GLOBAL HIGHLIGHTS

QUARTER BY NUMBERS

Q3 2018
# CONTENTS

**WELCOME** ........................................................................................................ 3

**REGIONAL HIGHLIGHTS**

ASIA-PACIFIC ........................................................................................................ 4
NORTH AMERICA .................................................................................................. 10
EUROPE WEST ...................................................................................................... 14
EUROPE EAST / CENTRAL .................................................................................. 19
LATIN AMERICA .................................................................................................. 24
AFRICA AND MIDDLE EAST ............................................................................. 29
WELCOME

Across the globe, how companies do business is changing. Consumer behaviors are evolving as demographics shift and advances in technology are opening up new avenues for people to engage with content and brands.

These new connections are unlocking opportunities for marketers to reach consumers. But knowing how and where to connect with consumers in this increasingly complex marketplace can be challenging. As multinationals seek growth across the globe and local companies look beyond their borders, they need help identifying the opportunities that are right for their business.

Our Quarter by Numbers reports help our clients do just that. Our third-quarter 2018 report covers 65 countries across five regions. This quarterly series provides a global snapshot of what's going on in our markets today.

We produce five reports to help clients zero in on specific regions of the world. The series is available free of charge to all Nielsen clients. They are also for sale to non-clients. This lite report represents an overview of the insights detailed in the five regional reports.

Our five market-level reports are as follows: Asia Pacific (15 countries), North America (2), Latin America (7), Africa & Middle East (8) and Europe (33).

If you are interested in purchasing one or more of the individual regional reports, please visit www.global.shopnielsen.com
THE BIG PICTURE: ASIA-PACIFIC

While trade tensions between the U.S. and China remain, and the mid- to long-term impact of those tensions are uncertain, six out of the 10 countries in the Asia-Pacific region still boast the highest GDP growth in the world; seven of the top 10 most optimistic countries in the world are also in the region. Some market commentators are suggesting that the trade tensions will actually have a positive impact on the region, especially if Southeast Asia sees a boom in foreign direct investment as companies shift production capacity from China to neighbouring markets like Vietnam, Thailand and Malaysia.

While export opportunities have a significant impact on many of these markets, the domestic scenario of many Asia countries is what highlights the enormous potential in the region. Notably, we see a number of markets with continued strong GDP growth, optimistic consumers and double-digit average wage growth—all strong indicators of a growing consumer class that is looking to improve their quality of life. In some markets, inflation is creeping up to higher levels than we've seen in the past, and this may be affecting consumer perceptions about now being a good time to buy the things they want and need. But across the region, the sentiment around purchase intentions remains steady.

Consumers are still spending more than they have in the past, and this is reflected across the FMCG landscape, where value growth for the region is up 5.3%, compared with 4.7% a year ago. However, we see the greatest promise in the latest quarter, with value growth recorded at 6.5% for the region, driven by volume consumption. China and India lead this domestic consumption growth. The reduction in import tariffs contributed to a surge in consumption of personal care categories in China and in India; retailers' special events and promotions are driving volume consumption in modern trade as the channel evolves.

“Where will growth come from?” remains the most-asked question among multinational and local companies alike. As our markets continue to evolve and become more urban, consumer lifestyles are rapidly changing along with their needs and wants. The challenge rests with retailers and manufacturers to keep pace and find the best way to service these new requirements.

Online shopping is one such way, and it's here to stay. It's no longer a question of “if,” but rather “how” companies will evolve and morph to accept this new channel that will determine its longer-term impact and potential. Across the region, of consumers surveyed, 98% of Asia-Pacific consumers have made a purchase online at some time—with travel, fashion and IT/mobile leading the charge.
THE BIG PICTURE: ASIA-PACIFIC

But it's the categories where online purchasing growth is strongest that makes for the most interesting story, showcasing the enormous potential of the channel. Forty-four percent of Asia-Pacific consumers have bought packaged groceries online (up 4% from two years ago), followed by 40% buying fresh groceries and personal care online (up 5% and 3%, respectively). This showcases that consumers are moving beyond the traditional categories of travel and books in their online purchasing and accepting this channel as a normal retail outlet for their daily shopping needs.

The biggest barrier to consumers' purchasing online in Asia-Pacific is unstable internet connection, with 44% of consumers around the region agreeing that internet connectivity is often unstable or limited to make purchases online. As connectivity improves and consumers' access to technology grows, e-commerce will account for a bigger slice of the FMCG landscape.

So what's the potential? How should your omnichannel strategy evolve?

While consumer preference is polarised between a preference for buying fresh and household groceries in a physical store (30%) versus online (28%), it's the potential to bring back lapsed online shoppers and new consumers considering it—that showcases its true potential (70% of total Asia-Pacific buyer base).

FUTURE POTENTIAL OF ONLINE SHOPPING

Source: Global Connected Commerce Report 2018

An omnichannel strategy is fast becoming the new norm, and those players that make both the brick-and-mortar and online experiences engaging, easy and trustworthy will garner the trust and wallets of consumers in the future.
## ASIA-PACIFIC AT A GLANCE

### ECONOMIC PULSE OF CONSUMERS AROUND ASIA-PACIFIC

The Conference Board® Global Consumer Confidence Survey is conducted in collaboration with Nielsen and measures perceptions of local job prospects, personal finances and immediate spending intentions. Consumer confidence levels above and below a baseline of 100 indicate degrees of optimism and pessimism, respectively.

**CONSUMER CONFIDENCE INDEX ▼**

<table>
<thead>
<tr>
<th>Country</th>
<th>Q3 2018</th>
<th>Q3 2018 vs Q2 2018</th>
<th>GDP (% change pa)</th>
<th>Inflation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Korea</td>
<td>50</td>
<td>-6</td>
<td>2.0</td>
<td>1.6</td>
</tr>
<tr>
<td>Philippines</td>
<td>126</td>
<td>-1</td>
<td>6.1</td>
<td>6.2</td>
</tr>
<tr>
<td>China</td>
<td>112</td>
<td>-1</td>
<td>6.5</td>
<td>2.1</td>
</tr>
<tr>
<td>Indonesia</td>
<td>126</td>
<td>-1</td>
<td>5.2</td>
<td>2.9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country</th>
<th>Q3 2018</th>
<th>Q3 2018 vs Q2 2018</th>
<th>GDP (% change pa)</th>
<th>Inflation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malaysia</td>
<td>127</td>
<td>10</td>
<td>4.4</td>
<td>0.5</td>
</tr>
<tr>
<td>Thailand</td>
<td>112</td>
<td>10</td>
<td>3.3</td>
<td>1.5</td>
</tr>
<tr>
<td>Vietnam</td>
<td>129</td>
<td>9</td>
<td>6.9</td>
<td>4.1</td>
</tr>
<tr>
<td>Australia</td>
<td>101</td>
<td>8</td>
<td>2.8</td>
<td>2.0</td>
</tr>
<tr>
<td>India</td>
<td>130</td>
<td>6</td>
<td>8.2</td>
<td>3.9</td>
</tr>
<tr>
<td>Singapore</td>
<td>98</td>
<td>4</td>
<td>2.6</td>
<td>0.7</td>
</tr>
<tr>
<td>Taiwan</td>
<td>79</td>
<td>3</td>
<td>2.3</td>
<td>1.7</td>
</tr>
<tr>
<td>New Zealand</td>
<td>105</td>
<td>3</td>
<td>2.8</td>
<td>1.9</td>
</tr>
<tr>
<td>Japan</td>
<td>85</td>
<td>2</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>106</td>
<td>1</td>
<td>2.9</td>
<td>2.7</td>
</tr>
</tbody>
</table>

**CONSUMERS AROUND THE REGION ARE INCREASINGLY OPTIMISTIC, WITH MALAYSIA, THAILAND AND VIETNAM MAKING SOME OF THE MOST SIGNIFICANT GAINS IN CONFIDENCE ACROSS THE WORLD.**
ASIA-PACIFIC AT A GLANCE

CONSUMER SENTIMENT IN ASIA-PACIFIC

WHAT ARE THE TOP TWO CONCERNS IN THE NEXT SIX MONTHS? Q3 2018

Type of concern

Bars reflect Q3 2018. Table shows comparison to Q2 2018.

WHO'S SPENDING, SAVING, AND INVESTING? Q2 2018

After living expenses, how is spare money spent?

Bars reflect Q3 2018. Table shows comparison to Q2 2018.

WITH INCREASING ECONOMIC CERTAINTY AROUND THE REGION, CONSUMERS ARE BECOMING MORE CAUTIOUS WITH A FOCUS ON PUTTING SPARE CASH INTO SAVINGS.
LOOKING THROUGH ASIA-PACIFIC’S FMCG LENS

FAST-MOVING CONSUMER GOODS MARKET DYNAMICS
Weighted average – APAC – 14 countries

WHERE ARE THE FMCG GROWTH OPPORTUNITIES?
Average volume growth Q2 2018 and Q3 2018

THAILAND (-1.9%)
HONG KONG (+1.3%)
CHINA (+2.7%)
JAPAN (+1.1%)
KOREA (-0.9%)
TAIWAN (-1.3%)
PHILIPPINES (+0.9%)
NEW ZEALAND (+1.6%)
AUSTRALIA (+1.0%)

People

MAT YA
MAT TY
Q4 16
Q1 17
Q2 17
Q3 17
Q4 17
Q1 18
Q2 18
Q3 18

UNIT VALUE GROWTH
VOLUME GROWTH
NOMINAL GROWTH

Average volume growth decreasing versus last period
Average volume growth increasing versus last period

Colour coding indicates growth or declining trend compared to same six-month period year ago.
Average volume growth of Q2 ‘18 & Q3 ‘18 vs Q2 ‘17 & Q3 ‘17.

Copyright © 2018 The Nielsen Company (US), LLC. Confidential and proprietary. Do not distribute.
NORTH AMERICA
THE BIG PICTURE: NORTH AMERICA

POSITIVITY IN SALES AND CONSUMER SENTIMENT

It was a positive quarter for North American fast-moving consumer goods (FMCG), where both Canada and the U.S. saw a return to modest dollar growth. That said, volume consumption continues to lag for both nations, highlighting the challenges our industry will continue to face as we close out the year. Understanding shifting consumer sentiment is one of the keys to finding your way to profitable growth, particularly beyond the ongoing inflationary impact.

Across North America, consumers have remained optimistic, with improved sentiment toward job prospects driving positivity here. In the case of Americans, consumer confidence remains well above the global norm, indicating there's opportunity to bridge favorable outlook to FMCG purchasing. And while confidence levels for Canadians rank below the global index score of 106, optimism is on the rise and has been bolstered primarily by improved sentiments on the job market.

When it comes to where consumers are spending their spare cash, some interesting differences emerge. For Canadians, it's the time of year to escape cold weather and so, not surprisingly, we've seen an uptick in those who plan to spend more on holidays this quarter. Across the border, more Americans are planning to put extra money toward new clothes and investing in home improvement projects. As the year winds to a close, we'll keep a close eye on how seasonal moments impact the annual bottom line for our industry.

The Conference Board® Global Consumer Confidence Survey is conducted in collaboration with Nielsen.
NORTH AMERICA AT A GLANCE

CONSUMER SENTIMENT IN NORTH AMERICA

TOP TWO CONCERNS OVER NEXT SIX MONTHS
Q3 2018

ACROSS NORTH AMERICA, CONSUMERS RANKED HEALTH, THE ECONOMY AND DEBT AMONG THEIR TOP CONCERNS THIS QUARTER. CANADIANS ARE UNIQUE IN THEIR WORRIES ABOUT RISING FOOD PRICES, WHILE AMERICANS HOLD GREATER CONCERN FOR TERRORISM.

TOP AREAS FOR SPENDING SPARE MONEY

AS THE END OF THE YEAR APPROACHES, CANADIANS ARE SPENDING MORE ON HOLIDAYS AND DIVERTING LESS TOWARD SAVINGS AND DEBT REPAYMENT COMPARED TO 2017. AMERICANS ARE ALSO PUTTING LESS OF THEIR SPARE CASH TOWARD SAVINGS AND DEBT REPAYMENT, AND ARE SPENDING MORE ON CLOTHES AND HOME IMPROVEMENTS.
GROWTH HAS RETURNED TO BRICK & MORTAR FMCG IN THE THIRD QUARTER OF THE YEAR. DOLLAR SALES ARE UP NEARLY $4.5 BILLION (+2.3%) FROM THIS TIME A YEAR AGO, AND UNIT VOLUME HAS REMAINED STEADY, INCREASING BY A MODEST 260 MILLION UNITS (+0.4%).

CANADA FMCG POSTS DOLLAR GROWTH IN Q3, HOWEVER, CONSUMPTION POSES A CHALLENGE, MAKING ORGANIC GROWTH THE TASK AT HAND FOR RETAILERS AND MANUFACTURERS.

CANADA FAST-MOVING CONSUMER GOODS MARKET DYNAMICS
Latest 52 weeks – Q3 2018

U.S. FMCG OFFLINE MARKET DYNAMICS
Latest 52 weeks – Q3 2018

GROWTH HAS RETURNED TO BRICK & MORTAR FMCG IN THE THIRD QUARTER OF THE YEAR. DOLLAR SALES ARE UP NEARLY $4.5 BILLION (+2.3%) FROM THIS TIME A YEAR AGO, AND UNIT VOLUME HAS REMAINED STEADY, INCREASING BY A MODEST 260 MILLION UNITS (+0.4%).

Source: Nielsen MarketTrack, National All Channels, 52 Weeks to September 15, 2018
Excludes Fresh Random weight - Canada

Source: Nielsen Retail Measurement Services (RMS), Total Food View, Total U.S. All Outlets Combined (xAOC), 52 weeks to Sept. 29, 2018, UPC-coded and random-weight/non-UPC data
EUROPE WEST
THE BIG PICTURE: EUROPE WEST

The range of local variables across Western Europe are challenging to follow, let alone understand. Yet, there are a number of key themes that continue to be highlighted. The consumer desire for “convenience” is one that many of our local teams observe. For example, our recent Quest for Convenience report found that 35% of Western Europeans find shopping to be a chore. This indicates just how busy consumers are and provides a great deal to think about when generating strategies, products and services that will strike a chord with consumer needs. One consideration should be “why are consumers shopping?,” and in Western Europe, consumers say that around 7% of visits in-store is shopping for “today’s meal”; 13% is to “replenish” what they have; and 19% say to top-up on essentials.

Understanding these shopper missions more in depth can help focus on many things: product range, store layout and the way we communicate with shoppers. In the same study, 22% of Western Europeans said that they wished there were more products that made their lives easier. This could explain why the percentage of Western European consumers saying they have ordered a restaurant delivery online increased 2 percentage points between 2017 and 2018. The data differs by country, however, and the presence and growth of specialty stores in many markets is certainly fragmenting the type of shopping trip when you consider formats like organic or bargain. Convenience is just one example of how shopping behaviour is evolving and moving away from what was viewed as “traditional.”

So will this consumer trend remain relevant in the future? There are other insights that suggest it will. According to forecasts from the U.N., Western European countries will see an increase of approximately 17 million people living in urban centres between 2015 and 2025, and countries like Belgium, Netherlands and Denmark will remain among the most urbanized in the world. Increasing population density and congestion are changing many consumers’ day-to-day challenges, and these lifestyle changes need to be anticipated and met by retailers, manufacturers and everyone associated with consumer industries.

One of the biggest changes we may see in the FMCG space over the next few years is the rapid inclusion of online purchases within consumers’ repertoires. Currently, only 5% of Western Europeans say that they buy FMCG regularly online, but 24% say they will consider doing so moving forward. This positive sentiment toward online shopping, along with investment and improvement in e-commerce offerings, could accelerate growth well ahead of in-store growth.

There is obviously a challenge to get the balance right, but a first step is to recognize that omnichannel behaviour is increasing among consumers, and industry players that understand the subtle differences in how a consumer approaches different shopping missions or looks for information on products in varied ways will strike the right offers earlier. The continued fragmentation of how the same consumer will make different choices across different channels depending on evolving needs is a big challenge. It is a challenge however that offers clear advantages to those who can integrate it into their engagement with the shopper.
EUROPE WEST MARKETS AT A GLANCE

ECONOMIC PULSE OF CONSUMERS AROUND WESTERN EUROPE

The Conference Board® Global Consumer Confidence Survey is conducted in collaboration with Nielsen and measures perceptions of local job prospects, personal finances and immediate spending intentions. Consumer confidence levels above and below a baseline of 100 indicate degrees of optimism and pessimism, respectively.

<table>
<thead>
<tr>
<th>Country</th>
<th>Consumer Confidence Index</th>
<th>GDP (% change pa)</th>
<th>Inflation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>106</td>
<td>-1</td>
<td>1.2</td>
</tr>
<tr>
<td>France</td>
<td>77</td>
<td>-1</td>
<td>1.5</td>
</tr>
<tr>
<td>Portugal</td>
<td>92</td>
<td>7</td>
<td>2.1</td>
</tr>
<tr>
<td>Finland</td>
<td>90</td>
<td>7</td>
<td>2.3</td>
</tr>
<tr>
<td>Italy</td>
<td>69</td>
<td>7</td>
<td>0.8</td>
</tr>
<tr>
<td>Switzerland</td>
<td>106</td>
<td>7</td>
<td>2.9</td>
</tr>
<tr>
<td>Netherlands</td>
<td>112</td>
<td>6</td>
<td>2.3</td>
</tr>
<tr>
<td>Spain</td>
<td>97</td>
<td>6</td>
<td>2.5</td>
</tr>
<tr>
<td>Denmark</td>
<td>122</td>
<td>4</td>
<td>2.1</td>
</tr>
<tr>
<td>Ireland</td>
<td>111</td>
<td>3</td>
<td>2.5</td>
</tr>
<tr>
<td>Norway</td>
<td>94</td>
<td>2</td>
<td>1.6</td>
</tr>
<tr>
<td>Belgium</td>
<td>93</td>
<td>2</td>
<td>1.7</td>
</tr>
<tr>
<td>U.K.</td>
<td>102</td>
<td>1</td>
<td>1.5</td>
</tr>
<tr>
<td>Sweden</td>
<td>100</td>
<td>1</td>
<td>2.6</td>
</tr>
<tr>
<td>Austria</td>
<td>101</td>
<td>0</td>
<td>2.6</td>
</tr>
</tbody>
</table>

AN OVERWHELMINGLY POSITIVE CONSUMER SENTIMENT IN Q3 COMPARED TO Q2, PUNCTUATED BY FINE WEATHER, THE FOOTBALL WORLD CUP AND A GENERALLY HEALTHY ECONOMIC ENVIRONMENT.

GDP and Inflation reflect % change per annum to Q3 2018 or (-) indicates not available at time of publication
Source: Economist Intelligence Unit (EIU)/OECD/local government sources
The Conference Board® Global Consumer Confidence Survey is conducted in collaboration with Nielsen.

Copyright © 2018 The Nielsen Company (US), LLC. Confidential and proprietary. Do not distribute.
**EUROPE WEST MARKETS AT A GLANCE**

**CONSUMER SENTIMENT IN WESTERN EUROPE**

**WHAT ARE THE TOP TWO CONCERNS IN THE NEXT SIX MONTHS?**

<table>
<thead>
<tr>
<th>Type of concern</th>
<th>EU</th>
<th>AT</th>
<th>BE</th>
<th>CH</th>
<th>DE</th>
<th>DK</th>
<th>ES</th>
<th>FI</th>
<th>FR</th>
<th>GB</th>
<th>IE</th>
<th>IT</th>
<th>NL</th>
<th>NO</th>
<th>PT</th>
<th>SE</th>
<th>SI</th>
</tr>
</thead>
<tbody>
<tr>
<td>The economy</td>
<td>2</td>
<td>-1</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>-2</td>
<td>-1</td>
<td>1</td>
<td>-1</td>
<td>-3</td>
<td>-5</td>
<td>-1</td>
<td>2</td>
<td>0</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Health</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>-5</td>
<td>-3</td>
<td>3</td>
<td>-2</td>
<td>2</td>
<td>6</td>
<td>-4</td>
<td>5</td>
<td>-1</td>
<td>0</td>
<td>-4</td>
<td>-3</td>
<td>-3</td>
</tr>
</tbody>
</table>

Bars reflect Q3 2018. Table shows comparison to Q2 2018.

**WHO’S SPENDING, SAVING, AND INVESTING? Q2 2018**

After living expenses, how is spare money spent?

<table>
<thead>
<tr>
<th>After living expenses, how is spare money spent</th>
<th>EU</th>
<th>AT</th>
<th>BE</th>
<th>CH</th>
<th>DE</th>
<th>DK</th>
<th>ES</th>
<th>FI</th>
<th>FR</th>
<th>GB</th>
<th>IE</th>
<th>IT</th>
<th>NL</th>
<th>NO</th>
<th>PT</th>
<th>SE</th>
<th>SI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Putting into savings</td>
<td>-2</td>
<td>-3</td>
<td>-8</td>
<td>-6</td>
<td>2</td>
<td>-3</td>
<td>-2</td>
<td>-3</td>
<td>-3</td>
<td>-4</td>
<td>-5</td>
<td>6</td>
<td>-1</td>
<td>1</td>
<td>-6</td>
<td>-7</td>
<td></td>
</tr>
<tr>
<td>New clothes</td>
<td>-1</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>-5</td>
<td>-2</td>
<td>-4</td>
<td>1</td>
<td>6</td>
<td>-1</td>
<td>-3</td>
<td>4</td>
<td>0</td>
<td>7</td>
<td>1</td>
<td>-1</td>
<td></td>
</tr>
<tr>
<td>Putting into savings</td>
<td>-3</td>
<td>-5</td>
<td>3</td>
<td>0</td>
<td>-4</td>
<td>-3</td>
<td>-2</td>
<td>1</td>
<td>-5</td>
<td>2</td>
<td>1</td>
<td>5</td>
<td>-1</td>
<td>-1</td>
<td>0</td>
<td>-2</td>
<td></td>
</tr>
</tbody>
</table>

Bars reflect Q3 2018. Table shows comparison to Q2 2018.

Although positive sentiment prevailed across Western Europe in the third quarter, consumers are still cautious with their spending vs. saving decisions.
LOOKING THROUGH EUROPE WEST’S FMCG LENS

FAST-MOVING CONSUMER GOODS MARKET DYNAMICS – Q3 2018
Weighted average – West Europe – 15 countries

WHERE ARE THE FAST-MOVING CONSUMER GOODS GROWTH OPPORTUNITIES?
Average volume growth Q2 2018 and Q3 2018

- Average volume growth decreasing versus last period
- Average volume growth increasing versus last period

UNIT VALUE CHANGE | VOLUME CHANGE | NOMINAL GROWTH

Finland (+2.6%)
Sweden (+1.8%)
Norway (+0.6%)

U.K. (+1.2%)
Ireland (+1.8%)
Belgium (-1.4%)
France (-0.2%)
Switzerland (-0.9%)
Portugal (-0.8%)
Spain (-0.2%)

Colour coding indicates growth or declining trend compared to same six-month period year ago.
Average volume growth of Q2 ’18 & Q3 ’18 vs Q2 ’17 & Q3 ’17.

Copyright © 2018 The Nielsen Company (US), LLC. Confidential and proprietary. Do not distribute.
EUROPE EAST
AND CENTRAL
THE BIG PICTURE:
EUROPE EAST / CENTRAL

As we approach the festive season, consumers throughout Europe will be interacting with products, brands, services, retailers and manufacturers as they make purchases for themselves, friends and family. They will look for product information, compare prices, seek inspiration for gifts, check product quality and do all sorts of evaluations before and during their paths to purchase.

How consumers are going about their shopping-related activities is changing rapidly, and factors like social media, peer reviews, cross-border options and other digital tools are growing in importance along the path to purchase. Over the last few months, Nielsen released some research that shines a light on how consumers are changing their shopping and purchasing behaviors.

Some highlights for Europe include:

- 93% of online European consumers say they have made a purchase online.

- Consumers are expanding the types of products they are buying online. The percentage of consumers saying they had ordered restaurant deliveries online in Eastern Europe grew by 3 percentage points to 27%; in Western Europe, it grew by 2% points to 20%.

- The evolution of category involvement across markets is following a similar pattern to the most developed e-commerce markets in the world (South Korea and China), where categories like fashion, travel, books and music have the highest online purchase penetration. As consumers become comfortable and offers improve, they move into products like beauty, packaged grocery, baby care and even fresh groceries. South Korea's online sales now account for over 18% of total FMCG sales.

- The percentage of consumers saying that they buy FMCG online regularly is fairly low in Europe: 5% in Western Europe and 4% in Eastern Europe. However, there are positive intentions: 24% of Western European and 34% of Eastern Europeans consumers say that they are willing to in the future.

- There are certain strategies that would encourage consumers to buy FMCG online. Thirty-nine percent of Western European consumers say a money-back guarantee would encourage them to purchase, and 33% say free delivery between Tuesday and Thursday was favorable. Fifty-percent of Eastern consumers say a money-back guarantee was the best strategy, and 45% say free delivery over a certain purchase amount is desirable.

Although these are just a few insights, our recent Connected Commerce report highlights how willing consumers are to make their lives simpler and more convenient through e-commerce, and their behavior is changing fast. As investment and strategy continues to drive the growth of online, there is a danger that its acceleration off a low base may catch some players unprepared in the future when it becomes a significant slice of the FMCG pie and preparation for this outcome is well advised.

Daniel Chorbadjian
Managing Director
Eastern Europe

Roberto Pedretti
Managing Director,
Central and Southern Europe
EUROPE CENTRAL AND EAST MARKETS AT A GLANCE

ECONOMIC PULSE OF CONSUMERS AROUND EUROPE

The Conference Board® Global Consumer Confidence Survey is conducted in collaboration with Nielsen and measures perceptions of local job prospects, personal finances and immediate spending intentions. Consumer confidence levels above and below a baseline of 100 indicate degrees of optimism and pessimism, respectively.

<table>
<thead>
<tr>
<th>CONSUMER CONFIDENCE INDEX ▼</th>
<th>CONSUMER CONFIDENCE INDEX ▲</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 2018</td>
<td>Q3 2018 vs Q2 2018</td>
</tr>
<tr>
<td>Turkey</td>
<td>79</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>79</td>
</tr>
<tr>
<td>Hungary</td>
<td>76</td>
</tr>
<tr>
<td>Russia</td>
<td>67</td>
</tr>
<tr>
<td>Slovakia</td>
<td>90</td>
</tr>
<tr>
<td>Poland</td>
<td>103</td>
</tr>
<tr>
<td>Croatia</td>
<td>78</td>
</tr>
<tr>
<td>Serbia</td>
<td>74</td>
</tr>
<tr>
<td>Greece</td>
<td>68</td>
</tr>
<tr>
<td>Slovenia</td>
<td>87</td>
</tr>
</tbody>
</table>

A MIXTURE OF REGIONAL TENSIONS AND IMPROVING ECONOMIC CONDITIONS HAVE BEEN THE MAIN REASONS FOR SUCH A VARIATION OF MOVEMENT WITHIN THE CONSUMER CONFIDENCE INDEX

GDP and inflation reflect % change per annum to Q3 2018 or (-) indicates not available at time of publication
Source: Economist Intelligence Unit (EIU) / OECD / Local government sources
The Conference Board® Global Consumer Confidence Survey is conducted in collaboration with Nielsen.
EUROPE CENTRAL AND EAST MARKETS AT A GLANCE

CONSUMER SENTIMENTS IN CENTRAL / EAST EUROPE

WHAT ARE THE TOP TWO CONCERNS IN THE NEXT SIX MONTHS?

<table>
<thead>
<tr>
<th>Type of concern</th>
<th>EU</th>
<th>BG</th>
<th>BL</th>
<th>CZ</th>
<th>EE</th>
<th>GR</th>
<th>HR</th>
<th>HU</th>
<th>KZ</th>
<th>LT</th>
<th>LV</th>
<th>PL</th>
<th>RO</th>
<th>RS</th>
<th>RU</th>
<th>SI</th>
<th>SK</th>
<th>TR</th>
<th>UA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economy</td>
<td>2</td>
<td>-2</td>
<td>-1</td>
<td>1</td>
<td>-6</td>
<td>-1</td>
<td>-1</td>
<td>4</td>
<td>7</td>
<td>2</td>
<td>-3</td>
<td>-1</td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>1</td>
<td>-2</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Health</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>-1</td>
<td>0</td>
<td>4</td>
<td>-4</td>
<td>2</td>
<td>-2</td>
<td>2</td>
<td>-2</td>
<td>2</td>
<td>-1</td>
<td>-3</td>
<td>-5</td>
<td>-4</td>
<td>-3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

Bars reflect Q3 2018. Table shows comparison to Q2 2018.

WHO’S SPENDING, SAVING, AND INVESTING?

After living expenses, how is spare money spent?

<table>
<thead>
<tr>
<th>% of respondents</th>
<th>EU</th>
<th>BG</th>
<th>BL</th>
<th>CZ</th>
<th>EE</th>
<th>GR</th>
<th>HR</th>
<th>HU</th>
<th>KZ</th>
<th>LT</th>
<th>LV</th>
<th>PL</th>
<th>RO</th>
<th>RS</th>
<th>RU</th>
<th>SI</th>
<th>SK</th>
<th>TR</th>
<th>UA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Putting into savings</td>
<td>-2</td>
<td>3</td>
<td>-4</td>
<td>-7</td>
<td>0</td>
<td>-5</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>5</td>
<td>-1</td>
<td>-1</td>
<td>7</td>
<td>1</td>
<td>-1</td>
<td>-1</td>
<td>0</td>
<td>-1</td>
<td>1</td>
</tr>
<tr>
<td>New Clothes</td>
<td>-1</td>
<td>1</td>
<td>-1</td>
<td>-6</td>
<td>1</td>
<td>-2</td>
<td>-3</td>
<td>0</td>
<td>-5</td>
<td>2</td>
<td>1</td>
<td>-4</td>
<td>0</td>
<td>2</td>
<td>3</td>
<td>-3</td>
<td>0</td>
<td>-1</td>
<td>-1</td>
</tr>
<tr>
<td>Holidays / Vacations</td>
<td>-3</td>
<td>2</td>
<td>1</td>
<td>-7</td>
<td>-1</td>
<td>0</td>
<td>2</td>
<td>-2</td>
<td>-3</td>
<td>2</td>
<td>-2</td>
<td>-7</td>
<td>0</td>
<td>3</td>
<td>-2</td>
<td>-3</td>
<td>-1</td>
<td>-1</td>
<td>-1</td>
</tr>
</tbody>
</table>

Bars reflect Q3 2018. Table shows comparison to Q2 2018.

PUTTING MONEY INTO SAVINGS IS A LEADING RESPONSE, HIGHLIGHTING A CAUTIOUS MINDSET ACROSS EUROPE, FOLLOWED BY SPENDING ON HOLIDAYS AND CLOTHES.
LOOKING THROUGH EUROPE CENTRAL AND EAST’S FMCG LENS

FAST-MOVING CONSUMER GOODS MARKET DYNAMICS – Q3 2018
Weighted average – Europe East and Central – 18 countries

WHERE ARE THE FMCG GROWTH OPPORTUNITIES?
Average volume growth Q2 2018 and Q3 2018

COLOUR CODING INDICATES GROWTH OR DECLINING TREND COMPARED TO SAME SIX-MONTH PERIOD YEAR AGO.
Average volume growth of Q2 '18 & Q3 '18 vs Q2 '17 & Q3 '17.
LATIN AMERICA
LATAM AT A GLANCE

During the last year, uncertainty stemming from a number of factors has hindered growth across Latin America. There have been elections in many countries, a crisis in Argentina, recession in Brazil and resilience in the Pacific Alliance. Additionally, positive forecasts are mainly focused on the biggest regional economies. Uncertainty in Mexico lessened after the announcement of a likely trade agreement with the U.S. and Canada, and the atmosphere in Brazil is more positive following a more stable political environment after the elections.

The economy remains the No. 1 concern across the region. And despite high levels of inflation in many countries, the economy had less of a negative effect in the last quarter, and consumer confidence in Latin America is recovering. Notably, we’re tracking positive trends in Mexico, Brazil, Colombia and Peru.

In spite of increasingly positive consumer sentiment, Latin American consumers remember the recent crisis, which means they remain cautious in their spending. This, in turn, has affected the FMCG industry, which lost volume sales in the last quarter, as consumers continue to seek value in the face of price increases. This has been seen with changes in the shopping patterns, increasing visits to discounters, cash-and-carry, fairs, etc., as consumers select low-price retail brands and determine the best value equations via offers and promotions.

In this FMCG landscape, manufacturers and retailers should focus on strategies based on differentiation by retail format—optimizing prices via low tier brands and product sizes in order to sell at the right price without losing profitability—and create innovations that encourage consumers to trade up to higher prices.

Sources: The Conference Board® Global Consumer Confidence Survey is conducted in collaboration with Nielsen.
GDP and Inflation from Latin Focus, Q3 2018
**ECONOMIC PULSE OF CONSUMERS AROUND LATIN AMERICA**

The Conference Board® Global Consumer Confidence Survey is conducted in collaboration with Nielsen measures perceptions of local job prospects, personal finances and immediate spending intentions. Consumer confidence levels above and below a baseline of 100 indicate degrees of optimism and pessimism, respectively.

---

### Latin Focus Economics

<table>
<thead>
<tr>
<th>GDP (annual % growth) Q3 2018</th>
<th>Inflation Q3 2018</th>
<th>Q3 2018</th>
<th>Q3 2018 vs Q2 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>1.5</td>
<td>4.5</td>
<td>88</td>
</tr>
<tr>
<td>Chile</td>
<td>3.2</td>
<td>3.1</td>
<td>83</td>
</tr>
<tr>
<td>Mexico</td>
<td>2.6</td>
<td>5.0</td>
<td>100</td>
</tr>
<tr>
<td>Colombia</td>
<td>2.7</td>
<td>3.2</td>
<td>104</td>
</tr>
<tr>
<td>Peru</td>
<td>3.0</td>
<td>1.3</td>
<td>102</td>
</tr>
<tr>
<td>Argentina</td>
<td>-3.6</td>
<td>40.5</td>
<td>74</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>2.9</td>
<td>2.2</td>
<td>83</td>
</tr>
</tbody>
</table>

---

**The range of consumer sentiment and changes reflect the variety of processes, events and dynamics that characterize such a diverse region.**

---

**Sources:** The Conference Board® Global Consumer Confidence Survey is conducted in collaboration with Nielsen. GDP and Inflation from Latin Focus, Q3 2018

Copyright © 2018 The Nielsen Company (US), LLC. Confidential and proprietary. Do not distribute.
LATIN AMERICA AT A GLANCE

CONSUMER SENTIMENT IN LATIN AMERICA

WHAT ARE THE TOP 3 CONCERNS IN THE NEXT SIX MONTHS?

Type of concern (%)

LATAM | BR | CL | MX | CO | PE | AR | CR
--- | --- | --- | --- | --- | --- | --- | ---
The economy | -3 | -10 | 3 | -2 | 3 | -7 | 8 | 9
Job security | 1 | 1 | 5 | 4 | 2 | -2 | 0 | -2
Crime | 0 | 3 | -6 | -1 | -1 | 2 | -1 | -1

Bars reflect Q3 2018. Table shows comparison to Q2 2018.

ACTIONS TAKEN TO SAVE ON HOUSEHOLD EXPENSES

Top 3 actions taken to save money (%)

LATAM | BR | CL | MX | CO | PE | AR | CR
--- | --- | --- | --- | --- | --- | --- | ---
Out-of-home entertainment | -2 | 0 | 2 | -2 | -8 | -3 | -8 | 3
New clothes | -5 | -5 | -4 | -1 | -5 | -4 | -7 | 2
Grocery brands | -2 | 1 | 3 | -5 | -9 | -5 | -8 | 0

Bars reflect Q3 2018. Table shows comparison to Q2 2018.

WHILE THE ECONOMY IS STILL THE NO. 1 CONCERN IN MOST MARKETS, IT WAS LESS TOP-OF-MIND IN THE RECENT QUARTER, ESPECIALLY IN BRAZIL AND PERU.

Source: The Conference Board® Global Consumer Confidence Survey is conducted in collaboration with Nielsen.
LOOKING THROUGH LATIN AMERICA'S FMCG LENS

FAST-MOVING CONSUMER GOODS MARKET DYNAMICS
Weighted average – LatAm – 13 countries*

WHERE ARE THE FMCG GROWTH OPPORTUNITIES?
Average volume growth Q2 2018 and Q3 2018

(*) Mexico, Nicaragua, Panama, Costa Rica, El Salvador, Guatemala, Honduras, Colombia, Chile, Argentina, Brazil, Peru and Uruguay, data from Q1’14 until present. Excluded: Venezuela, Puerto Rico and Dominican Republic.

UNIT VALUE GROWTH
VOLUME GROWTH
NOMINAL GROWTH

MEXICO (+2.8)
COLOMBIA (-0.2)
PERU (-5.4)
CHILE (+0.6)
COSTA RICA (-0.7)
BRAZIL (-1.4)
ARGENTINA (+0.7)

Colour coding indicates growth or declining trend compared to same six-month period year ago.
Average volume growth of Q2 ’18 & Q3 ’18 vs Q2 ’17 & Q3 ’17.
THE BIG PICTURE: AFRICA & MIDDLE EAST

We expect economic growth in the Middle East and North Africa (MENA) to rebound through 2019. The mild rebound from 1.4% in 2017 to 2.0% in 2018 reflects the positive impact of reforms and stabilization policies that many countries have taken in tandem with the recent uptick of oil prices and oil demand.

We expect growth in Sub-Saharan Africa (SSA) to increase from 2.7% in 2017 to 3.1% in 2018, reflecting domestic policy adjustments and a supportive external environment, including continued steady growth in the global economy, higher commodity prices, and accommodative external financing conditions.

Job security is the top concern for consumers in Saudi Arabia and United Arab Emirates due to the implementation of new employment taxation. In South Africa and Egypt, the economy is the top concern. All countries except Kenya have posted improved or stable inflation levels, which bodes well for future consumer spending.

Consumer confidence levels remain positive in UAE, Saudi Arabia, Nigeria and Ghana. Despite confidence levels below the baseline of 100, the outlook has improved in Egypt and Morocco, and South Africa remains stable. Kenya is the only country where confidence has dropped significantly, in line with rising inflation.

Total FMCG consumer spending has trended positively, with basket growth (Q2 and Q3 2018 versus year ago) increasing in all countries except Morocco and Saudi Arabia. With lowering inflation levels and growing consumer optimism, the FMCG outlook for growth is favourable for the fourth quarter; however, price consciousness and value for money remain consistent themes for consumers across all markets.
AFRICA & MIDDLE EAST
AT A GLANCE

ECONOMIC AND CONSUMER PULSE

The Conference Board® Global Consumer Confidence Survey conducted in collaboration with Nielsen measures perceptions of local job prospects, personal finances and immediate spending intentions. Consumer confidence levels above and below a baseline of 100 indicate degrees of optimism and pessimism, respectively.

<table>
<thead>
<tr>
<th>Country</th>
<th>CCI Q3 2018</th>
<th>CHG vs P/Q</th>
<th>GDP Annual Growth</th>
<th>Inflation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenya</td>
<td>94</td>
<td>-10</td>
<td>6.3</td>
<td>5.7</td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td>111</td>
<td>-5</td>
<td>0.8</td>
<td>3.1</td>
</tr>
<tr>
<td>Nigeria</td>
<td>118</td>
<td>-4</td>
<td>1.5</td>
<td>9.8</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>106</td>
<td>-1</td>
<td>1.6</td>
<td>2.1</td>
</tr>
<tr>
<td>South Africa</td>
<td>90</td>
<td>0</td>
<td>0.4</td>
<td>4.2</td>
</tr>
<tr>
<td>Ghana</td>
<td>113</td>
<td>5</td>
<td>5.4</td>
<td>9.8</td>
</tr>
<tr>
<td>Morocco</td>
<td>74</td>
<td>4</td>
<td>2.4</td>
<td>1.1</td>
</tr>
<tr>
<td>Egypt</td>
<td>82</td>
<td>3</td>
<td>5.4</td>
<td>8.6</td>
</tr>
</tbody>
</table>

GDP and Inflation are annualised for the latest quarter available (GDP – Q2’18, Inflation Q3’18). CCI change is relative to the previous quarter (PQ).

CONSUMER CONFIDENCE LEVELS ARE POSITIVE IN HALF OF THE AME COUNTRIES, BUT THE STRENGTH OF CONFIDENCE IN THREE COUNTRIES HAS DROPPED. ECONOMIC STRENGTH REMAINS STRONG IN KENYA, GHANA AND EGYPT.
AFRICA & MIDDLE EAST
AT A GLANCE

CONSUMER SENTIMENT
Top two concerns in the next six months

<table>
<thead>
<tr>
<th></th>
<th>EGY</th>
<th>MOR</th>
<th>KSA</th>
<th>UAE</th>
<th>ZA</th>
</tr>
</thead>
<tbody>
<tr>
<td>The economy</td>
<td>5%</td>
<td>0%</td>
<td>-2%</td>
<td>1%</td>
<td>8%</td>
</tr>
<tr>
<td>Job security</td>
<td>0%</td>
<td>-1%</td>
<td>-1%</td>
<td>5%</td>
<td>-3%</td>
</tr>
</tbody>
</table>

Chart – current quarter; Table – change vs previous quarter
Top concern and spending data unavailable for Ghana, Kenya and Nigeria

WHO’S SPENDING, SAVING AND INVESTING?
After living expenses, how is spare money utilized?

<table>
<thead>
<tr>
<th></th>
<th>EGY</th>
<th>MOR</th>
<th>KSA</th>
<th>UAE</th>
<th>ZA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Putting into savings</td>
<td>0%</td>
<td>-8%</td>
<td>-3%</td>
<td>4%</td>
<td>-3%</td>
</tr>
<tr>
<td>I have no spare cash</td>
<td>2%</td>
<td>4%</td>
<td>4%</td>
<td>-1%</td>
<td>0%</td>
</tr>
</tbody>
</table>

SAVING IS THE PRIMARY FOCUS ACROSS COUNTRIES. NORTH AFRICANS HAVE THE LEAST SPARE CASH FOR DISCRETIONARY PURCHASES. TAXES AND RETRENCHMENTS IN UAE AND KSA WEIGH HEAVILY ON CONSUMERS’ OUTLOOK FOR JOB PROSPECTS.

Source: The Conference Board® Global Consumer Confidence Survey is conducted in collaboration with Nielsen.

Copyright © 2018 The Nielsen Company (US), LLC. Confidential and proprietary. Do not distribute.
LOOKING THROUGH LATIN AMERICA’S FMCG LENS

FAST-MOVING CONSUMER GOODS MARKET DYNAMICS

Weighted average growth Q3 ’18 vs year ago

WHERE ARE THE FMCG GROWTH OPPORTUNITIES?

Average volume growth Q2 2018 and Q3 2018

Colour coding indicates growth or declining trend
Average Q2 ’18 & Q3 ’18 vs Q2 ’17 & Q3 ’17.

Copyright © 2018 The Nielsen Company (US), LLC. Confidential and proprietary. Do not distribute.
INTERESTED IN ADDITIONAL INSIGHTS?

If you are interested in purchasing one or more of the regional quarter by numbers reports, please visit www.global.shopnielsen.com
ABOUT NIELSEN

Nielsen Holdings plc (NYSE: NLSN) is a global measurement and data analytics company that provides the most complete and trusted view available of consumers and markets worldwide. Our approach marries proprietary Nielsen data with other data sources to help clients around the world understand what's happening now, what's happening next, and how to best act on this knowledge. For more than 90 years Nielsen has provided data and analytics based on scientific rigor and innovation, continually developing new ways to answer the most important questions facing the media, advertising, retail and fast-moving consumer goods industries. An S&P 500 company, Nielsen has operations in over 100 countries, covering more than 90% of the world's population. For more information, visit www.nielsen.com.

THE SCIENCE BEHIND WHAT'S NEXT™