

Industry Overview for Consumer Goods Industry

By UOB

Speaker's Profile



Chen Mian Ying

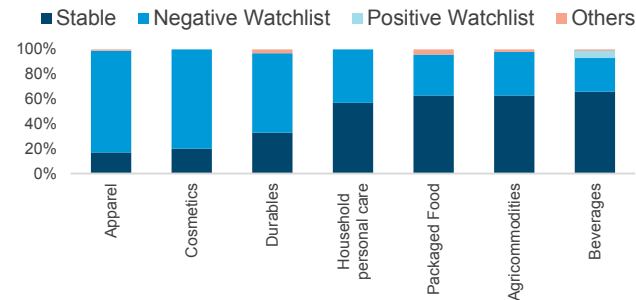
Head of FMCG and Retail & Distribution – Consumer Goods, Sector Solutions Group (SSG), Group Wholesale Banking, United Overseas Bank Limited

Mian Ying is currently the Head of FMCG and Retail & Distribution in Sector Solutions Group (SSG) – a business division within UOB focusing on strategic sector coverage by leveraging industry insights, data analytics, value-chain analysis as well as developing sector-specific solutions for the bank's Consumer Goods' clients across the region.

With over 12 years of experience in banking, she was also the Industry Banker for Consumer Goods in UOB Malaysia, where she led business development and managed key relationships in the consumer goods sector, supporting SMEs and large corporates in realizing cross-border growths, regional partnerships and business expansions.

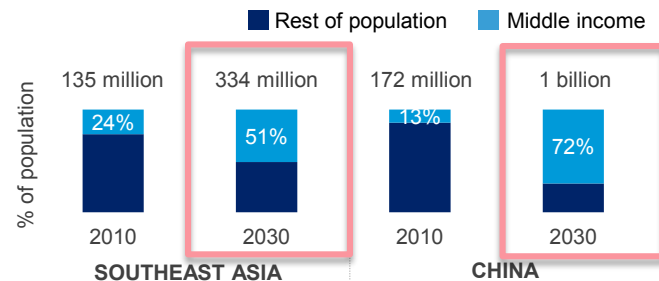
FMCG Outlook

Stable Credit Outlook for FMCG Sector outlook 5 months into the pandemic



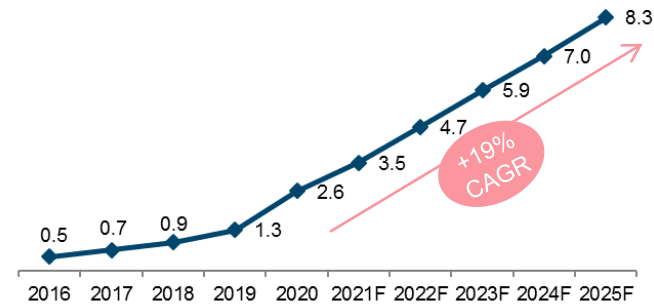
Household personal care, packaged food and beverages remain resilient

Rising Middle Income



Strong growth in middle income drives consumption in the region

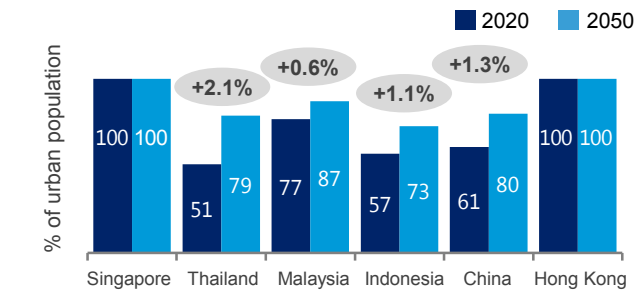
Rise of Internet Retailing for F&B UOB's key markets in total (US\$ billion)



Growth in internet retailing for F&B is observed in UOB's key markets (excl China)

Urbanisation

6 key markets in total (US\$ billion)



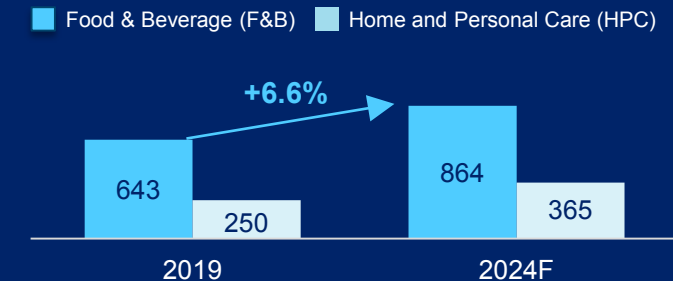
Rising urbanisation will continue to drive middle income growth and support consumption

Overall consumer demand outlook



Growth prospect for the sector remains very **favourable**

Total retail sales value (US\$ billion)



SHORT TERM RESILIENCE (POST COVID-19)

Key changes as a result of pandemic:

- Increase demand in essentials
- Increase need for supply chain resilience, i.e., tapping into alternative sources
- Increase use of e-commerce channel

LONG TERM RESILIENCE (IN 5 YEARS)

Long term impacts: Stable resilient demand supported by rising middle income and rising urbanisation

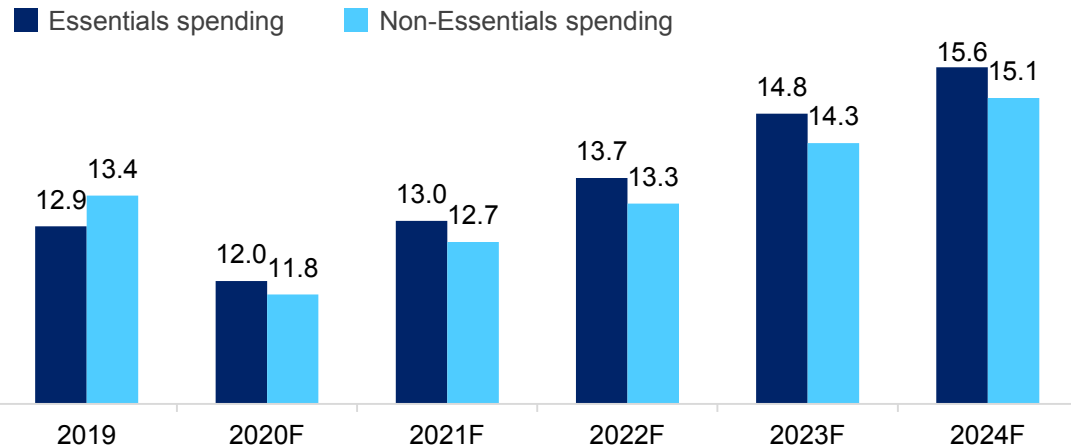
Food staple remains resilient in the new normal

Essential spending will form the bulk of household spending going forward



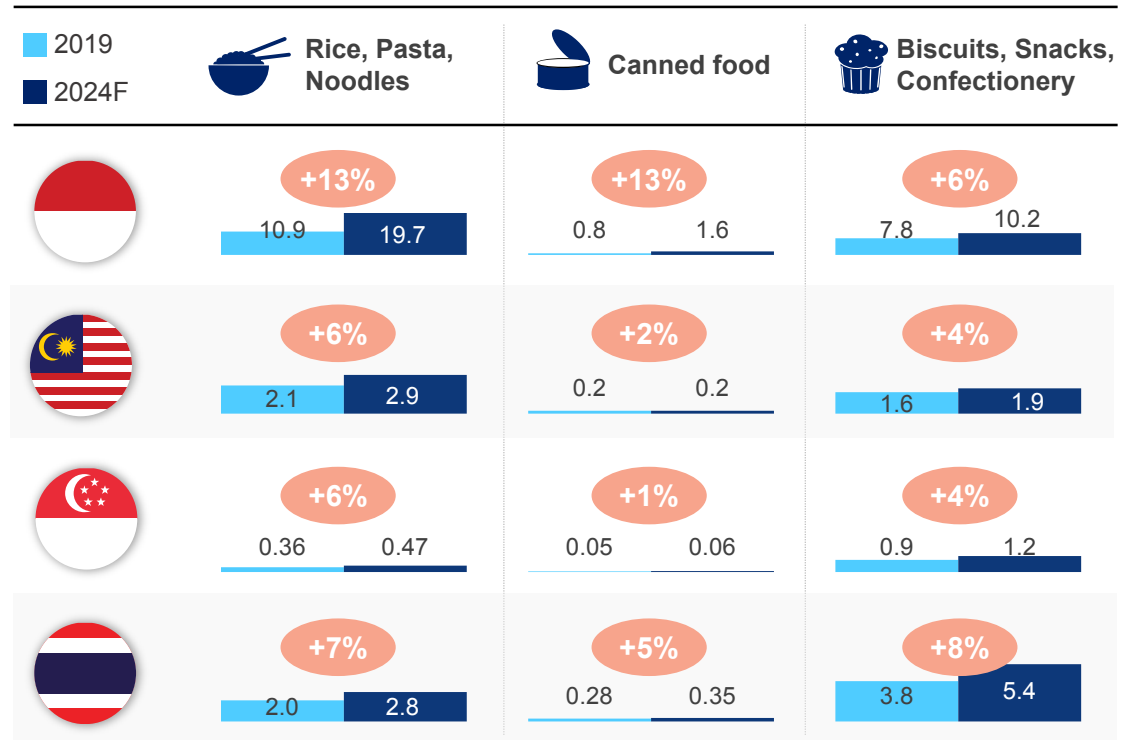
As households adjust to the new normal, **more budget is allocated for essential spending** (including food and non-alcoholic drinks) compared to pre-COVID times

Average annual ASEAN household spending (USD '000 per household)



Growth outlook is moderate to strong in Staple Food archetypes

Growth outlook (USD billion)

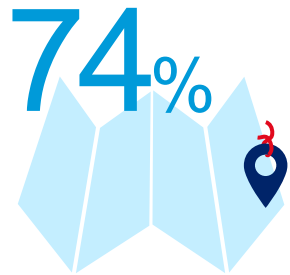


Source: Fitch Solutions, Euromonitor

Essential goods (food and non-alcoholic drinks, clothing and footwear, housing and utilities, communication and transport)

Non-essentials (alcoholic drinks and tobacco, furnishing and home, health, recreation and culture, education, restaurants and hotels and personal, insurance and other),

Local/Regional brands are well-positioned to adapt and localise



Local brands attract 74% of Asian shoppers' total FMCG spend

Asian brands growing at twice the rate of global brands



Strengthening Singapore's supply chain resilience

Increase local production

Singapore currently imports **more than 90%** of its food from more than 170 countries and regions



Improve supply chain visibility

Traditional businesses are unable to react swiftly to change in buying behaviors often due to the **lack of supply chain visibility**. Resulting in decrease in margins and losing market share.



To strengthen Singapore's food security and ensure a secure supply of safe food, the SFA is working towards **growing three food baskets**:

- 1** Diversifying import sources
- 2** Grow local and support local produce
- 3** Grow overseas



COVID-19 has spurred an increased demand for digital supply chains

COVID-19 has forced many to rethink their supply chain strategy

- **Problem: Significant amount of disruptions faced by many different sectors due to the lockdown and travel restrictions.**



The top focus areas of companies are:

Supply Chain Visibility

High Order
Frequency

Fragmented
Buyer Base

Case study in the Consumer Goods Industry



- **March: Supply Chain disruptions** - surge in demand due to change in buying behavior and temporary short in supply due to border closures and manufacturers inability to react to surge in demand.
- **May: Increase in cost base** as distributors had to pay in advance to secure supplies and fund creditors due to delay in payment.

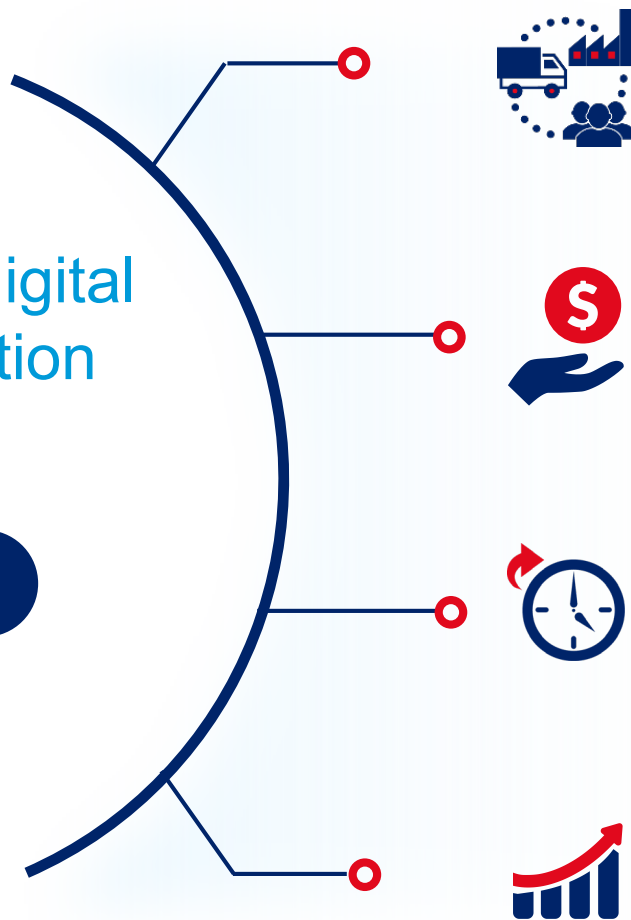
With a lack of visibility in the supply chain, they could not predict how COVID-19 would affect their supply of products.

Benefits of moving online/getting on a digital transformation journey

Benefits of digital transformation



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1 Supply chain visibility

- Better match supply with demand
- Able to better forecast demand
- Better oversight of inventory



2 Increase savings and improve revenue growth

Local SMEs say that Digital Transformation will allow them to enjoy:

22% In average projected **cost savings**

26% In average projected **revenue gains**



3 Drive efficiency

Ninebot Asia

By reducing manual processes through e-invoicing, transactions are now **updated and error-free**. Employees can also **focus more on business development as well as upcoming solutions**



4 Drive sales

Foreward Coffee Roasters

Sales increased **tenfold** after it launched a new website along with a new e-payment and online ordering system

Seonggong

Delivery business boosted by **20 per cent** with a new payments and orders management solution

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