nielsen

BELLAMY’S | NIELSEN
MARKET TRENDS SHARING

BELLAMY’S ORGANIC
A pure start to life

Data update to December2015

ROADMAP

1. The Big Picture

2015 CCI & Macro Retail Environment Landscape

2. Baby Industry Overview

Trade Up| MBS| Lower city tier| Ecommerce| Consumers communications

3. Insights on IMF

3.1 Channel Overview

- Modern Trade: Trade-up
- MBS: Surpassing 50%/ Low City-tier penetration
- ECOM: B2C/ Shopping Carnivals

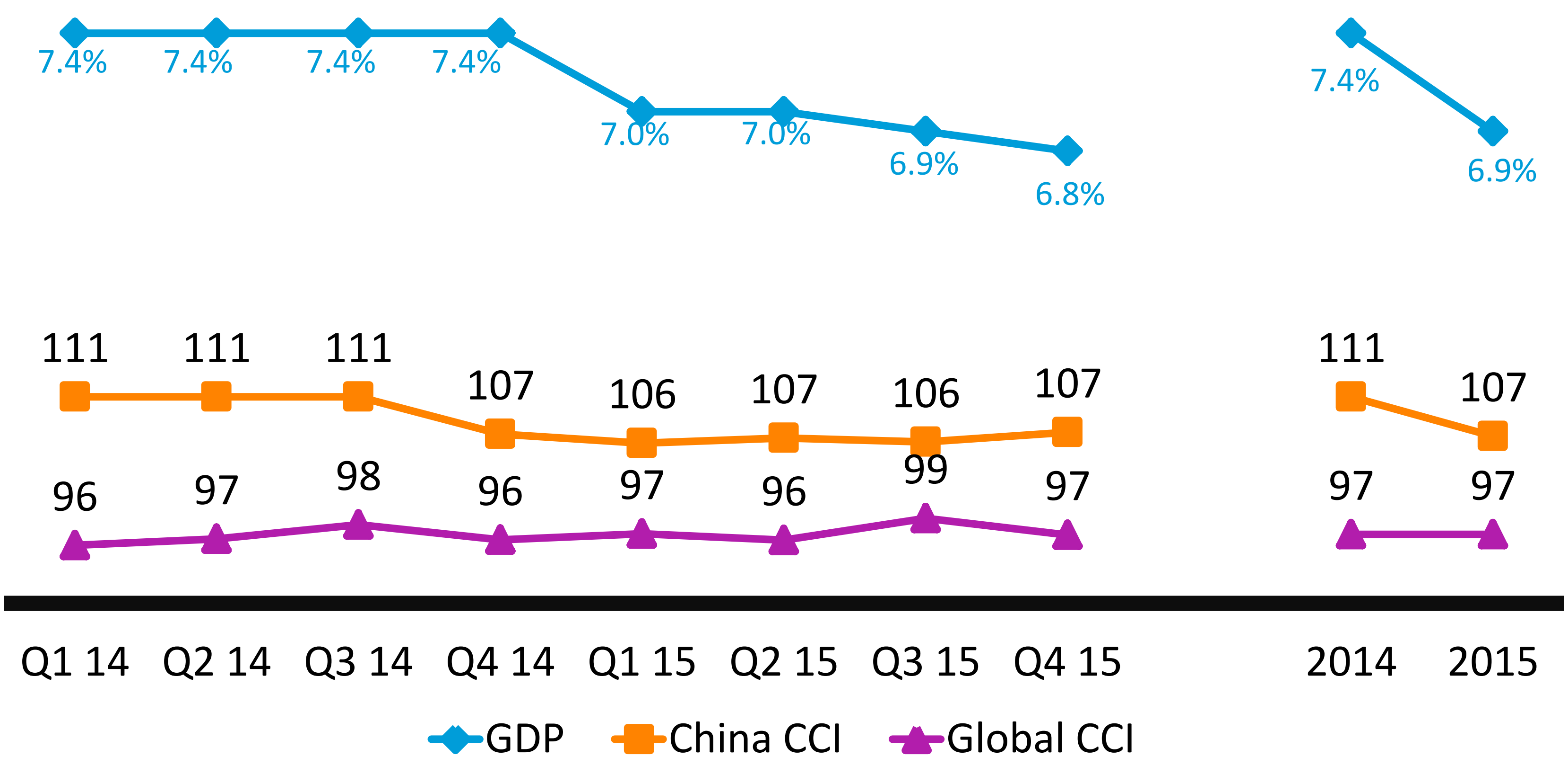
3.2 Product Snapshot

- Organic IMF: High-Potential Niche

“NEW NORMAL” NORMALIZING

GDP & CCI showed slight fluctuations for 4 quarters straight

GDP and Consumer Confidence Index

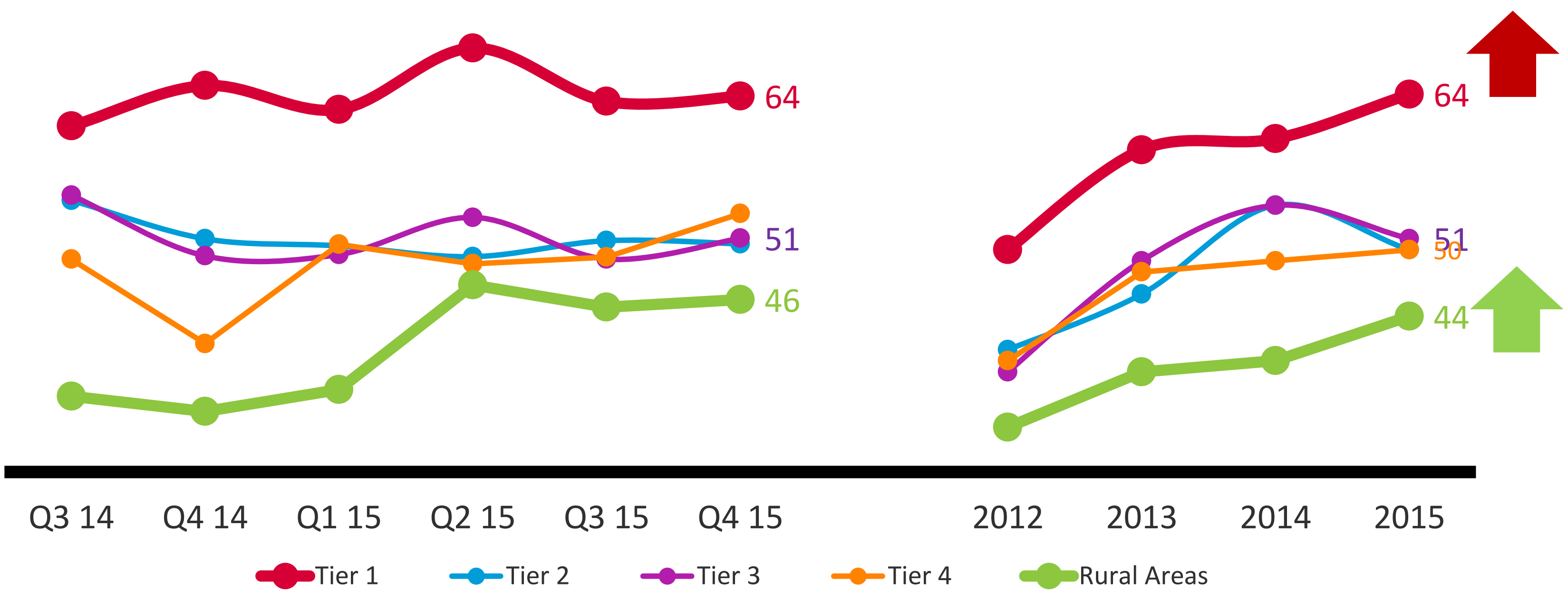


数据来源:China国家统计局和China消费者信心调查
Source: National Bureau of Statistics, China Consumer Confidence Survey

TIER 1 & RURAL AREAS DRIVE THE NATIONAL CCI

CCI of both Tier 1 and Rural Areas grew 4 pts in Y2015

China CCI Willingness to spend Index By City Tier

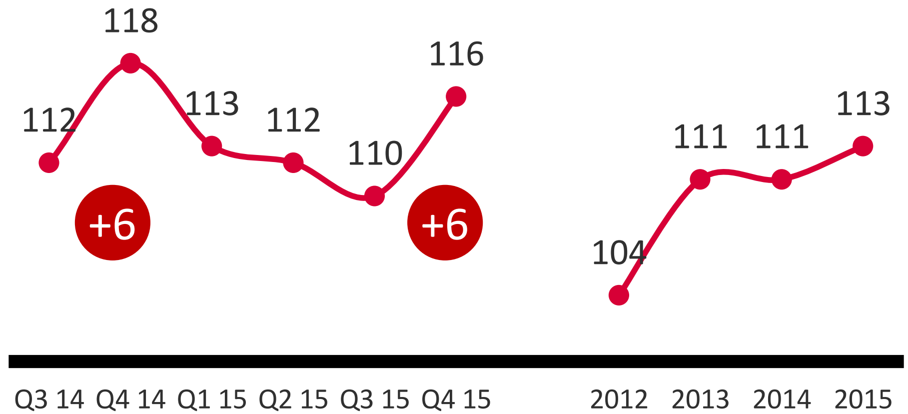


数据来源:China消费者信心调查
Source: China Consumer Confidence Survey

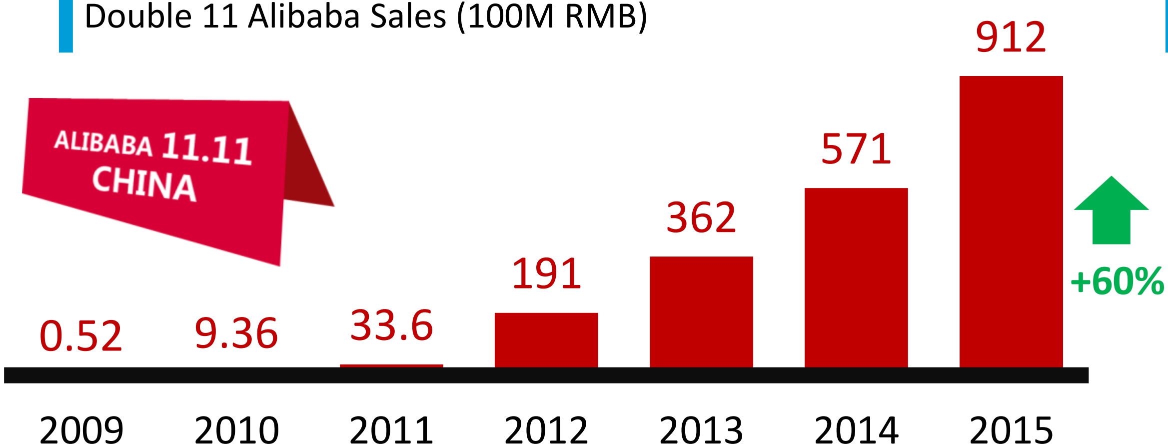
ONLINE SHOPPING CARNIVAL PUSHES TIER 1 CCI FORWARD

Tier 1 CCI rose remarkably in Q4 of both Y2014 and Y2015, the quarter right after the largest shopping festival

China Consumer Confidence Index, tier 1



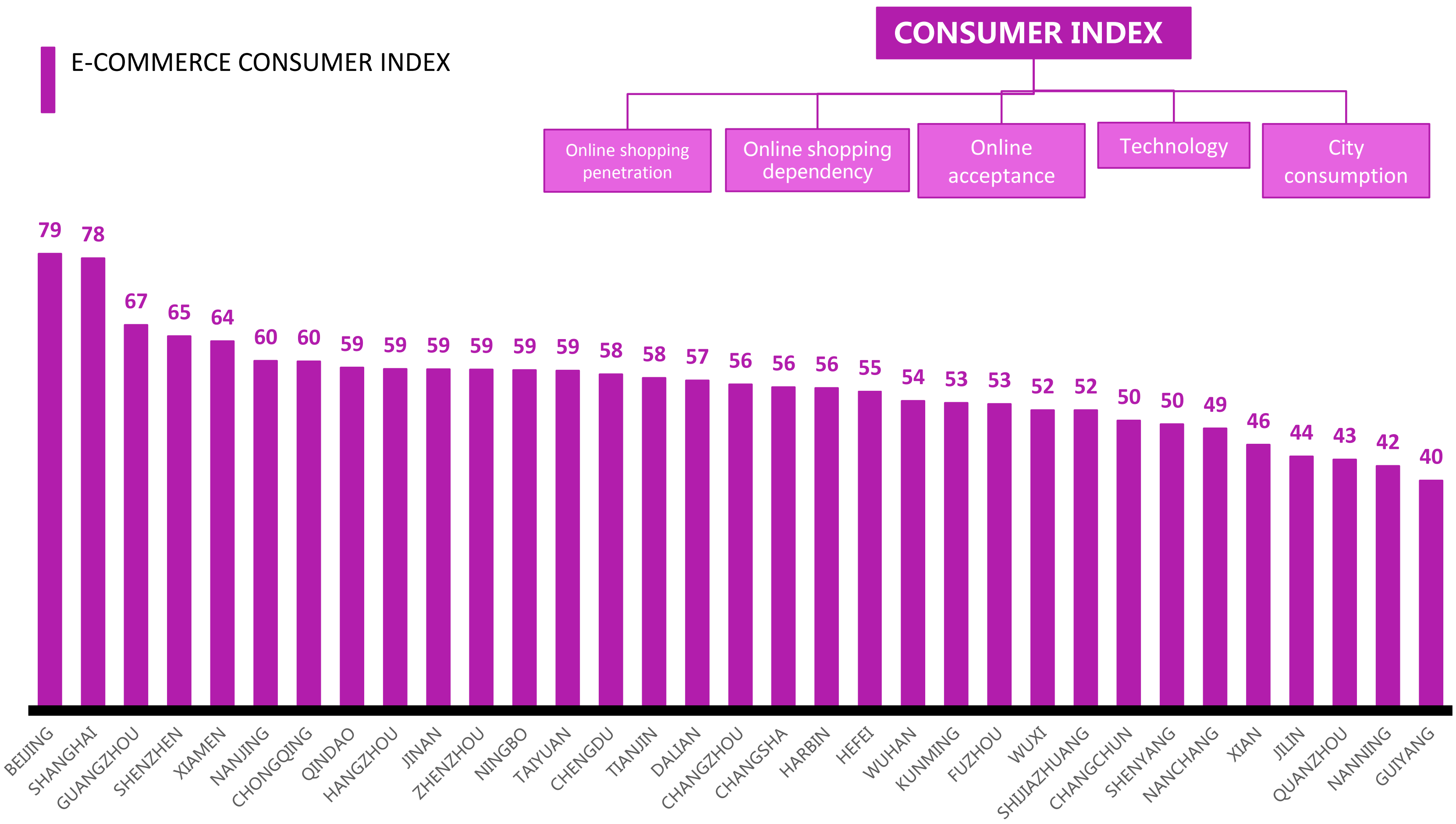
Double 11 Alibaba Sales (100M RMB)



Y2015 US Thanksgiving Weekly Sales (100M RMB)

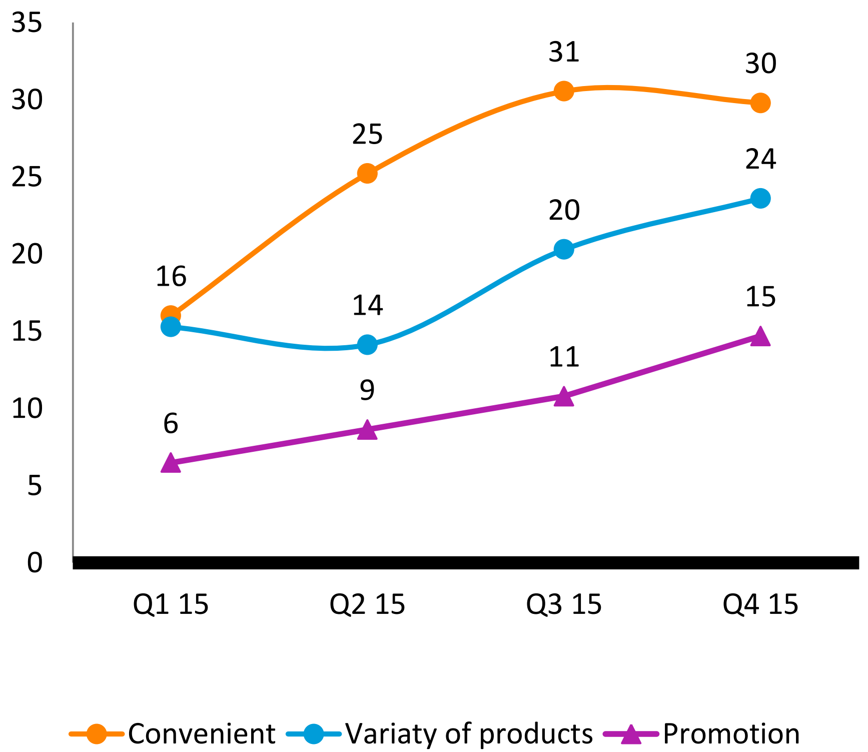
数据来源:China消费者信心调查，阿里巴巴官方数据
Source: China Consumer Confidence Survey and Alibaba public information

KEY CITIES LIKE BEIJING, SHANGHAI, GUANGZHOU AND SHENZHEN ARE LEADING CHINA E-COMMERCE CONSUMER INDEX



GOVERNMENT'S SUPPORT TO RURAL ECOMMERCE DROVE WILLINGNESS TO SPEND

Reasons for willingness to spend，rural



2015-2016 Governments push 8 policies on rural ecommerce

数据来源：中国消费者信心调查
Source: China Consumer Confidence Survey

ONLINE SHOPPING PENETRATION AMONG TIER 1 CONSUMERS CLOSE TO SATURATION, AND RELY MORE ON PROMOTION

Online Shopping Behavior | 2015Q3

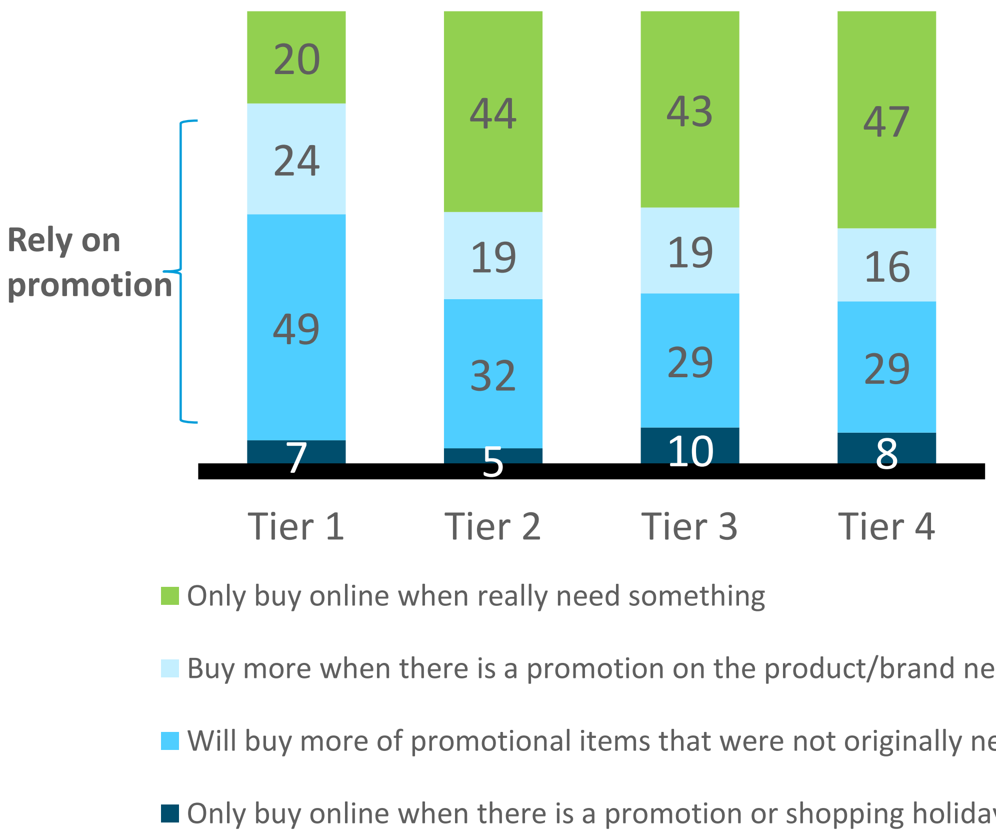
Online Shopping Penetration

Tier1

90%

% of consumers that have made an online purchase in the past 3 months(58%of National Total)

Online FMCG Shopping Habit (Q3 2015)



数据来源：中国消费者信心调查
Source: China Consumer Confidence Survey

ONLINE SHOPPER BECOME MORE RATIONAL, WHO RELY ON ETAILERS’ TRUSTWORTHINESS MORE THAN OTHER FACTS

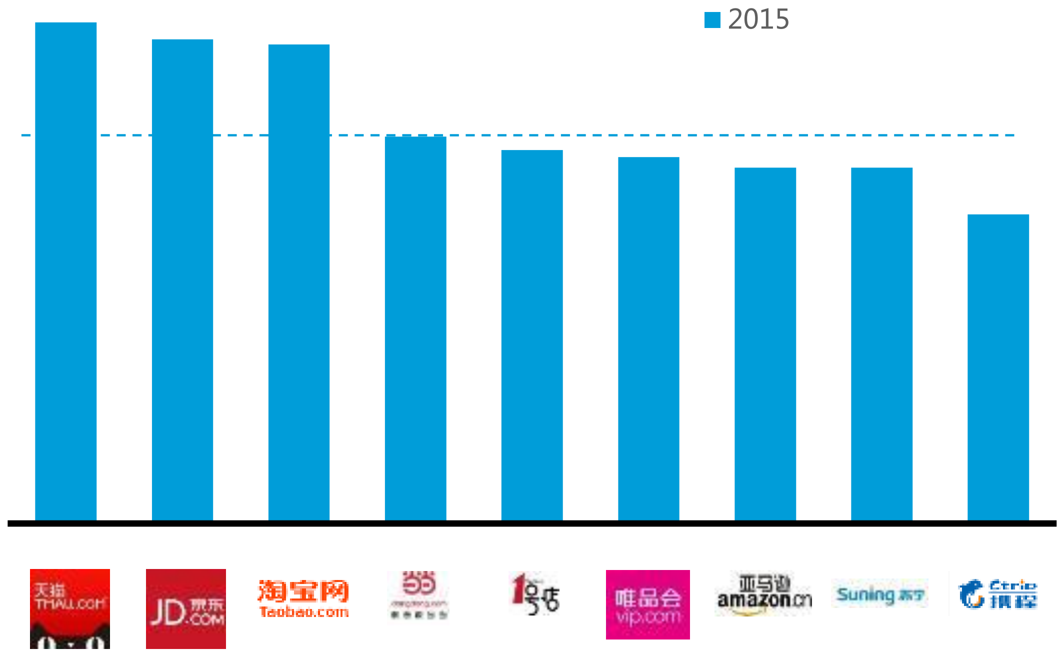
Importance Of Consideration For Online Shopping

Trustworthy E-tailers

2014 35%

2015 41%

Online Retailer Brand Awareness

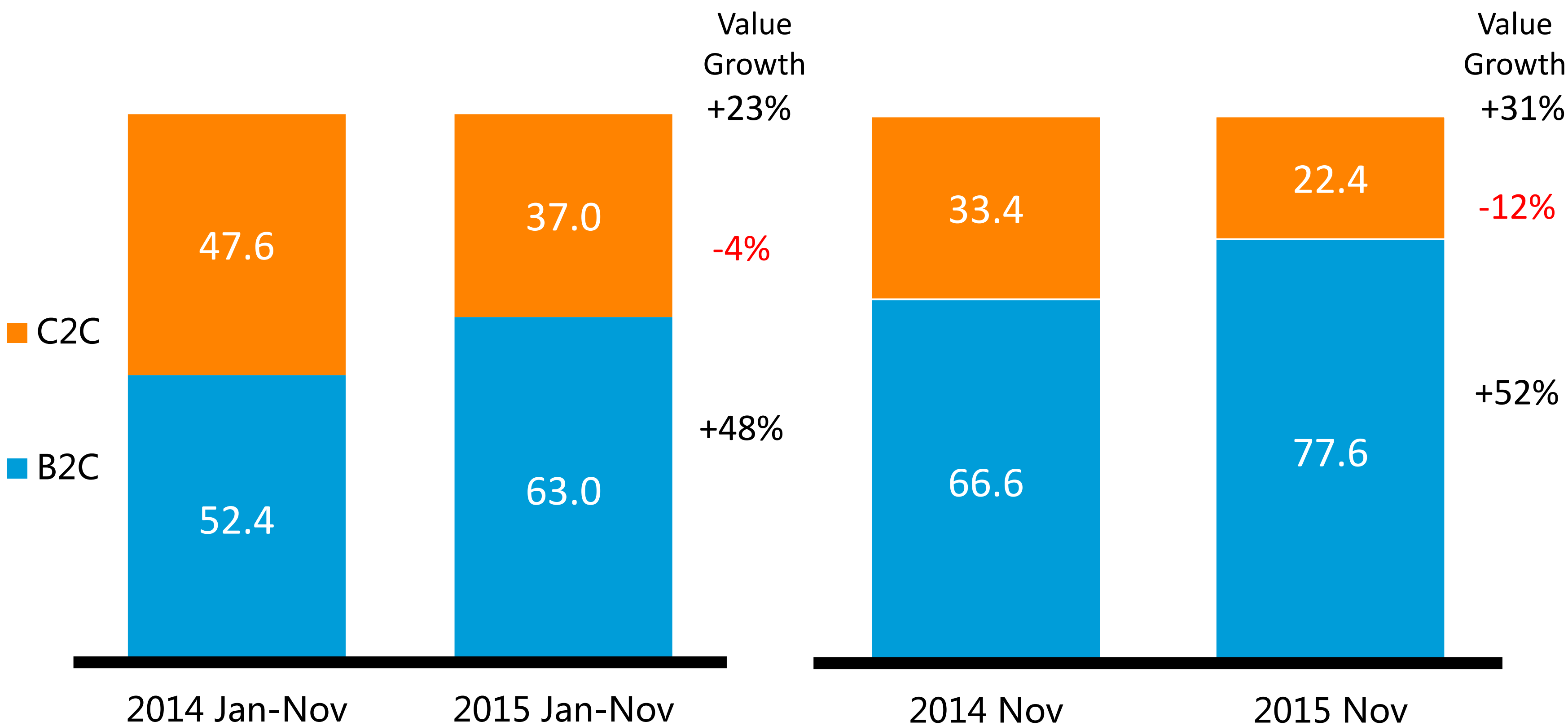


Base：All respondents，n=4153
Source：Q18a For below online retailers, which you know before？

B2C EXPEDITES E-COMMERCE BOOM

B2C further gained ground, opening more doors for manufacturers

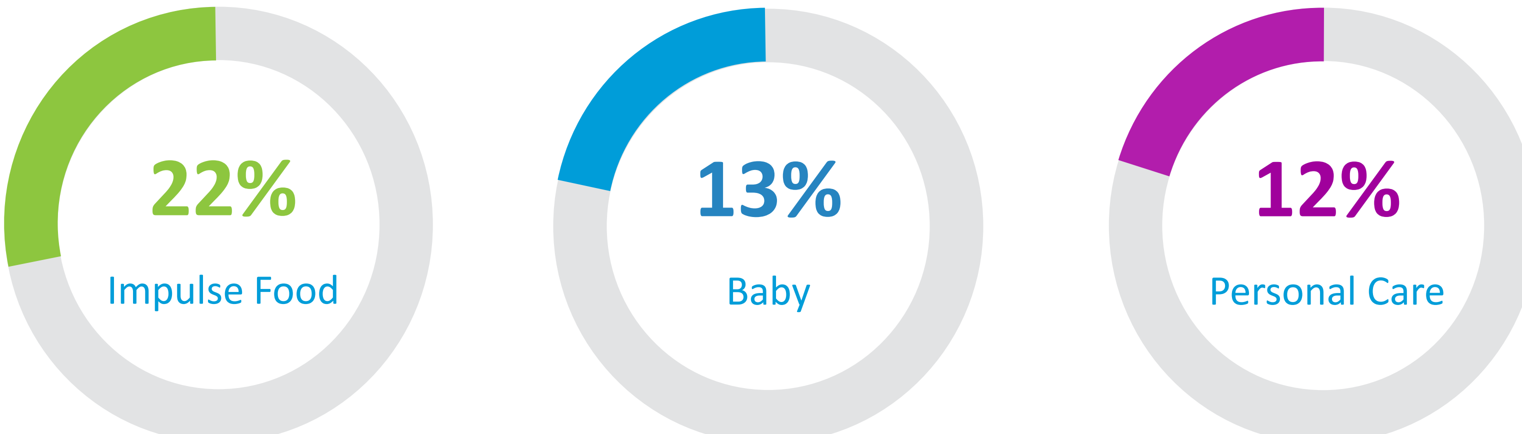
Sales Importance % by Online Sales Model | Value Growth%(36 Categories Measured by Nielsen)



数据来源:尼尔森E-com监测
Source: Nielsen e-Commerce tracing

ONLINE BREAKS GEOGRAPHICAL LIMITATION, EXCLUSIVE PRODUCTS INDICATED OFFLINE UNFULFILLED OPPORTUNITY

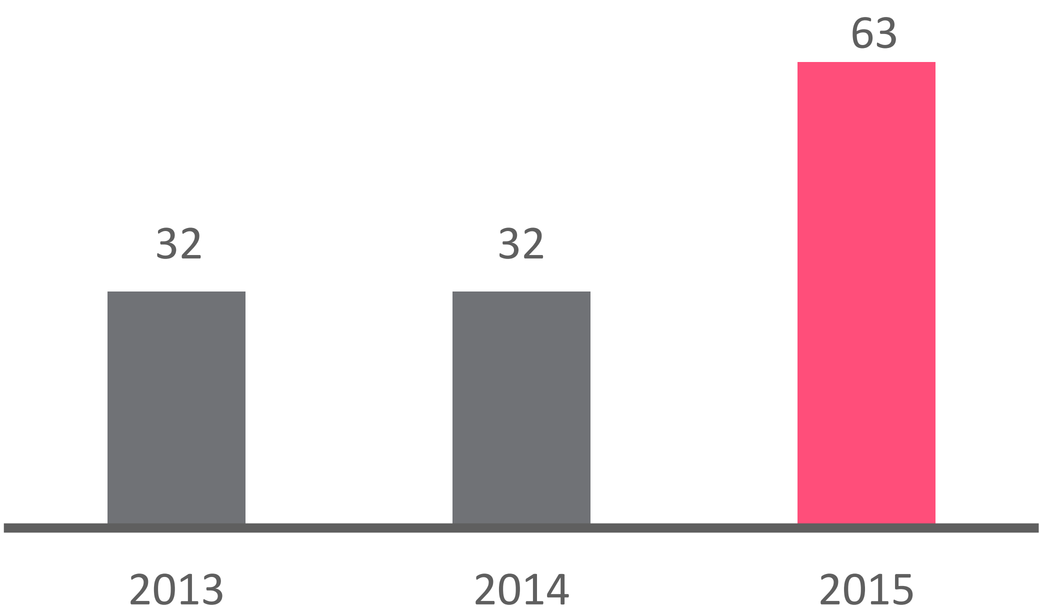
Online Exclusive Items



Source: Nielsen e-Commerce tracing

CROSS-BOARDER SHOPPERS HAS INCREASED RAPIDLY TO 63% AMONG ALL ONLINE SHOPPERS.

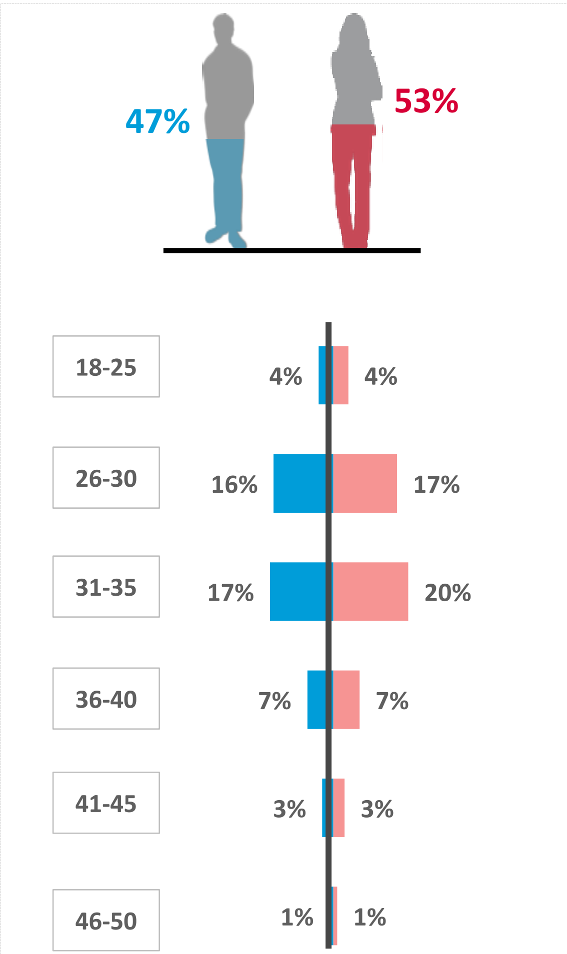
% of online shopper who has cross-boarder shopping experience

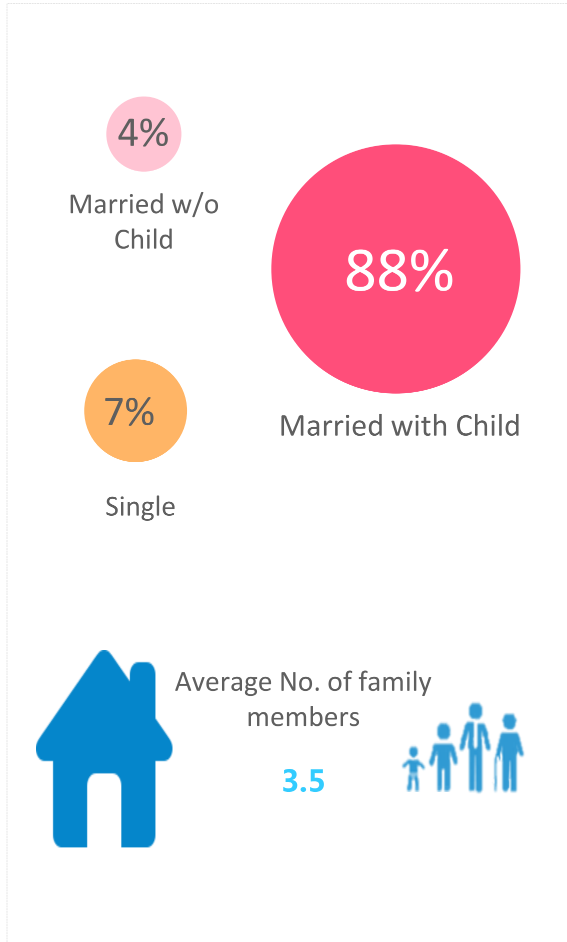


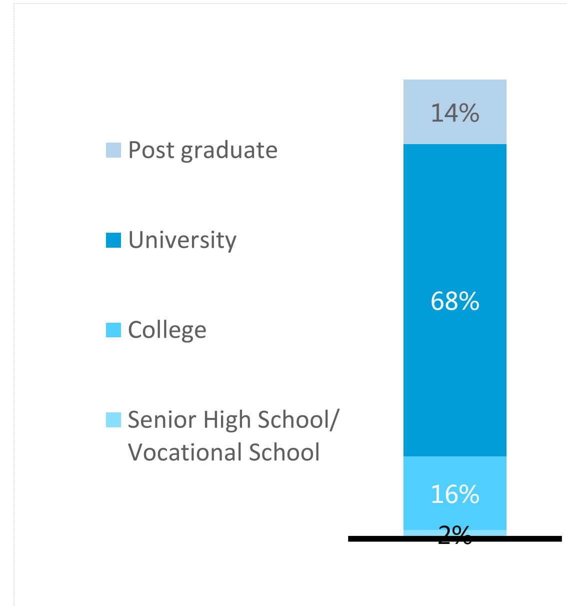
Source: Nielsen 2015 online shopper study Base: n=4153, online shopper: consumers who had online shopping in the past 3 months

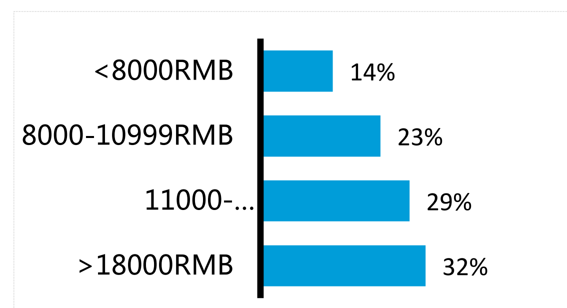
WHO ARE SHOPPERS TO DO CROSS BORDER BABY PRODUCTS SHOPPING？

26-35 YEARS OLD ， YOUNGER FEMALE,
HIGHER EDUCATION WITH HOUSE MONTHLY INCOME OVER 11,000RMB





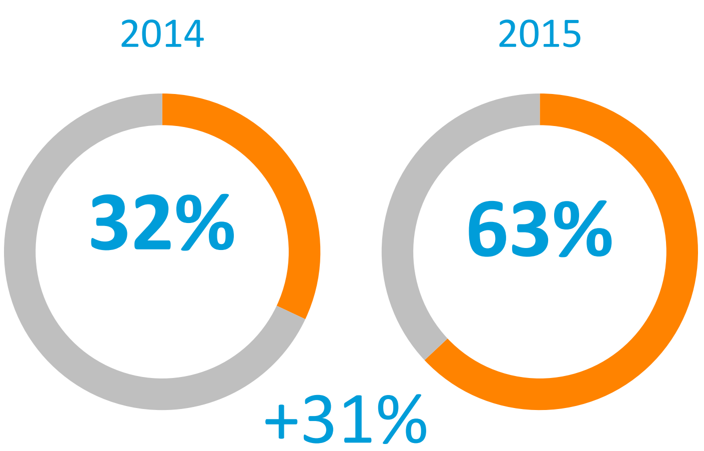




Base：Cross-boarder user who buy baby related products，n=601
Source： Q2 Gender； Q3 Age； Q73 Marriage； Q75 Family members； Q76 Education； Q78a House Monthly income

ONLINE SHOPPERS GO FOR CROSS BORDER PURCHASE DUE TO MORE VARIETY CHOICE OF PRODUCTS & HIGH QUALITY DEMANDS

Percentage Of Online Shoppers Who Go For Cross Border



Base：All respondents，n=4153
Source：Q64 Have you ever purchased on cross-boarder e-commerce？

Reasons for cross border online shopping(%)

Base：cross-boarder user，n=2612，Non-user，n=1541
Source： Q65 Why use cross-boarder？ Q66 Why not use cross-boarder？

CROSS-BOARDER SHOPPERS WHO BOUGHT BABY PRODUCTS WILL MOSTLY CONSIDER COSMETIC/PERSONAL CARE TOGETHER

COSMETIC/PERSONAL CARE: 53%

FOOD: 27%

CLOTH: 24%

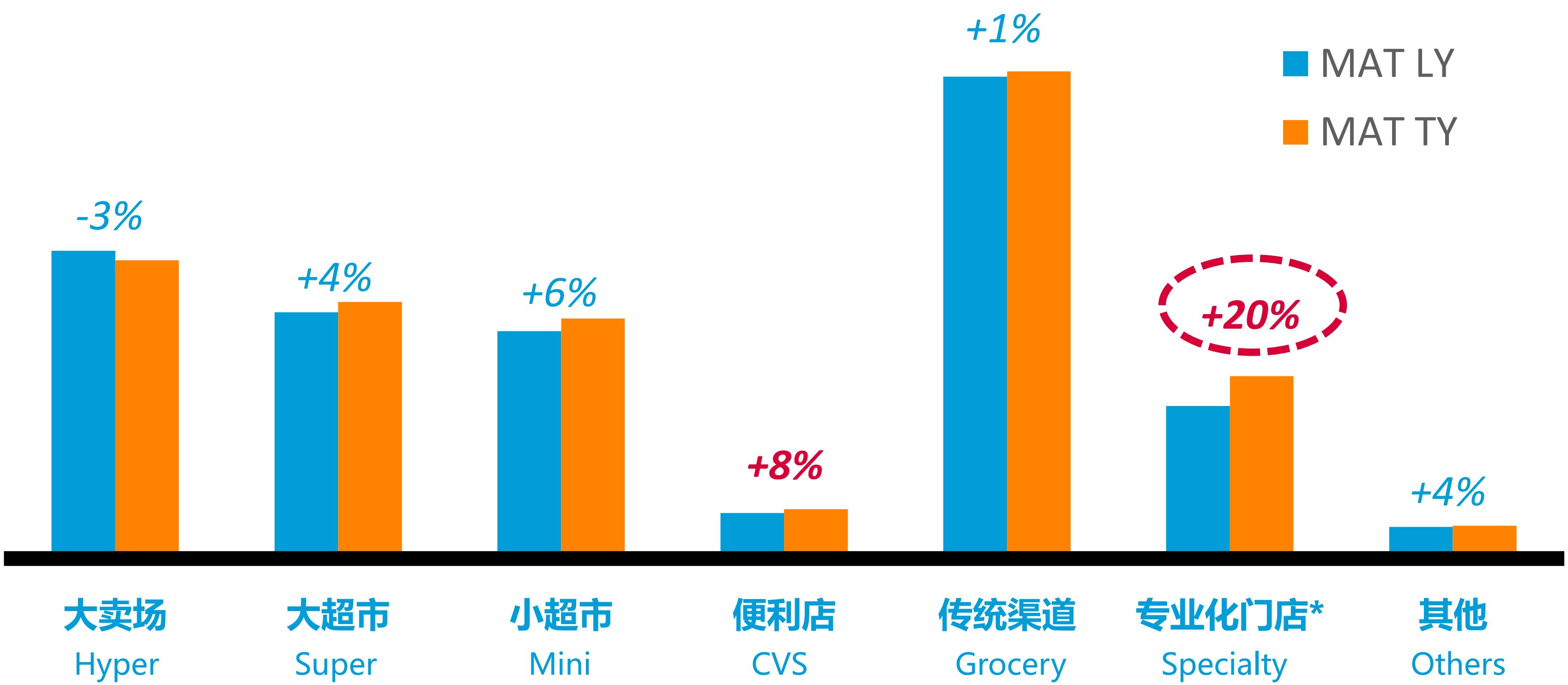
HEALTH CARE PRODUCTS: 23%

BEVERAGE: 20%

Data source： 2015Nielsen online purchase study for baby industry

SMALL & SPECIALTY STORES LEAD BY THE NEEDS OF CONVENIENCE & PROFESSIONALISM

Channel Sales Value Growth (% vs. YA, MAT Nov15)

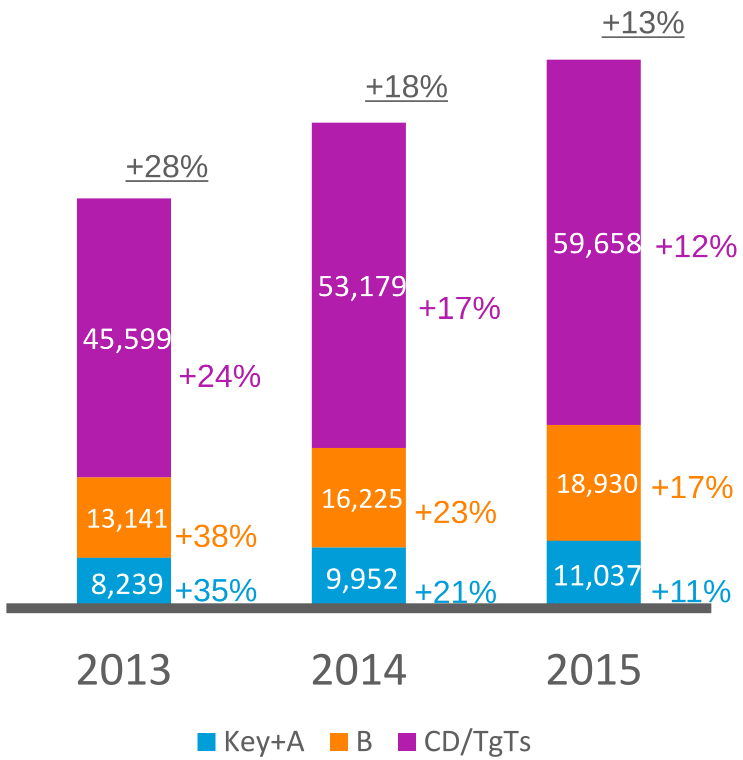


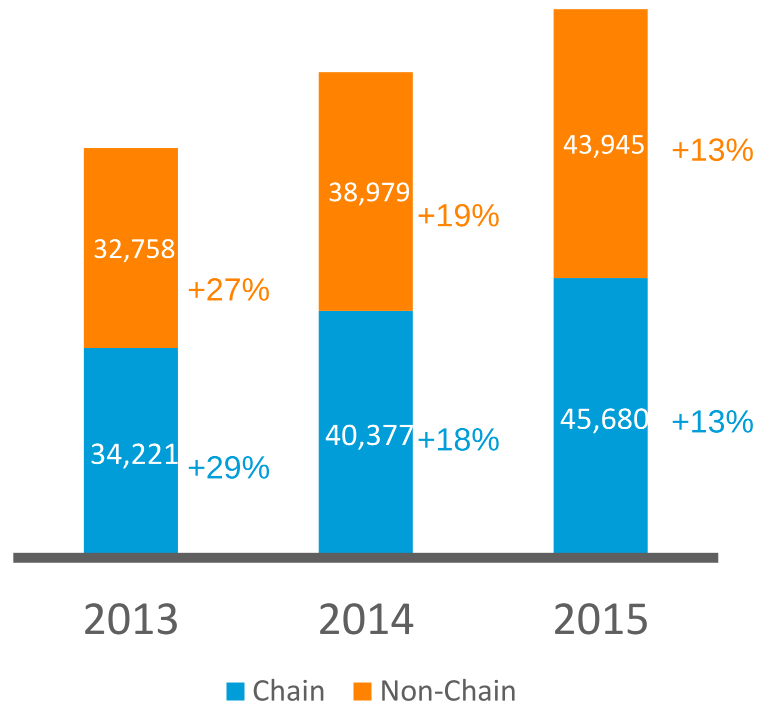
*专业化门店包含母婴店等特殊专业化门店

Source: Nielsen Retail Establishment Survey

LOWER CITY TIERS' MBS GREW A BIT OUTPACES KEY AND A CITIES, AND B CITY TIER IS STILL LEADING A FASTER GROWTH.

MBS Store Number and Growth





Source: Nielsen Census

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BABY INDUSTRY RETAINS DOUBLE-DIGIT GROWTH

Growth of the whole Baby industry reached 11%, with non-food categories growing over 17%

Full Channels (FP+MBS+B2C) | FMCG Baby Industry (Food/Non-food) | Value Sales (Billion Yuan) & Sales Importance (%) & Value Sales Growth (%) | Y2015

Sales Importance%

FMCG Baby Industry **Value Sales Growth %**

99.9B **+11%**

63%
Food

63.3B **+8%**

37%
Non-food

36.5B **+17%**

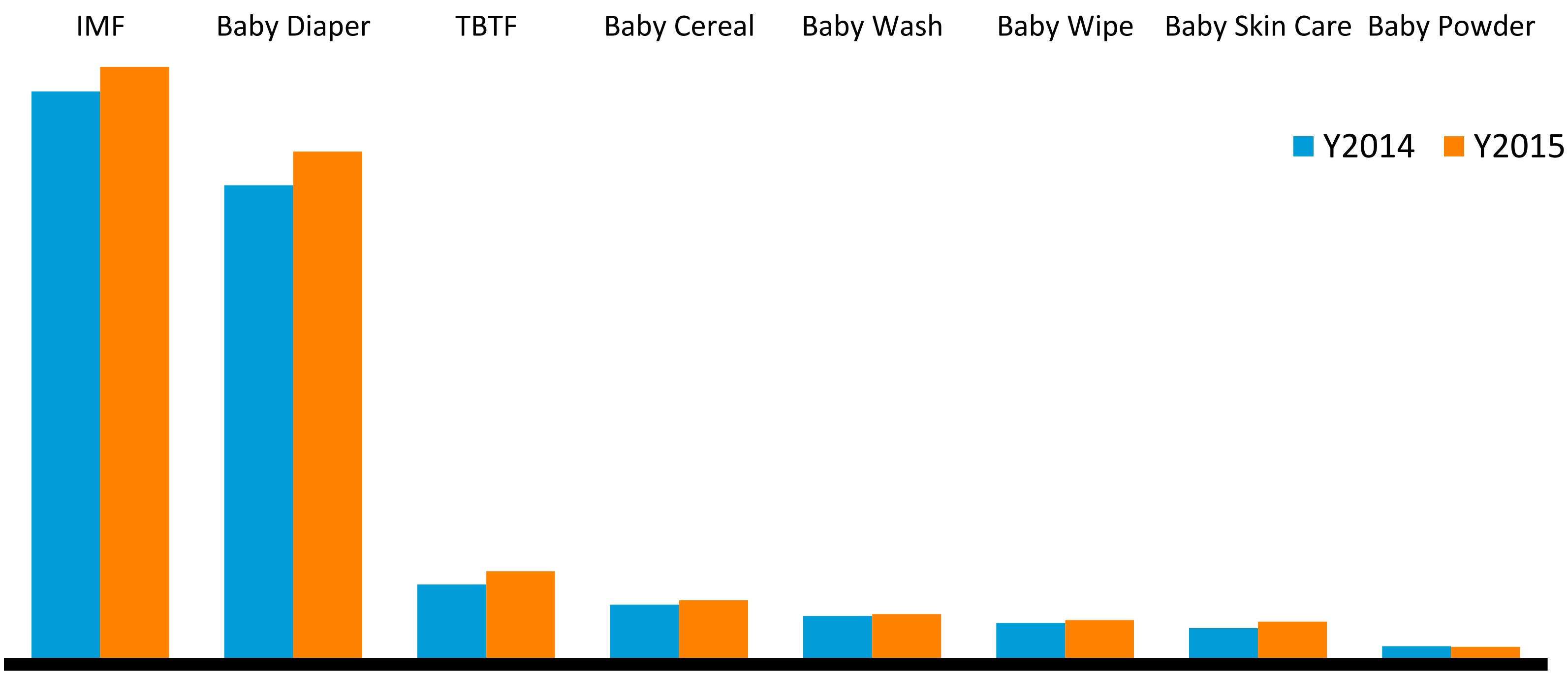
Baby Food: IMF (Full Channels), Baby Cereal (Full Channels);
Baby Non-food: Baby Diaper (Full Channels), Baby Skin Care (MT+MBS), Baby Wipes(MT+MBS), TBTS(Full Channels), Baby Wash(MT+MBS) , Baby Powder(MT+MBS)

Source: Nielsen Retail Index, data updated till December Y2015

IMF AND DIAPER TOP THE LIST OF 8 BABY CATEGORIES

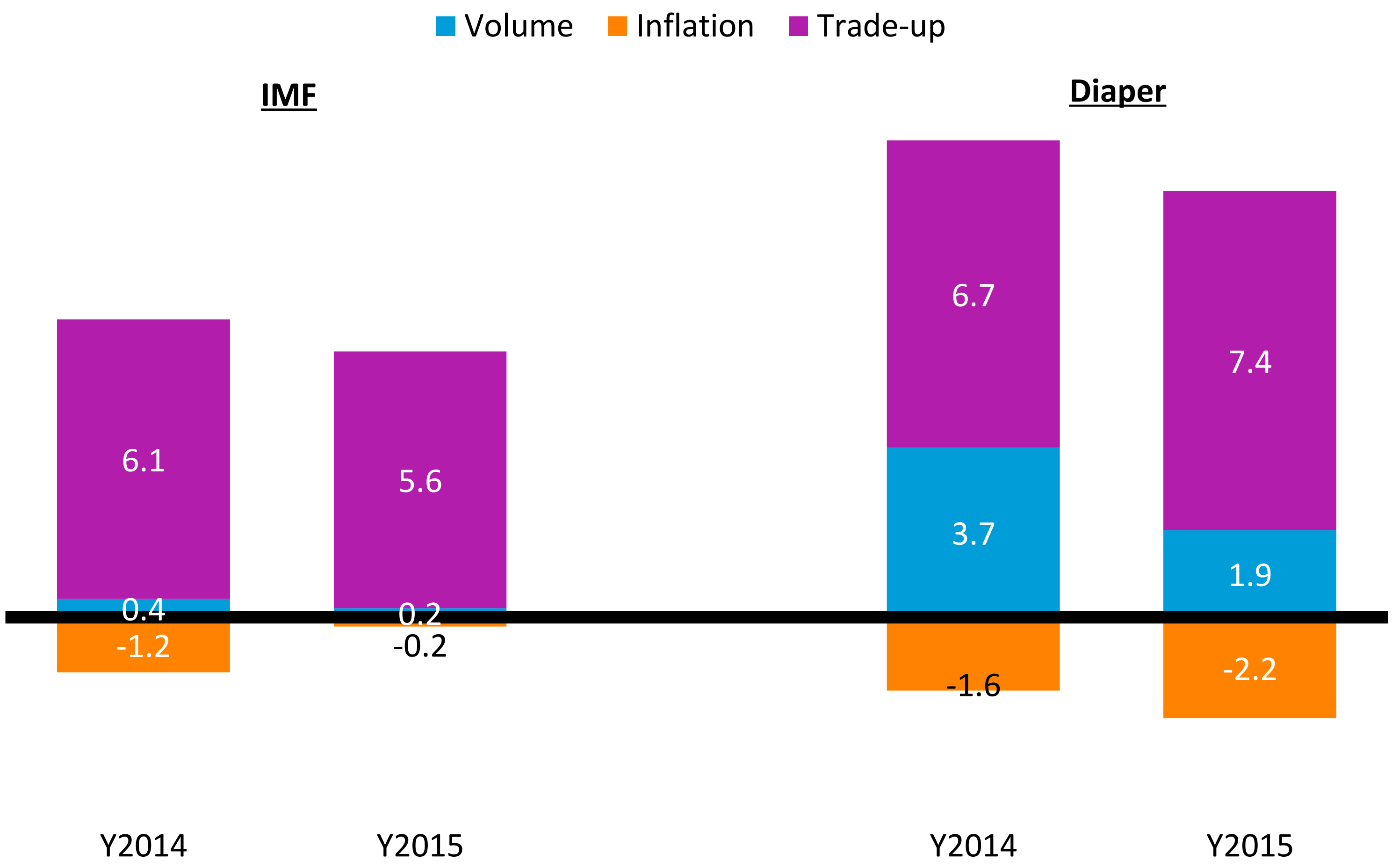
Offline| Baby Categories| Value Sales (Billion) | Y2014 & Y2015

	IMF	Baby Diaper	TBTF	Baby Cereal	Baby Wash	Baby Wipe	Baby Skin Care	Baby Powder
Sales Imp. (%)	64%	22%	4%	3%	2%	2%	2%	1%
Growth (%)	9%	10%	16%	8%	4%	7%	19%	-4%



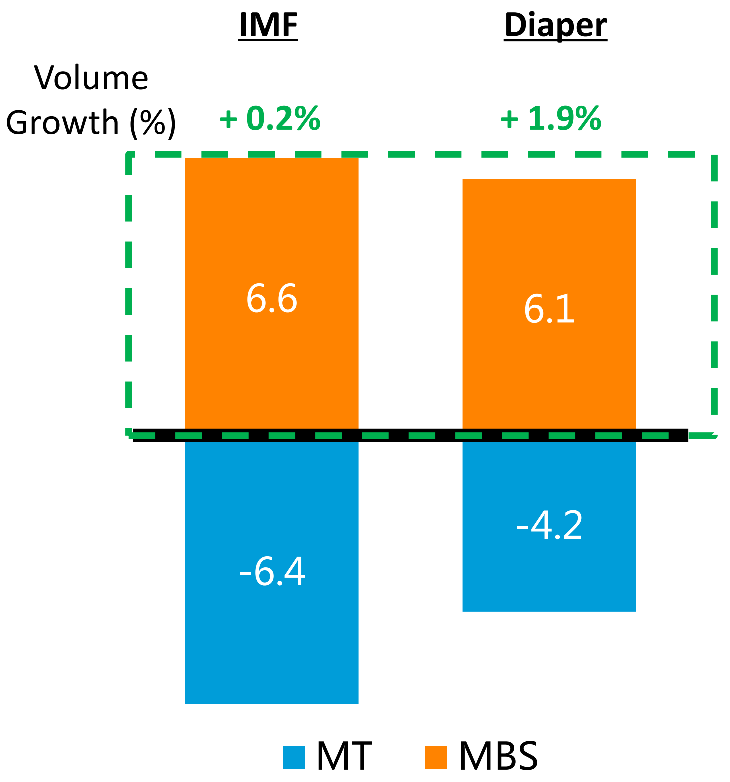
TRADE-UP REMAINS THE MAIN DRIVER OF IMF & DIAPER GROWTH

Offline | IMF & Diaper | Growth Breakdown (%) | Y2014 & Y2015

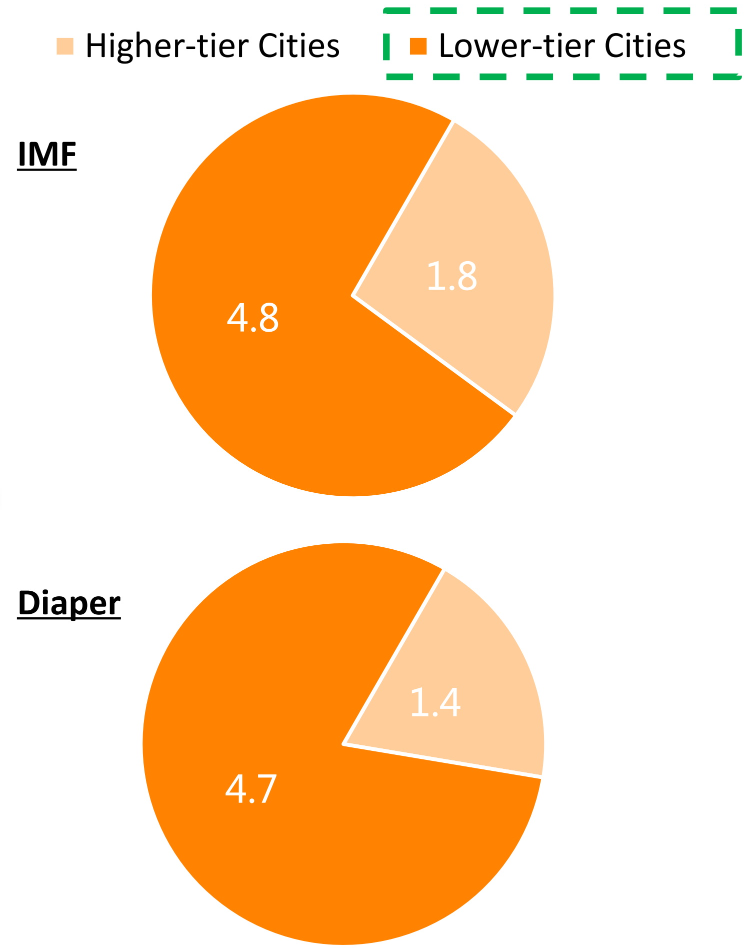


MBS IN LOWER-TIER CITIES CONTRIBUTES TO THE VOLUME GROWTH OF IMF & DIAPER

Offline (FP + MBS) | IMF & Diaper | Sales Volume Growth (%) | Y2015

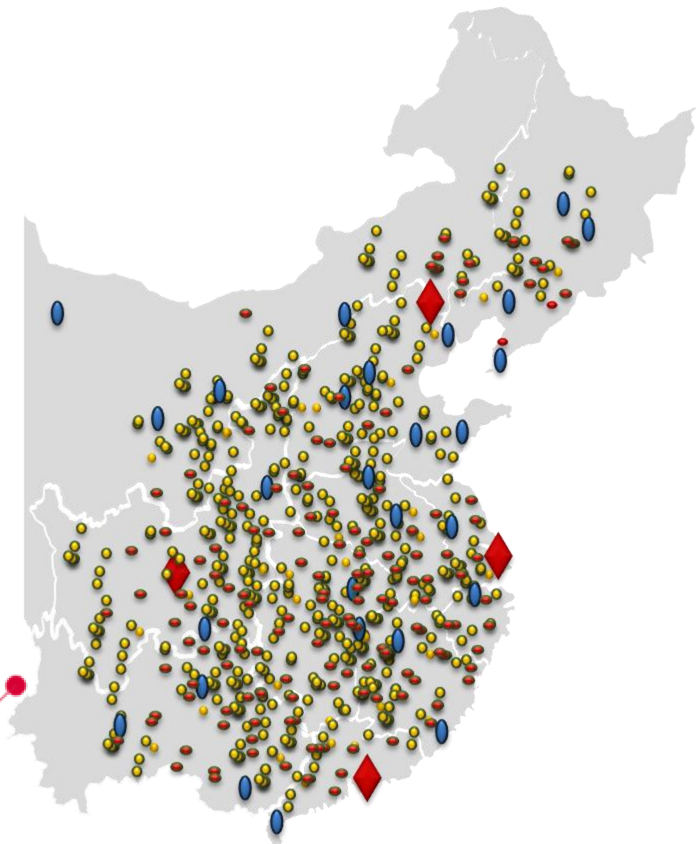


MBS | IMF & Diaper | Volume Growth Breakdown



CATCH THE LOWER TIERS GROWTH TREND:

OPTIMIZED LOWER TIERS' MBS CHAIN STORES' RESOURCE MIGHT BE THE DIRECTION FOR BELLAMY IMPROVING BUSINESS PENETRATION



Population & Macro Environment

Population & GDP- Represent growth and importance

Current Resource

Warehouse & Logistic Resource

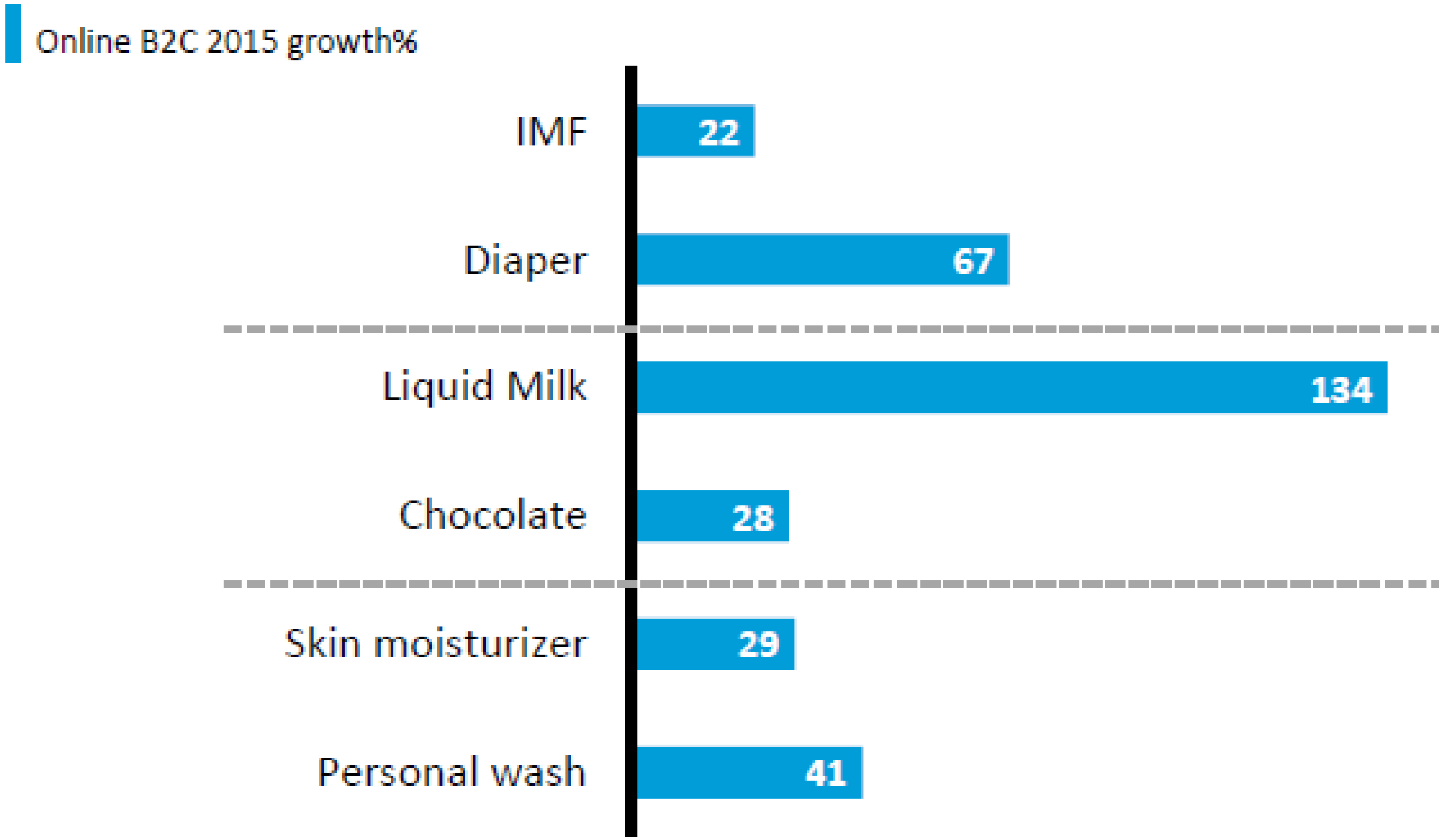
Location

Similarity of cities & regions

Store Counts

Store counts reflects the market potential growth

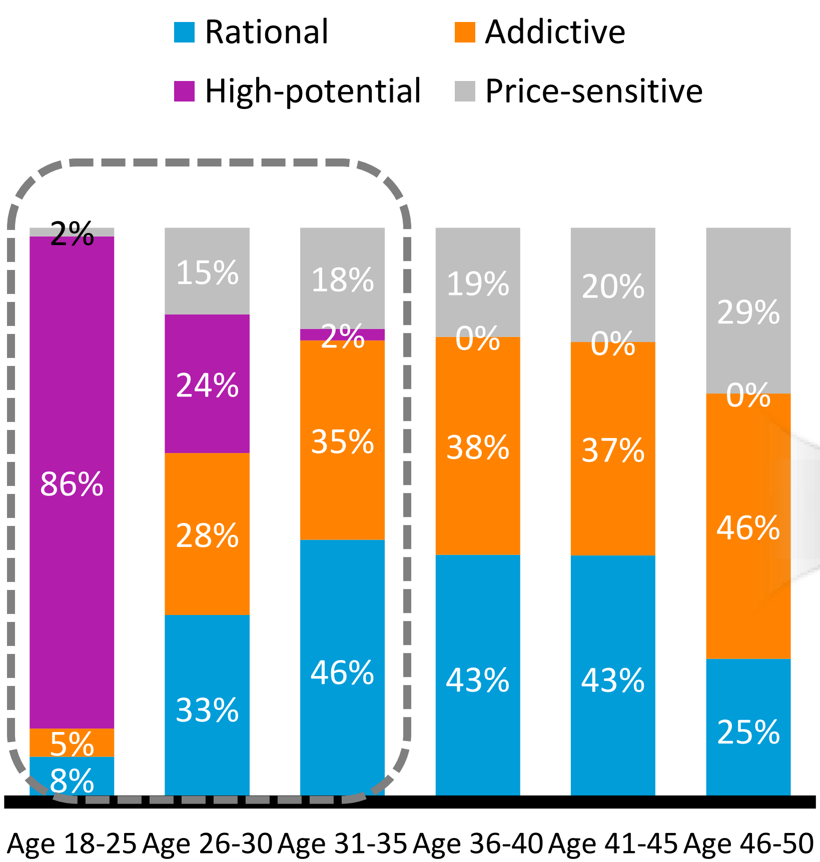
ONLINE ESPECIALLY B2C PLAYS MORE IMPORTANT ROLE ACROSS CATEGORIES



数据来源：尼尔森零售研究 电商数据库，更新至2015年12月
Data source: Nielsen Retail Index, Nielsen Ecommerce Panel, update to Jun 15

FEMALE ONLINE SHOPPER BECOMES MORE RATIONAL AS AGING

Female Online Shopper | By Age | Consumer Trait



High-potential

Word-of-mouth & feedbacks

Convenience & promotion

Students & young professionals

Lower income, fewer purchase

Future Opportunities

Rational

Quality products

Avoid impulse purchase

Middle-class

Reduce their fears on shopping online

Addictive

Impulse buy

More purchase, higher value

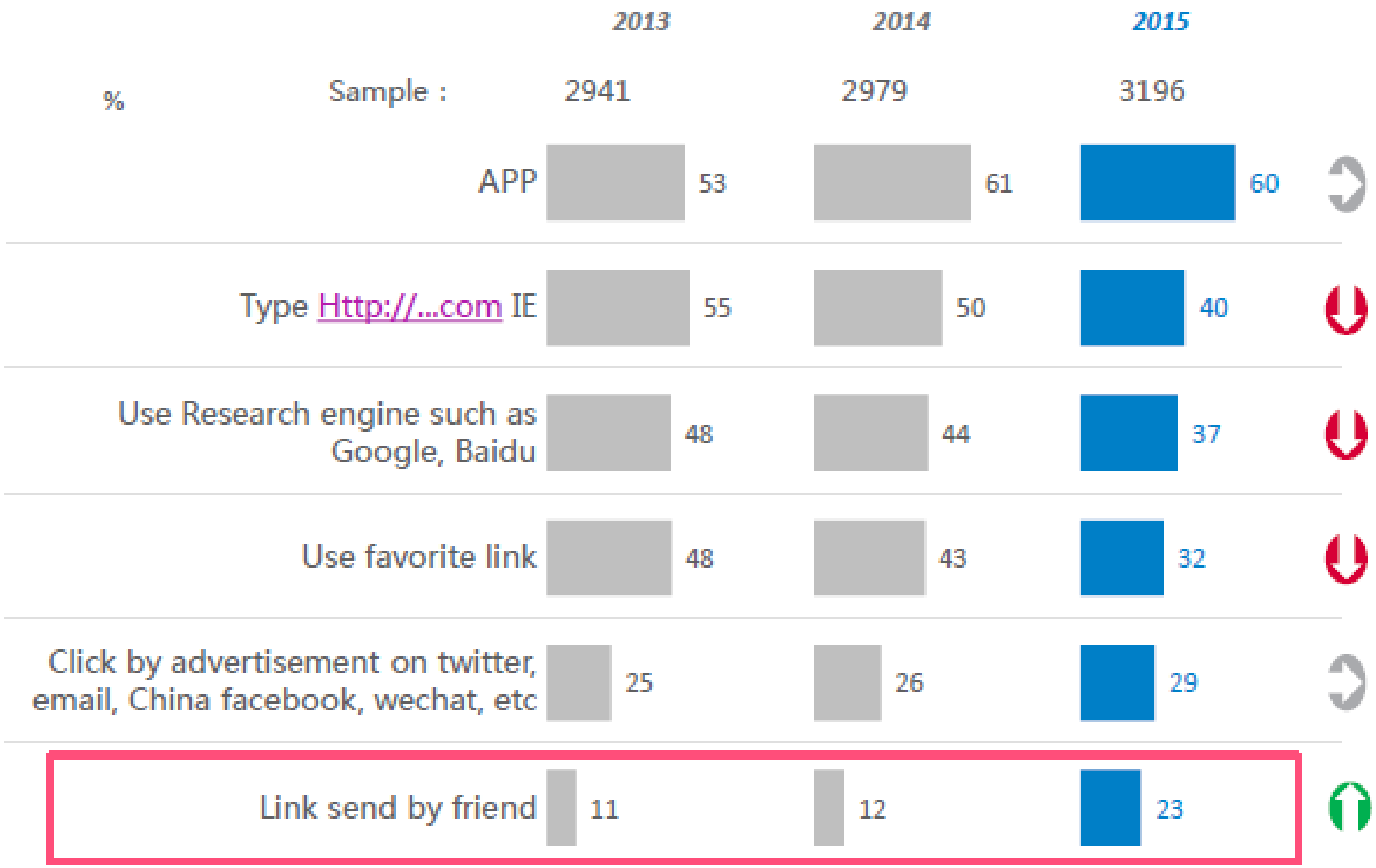
Married with kids, higher income

Fashion & Quality Driven

Guided buying for certain categories

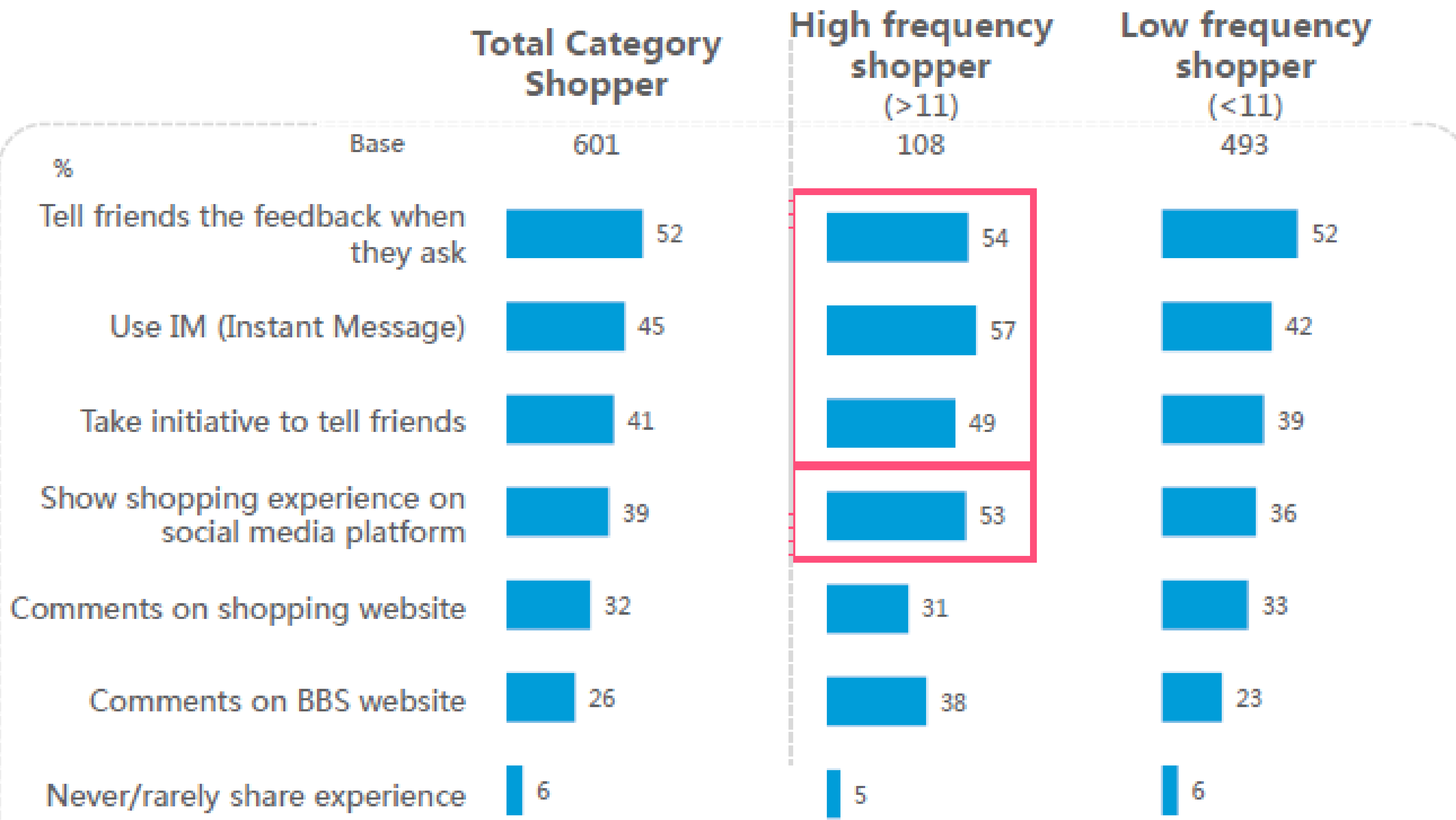
MORE AND MORE PEOPLE NOW ARE USING LINK SHARED BY FRIEND TO GET INFORMATION AND PURCHASE

- APP，IE and research engine is still the most important 3 traffic entrance. App comes to be popular and more friendly using way.



基数：手机/平板电脑网购的受访者，n=3196
来源：Q54 您通常通过什么网络入口开始手机或者平板电脑网上购物的？

AFTER SHOPPING ONLINE, HIGH FREQUENCY SHOPPER WILL MOSTLY COMMENTS ON SOCIAL MEDIA PLATFORM SHARE SHOPPING EXPERIENCE



基数：母婴产品类受访者，n=601
来源：Q33G 当您购买并使用过这些您网上购买的母婴产品类产品后，一般您会怎么做?

AN OPPORTUNITY EXISTS TO ENGAGE & EDUCATE MOTHERS VIA SMARTPHONE APPS

Emerging mobile media like baby APP becomes more and more influential, further help manufacturers educate and interact with Moms

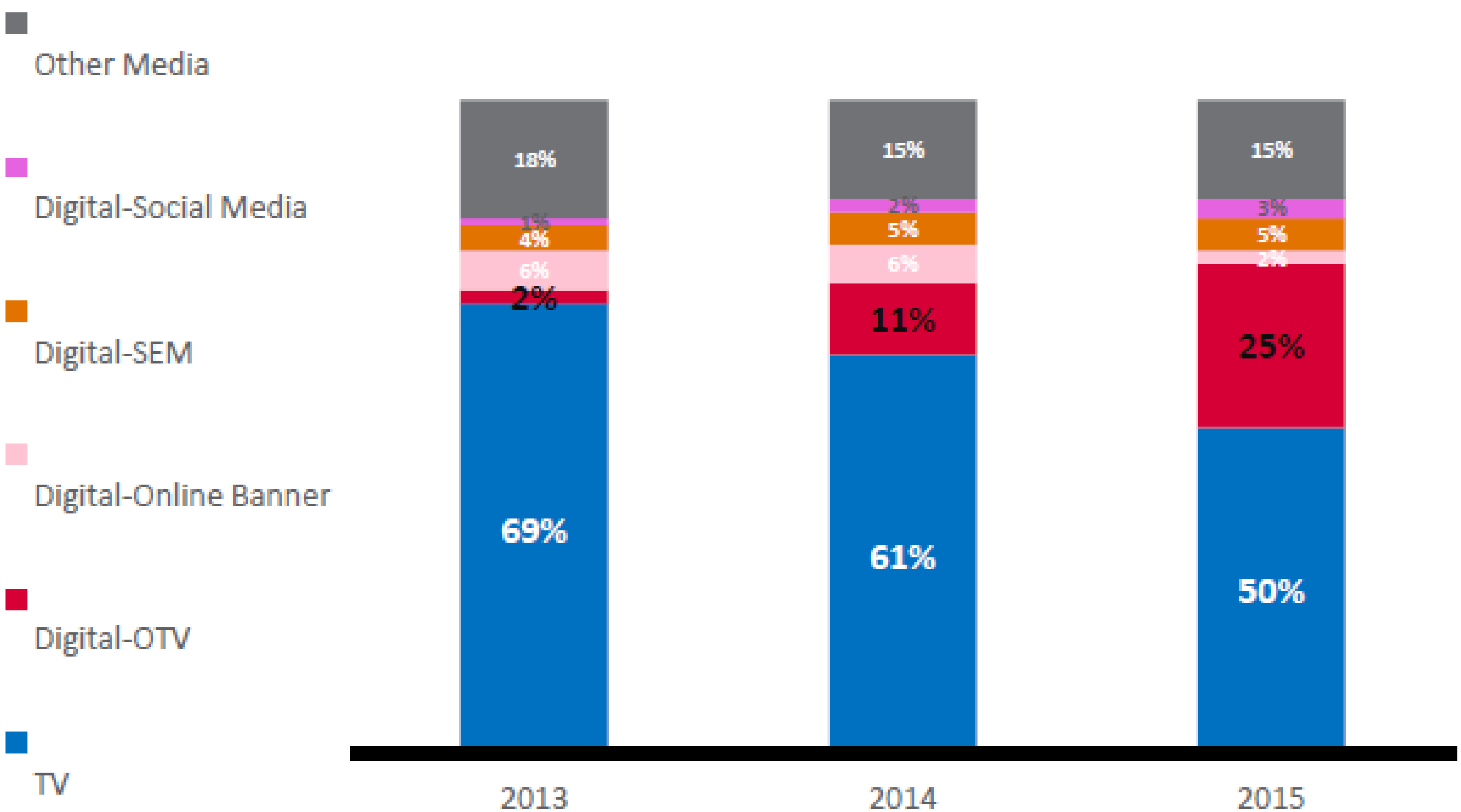
2015 母婴 APP 排行

排名	APP 名称
1	宝宝树孕育
2	妈妈圈
3	辣妈帮
4	妈妈帮
5	贝贝特卖
6	母婴宝典
7	蜜芽宝贝
8	奶瓶快跑
9	妈妈值得买
10	辣妈汇

Data Source: Nielsen online research

OTV HAS A LARGER COMPONENT OF MEDIA SPENDING

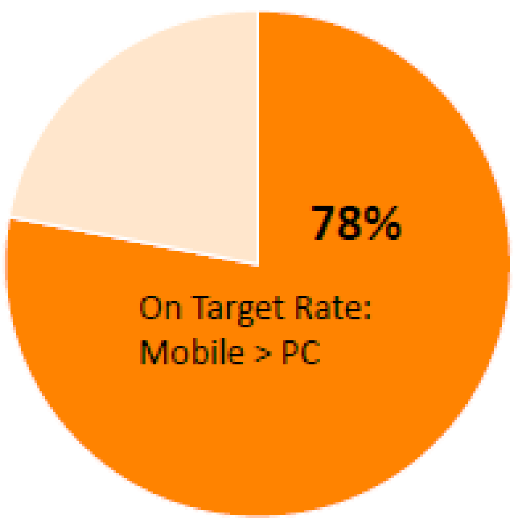
AD SPENDING% BY TYPE – SELECTED CAMPAIGNS



MOBILE IS MORE ACCURATE…BUT FREQUENCY IS A CONCERN

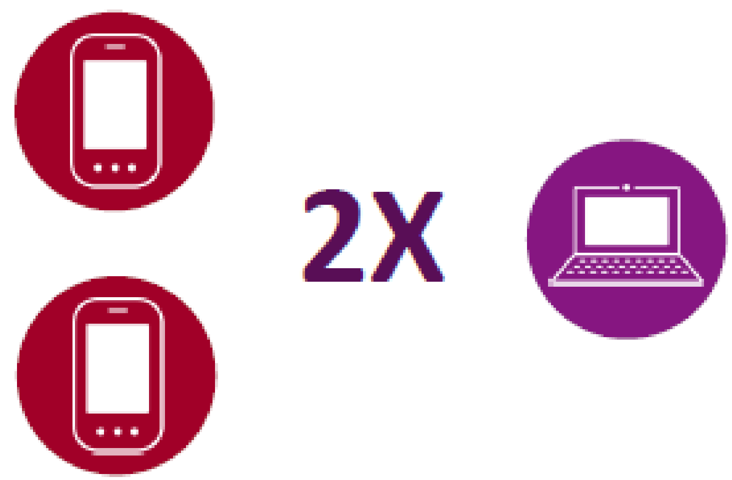
On Target %

Mobile has higher on target % vs. PC



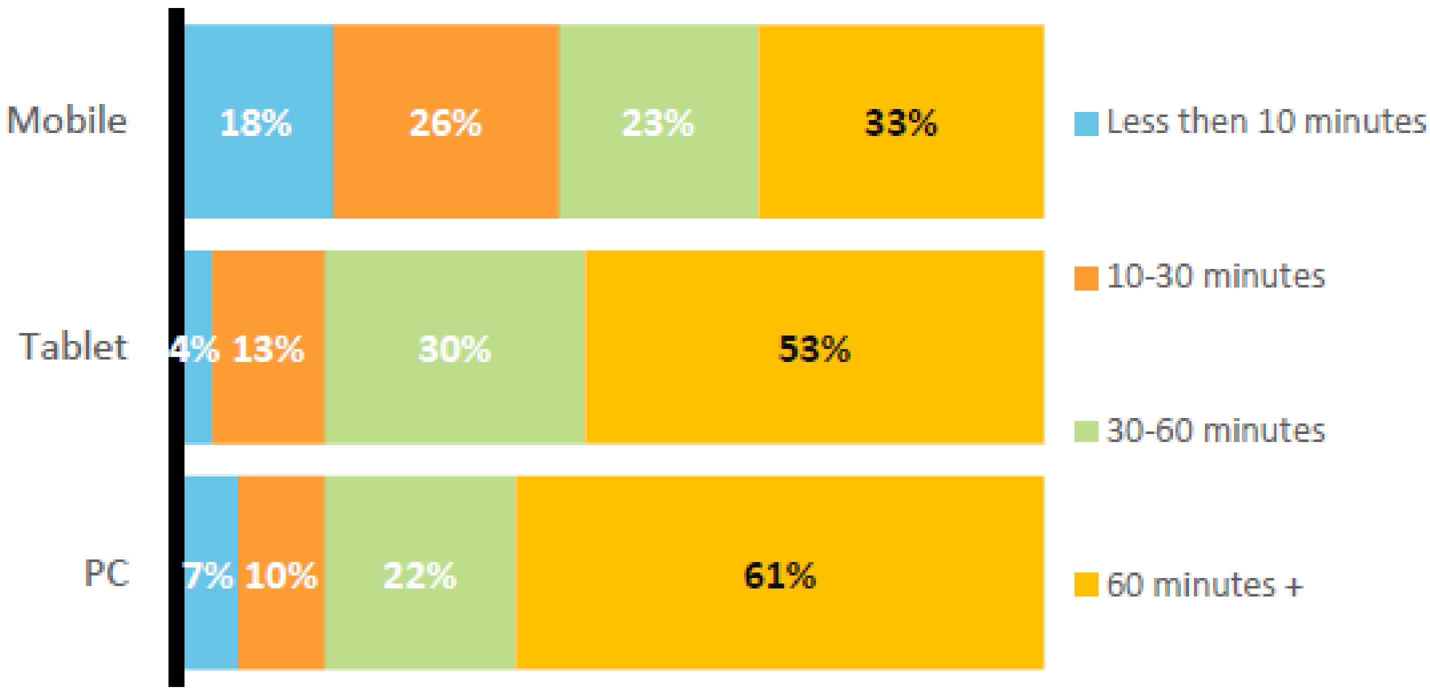
Avg. Frequency

Mobile achieves higher frequency than PC



AUDIENCES VIEW ONLINE VIDEOS DIFFERENTLY BY DEVICE

DURATION OF ONLINE VIDEO WATCHING BY DEVICE IN CHINA (%)



Source: China Internet Network Information Center Statistical Report, Jan 2015

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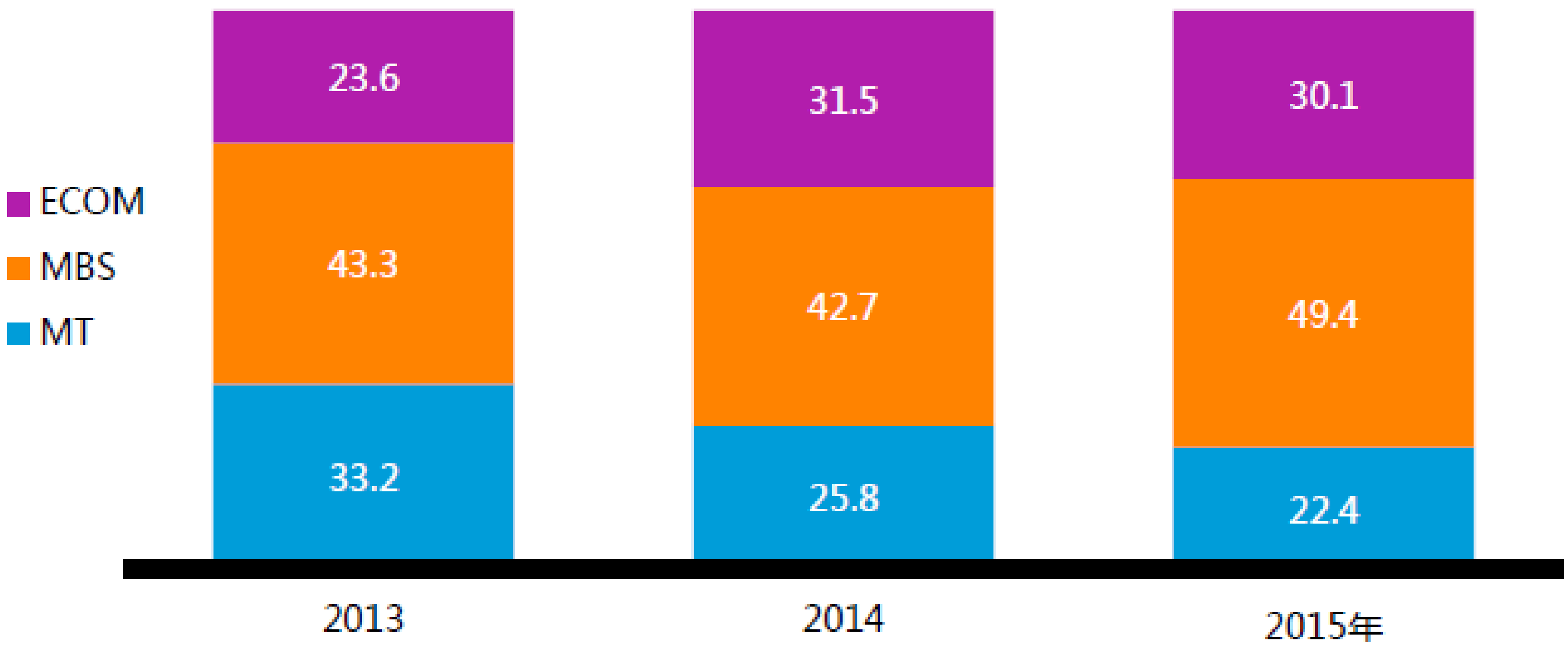
MBS ALMOST GOT 50% SALES IMPORTANCE.

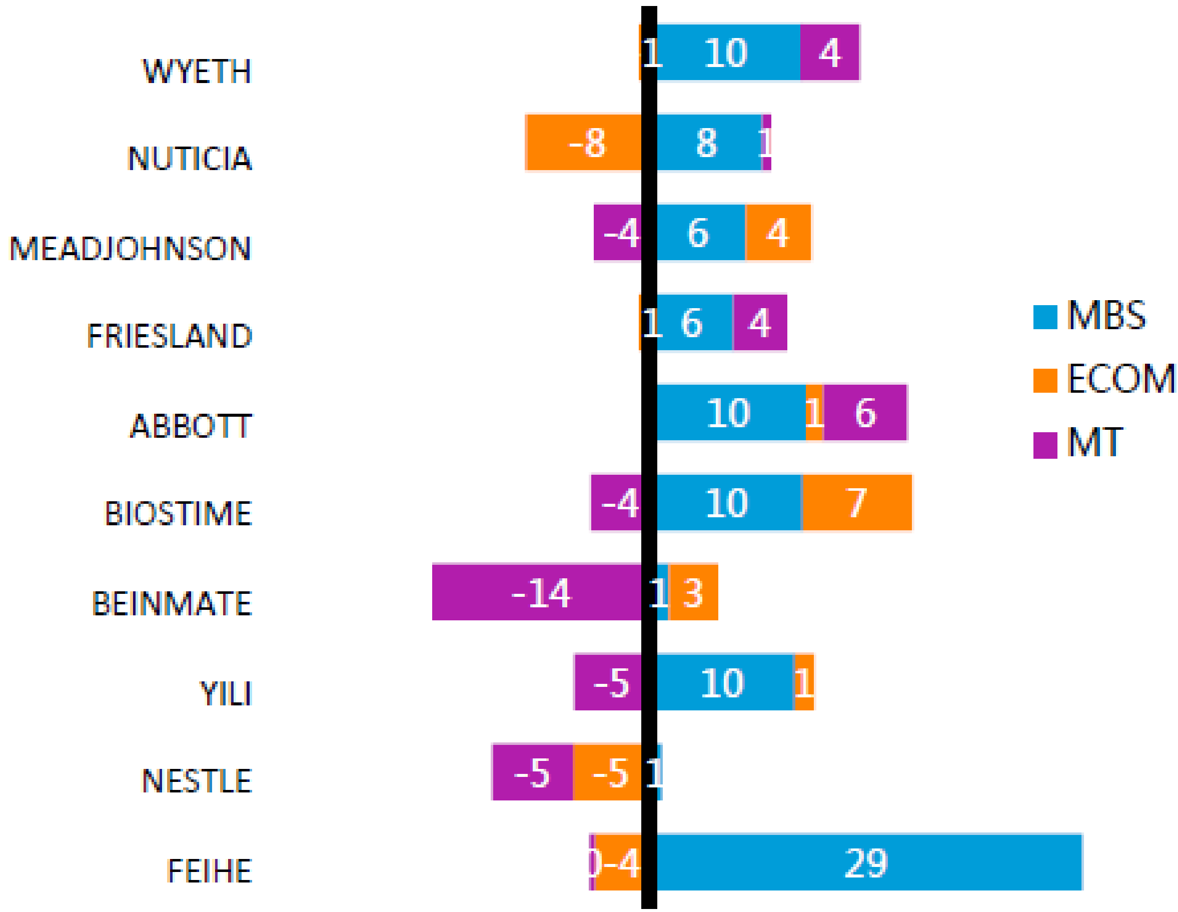
Channel (Ecom+MBS+MT) | IMF Sales importance (%) | 2013-2015



Data source: Nielsen Retail Index, Nielsen Ecommerce Panel, update to Dec 15

TOP MANUFACTORY'S GROWTH IS MAINLY FROM MBS

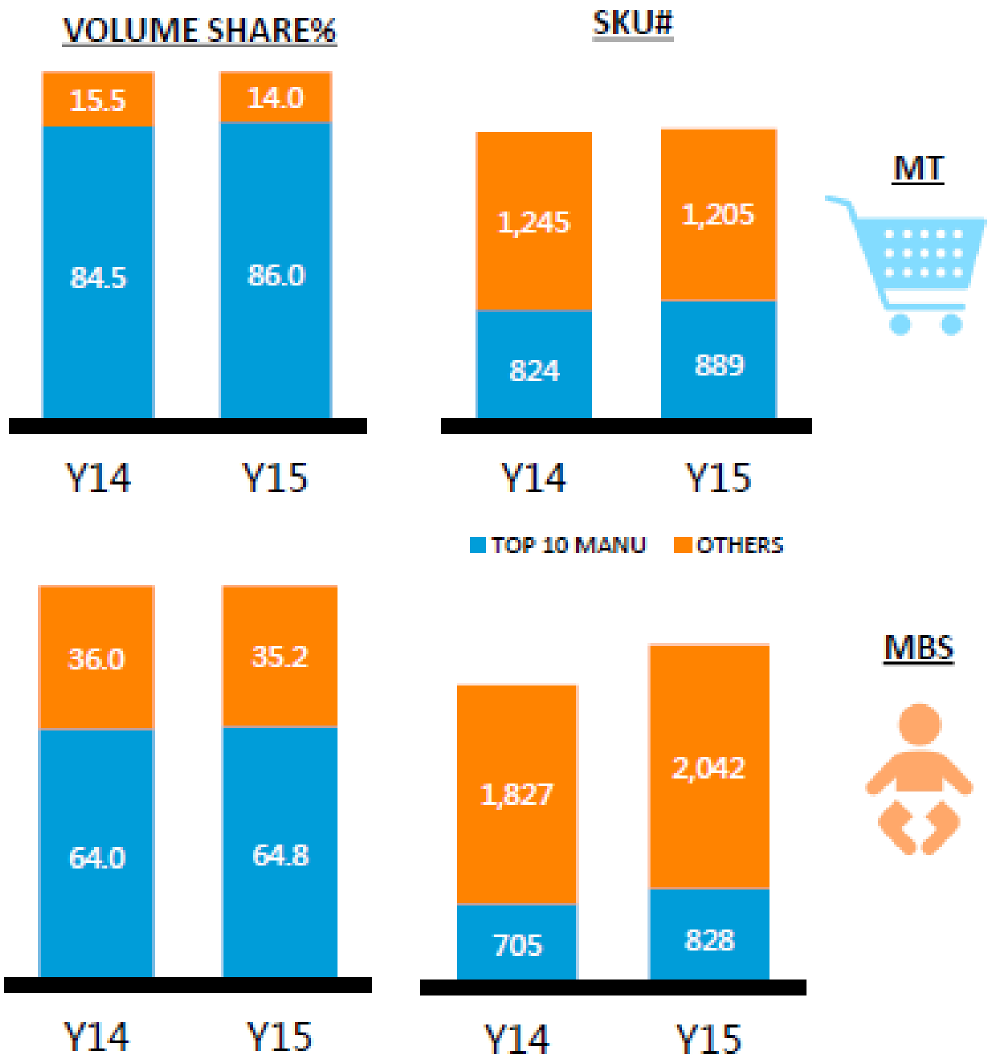
CHANNEL | IMF | TOP 10 MANUFACRURES 2015 CHANNEL CONTRIBUTION GROWTH



Data source: Nielsen Retail Index, Nielsen Ecommerce Panel, update to Dec 15

OPPORTUNITIES FROM NEW POLICY-CHANNEL

Offline（MT+MBS）| IMF | VOLUME SHARE(SKU #) | 2014 & 2015

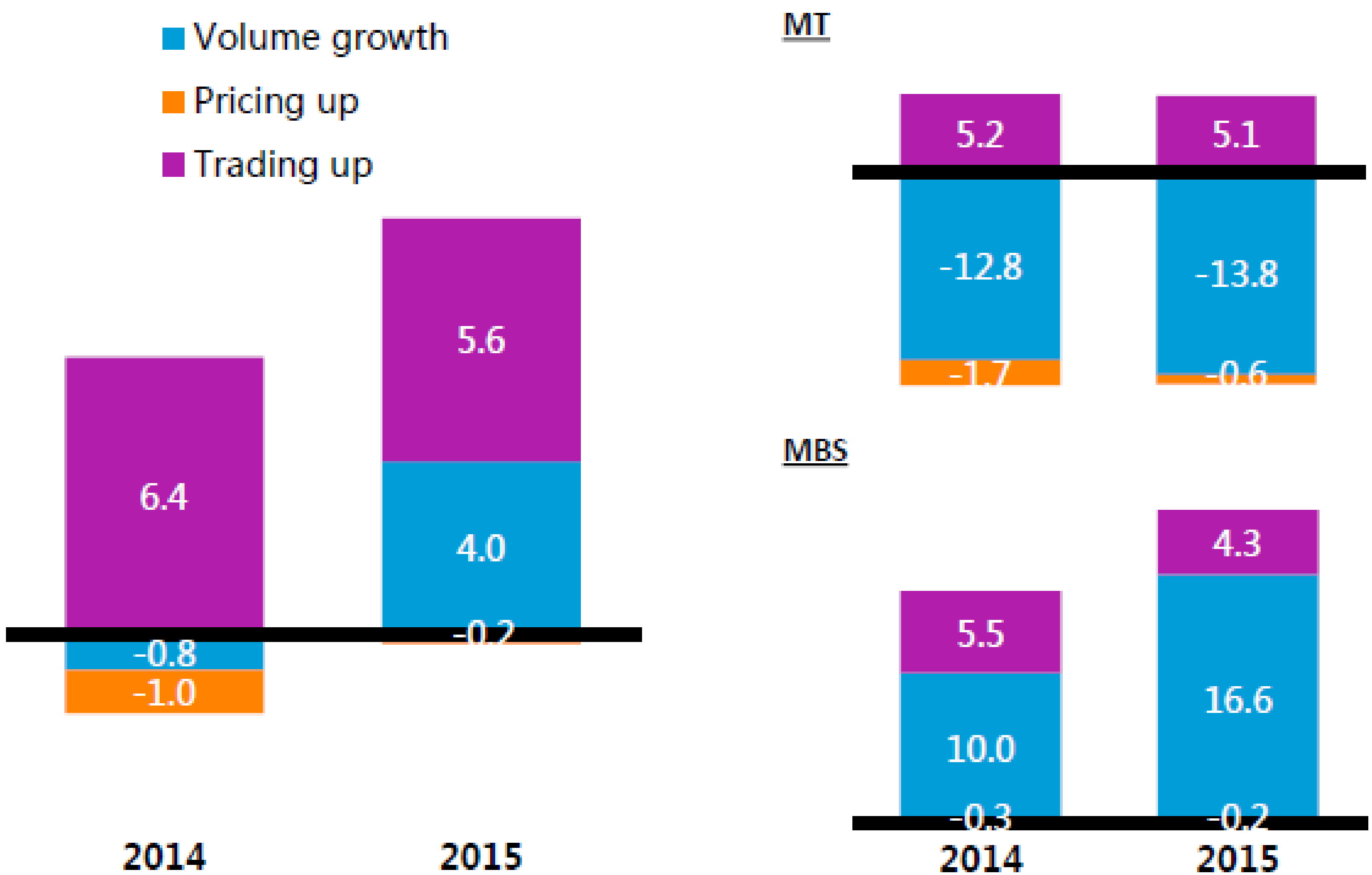


Competitive market with high concentration and less SKUs

Less Competitive market with low concentration and more SKUs

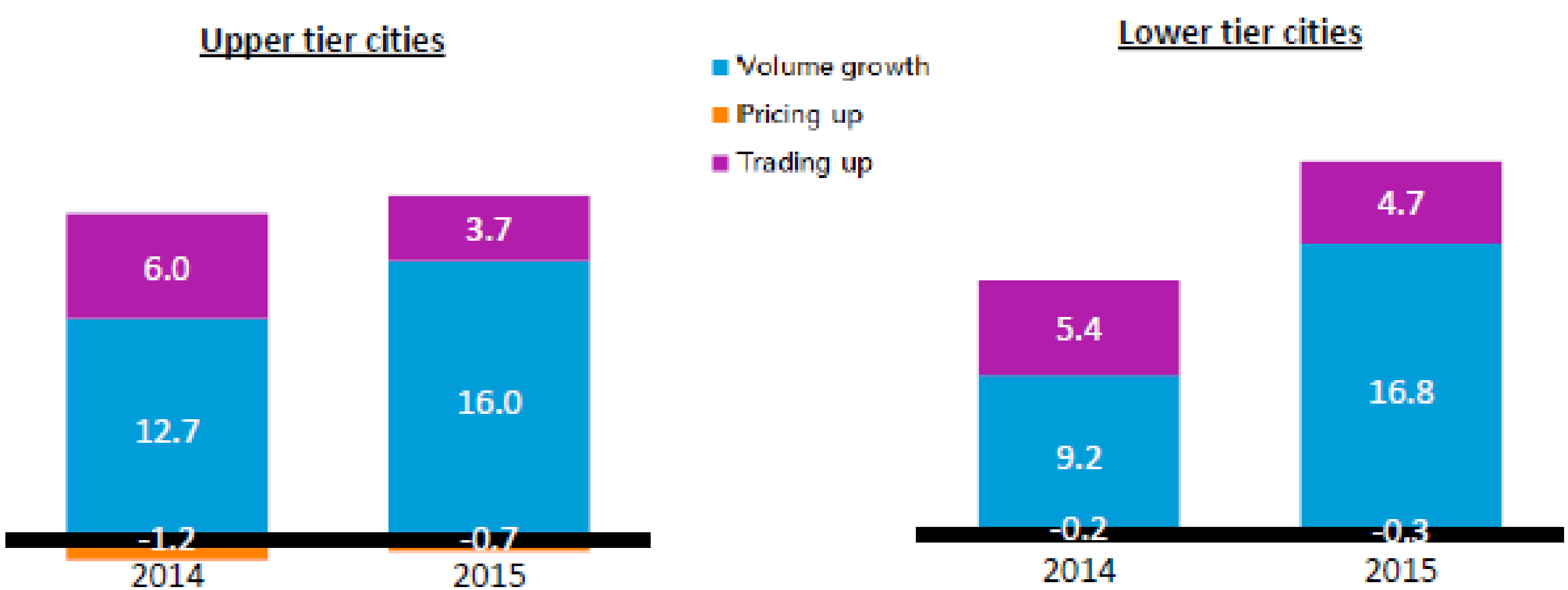
TRADE UP WAS STILL THE KEY GROWTH DRIVER WHILE SALES VOLUME DRIVEN BY MBS

Offline(MT+MBS) | IMF



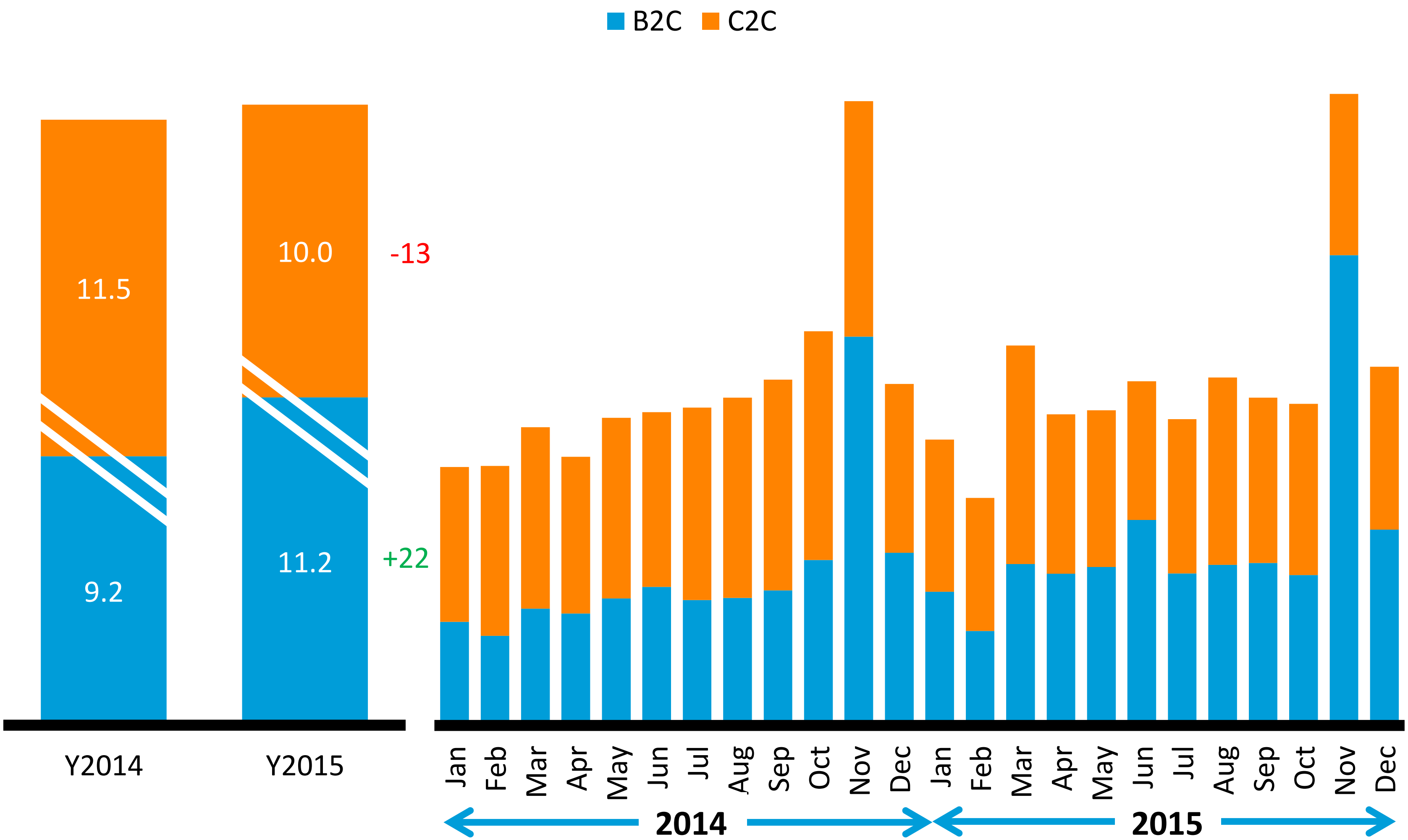
TRADING UP AND SALES VOLUME BOTH DRIVE MBS GROWTH, EVEN VOLUME IN LOWER TIER CITY GREW MORE.

MBS | IMF | SALES GROWTH DRIVER



E-COM TURNING MORE REGULATED, B2C IMPORTANCE CONTINUES TO CLIMB

IMF | B2C & C2C | Value Sales (Billion Yuan) | Y2014-Y2015



MEANWHILE, ONLINE COMPETITION WAS MORE FIERCE AND DIVERSE

Local Manufacturers ——Low-cost IMF products Flooding into the market

Junlebao
Price:99 Yuan /800g
E-com Share:**1.4%**

Akarola
Price:99 Yuan/900g
E-com Share:-

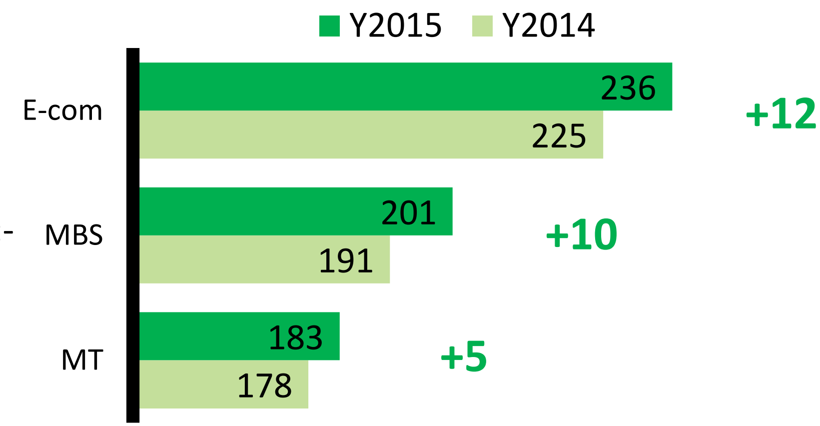
Foreign Manufacturers ——Mapping imported products

A+ Armani
Price:275 Yuan/850g

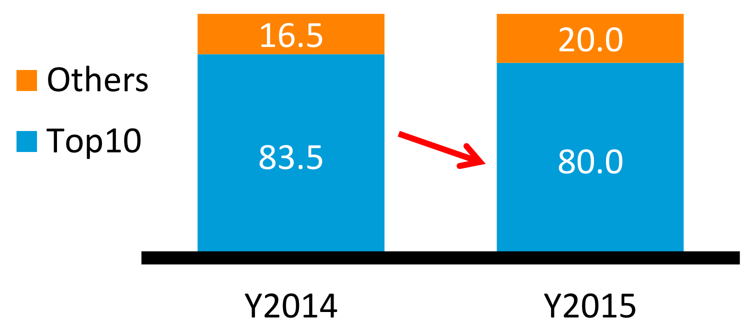
Similac
Price:268 Yuan/900g

Platform: Cross-border rises

By channel | Active Brand Count & +/- Brands



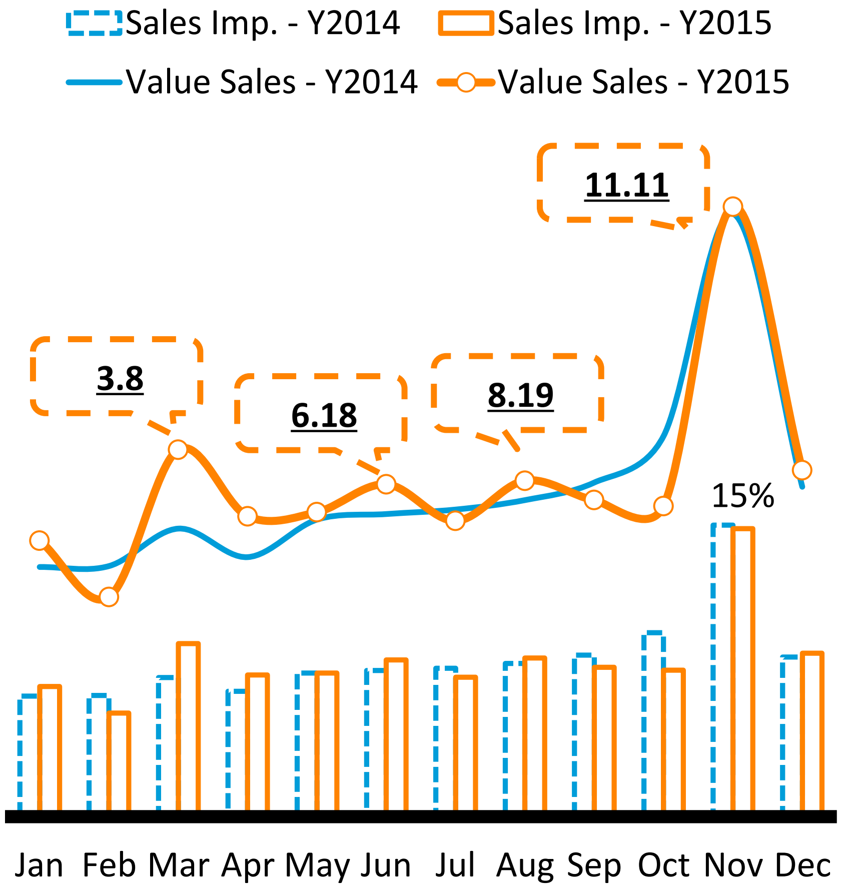
E-com | Top 10 Manufacturers | Value Share (%) | Y2014-Y2015



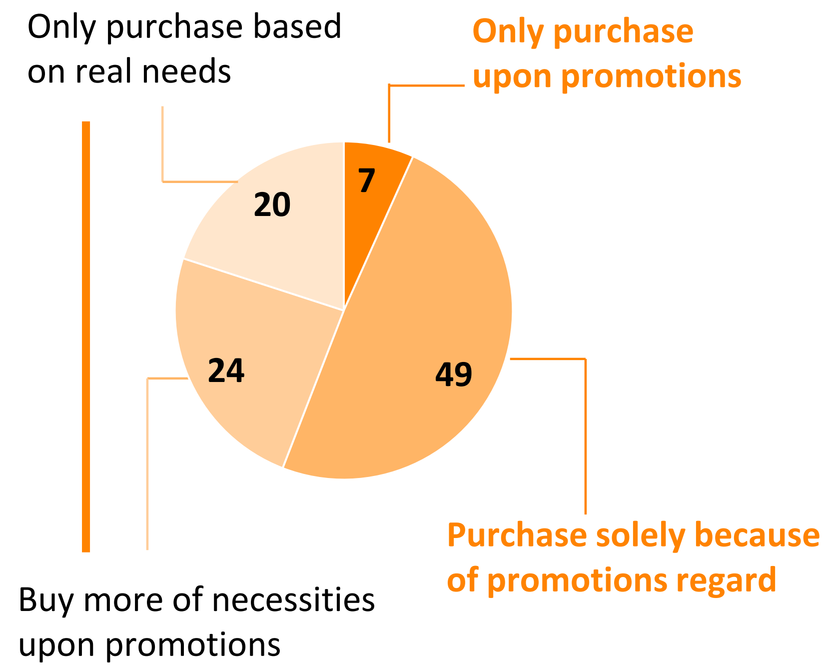
ONLINE SHOPPING CARNIVALS INFLUENCE CONSUMER BEHAVIORS – 15% OF ONLINE SALES COMES FROM NOVEMBER

80% of consumers stated that promotions influence their shopping behaviors

B2C | IMF | Value Sales (Billion Yuan) & Sales Imp. (%) | Y2014 - Y2015



E-com | High-tier Cities | Shopping Habit



OFFLINE RETAILERS TAKE ACTIVE PARTICIPATION ON DOUBLE-11

Nov. vs. YA
-4.6%

Actively Participated
+12.3%

Passively Participated
-13.4%

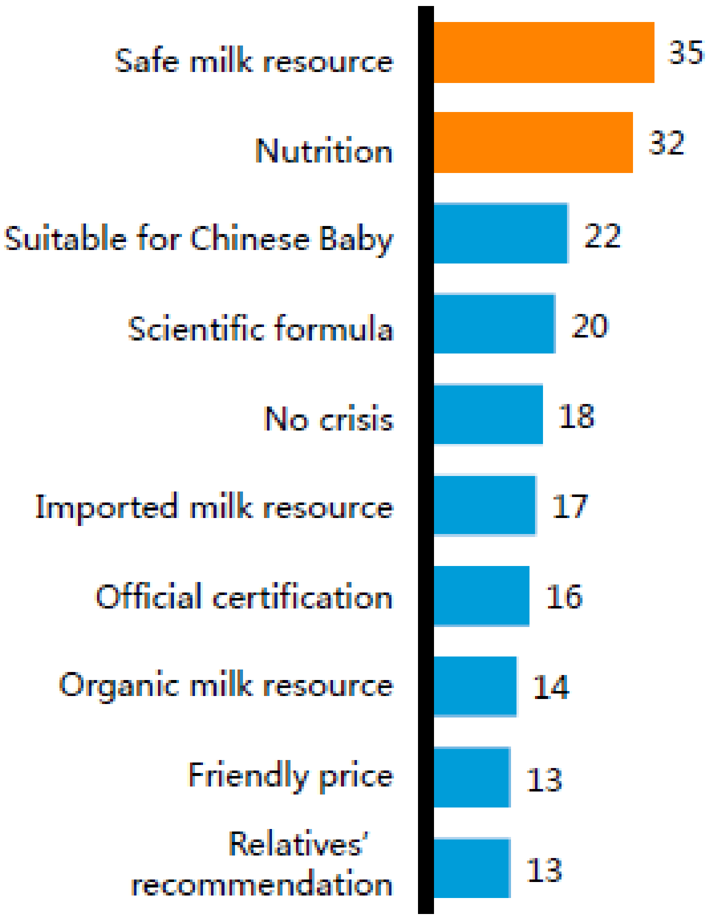
Definition: (According to retail reaction – source: Nielsen retail vertical dept. observation)

Active participant: More in-store activities/promotion to defense online carnival

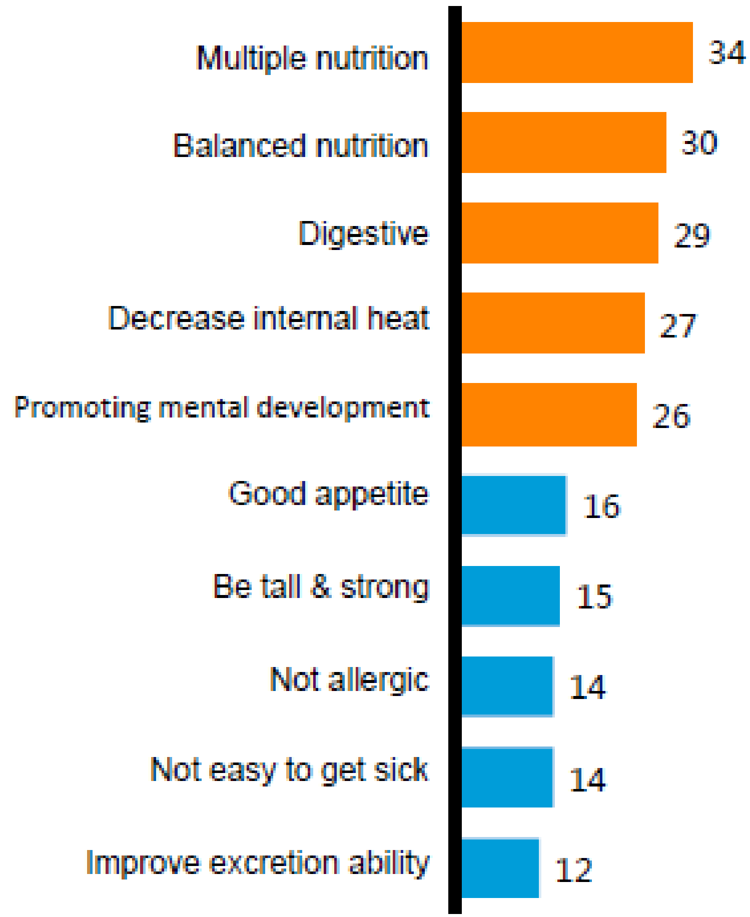
Passive participant: No obvious actions to defense

EXCEPT FOR FOOD SAFETY CONCERN, CONSUMERS SHOW HIGH DEMANDS ON FUNCTIONAL NEEDS

Top 10 | Ideal IMF Brand Image



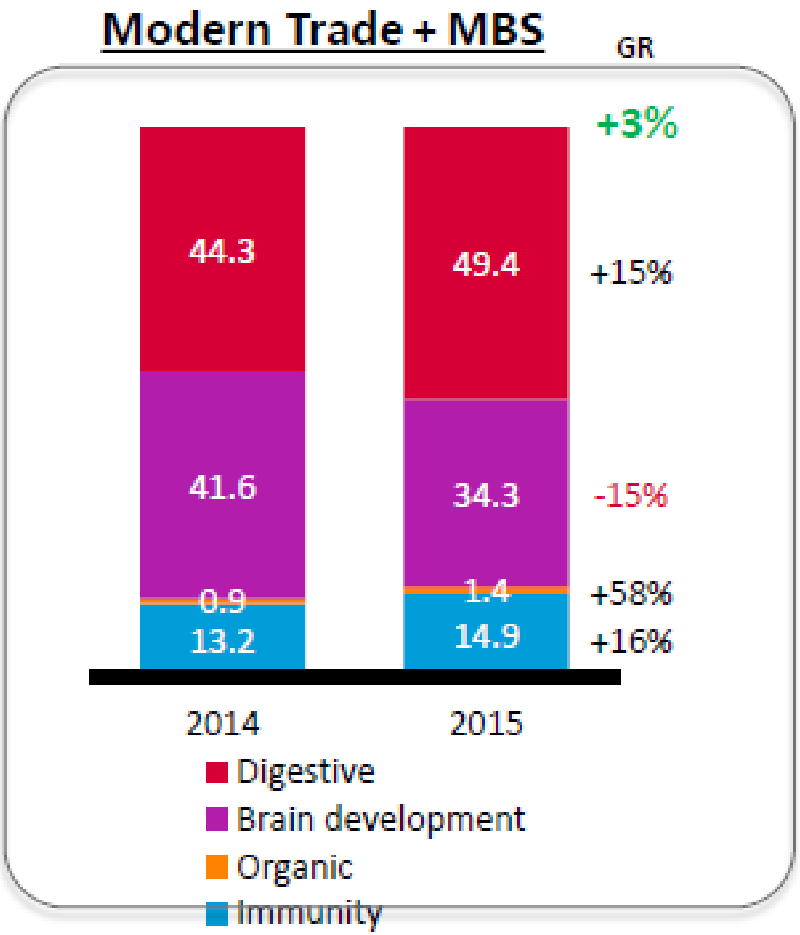
Top 10 | Ideal IMF Brand Functional Need

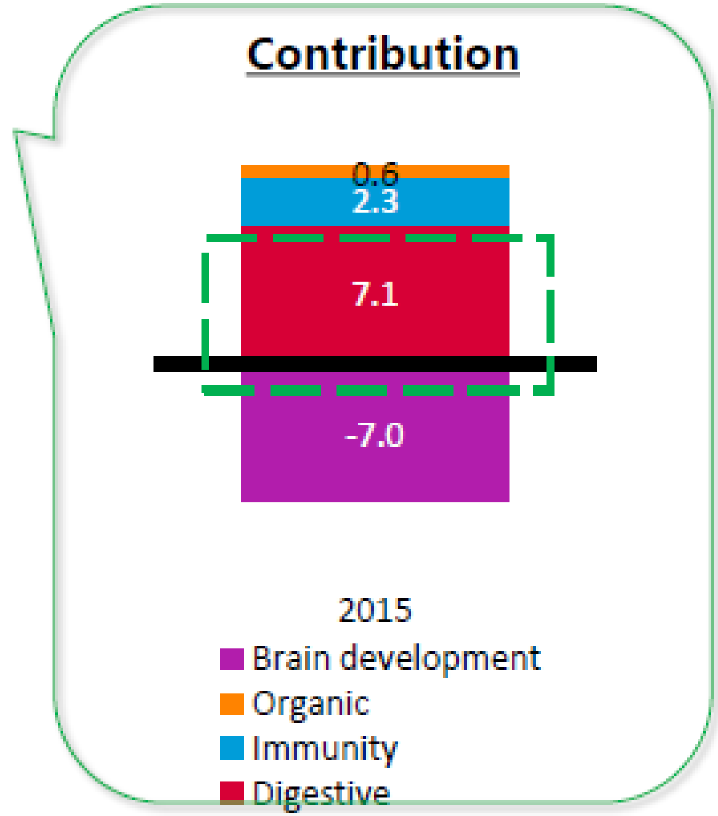


Data Source ： Online IMF Shopper Study

DIGESTIVE FUNCTION IS THE GROWTH DRIVEN FOR IMF, WHILE ORGANIC FUNTION GROW RAPIDLY

Offline | Function | Volume Share & Growth(%)

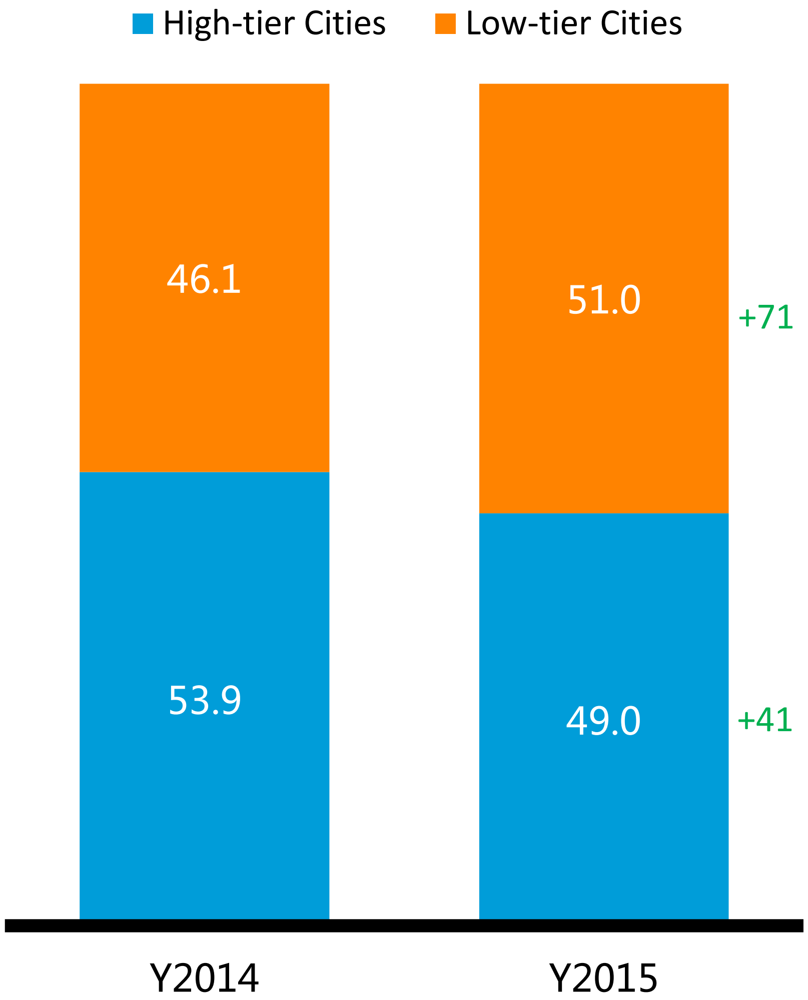




ORGANIC CONCEPT SPREADING TO LOW-TIER CITIES; MBS SHOWS MORE POTENTIAL

Value share of low-tier cities is greater than that of high-tier cities, and MBS has larger offline sales importance in Y2015

Offline by Channel | Organic IMF | Value Share (%) & Growth Rate (%) | Y2014-Y2015



ORGANIC IMF KEY WORDS

Optimistic Market Potential, Fast Expansion

Few Players

More Opportunities Lie in MBS

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Thanks!

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