

New rules: FMCG Trends for 2024

Key signals and promising strategies

October 2023

NIQ

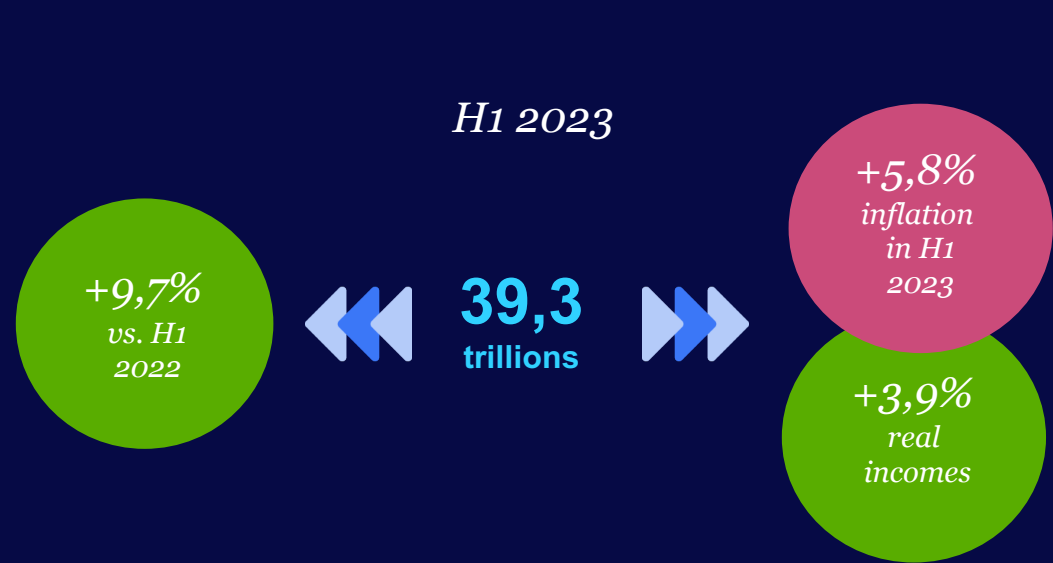


Economy

What's behind the numbers?

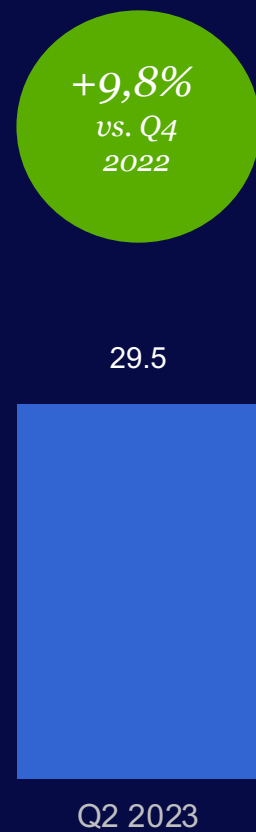
Economy and consumer: what to pay attention to?

1 Consumer incomes



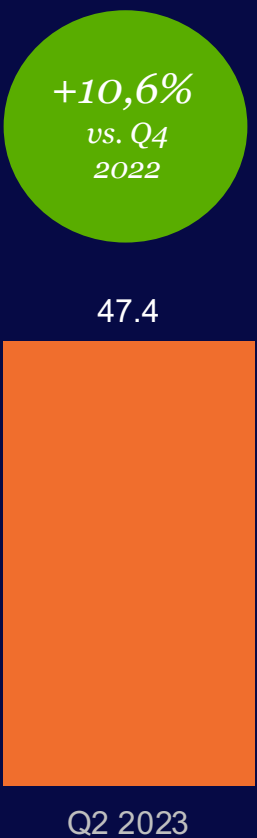
2 Loans

Debts (trillions rub.)
Q2 2023



3 Deposits

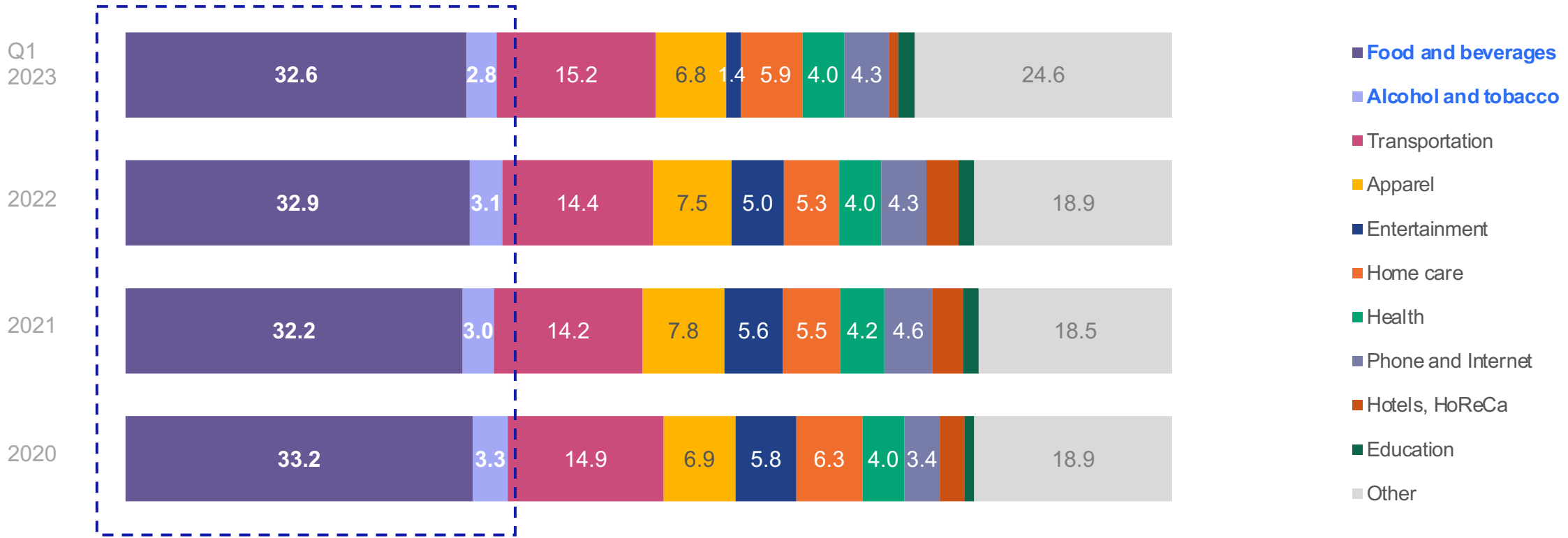
Deposits of households (trillions rub.)
Q2 2023



Source: The Federal State Statistics Service of Russia, Central Bank of Russia

Despite many changes, spending on food and beverages is stable

Structure of consumer spending, %

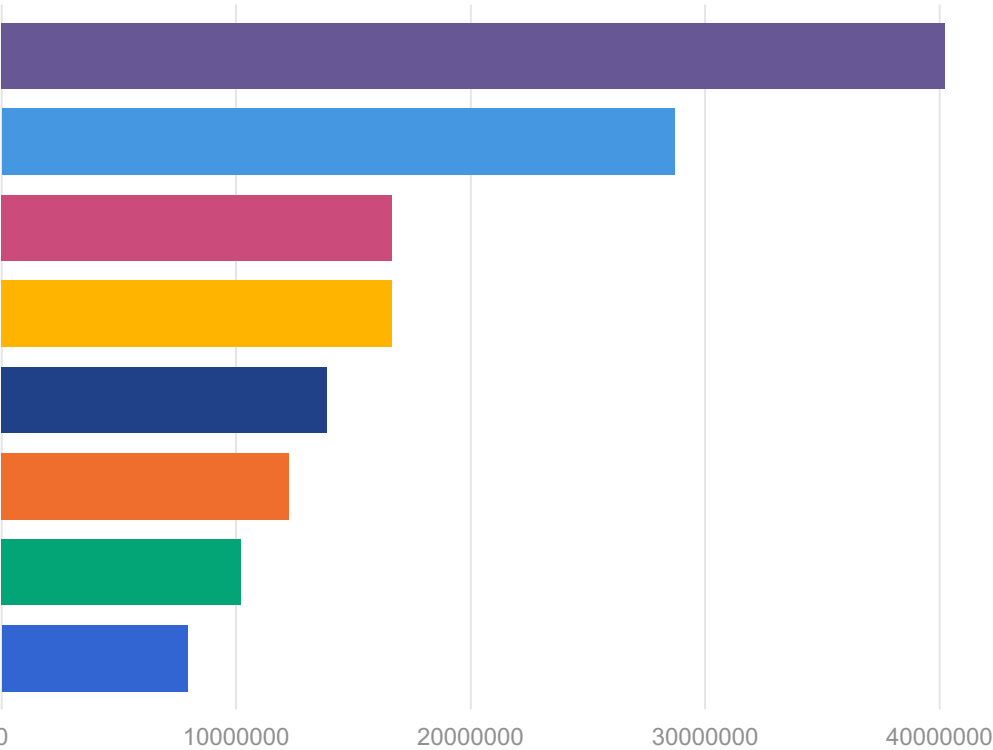


Despite any turbulence approximately *a third of consumer budgets is allocated on food and beverages*

Source: The Federal State Statistics Service of Russia

Consumer incomes in Russian regions grow faster than in the central areas

Population of Russia by region, 2023



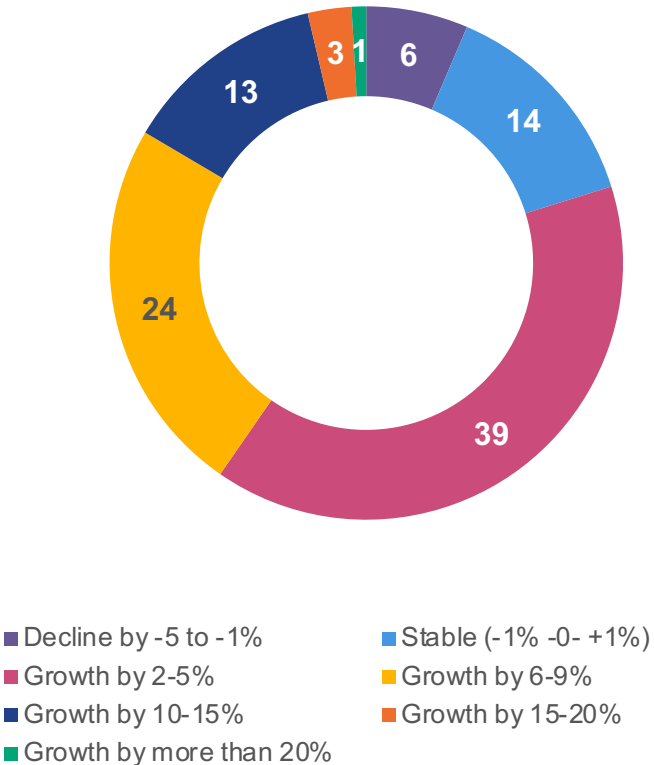
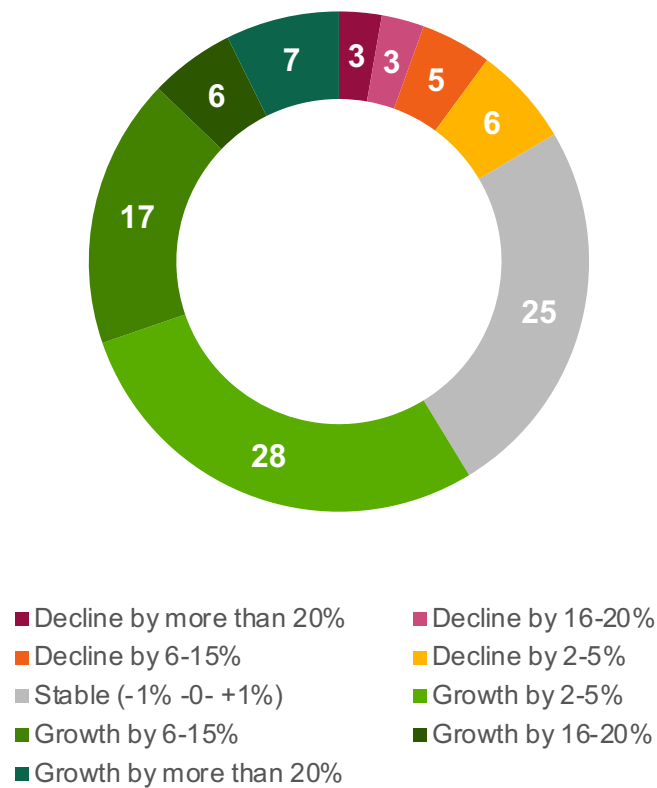
	Population change (2023 vs. 2022), %	Income change (H1 2023 vs. H1 2022), %
Center	+2,9	+9,0
Volga	-0,6	+14,1
Siberia	-1,4	+15,4
South	+1,3	+13,2
North-West	-0,2	+12,3
Ural	-0,3	+14,8
North Caucasian	+2,1	+13,7
Far East	-2,3	+15,1
Total Russia	+0,6	+11,0

Source: The Federal State Statistics Service of Russia

Market growth vs. Business growth: what are the expectations?

What are your expectations about the growth of **your business** in 2023?

What are your expectations about the **total FMCG market growth** in 2023 (in value terms)?



80%

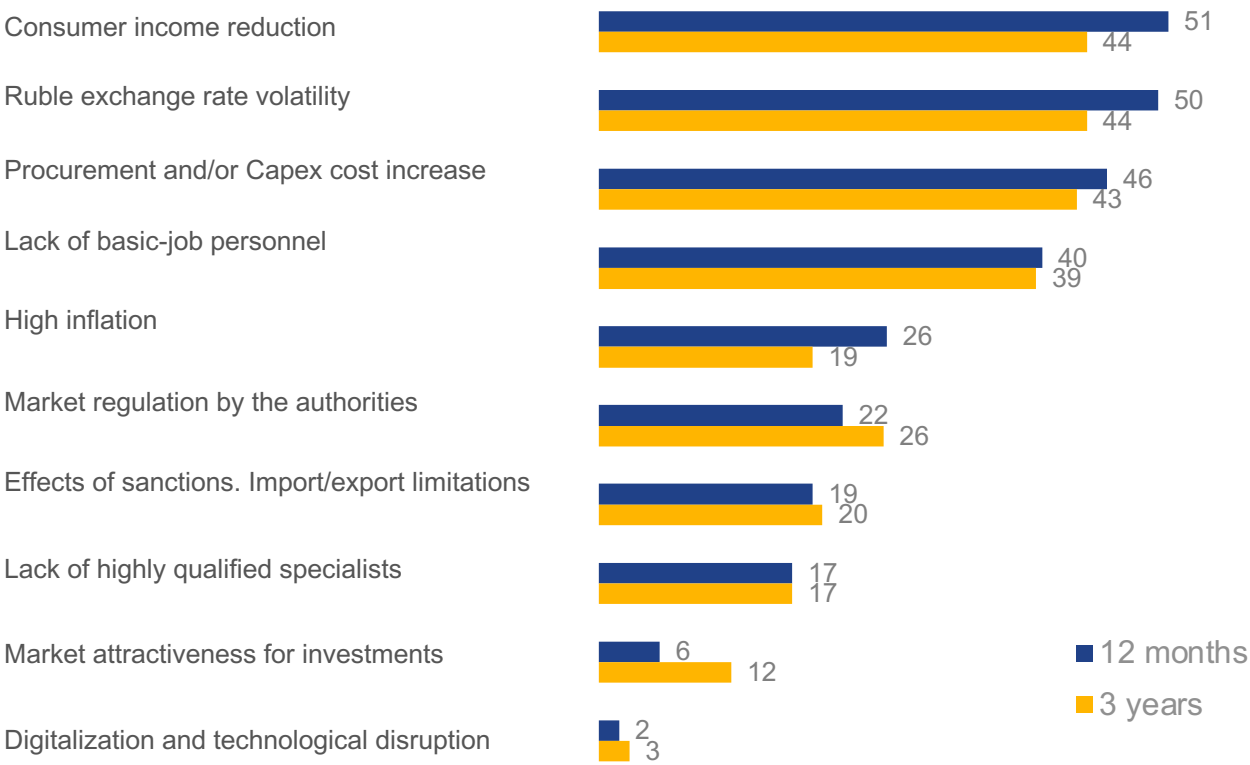
of executives expect FMCG market growth in 2023

58%

of top managers expect their own business to grow faster than the market average

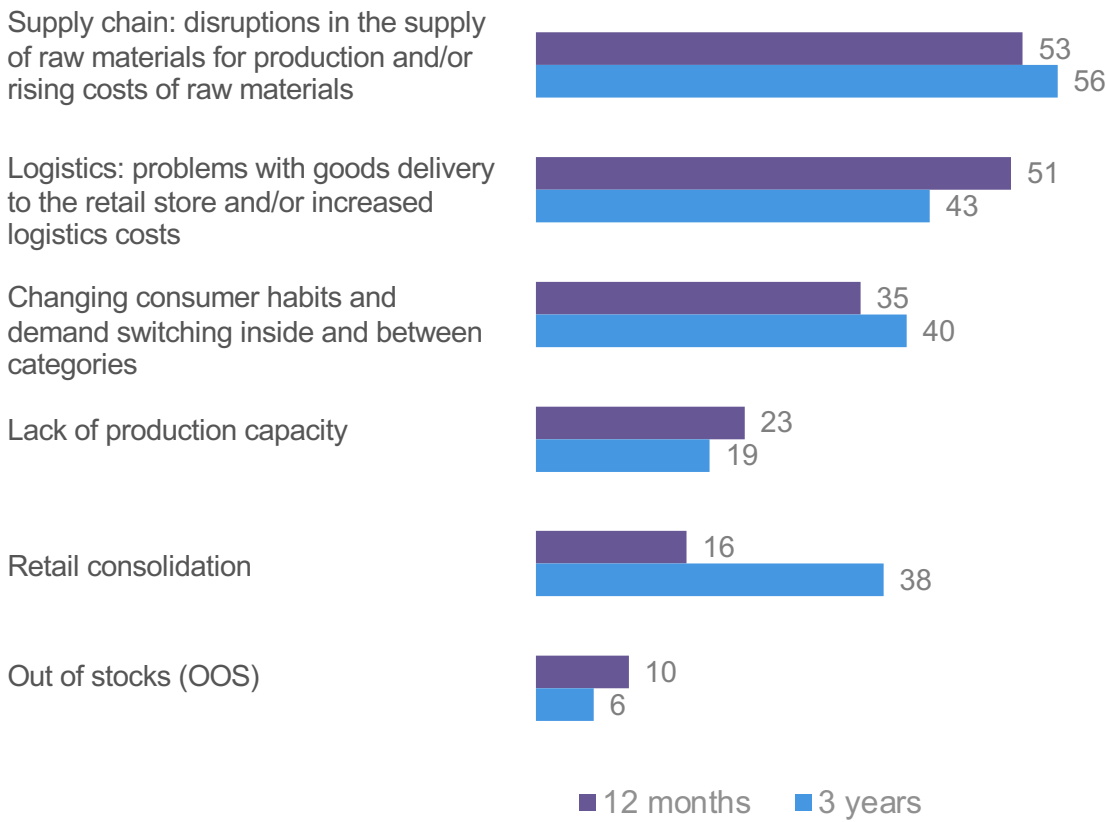
Economy and business: what risks do executives see on the horizon?

Top-10 general economic risks for retailers and manufacturers, %



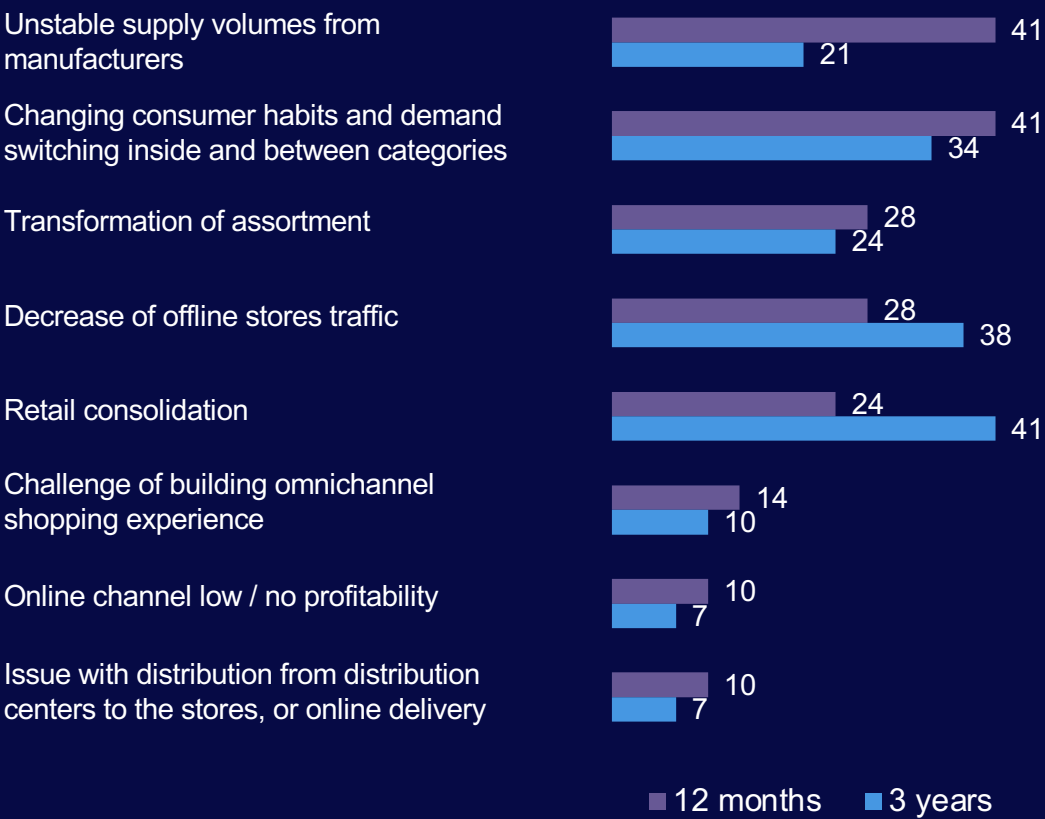
Risks that manufacturers face

Top industrial risks (manufacturers), %



Risks that retailers face

Top industrial risks (retailers), %

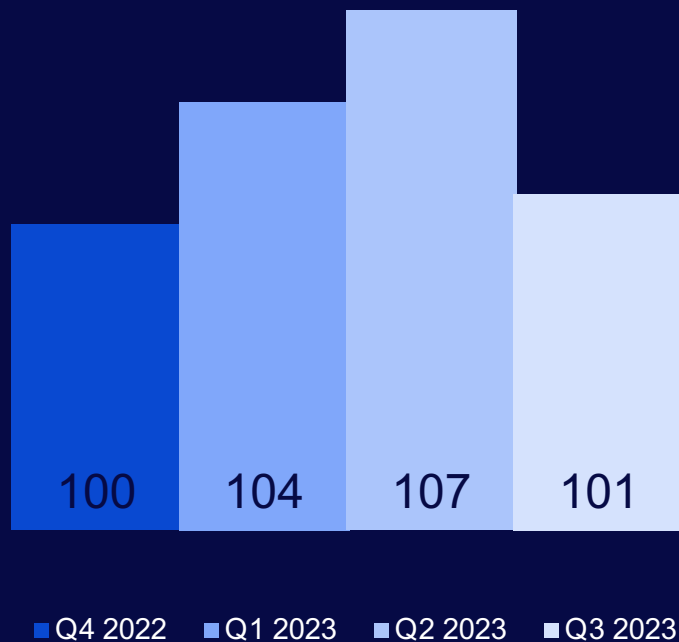


Consumer

How are shopping strategies evolving?



Consumer optimism index has been above 100 points for over 12 months



Values above 100 is an indication that optimistic attitude prevails in the country, and values below 100 signal about the prevailing pessimistic sentiments

Consumer Optimism Index by NielsenIQ. Q3 2023

Consumer Optimism Index components

Employment perspectives, %



Personal financial situation during the next year, %



Time to buy new things, %



Excellent Good Not good Bad

Emotional state, %



Concerned Neutral Calm

How much has FMCG spending changed?



Spend more, than a year ago
60%



Spend less, than a year ago
15%



How have your shopping strategies changed?



Shopping habits keep transforming



More consumers:

29%

Prefer to buy products manufactured in Russia

44%

Use mobile apps of retailers as a source of information about new products and discounts

36%

Think that a discount is a solid motivation to buy something online

52%

Don't like to rush and explore all isles when shopping offline



Less consumers:

47%

Try to save as much as possible on FMCG and look for lower prices

48%

Always make shopping lists in advance

28%

Are interested in ESG and usually check if the product is organic or sustainable

35%

Switch stores based on the attractiveness of their discounts

Sales of food categories in the Russian regions outperform results in Moscow and Saint-Petersburg

Sales change by region, volumes, %

Sales decline slower than in Moscow and Saint-Petersburg

Sales outperform Moscow and Saint-Petersburg

	Center	North-West	Far East	Siberia	South	Ural	Volga	Moscow	Saint-Petersburg
Alcohol	-2.34%	-2.99%	2.41%	2.19%	1.95%	2.29%	1.49%	-4.61%	-5.79%
Cold beverages	-1.82%	0.15%	3.69%	5.70%	2.31%	11.51%	8.76%	-4.06%	-0.81%
Confectionery	-2.68%	-4.37%	2.96%	-2.21%	-0.72%	-0.74%	-0.94%	-5.08%	-5.03%
Dairy	-0.41%	-1.47%	9.08%	0.45%	1.26%	2.30%	3.55%	-3.04%	-2.25%
Frozen food	-4.17%	-3.74%	10.91%	5.14%	5.01%	7.04%	6.39%	-6.96%	-6.38%
Hot beverages	-7.60%	-9.27%	-4.66%	-4.13%	-3.95%	-5.68%	-4.30%	-11.93%	-12.19%
Pet care	-3.58%	-3.15%	-1.61%	0.73%	-1.51%	-1.06%	-1.85%	-8.19%	-7.26%
Snacks	4.63%	4.95%	2.86%	5.49%	5.73%	10.83%	10.11%	3.58%	2.08%
Tobacco	-4.57%	-5.36%	2.66%	-1.07%	-0.80%	-2.54%	-2.24%	-8.66%	-4.73%

National Retail Measurements by NielsenIQ (offline channels). January–August 2023 versus same period last year

More detailed analysis always allows to find more actionable insights

Demand for some categories in selected smaller geographies can be 2–3 times higher or lower than in the region

Sales change by regions and smaller geographies inside regions,
Volume sales change, %

	Average sales change	Central Region	North-West Region	Volga Region	Siberia Region	Far East Region		Republic of Bashkortostan	Novosibirsk Oblast	Primorsky Krai
Carbonated Soft Drinks	5%	0%	2%	12%	7%	4%		20%	11%	4%
Chocolate bars	7%	8%	5%	11%	4%	-1%		5%	7%	9%
Bonbons	-3%	-3%	-1%	-5%	-8%	5%		-16%	-15%	12%
Energy and sport drinks	26%	22%	21%	33%	26%	20%		40%	25%	20%
Nuts	17%	11%	9%	23%	20%	26%		38%	17%	41%
Tea	-6%	-7%	-8%	-6%	-4%	-5%		-10%	-11%	-4%
Water	2%	-3%	0%	8%	4%	6%		12%	6%	11%

NielsenIQ Retail Measurements (offline market). January – September 2023 versus same period last year

Preferrable brands also vary by region

Regional differences are primarily visible in fresh categories but not only in them

Top-3 brands in selected category by region,
value sales, excluding private labels

	Central Region	North-West Region	South Region	Volga Region	Ural Region	Siberia Region	Far East Region
 Milk (pasteurized)	1. Domik v Derevne 2. Prostokvashino 3. Lebedyan'Moloko	1. Domik v Derevne 2. Piskarevskoe 3. Prostokvashino	1. Kubanskaya Burenka 2. Agrokompleks Vyselkovsky 3. Kubansky Molochnik	1. Selo Zelenoe 2. Nytvenskoe 3. Vkusnyaev	1. Irbitskoe 2. Pervy Vkus 3. Chebarkul'skoe moloko	1. Prostokvashino 2. Bely Zamok 3. Domik v Derevne	1. GrinAgro 2. O! 3. Lazovskoe
 Butter and margarine	1. Ekomilk 2. Brest-Litovsk 3. Vkusnoteevo	1. Brest-Litovsk 2. Vkusnoteevo 3. Ekomilk	1. Ekomilk 2. Korovka iz Korenovki 3. Vkusnoteevo	1. Ochen' vazhnaya korova 2. Knyagininskoe moloko 3. Ekomilk	1. Irbitskoe 2. Ekomilk 3. Iz Bashkirii	1. Molochnaya skazka 2. Lyubimoe moloko 3. Ekomilk	1. Ekomilk 2. Kiprino 3. Lazovskoe
 Refrigerated meat products*	1. Papa Mozhet 2. Ostankino 3. Vyazanka	1. Papa Mozhet 2. Velikoluksky MK 3. Vyazanka	1. Vyazanka 2. Papa Mozhet 3. Cherkizovo	1. Papa Mozhet 2. Vyazanka 3. Cherkizovo	1. Vyazanka 2. Ariant 3. Cherkizovo	1. Vyazanka 2. Sibirskaya prod. Kompaniya (SPK) 3. Dymov	1. Ratimir 2. VIK 3. Dobroe Delo

NielsenIQ Retail Measurements (offline market) *for refrigerated meat products data is based on Scantrack. January – September 2023

Same regional differences can be found in other food categories

Food categories are a brighter example of the differences among regions while drug categories are more consistent

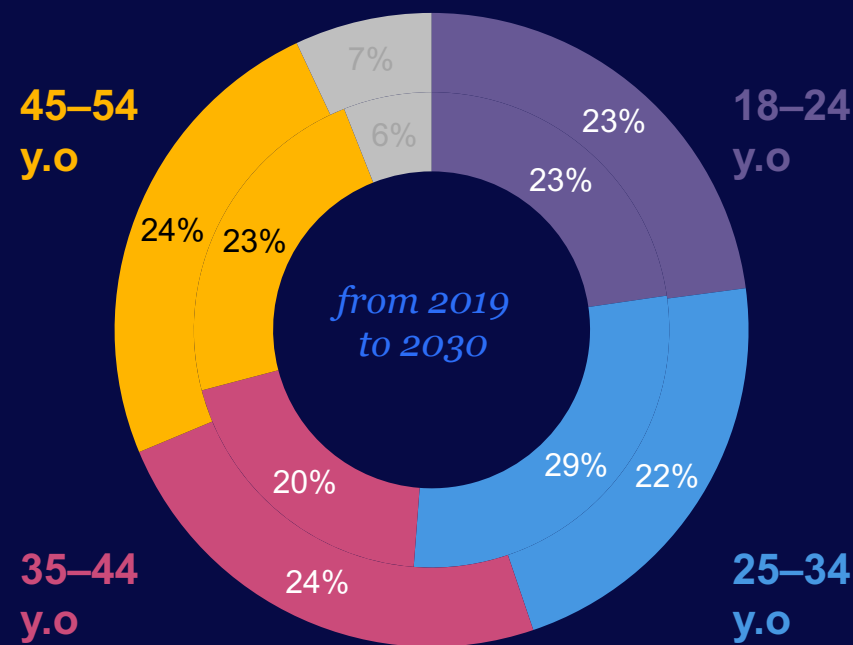
Top-3 brands in selected category by region,
value sales, excluding private labels

	Central Region	North-West Region	South Region	Volga Region	Ural Region	Siberia Region	Far East Region
 Mineral water	1. Svyatoy Istochnik 2. Borjomi 3. Aqua Minerale	1. Svyatoy Istochnik 2. Aqua Minerale 3. Borjomi	1. Svyatoy Istochnik 2. Pilgrim 3. Kubaib	1. Svyatoy Istochnik 2. Pilgrim 3. Borjomi	1. Svyatoy Istochnik 2. Pilgrim 3. Aqua Minerale	1. Karachinskaya 2. Svyatoy Istochnik 3. Khan-Kul	1. Lastochka 2. Monastyrskaya 3. Tri Vi
 Beer	1. Baltika 2. Zhigulevskoe barnoe 3. Velkopopovicky Kozel	1. Baltika 2. Zhigulevskoe (Baltika) 3. Bud	1. Baltika 2. Zhigulevskoe (Baltika) 3. Stariy Melnik	1. Baltika 2. Bud 3. Gold Mine Beer	1. Baltika 2. Bud 3. Stariy Melnik	1. Baltika 2. Stariy Melnik 3. Bud	1. Baltika 2. Zhigulevskoe (AB InBev Efes) 3. Zhigulevskoe (Heineken)
 Mayonnaise	1. Sloboda 2. Ya lubly gotovit 3. Makheev	1. Sloboda 2. Ryaba 3. Makheev	1. Sloboda 2. Makheev 3. Baisad	1. Makheev 2. Sloboda 3. Ryaba	1. EZHK 2. Makheev 3. Sloboda	1. Makheev 2. Yanta 3. Persona	1. Makheev 2. Khabarovskiy MZHK 3. Ottogi

NielsenIQ forecast based on generational differences is an example of strategic planning that can withstand ongoing turbulence

Having been made several years ago, the forecast has realized almost completely despite several economic crises

Change of generational structure by 2030



Forecast (generational change and category development) and actual sales in 2023

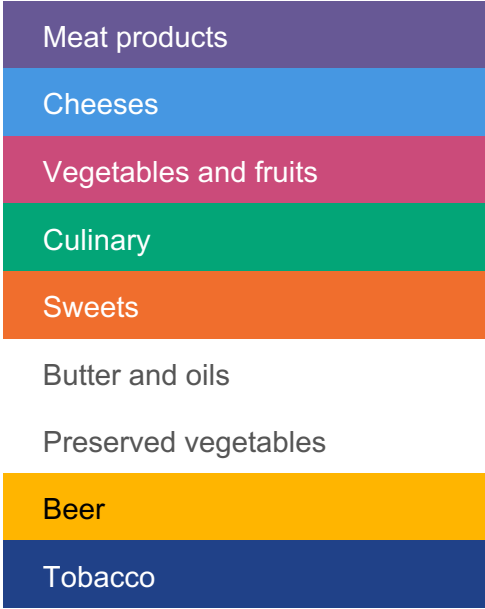
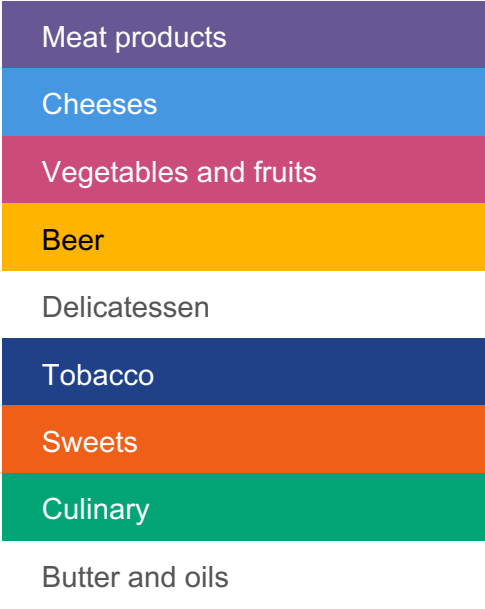
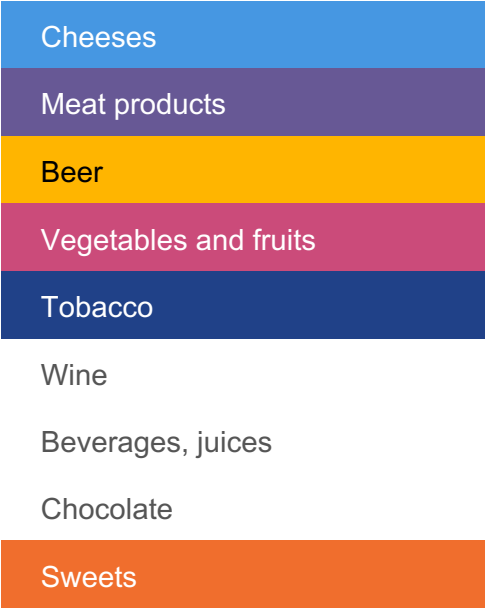


Source: NielsenIQ Retail Measurements (offline market) for dairy, snacks, beer, tobacco, confectionery, juices, sauces and oils. Omnichannel data for meat, baby food, pet food. January–August 2023 versus similar period last year.



Key FMCG categories in consumer baskets differ based on generational habits and preferences

Consumer baskets: what conclusions to make?



Why is the work with generation Z so important in the long run?

53%

have a definite list of brands which they usually buy

69%

plan a specific characteristic of a product before shopping

38%

know exact SKU they want to buy (brand, price, etc.)

52%

choose what they need right away, without exploring the store or web pages



Generation Z resembles average consumers,
but also has many **specific features**

30%

buy FMCG *at least once a week*

30%

involved into shopping because they look for products that *satisfy their personal needs*

40%

prefer *sustainable and moderate consumption*

16 620 rubles

on average they spend *on FMCG every month*



Importance of this consumer group is constantly growing





E-commerce

4%

of generation Z consumers buy FMCG exclusively online. The average across broader pool of shoppers is 1,5%.

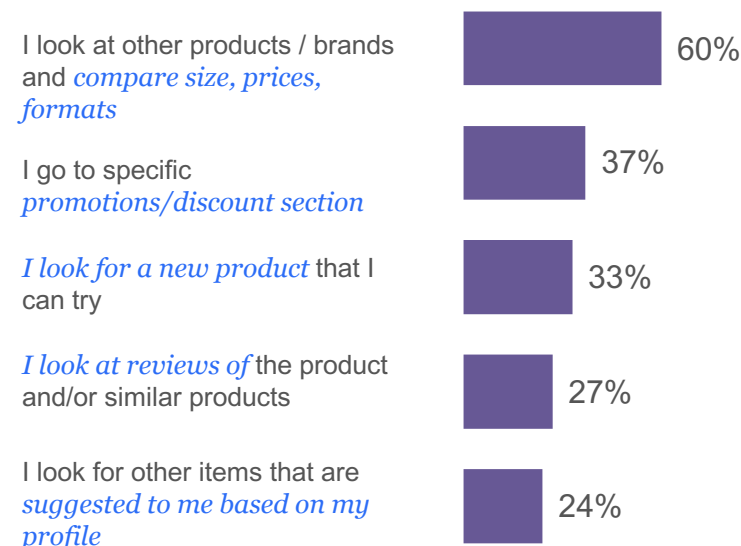
Generation Z treats online shopping as a given

This is the reason why they have higher expectations when it comes to payment options, order tracking, real reviews and recommendations.

What FMCG categories generation Z buys exclusively online?

Condoms 17%	Face care 15%
Pet care 13%	Laundry 10%
Hair care 7%	Culinary 7%
Ice tea 5%	Plant-based milk 5%

What features do characterize generation Z shopping behavior in online stores?



22% of generation Z consumers buy products because of how rich and informative the web-page is (information about ingredients, certificates, etc.). This is the second most popular answer after price.

Generations Z by NielsenIQ. September 2023 Q10.2, 21, 24. Share of respondents.



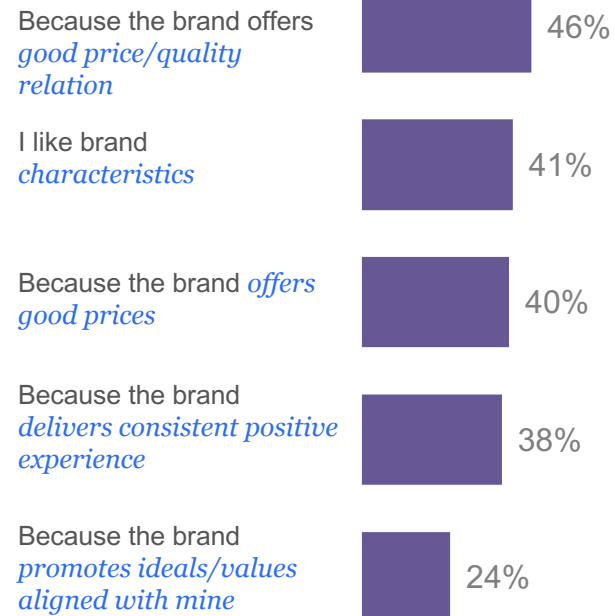
Loyalty

21%

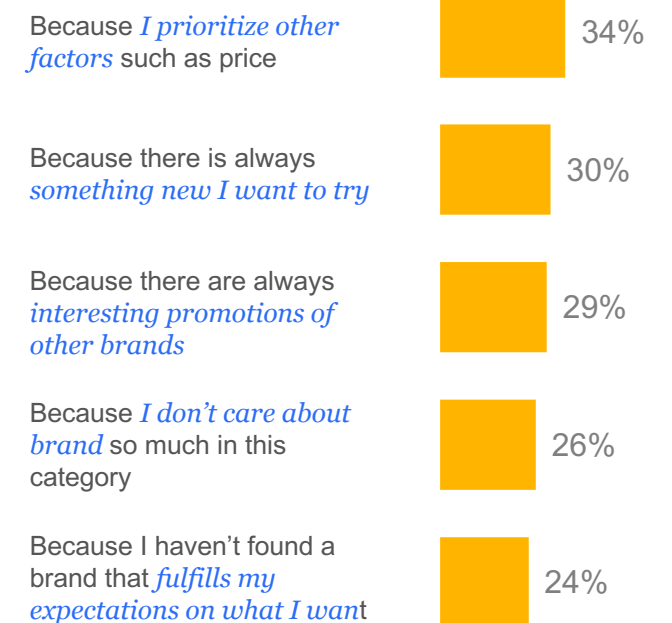
of generation Z consumers say that they usually buy only one selected brand in each category

Generation Z are very loyal to brands that they once liked

Why are gen Z **loyal** to a brand, most popular answers



Why are gen Z **disloyal** to a brand, most popular answers



44% of generation Z consumers say that they are very loyal to brands



53% have a pool of brands from which they make a selection of products to buy

Generations Z by NielsenIQ. September 2023 Q15, 26, 27, 28.



New launches

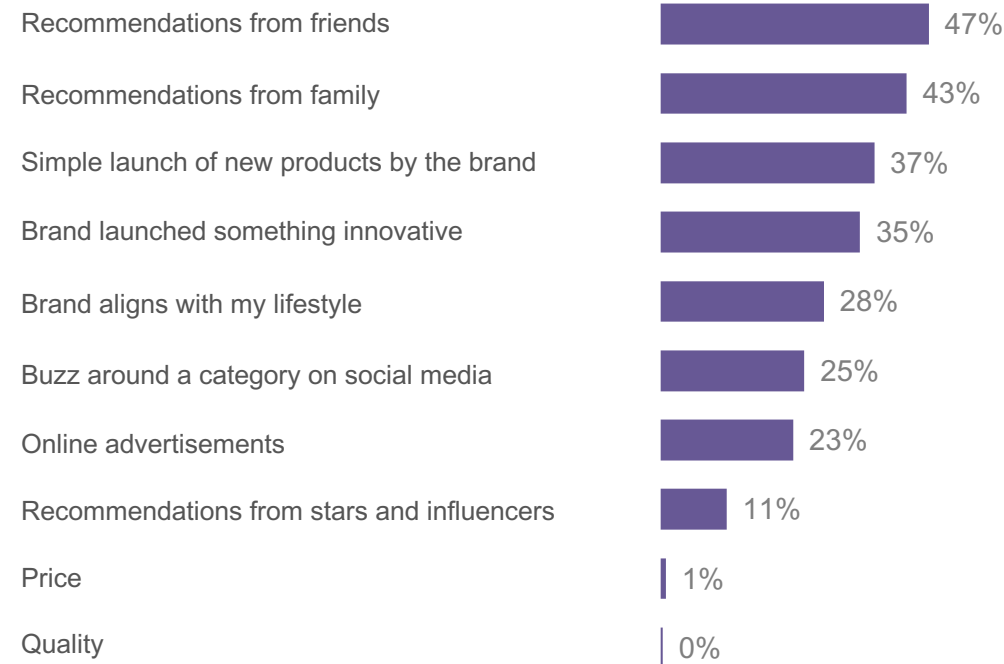
17%

of generation Z consumers love to try new products *all the time*

Friends and family recommendations are the main reasons to try a new brand

Price and quality are the least important factors among those that motivate gen Z to try new products

What can draw you to try a new product category? consumer poll, %



30%

of generation Z consumers are involved into buying a specific category simply because they like to try new products in this category:

- ice-coffee
- tea
- sport drinks
- water with supplements
- chocolate assortments
- milk cocktails
- culinary

Generations Z by NielsenIQ. September 2023 Q11, 29.1.



Private labels

31%

of generation Z consumer say that private label brands are not within the brands they consider choosing from

Younger generation is **less interested in private labels**

How do you treat private labels?

sum of answers from “agree” to “totally agree”, %



Almost half of generation Z consumers (45%) treat private labels as “yet another brand to buy”



ESG

40%

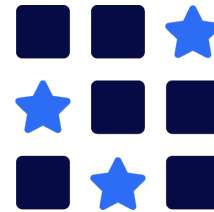
of generation Z consumer are willing to pay a premium for a product if the brand supports sustainability and cares about nature

ESG is noticeably more important for the younger generation than for any other age group



24%

look for natural and organic products that do not harm the environment



15%

name recycled package among top-3 most important features when selecting brands



14%

name “cruelty-free” products among top-3 most important features when selecting brands

The most important characteristic of the product for generation Z is high quality

Quality is rated above attractive price and discounts on the list of characteristics

Rational choice

median, highest ranked

- 1 High quality
- 2 Good price
- 3 Good characteristics and appearance
- 4 Good value for money
- 5 Good size of the pack/container
- 6 Good availability in stores

Emotional choice

median, highest ranked

- 1 Familiarity: I had already tried it, is something we always have at home
- 2 Recommended by my family, friends, influencers, store personnel
- 3 The brand
- 4 Makes me feel I am making a healthy choice
- 5 Makes me feel I am taking care of myself
- 6 That resonates with who I am, my lifestyle, values, beliefs, and expectations

Channels

Attention to details and growth drivers

Development of key channels is largely caused by expansion

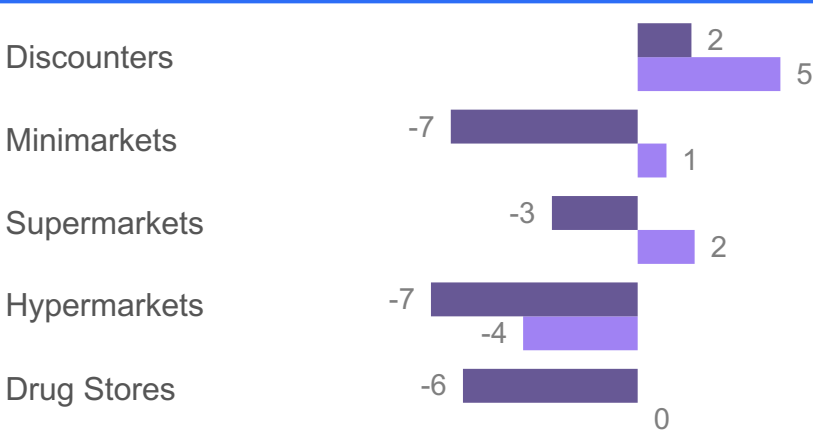
Sales change by channel
(including effect of expansion)

■ Volume change (pck.), % ■ Value change, %



Comparable like-for-like sales change
(excluding effect of expansion)

■ Volume change (pck.) L4L, % ■ Value change L4L, %



Among the channels that allow for like-for-like comparison only discounters show growth in both value and volume terms.

NielsenIQ Retail measurements and Total Store Read. January – September 2023. For hard discounters — January – August 2023.

Sales drivers are different in every channel

Value sales of almost all categories grow in minimarkets, discounters and in online shops

Key contributors to growth/decline in each channel,
value sales, %



	Hypermarkets	Supermarkets	Minimarkets	Discounters	Drug-stores	E-commerce
Fresh food	1%	8%	8%	13%		45%
Frozen food	1%	5%	20%	14%		39%
Confectionery and snacks	0%	6%	18%	13%	10%	52%
Carbonated Soft Drinks	0%	11%	21%	19%	25%	39%
Alcohol	-3%	3%	13%	10%		
Dairy	-3%	1%	11%	10%		35%
Nonperishables	-12%	-5%	11%	2%		40%
Personal care	-8%	-5%	19%	12%	3%	48%
Home care	-10%	-8%	-2%	3%	0%	54%
Decor	1%				19%	159%
Baby care	-27%	-25%	-32%	-15%	-25%	14%

Source: Total Store Read by NielsenIQ (TSR). January–September 2023 versus same period last year.

8%

is the market share of hard discounters among modern trade channels (+1 p.p. versus last year in value terms)

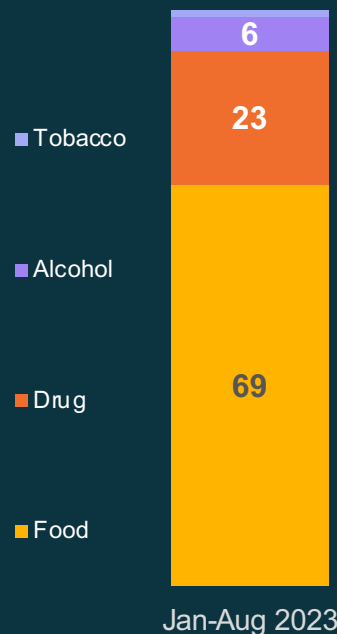
+25%

is value sales change in hard discounters versus last year

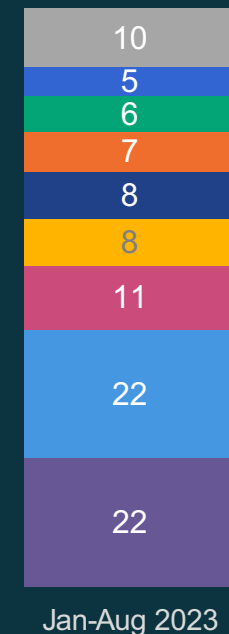
Hard discounters outpace average sales growth

Assortment in hard discounters is unique

Sales structure in hard discounters, value sales, %



Sales structure of food industry in hard discounters, value sales, %



- Other
- Snacks
- Pet care
- Sauces and Oils
- Hot beverages
- Culinary
- Cold beverages
- Dairy
- Confectionery

What position does the category have in the market excluding hard discounters?

Nº4

Nº6

Nº7

Nº5

Nº8

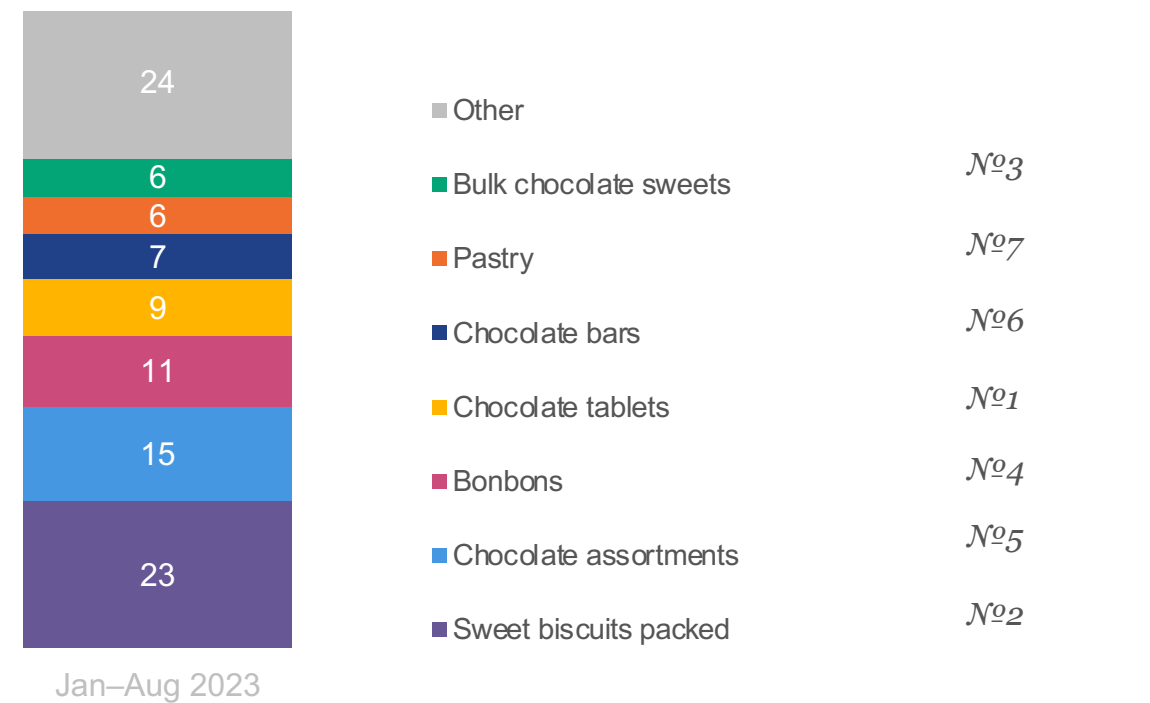
Nº3

Nº1

Nº2



In some food groups assortment uniqueness is even more obvious

Sales structure of confectionery in hard discounters, value sales, %



Moreover, the assortment is fragmented — almost every chain has its own set of key brands for the category

Number of brands that generate 80% of value sales in confectionery categories

 Sweet biscuits packed		 Chocolate sweets (assortment)	
Discounters	18	Discounters	26
Hypermarkets	31	Hypermarkets	50
Supermarkets	36	Supermarkets	56
Minimarkets	11	Minimarkets	20
Hard discounters	91	Hard discounters	91

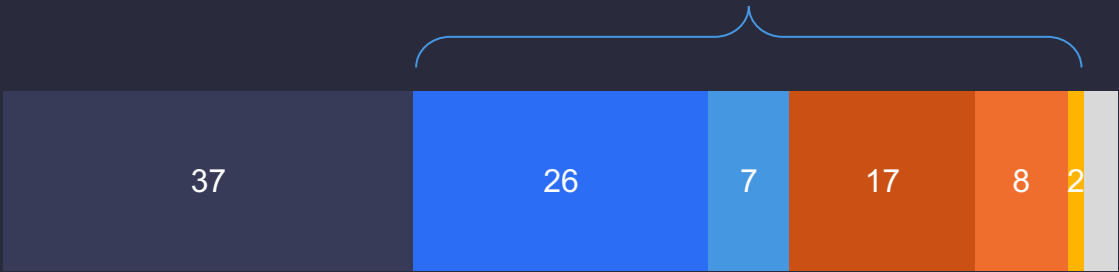
NielsenIQ Retail measurements (Jan–Aug 2023). Hard discounters are represented by 15 retail chains that position themselves as hard discounters.



Online shopping has become a habit for the majority of consumers

60%

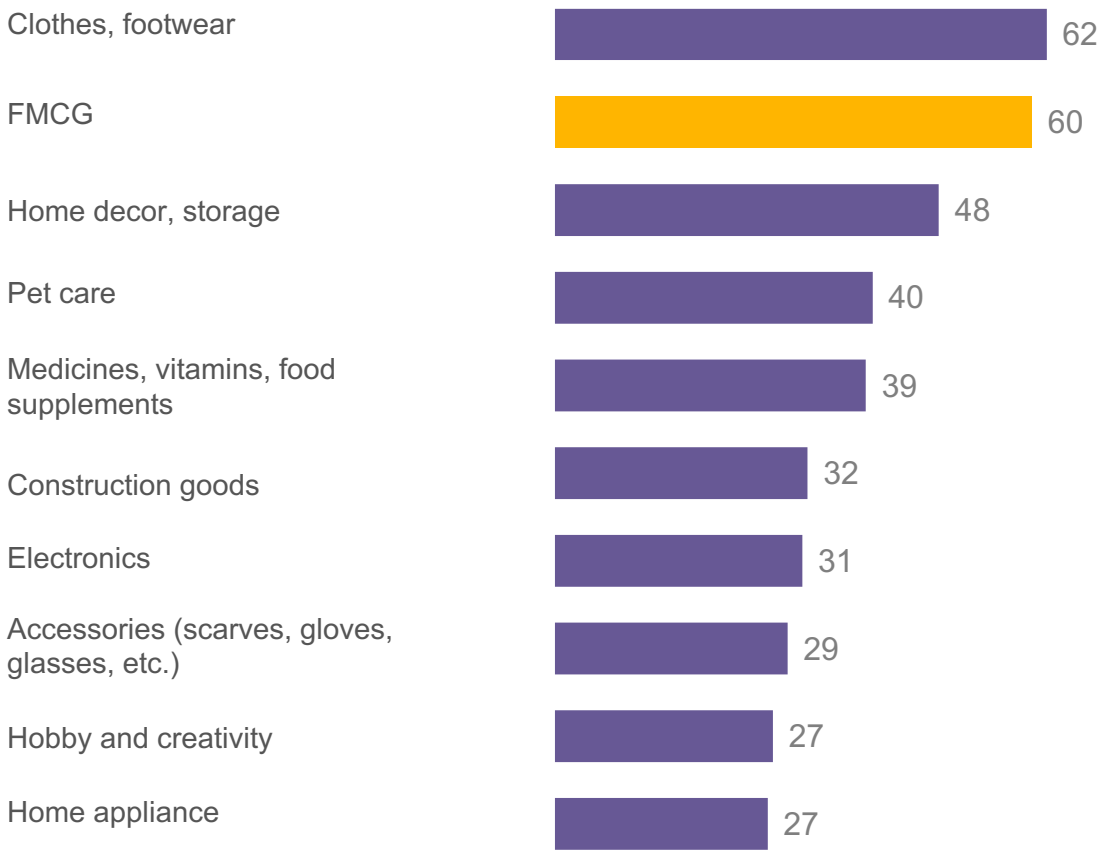
of consumers buy FMCG online



- Buy exclusively offline
- Buy mostly offline and occasionally online with regular delivery
- Buy mostly offline and occasionally online with express delivery
- Buy offline and online equally
- Buy mostly online and occasionally offline
- Exclusively online
- Hard to say

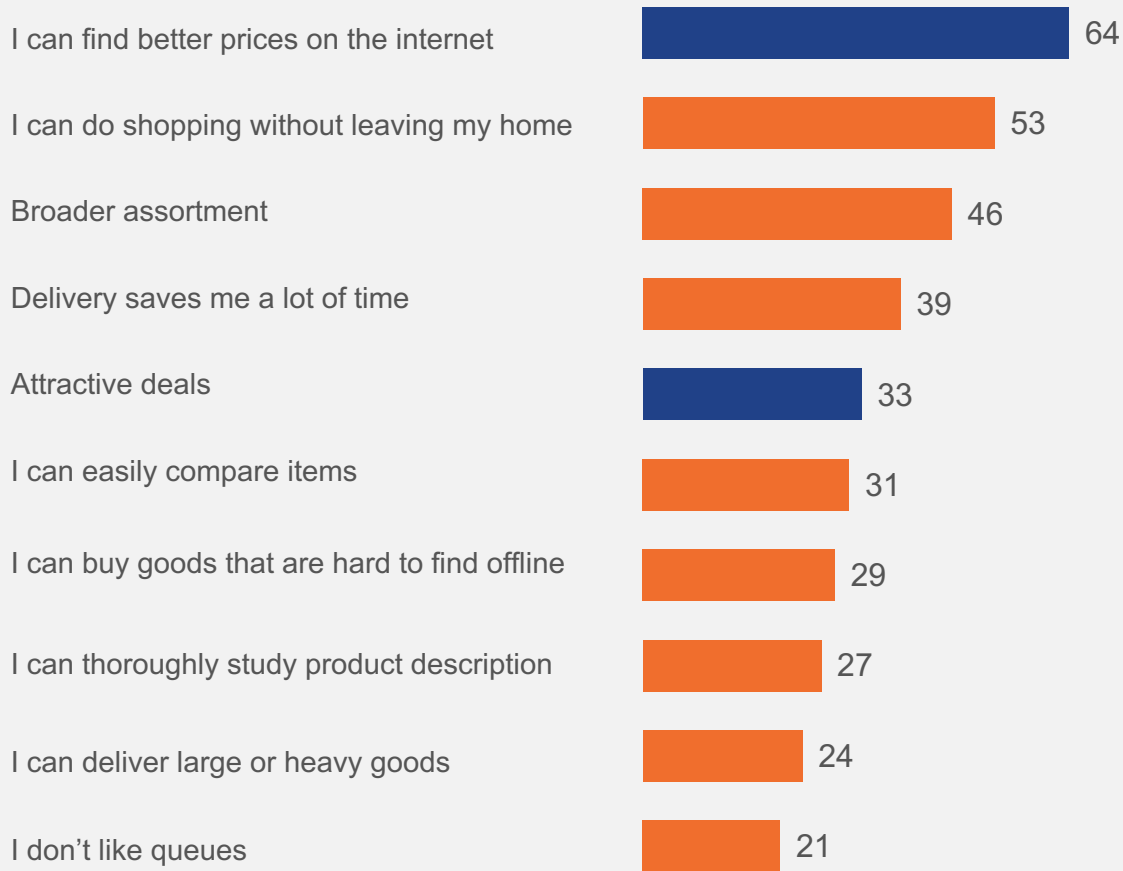
FMCG is the second most popular category for online shopping

What categories do you buy online?



8 out of 10 reasons to buy online are about speed and convenience

Why do you prefer to buy online?



+113%

of active sellers on the largest marketplaces in Russia in H1 2023

Marketplace development is one of the key trends for the FMCG

Share of 1P/3P sales on the largest marketplaces, %

	H1 2022	H1 2023
1P GMV	22%	14%
3P GMV	78%	86%



+24%
sales growth



+103%
sales growth

How are business strategies changing?



Sales priorities for manufacturers



Channel strategy priorities for retailers



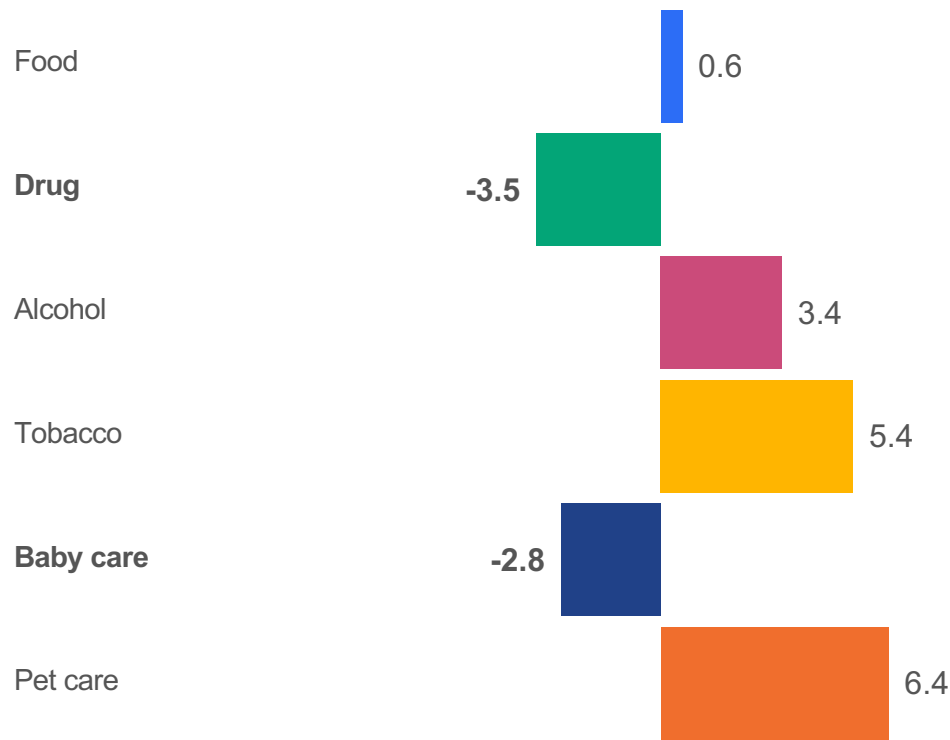
Assortment

From quantity to quality

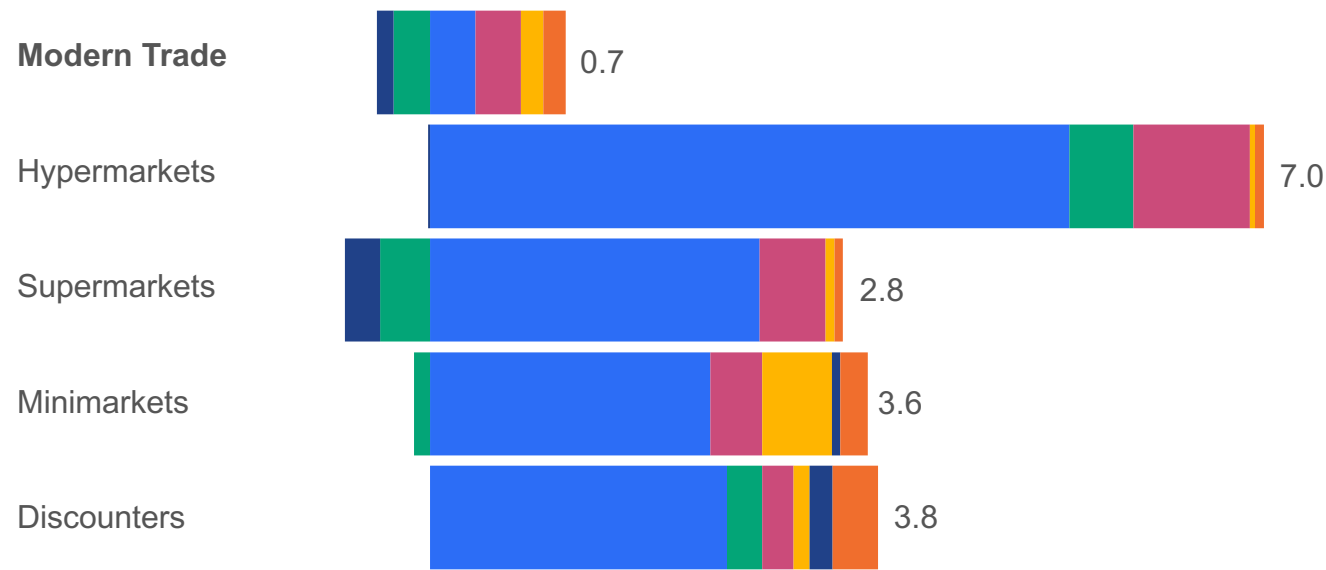
From reduction to expansion: assortment of almost all industries is growing

Trend is visible in all modern trade channels

Assortment change, %



Decomposition of changes, %

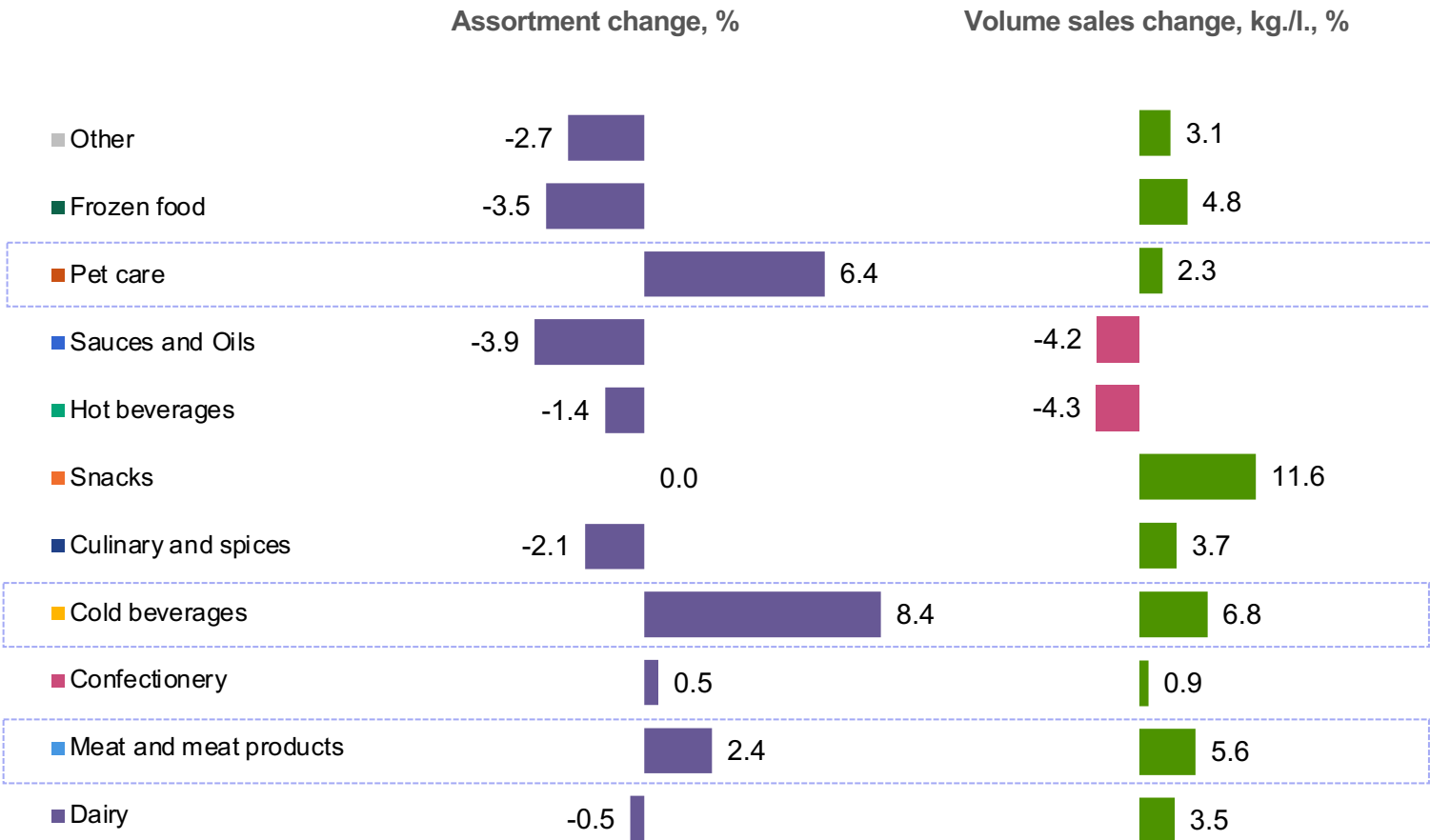
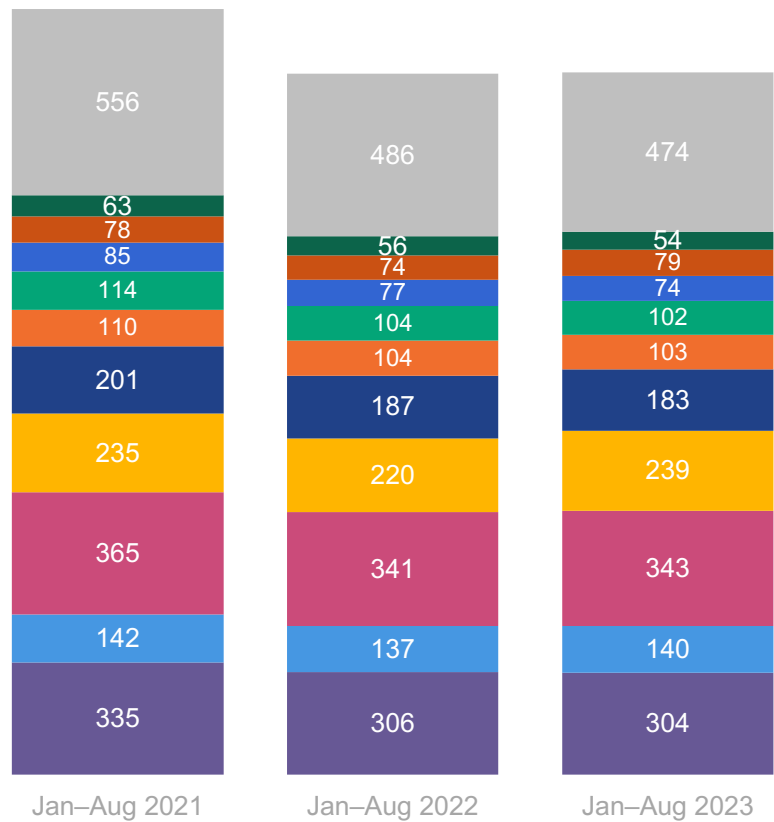


Assortment change still varies across categories

Food industry has seen much smaller impact of assortment reduction than any other FMCG group

Size of the shelf

Average number of SKU per store



NielsenIQ Scantrack. January–August 2023. Top-10 industries by value sales. Without alcohol and tobacco.

How many brands were launched in January–August 2023?

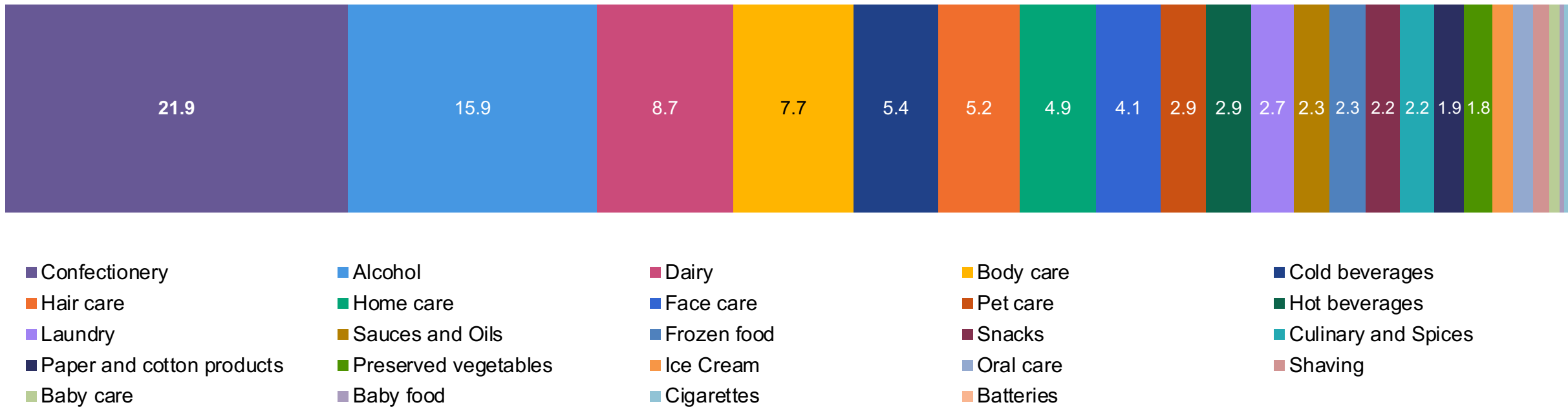
7337

*new brands, including cases when existing brands
expanded into new segments and categories*

Innovations in numbers: what categories stand out in terms of new brand launches?

If in 2022 the majority of launches happened in four industries, in 2023 they are spread more evenly across many categories

Share of new launches by category,
January–August 2023, %



In 2023 6 out of 10 new products were launched in food and beverage categories

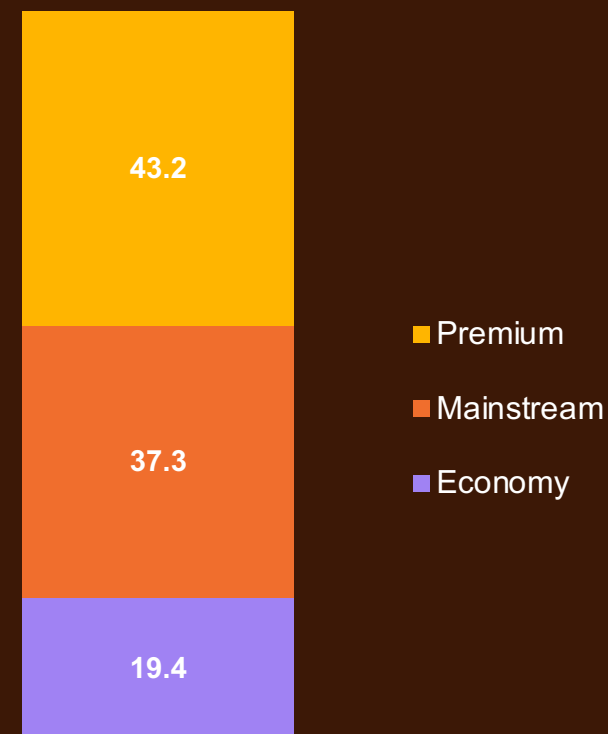


A fifth part of products was launched in confectionery categories

NielsenIQ Retail Measurements, offline market. Based on 160 FMCG-categories. January – August 2023

8 out of 10
rubles of sales are
generated by new
products from
mainstream and
premium segments

Sales structure by price segment,
Value sales, January–August 2023, %

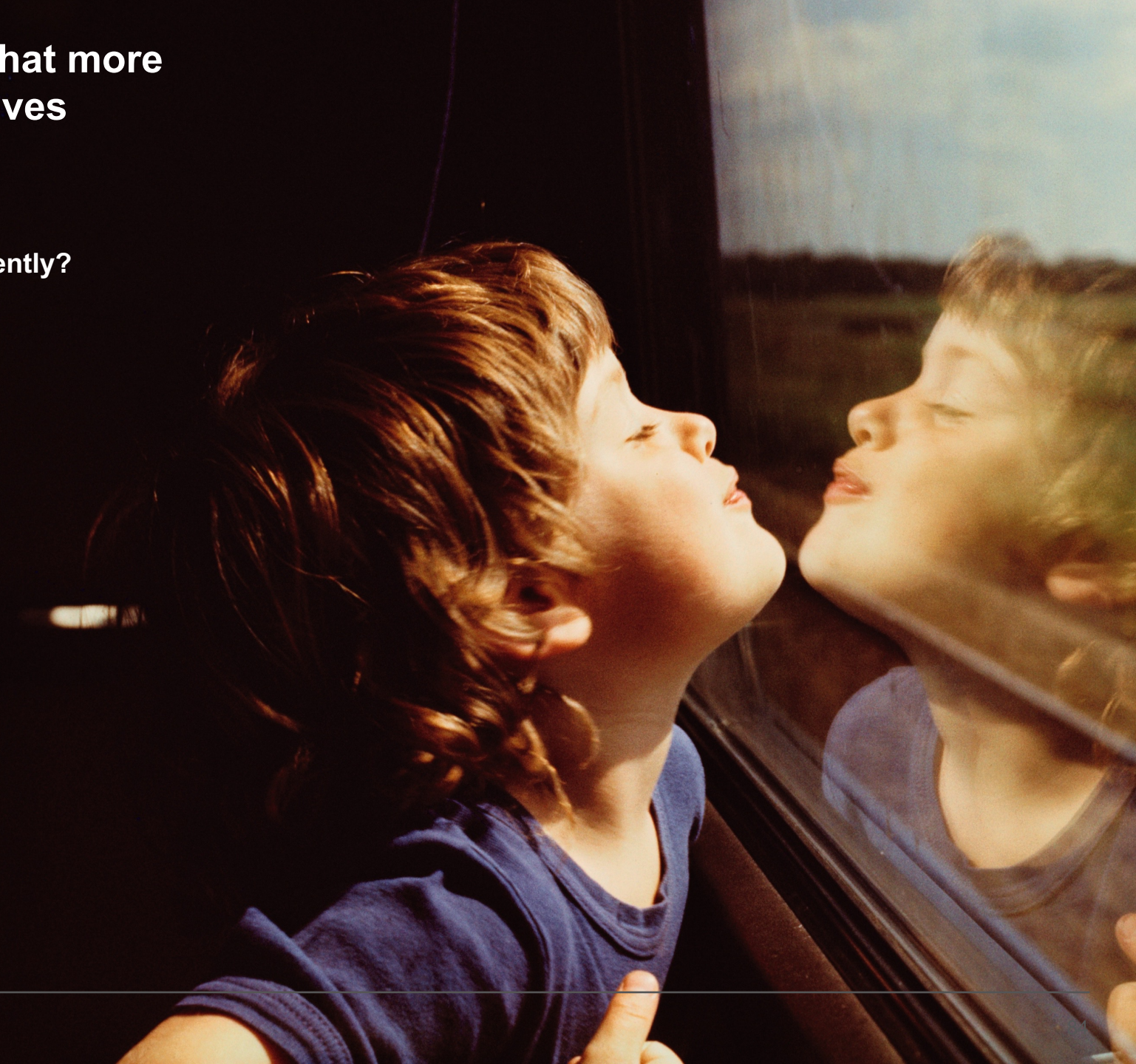
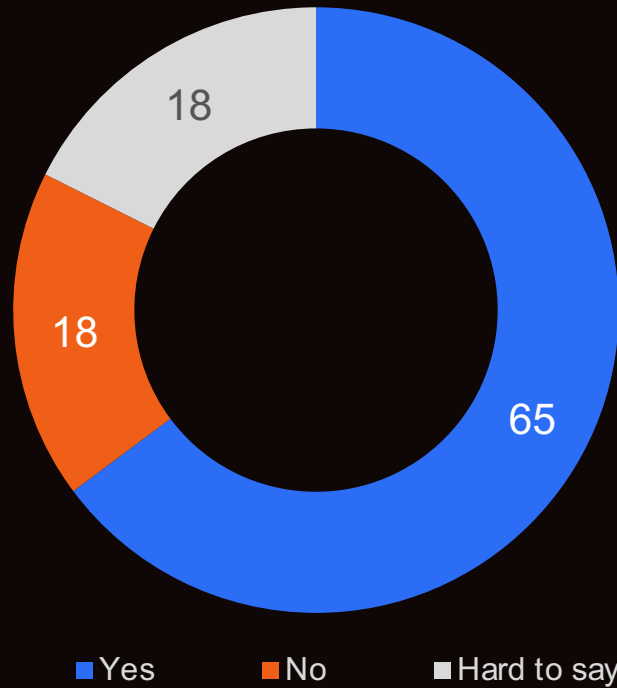


Price segmentation is based on price index (average relative price per volume in this period) of brands in each category.
Economy = on average cheaper by 20% or more than category. Premium = on average more expensive by 20% or more than category.
NielsenIQ Retail Measurements, offline market. Based on 160 categories.

Majority of consumers have noticed that more Russian brands appeared on the shelves



















































Have you noticed Russian brands on the shelves recently?

Consumer poll, %



Top-50 FMCG brands in Russia in 2023

Brand position, change in comparison to 2021 and brand share from total FMCG sales in Russia (January–August 2023)

1-10	 #1 (=) 2.2%	 #2 (+13) 1.2%	 #3 (+9) 1.2%	 #4 (+1) 1.1%	 #5 (-2) 1.0%	 #6 (-4) 0.9%	 #7 (-3) 0.8%	 #8 (-1) 0.8%	 #9 (+59) 0.8%	 #10 (-2) 0.7%
11-20	 #11 (-1) 0.7%	 #12 (+2) 0.6%	 #13 (-2) 0.6%	 #14 (+12) 0.5%	 #15 (+2) 0.5%	 #16 (+8) 0.5%	 #17 (-1) 0.5%	 #18 (+2) 0.5%	 #19 (+14) 0.5%	 #20 (-7) 0.5%
21-30	 #21 (=) 0.5%	 #22 (=) 0.4%	 #23 (=) 0.4%	 #24 (+3) 0.4%	 #25 (+70) 0.4%	 #26 (+9) 0.4%	 #27 (+5) 0.4%	 #28 (+1) 0.4%	 #29 (+409) 0.4%	 #30 (+1) 0.4%
31-40	 #31 (-12) 0.4%	 #32 (+6) 0.3%	 #33 (-8) 0.3%	 #34 (=) 0.3%	 #35 (+5) 0.3%	 #36 (+1042) 0.3%	 #37 (+9) 0.3%	 #38 (+38) 0.3%	 #39 (+15) 0.3%	 #40 (-4) 0.3%
41-50	 #41 (+1) 0.3%	 #42 (+45) 0.3%	 #43 (+1) 0.3%	 #44 (-16) 0.3%	 #45 (+5) 0.3%	 #46 (+69) 0.3%	 #47 (+229) 0.3%	 #48 (+9) 0.3%	 #49 (+14) 0.3%	 #50 (-3) 0.3%

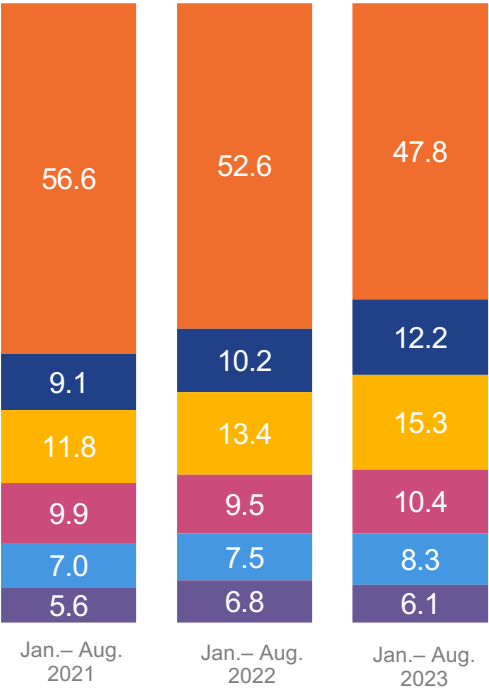
NielsenIQ Retail Measurements, offline market. Based on 160 FMCG-categories. January – August 2023

Smaller manufacturers grow their market share

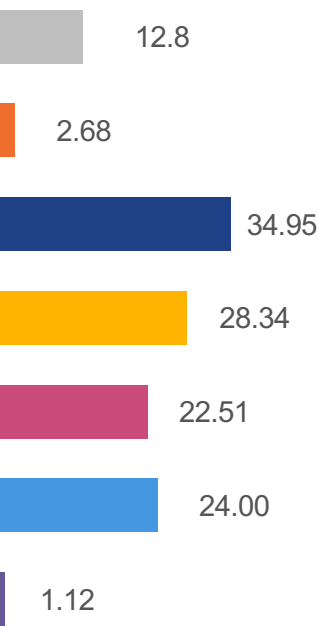
Same trend is visible in *spirits, confectionery, dairy and other food groups*



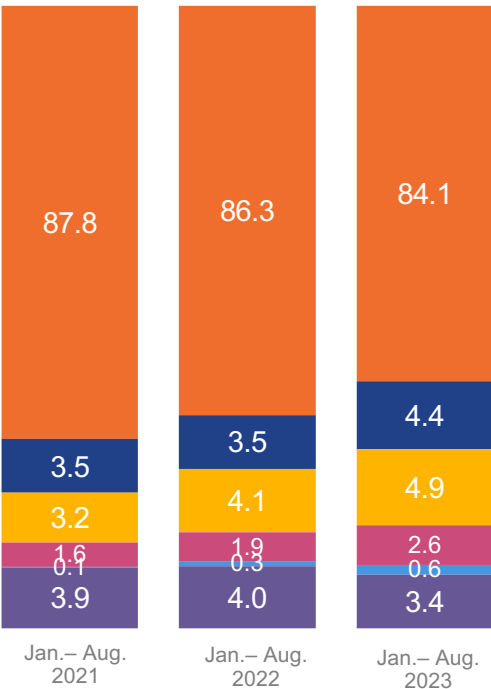
Market share,
Value sales, %



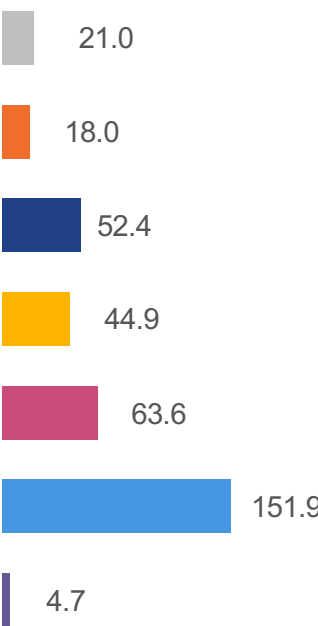
Sales change,
Value sales, %



Market share,
Value sales, %



Sales change,
Value sales, %



NielsenIQ Retail Measurements. National Urban for cold beverages, Omnichannel for pet food.
Top players based on January–August 2021.

In addition to small pet food manufacturers, Russian brands also gained momentum

Top-30 manufacturers with the biggest uplift of rating

Place in 2023 versus 2021

Sales growth 2023 versus 2022

Source of growth

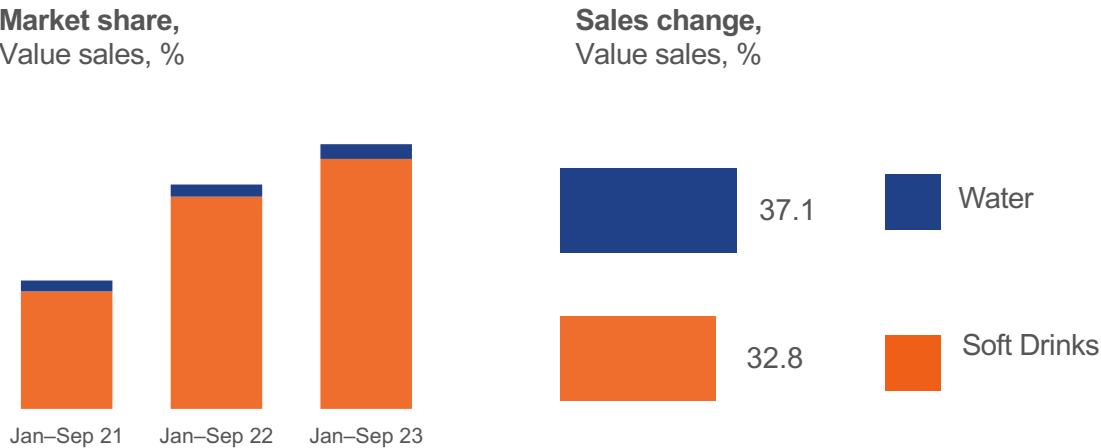
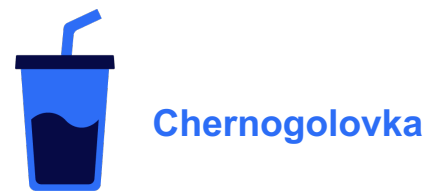
Talina Agroholding (Mordovia)	Pet-Product GK (Saint-Petersburg)	Pet-Continent (Moscow)	Limkorm (Schebekino)	Forsazh (Moscow)	Akana (Moscow area)
6 (↑27)	11 (↑10)	15 (↑11)	17 (↑35)	18 (↑22)	29 (↑20)
247.8%	145.0%	113.0%	223.5%	157.1%	70.5%
Offline	Online	Offline+Online	Online	Offline	Online

Key growing brands



NielsenIQ omnichannel measurements (Scantrack+e-commerce). 2023 = January–August 2023, 2022 = January–August 2022; Does not include private labels

Larger Russian manufacturers also strengthen their positions

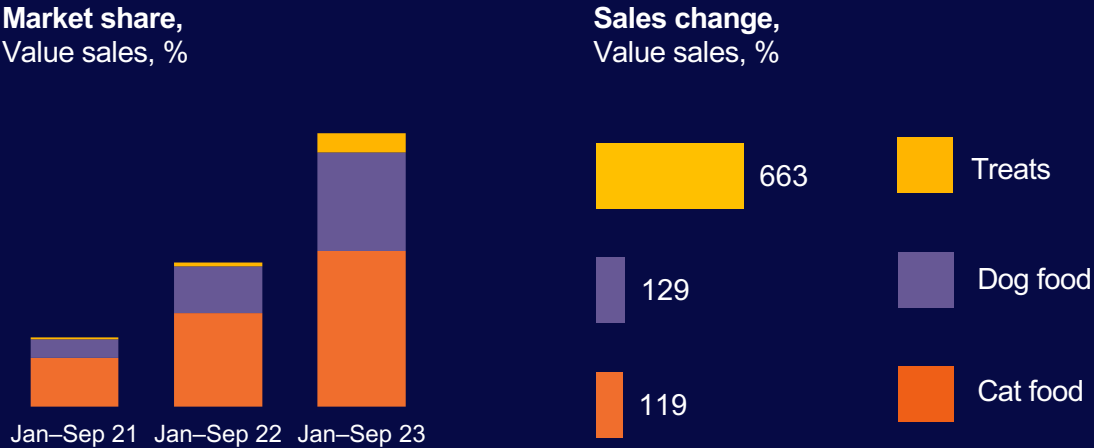


Success story

2d in category of soft drinks
16th in category of water

Due to assortment development and lower price index (for large packages of soft drinks)

NielsenIQ Retail Measurements (National Urban for soft drinks; Omnichannel (Scantrack + e-commerce) for Pet food). Does not include Private Labels/



Success story

4th in category of cat and dog food
4th in category of treats

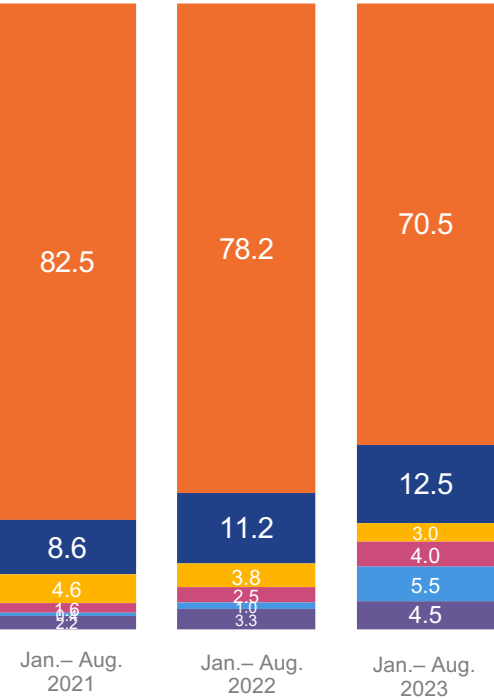
Due to assortment and distribution development

Drug industries show similar trends

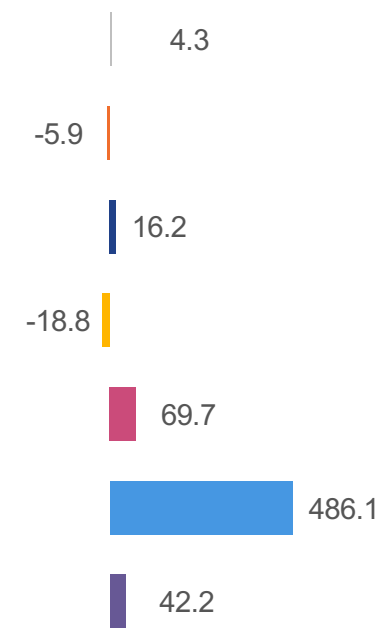
In both groups below *small manufacturers (100+)* are the fastest growing segment



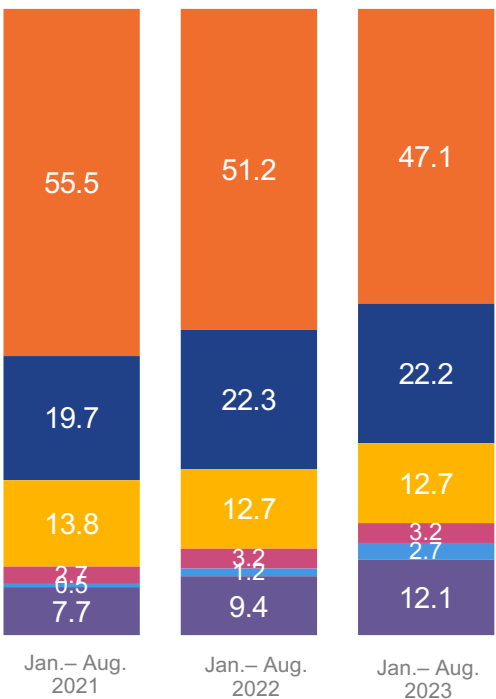
Market share,
Value sales, %



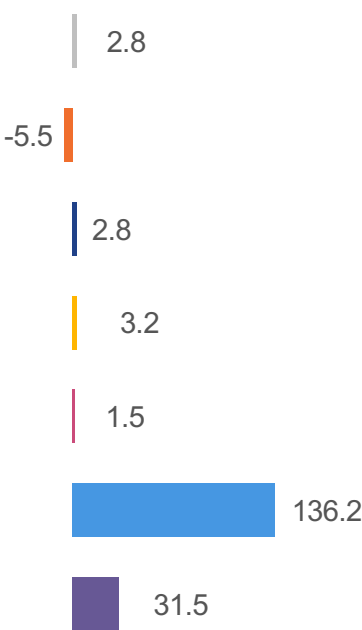
Sales change,
Value sales, %



Market share,
Value sales, %



Sales change,
Value sales, %



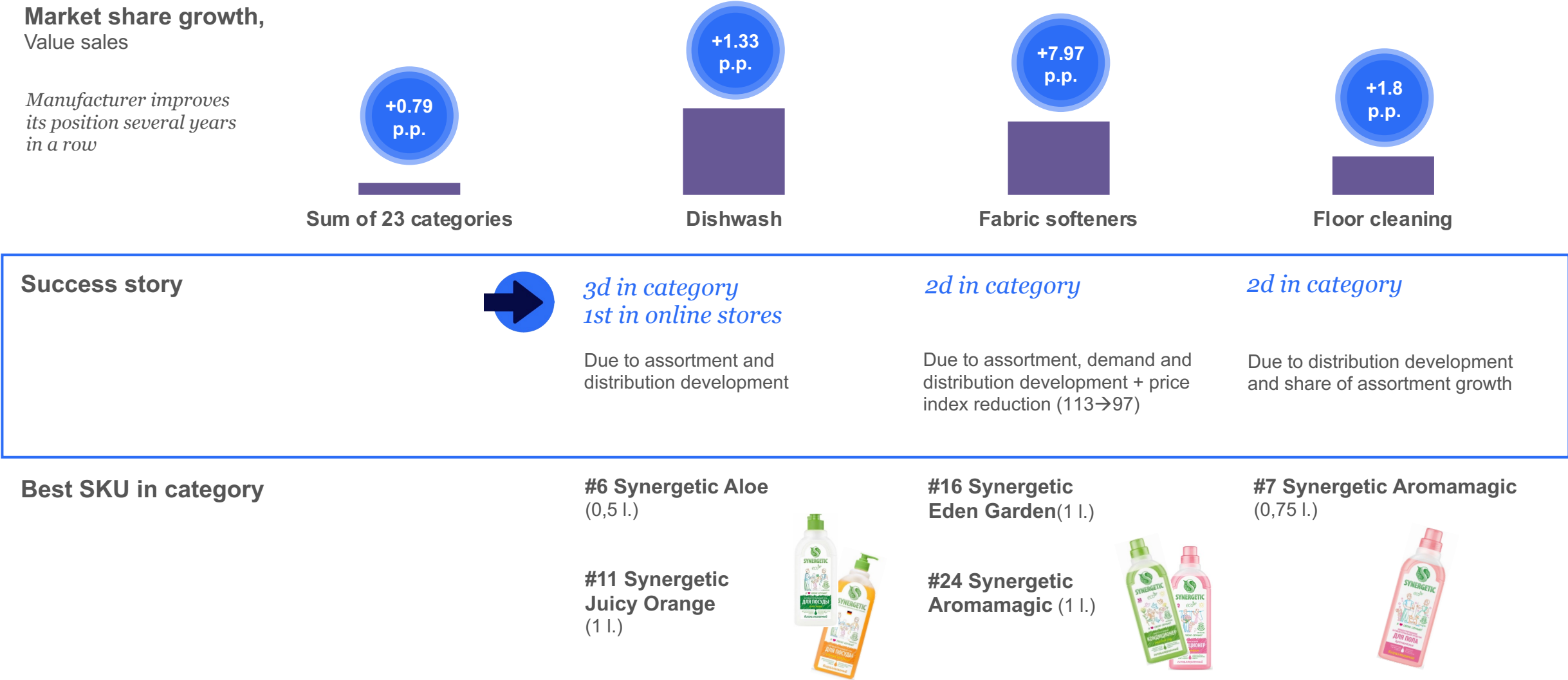
Omnicaheel sales (Scantrack + e-commerce). Top players based on January–August 2021.

Among top performers **local Russian manufacturers outpace international brands**

	Rating of manufacturer			Sales change (bln. rub.)
	Offline	Online	Omnichannel	
Private Labels	4	9 (↑1)	4	+8,1
Unilever	3	4 (↑3)	3	+7,0
Hayat	7	8	7 (↑1)	+4,6
Synergetic	13 (↑3)	3 (↑2)	11 (↑3)	+4,3
LAB Industries	2	2	2	+3,9
Kimberly-Clark	11 (↑3)	14 (↑5)	12 (↑3)	+3,4
GK Arnest	18 (↑8)	26 (↑3)	18 (↑8)	+2,2
TZMO	15 (↑3)	27 (↑5)	15 (↑3)	+1,8
Stupinsky KhimZavod	16 (↑6)	25 (↑13)	16 (↑7)	+1,8
Nefis	9 (↑1)	18 (↑5)	10	+1,7
Colgate-Palmolive	8 (↑1)	12 (↑1)	8 (↑1)	+1,6
L'Oreal	6	7 (↓1)	6	+1,4
Grass	33 (↑12)	20 (↑20)	32 (↑11)	+1,2

NielsenIQ Omnichannel measurements (Scantrack + drug-specialists + e-commerce). Based on 23 drug categories. Period: 12 months until August 2023

Synergetic: growth in all key categories. Omnichannel and across all regions.



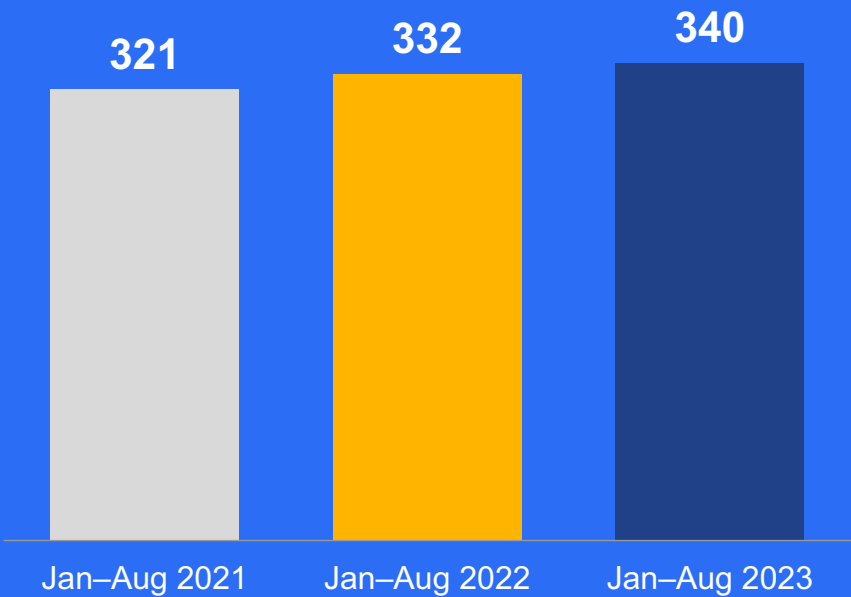
Stupinsky KhimZavod: omnichannel growth with extra success in online stores



NielsenIQ Omnichannel measurements (Scantrack + drug-specialists + e-commerce). Based on 23 drug categories. Period: 12 months until August 2023. Categories with the largest share for the selected manufacturer.

Number of SKU grows, but with that grows their concentrations and importance of key SKU

Number of SKU with active sales, thousands of SKU



Share of SKU that generate most of sales

		% from FMCG market (rub.)				
		50%	60%	70%	80%	90%
% SKU	2020	0.7	1.2	2.2	4.1	9.0
	2021	0.7	1.2	2.1	4.0	8.8
	2022	0.6	1.1	2.0	3.8	8.4
	2023	0.6	1.1	2.0	3.8	8.4



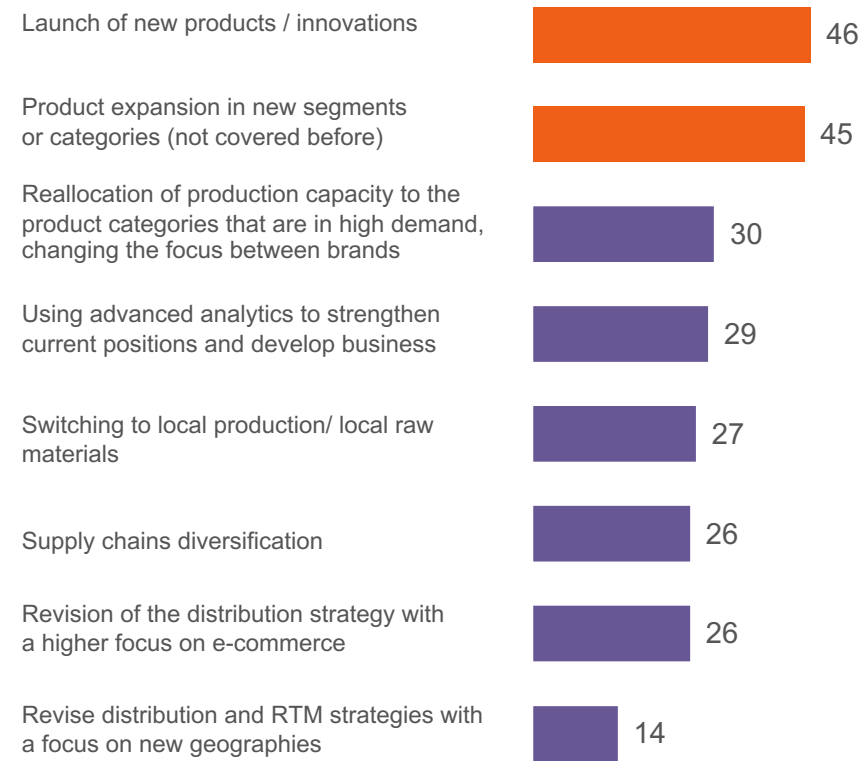
Less than 4% of SKU in the FMCG industry form 80% of its turnover, while the rest of them create a less effective “tail”.

NielsenIQ Retail Measurements, offline market. Based on 120 FMCG categories. Private labels are reflected as granularly as possible. January–August 2023 and similar periods of 2022 and 2021.

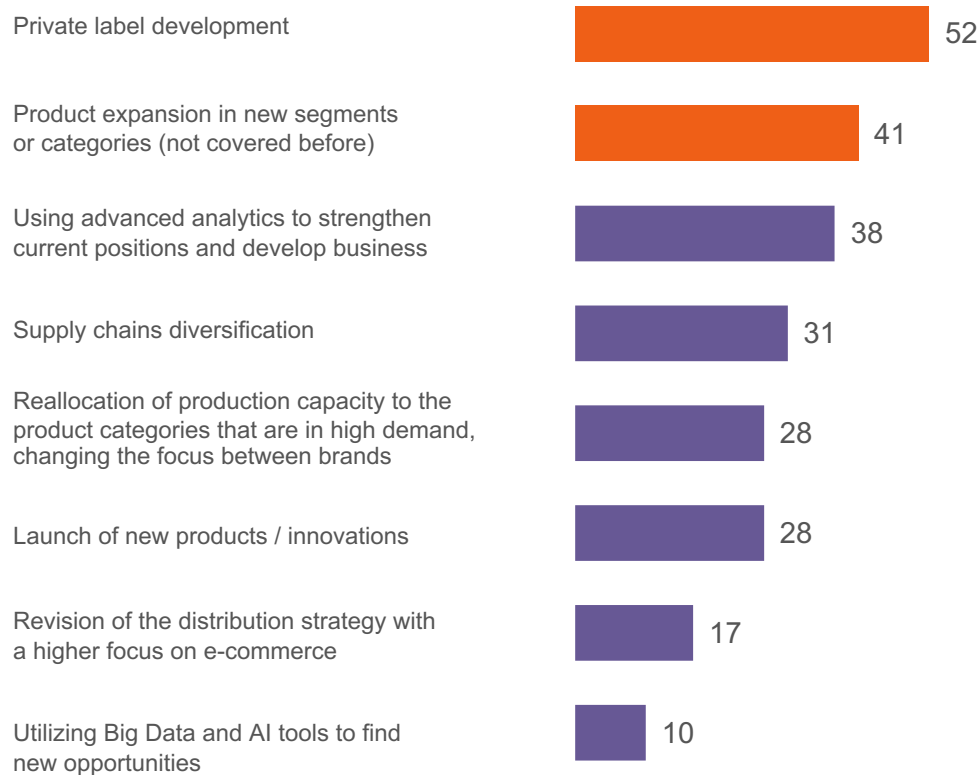
What are the key areas of focus to achieve growth?



Manufacturers



Retailers



Launch of new products, private label development and product expansion into new segments or categories — are key directions that CEOs name when it comes to business development.

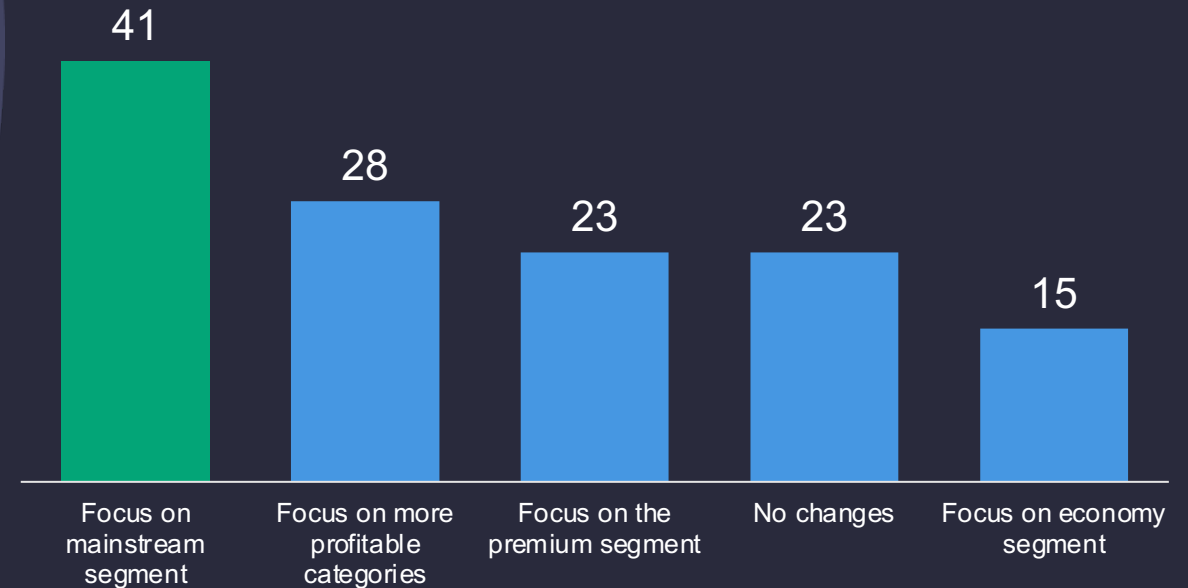
Priorities have changed if compared to 2022 when the focus was tilted towards supply chain diversification and reallocation of production capacities — goals that can be considered achieved in 2023.



Manufacturers primarily focus of mainstream segment and most profitable categories when asked about their product portfolio

What do manufacturers plan when it comes to product portfolio?

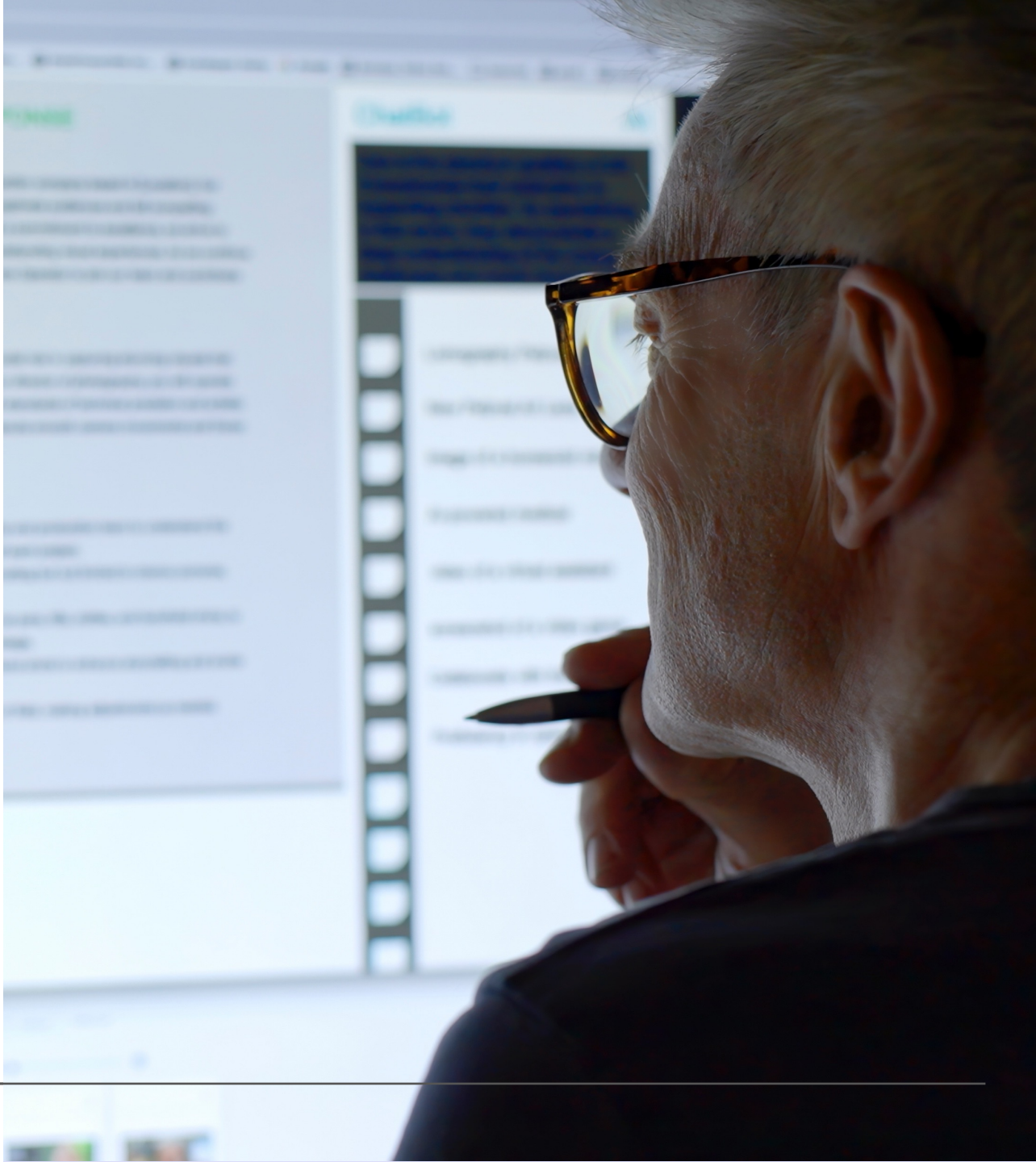
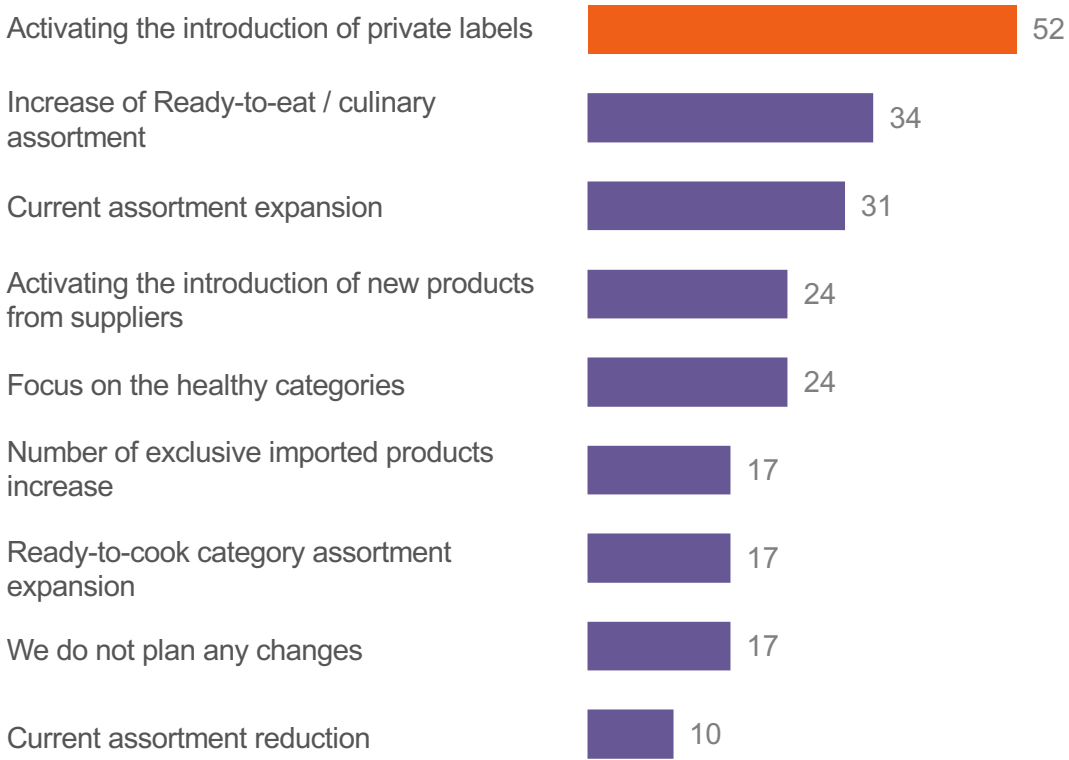
How did brand priorities within portfolio change over the past year?, %



Business Report, NielsenIQ. October 2023. Q8

Approach to managing assortment among retailers

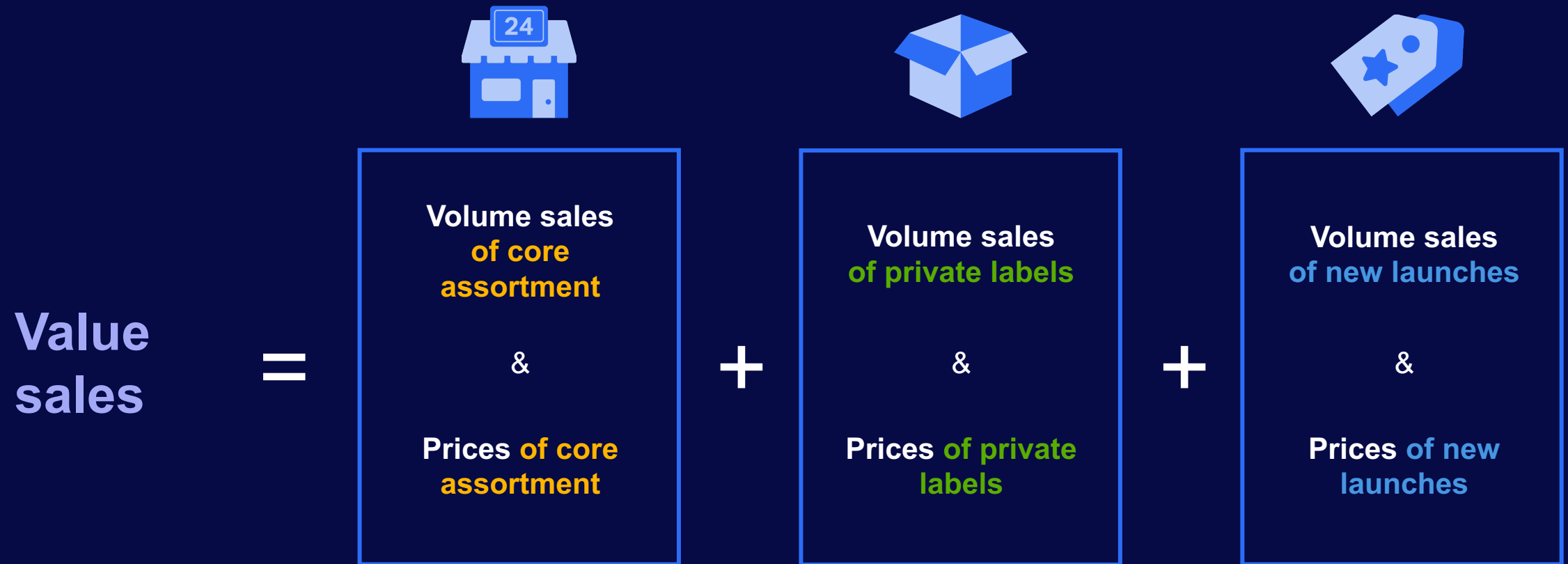
How will you change your assortment management strategy?, %



Prices and promo

What's behind the inflation?

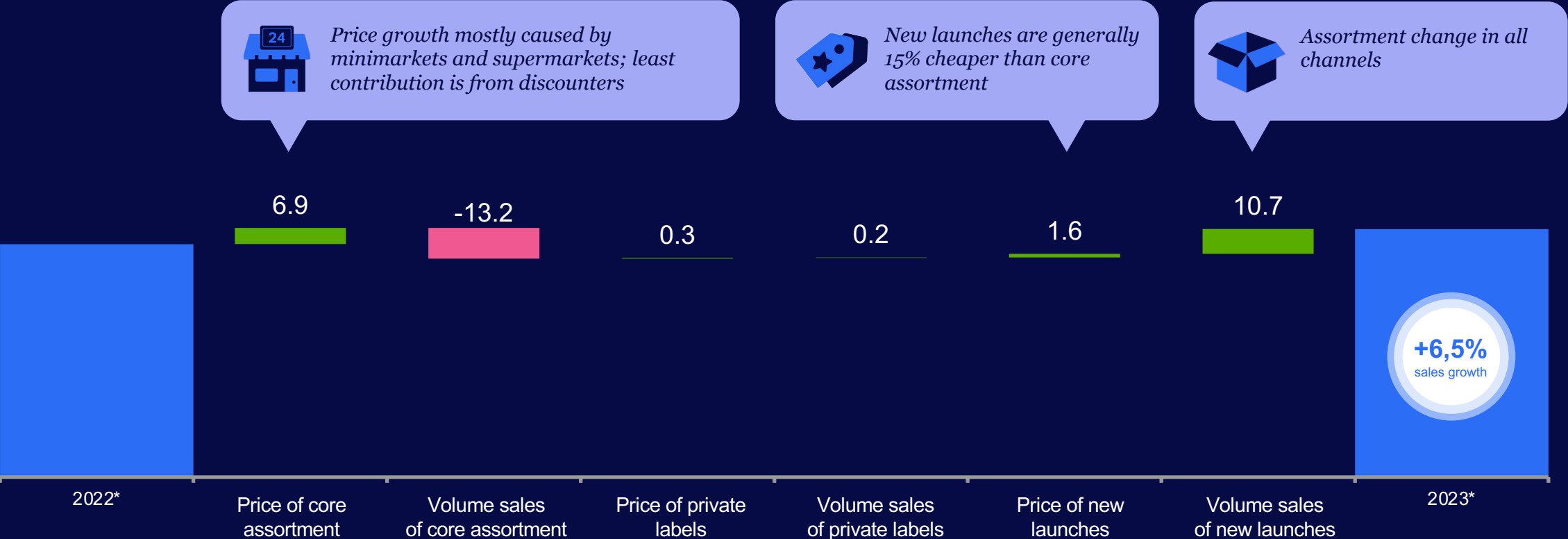
What does make up value sales?



Assortment changes play a key role in the FMCG-market development at the moment

New launches are generally cheaper what allows to combat inflation to a certain degree

Decomposition of FMCG value sales, p.p.



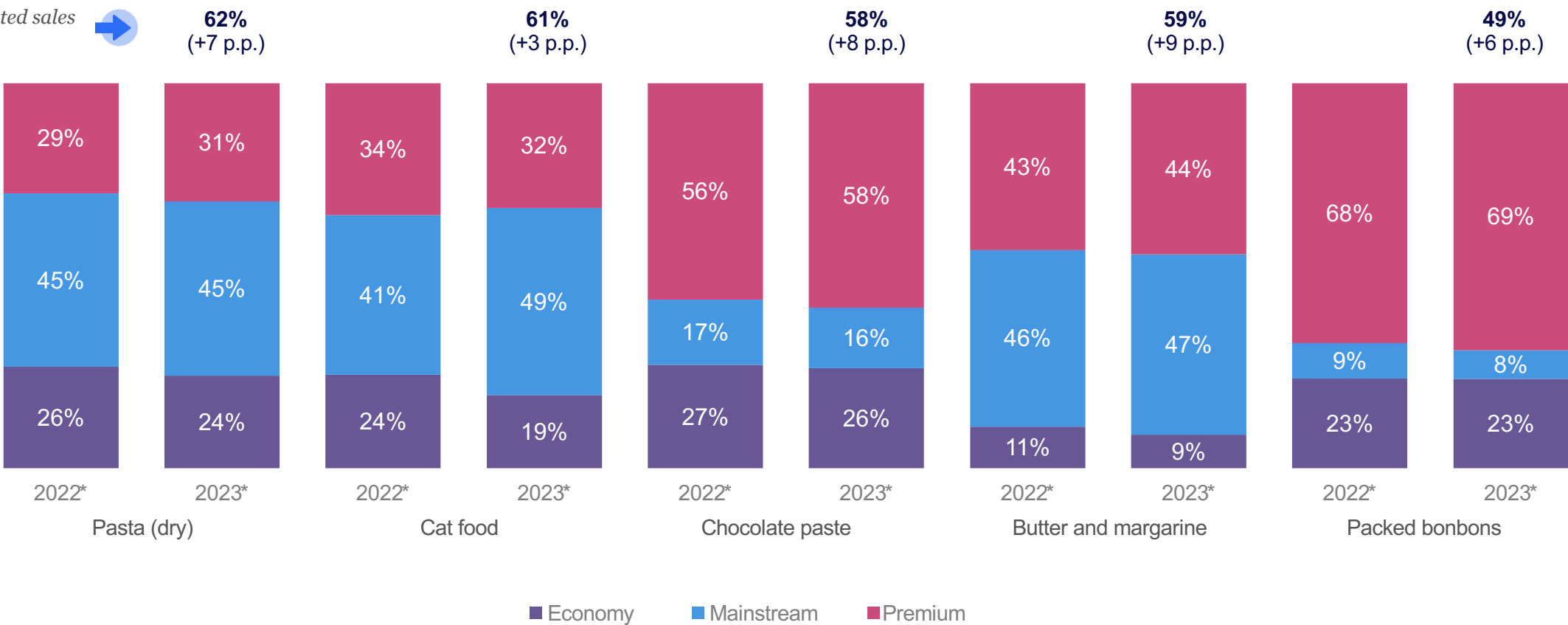
NielsenIQ Retail Measurements, offline market. Based on 160 FMCG categories. Does not include cigarettes. 2023 = January–September 2023. 2022 = similar period of 2022

Growth of average prices in categories is caused not only by inflation

In some categories *premium and mainstream segments are developing* due to increase of promotion and assortment changes

Share of price segments in selected categories
Value sales

Share of promoted sales
(rub., %)

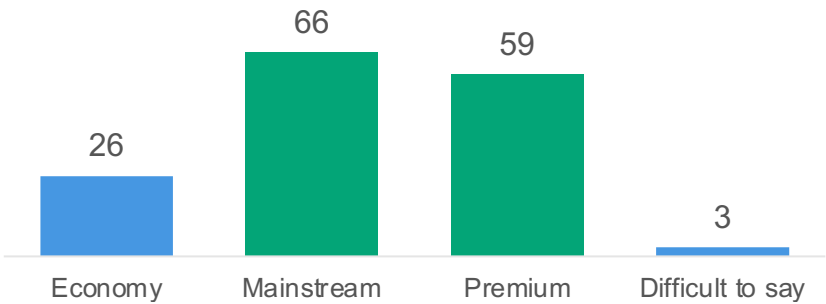


NielsenIQ Retail Measurements. Price segments are calculated based on price index of brands where the average index is between 80 – 120
2023* = January–September 2023, 2022* — similar periods

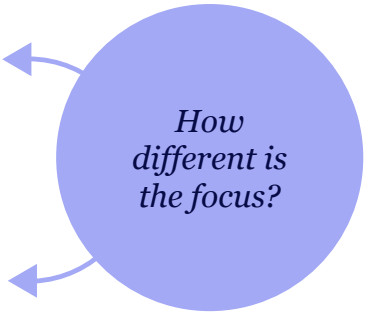
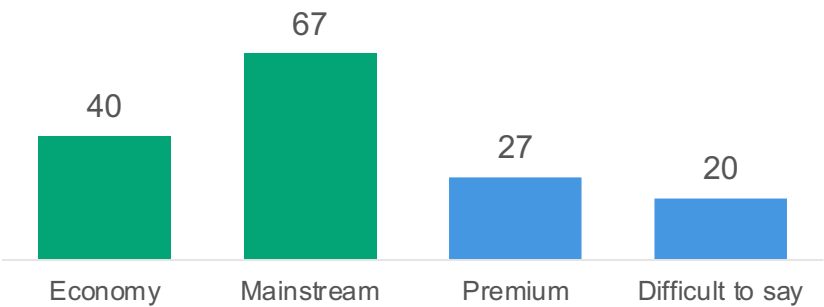
73% of manufacturers plan to launch new products in 2023



In what price segments do you plan to launch new products? (Manufacturers, %)

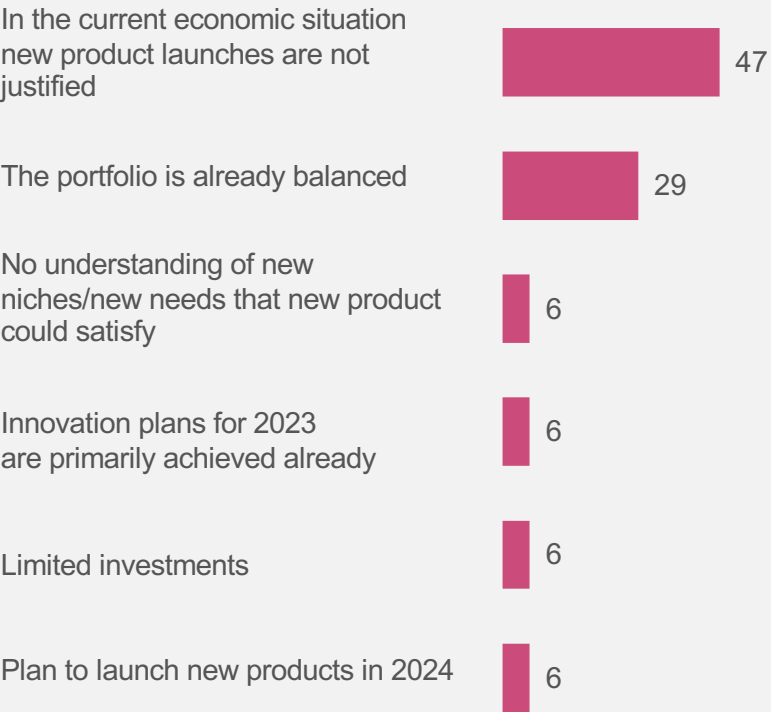


In what price segments do you plan to launch private labels? (Retailers, %)



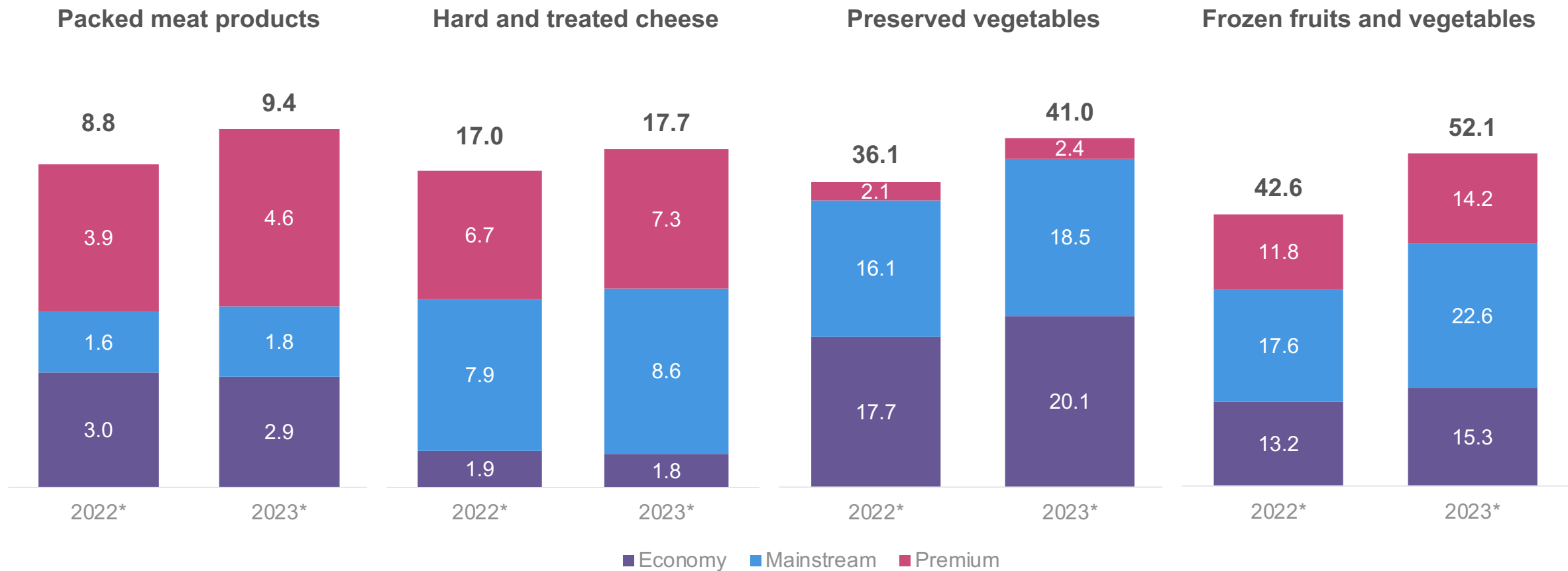
Why the rest of respondents do not plan to launch new products?

Why you do NOT launch new products?
Manufacturers, %



Private label is developing in mainstream and premium segments in some categories

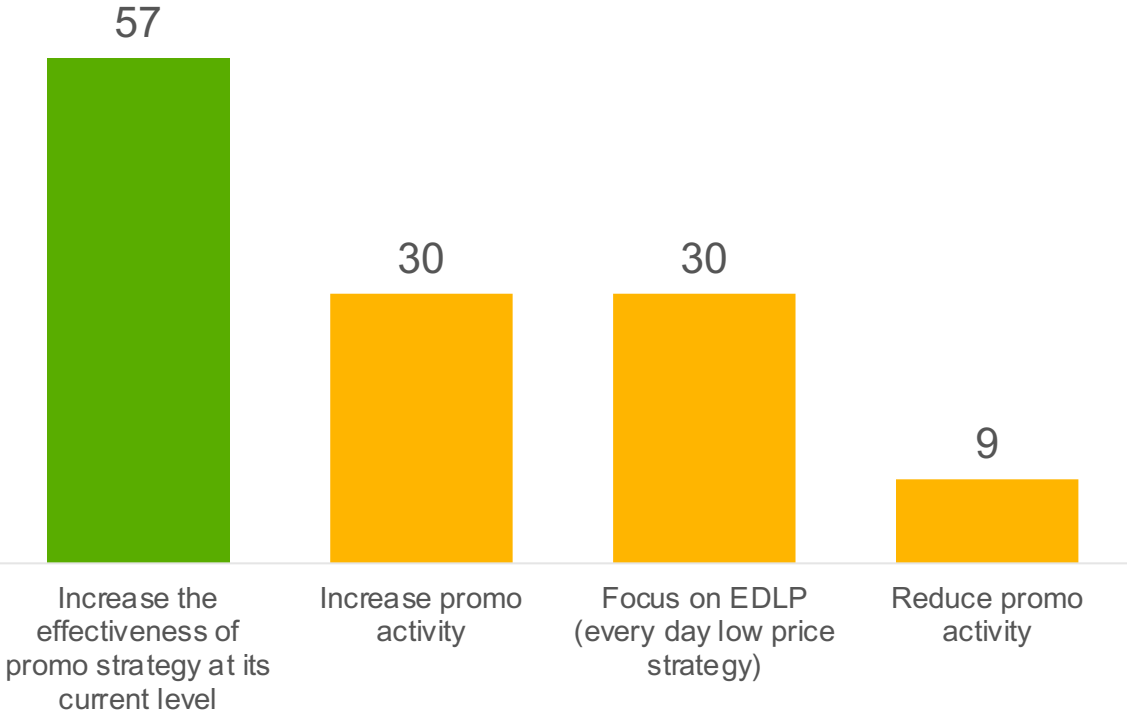
Share of private label from category
value share, %



NielsenIQ Retail Measurements (Scantrack). 2023* = January–August 2023, 2022* — similar period. Price indexes are calculated as — premium = above 120, mainstream 80–120, economy = less than 80

Promo: key focus is on effectiveness at its current level

How do you plan to change your promo strategy?, %

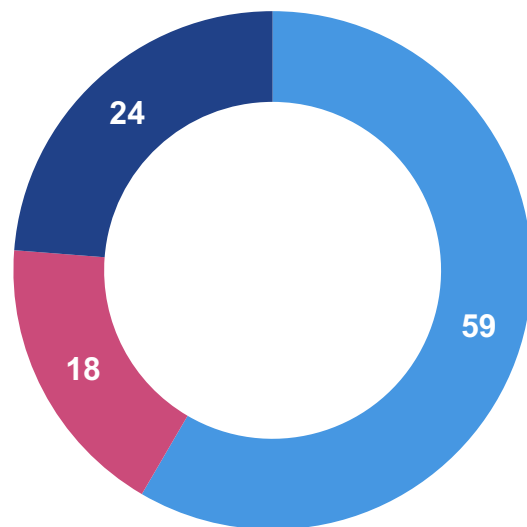




*More than half of manufacturers are planning to raise prices for products in their portfolio **in the next three months**, a third of them – by 11% and more*

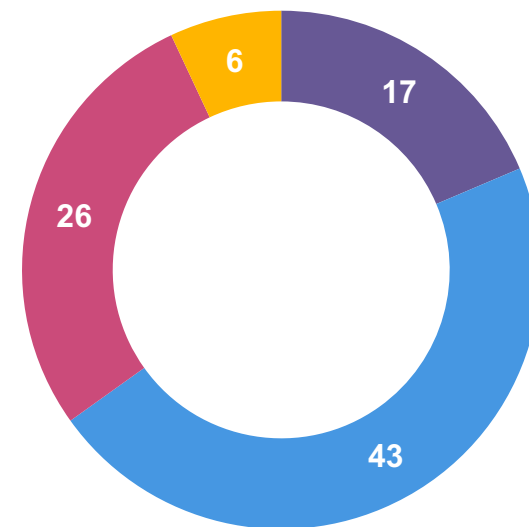
Prices: what do manufacturers plan?

Do you plan to increase prices for any products in your portfolio in the next 3 months?



■ Yes ■ No ■ Difficult to say

How much do you plan to increase prices?



■ 0-5% ■ 6-10% ■ 11-15% ■ 16-20%

Threats and opportunities: most expected developments in the FMCG industry in the next 12 months

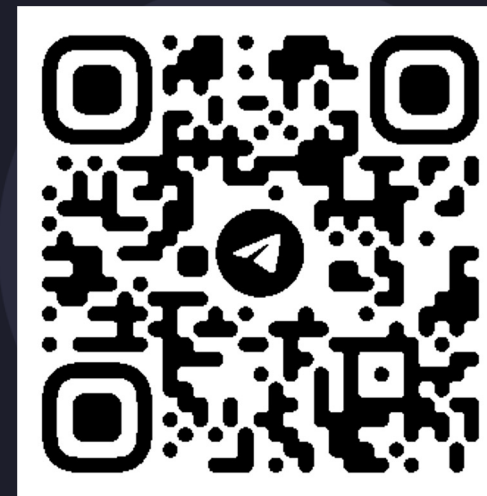


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