asia-Pacific, Europe, Latin America, the Middle East, Africa and North America who have made a baby care purchase in the past five years. The sample has quotas based on age and sex for each country based on its Internet users and is weighted to be representative of Internet consumers. It has a margin of error of ±0.6%. This Nielsen survey is based only on the behavior of respondents with online access. Internet penetration rates vary by country. Nielsen uses a minimum reporting standard of 60% Internet penetration or an online

population of 10 million for survey inclusion. The Nielsen Global Survey, which includes the Global Consumer Confidence Index, was established in 2005.

ABOUT NIELSEN

Nielsen N.V. (NYSE: NLSN) is a global performance management company that provides a comprehensive understanding of what consumers Watch and Buy. Nielsen's Watch segment provides media and advertising clients with Total Audience measurement services across all devices where content—video, audio and text—is consumed. The Buy segment offers consumer packaged goods manufacturers and retailers the industry's only global view of retail performance measurement. By integrating information from its Watch and Buy segments and other data sources, Nielsen provides its clients with both world-class measurement, as well as analytics that help improve performance. Nielsen, an S&P 500 company, has operations in over 100 countries that cover more than 90% of the world's population. For more information, visit www.nielsen.com.

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