

The background of the entire image consists of a series of horizontal, wavy lines in various shades of blue, creating a sense of depth and movement, similar to ocean waves or a topographical map.

nielsen

CENSUS BREAKFAST EVENT

JEDDAH, SAUDI ARABIA

NOVEMBER 26, 2019

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ROAD TO RECOVERY

Market Overview and Outlook for KSA

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24,000 visitors to Saudi Arabia within 10 days of new tourist visa system



24,000 Foreigners entered Saudi Arabia within the first 10 days of the implementation of the new tourist visa system, according to a Saudi Foreign Ministry statement. (AP)

Updated 07 October 2019

ARAB NEWS

- The ministry revealed the number of visitors from the top 10 countries using the new system
- New visa system also allows ease of access for Muslims to perform Umrah outside of the Hajj season

In first, Saudi woman to drive race car in kingdom

Reema Juffali says she never expected to race professionally in Saudi Arabia, which lifted bans on female drivers last year. 'The fact that I can drive is a blessing'

By ANNA CHOPRA | 12 November 2018, 8:25 am | 181



Reema Juffali, a Saudi woman, is the first female driver to compete in a professional race in Saudi Arabia. She is driving a Jaguar race car during an event in the kingdom. (AP)



Saudi Arabia seeks to expand entertainment landscape

By ARAB NEWS - 10 March 2018

SAUDI IS WITNESSING A CHANGE

ARAB NEWS

Saudi Women Spend Big on Makeup, Even If It's Just a Glimpse

Even though most will cover their face and hair in public, thanks to changing laws and social codes makeup is one of the biggest consumer categories among Saudi women.



Saudi Aramco sets IPO share price between 30-32 riyals for 'sale of the century'



Saudi Aramco also intends to buy \$1 billion worth of shares for employees under a plan to incentivize new hires and staff members. (AP)



الهيئة العامة للترفيه
General Entertainment Authority

Saudis to enjoy 5,000 events in 2018 ... now that's entertainment

By ARAB NEWS - 21 February 2018

Today, Nice-one has a reputation as the first online retailer in the Kingdom for cosmetic products, and aims to become one of the best in the region.

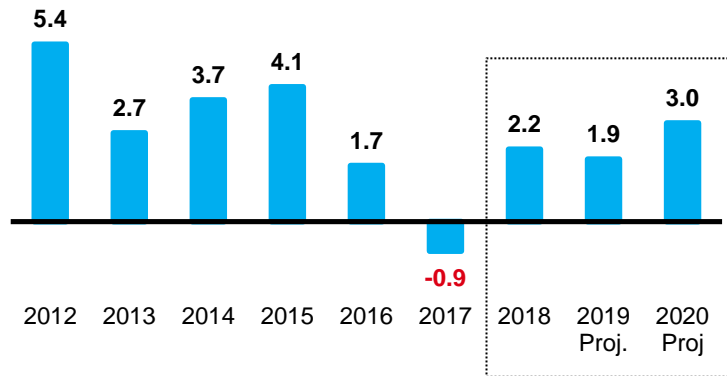


Nice-one's warehouse

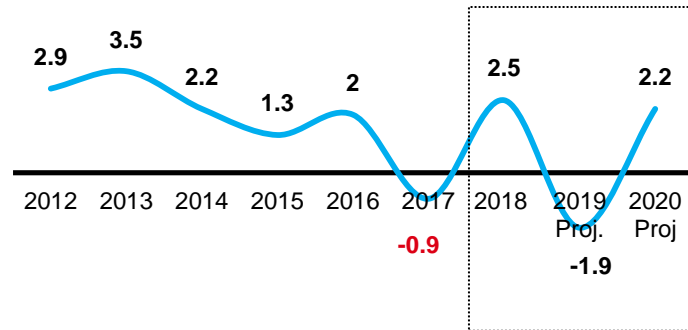
ECONOMY IS RECOVERING FROM DE-GROWTH OF 2017



GDP GROWTH %



INFLATION%



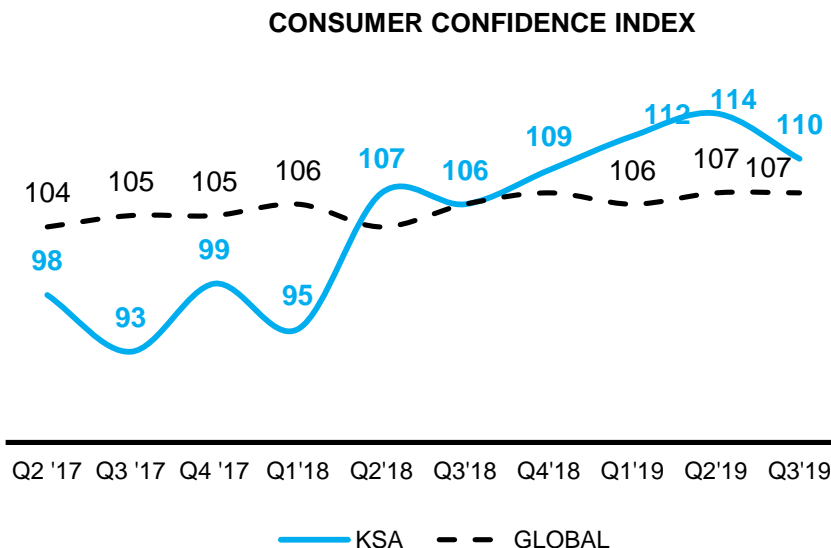
2017

REDUCED SUBSIDIES | EXPAT LEVIES | BEVERAGES TAX | VAT ANNOUNCEMENT

2019

INCREASED GOVERNMENT SPENDING IN THE ENTERTAINMENT SECTOR |
PROPOSED SUGAR TAX EXPECTED BY THE END OF THE YEAR

KSA CONSUMERS ARE MORE CONFIDENT THAN THE GLOBAL AVERAGE



INDICATORS DRIVING IMPROVEMENT



Job Prospects



Spare Cash



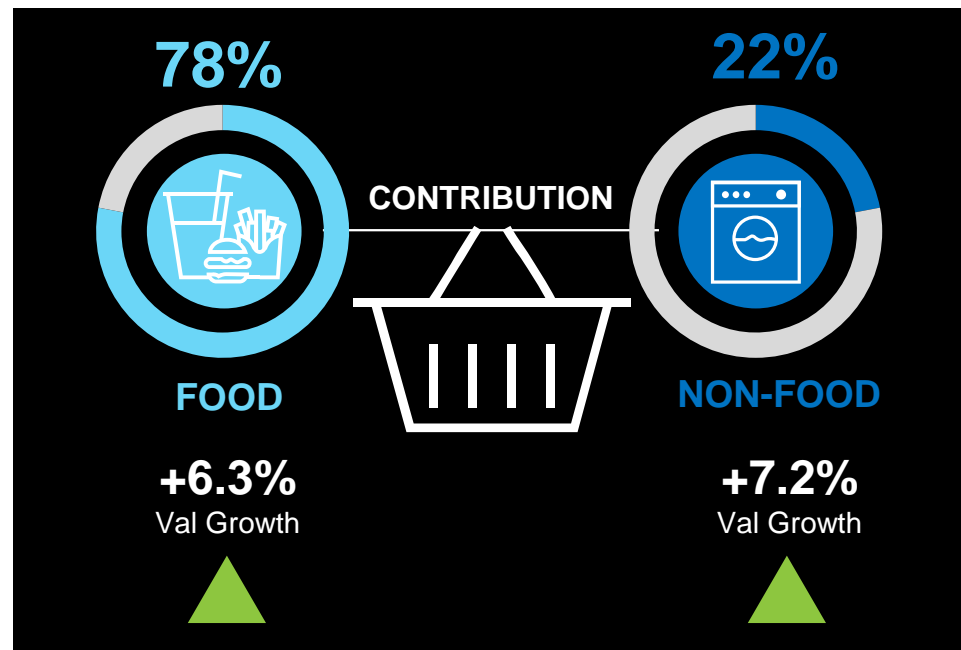
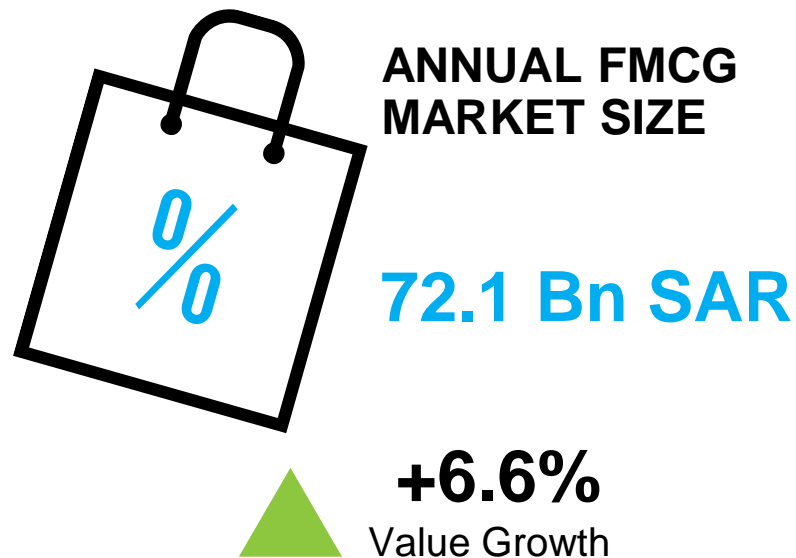
Out Of Home Spending



Saudi Unemployment 12.8 to 12.5

Consumer Mindset Shift from
Economic Survival to **Life Enhancement**

FMCG MARKET WITNESSING A GROWTH IN 2019 VS.18



WITHIN F&B, TOP THREE SUPER CATEGORIES DRIVING THE FMCG GROWTH



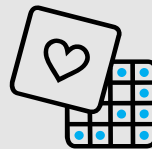
GROCERY



BEVERAGES



DAIRY



IMPULSE



PERSONAL CARE



HOME CARE

CONTRIBUTION
TO FMCG

29%

25%

14%

10%

15%

7%

Value
Growth

+6.9%

+7.5%

+1.7%

+9.6%

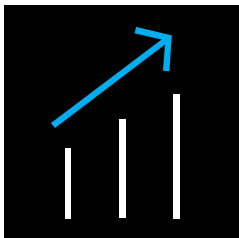
+7.7%

+6.5%

IN A NUTSHELL....



Our consumer is confident...
has less concerns



Economy recovering..
Promising future



Earning more and
spending more

DECODING SHOPPER BEHAVIOR

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SHOPPERS STILL SENSITIVE TO PRICE BUT WILLING TO PAY MORE FOR CONVENIENCE & QUALITY



SHOPPERS PLAN FOR THEIR SHOPPING BUT END UP BUYING MORE



50%

of shoppers prepare a list
before main shopping



88%

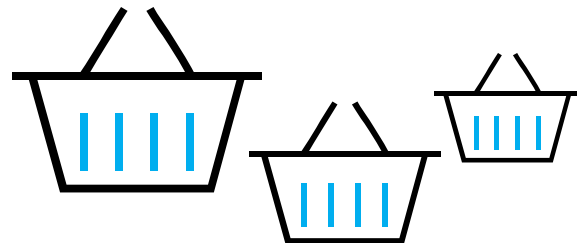
end up buying additional
Grocery Items

MODERN TRADE IS IMPORTANT BUT TRADITIONAL TRADE VISITS BECOMING MORE FREQUENT

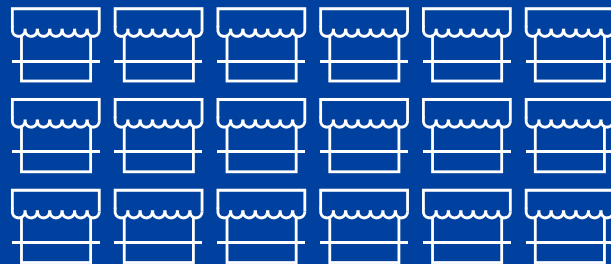


72%

spending most of their
groceries budget
in Hypermarkets

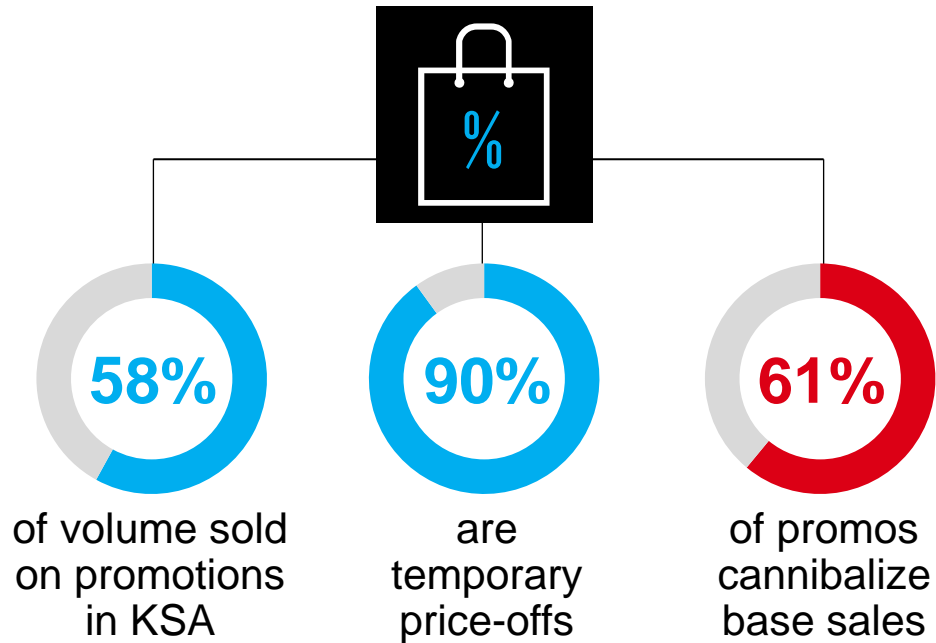
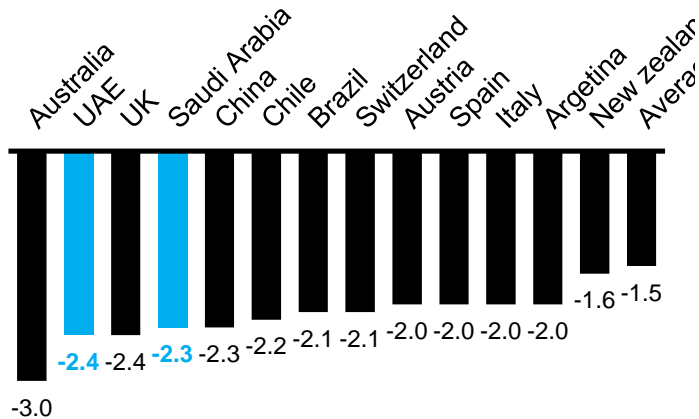


Shopper trips to
Traditional Groceries
has increased to
18 times a month



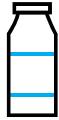









KSA IS AMONG THE MOST PRICE SENSITIVE COUNTRIES GLOBALLY

GLOBAL | REGULAR PRICE ELASTICITY | 2018-19



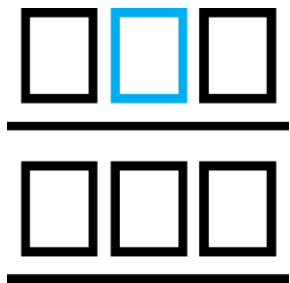
81% OF PROMOTIONS DON'T BREAK EVEN

		Volume on Promotions	Depth of Discount	Promo Efficiency	
		▼	▼	▼	
	Tea	52%	-34%	74%	
	Powder Milk	69%	-25%	40%	
	Hair Care	37%	-52%	24%	
	Salty Snacks	44%	-23%	65%	
	Deodorants	35%	-44%	16%	

Source: Nielsen Scantrack, Price & Promotion studies, KSA

Note:- All promotions with equal or higher than 50% efficiency are considered as break even promotions

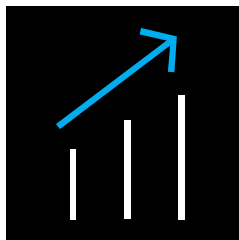
DO WE NEED SO MANY SKUS? - KSA



80,000 Active
SKUs in **9**
categories basket

Only **13%** of active
SKUs contribute **80%**
of sales volume

WINNING THE HEARTS OF SAUDI SHOPPER



Willing to pay premium
Offer quality products to meet consumer needs...



81% Promotions don't breakeven
Offer right product mix, right promo depth with right frequency



13% SKUs contribute to 80% sales
Optimize your assortment

BUT WHERE DO THEY SHOP ?





TRADE IS CHANGING

Census 2019 Updates – Interim Results

Sales Effectiveness Team

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NIELSEN CENSUS

Census **ENABLES** - through its *street-level database* of outlets - to drive immediate strategic marketing & distribution actions to INCREASE REACH AND SALES



IDENTIFY new shops



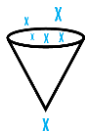
EXPAND distribution channels



PLAN effective sales route



EVALUATE current coverage

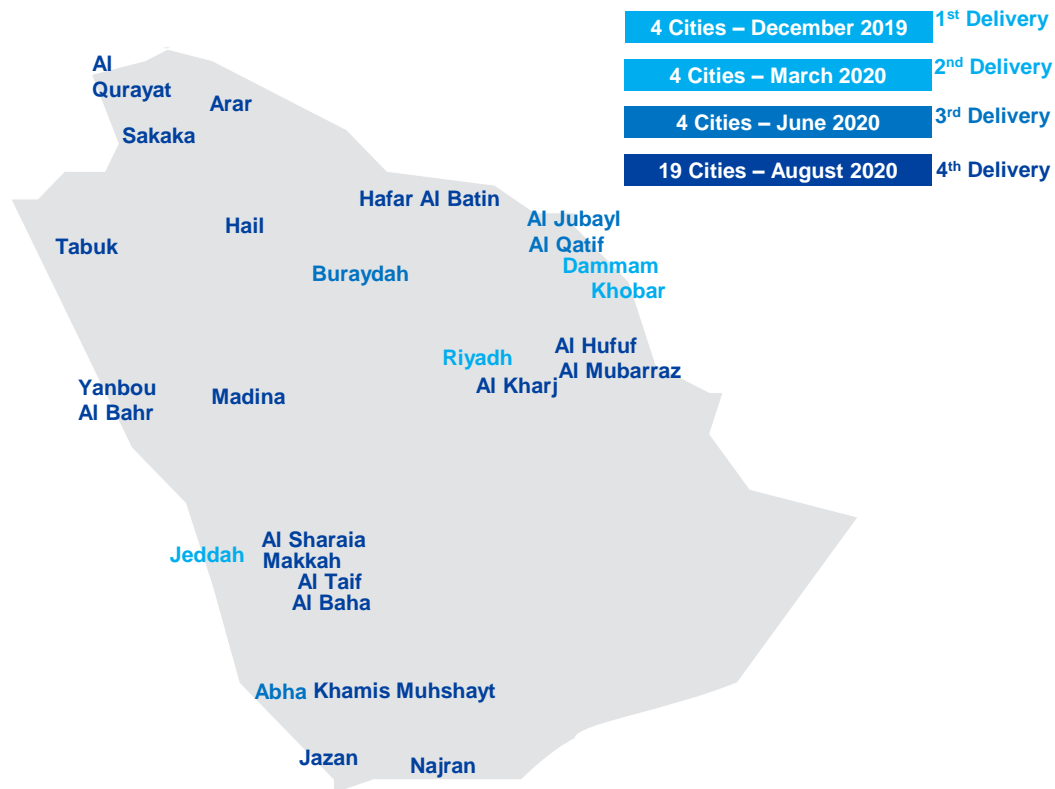


OPTIMIZE penetration

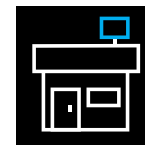


IMPLEMENT marketing decisions

GEOGRAPHICAL AND CHANNEL COVERAGE & TIMELINE



Groceries



Convenience




Catering



Leisure

NIELSEN CENSUS COVERS ALL MAIN SUB-TRADE CHANNELS

 OFF TRADE		 ON TRADE	
HYPERMARKET	KIOSK / HAWKER	FAST FOOD ASIAN	CLUBS / FOOTBALL / BASKETBALL
SUPERMARKET	PERFUMERY / COSMETICS	FAST FOOD INTERNATIONAL	COFFEE / TEA SHOP
MINIMARKET / SELF SERVICE	PETROL STATION WITHOUT ANY STORE	FAST FOOD LOCAL / ARABIC	CONFECTIONERY / PATISSERIE / ROASTERIES
LARGE GROCERY		FOUL METABAG	BAKERY
MEDIUM GROCERY		MUAJJANAT / MANAKISH STORES	INTERNET CAFÉ
SMALL GROCERY		BROAST HOUSE	JUICE SHOP
PETROL STATION WITH CONVENIENCE		RESTAURANT ASIAN	AMUSEMENT CENTER
WHOLESALE		RESTAURANT INTERNATIONAL	BOWLING
SEMI WHOLESALE		RESTAURANT LOCAL / ARABIC	GAMING JOINTS
PHARMACY		KITCHEN	SHISHA PLACES
RIYAL SHOPS		CAFETERIA / BUFFET / SNACK FOOD	

BRIEF SYNOPSIS

10% of the Total KSA
Mainly Jeddah / Riyadh / Dammam

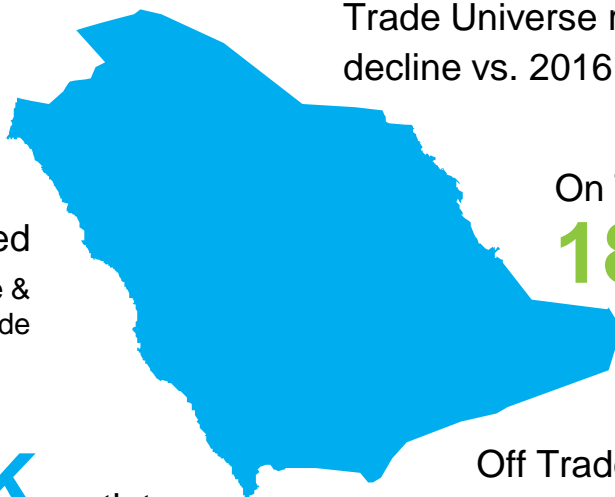
Trade Universe reflected **-2%**
decline vs. 2016

35 channels enumerated
On Trade &
Off Trade

On Trade Channels witnessed
18% Growth

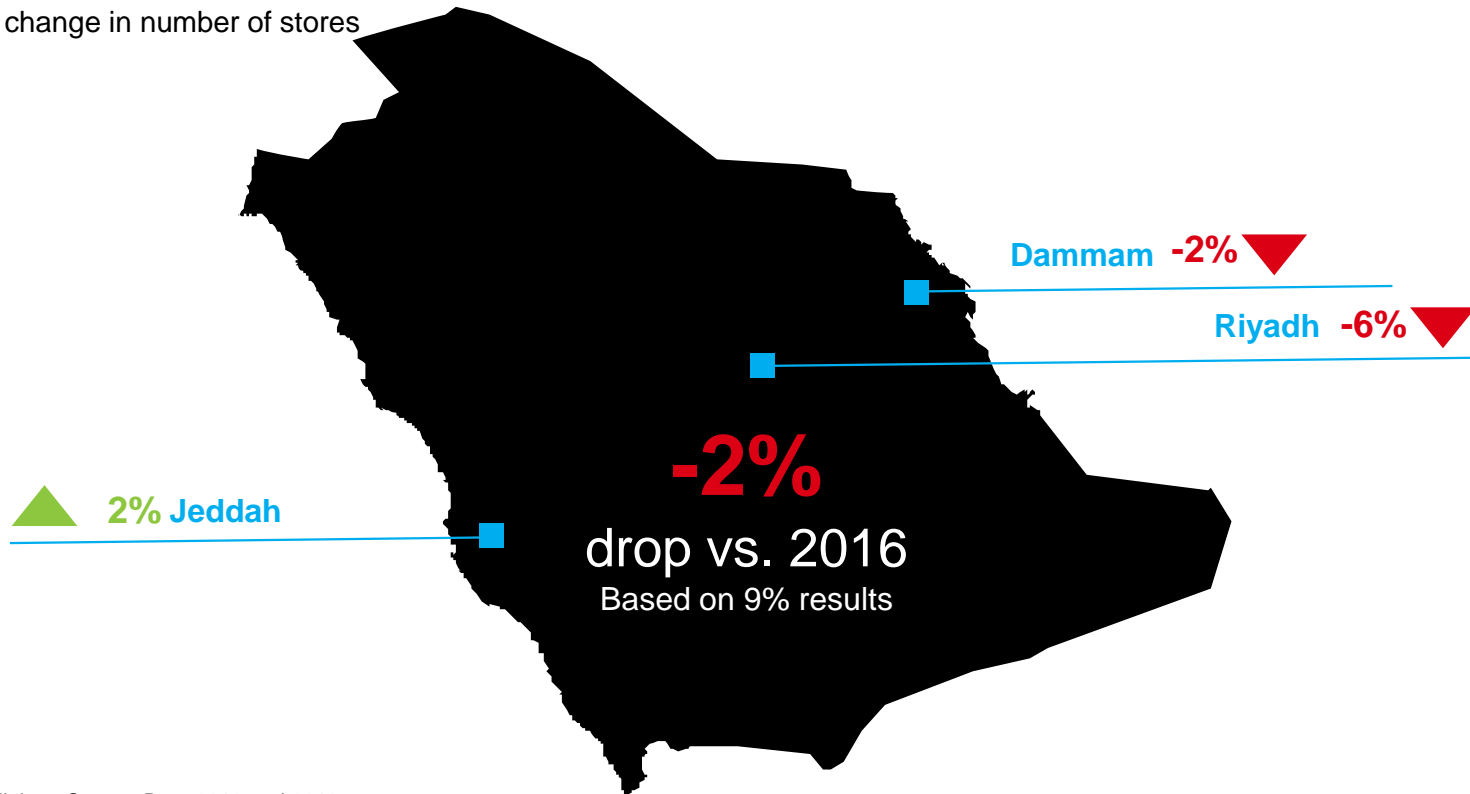
10.4 K outlets
were enumerated

Off Trade Channels mirrored
-23% drop



RETAIL LANDSCAPE HAS SHRUNK LED BY RIYADH AND DAMMAM

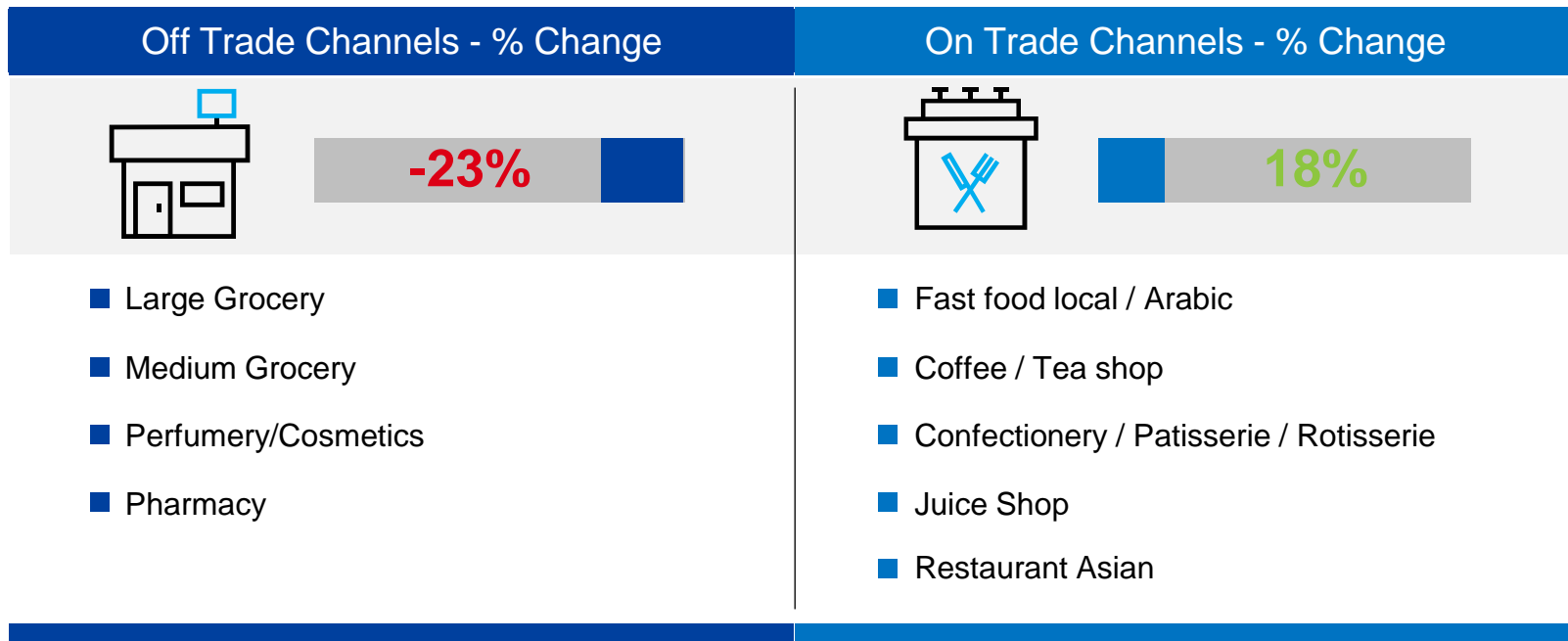
% of change in number of stores



Source: Nielsen Census Data 2016 and 2019

ON THE GO CONSUMPTION AND DINING OUT FAST FORWARD AGAINST RETAIL

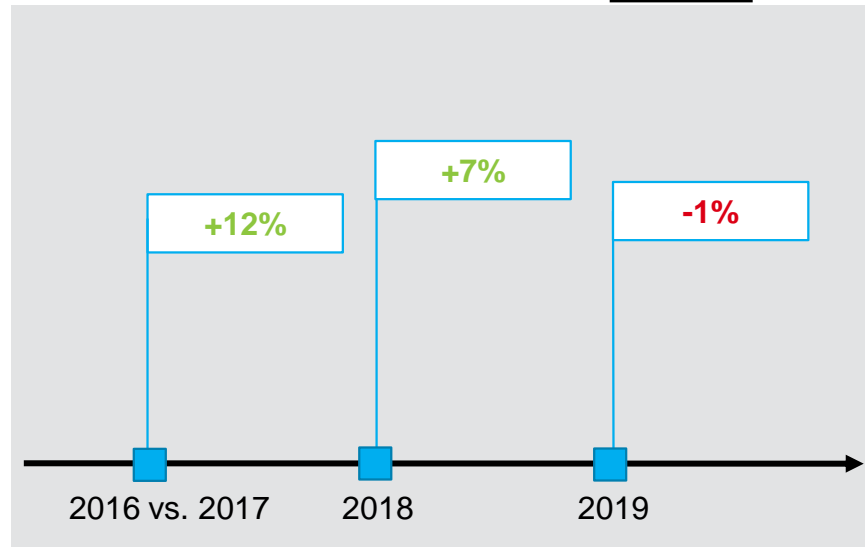
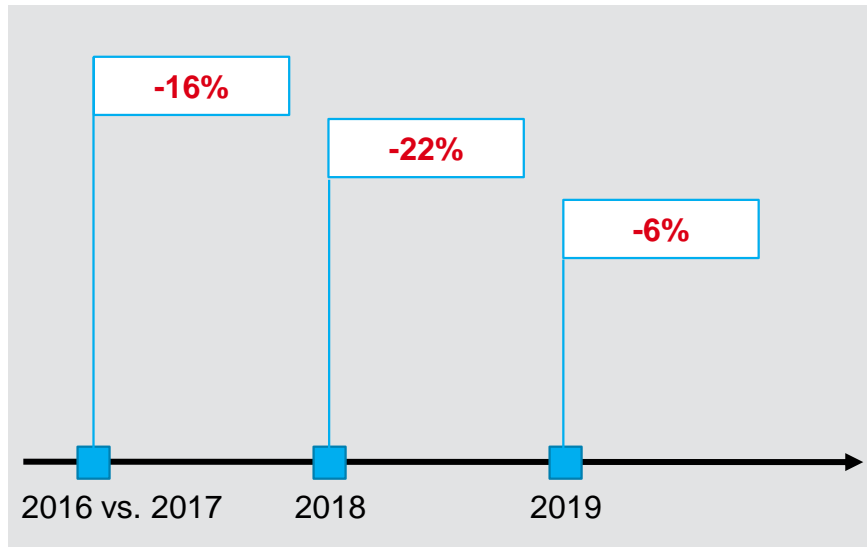
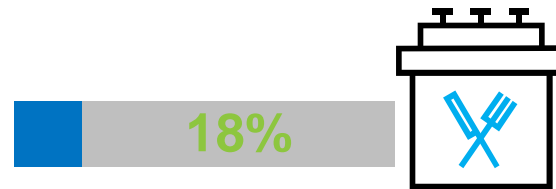
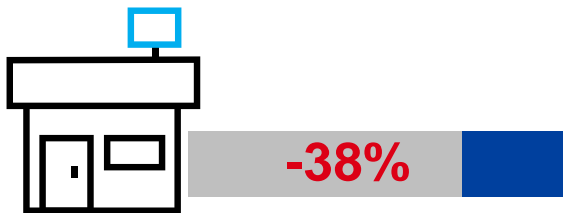
% of change in number of stores



Source: Nielsen Census Data 2016 and 2019

CHANNEL PERFORMANCE CONFIRMS THE TREND

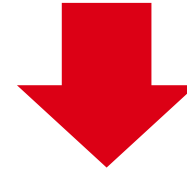
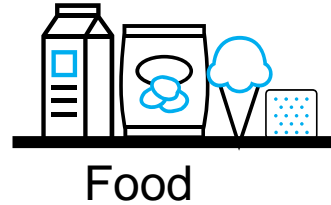
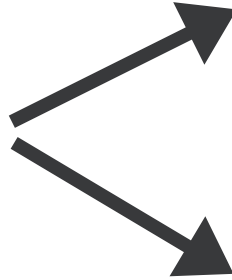
% of change in value sales



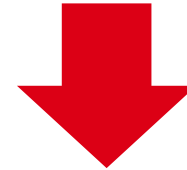
Source: Nielsen Panel Data 2016 and 2019

*Off trade: groceries ; On trade: catering

THE TOP 20 CATEGORIES ARE ALL IMPACTED NEGATIVELY



Household &
personal care



GLOBAL IS OVERCOMING LOCAL

% of top 20 category value sales in 2016 vs. 2019



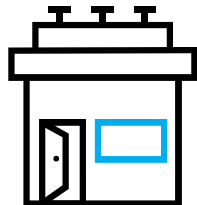
72 vs. 77%



28 vs. 23%

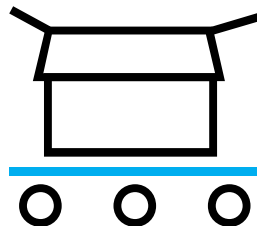
THIS EVOLUTION ACROSS CHANNELS HAD IMPACTS ON DIFFERENT ASPECTS

1



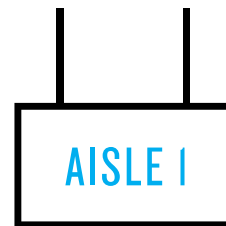
TOP
STORES

2



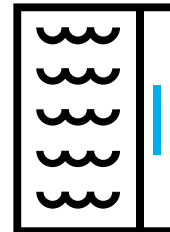
DISTRIBUTION

3



SELLING
AREA
ALLOCATION

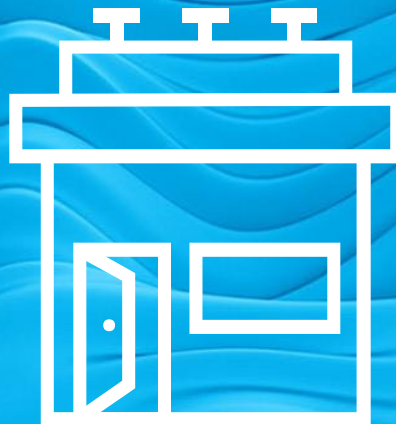
4



COOLERS
PENETRATION

1

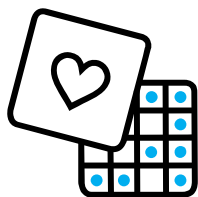
TOP STORES



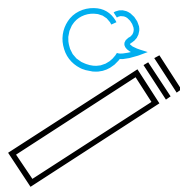
MARKET IS BECOMING MORE CONCENTRATED WITH LESS NUMBER OF TOP SELLING STORES



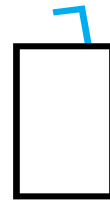
Fresh Milk



Chocolates



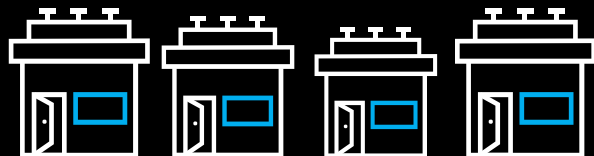
Cigarettes



Juices

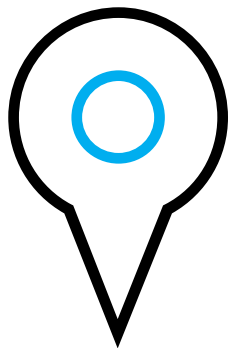


CSD

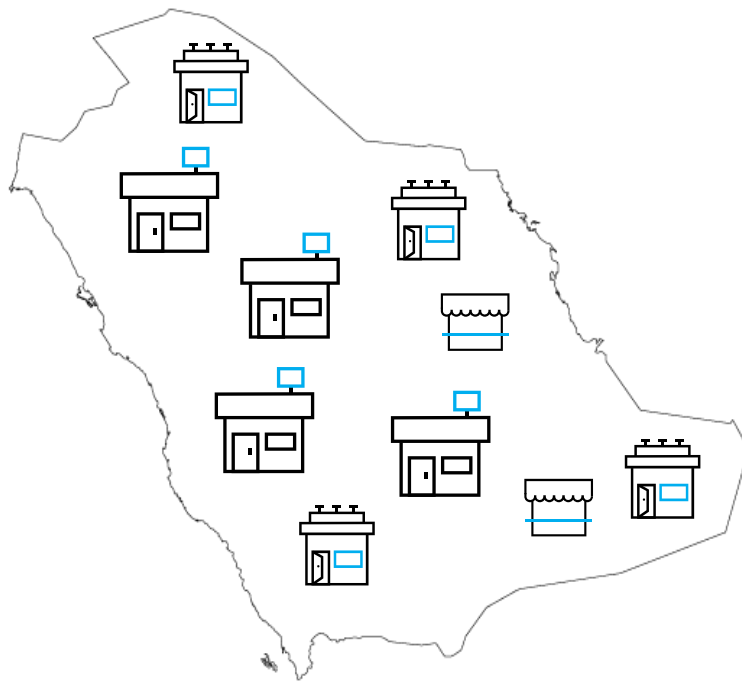


5% decline in the number of top selling stores within the major categories

SO WHERE DO WE GO?



- Target the right stores instead of at random
- Prioritize in selecting stores
- Use census data with all store details



AVAILABLE IN 2020 MARCH FOR JRD

2

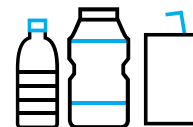
DISTRIBUTION



ON TRADE SHOWS GREAT POTENTIAL FOR DISTRIBUTION EXTENSION



Salty Snacks Handler



Beverage Handler

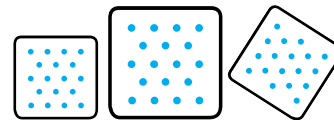
	CHANGE IN HANDLING	POTENTIAL NON HANDLERS
COFFEE / TEA SHOP	+3pp	94%
CONFECTIONERY / PATISSERIE / ROTTISERIE	+5pp	77%
PHARMACY	+3pp	97%
SMALL GROCERY	+5pp	8%
SEMI WHOLESALER	+10pp	26%

	CHANGE IN HANDLING	POTENTIAL NON HANDLERS
BAKERY	+8pp	82%
INTERNET CAFÉ	+14pp	10%
JUICE SHOP	+11pp	40%
PHARMACY	+21pp	73%
WHOLESALER	-11pp	32%

THE RISE OF COFFEE AND BISCUITS



Coffee Handler

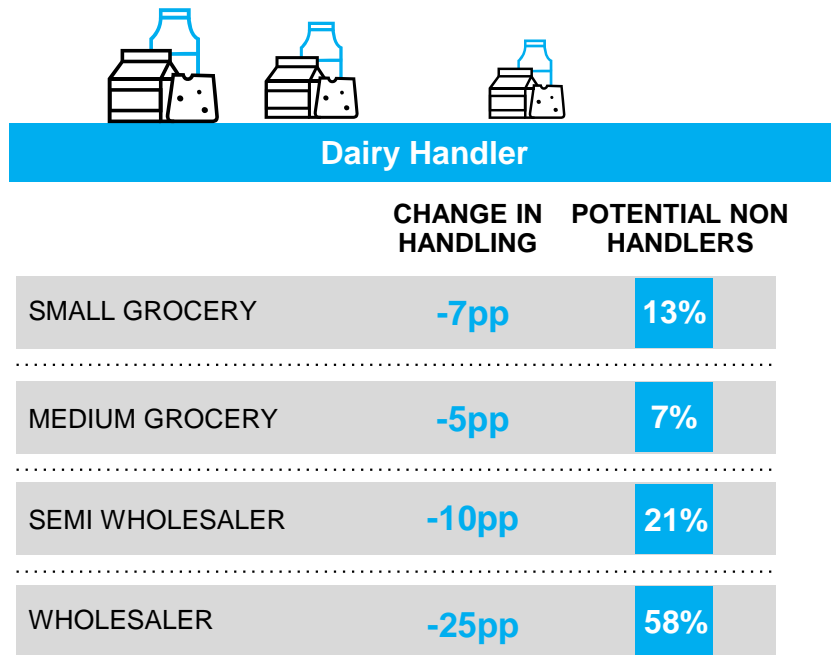


Biscuits Handler

	CHANGE IN HANDLING	POTENTIAL NON HANDLERS
BAKERY	+6pp	92%
CONFECTIONERY / PATISSERIE / ROTTISERIE	+22pp	62%
PETROL STATION WITH CONVENIENCE	+5pp	3%
SMALL GROCERY	+6pp	28%
WHOLESALE	+12pp	37%

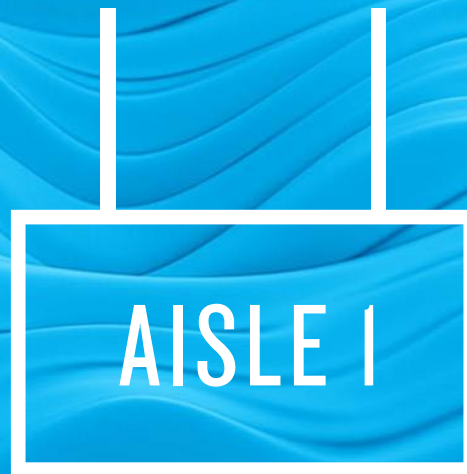
	CHANGE IN HANDLING	POTENTIAL NON HANDLERS
BAKERY	+5pp	94%
CAFETERIA / BUFFET / SNACK FOOD	+6pp	93%
COFFEE / TEA SHOP	+9pp	89%
CONFECTIONERY / PATISSERIE / ROTTISERIE	+25pp	69%
SMALL GROCERY	+10pp	5%

AND THE FALL OF DAIRY



3

SELLING AREA ALLOCATION



FOOD IS CONCURING THE SHELVES

SELLING AREA ALLOCATION – OFF TRADE



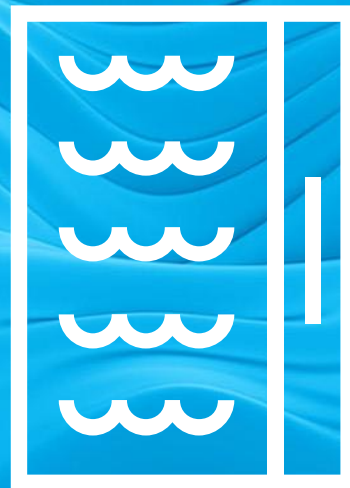
Food basket is getting 12% more space in the selling area at the expense of rest of the baskets

This is more evident in,
Hypermarkets, Grocery stores,
Wholesalers and Pharmacy



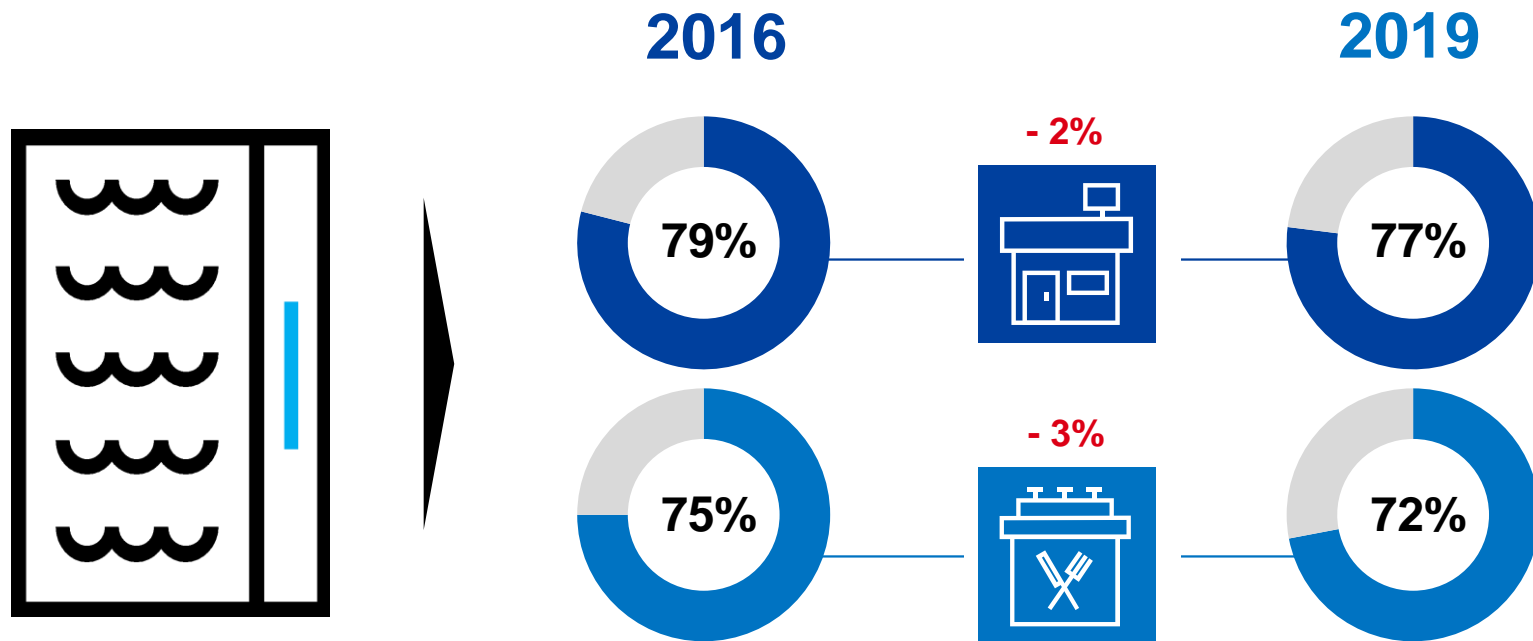
4

COOLERS PENETRATION



DISAPPEARING COOLERS?

% of stores with a chiller equipment

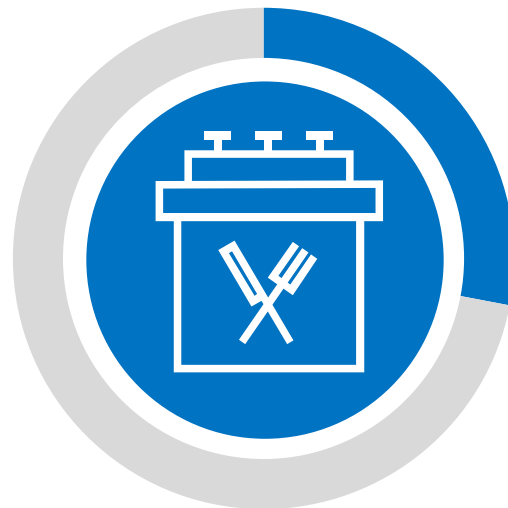
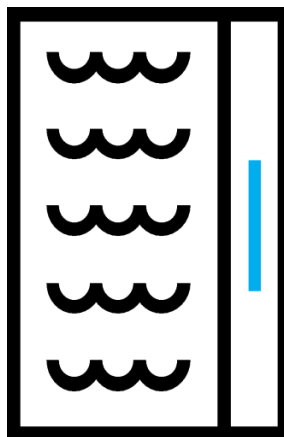


POTENTIAL OPPORTUNITY FOR COOLERS INJECTION

% of stores without a chiller equipment in 2019



23%



28%

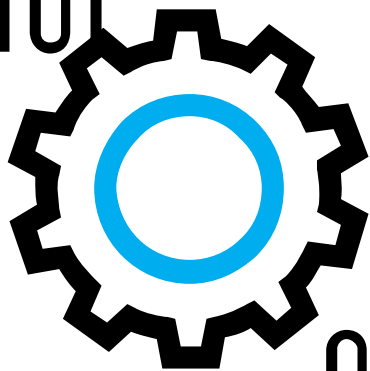
0101

0101

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JOIN US IN

01



01

0101

**SHAPING A SMARTER
MARKET!**

0101



SHAPING A SMARTER MARKET™

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