BRAND FOOTPRINT

A GLOBAL RANKING OF THE MOST CHOSEN CONSUMER BRANDS

ISSUE 5 | MAY 2017

KANTAR WORLDPANEL

FOREWORD

Sir Martin Sorrell
Founder and CEO, WPP

Brand Footprint is a comprehensive study of the most chosen and fastest-growing FMCG brands in 43 countries around the world. Dissecting the key consumer trends that influence buying behaviour, the report continues to offer fresh insight into the winning strategies deployed by the most successful FMCG brands.

Now in its fifth edition, Brand Footprint has established itself firmly in Kantar and WPP's stable of global intelligence products, helping marketers to gauge how well their brands have grown in the context of the global FMCG market. Drawing on research from Kantar Worldpanel's international experts, Brand Footprint is a critical navigation tool for negotiating the challenges of the FMCG market, and an important indicator for future brand success.

The report goes beyond data to deliver genuine insight into real people's spending habits, providing the true story behind brand growth.

In this world of low growth, little inflation and little or no pricing power, consumer insight is vital to drive top-line growth and market share—making Brand Footprint an invaluable resource for clients.

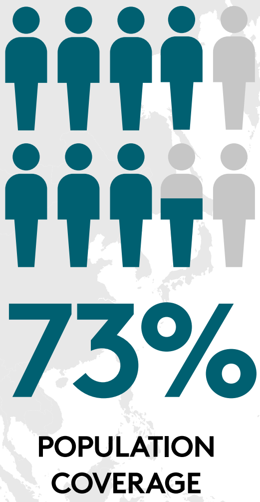
5 YEARS
OF SHOPPER DECISIONS (THAT'S 1,765 BILLION SHOPPER DECISIONS)

15,300 BRANDS

5 CONTINENTS

75%
GDP COVERAGE

CONTENTS



BRAND FOOTPRINT 2017: HOW BRANDS GROW IN AN UNPREDICTABLE WORLD

Even in uncertain and challenging times, brand growth remains rooted in being chosen more times and by more buyers. Agile and responsive brands will continue to find ways of attracting more shoppers and increasing share.

Josep Montserrat
CEO, Kantar Worldpanel

Welcome to this landmark edition of Brand Footprint. Now in its fifth edition, the report continues to be the leading ranking of FMCG brands, informing the business decisions of marketers, brands and agencies around the world.

This year's Brand Footprint publishes at a time of unprecedented change. The global political and economic landscape shifted dramatically in 2016, creating a very turbulent year in many parts of the world. Brexit, Trump, the ongoing Syrian conflict—today's world is anything but predictable. The world in which brands operate is no less changeable, with developments such as staffless supermarkets and the continued growth of FMCG e-commerce impacting how and when they can reach consumers. Against this backdrop, there's one thing our research over the past five years has confirmed. No matter how chaotic the world appears to be, the most agile and adaptive brands continue to find ways to grow.

Central to this report is the issue of shopper choice. Understanding the decisions made at the moment of truth – be it in store or online – is crucial to how we, as insight experts, can build an accurate picture of the global FMCG landscape. Those of you who have followed Brand Footprint over the past five years will have observed the value of Kantar Worldpanel's exclusive Consumer Reach Point metric, which allows us to rank the best global and local brands by that most important and elusive indicator of growth: choice.

From a village in Venezuela to the expanding metropolis of Beijing, our global teams work tirelessly to identify the key elements that drive growth, drilling into the data to find meaningful insights for brands of all sizes. With the unpredictability of world events set to continue, Brand Footprint equips brands with the tools needed to respond to these uncertainties.

Since Brand Footprint first published in 2013, we have built up an unrivalled picture of the choices consumers make around the world, dissecting the performance of thousands of brands in order to help them grow, now and into the future. The report is the largest of its type, covering 15,300 brands, 200 categories, 43 countries and five continents, representing 73% of the global population.

The underlying theme of this year's report is disruption. This not only relates to the political and economic climate of today, but also to the increasing number of disruptor brands and trends which are upsetting the status quo.

Extending beyond the top 50 ranking and analysis of global and local brands, we'll take a look at some of the most pertinent trends which have played out over the past year and discover how manufacturers and retailers are reacting to the challenges and, indeed, opportunities they bring.

2016 IN FMCG

Global disruptors: driving uncertainty in FMCG

Following a chaotic year, it's no surprise that the global FMCG sector weathered the storm rather than hit new heights in 2016. This is reflected in FMCG growth slowing from 4% last year to 3% this year.

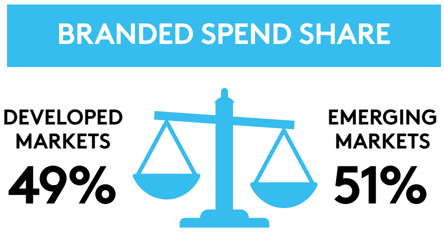
Geographically, the emerging markets led the charge. The Africa and Middle East regions saw sales rise by 8%, buoyed by strong performances from the likes of Nigeria. While headline sales grew quickly in Latin America – with year-on-year spend increasing by 9% – runaway inflation masked a more muted reality for consumers and brands. We have become accustomed to dampened growth in the US and Europe but this year sees Asia joining them; sales only increasing by 2%.

The health and beauty category suffered the biggest slowdown in 2016 with just 1% growth. Home care performed best with 4% growth, and the food and beverages sectors achieved 3% growth each—the same as the global average.

One factor challenging the overall value of branded FMCG sales is the development of private label lines, that become more viable as local retail structures move towards modern trade. The expansion of private label-focused discounters have put more pressure on brands in a number of territories.

Emerging markets show their mettle

With FMCG growth in emerging markets continuing to outpace that in developed countries, the branded spend share has for the first time tipped in favour of the former. In fact, given that developed markets sales are flat, 100% of FMCG growth in 2016 can be attributed to emerging markets.



Spend per household remains much greater in developed markets (that these countries also generally have smaller households points to a higher disposable income per household member). On average, annual spend per household continued to increase in developing regions (+4% year on year), while developed countries suffered a gradual slowdown (-1% since 2015).

There is a huge variation between countries both in terms of total annual spend on FMCG and the growth rate of that spend. There are disruptive forces at play: high inflation has impacted countries like Argentina, leading to a nominal 26% growth. An unrelenting price war between competing supermarkets, meanwhile, drove spend down in the UK by -2%, marking 30 straight periods of deflation through to the end of 2016.

As populations grow and middle classes expand in line with rising incomes, the emerging markets continue to drive global growth. Where established markets have faltered, we've seen brands – both local and global – gather momentum in some of the less developed regions.

The value of choice

For brands to grow, they need to know which decisions they are targeting and how valuable they are. Brand Footprint helps us understand this around the world. Brands must relentlessly strive to win each decision, one by one.

The average branded decision at the shelf costs the consumer $1.92, with the value of that decision varying widely by category. Decisions to buy food brands are generally worth less than health and beauty products, for example, but are purchased more frequently.

In 2016, the price gap between global and local brands has narrowed to the point of disappearing. No longer does being a global brand automatically command a price premium. Global brand owners are having to work harder to convince consumers that a global choice offers the additional reassurance of quality and confers prestige.

> Shifting political, economic and social tides are dramatically changing the FMCG landscape

Brand and manufacturer disruption

Disruption was the only constant amid the turbulence of 2016 and looks set to continue for the foreseeable future. Shifting political, economic and social tides, coupled with fast-paced technological development, are changing the FMCG landscape dramatically.

We have identified three key areas for disruption, to which brands will need to adapt in order to meet customer needs.

Political and economic: while largely beyond their control, these factors can have huge consequences for businesses. Brands need to adjust their strategies to suit the resulting changes in the consumer climate. In today's unpredictable world, those that plan for the challenges ahead will be one step ahead of the competition.

Channels: as the consumer journey is lubricated by technology, retailers need to ensure they are maximising online opportunities. By 2025, online FMCG sales will reach $150 billion globally, almost trebling its share to 9.3%. As a result, manufacturers need to be available at every touchpoint. Some are now bypassing traditional distribution channels, opting to go direct to the consumer. This trend, while unlikely to ever fully supplant traditional retail, is disruptive because it changes the expectations and behaviour of shoppers. Meanwhile, the distinctions between take-home and out-of-home channels continue to blur. Where online has been cannibalising grocery and general merchandise sales, large format supermarkets have responded by repurposing the space, especially into cafés or even sushi bars. Starbucks, the archetypal on-the-go brand is now significant as a take-home product, and ranks 18th in the global beverage brands list, growing its CRPs by 12% in 2016.

Changing consumer needs: in recent years there has been a continuous shift in power from the retailer to the consumer. Both manufacturers and retailers must look beyond traditional demographics to understand what the modern shopper requires of them. They need to be able to respond to the challenge of creating or curating brands which can resonate with an increasingly divergent buyer base, not just in terms of positioning but also format, pricing and promotions.

Fundamentals for growth remain the same

Despite the challenges facing today's FMCG players, the fundamentals for brand growth remain constant.

The fact that brands are finding ways to grow in difficult circumstances shows there is always headroom for growth. Even Colgate, the brand with the world's highest penetration, only reaches 62% of the global population.

By concentrating on reaching new customers – their 'non-shoppers' – brands can flourish, successfully identifying and exploiting new markets. The prize for finding these new customers is considerable—just one percentage point increase in global penetration will win a brand 11 million additional purchasing households.

Haircare brand Sunsilk, for example, recruited 11 million new shoppers in 2016—mostly from the growing emerging markets. This success translated into double-digit CRP growth, propelling the brand to the global top 10 for the first time.

Top recruiters: households gained in 2016 (m)

Source: Kantar Worldpanel 2016 v 2015

HOW BRANDS KEEP GROWING: FIVE YEARS OF BRAND FOOTPRINT

It is now a widely accepted fact that, for a brand to grow, it needs to find more buyers.

PAUL MURPHY

This year's Brand Footprint shows that the largest brands in the world attract the most buyers. Brands that are growing fastest are doing so by attracting new buyers (penetration) rather than just selling more often to the same buyers (frequency). With 40% of brands reaching less than 5% of a country's households, clearly there is room for all brands to grow further.

Brands show predictable patterns of growth

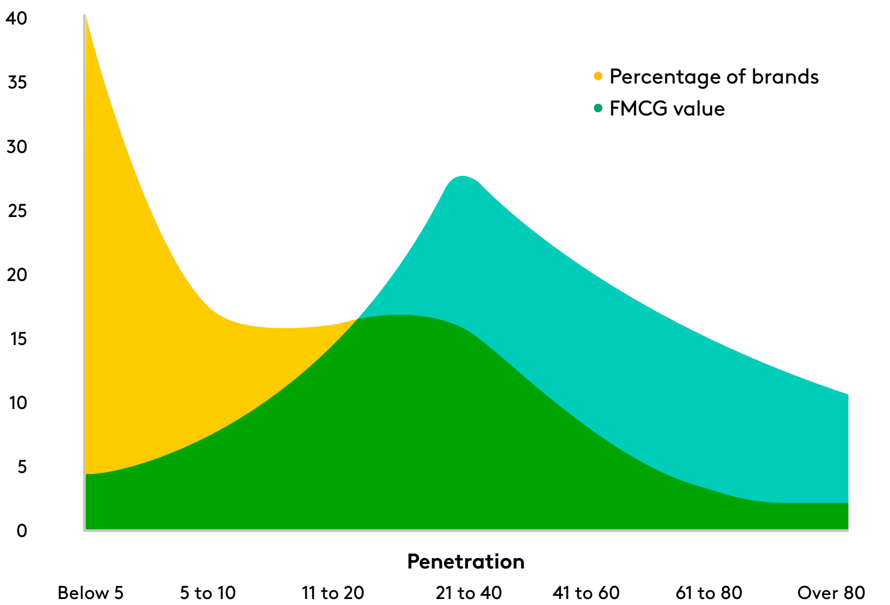
This year we have looked at how the fastest growing brands have performed over the last five years. We wanted to understand how these fastest growing brands have achieved such sustainable levels of growth—did they grow penetration every year?

To address this question, we calculated the median penetration and frequency of purchase for the top 10% fastest-growing brands (2016 v 2012) for four brand types based on their size in 2012.

The relationship this produces is the same one we find when we compare competing brands or show the same brand across different countries: growth is caused by increasing both penetration and frequency, but penetration is the most significant metric in explaining why brands are small or large.

The growth pattern is remarkably predictable and the same for all brands regardless of size.

40% OF BRANDS REACH LESS THAN 5% OF A COUNTRY'S HOUSEHOLDS



Source: Kantar Worldpanel 2016

It is also worth noting how hard it is for even the fastest-growing brands to move up a size group in five years. The data suggests that each year brands should be aiming to grow by the same amount and therefore marketing investments should be allocated in a corresponding way.

As a rule of thumb, a brand with low penetration – under 10% per annum, for example – should be aiming for a 1.5% penetration gain per annum for each of the next four years to become an outstanding performer.

Brands with over 10% penetration, should be aiming for a 2.5% growth per annum (or a 10% total increase over five years). All the empirical evidence confirms that if you attract these extra buyers, a consummate rise in frequency will also occur.

Looked at in percentage terms, these figures suggest that growing a larger brand is easier than growing a smaller one. But in considering the actual chances of growth year on year, we see the opposite picture across all market sectors. This is especially true in 2016, where in every market the largest brands have only a 40% chance of any growth this year versus last.

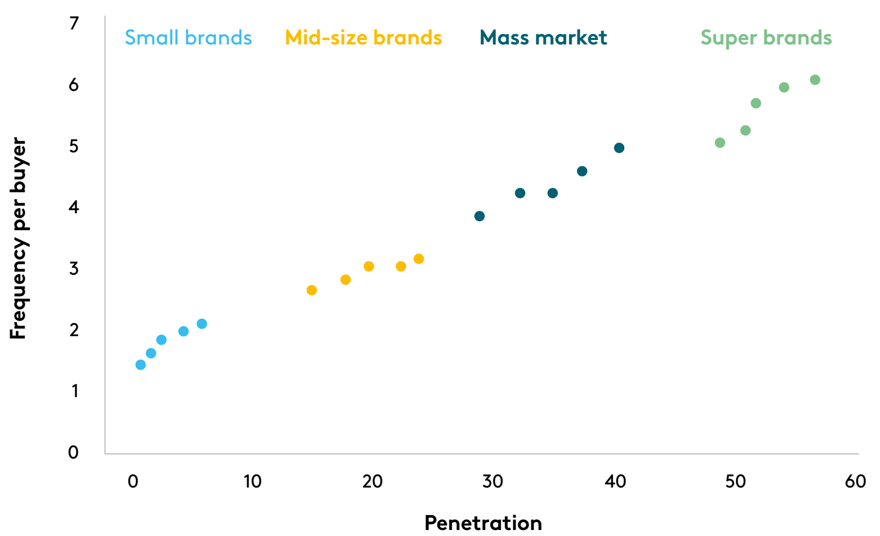
However, the actual gains that can be achieved from growing a small brand are considerably smaller than growing a much larger one. Consequently those manufacturers with a portfolio of brands within the same category must always protect their largest brands, as a loss from a big brand is unlikely to be matched by growing one that today has a small buyer base.

Targeting growth

It's clear from our five-year comparison data that marketing plans need to be constructed by setting realistic annual targets for attracting more buyers. But where are they going to come from? Additionally, what does future marketing activity need to achieve to grow buyers at the rate required?

The most important thing for a brand is to understand the category it is in. Most brands solve various needs, come in a range of formats and present us with numerous features. Any one of these could create a different buyer and loyalty structure containing different competitors. You need to understand how your brand is bought and used – and which other brands are chosen in a similar way – to properly define the category you are competing in.

FASTEST-GROWING BRANDS



Source: Kantar Worldpanel 2016

Once categories are properly defined, they can tell us a lot about a brand's future growth trajectory. They will reveal how many buyers are going to be required to meet your brand's next quarterly or annual sales target.

The job of marketing then starts to become clearer—it's about investing appropriately and in the right activities to be able to attract these extra buyers, not only for this year but for every year.

Brands in sustainable growth

Over the five years of Brand Footprint, there are some brands that have consistently used the levers for growth to expand their buyer base.

For global brands especially, this is very difficult to achieve. Our analysis shows that, for global brands, there is an 8% chance of growing penetration every year over five years. This rises to 10% for small brands (under 25 million CRPs) and falls to just 6% for brands with over 150 million reach points.

Global brands showing growth over the course of our study, therefore, are unsurprisingly rare.

Below, we have profiled those brands that have defied the odds to maintain growth throughout the five years of Brand Footprint.

COLGATE	NIVEA	VIM	DOVE
• Number one health and beauty brand • Only brand in any category to be purchased by more than half of the world's population • Adapts to local tastes • Attracted more global shoppers than any other brand over the past five years	• Combined leading brands, big innovations and a continued investment in brand awareness campaigns • Launched the award-winning UV protection campaign in Brazil, which helped children keep safe from the sun on the beach • Rose 10 places in Brazilian ranking last year	• Continues to expand and introduce new formats across the emerging markets • Connects with consumers by tapping into their needs more quickly than its competitors • Achieved 10% global CRP growth in 2016	• Consistent top recruiter, adding 14 million new households in 2016 • Expands across categories and geographies • Its wide portfolio of products has opened it up to millions of new buyers around the world
Colgate	NIVEA	Vim	Dove

2016 rank	2016 change	Brand name	Manufacturer	CRP growth %	Penetration %	Frequency	CRP (m)
1	0	Coca-Cola	The Coca-Cola Company	-2	41.5	13.2	6046
2	0	Colgate	Colgate-Palmolive	1	62.4	6.1	4174
3	0	Lifebuoy	Unilever	-1	28.2	8.2	2555
4	0	Maggi	Nestlé	-9	28.7	7	2195
5	0	pepsi	PepsiCo	0	24.4	8.1	2177
6	0	NESCAFÉ	Nestlé	0	22.8	8.6	2144
7	0	Lay's	PepsiCo	-2	27.8	6.8	2094
8	0	Indomie	Indofood	-1	4.7	35.5	1824
9	0	Nestlé	Nestlé	1	30.5	5.4	1806
10	2	sunsilk	Unilever	12	23.7	6.9	1790
11	-1	Knorr	Unilever	-2	27.7	5.7	1728
12	-1	Dove	Unilever	2	36.3	4.2	1665
13	0	LUX	Unilever	1	32.9	4.3	1543
14	2	Sunlight	Unilever	6	10.7	11.2	1319
15	-1	Downy	Procter & Gamble	-9	13.7	8.5	1284
16	1	DANONE	Danone	3	15.6	7.1	1219
17	1	PALMOLIVE	Colgate-Palmolive	0	13.5	7.5	1115
18	2	Pepsodent	Unilever	4	13.2	7.5	1092
19	-4	Tide	Procter & Gamble	-15	21.9	4.4	1071
20	1	Sprite	The Coca-Cola Company	0	24.3	3.8	1009
21	-3	PANTENE PRO-V	Procter & Gamble	-13	21.5	4.2	988
22	1	Heinz	The Kraft-Heinz Company	2	18.2	4.8	954
23	-1	Kraft	The Kraft-Heinz Company	-1	14.5	6	953
24	1	head & shoulders	Procter & Gamble	2	23	3.7	931
25	1	OREO	Mondelēz International	-2	24	3.4	913

See page 4 for CRP definition

Sources: Kantar Worldpanel, IRI (USA), IMRB (Sri Lanka, Bangladesh), GfK (Russia, Turkey, Italy, Poland, Germany) 2016

2016 rank	2016 change	Brand name	Manufacturer	CRP growth %	Penetration %	Frequency	CRP (m)
26	-2	AJINOMOTO	Ajinomoto	-3	6.4	12.7	902
27	2	Surf	Unilever	3	6.6	12.3	894
28	4	Rexona	Unilever	6	20.2	4	888
29	5	Vim	Unilever	10	15	5.4	884
30	-2	MILO	Nestlé	0	7.3	10.8	866
31	0	TANG	Mondelēz International	2	10.5	7.4	854
32	-5	BIMBO	Grupo Bimbo	-2	5.9	13.2	854
33	-3	Fanta	The Coca-Cola Company	0	20.7	3.7	851
34	4	Brooke Bond	Unilever	7	9.6	7.8	823
35	0	NIVEA	Beiersdorf	2	22.5	3.3	812
36	-3	Cheetos	PepsiCo	0	14.8	4.9	806
37	-1	QUAKER	PepsiCo	-2	15.4	4.6	771
38	2	McCormick	McCormick & Company	2	13.4	5.2	769
39	0	Kinder	Ferrero	1	13.2	5.3	762
40	1	Doritos	PepsiCo	-2	12.2	5.6	756
41	-4	ACTIVIA	Danone	-3	12	5.6	746
42	0	Closeup	Unilever	1	18.6	3.5	707
43	-1	Safeguard	Procter & Gamble	-2	12.1	5.2	688
44	0	HERSHEY'S	The Hershey Company	22	10.7	5.7	678
45	1	Yakult	Yakult	3	8.4	7.2	663
46	2	Barilla	Barilla Group	5	13.4	4.5	656
47	3	Dettol	Reckitt Benckiser Group	13	18.1	3.3	653
48	-3	Lipton	Unilever	0	14.8	4	649
49	-2	Del Monte	Del Monte Foods	2	12.3	4.8	648
50	-1	Dr.Oetker	Dr. Oetker	0	10.7	5.2	613

HOW TO BE CHOSEN

Luis Simoes
Global chief strategy officer, Kantar Worldpanel

A brand's growth follows a predictable pattern. It is about increasing the number of people who choose to buy it: the brand's penetration. We observe this to be true in every category, country, demographic and retailer.

The job of the marketer is to increase the brand's propensity and influence on every single choice that the buyer makes—whether they are standing at the shelf or populating their online basket.

Advertising plays a vital role as it creates "empires in the mind" – an identity shoppers can recognise – which reduces price sensitivity and paves the way for premiumisation.

But there is more to the issue of choice than advertising. Close to 60% of decisions are made at the point of purchase[1], where distribution, assortment, visibility and promotions combine. Even new products, which positively contribute to category growth in 45% of cases[2], are discovered at the shelf.

While we believe growth ambitions should be translated into incremental penetration targets, Brand Footprint also focuses on understanding the strategic levers behind success.

Here, we examine how they have influenced growth for brands this year.

1 Source: PowerPurchase

2 Source: Kantar Worldpanel Innovation Report 2017

NEW NEEDS

Establishing a new category is the ultimate lever for growth. Brands that identify new needs and create effective and efficient ways to meet them can dominate that space for years to come.

• Yakult-owned brand Haru Vegetables (South Korea) has created facial masks made from fruit and vegetables. The mask sheets are made for all skin types, and come in four varieties: whitening, moisturising, anti-aging and elasticity. Each contains extracts from multiple fruits and vegetables that are high in essential vitamins.

• Nescafé – having made the in-home coffee experience more accessible with its Dulce Gusto coffee machines and pods – has now created a new, convenient make-at-home-carry-out category with the Azera Coffee to Go brand.

MORE MOMENTS

Everyone buys a repertoire of brands, which means that at every category occasion there is chance that a person might purchase yours. To increase this chance, brands must ensure they are available and relevant in as many moments of consumption as possible. They can do this by creating new formats or flavours that are consumable in a broader range of occasions.

Marketing campaigns that help connect consumption occasions with the brand will aid the success of these innovations.

• In Taiwan, Knorr increased consumer interest for home-cooking through promotional marketing campaigns focused on convenience and fun. It published easy-to-follow recipes on websites that used its own products, placed products near the fresh food sections in store, and held price promotions to drive sales. This increased Knorr's penetration and frequency—jumping 10 places to become Taiwan's 25th most chosen FMCG brand.

• In Argentina, rice brand Gallo partnered with Molinos to create healthy alternative snacks. Hijacking the healthy eating trend, the duo launched sweet and salty versions of their rice snacks – a white chocolate bar and cheese flavoured crackers – with only 99 calories per item. These premium snacks were consumed by 11% of Argentinean households last year.

LEVERS FOR GROWTH

MORE CATEGORIES

Stretching brands across categories can attract buyers whose needs are not met by any of the existing brands' functions.

• Following - Downy's success with its 'Unstopables' in-wash scent booster, launched in 2014, and 2015's Fresh Protect – a range of deodorants for clothes – P&G expanded its product line further in 2016 to introduce a suite of air freshening products. These included air and fabric sprays, candles, and plug-in scented oil warmers.

• In the UK, McVities expanded into the sharing bags confectionary category with its Digestives Nibbles range. Targeting a younger audience and the emerging 'evening sharing treat' occasion, the brand hopes to double the category growth by 2020.

MORE PRESENCE

Many brands are increasing the number of geographical locations in which a shopper can both see and choose the brand. This often requires adapting product ranges to suit local tastes.

• Last year, Heinz began expanding its Tomato Ketchup product in China. Having previously focused on affluent Chinese regions like the East, South and top-tier cities, Heinz expanded its business to the North and the West. It developed several pack formats to appeal to these markets and its low-cost pouch helped to drive both category and brand penetration.

• In 2016, Dove introduced its Baby Dove range to India alongside a study that found 90% of Indian mothers feel pressured to be a 'perfect parent'. At a high-profile panel event, TV stars, psychologists and paediatricians discussed the research. By sharing their personal experiences, panellists spoke directly to mothers and Dove Baby spoke authentically to a new audience.

MORE TARGETS

To attract new buyers who do not currently purchase the brand or category, brands can create new variants which appeal to a broader range of individual requirements.

• Ben & Jerry's is renowned for its range of indulgent ice cream flavours. In 2016, the brand teamed up with vegan-certified bakeries to create brownies and cookies for its famous chunks, to be included in a new almond milk ice cream formula. The result was the release of four new flavours suitable for vegans and health-conscious Americas.

• In South Korea, Chung Jung One released a range of Anju (Korean foods which are customarily consumed with alcohol) packed in smaller sizes to target the increasing number of single-member households, who enjoy drinking at home.

FASTEST-GROWING FMCG BRANDS

Each year, Brand Footprint seeks to acknowledge sustainable growth: identifying campaigns, innovations and strategies that have contributed to a brand's rise in the ranking, increased penetration or a gain in CRPs—many times all three.

Starbucks: home-grown success

The famous coffee shop, ubiquitous on high streets and in shopping districts for many decades, has made the transition to bricks and clicks. Its premium credentials in the out of home market have translated well to the grocery store shelf. Indeed Starbucks' FMCG products now hold 18th place in the Brand Footprint beverage ranking, growing their CRPs by 12% in 2016.

Kantar Worldpanel data shows that both iced and hot coffee segments are growing for Starbucks in-home. By making its K-Cup capsules compatible with Nespresso machines, Starbucks has opened a huge market in its US home and beyond—it is now present in 12 of Brand Footprint's country rankings; showing exceptional growth in eight of them.

Starbucks is also investing in its ready-to-drink portfolio, partnering with European dairy manufacturer Arla and Japanese drinks company Suntory to produce and distribute its bottled drinks across the world, including its famed Frappuccino selection.

Hershey's: pulling all the levers

America's favourite chocolate, Hershey's, has grown its global CRPs by 2% over the past year, cementing its place as the 18th most chosen food brand. It grew in markets around the world during 2016 with its simple, human advertising campaigns, improved distribution and shrewd innovations.

Its most popular variant, Kisses, which contributes up to 70% of its overall sales, had long dominated the holiday occasions in the confectionery market. But, with seasonal business in the US stagnating – household penetration declining one point for each of the last four years – Hershey's spotted an opportunity for growth. Its 'Say it with a Kiss' campaign used real stories to pull on the heartstrings, highlighting the brand's message of bringing people together and celebrating life's special moments—both big and small.

In Brazil, as part of its five-year plan to become the country's third-biggest chocolate brand, Hershey's launched 'Chocotubs'—crunchy cookies with chocolate dip, an on-the-go product in a new type of packaging which is easier to carry, lighter and more sustainable.

But it was its openness to partnerships and corporate acquisitions that laid the groundwork for Hershey's sustained success in 2016. In October, as part of a licensing deal with Lightbody Ventures, it broke into the UK biscuit market with Reese's Rounds. Back in the US, in April, it bought barkTHINS, a high-quality snacking chocolate with a strong commitment to using simple and healthy ingredients, moving into the premium snack space for the first time.

Vim: a product for all occasions

Cleaning brand, Vim is already a household name across the globe but showed extraordinary CRP growth for 2016, up 10% on the previous year.

In Argentina, its Lavandinas Gel variant has overtaken its liquid format, entering 400,000 new households in 2016, moving seven places up the home care ranking.

The gel – a concentrated product that seeps into the sponge, providing twice the cleaning power – achieved the greatest growth in penetration in homes with young housewives. With a disinfectant message remaining at its core, the versatility of Vim's bleach gel means it can function as a replacement for other cleaners while maintaining the practicality of cleaning smaller, hard-to-reach surfaces.

For Indian consumers, the Vim Bar is still the preferred format, but liquid variants are gaining momentum. This is mainly driven by urban households where it has reached 8% penetration, growing by 12% year on year.

Despite its focus on innovation, the brand has not neglected its ethical credentials. In some markets, for example, it has adopted Unilever's Sustainable Living pledge.

In Sri Lanka, meanwhile, where the brand is bought by 93% of all households, the brand partnered with the Ministry of Women and Child Affairs to launch 'Vim DiviyataDisne'—an initiative seeking to economically empower Sri Lankan women in pursuit of a more balanced entrepreneurial workforce.

Pepsodent: keeping clean

Oral care has an advantage over other FMCG categories—its very products benefit from an in-built narrative of health and wellbeing. Brands in other categories which openly encourage customers to consume their product more frequently could be accused of hard-nosed commercialism. With oral care, it works.

Climbing another place in the ranking to become the 7th most chosen health and beauty brand in the world, Pepsodent toothpaste has joined fellow Unilever brands to promote the frequency of brushing with a global campaign – 'Brush Day and Night' – encouraging children to clean their teeth twice a day, every day.

The brand has shown double-digit CRP growth and moved up four places in the Indonesian ranking, where Pepsodent extended the 'Brush Day and Night' strategy with 'Bedtime Stories'. Acting on research which showed that Indonesians brush only in the morning, Pepsodent seized the opportunity to educate consumers on the benefits of night brushing.

Working with a famous Indonesian storyteller to retell traditional stories using mobile, Pepsodent reminded parents and kids to brush at night and take better care of their oral health.

In Bangladesh, Pepsodent sent its 'Dentibus' around the country to carry out free dental checkups and provide expert advice of good oral care. Such is the hype it causes, the Dentibus usually spends an entire day in an area so everyone can benefit from the visit.

Top 10 global risers

13	Dettol
12	Sunsilk/ Sedal/Seda
10	Vim
7	Brooke Bond
6	Sunlight
6	Rexona
5	Barilla
4	Pepsodent
3	Danone
3	Surf

Source: Kantar Worldpanel 2016 — CRP % growth

PEPSICO

Eugene Willemsen, executive vice-president, global categories and franchise management

PepsiCo is one of the world's leading food and beverage companies with over $63 billion in net revenue in 2016 and a global portfolio of diverse and beloved brands. It has a complementary food and beverage portfolio that enables it to provide more choices for customers, and drives lower costs, productivity enhancements and new capabilities. PepsiCo's products are sold in more than 200 countries and territories around the world.

What makes PepsiCo unique?

Without a doubt, our Performance with Purpose vision. Delivering the best performance for our business, while making sure that everything we do, we do it with purpose.

Firstly, it's about portfolio transformation: creating balance between our key propositions: 'Fun for you', 'Good for You' and 'Better for You'. But another core component is environmental sustainability; as is talent sustainability. That's one of the things that makes me and many others very proud to work for PepsiCo.

What's your view on PepsiCo's biggest opportunity for growth?

The growing demand for healthier, more nutritious options that are also still enjoyable. This is the sweet spot in which PepsiCo is uniquely placed to thrive. Today about 45% of our revenue is already derived from what we call our 'guilt free' propositions.

Our continued commitment to portfolio transformation is crucial. Our innovation strategy is focused on this: leveraging brands like Lay's — traditionally a 'fun for you' brand – to launch variants like Lay's Oven Baked, which now sit on our 'Better for You' platform. Other examples include the launch of Pure Leaf – our fresh brewed tea – as well as LIFEWTR, IZZE and Lemon Lemon within our beverage portfolio; complemented by the acquisition of KeVita.

What is your view on how FMCG brands grow?

Everything starts with a deep understanding of the consumer, not

just as an audience but as people—with all their complexities, irrationalities and nuances. We regularly observe, for example, that people do not necessarily behave the way they think or say they will. So, we try to understand all the beliefs and motivations buried deep in their psyche. Marketers need to think within the context of lifestyles, not supermarket shelves. On that foundation, they can create brands with a purpose that respond to the constantly-evolving drivers of choice.

How do you think 2016 will be remembered in FMCG?

2016 saw purchase motivations become starker. People looking for premium and super premium propositions on the one side and searching for true value on the other. Brands that are not sharply defined are really struggling in this environment.

Clearly, our industry will continue to fundamentally change. Historical advantages will disappear or become just 'hygiene factors'. Barriers to entry will break down—both in terms of how brands can engage consumers but also new manufacturing solutions which are available to smaller players.

The key advantage will be the ability to know your consumers better than the competition and turn that insight into action in a smarter, faster way.

Which brands have you admired in 2016?

Airbnb—it's a powerful reminder of what disruption can do to a category. That's something all of us need to be aware of: someone, somewhere is thinking about how they can disrupt your industry. And it compels businesses like ours to try different things: test different models of engagement, different channel options, innovate, incubate.

How has consumer behaviour surprised you the most over the past five years?

Technology has changed consumer behaviour in ways that would have been unimaginable a few years ago. But there's also an increased expectation from consumers: people don't want to compromise between naturalness, taste and goodness—now, they want it all.

PEPSICO

YILI GROUP

Mr. Pan Gang, chairman and president

What makes Yili so unique?

We believe that businesses are as individual as people. It is mindset and character that make people unique. Similarly, it is our culture and strategy that shape Yili's uniqueness. From our corporate belief – 'Yili represents quality', our vision – 'becoming the most trusted health-food provider around the world' to our development strategy of 'innovation throughout the whole supply chain' and 'global networking.' Among these, corporate strategy is the most important.

At present, a slew of Chinese companies are implementing the strategy of 'The Belt and Road', evidenced by the export of production capacity and capital. For Yili, this is not just about using the world's best quality natural resources; we have also established our 'global smart chain,' allowing us access to talent and intellectual resources from all corners of the world via big data and smart manufacturing. Together, these initiatives are reshaping the global distribution of labour and influencing the global industrial chain – R&D, production and marketing – thereby building Chinese brands through smart global production.

Yili is China's largest dairy producer, priding itself on creating healthy and nutritious products for its customers. Continuing to lead in Asian dairy sectors, Yili is renowned for its outward-looking approach to business.

Among other initiatives, it has opened its first major overseas dairy factory in New Zealand, entered into strategic partnership with Italian dairy giant Sterilgarda Alimenti S.p.A, founded the Yili European R&D Center in the Netherlands – the first overseas R&D center of the Chinese dairy sector – and carried out comprehensive cooperation with enterprises, universities and research institutes in the United States in multiple fields.

What's your view on Yili's biggest opportunity for growth?

The biggest opportunity for Yili is upgrading of consumption. Recent years have seen profound changes in the restructuring of the Chinese economy: an upgrade of industry structure, demand structure, a balance of urban and rural development as well as increasing of income. As a result, there has been an explosion in consumer appetite for more premium products—people across the country are trading up. This gives dairy industrial motivation and support for continuous growth. Currently, the average milk-drinking amount of Chinese is only one third of the global average and a half of the average in Asia average. As long as we keep innovativeness and provide more innovative product and service via 'global smart chain', seize the opportunity of consumption upgrade, we will have plenty of growth space.

YILI HAS BEEN CHINA'S NUMBER ONE BRAND FOR FIVE YEARS

How is the FMCG industry evolving?

Chinese brands are facing a rare opportunity for development. This year, the Chinese government designated 10th of May as "Chinese Brand Day", highlighting the importance of building Chinese brands. Within the FMCG sector, it is very similar. But, in order to seize this opportunity for growth, we must be also aware that with rapid globalisation, the boundary of global and local brands is diminishing. That's why Yili has established the 'global smart chain' to offer unique services to our customers which are rooted in global wisdom.

See page 47 for coverage

Sources: Kantar Worldpanel, IRI (USA), IMRB (Sri Lanka, Bangladesh), GfK (Russia, Turkey, Italy, Poland, Germany) 2016

NUMBER ONE BRAND BY MARKET

Despite the long term forces of globalisation, local brands continue to thrive; taking the top spot in over half of the markets studied by Brand Footprint. Increasing numbers of buyers are turning to local brands, and for a variety of reasons. In some cases, they can represent a more affordable option in struggling economies like Brazil and Argentina. Meanwhile in developed markets such as Germany and the UK, consumers are attracted by brand provenance and will pay a premium for home-grown products.

Local brands now account for 72% of FMCG value growth, increasing in value by $12 billion in 2016, in comparison to $5 billion for global brands. In terms of spend: global brands are growing at 2.6% while local brands are growing at 3.9%.

Food has the highest incidence of local brands as tastes tend to be driven by native cultures. The health and beauty category boasts the highest level of global brands—not only does it have fewer private label competitors, emerging market consumers place a higher value on global reputation and tend to trust them more. Only for beverages is local brand growth being outpaced by global brand performance.

The power of local isn't a new concept, but the shift in political and cultural mood in 2016 has led to a greater sense of national identity.

Dairy brand Noynoy, for example, holds the premier ranking in Greece despite long being owned by a pan-European dairy cooperative. Its recent decision to focus on yoghurt and cheese, congruent with the Greek national diet, saw Noynoy increase its CRPs by 3% in 2016—impressive for a top-ranking brand.

Even global brands cannot ignore the commercial benefits of flexing their portfolio to fit different cultures. Nestle's Maggi originated in Switzerland, but its grasp of local tastes has seen it hold the number one spot in Malaysia every year for the last five years—in 2016, it is the only brand in the top five showing growth in the country's ranking (+1.3% CRP).

Global brands, with their marketing experience and big budgets, will always be with us. But by showing agility in distribution, innovation and advertising, local players can provide increasingly compelling reasons to be chosen.

CONNECTING PEOPLE TO PRODUCTS

Visibility and accessibility are crucial to brand choice. 'Can I get it?' and 'Can I see it?' are two of the variables which often determine whether a brand makes it into the shopping basket.

STÉPHANE ROGER

In the old world, brand choice was governed by the retailer-manufacturer relationship. Increasing the accessibility of the brand to as many people as possible meant venturing into new geographies, ensuring that your products featured in as many deployment channels as possible. It involved deal-making with retailers, negotiating more of your products on more shelves in more stores across the market.

This is still, of course, true. Being more visible because of increased product proliferation or dual-siting across the store will improve the probability of being chosen.

This new retail environment has two important human drivers: value and convenience. The former has manifested in the unstoppable increase in discount retail and private label brands; the latter through the rise of proximity retailing, direct to consumer and e-commerce.

Value for money

Premium private labels; deluxe discounters

Ten years ago, discounters were simply a cheaper alternative with limited stock, holding just 5.2% value share. In 2016, it grew to 7.8%. This is a continuous trend, even in healthy economies, and is showing no signs of slowing.

But, discounters have begun to diverge in terms of strategy. Some, for example in Europe and the United States, are premiumising: marrying an improved shopping experience with better private labels and aggressive price positioning. This is supported by extensive media investment to change perceptions of the quality of fresh products in their stores.

DISCOUNTER VALUE SHARE

BRAZIL 2%

UK 14%

DISCOUNTER PENETRATION

BRAZIL 19%

UK 86%

Source: Kantar Worldpanel 2016

In Latin America, value for money is still the primary driver for consumers who are more attracted to low prices than ever. The shopping experience itself may be poorer, but simply being in the store frames shoppers in 'bargain mode,' and their behaviour changes. No longer focused around quality or attractiveness, people are happy to hunt for the right product at the right price, because the benefit lies in cost-saving.

In Colombia, 2016 was certainly 'the year' for this channel. Discounters are gaining more and more space, growing considerably in penetration and value.

Convenience

Proximity retailing

Proximity retail is growing exponentially worldwide because it facilitates the convenience factor—in 2016 it had a 6% share of the global retail market. In China, 80% of shoppers choose a store close to home or on their commute because it is easier. In the UK, micro formats such as Tesco Express and Little Waitrose are thriving. Similarly, in France, Carrefour Express and Carrefour City have joined foreign competitors in this micro-move. In Mexico, Oxxo is a successful micro retailer with one store opening per day. In Colombia, neighbourhood shops – one of the main channels in the country – are still thriving. In the quest to optimise their budget, households combine traditional channels with emerging ones.

Mini markets are also appearing across some Asian markets. Sized somewhere between convenience stores and supermarkets, their range is limited but their price is extremely competitive.

Even in Vietnam, known until recently as a heartland of traditional trade, there has been a boom in mini-store openings looking to satisfy this increased demand for proximity. Over a third of Vietnamese households made a take-home FMCG purchase in a mini-store in 2016, visiting them on average 10 times per annum.

Big format stores are in decline

Big formats, meanwhile, are struggling—they simply do not answer these new shopper needs. Tesco – initially renowned for its stack 'em high, sell 'em low' proposition – has found success outside of the UK mainly with its Express and Metro formats, which work for a country like Thailand because they speak to universal themes of convenience, accessibility and value.

Walmart has developed an interesting strategy to dodge this decline. By partnering with JD.com in China, it launched a range of e-store solutions:

> Defining the right assortment in a smaller or – in the case of e-commerce – broader retail environment is crucial to remaining accessible, visible and therefore competitive

The first offers Chinese consumers access to the American membership-only wholesale chain, Sam's Club, bringing together Sam's Club's premium, quality products with JD.com's same- and next-day delivery service. The second is a two-hour fresh food delivery service for Walmart customers in selected urban areas. The third taps into the population's appetite for imported goods: the Walmart Global store connects more items from its assortment in other markets to China, which JD's last-mile logistics network will deliver to customers through its speedy home delivery service.

Manufacturers must respond to this trend wisely. Defining the right assortment in a smaller – or, in the case of e-commerce, larger – retail environment is crucial to remaining accessible, visible and competitive.

The technology jump

Developments in technology are making significant differences to when, where and how we shop.

The launch of Amazon's Go store last year is the sort of development that could fundamentally disrupt the in-store shopping experience. Its 'Just Walk Out' technology removes the need for assistants or checkouts by charging items automatically to the users' Amazon account as they are picked from the shelf.

SMARTPHONE OWNERSHIP

COLOMBIA 83%

SRI LANKA 25%

INTERNET PENETRATION

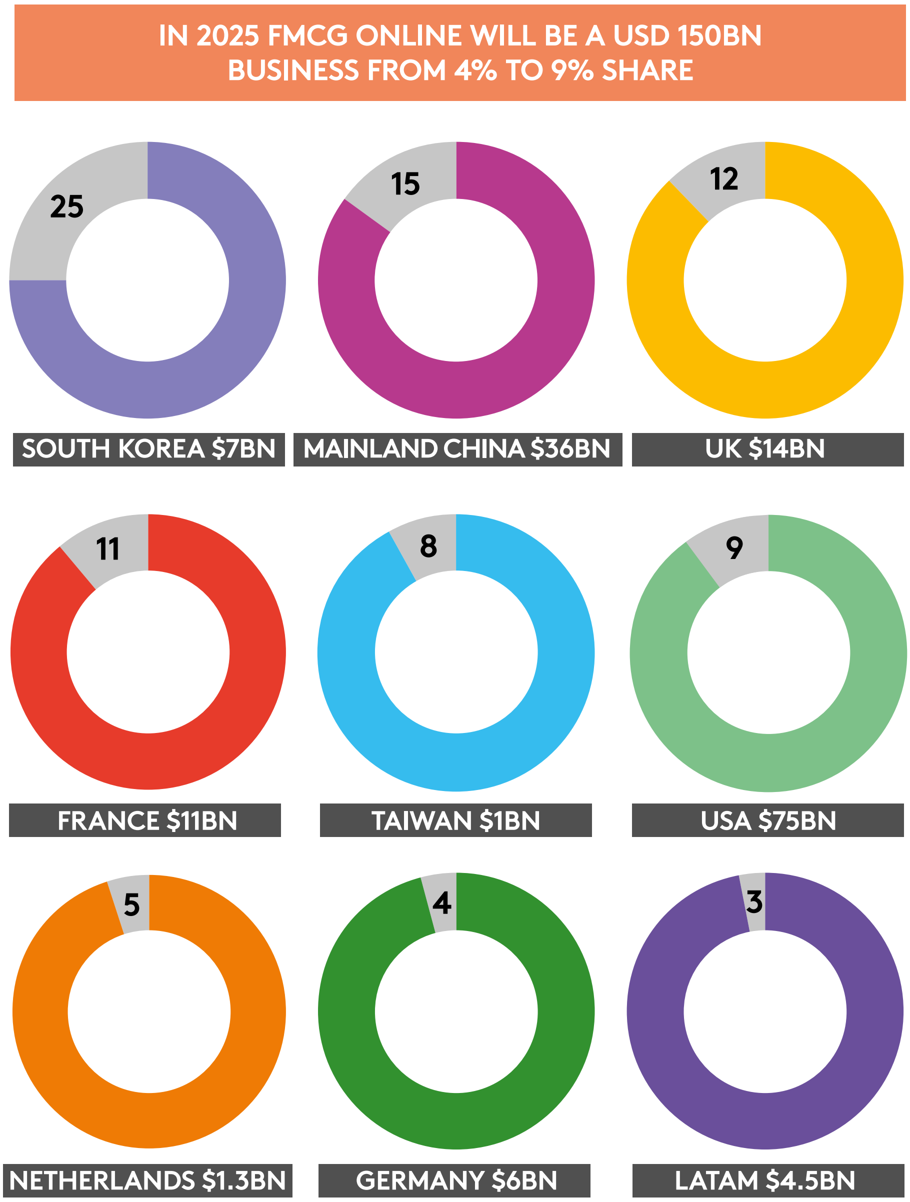
BANGLADESH 18%

CHINA 86%

Source: Kantar Worldpanel IMRB 2016

E-commerce marks another significant change to how people shop, with a 26% increase in value globally last year. Economic certainty is not necessarily a strong indicator of where e-commerce will thrive. In developing markets such as India and Africa, technology is evolving faster with many going online first by smartphone.

In China, m-commerce plays a huge role, not only for FMCG, but for all consumer goods players—80% of all online sales are made by mobile. Shoppers can now pay in-app or even using eye-recognition technology. The Taobao platform has a camera device within the app. When people see a product they like, they take a picture and a few seconds after, will be presented with a list of products ready to buy.



Making e-commerce work

In China, e-commerce retailers, such as Tmall and JD.com, have thrived in the last few years as they expand their category availability and product range to drive traffic. In the past 12 months, the e-commerce channel has attracted 55% of urban families to buy FMCG, with growth substantially outpacing all brick-and-mortar channels. Each online sales event, with Single's Day being the highlight, adds a step change to e-commerce penetration. Here, with modern trade channels such as hypermarkets and supermarkets projecting limited growth, all FMCG companies are trying to increase their buyers through online stores.

Conversely, in Latin America, Kantar Worldpanel forecasts e-commerce to represent just 3% of the market by 2025. The main development barrier here is cultural: people like to see and touch the items before purchasing and respect guidance from salespeople.

O2O (online-to-offline) is the new retail reality as many consumers use digital devices to complete their shopping experience. To succeed in the new retail landscape, manufacturers need to use a combination of online and offline strategies not only to help consumers make more informed decisions, but also to add value throughout the entire shopping experience—wherever and whenever that happens to be.

In London's Oxford Street shopping district, fashion magazine Marie Claire has partnered with online beauty retailer Fabled to open a luxury store. Complete with digital screens by each make-up counter, each counter features 'The Edit', a selection of products curated by Marie Claire's beauty editors. With informed assistants and digitally integrated commerce, it has teamed up with delivery service Ocado to promise next-day delivery on all items purchased.

Social commerce

Customer journeys are important, particularly when attempting to court impulse purchases.

In Asia, social commerce is approached differently. Platforms such as WeChat and Weibo aren't media-based companies like Facebook and Twitter. Their model is founded in a cultural comfort with brands as part of conversation, rather than interruptions to it.

E-COMMERCE VALUE SHARE

COLOMBIA **0.1%**

SOUTH KOREA **19.7%**

E-COMMERCE TOTAL VALUE

COLOMBIA **$9M**

SOUTH KOREA **$4.5BN**

Source: Kantar Worldpanel 2016

> The new retail environment has two important human drivers: value and convenience. The former has manifested in the unstoppable increase of discount retail and private label brands; the latter through the rise of proximity retailing, direct to consumer and e-commerce
>
> —Stéphane Roger, Kantar Worldpanel

Most Asian consumers make decisions on recommendations and advocacy.

This requires a very different approach to marketing and how you tell the story of your brand. If brands have a good story, social media will help it travel at no cost. It's also a warning sign for western brands moving east. Particularly on mobile, people don't trust marketing stimulus or push-advertising tactics anymore.

"If you're using push advertising through mobile channels or through online channels, people are less likely to buy, certainly impulsively. But what we discovered was that social media related advertising is statistically more likely to increase impulse purchases."
—Dr Sarah Xiao, senior lecturer in marketing at Durham Business School

Subscription markets: direct to consumer

Perhaps the biggest opportunity for brands is the emergence of direct-to-consumer initiatives.

For beauty in Asia, the door-to-door channel has long reigned. In China, Korea, and Japan – most of the developed beauty markets – it has remained steady.

Now, with the rise of subscription markets, door-to-door has evolved to become more of a marketing channel than a logistical tool. Beauty experts will perform makeovers and advise on the products consumers should choose to subscribe to, all delivered by post each week or – in some cases – daily.

But what about categories once the preserve of modern trade? Unilever's acquisition of the Dollar Shave Club in 2016 proves how this channel can quickly bare its teeth. This has rung alarm bells for many manufacturers specialising in necessity goods (like razors, toilet paper or feminine care), particularly those in developed markets with efficient and inexpensive infrastructure.

For others, it is an open opportunity. As with the beauty boxes in Asia, this is where marketing and distribution meet, to considerable commercial benefit.

Scentbird offers a 'simple and fun way to try new fragrances every month'. Consumers choose a selection of designer branded fragrances for a monthly fee and have them delivered directly to their door. It's easy to see why brands are intrigued about this new trial model.

Similarly Nestle ReadyFresh in the United States is a water and beverage delivery service offering a wide range of refreshing drinks, dispensers, and accessories. Shoppers select when and how frequently they would like their order and the rest is taken care of, direct to the doorstep.

Retailers' boundaries are blurring with no clear delineation by location or channel. In this environment, shoppers are demanding more, whether this be personalisation, real time response, simplicity or theatre.

Both manufacturers and retailers need to understand the emerging needs of their consumers and respond in order to stay relevant.

Sector disruptors

AMAZON – ALEXA

AMAZON – PRIME

AMAZON – GO

WPP

Alina Kessel, president and CEO of Team P&G

How can social purpose impact a brand's bottom line?

To be truly effective, a brand's purpose should have a clear relevance to the functional attributes of the product, the desired target audience and the issue or theme creatively explored.

Look at P&G's Always #LikeAGirl campaign that empowers girls and fights gender bias at an age when they are most vulnerable to confidence loss or, more recently, Heineken's 'Open Your World' social experiment that promotes openness and attempts to break through discrimination and the echo chambers that divide us by encouraging people of opposing beliefs to share a beer.

Great purpose-led brands and campaigns transcend geographies and cultural barriers to resonate well beyond their original target audience. They integrate their social purpose into every aspect of the brand as part of a long-term commitment to their cause.

Social purpose is not a marketing technique or initiative dressed up as altruism or activism. It has to form part of the organisation's DNA. It must be tangible, relevant and supported from the highest to the lowest levels of the organisation.

Savvy and cynical in equal measure, both consumers and employees see through white or green washing. People expect brands to live up their purpose and also to leverage their power for the greater good.

How have you seen social purpose manifest most effectively across the marketing spectrum?

The litmus test for a brand's social purpose is that it works naturally across the entire spectrum of business activities – operational & commercial as well as marketing.

P&G's commitment to gender equality comes to life in their advertising, unrestricted to one brand in the P&G portfolio and certainly not gender specific.

This commitment is illustrated by the strength of campaigns and causes that have been championed in recent months—Gillette (Go Ask Dad), Pantene (Dad Do, Strong is Beautiful), SK-II (Marriage Market) and Ariel (Share the Load).

For which causes have you seen brands make a real difference?

The Pampers and Unicef Partnership is a private public partnership that has achieved impact on a global scale.

Since 2006, 300 million tetanus vaccines have been donated through the Pampers and Unicef annual initiative. Its success lies in the simple, yet lifesaving, message of One Pack: One Vaccine.

There are new champions every day. Increasing amounts of students (including my son and his university friends) are choosing the search engine, Ecosia over Google, and encouraging their parents to change too! Why? Because Ecosia's defining purpose is to create a better world through planting trees with the ad revenues it attracts. A cause that works on a global level, resonates with a millennial generation and which is truly measurable—Ecosia proudly communicates that every seven seconds a tree is planted through their ad revenues, adding up to over 7 million to date.

Can a mass-market brand's social stance ever alienate its existing or potential buyer base?

Great brands take risks. They have a point of view. They pulsate with vitality and energy. Harley Davidson and Red Bull are excellent examples of brand experience successfully taken to the extreme that inspire consumer identification and loyalty.

A detrimental or alienating effect is most likely to happen when the cause isn't true or relevant to the brand in question, or when it isn't truly embraced and committed to – but instead deployed as a short term profit booster.

In the highly-charged economic and political climate, Starbucks has announced it will create 10,000 new jobs for refugees. This is a stance that may well alienate some customers (since making the announcement it has been met with both support and backlash on social media), but one that, in my opinion, is likely to pay dividends in the long term.

MAYORA GROUP

Ricky Afrianto, global marketing director

What makes you unique as a business?

We believe that every business needs to have a purpose. And our purpose is to serve goodness and happiness to our consumers around the world. This is our guiding principle in driving our business growth and sustainability.

What has been your biggest success in 2016?

Our core brand – Kopiko Coffee – continues to be a strong driver of success and is now a category leader in the Philippines. But I'm most proud of the successful expansion of Mayora's ready-to-drink business from tea to coffee and mineral water, which has opened up new markets and new opportunities for our business.

MAYORA BRANDS APPEARING IN THE 2016 RANKING

How do you think 2016 will be remembered in FMCG?

Previously, we would use US or Japan as our reference points for development and innovation. Now, we look at Indonesia and see how technology can change the way we do business. GO-

JEK, for example, started in 2010 as a small motorbike courier and has since expanded into ride-sharing, takeaway delivery (GO-FOOD) and – in 2015 – an instant shopping service GO-MART which will shop for you and bring it to your door within an hour.

Things we thought were impossible in the past are being made possible now. For example, we see more and more local companies outgrowing their home, taking a leap and becoming strong international leaders. And I think this was the year of local companies breaking out of their niche and making an impact on a global scale.

Indonesian giant, Mayora Group was formally established in 1977 and has since become a household name in markets across the world— now distributing its products to over 90 countries.

It plays in eight categories: biscuit, candy, wafer, chocolate, coffee, instant food, beverage and cereal. Among its well-known brands are Kopiko, Roma, Energen and Beng Beng.

What about consumer behaviour has surprised you the most over the past five years?

Certainly, the addiction to gadgets and social media has been an unprecedented shift. But it's the ambivalence shown to brands through this channel which has proven to have a real impact on our industry.

Looking to the future, to get consumers attention and engage them will be tougher and tougher. Changing online behaviours, the increasingly cluttered nature of the media and new technologies will continue to disrupt the way we do our business and the way we market our brands.

NATURA

Fernanda Faria, global head of consumer marketing insights

What makes Natura unique as a business?

Natura was born from a passion of both cosmetics and relationships. We create our products using sustainability, technology and advanced thinking. Our focus on nature has made our brand what it is today—it's right there in our name.

Where are you looking next in terms of your growth strategy?

Natura is a Brazilian brand which is already present in seven Latin American countries, so we believe that further growth across the region still has huge potential. In terms of channel strategy, we are expanding rapidly. We began as a direct sales company, with a team delivering our products door-to-door. Now, in Brazil, we are opening up physical stores and moving into e-commerce. We also recently opened our first store in the United States.

A company born of its passion for cosmetics and relationships, Natura develops its products using a network of people capable of integrating scientific knowledge and the sustainable use of the rich Brazilian botanical biodiversity.

With a strong belief in improving both society and the environment and society better Natura is a proud member of B Corp—a global network of organisations that combine economic growth with the promotion of social and environmental well-being.

What's your view on how FMCG brands can grow?

Brazilian companies are starting to enter different multichannel strategies in order to grow. Several local and international brands are going into direct sales or opening up franchises and kiosks in order to reach new audiences and offer greater convenience. Amid tough economic conditions, brands are increasingly modifying their offerings across multiple channels in order to learn what operates well and then deploy the most effective strategy for each channel.

If you were to start a new business in the FMCG space, what do you think that would look like?

I think we are at a turning point in the world, where consumers have a much greater understanding of the impact consumption is having on the planet. The internet has opened up a new frontier of information, empowering people to learn more about the world they live in.

People increasingly desire brands that offer solutions to the world's environmental or social concerns. At Natura, we believe sustainability offers a huge opportunity for growth. Consumers want to buy natural products that will not damage the planet, and they are prepared to pay a premium for this benefit. Any new business venture in the FMCG space should put this at the heart of their brand and communications.

Has anything surprised you about consumer behaviour over the past five years?

In the past, consumers have been very slow to adapt their behaviour to new innovations, but this has changed enormously in the past five years.

In just a few years, apps like Airbnb and Uber have completely changed the way people go on holiday and travel around—people have adapted very quickly to this new technology, changing their behaviour almost overnight. It shows that if you provide solutions that are convenient and cost effective then consumers will embrace them.

And what about the next five years?

Sustainability will continue to be at the front of people's minds when making purchase decisions and innovations in this area will drive a new era of responsible manufacturing.

natura

HEALTH AND BEAUTY

People are increasingly worried about their physical wellness and safety. Anxieties around air pollution and environmental issues offer growth opportunities for brands across the globe.

ASHLEY KANG

People are busier than ever; our lives loaded with information and responsibilities. Global choices of health and beauty brands are therefore powered by three universal drivers: health, happiness and convenience.

Shoppers not only want their choices to fuel a specific need or fulfil a particular function, they look for appended benefits and features which help them improve their lives across the spectrum of human wellness, not just aesthetics.

Make my life healthy

Globally, the health and beauty market is driven by safer and more natural products rather than simply efficacy; consumers are actively seeking health and wellness. These trends play out across two broad brand assets: natural ingredients of the product itself as well as a 'protective' function against pollution and mental stress.

Protection

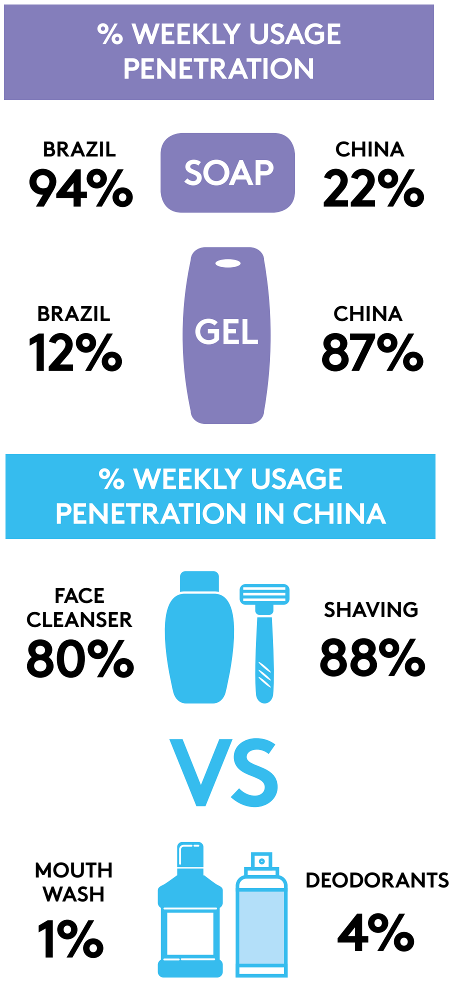
For beauty, 2016 marked a change in the communications around brands' functions. In the past, products promised to reduce the appearance of wrinkles; enhance elasticity. Now, especially in Asia, there is a shift toward protection: creating a barrier for skin, creating immunity against a harsh environment. Multinationals like ELC and L'Oreal (up 5% in global CRPs) have launched detox care and pollution-defending face masks.

Beauty from within

Research by Kantar Worldpanel China found that two-thirds of consumers believe that to have beauty, one must have a healthy body. 67% of Chinese consumers prefer cosmetics with natural ingredients; 55% are adopting a healthier diet.

Similarly, in the US, consumers believe that the elements most affecting beauty are lifestyle-related. To promote its Active Naturals moisturising range – made from oatmeal – Aveeno challenged online influencers to use the product while adopting a diet packed with fruit and vegetables.

It is no surprise that South Korea is one step ahead in the beauty stakes. Increased attention to ingredients is now



Source: Kantar Worldpanel Usage 2016

Brand story – Rexona

Rexona is one of Unilever's star brands for 2016, increasing its global CRPs by 6%. Marketed as Sure in the UK and Ireland, it has enjoyed success in markets spanning China (+9% CRP), Ecuador (+18% CRP), Egypt (+18% CRP), Germany (+10% CRP) and rural Indonesia (+22% CRP), where it is the third fastest rising brand.

Continually innovating with new formulas and formats, the past few years have seen the launch of compact, environmentally-friendly deodorant cans – suitable for carrying around – as well as a breakthrough technology, Motion Sense, which activates tiny microcapsules when the wearer is more active, ensuring freshness throughout the day.

In Brazil, where it made its name in bar soaps, Rexona has achieved impressive growth in a contracting economy, breaking into the top 30 most chosen brands for the first time. This is largely attributed to its strong reputation combined with lower prices. The adaptation of formats and packages has played well to the broader trend of cost-benefit which is sweeping the nation.

more discerning. Koreans demand of their products a certification from the Environmental Working Group (EWG) or similar third-party organisation before they will consider their purchases 'virtuous'.

Make my life happy and meaningful

Health and beauty trends are also heavily reflective of culture; an emotional aspiration for engagement and experience continues with a growing concern for the community. Brands are stepping in where others can't, or won't.

Nowhere is this more evident than in China, where Japanese prestige skincare brand SK-II launched its Marriage Market Takeover campaign. In Shanghai, single women over the age of 27 are labelled 'leftover women' and are often pressured by friends and family into marrying — fast. The brand created a film designed to bring communities together and remove the stigma. SK-II sits just outside China's top 100 brands, growing its CRPs by 12%.

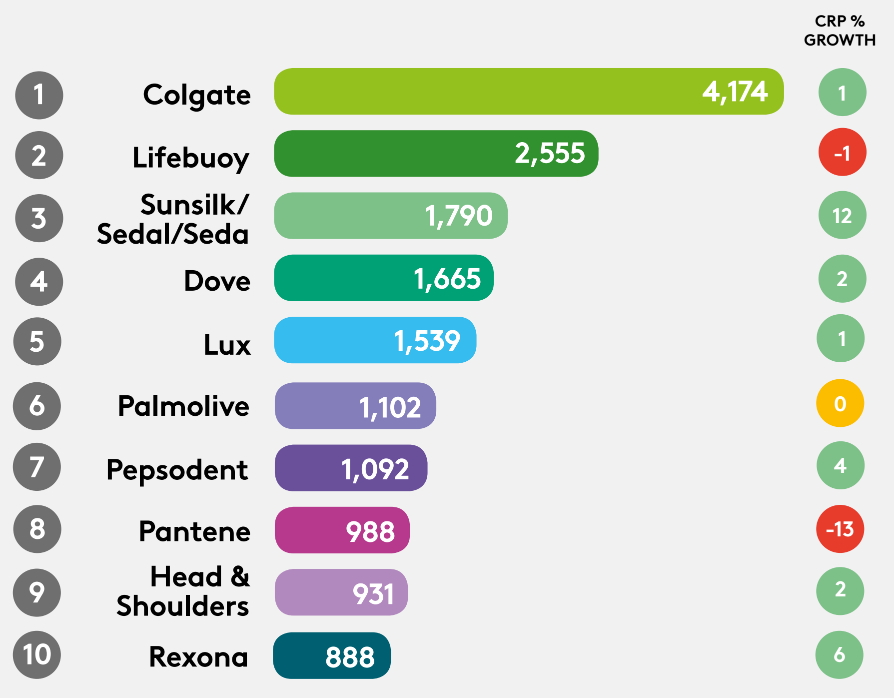
Me, too

Brands that do well create something special for 'me'. Premiumisation is one of the key themes in growth development for health and beauty, and big manufacturers are achieving this through acquisitions.

Unilever recently acquired Living Proof – a luxury haircare brand – adding to its portfolio of Prestige brands. It joins skincare stalwart Dermalogica and ultra-premium REN, a niche bodycare brand made from 100% plant- and mineral-derived ingredients.

In the Philippines, premiumisation is taking over oral care as specialised variants – such as whitening and sensitive – are fast growing. While the main player is still Colgate (ranked 5), competitors like Hapee (ranked 22) are enjoying sustainable growth through

Top 10 health & beauty brands globally by CRP



Source: Kantar Worldpanel 2016 — CRP in millions

innovation. Black/charcoal variants are very popular and can command a price premium across the category.

The magic man

Just like women, says Axe, with a 3% CRP increase in Germany, men want the freedom to be themselves. Its new 'find your magic' campaign showcases a range of different male identities, abilities, sexualities — and looks.

Perhaps less daring is an Indian-based start-up seeking to 'make beauty manly', tapping into a demographic which either steals their girlfriend's products or is embarrassed about buying them. The Man Company is a middle-market subscription service which offers manly products for haircare, body, shaving and facial moisturiser.

Make my life convenient

In developed beauty markets, women are wearing less makeup or opting for a more natural look—in the UK, 35% report using less in 2016 than in previous years. In the West generally, this natural look sees products such as Perricone MD 'No Makeup' makeup (moisturiser with a little coverage) enjoying success. In the East, 'tone-up cream' is very popular—a nourishing cream with an instant brightening effect.

In South Korea, consumers have specific routines for different occasions: natural during weekdays; more special at the weekend. Brands are evolving to effectively target these specific occasions with various formulas and formats such as 'day', 'night', and on-the-go.

Sector disruptors

BEVERAGES

As consumer tastes change and more people become health conscious, brands need to think of innovative responses to encourage more buyers to choose them.

TOM PATTINSON

Younger people consume fewer hot drinks than previous generations, and government intervention is currently focused on reducing sugar in soft drinks. This has led to a development of products with natural attributes, multifunctional benefits and less sugar.

In- and out-of-home consumption

In China, new variants of tea are being developed for young urban dwellers spending more time inside the home. Nongfu Tea, a product fusing tea with juice, reported one of the fastest penetration growths in 2016, reaching 9.4% of Chinese shoppers within six months of launch.

Conversely, in the UK, Nescafé – famous for its in-home Dulce Gusto coffee machines and pods – has created a new make-at-home-carry-out category with its Azera Coffee to Go brand, aiming to provide the carry-out experience from the convenience of the consumer's home or workplace.

The brand's price premium is justified by sustainability and convenience factors, coupled with a cleverly altered price frame—Coffee to Go costs 67p per cup, while the average out-of-home coffee sells for £1.69. By addressing a completely new occasion, Nescafé has encouraged existing coffee buyers to make additional trips, resulting in a rise of 42% in incremental category sales.

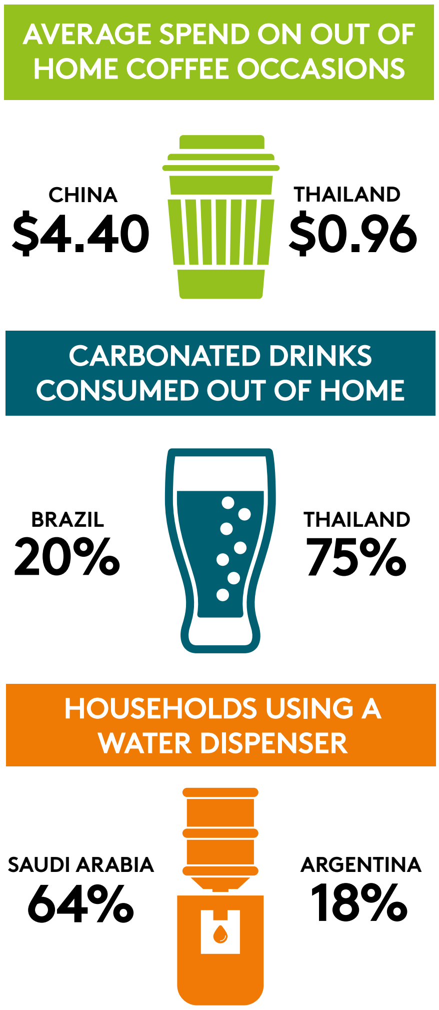
Downsizing

Brands are increasingly taking an ethical – rather than a solely profit-driven – stance towards product development and packaging. Coca-Cola and PepsiCo, manufacturers of the two biggest beverage brands in the ranking, recently united to discuss downsizing their products and cutting back on cut-price deals in stores. This is congruent with a growing demand for more sustainable packaging and production.

Adjusting package sizes has a secondary effect: differentiation. In 2015, Coca-Cola launched a 1.25-litre bottle as an alternative to the 2-litre bottle, and a 7.5 ounce can as an alternative to the traditional 12-ounce can, resulting in a 9% spike in sales in the USA.

Responding to the sugar backlash

With the media spotlight turned firmly on sugar, many consumers around the world are seeking healthier alternatives.



Source: Kantar Worldpanel OOH individual responses 2016

Brand story – Tang Nutri

Mondelēz International's Tang has been a rising star in the Top 50 ranking for the second year in a row. A powdered drink with innovation baked into its core, it was used by early NASA manned space flights which propelled it to fame. Since, it has thrived by clever promotions and new product variants. Its large tub packaging was supplemented by one-drink-size sachets – ideal for lunchboxes – pre-mixed drinks and liquid concentrates.

In Brazil, the brand introduced a functional variant: Tang Nutri— complete with Vitamins C, D and Zinc which, coupled with a balanced diet, helps to provide nutrients for the family, enhancing its role as a partner for meals.

Its global growth continues at pace, adding 2% to its CRPs in 2016 and retaining its position as the sixth most chosen drinks brand in the world.

Energy drink Red Bull, in position 15 of this year's ranking with a CRP increase of 3%, is changing its focus as health-conscious millennials turn to zero-calorie variants. The brand launched a range of exotic zero-sugar flavours via Instagram in 2016, supported by bespoke messages on trains, cycle routes and in fitness clubs to capture the attention of young drinkers.

PepsiCo is also responding to changing consumer needs with Naked Juice – well on its way to being the company's next billion-dollar brand – which introduced Naked Cold Pressed in 2016. Tropicana launched Tropicana Essentials Probiotics, becoming the first brand to bring probiotics to mainstream juice consumers.

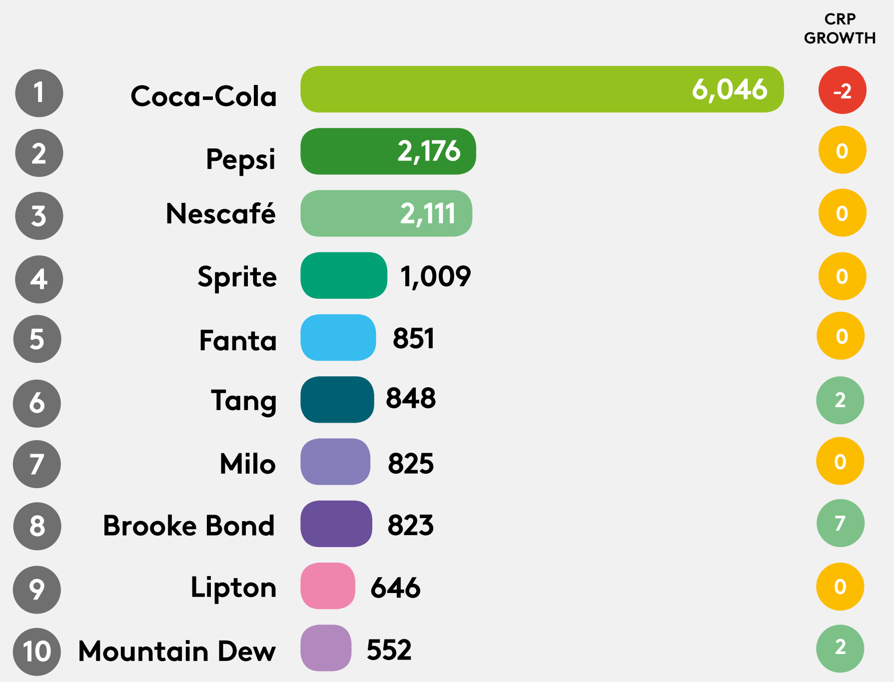
But health is not the only factor impacting consumption. In China, fewer hot days led to lower demand for cooling carbonated drinks. Purchase frequency for urban households fell by 7.6% in the 12 months to the end of June 2016, a decrease of 1.7 trips per household.

Broadening mindsets

Drinking habits are changing as consumers are faced with more choice than ever. The rise of 'mocktail' bars and drink awareness campaigns is having a negative effect on alcohol consumption: younger people especially are choosing healthier alternatives, even when socialising. The number of teetotal 16 to 24-year-olds in Britain rose by more than 40% between 2005 and 2013—similar trends have been noted in other parts of Europe and the US.

Upon opening the refrigerator, this demographic is as likely to quench their thirst with a soft drink or water as they are a beer or glass of wine. Thus, brands often no longer compete within their own categories and instead battle to be chosen based on the occasion.

Top 10 beverage brands globally by CRP



Source: Kantar Worldpanel 2016 — CRP in millions

> In China, fewer hot days led to lower demand for cooling soft drinks

Functional benefits

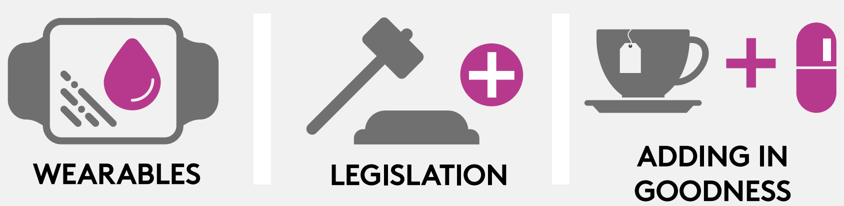
As well as removing things from products, brands have also started adding functional benefits to drinks not previously associated with health.

Tea producers in the UK have added ingredients such as matcha and vitamins C and B12 to boost sales amongst health-conscious consumers. T-plus, a new entrant into the UK's healthy drinks market, has blended green, herbal and fruit teas with vitamins to deliver 50% of the recommended daily allowance of nine essential vitamins per teabag. The move is attracting new buyers at pace, while also demanding a premium price.

Heinz, meanwhile, has entered the beverage category in India with Power Sprouts, a multigrain malt drink with 31 added vitamins, aimed at children.

The number one brand in the ranking, Coca-Cola, introduced Coca-Cola Zero Sugar – a reformulated and rebranded version of Coke Zero – in Belgium, France, Ireland, the Netherlands and the United Kingdom. It also launched Fanta Lemon +C in Japan, containing a level of vitamin C equal to that of 80 lemons.

Sector disruptors



FOOD

People around the world are becoming acutely aware of what they put in their mouths and – crucially – the ramifications of those choices on their lifestyle and quality of life.

FRASER MCKEVITT

Technology has been a powerful driver of changing attitudes towards food. Not only are Western consumers adorned with smart watches, Fitbits and heart monitors, scientists are developing a device that uses chewing noises to monitor calorie intake.

But while it's easy to fret about calories and clean eating in countries with an established or growing middle class, these concerns are almost directly proportionate to higher consumer confidence. In recession-hit Venezuela, by contrast, food products have suffered the most—people are spending 27% less year on year. While consumers are enjoying fewer treats, diets have become more basic, plainer in taste and heavy on carbohydrates.

More healthy

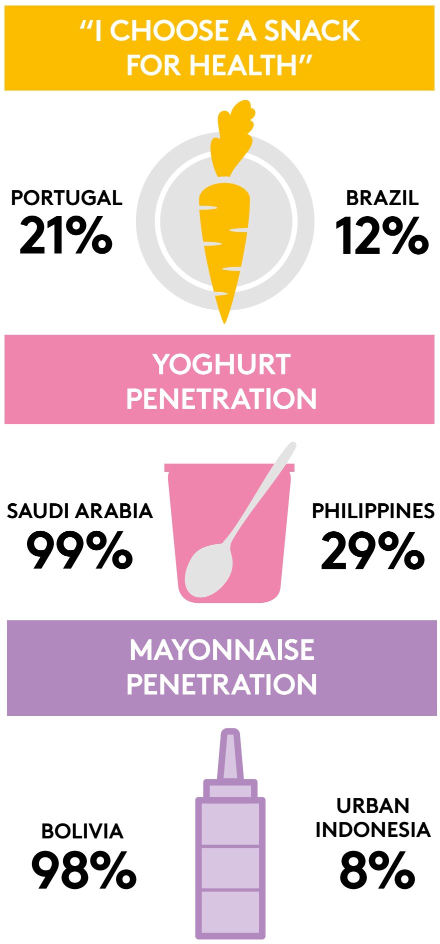
In previous years, we've seen the food industry tackle health concerns by removing ingredients: less salt, fewer calories, reduced fat. In 2016, the trend moved toward adding things back in.

Added protein is the most common: popular in Filipino households is a milk and cereal drink – Energen – which ranked 11th in the Philippines food ranking, up five places. Available in a sachet and consumed for breakfast, a coffee break or late-night snack, it includes nearly the full alphabet of vitamins, protein, calcium and folic acid.

In Mexico, not even the humble yoghurt is spared the clean eating trend. Lala Semillas, a food brand bought by 93% of Mexican households, encourages consumers to start their day naturally and healthily with a seed-infused yoghurt pot.

Transparency is still front of mind for consumers the world over: people haven't forgotten the recent scandals engulfing some major manufacturers. In Asia, brands aren't trying to hide anything: actively telling the shopper how to mitigate undesirable chemicals in foods, advising that upon boiling, for example, they will be washed away.

In Chile, biotech company The Not Company (NotCo) was founded to



Source: Kantar Worldpanel and Usage 2016

Brand story – Danone

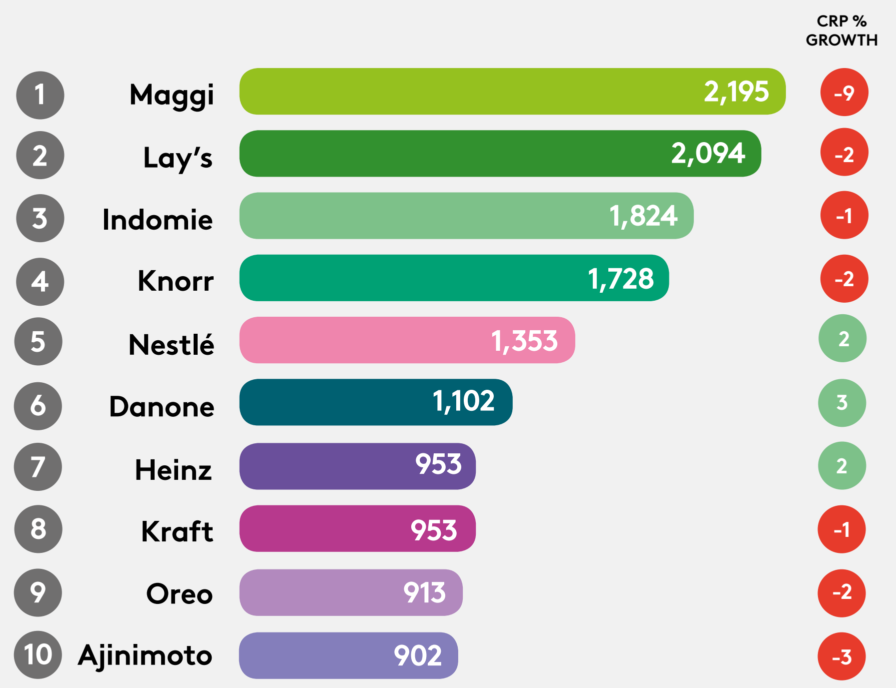
Danone has long been a global success story in the Brand Footprint ranking, the sixth most chosen food brand in the world and the fastest growing in the top 10.

Premiumisation is at the heart of Danone's growth strategy, demonstrated most acutely by its recent rebrand of the Activia line of functional yoghurts. The global relaunch began last year, initially in 35 countries, and aims to mirror the visual and linguistic branding more commonly found in premium skincare.

Such is Danone's credibility in the yoghurt space, its daughter brand Oikos – a super-premium Greek yoghurt – has broken out as a separate and burgeoning brand in many Western markets including Spain, Italy and the USA.

Conversely, in Brazil, where the brand is showing exceptional growth – increasing its CRPs by 23% in 2016 – it is cream cheese and fresh milk rather than yoghurt that sees it soar up the ranking. Indeed, cream cheese was responsible for Danone's breakthrough in this market, attracting a large contingent of buyers through increased distribution and price promotions. In fresh milk, the brand presents a quality image, priced below the market average; representing a clear cost benefit message for the consumer.

Top 10 food brands globally by CRP



Source: Kantar Worldpanel 2016 — CRP in millions

create transparency in the supply chain. An artificial intelligence algorithm analyses and produces affordable, plant-based foods that taste exactly like their animal-based counterparts.

More happy

Sugar wars rage on around the world but – certainly at a governmental level – are mainly limited to juices and soft drinks.

That's not to say that the snacking occasions haven't changed at the hands of our newfound quest for healthy living. Snacking tastes in some parts of the world are heading towards nuts and popcorn, which is perceived as healthier. PepsiCo reacted by launching Popworks in the UK, a product which hits the need for both indulgence and health, with many flavours to choose from.

Indonesian manufacturer Mayora has introduced a sweet snack with a double occasion. Out of the cupboard or out of the freezer, chocolate bar Beng-Beng, with a 15% increase in CRPs this year, has enjoyed enormous success as an ice cream or a biscuit.

More convenient

Meals are changing both with our lifestyles and our tastes. Increased urbanisation has led to smaller households; smaller households to changing mealtimes; even greater numbers of people are eating alone.

As such, the need for the right-sized products and packaging as well as promotions that erode any stigma of being alone is on the rise, alongside offerings than recognise individual need states. Heinz, for example, is finding success across China with its single-serve 'Dip & Squeeze' ketchup format.

In France, increasingly profound changes in consumption behaviours are linked to new lifestyles, with a growth in meals eaten outside the home and fast food eaten on the go. In parallel, making meals at home means consumers are now focused on the main course with fewer starters or desserts.

Canny retailers can seamlessly link together convenience with health, providing naturally put together meals that are good for you.

More connected

In Asia, brand conversation is part of everyday life. Television culture plays a large part in this. In Indonesia, Thailand and China especially, consumers will probably not only know the stars of these shows but also their favourite snack, what coffee they drink, and what instant noodle brand they prefer.

The ever more frequent 'food bashing', a position adopted by French media outlets across TV, radio and newspapers, is amplifying the pace of behaviour change. Some categories are paying a high price for the resulting change in brand choices: the French population in general are drinking less alcohol, consuming less bread and choosing fewer animal products, especially red meat.

Ultimately, consumers are more informed and are more passionate about food then they have been before, and are demanding transparency across the entire food supply chain. They care about how their food is raised and grown.

They care how it is packaged and sold and they actively seek companies whose practices align with their own values.

Sector disruptors

HOME CARE

A growing global middle class and enhanced infrastructure in developing regions present opportunities for brands to expand their home care ranges into new markets and categories.

SIMON SKELDON

As disposable incomes rise in line with economic growth, more consumers in more markets will invest in white goods such as washing machines and dishwashers, affording brands the capacity to develop and premiumise their portfolios.

Currently, over 60% of the world's population still wash their clothes by hand—in India, for example, there are only three home care categories that are fully penetrated: packaged soap, washing detergent and matchsticks, leaving enormous headroom for brands to grow.

In established markets where penetration is high, the challenge is very different. Brands that create new occasions or routines, identify new benefits and offer outstanding value increase their chances of winning.

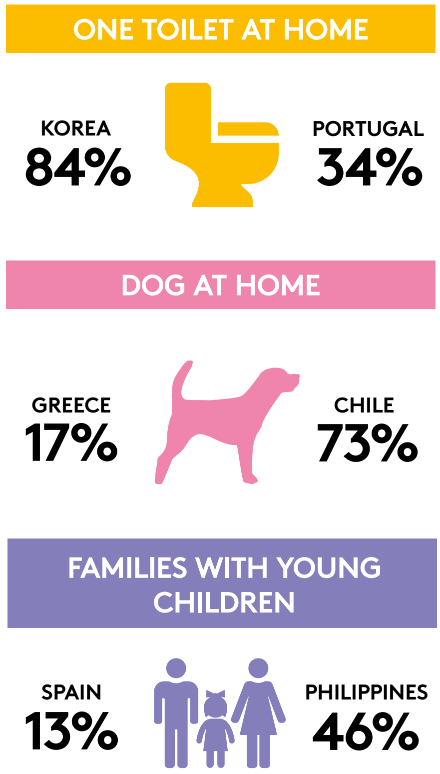
A category of occasions

Encouraging new product usage – or more varied consumption – is a certified technique for FMCG brand growth. This is especially true within home care, where local and global brands have found creative ways to increase product usage across multiple occasions.

Febreze is a great example of a brand stretching into new occasions. The product was launched as a fabric refresher for shoes, furniture and clothes, but P&G has extended its proposition to focus on 'air occasions', targeting different rooms in the household (or indeed the car) that may benefit from odour control. Febreze continues to grow, climbing one place in the global homecare ranking in 2016.

Social responsibility

Sustainability sells. Worries about waste and the environment are an increasingly important consideration when choosing



Source: Kantar Worldpanel Family Form 2016

Brand story – Patanjali

Once dismissed as a fad, Indian FMCG company, Patanjali, has been on a soaring trajectory of growth over the past year, almost doubling its penetration to reach over 44% of households in urban India. In home care alone, it now penetrates 14% of the population—fast becoming a legitimate competitor to multinational giants.

Founded in 2006 with a social conscience at its core, Patanjali's mission is unambiguous: to create a healthier society, starting with everyday products. This – as well as its popular herbal positioning – has struck a chord with shoppers across all categories. Its Herbal Home Care Collection includes incense sticks to keep homes smelling good and premium laundry detergents which promise to not only take care of clothes but also bodies.

Meeting the consumer appetite for safe, environmentally-friendly, transparent products; critical to its success is its credibility around natural offerings, unique business model and a shrewd understanding of the Indian consumer. Unbound by traditional marketing conventions, it spends little on advertising, relying instead on word-of-mouth. Rather than creating daughter brands for each category, all its products from oats and spices to laundry detergents carry the Patanjali branding.

Patanjali's business has the goods to back up its branding claims: it sources raw ingredients direct from farmers (offering them support and technological development) and retains control of the entire supply chain—factory to retail. It uses traditional and modern trade as well as e-commerce to reach consumers directly.

Already approved by the FDA and available in the US and Canada, Patanjali is exploring expansion into China, Bangladesh and Africa.

a brand. In a crowded marketplace – where multiple products are selling the same end result – brands are increasingly selling themselves on the concept of shared responsibility.

Value is no longer determined solely by the formula or whether it's convenient; it's how the product makes people feel when they purchase it.

In the UK, Persil launched a 'Learning for Tomorrow' initiative in partnership with UNICEF. The initiative is funded with an initial $1.4 million donation from Persil and Unilever Global Partnerships, which will contribute to UNICEF's global education programmes, providing access to quality education opportunities for 10 million children in Brazil, India and Vietnam. Nudging the top 30 most chosen home care brands globally, Persil sits at position 31.

Dettol, the fastest riser in the ranking, continues to educate regarding the importance of hygiene and has entered the Top 50 in position 47.

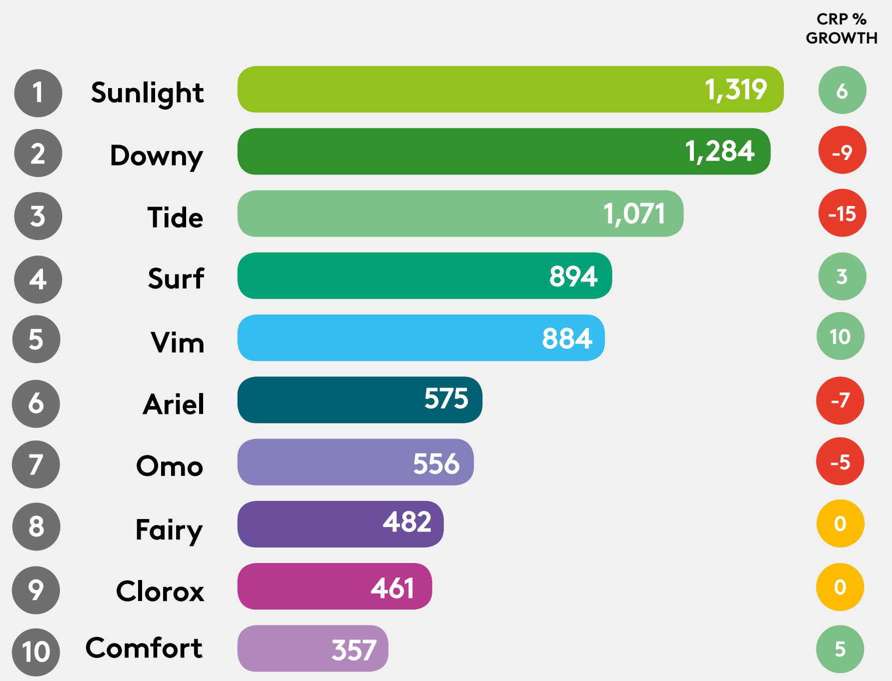
Premiumisation

As global wealth rises, so does the taste for the finer things in life. Home care products are traditionally very practical purchases; a necessity rather than a luxury. However, brands are tapping into rising disposable incomes by developing products that reflect this lifestyle switch.

In the Philippines, premiumisation is burgeoning within the laundry category.

In 2016, Ariel launched several premium laundry products such as Swakto, which combines Ariel washing powder with another P&G brand – Downy – to add additional fragrance. It is now the third-fastest growing brand in the country, growing its CRPs by 35%.

Top 10 home care brands globally by CRP



Source: Kantar Worldpanel 2016 — CRP in millions

Safe for me and my family

In markets spanning China and France, a growing number of shoppers are searching for products that omit substances detrimental to the health of either the environment or the individual. For these shoppers, marketing that avoids 'shock slogans' or promises of 'overkill' will succeed.

In France, manufacturers are opting in to the European Ecolabel, a government-regulated promise that any product which bears its seal is environmentally friendly and of good quality.

This has opened opportunities for smaller, local brands that can use their size as an advantage to disrupt the market with non-toxic alternatives. The breakthrough brands may be small, but they are growing fast.

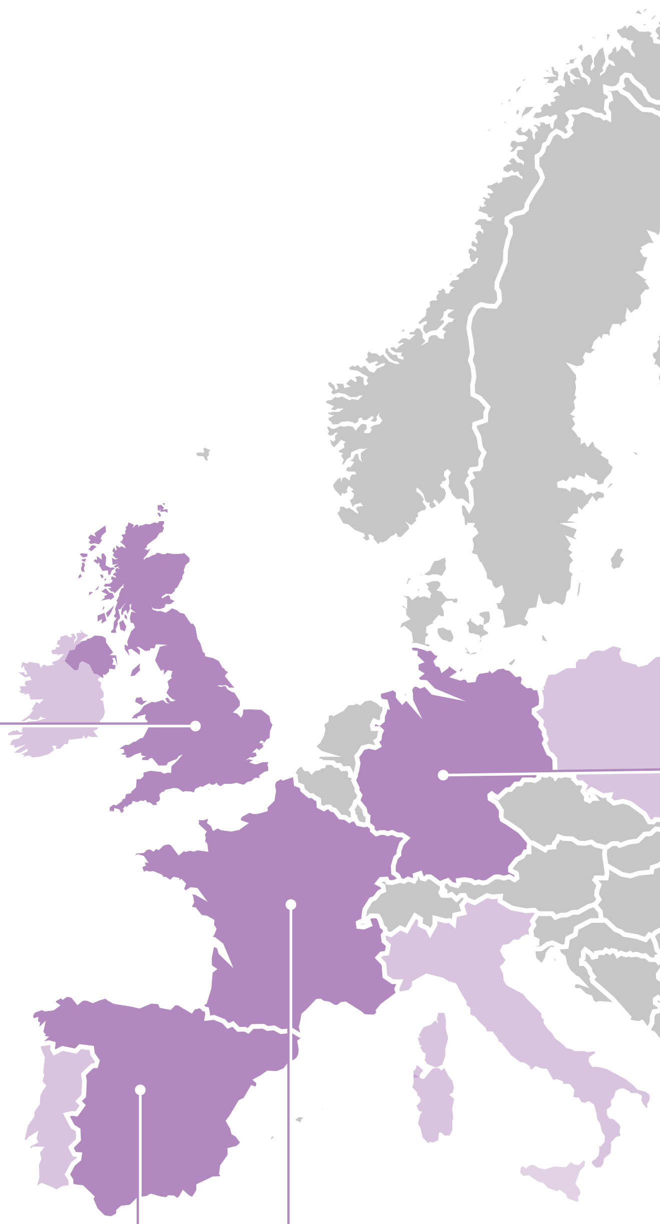
Cleaning brand Briochin is made from natural old-fashioned ingredients—vinegar and bicarbonate of soda. It commands a price premium by "respecting the surfaces you use it on" and has seen 114% growth in the last year alone.

Ideal's Sanytol, which prides itself on a no-bleach formula, reached a penetration of 17.5% in 2016, climbing 10 places in the French ranking. In China, eco-friendly detergent brand Kispa is performing well: increasing its CRPs by 59% and jumping 39 places in the ranking.

This trend towards cleaning without polluting – for your family and for your planet – is becoming difficult to ignore.

Sector disruptors

EUROPE



The mood in Europe was dominated by one theme in 2016: disruption. Brexit; fraying relations between Russia and the west; the emergence of populist nationalism and anti-EU sentiment; the refugee crisis. Social, economic and political pressure mounted in all directions.

Despite these uncertainties, the European economy performed well in 2016. Lowered borrowing costs, boosted asset prices and improved credit market conditions all contributed to buoyed wealth, confidence and consumer spending.

With important elections ahead for the UK and Germany, unpredictable politics will undoubtedly continue to impact FMCG companies in Europe and further afield.

United Kingdom: rise of the flexitarians

'Flexitarianism' has emerged as a more achievable alternative to going fully vegetarian or vegan. Campaigns by the government and celebrity chefs have highlighted the impact that eating meat can have on health and the environment, leading many more to embrace a flexible plant-based diet.

Our insight shows that Britons are opting to avoid meat for at least two days a week, with the average person now eating meat 5.4 times a week across the country.

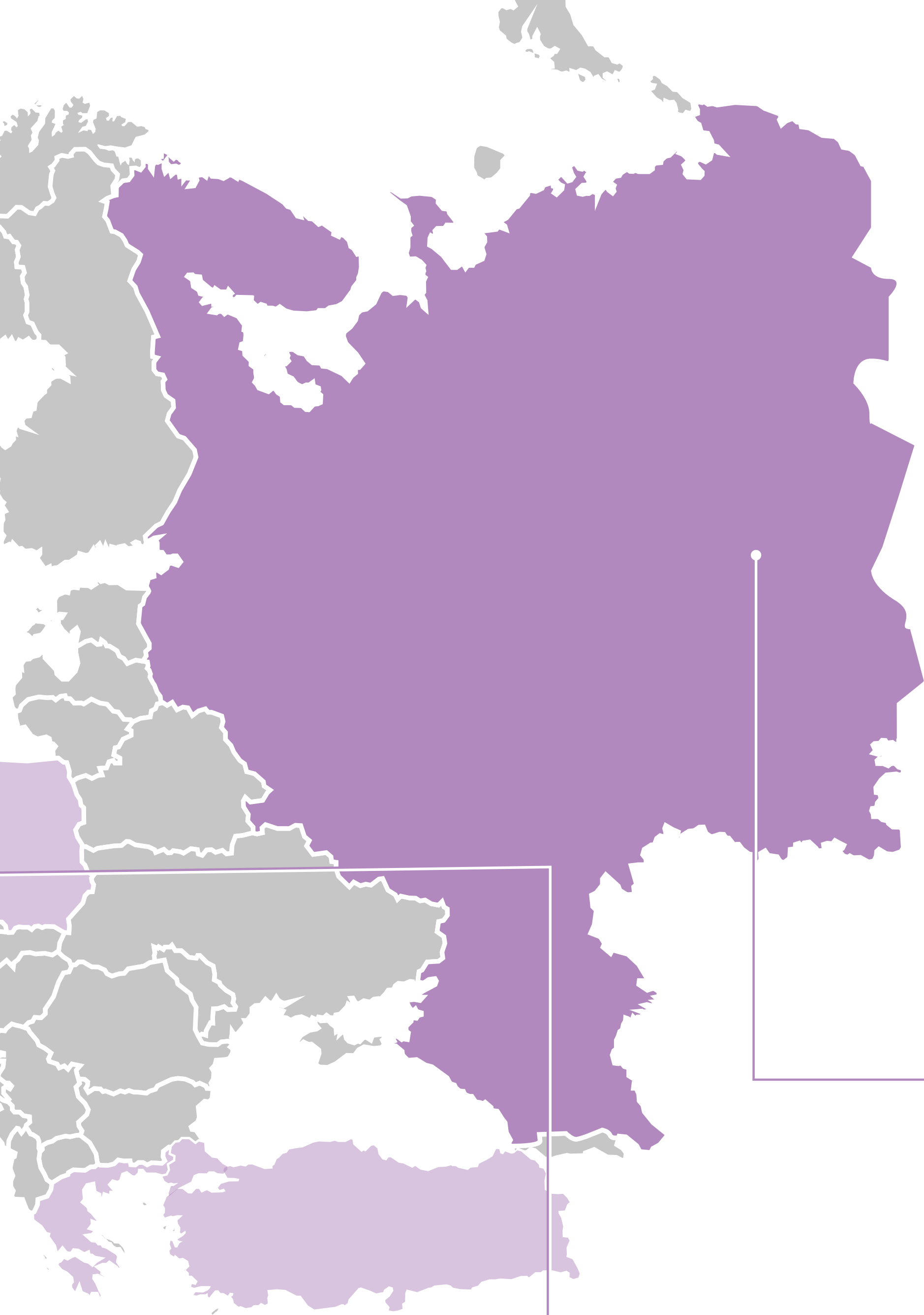
Interestingly, we are also seeing a counter-trend of 'indulgent luxury' in the snacking and beverages sectors, where brands have created full-fat premium varieties to satisfy the 'cheat meal' mentality.

UK consumers are opting to avoid meat for at least two days a week, with the average person eating meat just 5.4 times a week

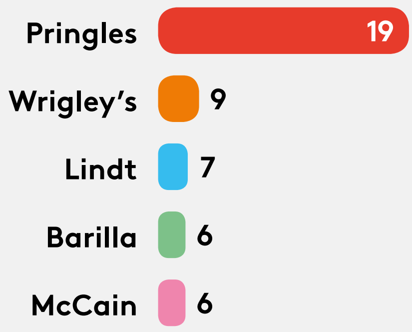
Spain: lifestyles not diets

Brands in Spain are encouraging consumers to get healthy; not just through what they consume but how they behave.

Danone's Greek yoghurt, Oikos was very successful in Spain as part of this drive towards being more healthy. With a 21% increase in CRPs the brand went up 13 places in the Spanish ranking to position 37. This improvement was driven by the launch of new varieties to the range.



Top five growing brands in Europe



Source: Kantar Worldpanel, GfK – 2016 – % CRP growth

● not included in the ranking

Russia:
going digital

Russian consumers have traditionally been wary of online transactions, making e-commerce adoption slow. But domestic e-commerce is picking up pace, now accounting for 2% of retail spend. Consumers are becoming more tech savvy and social media friendly— over 82% of the population now uses social media, with regional platforms like Vk and Moi Mir dominating.

In 2016 Garnier launched its new Pure 3-in-1 face cream with an augmented reality app. When someone took a picture of the product through the app, Russian pop star Erop Kpna appeared in the shot and performed a song and dance routine. This created 21,000 user-generated videos with 28.1 million views on social media, helping Pure 3-in-1 achieve 49% sales growth, rising to be the market leader.

France:
simplifying beauty regimes

The number of personal care usage occasions is reducing among the French, contributing to a noticeable category decline. Regime simplification (fewer categories and fewer occasions) is most prevalent in morning routines and is characteristic of many social factors: increased time pressures, an expectation of convenience and the current fashion of a more 'natural' beauty.

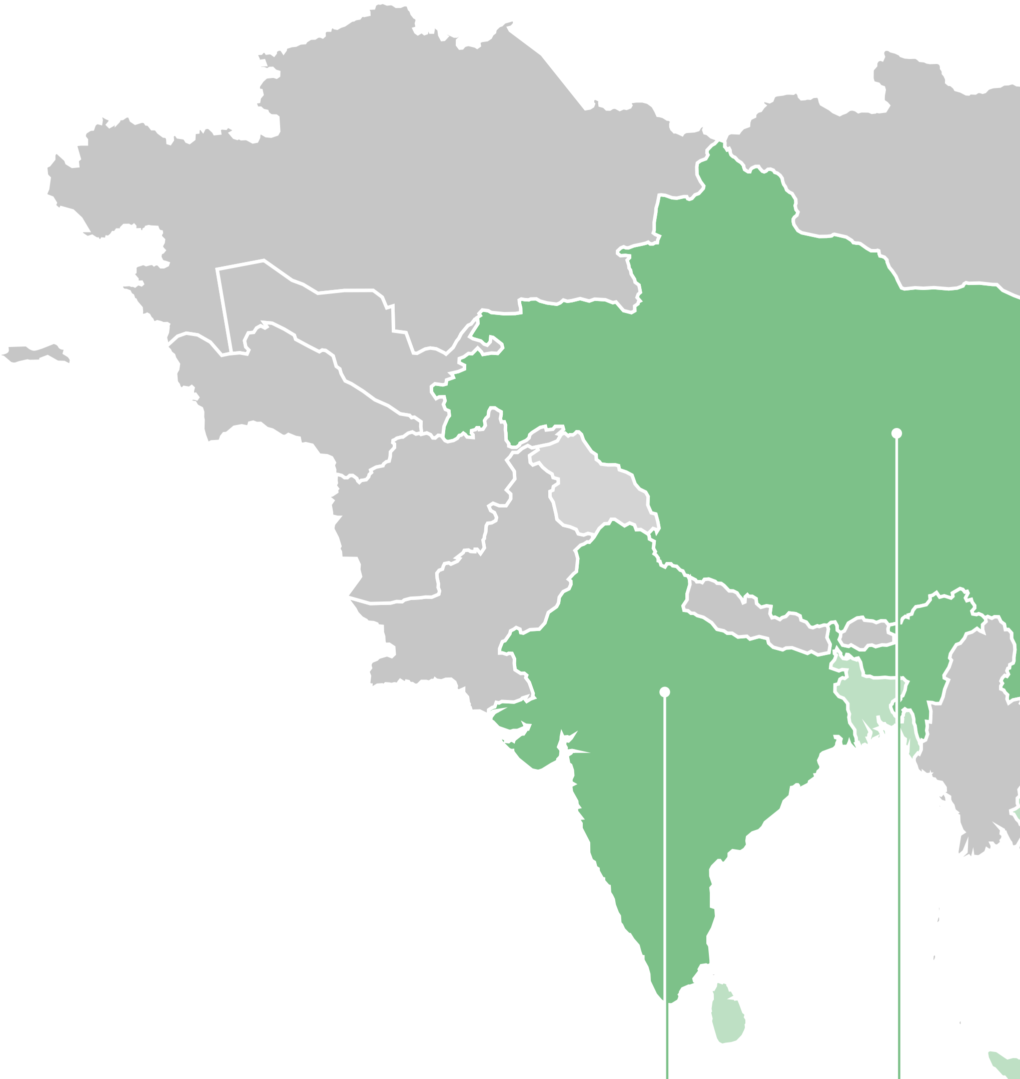
The popularity of a new product – micellar water – is a symptom of this trend. An all-in-one toner, cleansing milk and moisturiser, this product does little to boost volumes, but is a natural, simple remedy for consumers and enjoys enviable growth in a difficult market.

Germany:
migrating tastes

More than 476,000 asylum applications were registered in Germany in 2015, with officials putting the total number of arrivals at over one million. The influx of large numbers of migrants and refugees over a short period of time has created a cacophony of cultures. New restaurants are popping up in Germany's towns and cities to serve exotic Middle Eastern taste buds, and food stores are expanding product lines to meet the demands of this new market. As Germany's burgeoning migrant community continues to expand and integrate into society, the native population is beginning to explore these new flavours and integrate them into their diets. In the future, FMCG brands will need to consider the shifting tastes of Germany's population in order to feed the desire for new flavours.

ASIA

Asia's FMCG market has continued to slow throughout 2016, showing growth of 2% year on year.



In any other region, a 2% growth trajectory would be met with satisfaction, celebration even. But Asia's successes over the previous decade mean that expectations are high for both FMCG and the economy in general. If they fall short, consumer and market confidence tends to suffer.

What's more, growth is no longer propelled by China: the north Asian economy remains soft. Instead, Vietnam, Indonesia, the Philippines and India are largely responsible for the continent's fiscal firepower.

With attention turned toward domestic consumption following international trade concerns, FMCG brands must fight harder for their share of consumer spend. FMCG growth rates hover between 2% and 3% but the average Asian salary grew between 5% and 6% in 2016, up to 10% in some countries.

Overall basket spend therefore fluctuates based on a more complete lifestyle repertoire: whether or not, for example, a shopper is saving for a smartphone or planning a holiday will affect their spend across all sectors.

India:
amplifying brand choice

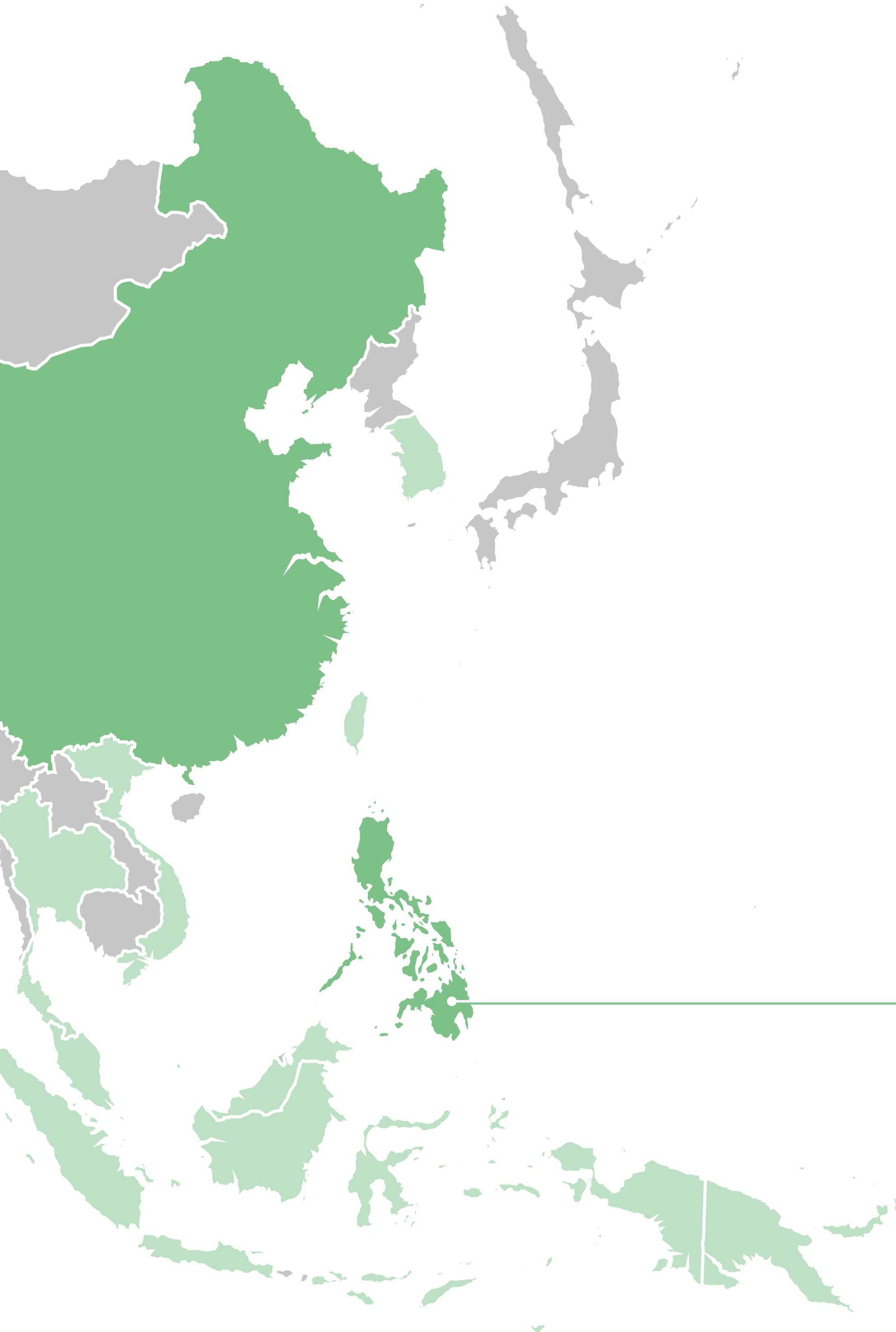
While shoppers are still motivated by value, this is not the sole purchase driver. Low-unit packs often succeed because Indian consumers want variety and choice: people won't just buy the one sachet; they will choose 15 or 20. They want to try new variants and mix and match.

Equally, the much-reported growth of the local brand, where brands originate from – and stay in – India, isn't considered to be an example of down-trading. We are now witnessing the growth of hyper-local brands, which are manufactured, chosen and consumed in distinct regions. They can match, like for like, qualities being offered by national or even international players and are being chosen proudly by the higher socio-economic groups as well as the less affluent.

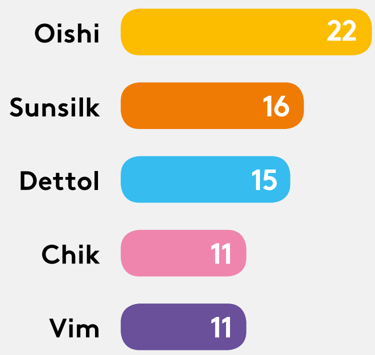
China:
health trumps wealth

Consumer appetite – in turn with consumer confidence in some regions – is changing faster than some brands can adapt. The Chinese middle classes are changing their mantra from opulence to well-being. A common – perhaps politically motivated phrase – is emerging: 'Health Trumps Wealth'.

The perception of premiumisation also contributes to growth. Chinese brand Ganten has positioned itself as a mineral water which springs from a first-class environment; on its way collecting over 100 high-quality minerals proven to have considerable health benefits. Ganten's CRPs have grown by 23% over the past year.



Top five growing brands in Asia



Source: Kantar Worldpanel – 2016 – % CRP growth

● not included in the ranking

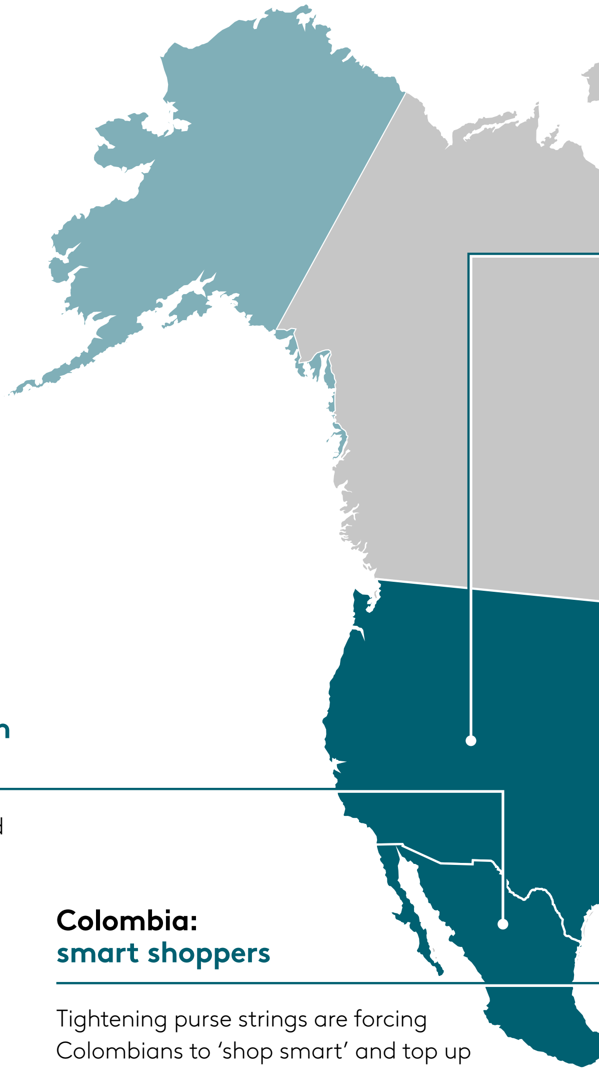
Asian food and beverage brands have long outshone their multinational counterparts and have continued to grow at over twice their speed over the past year. In 2016, this trend was mirrored in the health and beauty categories where speed of innovation and better engagement with consumers were two factors which spelled success

Philippines: simplicity and positivity

International controversy aside, the new president has nonetheless inspired the majority of low-income Filipinos to believe that their quality of life will improve. This increased confidence has led not only to increased spend but also a desire to ease pressure and simplify their lives.

Laundry brand Ariel used this insight to innovate. In 2016 it launched a new format – Ariel Gel – to massive fanfare. Its communications message kept affordability at its core, but also played to emotional positivity (the TV commercial became a viral hit online).

Its sister product, Ariel Power Gel, spoke to the Filipino attraction to simplicity and ease, reaching 4% penetration in just 12 months following launch. This helped the brand climb 16 places in the ranking, growing its CRPs by 35%.



THE AMERICAS

2016 was a year of volatility for the Americas. In Latin America, economic growth hit rock bottom in many countries as equality gains stalled and consumer confidence crashed.

Prolonged recessions in Brazil and Venezuela and notable slumps in Argentina and Ecuador undermined the progress of surrounding countries. Politically, the impeachment of President Dilma Rousseff in Brazil, a further democratic breakdown in Venezuela and the election of US President Trump in November – threatening the North American Free Trade Agreement – compounded a difficult year.

Most Latin American households reduced their basket consumption in 2016, yet a handful of brands found a way to reach double-digit earnings. Many of these were local or regional – accounting for one in every two dollars spent on FMCG in the region last year – which were able to capitalise on the demand for more affordable, more readily-available goods.

Mexico: connecting sustainability with consumer benefits

Local brand Industrias Alen has earned a place at the top of the country's home care ranking. It now reaches 93% of Mexican households through brands like Pinol and Cloralex. The secret to its meteoric rise? The brand has a longstanding commitment to sustainability that goes beyond its mission and vision.

As well as a sustainability committee that sets new goals each year, ranging from green packaging to national regulation and recycling schemes, Industrias Alen has also made the important link between sustainable living and the notion of 'natural'. Ensueño is the first fabric softener in the market that is vegetable based, which saves water by low foam production. The packaging is also made from 100% renewable material. Ensueño moved up one place in the rankings in 2016, becoming Mexico's 29th most chosen brand.

Colombia: smart shoppers

Tightening purse strings are forcing Colombians to 'shop smart' and top up their groceries with discount brands.

Indeed, the sluggish Colombian economy is proving fertile ground for discounters. High inflation and slow growth combined, lowering consumer confidence to -10.7% in December 2016. A 9% increase in prices of the FMCG shopping basket is causing consumers to make on average eight fewer trips per year. The result is more space for the discounters, earning them 25 penetration points in 2016, led by local retailers such as D1.

Bartering in Venezuela

The recession in Venezuela has majorly impacted modern trade, with supermarkets and hypermarkets losing 20% market share in only five years.

New informal channels have emerged, including the exchange of goods and selling on to friends and neighbours, as people adapt and find resourceful solutions. 79% of households have purchased from bachaqueros, which guarantee whatever people want but at a highly inflated price: mothers can pay on average eight times above what they used to for their babies' diapers.

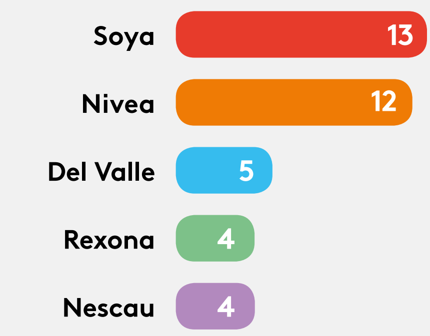
> 79% of Venezuelan households have purchased from bachaqueros, which guarantee the provision of goods but at a highly inflated price

USA:
home delivery

Americans are embracing convenience. Initially slow to adopt the e-commerce revolution, the nation is now falling in love with home delivery services. Amazon grew its workforce by 50% in 2016, claiming it will need a further 100,000 workers by 2018 to meet excess demand. Physical stores are still the most frequent way Americans purchase FMCG products, but preferences are changing. The success of meal delivery services such as Blue Apron and Hello Fresh, which provide 15.2 million meals every month between them, signify this mindset shift. Maximise convenience, minimise time input: that's the new mantra.

— Bart Bronnenberg, professor of marketing at the Tilburg School of Economics and Management

Top five growing brands in Latin America



Source: Kantar Worldpanel – 2016 – % CRP growth

• not included in the ranking

Brazil:
the declining FMCG basket

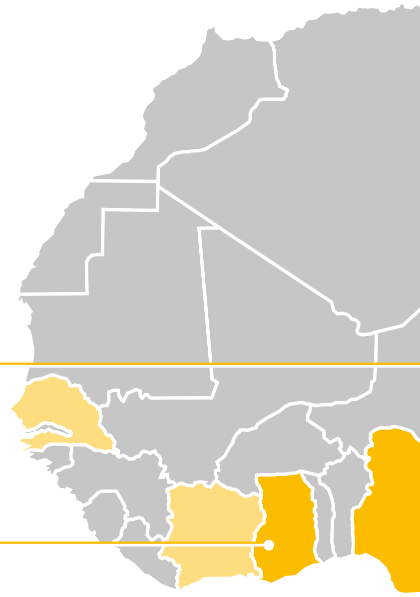
Between 2009 and 2012, Brazil experienced a period of increased consumption, fueled by income growth, controlled inflation and increased access to credit. Indeed, the country was regarded as an international success: its consumers spending more on luxury items such as travel, home improvements, beauty services and personal care, as well as expanding their FMCG basket.

Since 2015, Brazil's political crisis has impacted the economy and consumption. Brazilian wages declined and debt rose last year, as household spending surpassed income. Brazilians were forced to cut their FMCG expenditure and have intensified their search for value for money. Premium brands can still win, as long as they provide a clear benefit, but consumers will try to choose the more accessible products: namely, those that are on promotion.

There was no significant recovery of FMCG consumption in 2016, and the same is expected for 2017. Our research, in partnership with IBOPE DTM, suggests FMCG spend will recover by as little as 1.7%.

AFRICA AND MIDDLE EAST

Africa has been one of the shining lights of the developing world in recent years, with some economies' growth outpacing most emerging countries around the globe.



While the long-term outlook remains positive, Africa's growth story has become more complex. The gulf in wealth between countries – and between socioeconomic groups – remains vast, as do differences in culture, infrastructure and politics. Problems besetting the continent's leading economies, such as cheap commodity prices and slumping sovereign credit ratings, are softening the growth prospects of surrounding nations. The threat of increasing food prices and a reduction in US-African trade has also created uncertainty.

Despite this, as the world's second-fastest growing region – after Latin America and equal to the Middle East – FMCG companies are rushing to cash in on the African consumer and the modernising economy.

> With more than half of its population under 30, Nigeria has the opportunity to reap the benefits of this demographic dividend

Egypt: pack size management

Egypt's economy experienced a huge transformation in 2016 when its currency began to float freely. This led to devaluation and high inflation, in turn detrimentally affecting consumer confidence and purchasing habits. Brand choice is now determined by pack size: unlike Ghanaians, Egyptians are bulk buying to save money, avoiding impulse purchasing and achieving maximum value for an ever-reducing number of trips.

This change in behaviour was misjudged by many brands who calculated that smaller pack sizes would succeed in a time of high inflation. Thus, innovation was minimal in 2016—understanding the right pack size and assortment remained a key challenge and brands' primary, if not sole, route to growth.

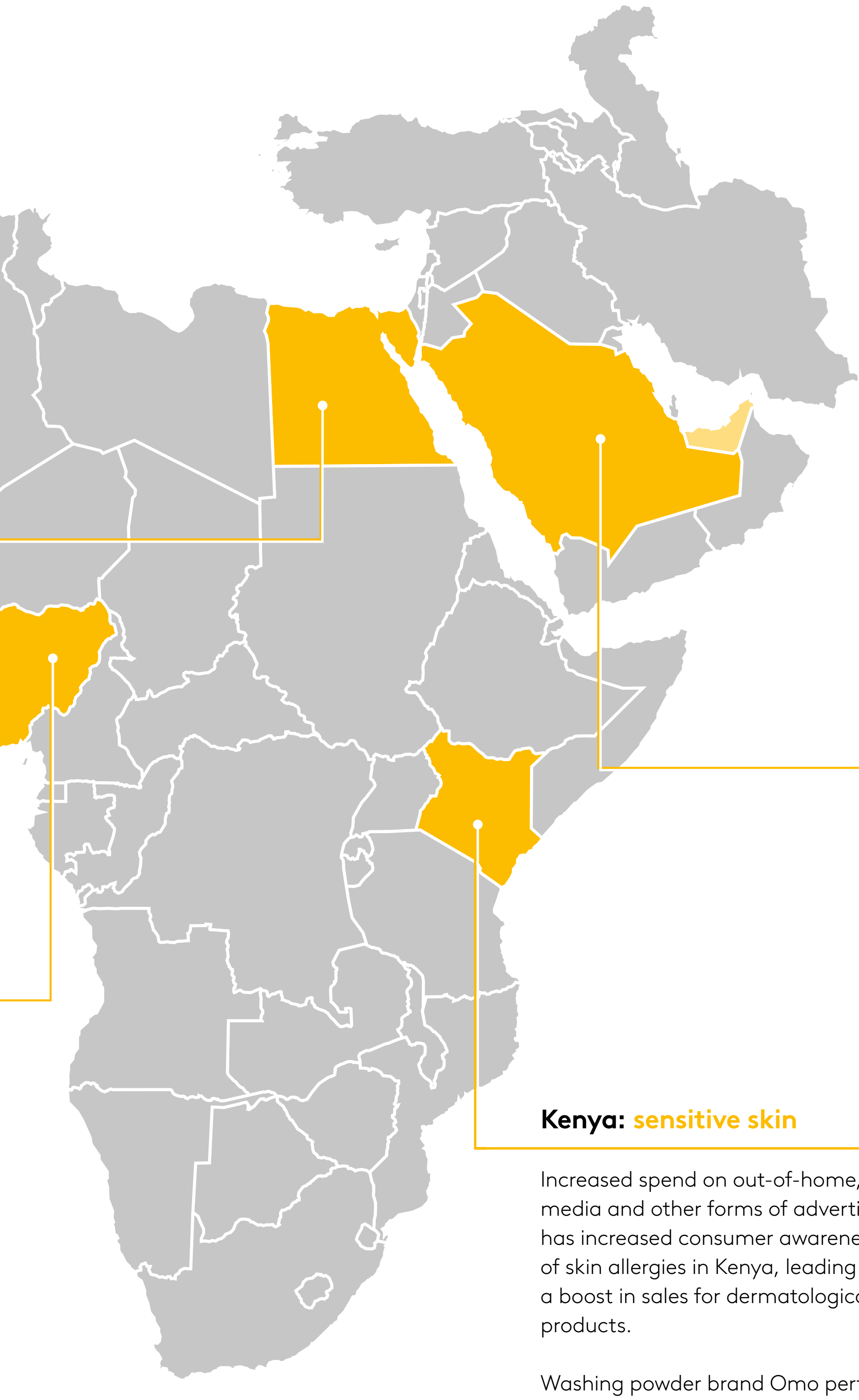
Ghana: downsizing

Challenging economic conditions have led consumers to seek affordability: choosing smaller formats and shopping more frequently. Better price positioning has seen some brands in Ghana gain a competitive edge. Local player Doffi is a great example: by heavily discounting its core products at strategic times to accommodate tightening purse strings, the detergent brand climbed 30 places in 2016.

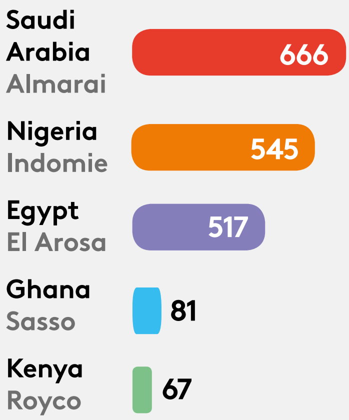
Nigeria: forever young

Nigeria is predicted to reap the benefits of a long-awaited demographic dividend. Its population – the largest in Africa – reached 182 million in 2016 with more than half under the age of 30 and 40% under 14 years old. The effect of this is two-fold: placing a strain on the nation's economy and public services, yet presenting opportunities for brands to tap into a huge market of young Nigerians.

Arla Foods has used both to establish itself as a major player within the dairy business. In 2016, it partnered with the government to develop the Nigerian local dairy industry—creating a sustainable value chain that contributes to food security and local jobs.



Top brands in Africa and Middle East



Source: Kantar Worldpanel – 2016 – CRP in millions

• Countries with household panels
• Countries with no current coverage

Kenya: sensitive skin

Increased spend on out-of-home, social media and other forms of advertising has increased consumer awareness of skin allergies in Kenya, leading to a boost in sales for dermatological products.

Washing powder brand Omo performed well in 2016 after repositioning itself as a friendlier product for sensitive hands. Traditionally known for harsh (but effective) cleaning, a change in formula allowed it to maintain its 'tough on stains' appeal while introducing a new 'gentle' message. It is now Kenya's sixth most chosen brand, climbing one place in the ranking.

Saudi Arabia: a hub for FMCG investment?

The Saudi Arabian government has made trade and investment a priority for negotiating a tough economic landscape. Its burgeoning population and high per-capita income attracted investment from numerous FMCG manufacturing companies and cooperatives, keen to capitalise on the country's strategic location.

Irish dairy cooperative Ornua has opened a $20 million white cheese manufacturing facility in Riyadh, proving a central hub to access high-growth dairy markets in the Middle East and North Africa (MENA). Ornua uses pioneering technology to produce a range of white cheeses – hugely popular in the region – for bakeries, delis and restaurants. PepsiCo has also announced plans to open one of its largest manufacturing plants in Jeddah, as it looks to break into new markets in Asia and MENA.

INGREDIENTS OF GLOBAL DISRUPTION

For the past five years of Brand Footprint, we have written extensively about trends—those we see emerging, fading and those being effectively exploited by brands and retailers for commercial gain.

Mostly, trends are transient; their prominence rising and falling from year to year as their stimulus is either heightened or removed.

But occasionally they collide and gather pace, forging a trajectory which disrupts markets and changes the landscape of industries, societies and human behaviours permanently.

The impact of trends predicates on many moving parts: changing consumer tastes, manufacturer and retailer innovation, technological advancements, or shifting political winds.

The uneven rise of global e-commerce is an interesting study in disruption. In developed markets, the technology was ready at the turn of the century, but the people were not. Even now, while e-commerce penetration is steadily increasing, there are large pockets of the world where consumers equipped with the means to purchase goods online still prefer to shop in a physical environment.

Real disruption tends to happen when technological capability crosses with consumer demand in the right economic, political and commercial environment.

Here, our experts have identified the trends which have potential to become real disrupting forces on the global FMCG market.

Brand building and the Internet of Things

Nigel Hollis
Kantar Millward Brown

When your washing machine orders its own detergent and your fridge plans meals around its contents' expiry dates, where do consumer choice and brand relationships feature in everyday life?

The truth is: exactly where they always did. Technology and automation might remove some individual choices, but that makes it even more important for brands to understand what motivates consumers to influence those fewer, but perhaps bigger, decisions that they make.

Ultimately, the challenge is to make your brand the obvious choice before someone even starts thinking about shopping the category. Brands need to go beyond the utility offered by sensors, machine learning and cloud computing to create a meaningfully different experience that is woven deep into lifestyles, not just shopping trips.

The biggest danger to brands and profits is to make assumptions about how people will behave and why they do what they do. And the only solution I see to that problem right now, is to ask.

Packaging meets multi-functionality (the end of packaging?)

Alison Martin, Kantar Worldpanel

FMCG is increasingly married with technological advancements to develop multi-function packaging solutions. Packaging is no longer just a means to transport or contain consumer goods, whether you're buying fast food to eat out of home or stocking up for a week of family meals.

We often see innovations on the shelf begin life in the service market sector. KFC India, for example, has offered consumers the chance to both refuel and recharge at the same time, with the development of new packaging for its meal boxes that doubles as a charging unit for mobile phones. Some Pizza Hut boxes meanwhile turn into a movie projector for smartphones.

Coca-Cola has led the charge in giving its bottle caps a 'second life' by instructing consumers on how to repurpose them as functional items such as water squirters and pencil sharpeners. Last year, it released a multipack box design that transforms into a virtual reality viewer. Examples of repurposing and reusing are abound. New Walkers Tear 'n' Share come in a unique bag that turns into a bowl so you can open, share and enjoy right from the pack with your friends and family.

At the other end of the spectrum, we can see packaging that has an intrinsic benefit from the outset. From spoilage-detecting milk caps, ripe fruit detectors, responsive electronic stamp concepts and temperature-sensing labels to venting control for ground coffee and whole beans, the concept of making packs work harder is a growing trend. In the United States, many manufacturers have now committed to using the Grocery Manufacturers Association (GMA)'s new SmartLabel – an augmented reality product label – to increase nutritional transparency.

In a collaborative agreement with Tri-Star Packaging, Colpac has created Gourmet 24.7, which offers a multi-functional solution, enabling food manufacturers and retail own brands to pack both wet and dry dishes into a single pack combination. A sleeve featuring a menu – which highlights contents, secures the pack and includes a set of chop sticks – completing the take-away experience.

Urbanisation is also propelling innovation in packaging. City living means smaller storage spaces, increasing demand for smaller package sizes, concentrates and multiuse/multifunction products. Urbanisation may also increase the importance of lighter and easy-to-transport products, as few consumers will want to carry heavy packages through crowded city streets.

The future?

Already we can see initial signs of the bottom falling out of the packaging industry altogether, as products innovate their way out of it.

Technology is bestowing upon the industry new categories that require no packaging whatsoever and new formats which drastically reduce the need for it. With household penetration of single-serve coffee machines at an all-time high, technologists creating edible water bottles, and global brands such as Budweiser introducing Draftmark – a compact, easy-to-use draught beer system that fits in your fridge – the era of bottles and cans may be nearing its end.

The future of packaging, therefore, might mean no packaging at all.

Winning the last mile

Bryan Gildenberg Kantar Retail

Whilst the Internet of Things might mean that machines take care of the ordering, at least on a day-to-day basis, the factor that will ultimately lead to mass adoption of this technology is cracking delivery. Getting it fast and cheap are going to be critical to the appetite for online and automated shopping.

Without a doubt the leader in this space is Amazon. Through AmazonFresh and PrimeNow it is beginning to reset people's expectations about speed of delivery. In some cities it has been trialling deliveries that you can get in two hours or, in the case of a phone charger I once ordered in Seattle, 22 minutes. When you also consider that people are effectively locked-in if they purchase a Prime subscription, and that those subscription levels are soaring, you can see that they are some way ahead of other retailers in winning this race.

The alternative, and something that's likely to appeal to a number of smaller retailers and also to brands, is a model like Instacart. Acting as the front-end in partnership with companies like Uber who have efficient last mile distribution models in place will be an attractive option to stay in the game.

Artificial intelligence meets the Internet of Things

Luis Simoes, Kantar Worldpanel

The development of innovations like Amazon Dash and the Echo Dot represent the starting pistol for a greater integration of artificial intelligence (AI) into our everyday lives.

While it hides under the guise of convenience, this clever marriage of AI and the Internet of Things (IoT) is much less about what devices can do for the individual – the output – and much more concerned with what increased user interaction – the input – can do for the wealth of data held by the companies who manufacture them.

As machine learning becomes standard for these in-home devices, every word spoken to digital assistants Alexa or Google Home means insight mined, behaviour learned and marketing better optimised.

It couldn't come at a better time for the FMCG industry. With e-commerce penetration rates growing steadily in many markets around the world, online discovery is becoming an increasing concern for retailers and manufacturers alike. These speech recognition tools are developing fast and can make shopping digitally simpler, more personalised and intuitive.

Visual discovery is another useful way to find brands you didn't even know you wanted; image recognition is smoothing out the purchasing experience. The Taobao platform in China has a camera device within the app. If consumers see something they like, they take a picture and a few seconds after will have a list of products ready to buy. The Pinterest Lens app works similarly — point the camera at a product and it searches for it online.

Start-ups will rule the disruption space

Toby Southgate
Brand Union

Across our network, we are seeing a conflicting narrative emerge in FMCG. On the one hand, you have increasing consolidation – manufacturers swelling through mergers and acquisitions – and on the other you have smaller disruptive players able to act smarter, launch faster and achieve more of an impact with a broader base of consumers, often through innovative channels with less direct spend.

E-commerce and direct-to-consumer sales remain a huge and unanswered challenge to the vast majority of large brand owners who either don't understand them, can't disintermediate their existing distribution channels, or can't innovate quickly enough to find ways for both to co-exist.

As a result, I think we'll find increasingly frequent examples of the traditional brand owners paying inflated prices for young companies that have cracked those direct sales channels.

These brands, by contrast, can get into a category quickly at a relatively low cost and can scale – even in a niche market – without the overhead or pressure of managing intermediary retailers. They can build a brand quickly using more innovative language, insight modelling and marketing techniques.

Dollar Shave Club was a small, young, aggressive business for which Unilever paid a billion dollars. That sum bore little relation to commercial performance, nor necessarily the brand or the product. But does it have value? It's justified on the basis of access to a live, active, engaged consumer base. If it steers share away from Gillette, they win. They bet on potential.

This sets an important precedent for independent FMCG brands to see vast potential in their futures, funding a new and exciting route to growth in pursuit of a clear and lucrative exit strategy.

Look at Halo Coffee, for example, which has developed Nespresso-compatible compostable coffee capsules; biodegradable within 90 days. Three months old and years ahead of the previously 'innovative' market leader from one critical future-facing perspective.

If that's not a future billion dollar acquisition, they've sold too soon.

As e-commerce grows around the world, online discovery is becoming an increasing concern for retailers and manufacturers alike

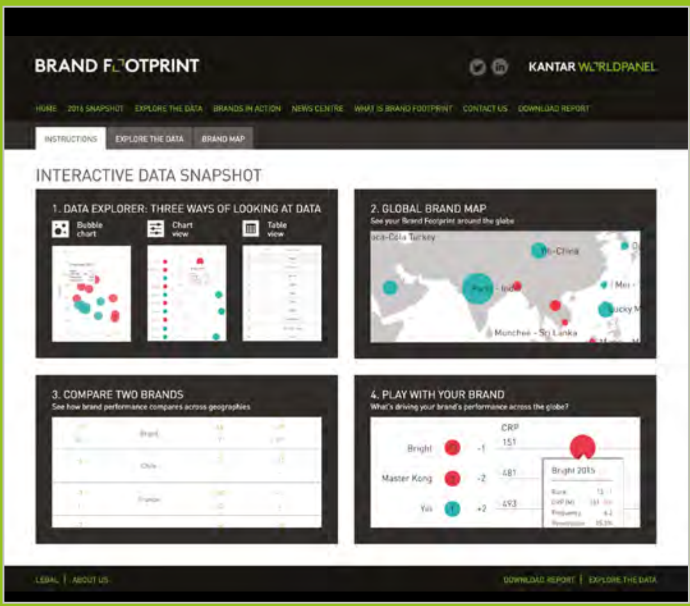
Amazon, Google, Facebook and Apple are shifting our expectations of what's possible; helping people find products at their moment of need. As a result, retail is becoming more about how we experience everyday life rather than an event in itself. The key to success is understanding how to seamlessly blend into the consumer's life in an easy and non-intrusive way.

The future?

AI gives brands the opportunity to personalise the customer journey like never before. Currently little more than a marketing gimmick, AI provides a chance for the personalisation trend to stretch beyond packaging, to pack size, flavours and delivery format. The scope of this is huge: retailers can use AI to predict demand and set prices.

However, moving from on-demand to predictive commerce and products is the real challenge that retailers and manufacturers face next. The biggest threat is whether the bricks and mortar retailers can keep up, changing their old ways of behaving to become more intuitive and adaptive in line with this new world.

Manufacturer	Brand Name	2016 Rank	Category
Ajinomoto	Ajinomoto	26	Food
Barilla Group	Barilla	46	Food
Beiersdorf	Nivea	35	Health and Beauty
Grupo Bimbo	Bimbo	32	Food
Colgate-Palmolive	Colgate	2	Health and Beauty
	Palmolive	17	Health and Beauty/Home Care
Danone	Danone	16	Food
	Activia	41	Food
Del Monte Foods	Del Monte	49	Beverages
Dr. Oetker	Dr. Oetker	50	Food
Ferrero	Kinder	39	Food
Indofood	Indomie	8	Food
McCormick & Company	McCormick	38	Food
Mondelēz International	Oreo	25	Food
	Tang	31	Beverages
Nestlé	Maggi	4	Food
	Nescafé	6	Beverages
	Nestlé	9	Food, Beverages
	Milo	30	Beverages
PepsiCo	Pepsi	5	Beverages
	Lay's	7	Food
	Cheetos	36	Food
	Quaker	37	Food
	Doritos	40	Food
Procter & Gamble	Downy	15	Home Care
	Tide	19	Home Care
	Pantene	21	Health and Beauty
	Head & Shoulders	24	Health and Beauty
	Safeguard / Escudo	43	Health and Beauty
Reckitt Benckiser Group	Dettol	47	Homecare
The Coca-Cola Company	Coca-Cola	1	Beverages
	Sprite	20	Beverages
	Fanta	33	Beverages
The Hershey Company	Hershey's	44	Food
The Kraft-Heinz Company	Heinz	22	Food
The Kraft-Heinz Company	Kraft	23	Food
Unilever	Lifebuoy	3	Health and Beauty
	Sunsilk/Sedal/Seda	10	Health and Beauty
	Knorr	11	Food
	Dove	12	Health and Beauty
	Lux	13	Health and Beauty
	Sunlight	14	Home Care
	Pepsodent	18	Health and Beauty
	Surf	27	Home Care
	Rexona	28	Health and Beauty
	Vim	29	Home Care
	Brooke Bond	34	Beverages
	Close-Up	42	Health and Beauty
	Lipton	48	Beverages
Yakult	Yakult	45	Food



EXPLORE THE DATA

You can access the data from all the countries and sectors in this year's Brand Footprint online. Learn more about your brand's global footprint and the most chosen brands in your sector and market.

www.kantarworldpanel.com/brand-footprint-ranking/#/explore-the-data

NEW FOR 2017

The 2016 ranking is our best estimate of brand consumer reach points and has undergone a number of changes since the 2015 ranking.

In 2016, where measured, rural populations were included in regional and global rankings. South Africa data is no longer included in the ranking. The South Africa data was previously provided by GfK which has not included the data for this country in 2016. In our continuous improvement process, we have undertaken a number of enhancements across a selection of our panels that have resulted in data reworks. The countries with such reworks include Brazil, Germany, Mexico, Indonesia and Italy.

Last but not least, in Brand Footprint 2017 we have continued to improve our data collection and brand attribution which has also resulted in changes in how we report the brands. For instance we have increased the number of brands that are reported in Russia, Poland and Ireland, resulting in new brands such as Brooke Bond included in the ranking.

The overall result is that the 2016 ranking is our most accurate reflection of global consumer reach points, however the changes described above mean that in some cases the positions and metrics will have changed from previous rankings.

Number one brand by market

Ghana, Nigeria and Kenya are not included in the global ranking. The listed brand for Vietnam is the most chosen in the top four urban areas only. The listed brand for Indonesia is the most chosen in urban areas only.

a CTR service in China

Thanks to our partnership with Europanel we have been able to offer countries outside of the Kantar Worldpanel footprint

Data for Germany, Italy, Poland, Russia and Turkey was provided by GfK

Data for the USA was provided by IRI

Data for Bangladesh and Sri Lanka was supplied by IMRB. Kantar Worldpanel in collaboration with IMRB in India

Kantar Worldpanel in collaboration with CTR in China