

**CONSUMER
INSIGHTS LATAM**

**FMCG TRENDS
IN LATAM**

LATAM | APRIL 2018

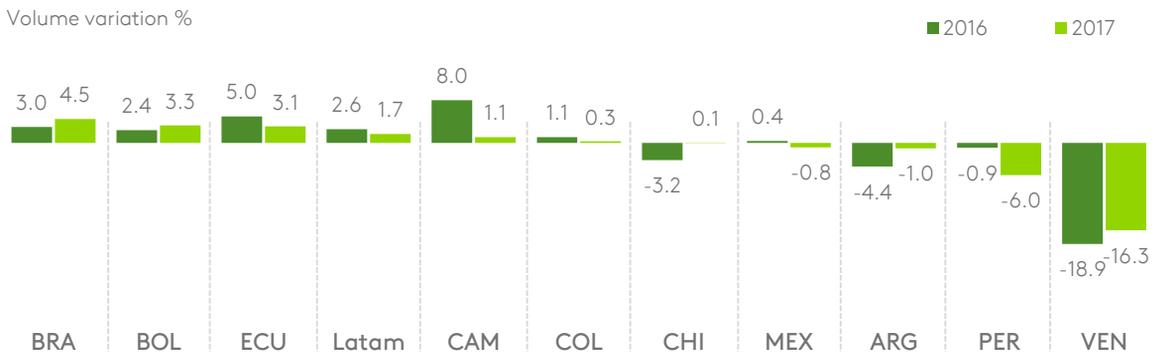


Just a dollar a day: Understand Latam families' FMCG spend to win share of wallet

FMCG volume sales in Latin America continued to increase in 2017, but as Kantar Worldpanel's latest Consumer Insights report shows growth remains slow across the region. Volumes increased by 1.7% – a deceleration compared with the 2016 rise of 2.6% – with most countries

either flat or declining. A similar pattern can be seen in the region's GDP growth of 1.7%, which represents a recovery from the -0.9% drop in 2016 but lags behind the global GDP increase of 3.6%.

FMCG purchases decelerate in most Latam countries, and 5 markets are either flat or shrinking.

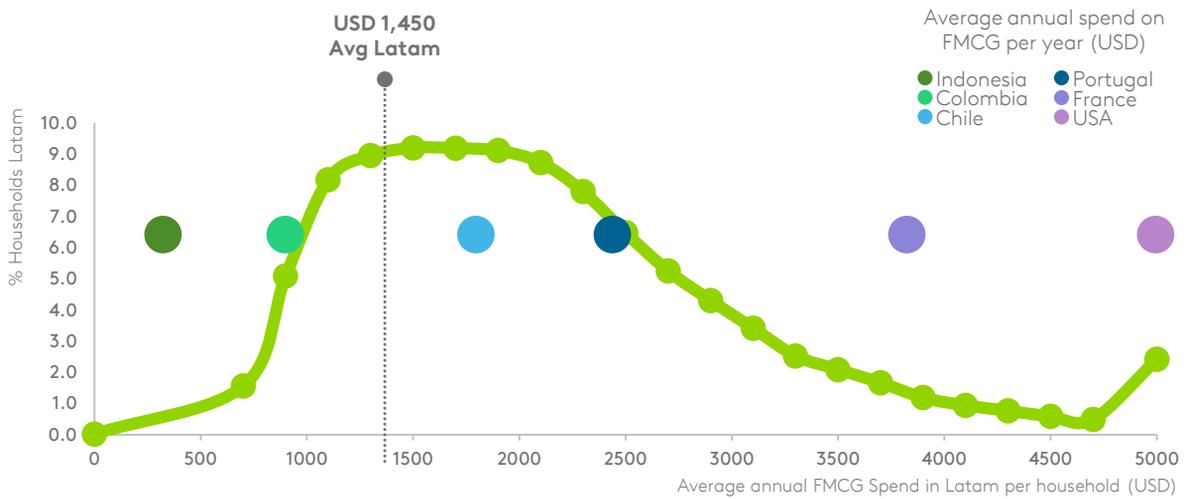


Source: FMCG 2017 vs YA | Total Latam

The average household in Latin America spends just US\$1,450 per year on their FMCG basket, which is similar to families in South Africa, Taiwan and Croatia. Based on a typical Latam family of four people, this equates to just \$1 per person per day on everything they need for cleaning, cooking and personal care. This low spend is a reality in every market in the region. Either side of the average, a great deal of

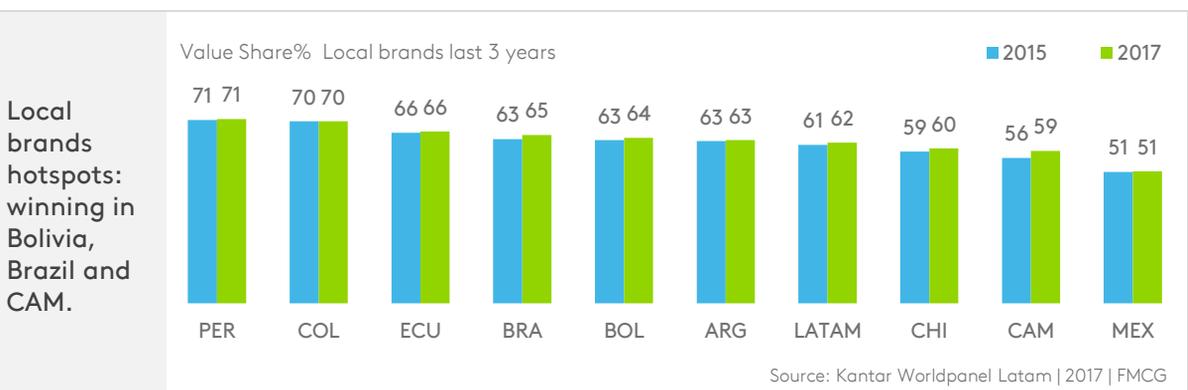
variation can be found: 15% of Latam households spend less than \$1,000 a year, similar to families in Indonesia and the Philippines, while 16% spend more than \$3,000, like those in France or the US. This polarization means there is room for a varied assortment of both premium and value brands in stores, as well as opportunities for a range of channels to succeed.

On average, Latin American households spend one dollar a day on FMCG goods.
16% of Latam households spend over USD 3000, compared to some developed countries.



Local FMCG brands are growing faster than global brands, having gained a 1% market share over the past two years. This is equivalent to a boost in value of \$10 billion, compared with \$6 billion for global brands. Local brands in Brazil have gained most ground, growing their market share from 63% to 65%.

“Local brands are distributing their products more widely – their country is their world – and also using growing channels such as Cash & Carry more effectively,” explains Virginia Garavaglia, Marketing Director Kantar Worldpanel Latam. “As well as being more affordable than the global alternatives, they excel at innovation with a local twist.”



Other trends explored in the report include:



Brazil is at a turning point. Latam's overall FMCG growth has mostly been driven by the 4.5% increase in Brazil – but it's important to remember that this represents recovery from a previous downward trend.

Consumers in the country are changing the way they shop, visiting more channels in their quest for value. **"They're not only looking for a good price, they also want a great shopping experience,"** says Virginia Garavaglia. **"Convenience is particularly important, and they appreciate when the shopping process has been simplified."**



A new type of brand: discounter labels. Discounters' own labels are performing well, particularly in the food and home care categories.



New formats are emerging. Cash & Carry and discounters are the big success story – and their popularity is due to much more than being cheap, having more outlets and offering more services.

"C&Cs offer the best of both worlds," says Virginia Garavaglia. **"As well as buying in bulk shoppers can find small pack sizes, and get their favourite premium brands alongside low price alternatives. They also offer loyalty cards, and allow payment by credit card. Big brands are struggling to find their niche in this new landscape, however, so they need to adapt to find a space."**



The health and beauty categories are suffering the most. Volume sales are shrinking or flat in most Latam countries, especially in make-up and fragrances.

"Beauty is not the priority it once was," explains Virginia Garavaglia. **"Faced with having to curb their spending, this is the area shoppers are sacrificing. They are choosing instead to spend on household products – 'home sweet home' is now the first concern."**



Virginia Garavaglia

Marketing Director Latam

Kantar Worldpanel

virginia.garavaglia@kantarworldpanel.com



Food for thought



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