KANTAR RETAIL

Latin America

Retailers, Consumers, and Society

Trends for 2011 and Beyond

Real Growth

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1 March 2011

Buenos Aires Argentina

WPP The Store

Inspired by / Cannondale / Glendinning / MVI / Retail Forward

Kantar Retail
Springs from our Heritage

KANTAR RETAIL

Inspired by Cannondale / Glendinning / MVI / Retail Forward

Combining the best of WPP's retail insight and consultancy businesses to bring clients better solutions from Insight to Strategy to Execution

Growth and Latin America

Key Points to Think on for Next Two Days

Recession dipped into and out of Latin America

Banks and Financial Institutions are stable and lending

Second Explosion of Commodities

Population is aging as families shrink

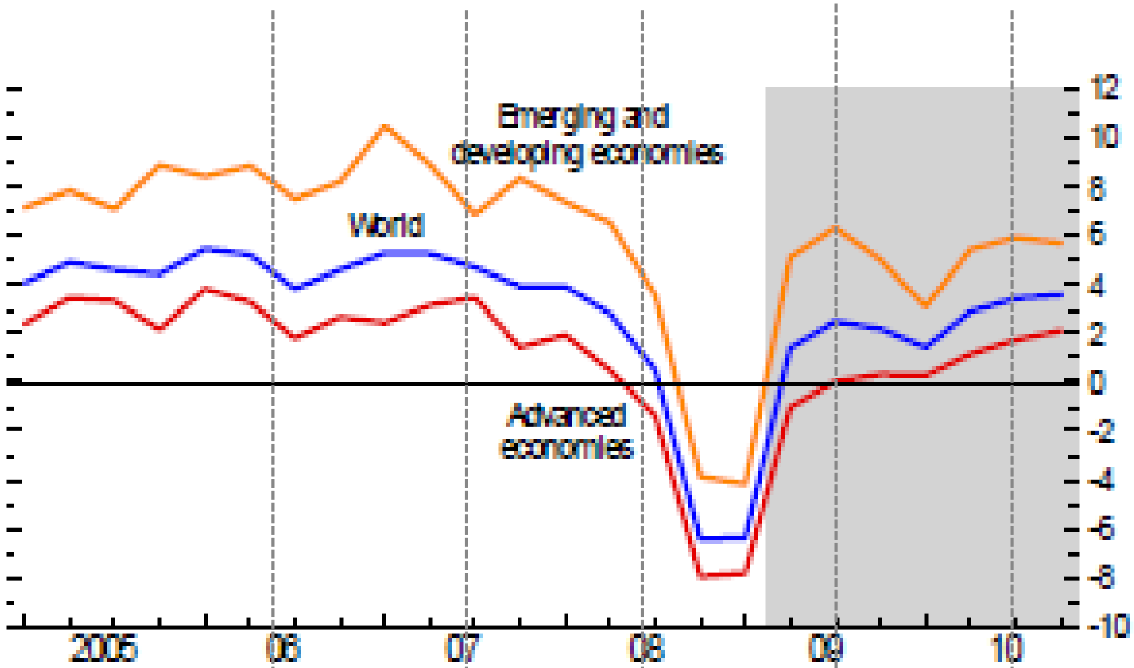
The Worker Boom

Consolidation Continues

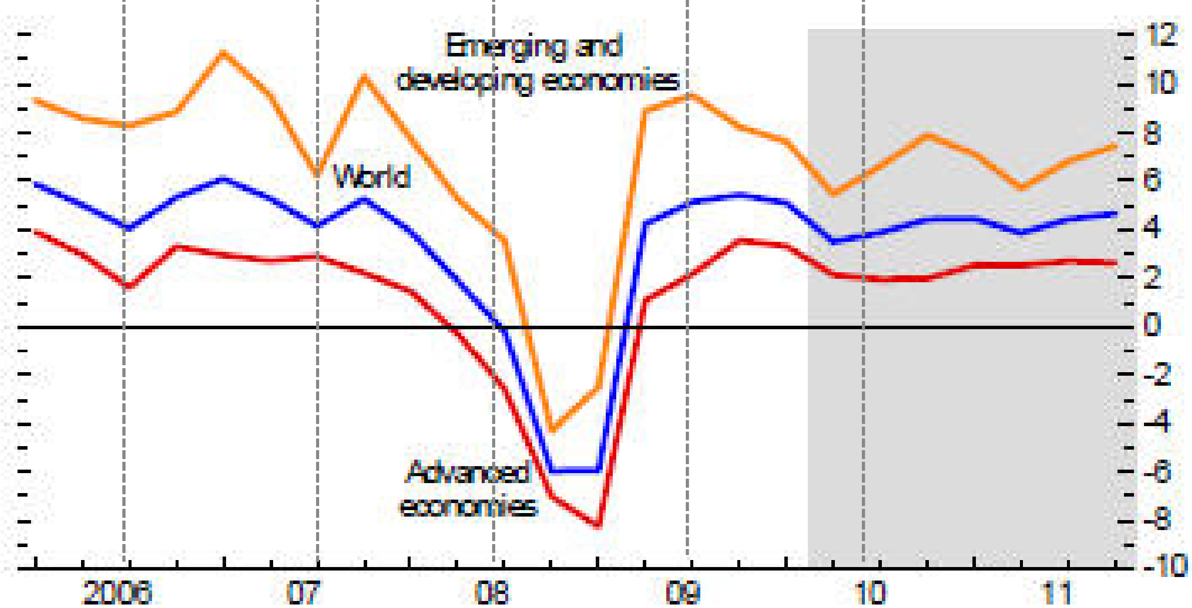
Is the Future Now?

IMF Projections for the Global Recovery

Old



New



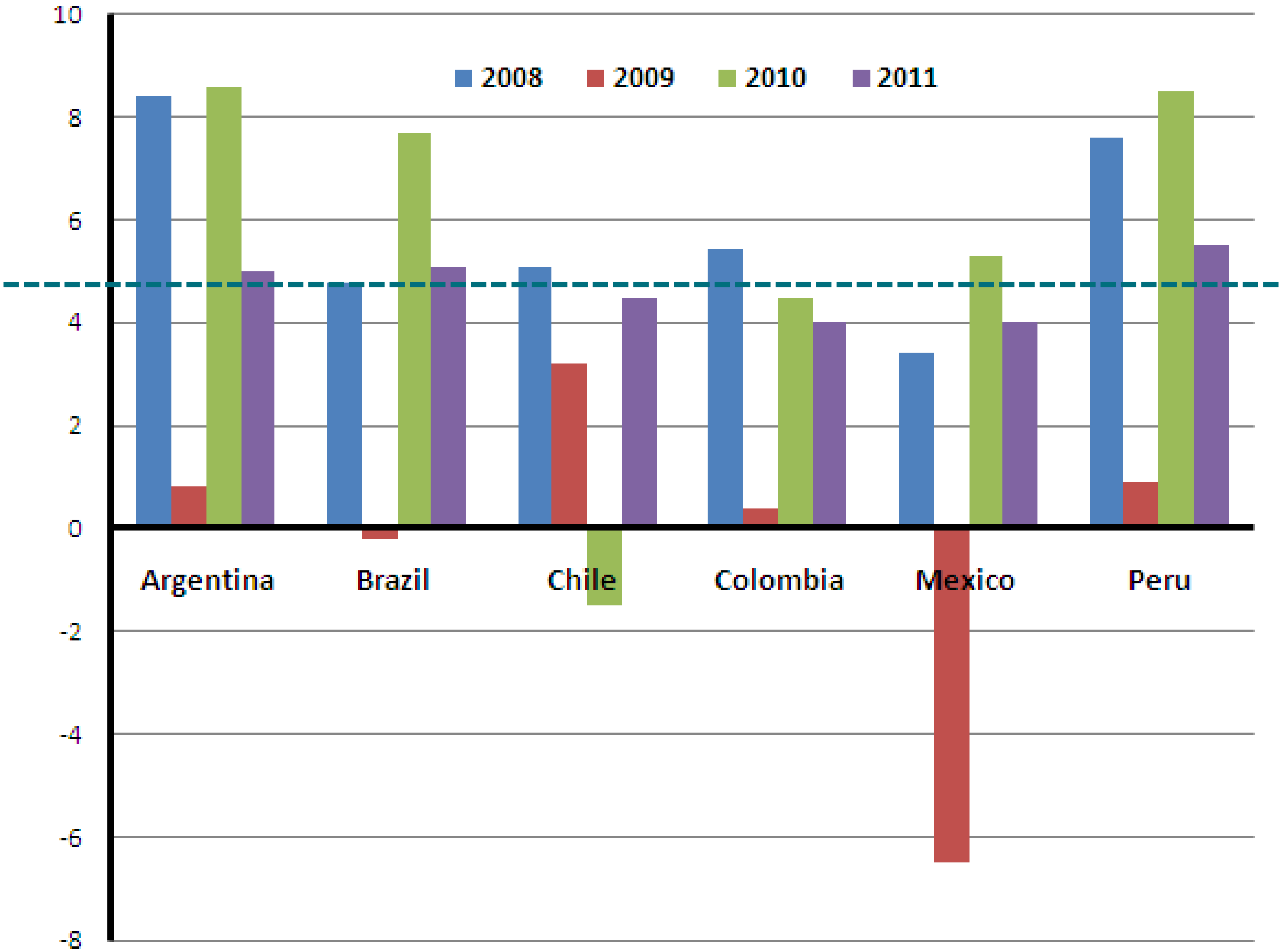
Current IMF projections expect advanced economies to be in full recovery in 2011

2009 and 2010 in Emerging Countries continues to be strong

Source: IMF G-20 Summary

GDP Change 2008 to 2011

IMF Projections for Select Countries



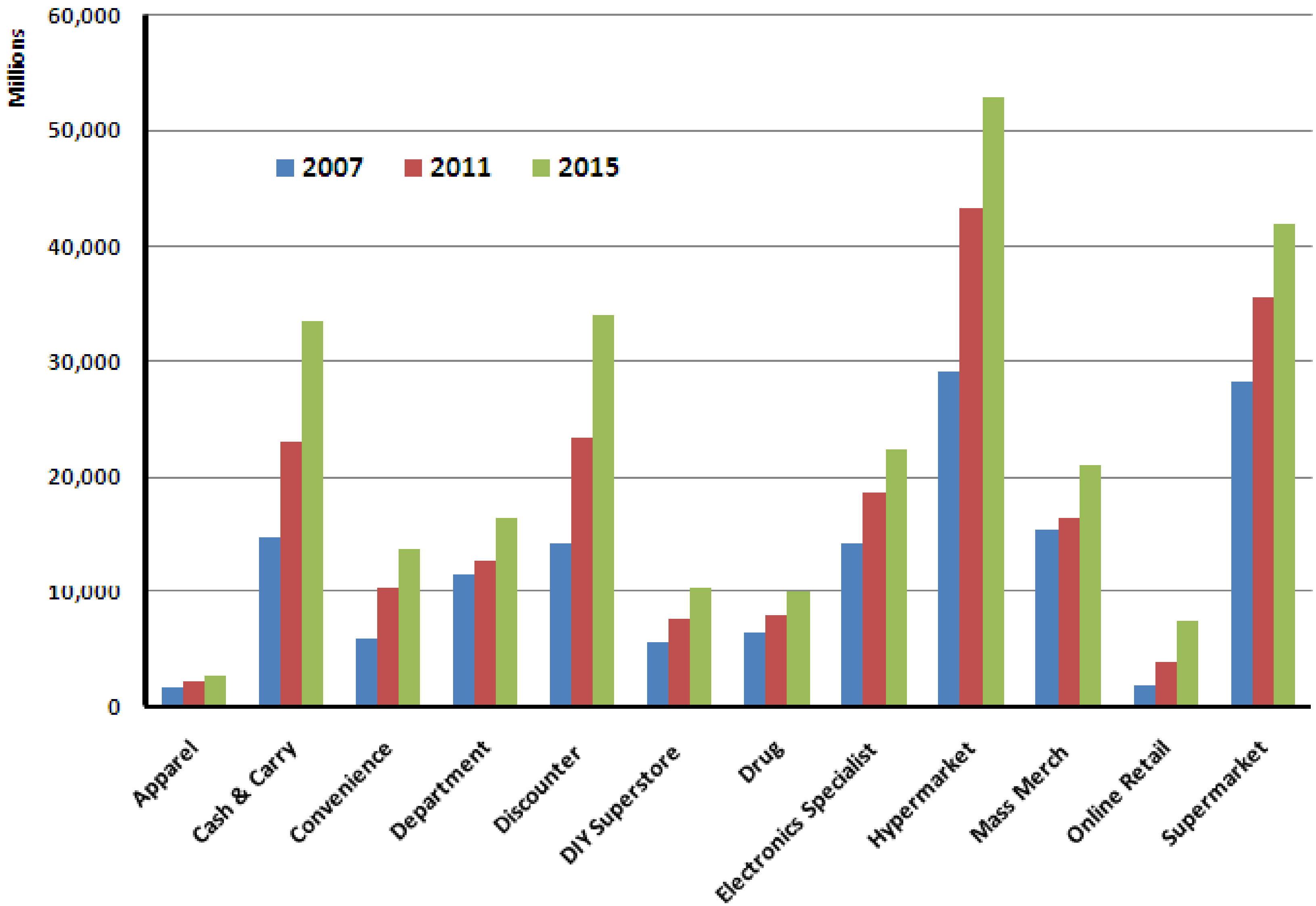
2011 Growth is expected to continue.

Commodity and finished products driving numbers

Source: IMF

Growth Continues: All formats

Sales Shift To Key Ones (constant US$)



New Winners

Small C&C

C-Stores

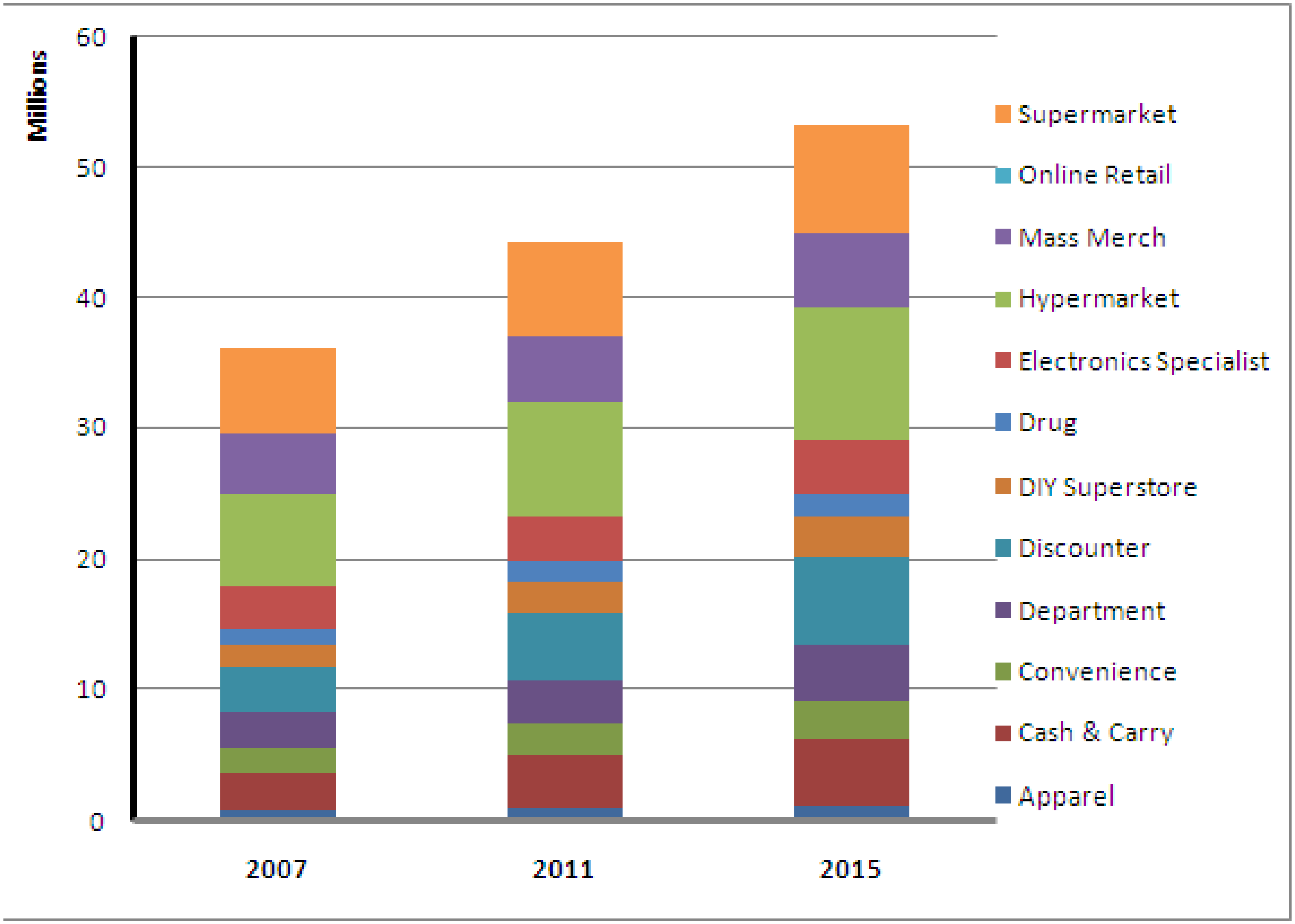
Discount

Old Winner

Hypemart

Square Meters (Millions)

Retailers Continue to Invest in Footprint



New Winners

Small C&C

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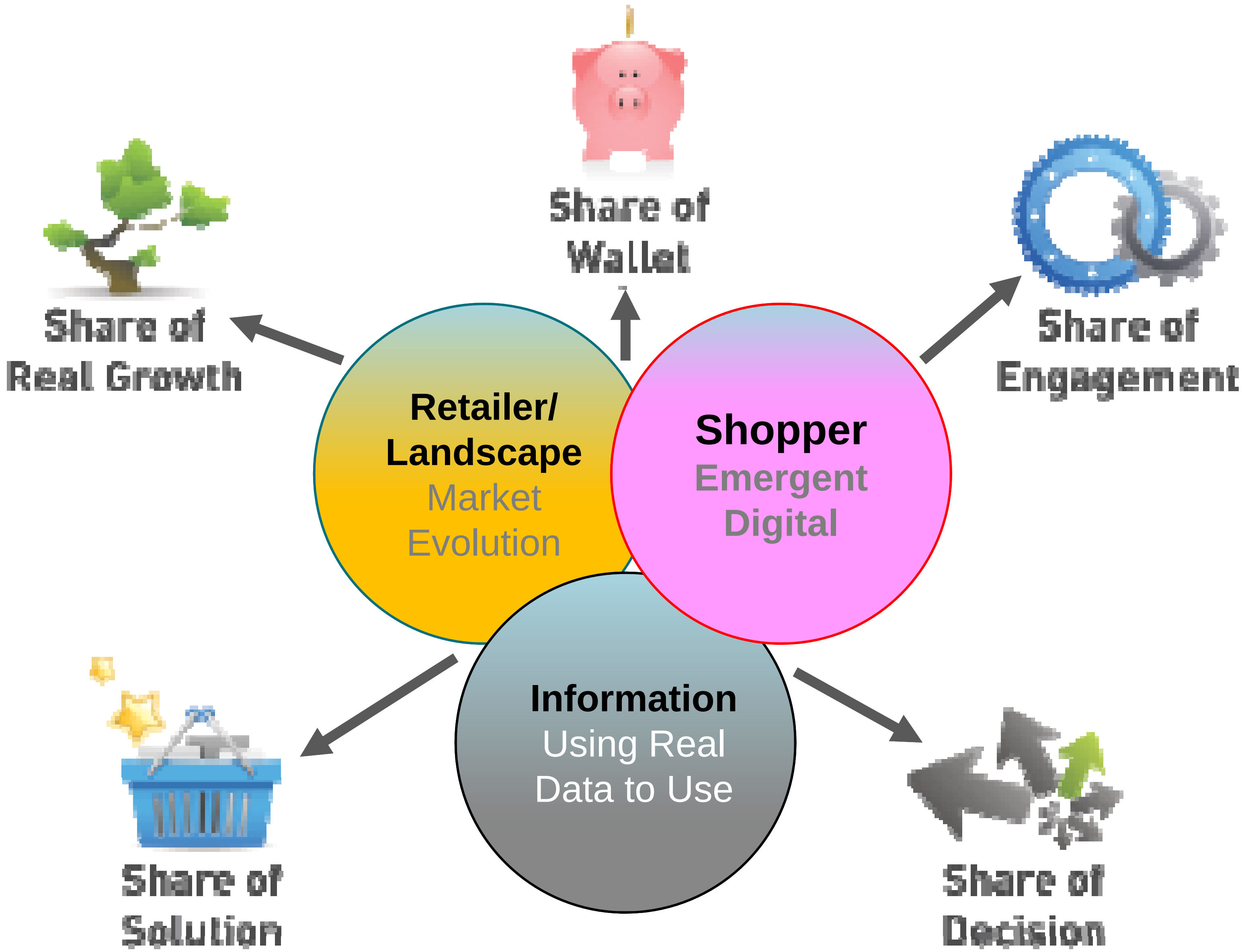
2011 and Beyond

Organizing Our Thinking and Planning into ***Five Shares***



Where is growth really?

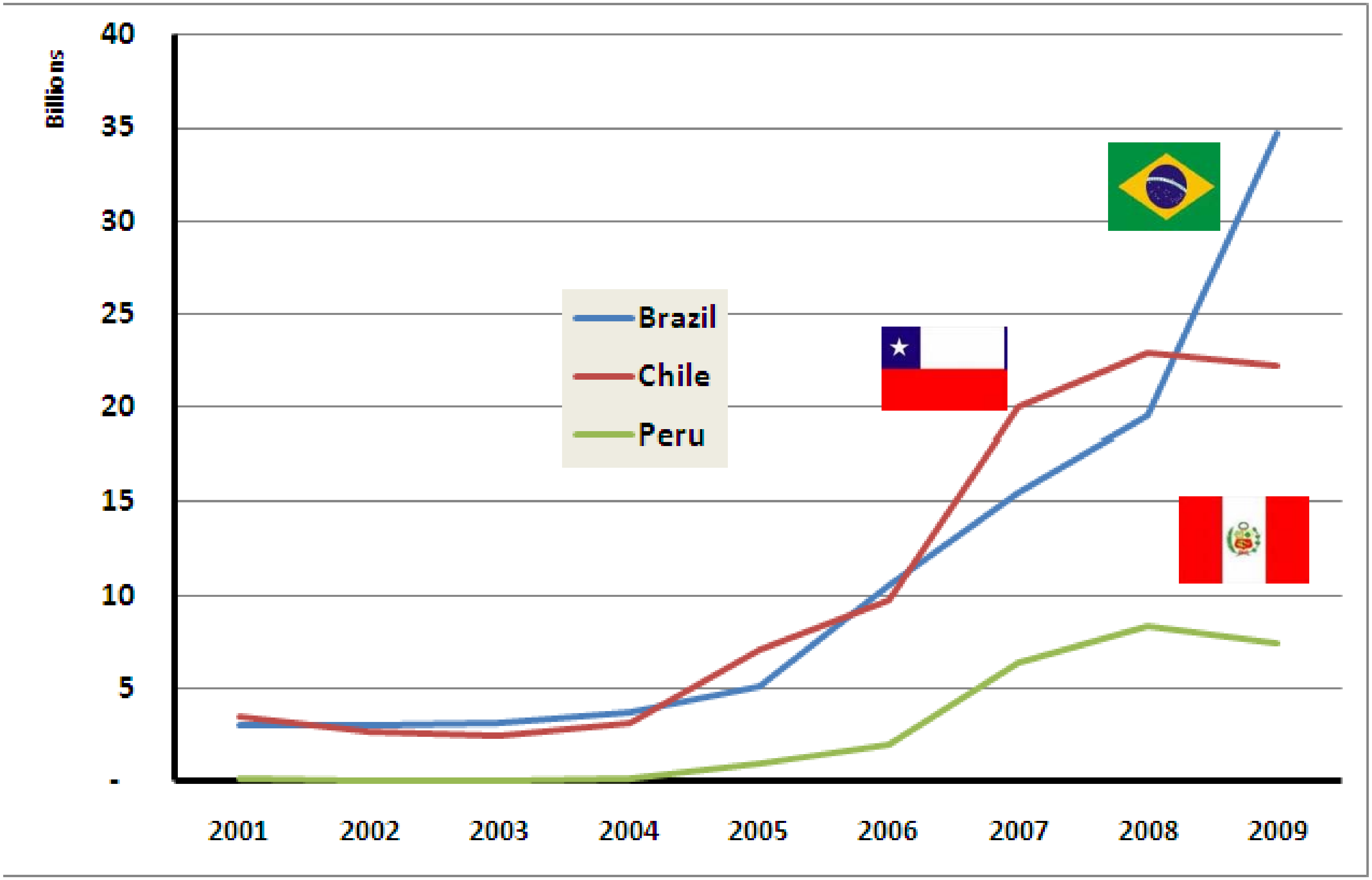
Historically in Latin America it has been the conversion of consumers into formal shoppers

What happens when that model changes?

- **Recession did not generally come to Latin America**
- Banks and Financial Institutions proved themselves
- **Population is stable and aging**

Mineral Extraction Explodes

Emergent Marketing Drives Need (2000 US$'s)



Globally, It is Cheap to Move Product

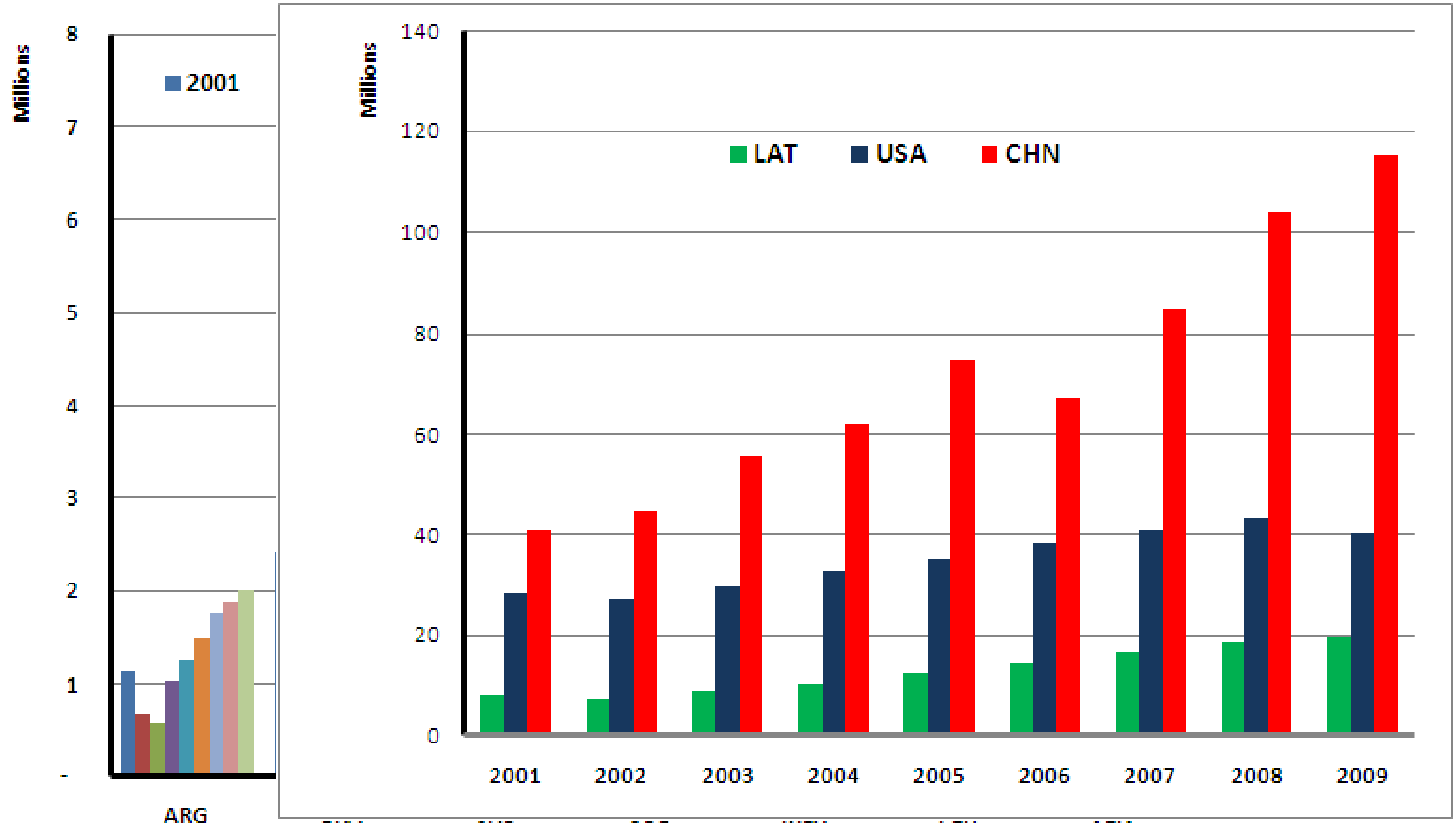
Baltic Dry Index as of Jan 2011

The Baltic Dry Index (BDI) is a number issued daily by the **London-based Baltic Exchange.** The index provides an assessment of the price of moving major raw materials by sea.

Source: Investment Tools.com & The Baltic Exchange

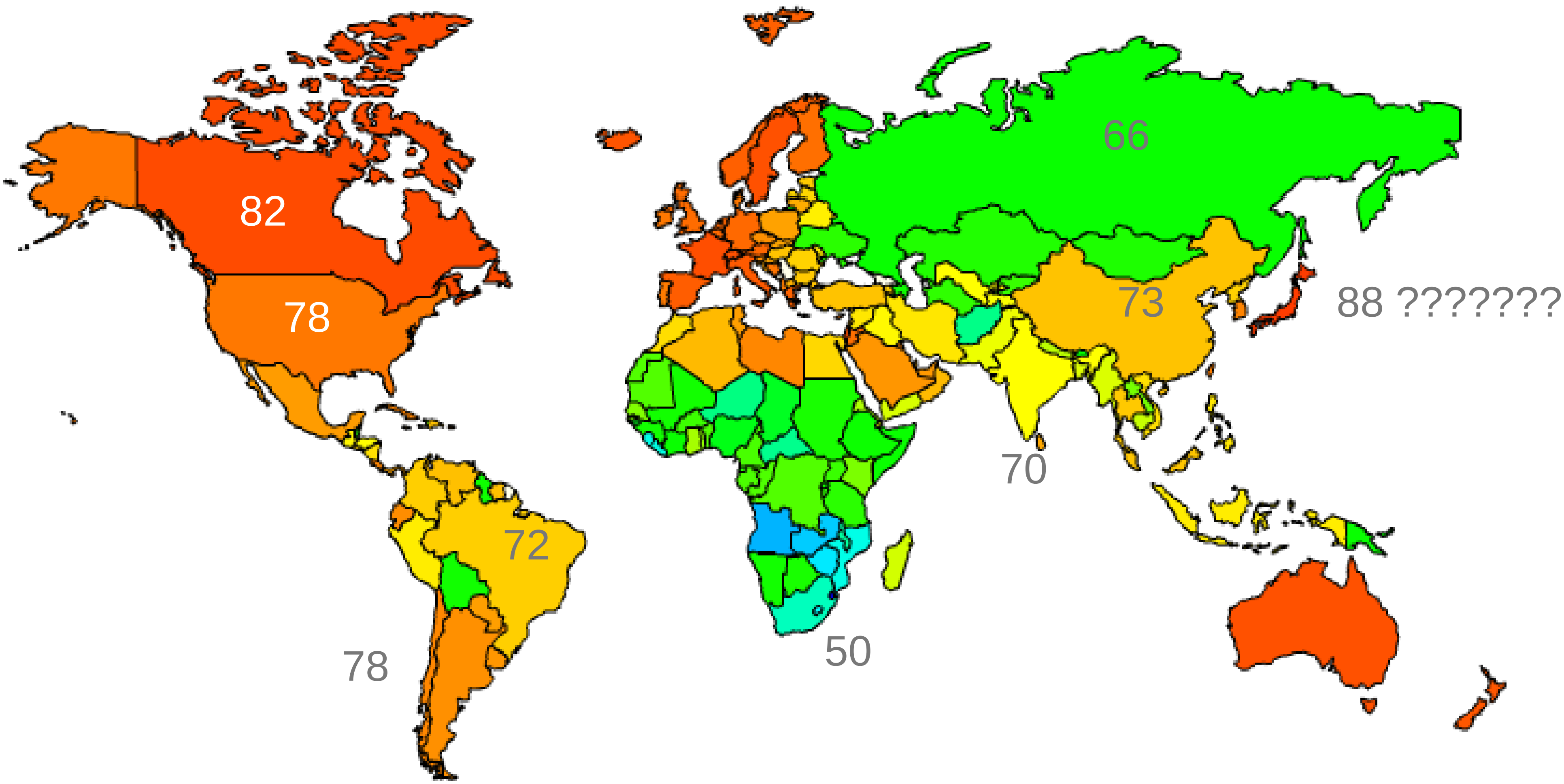
Container Traffic Import/Export Latin America

Major Increases… But (TEU)



Global Life Expectancy

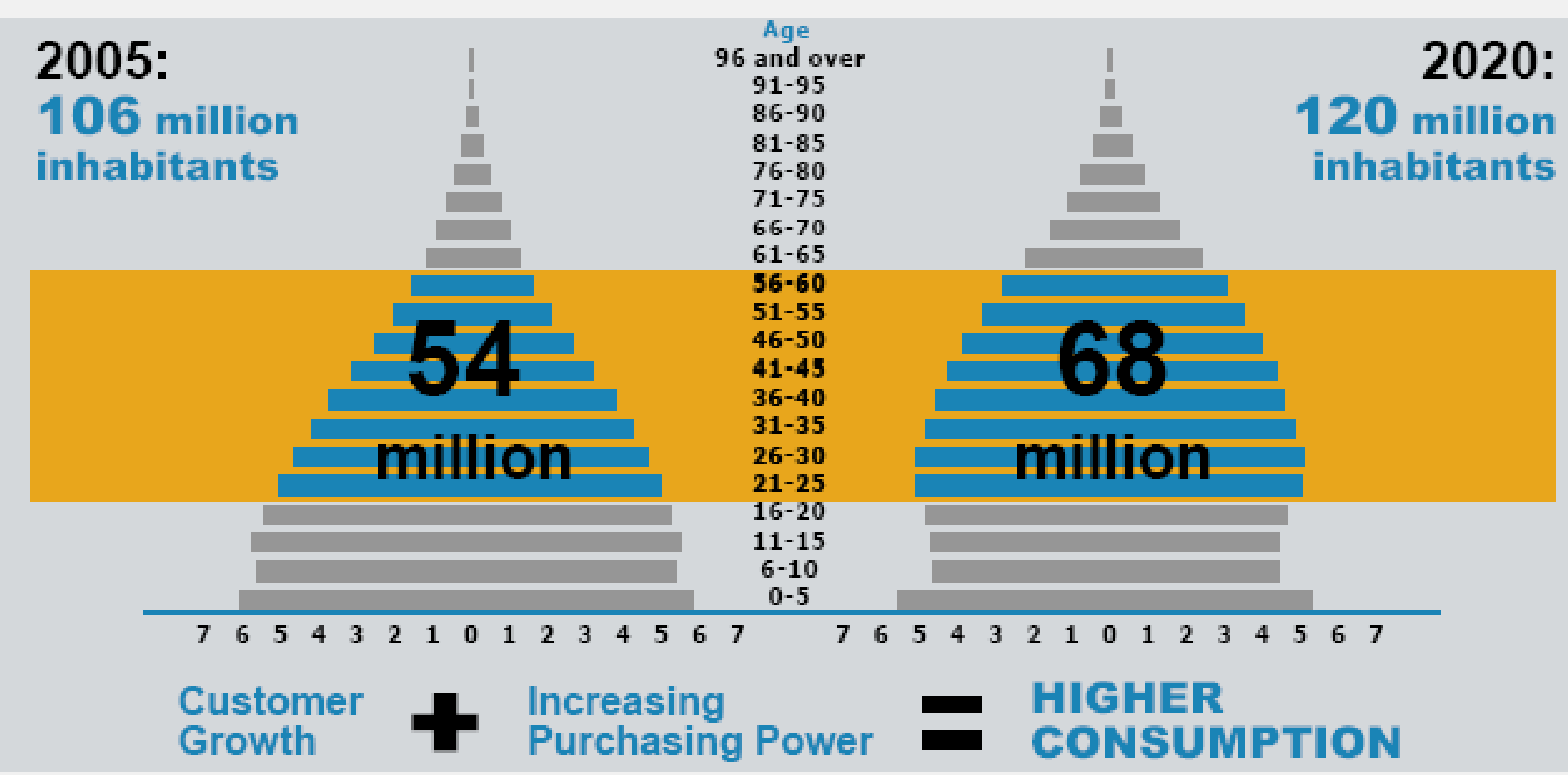
Increasingly into the 80's as a norm



Source: Kantar Retail analysis, indexmundi.com

The Emergent Market ***Worker Boom***

Has a Profile much like Mexico going forward



Despite slowing population growth, retail shoppers will increase in next 15 years

Source: Walmex Investor Presentation, July 2008

Global Banking drives Global Decisions

Ten Years was a Long Time

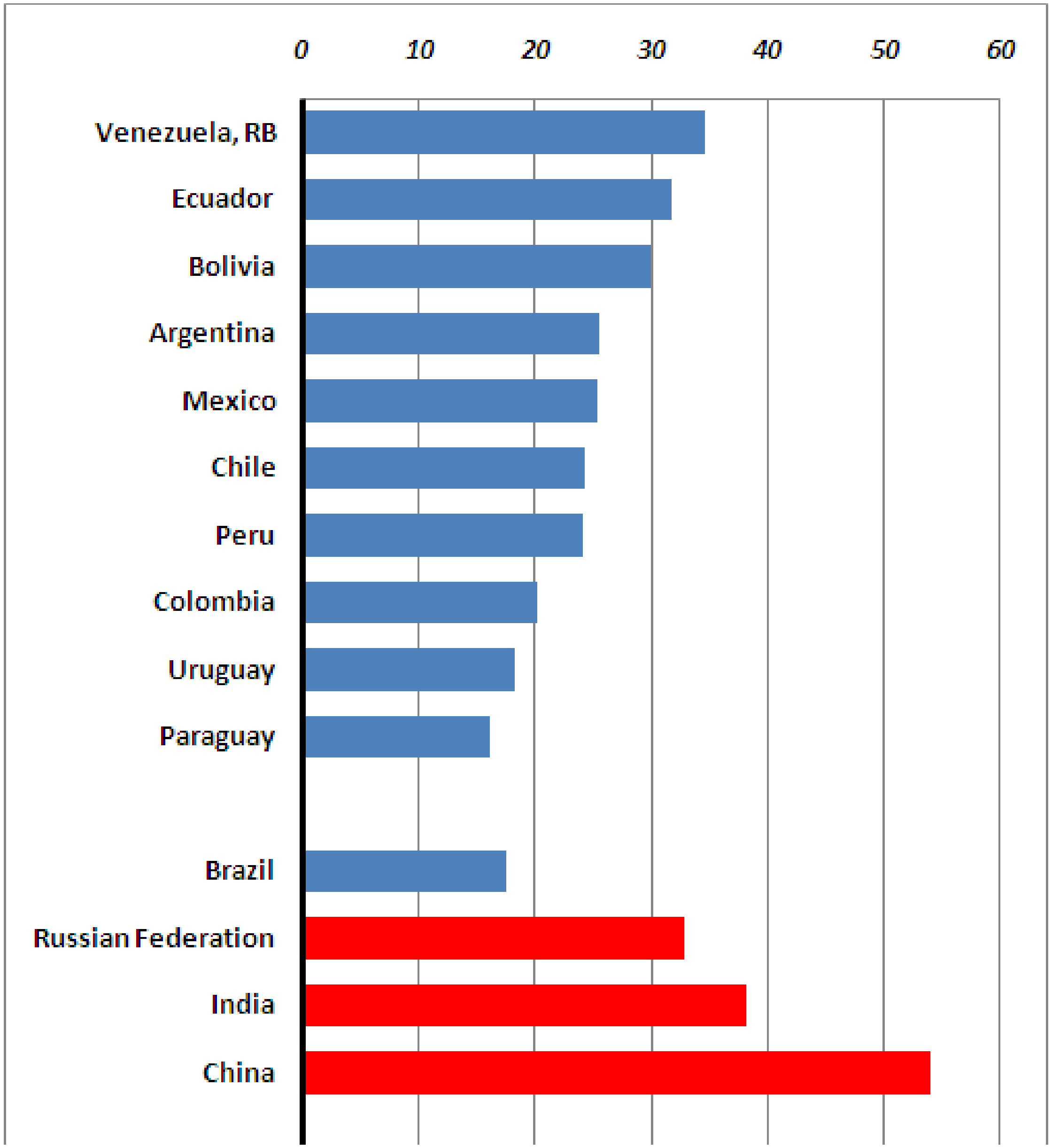
The Shift Means Cash where Growth is Happening Now!

Market capitalization, in USD billions

Source: Financial Times of London June 2010 Report

Predictable Growth / Credit = Lower Savings

Savings Rate as % of GNI



Longer and predictable lives

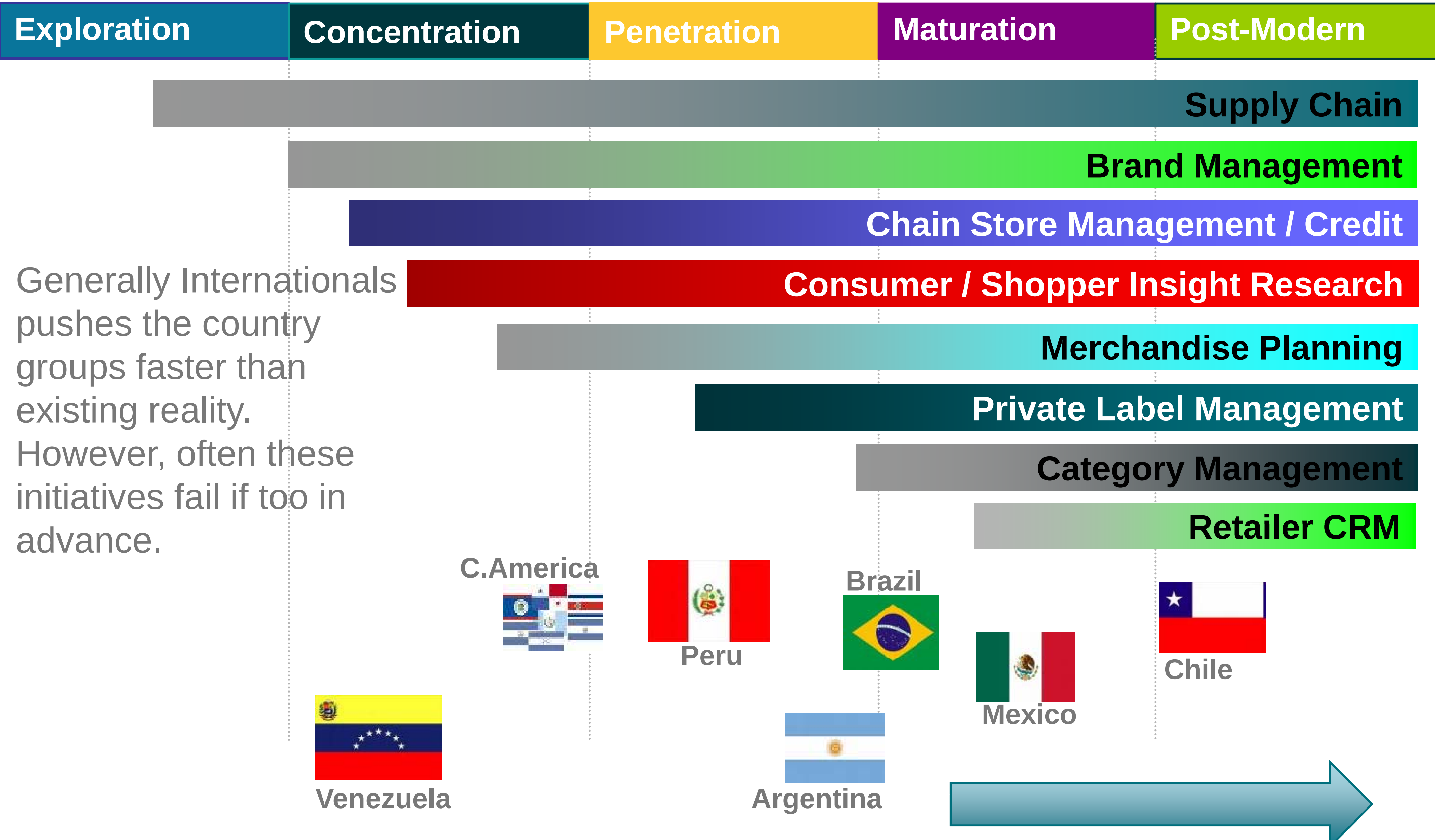
Foundation of financials

Moving into key earning years

Consumers are going to have more disposable income in Latin America

MEM mapped to Retail Processes:
Key Latin American Markets

Share of Real Growth

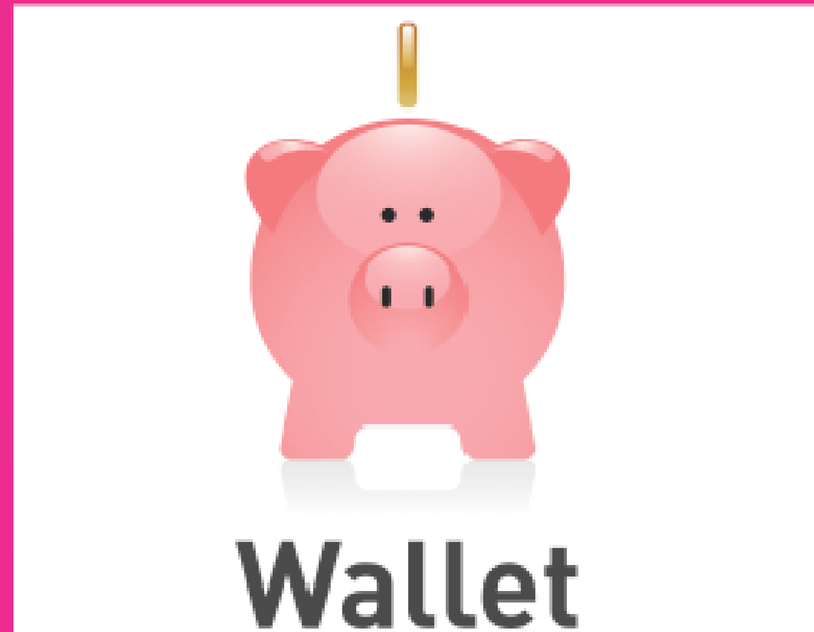


Generally Internationals pushes the country groups faster than existing reality. However, often these initiatives fail if too in advance.

Source: Kantar Retail analysis

How to Gaining Share of Consumer Spending?

The Fight between the informal market and formal market continues.
The new battle is moving into the cross-channel and Virtual



- Commodity Leaps
- Families
- Credit

Pressure on the Everyday Purchase by Everyday Needs

The Blending and Use of Informal and Formal

A long history with consumer information and use

Global Commodity Index is Shrinking the Wallet

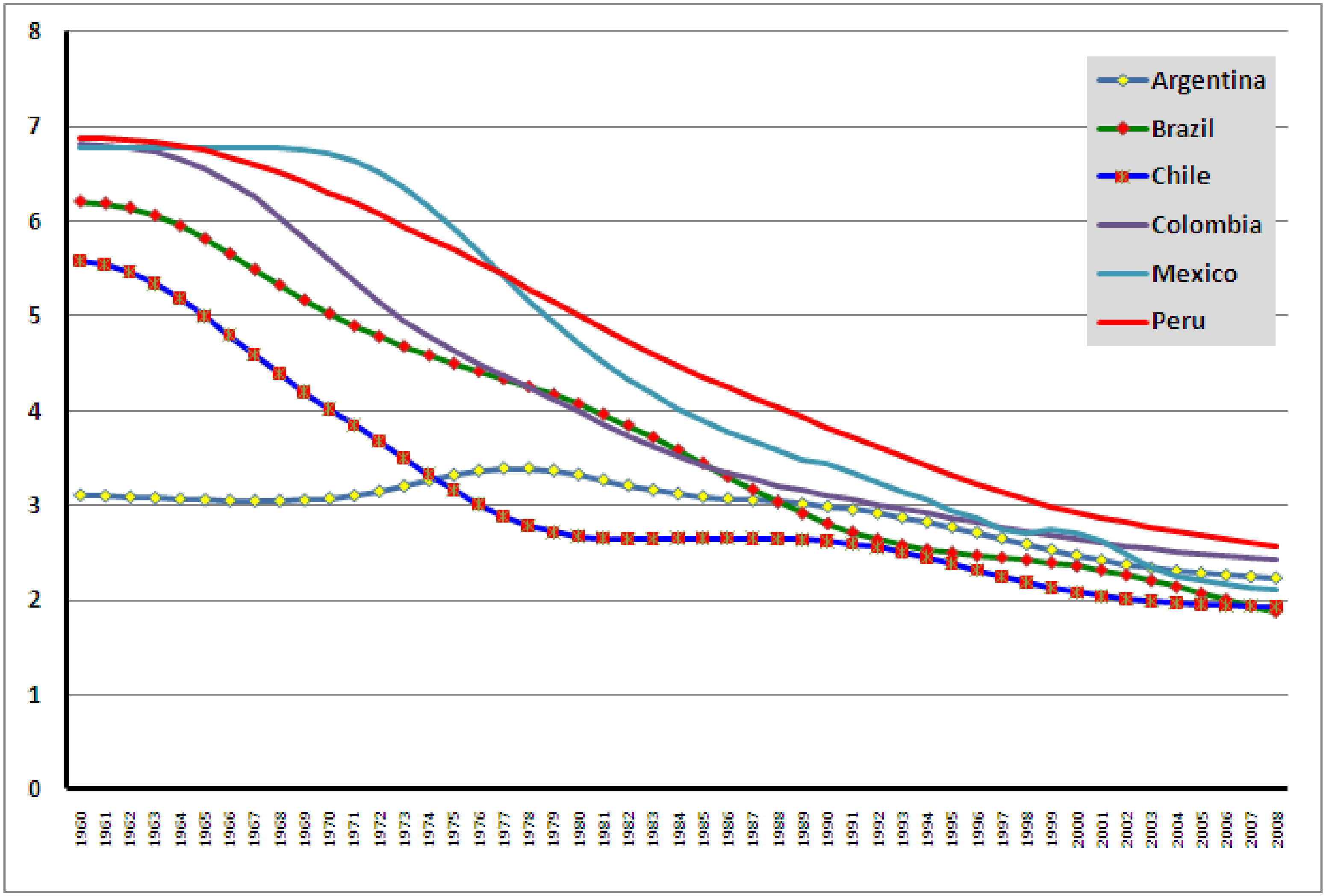
As of Dec 2010 (Year 2000 = 100 Index)

	Annual averages			Quarterly averages					Monthly averages		
Commodity	Jan-Dec 2008	Jan-Dec 2009	Jan-Dec 2010	Oct-Dec 2009	Jan-Mar 2010	Apr-Jun 2010	Jul-Sep 2010	Oct-Dec 2010	Oct 2010	Nov 2010	Dec 2010
Energy	342	214	271	256	266	268	260	291	278	289	307
Non Energy	272	213	270	235	244	252	276	307	296	30[illegible]	320
Agriculture	229	198	231	213	217	215	229	265	252	26[illegible]	278
Beverages	210	220	254	248	242	247	259	266	257	265	277
Food	247	205	224	214	213	201	222	260	249	259	273
Fats and Oils	277	216	244	225	225	220	241	292	270	294	313
Grains	282	215	216	211	205	187	212	259	249	256	272
Other Food	177	182	205	202	205	189	205	220	220	217	222
Raw Materials	196	169	237	192	212	234	229	274	256	275	291
Timber	150	139	143	137	133	139	149	153	152	155	153
Other Raw Materials	245	201	340	252	299	339	317	406	369	407	443
Fertilizers	567	293	280	243	259	253	279	329	315	333	340
Metals and Minerals	326	236	348	281	299	328	371	392	386	388	404
Base Metals	288	209	298	265	287	281	287	337	328	331	351

Source: World Bank Dec 2010 Pink Sheet

Family Size Has Dropped to Replacement

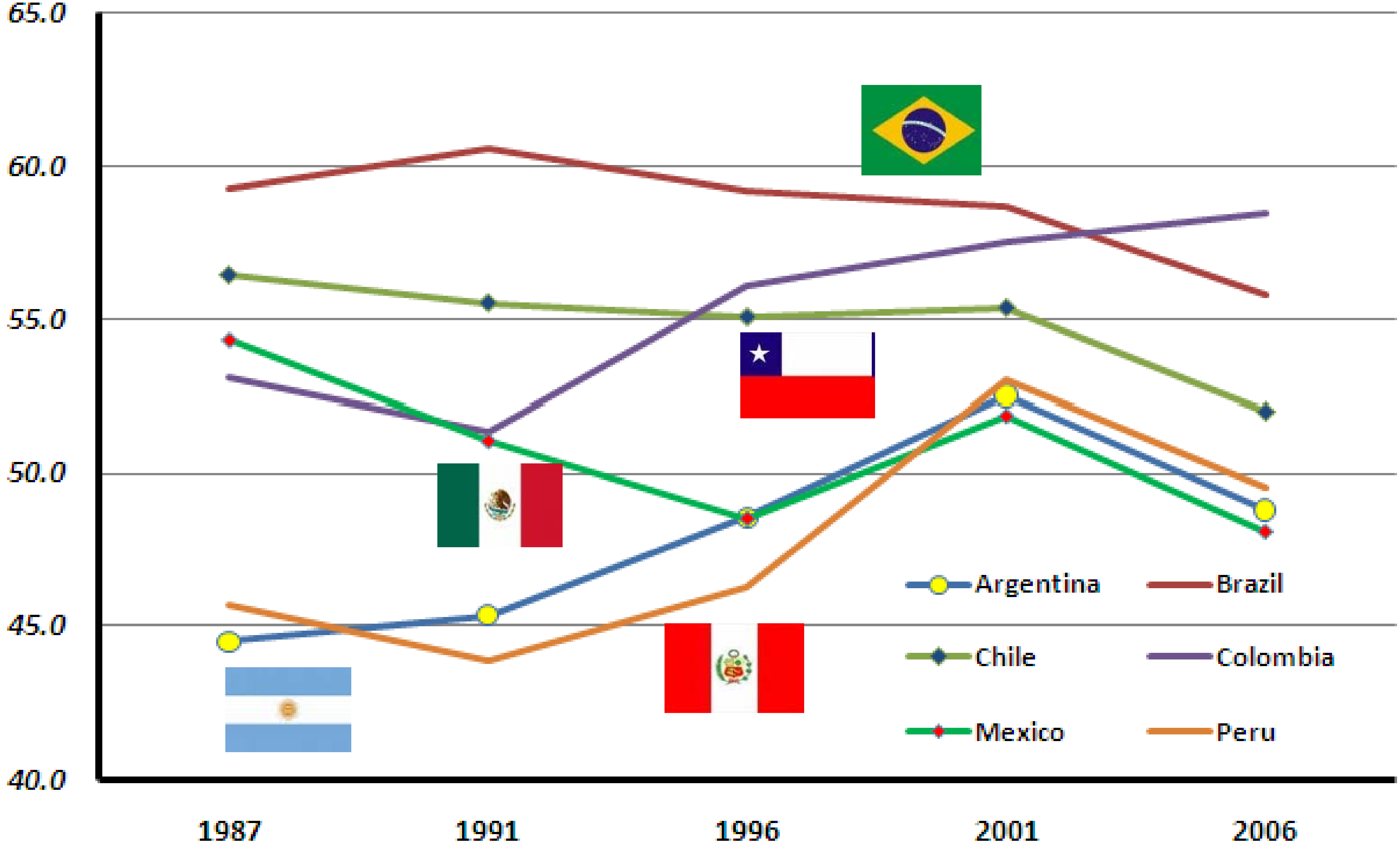
Population Growth from Health, Not Births



Smaller Families are less expensive, disposable income rises

Continued Move Towards Balanced Income

GINI Coefficient Trending Downward



Formal / Informal

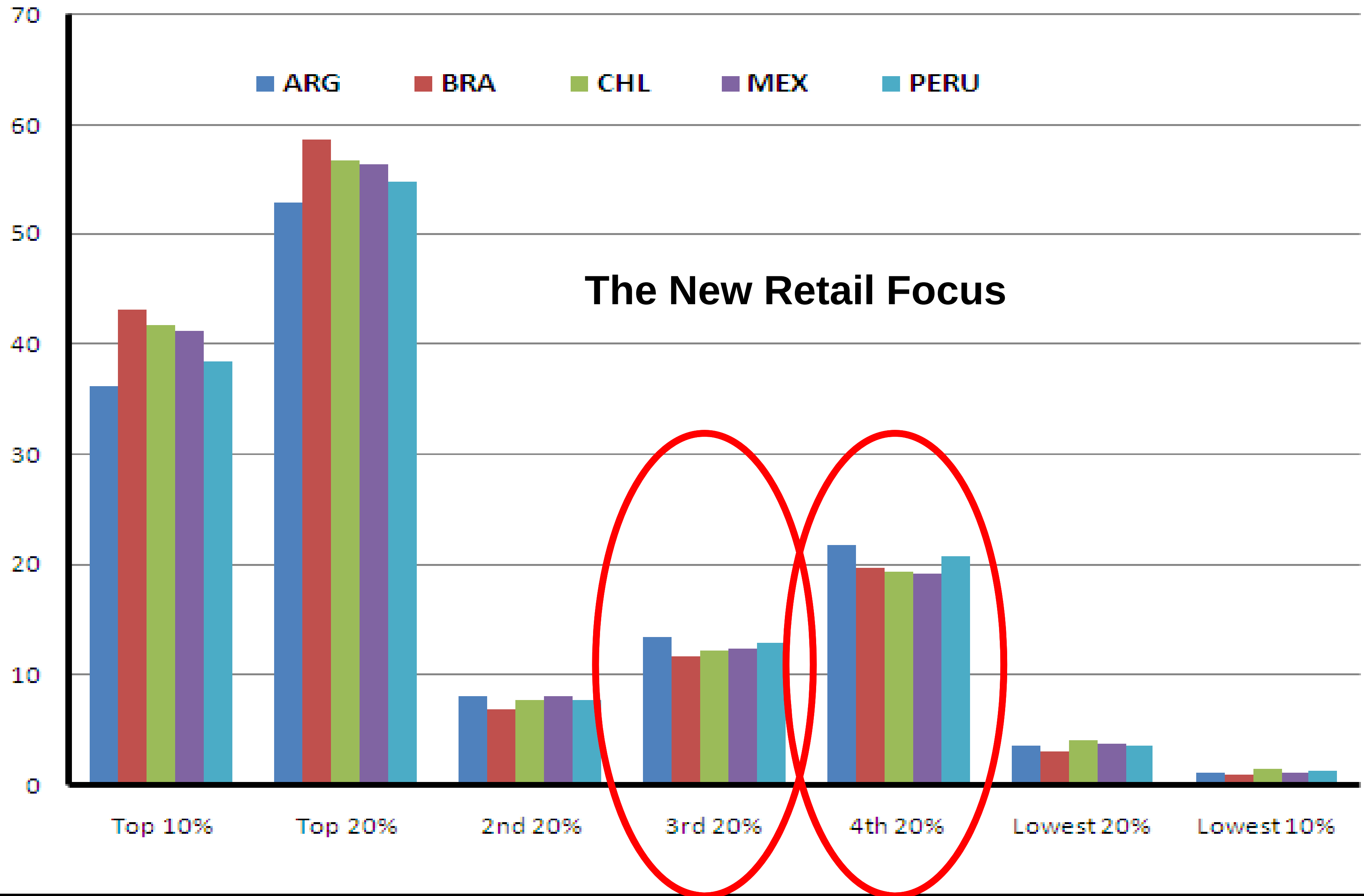
Billions with a B

	Population (millions)	Formal Retail Sales (millions)	2015E Informal Retail Sales (millions)	% Formal Sales	Retail Sales per Capita
United Kingdom	62.8	556,325	25,035	96%	8,854
Japan	126.3	1,385,819	90,633	94%	10,974
Russia	138.0	688,049	65,640	91%	4,986
Canada	35.7	362,006	41,776	90%	10,131
Australia	23.6	210,805	24,327	90%	8,927
Puerto Rico	4.2	30,178	6,500	82%	7,134
Jordan	6.9	3,016	650	82%	439
Chile	18.1	36,214	8,018	82%	1,996
Argentina	42.4	18,344	4,502	80%	433
Brazil	201.0	330,341	85,690	79%	1,644
Nicaragua	6.6	650	172	79%	98
Honduras	8.5	5,423	1,439	79%	637
Guatemala	16.2	5,446	1,445	79%	336
El Salvador	6.1	5,087	1,350	79%	838
Panama	3.9	3,802	1,199	76%	985
South Africa	52.6	81,916	25,836	76%	1,558
Mexico	114.4	271,946	90,123	75%	2,378
Peru	31.9	15,769	5,762	73%	494
Venezuela	32.2	27,210	9,943	73%	844
China	1,374.8	2,905,935	1,061,829	73%	2,114
Ukraine	43.6	49,491	20,064	71%	1,135
Kenya	39.7	6,398	2,658	71%	161
Philippines	103.8	32,039	13,309	71%	309
Turkey	75.3	91,887	38,410	71%	1,221
Colombia	53.9	47,616	22,160	68%	883
India	1,303.5	522,501	243,172	68%	401
Vietnam	93.7	40,453	18,827	68%	432
Thailand	71.2	67,565	34,823	66%	949
Costa Rica	4.9	6,888	3,550	66%	1,412
Egypt	86.4	43,661	31,235	58%	505

Source: Kantar Retail research,

Income Distribution Improves (GINI)

But Evenly – Interest Raised in 3rd and 4th



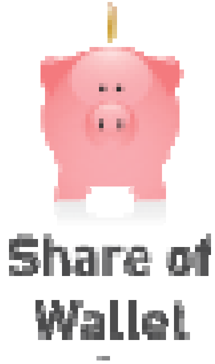
Credit in Latin America is Retail Credit

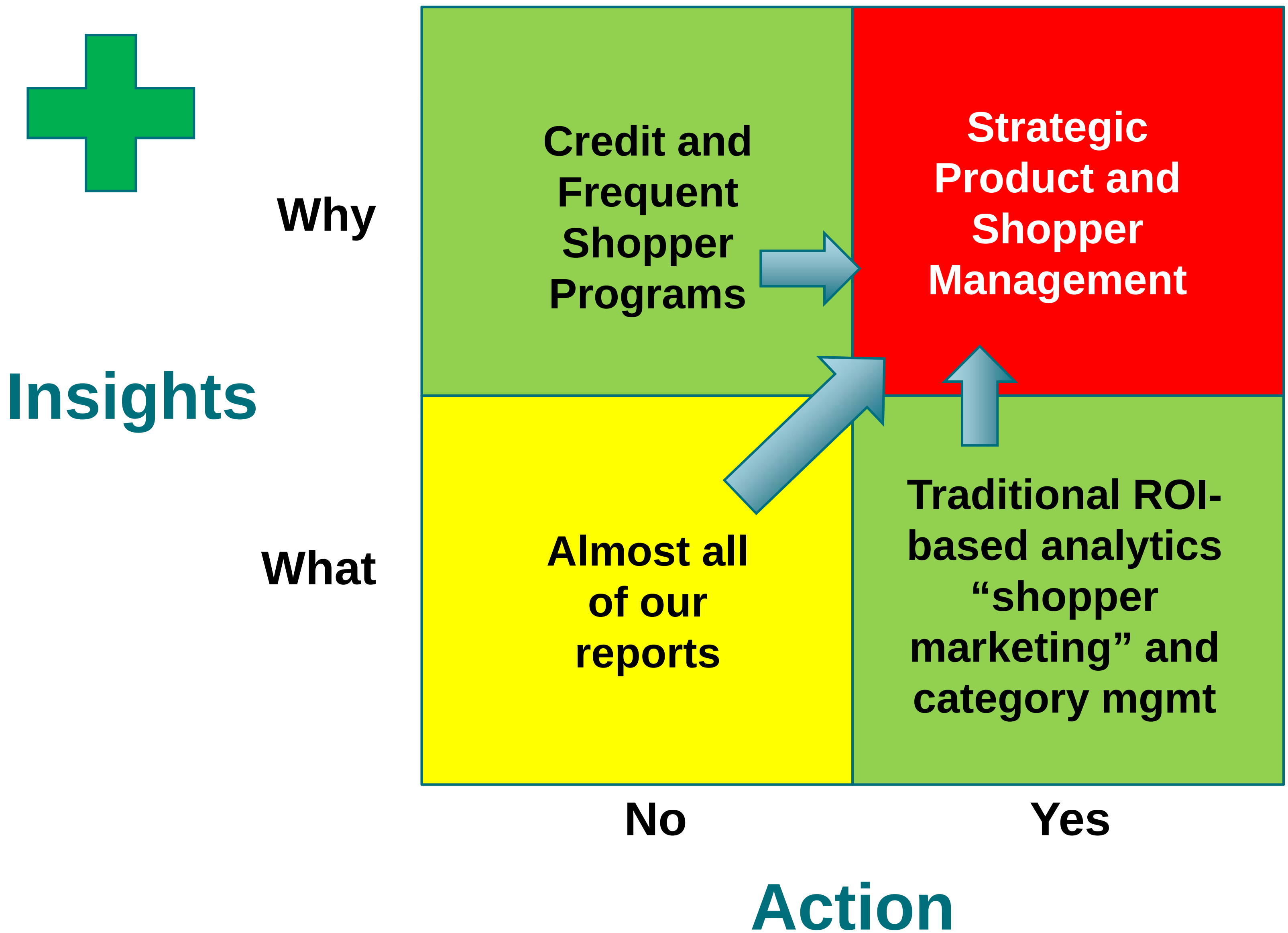
Despite Some Commercial Changes

The Majority of Shoppers are on **'managed' credit** which enables retailers not only to flex profit sources.

But also keep close relations with **shoppers real incomes and potential to spend**

Share of Wallet:
What Latin America Retail Makes Work… and not





Source: Kantar Retail analysis

Who Influences the Consumer and Where?

What does your brand represent to the consumers' beliefs?

Do you make an impact?

Respeto

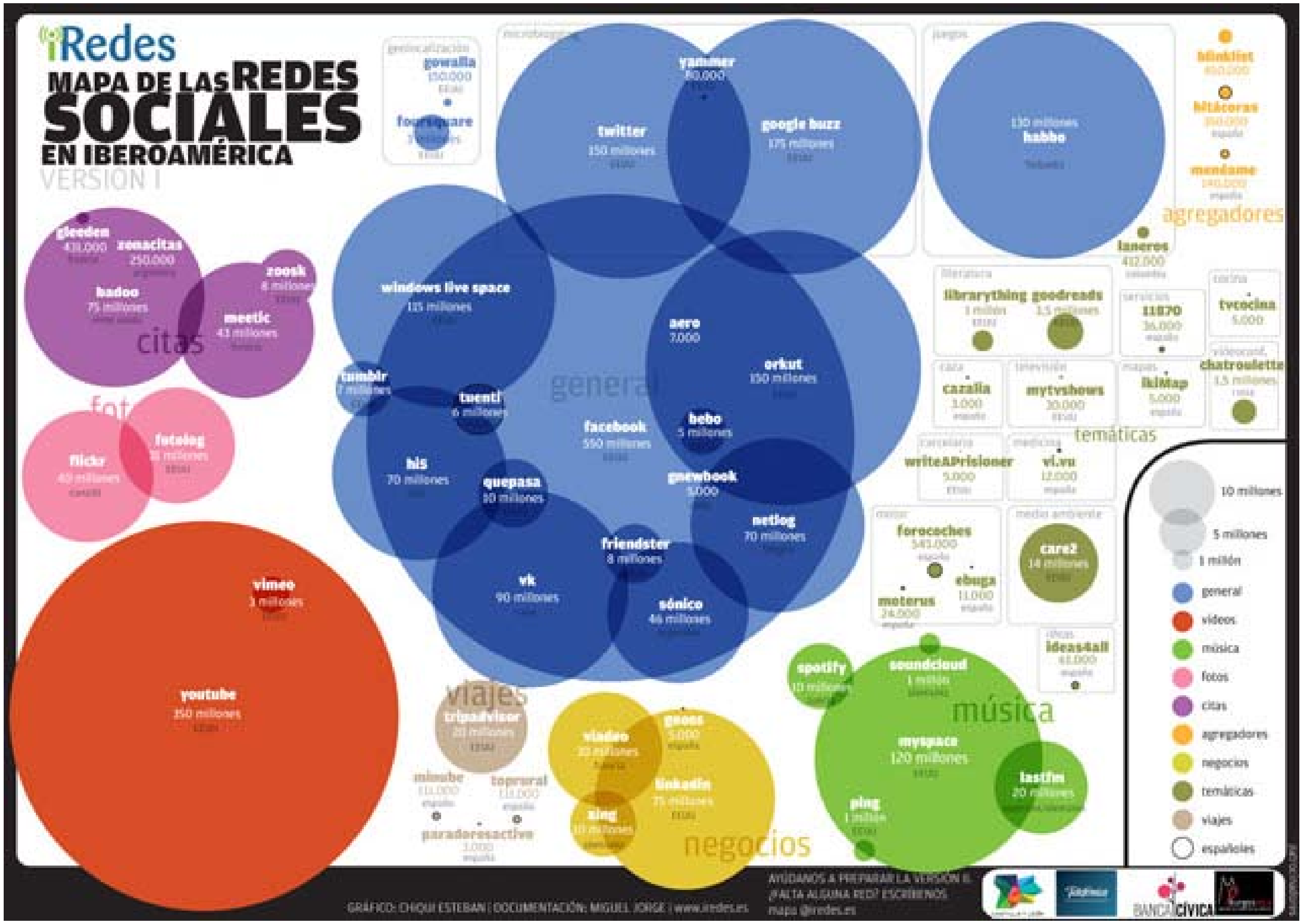
Personalismo

Confianza

Credit continues to drive decisions in Latin America but for how much longer?

Latin America has the Highest Online Growth

And highest usage per: 141 per month

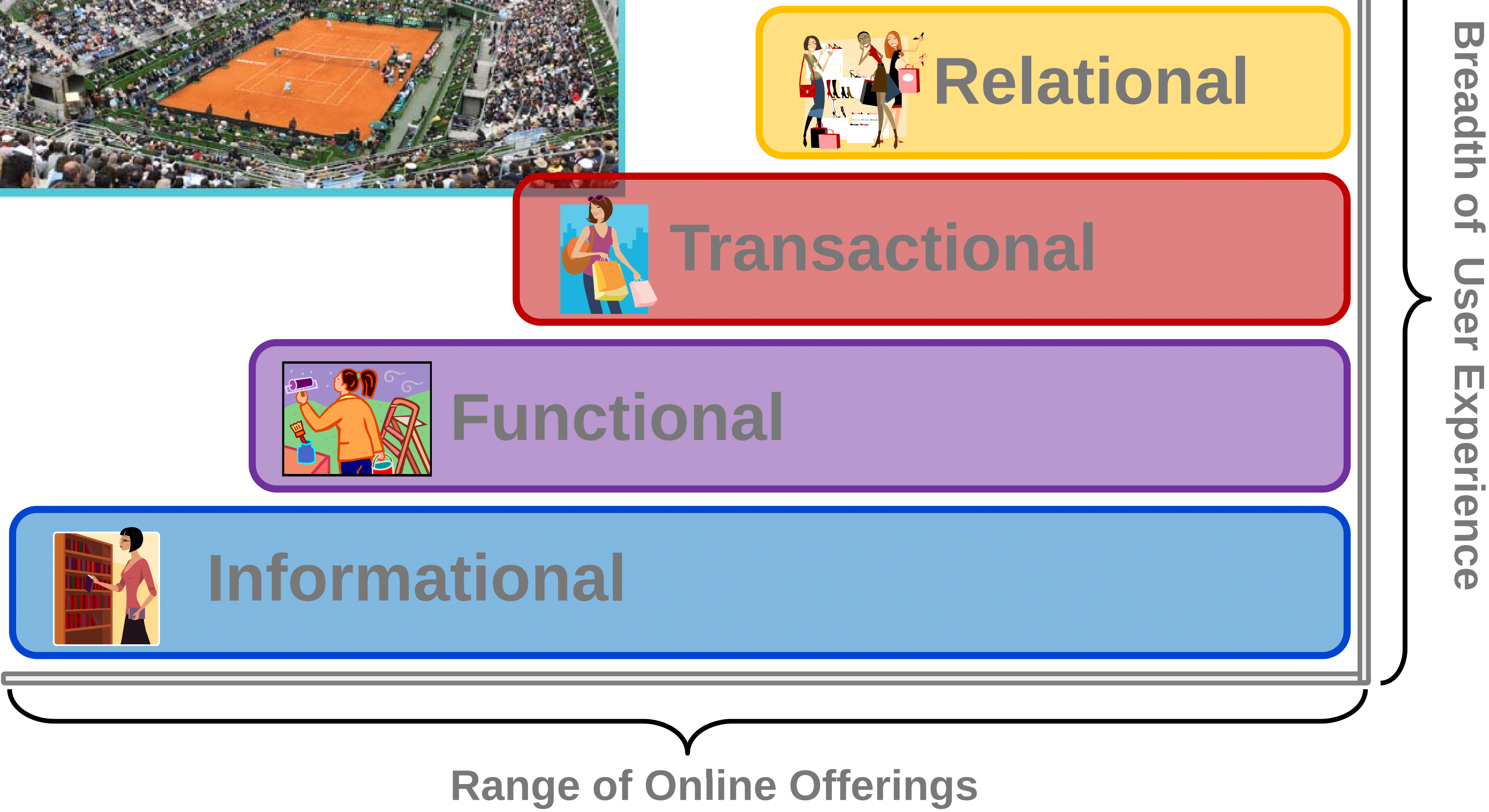


Social Media in Latin America is only starting

For a region that is driven by opinions, touch, and an informed lead

The explosion is only starting

Understanding the Online Decision
Four steps of engagement



Source: Kantar Retail research and Kantar Retail analysis

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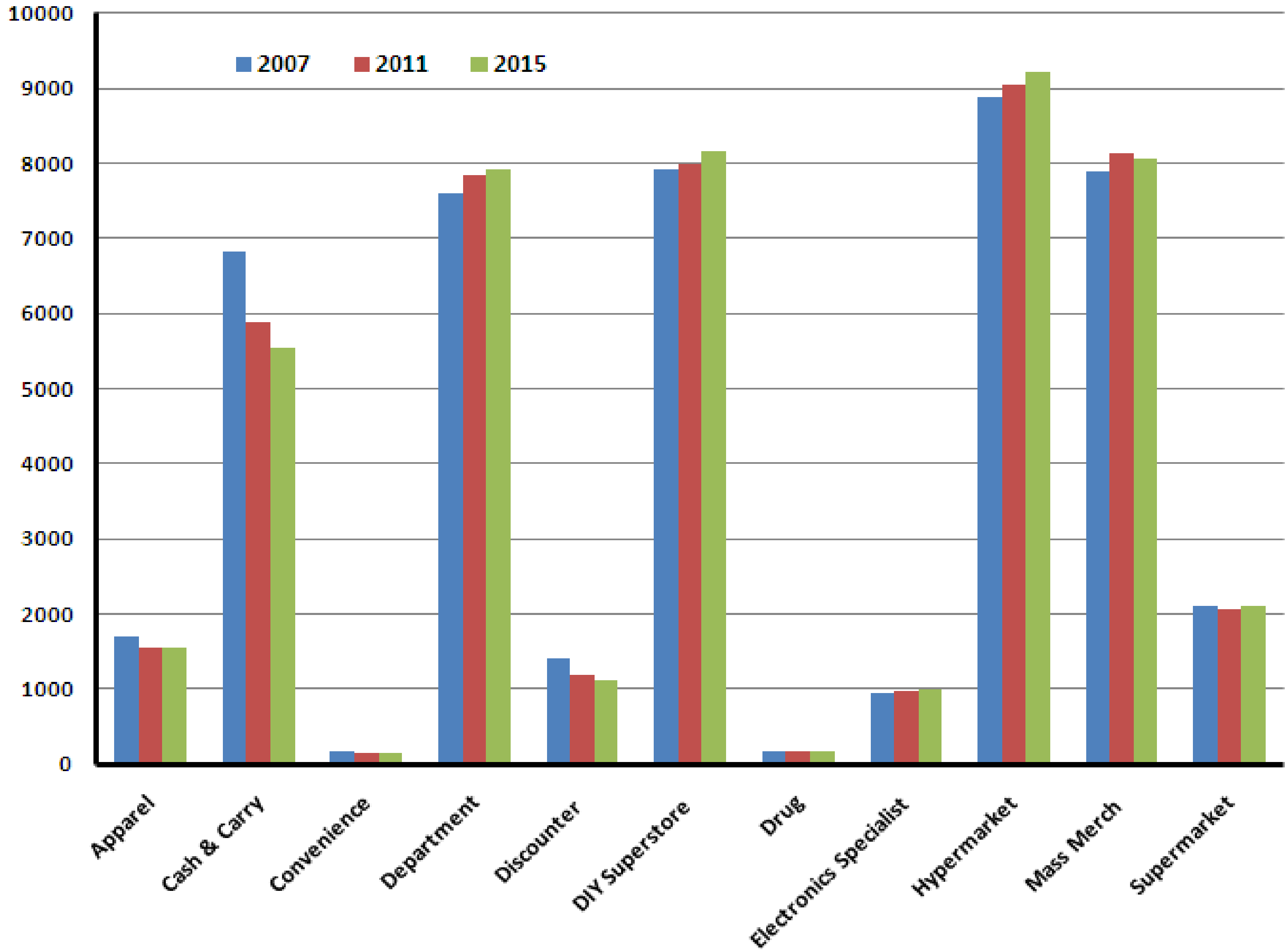
Key Formats Shrink

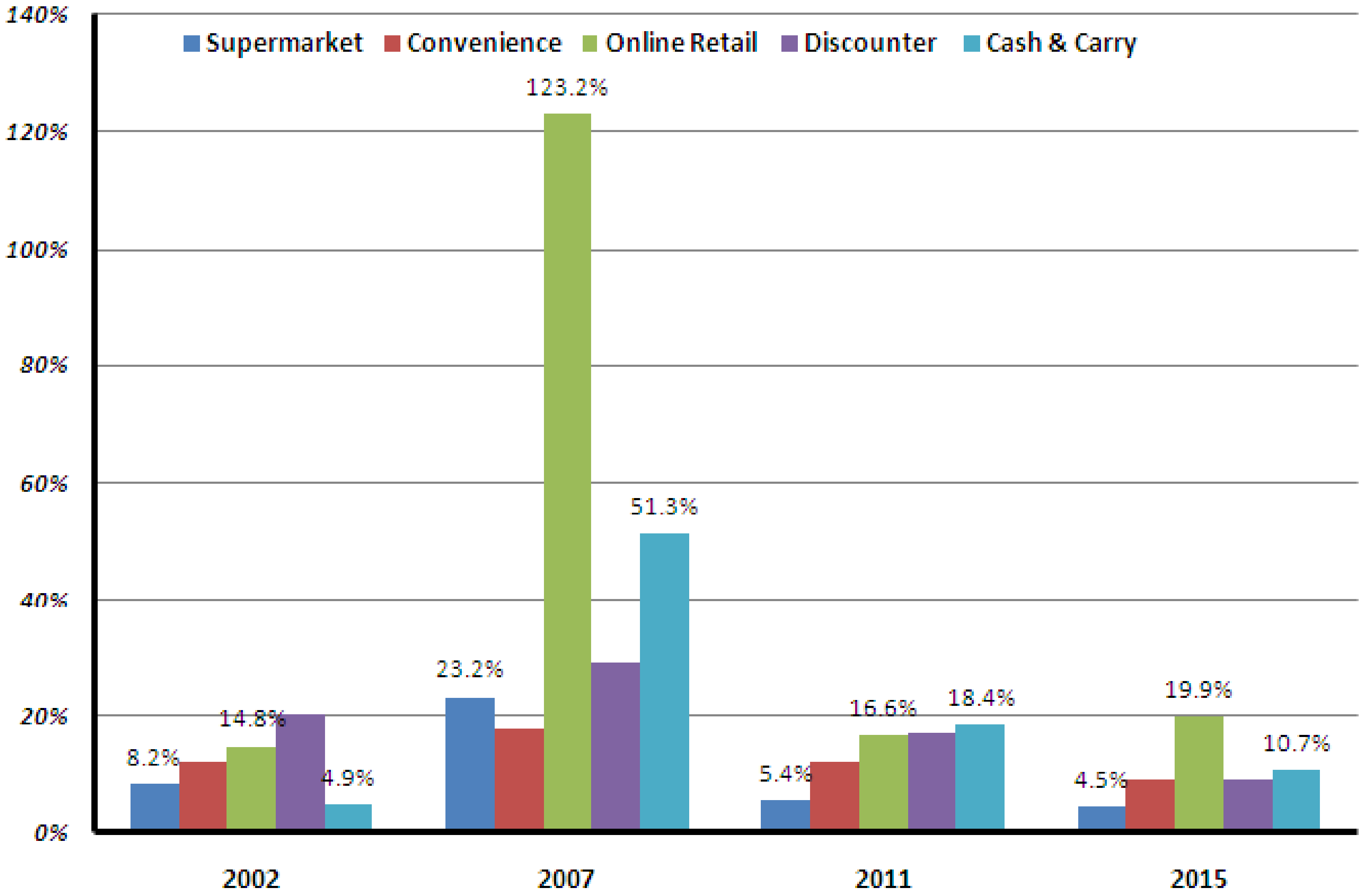
Cash & Carry and Discounters are Getting Smaller



Avg Square Meters per Store is dropping in key formats

The Shift in Formats: Fitting the Store Closer

Discounters, Cash & Carry, C-Store, Online



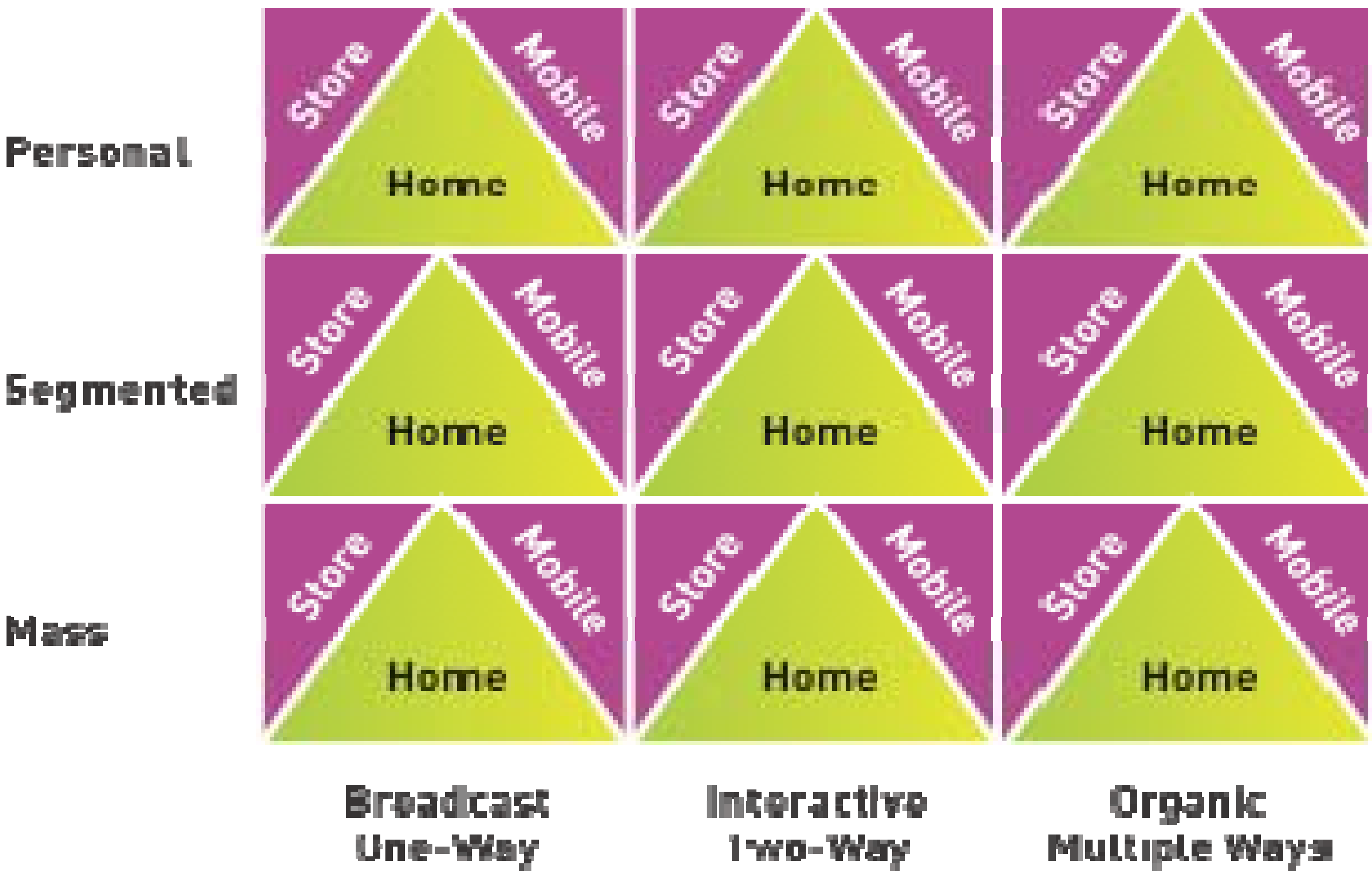
Wild Card

Online / Mobile

Organic Individualism:

The Way Forward In Share of Decision

Share of Decision



Estola Bordada con canutillos lila
Precio: $68.00

AGREGAR AL CARRITO

Chalina Estampada Flores
~~$42.00~~ $32.00

AGREGAR AL CARRITO

Can you make the overall life of the Consumer Better?

Retailers in Latin America do a solid job of linking Product to Benefits.
Now they are spreading into across more of their shoppers' needs beyond the store.

Quality of Self

Quality of Family

Quality of Community

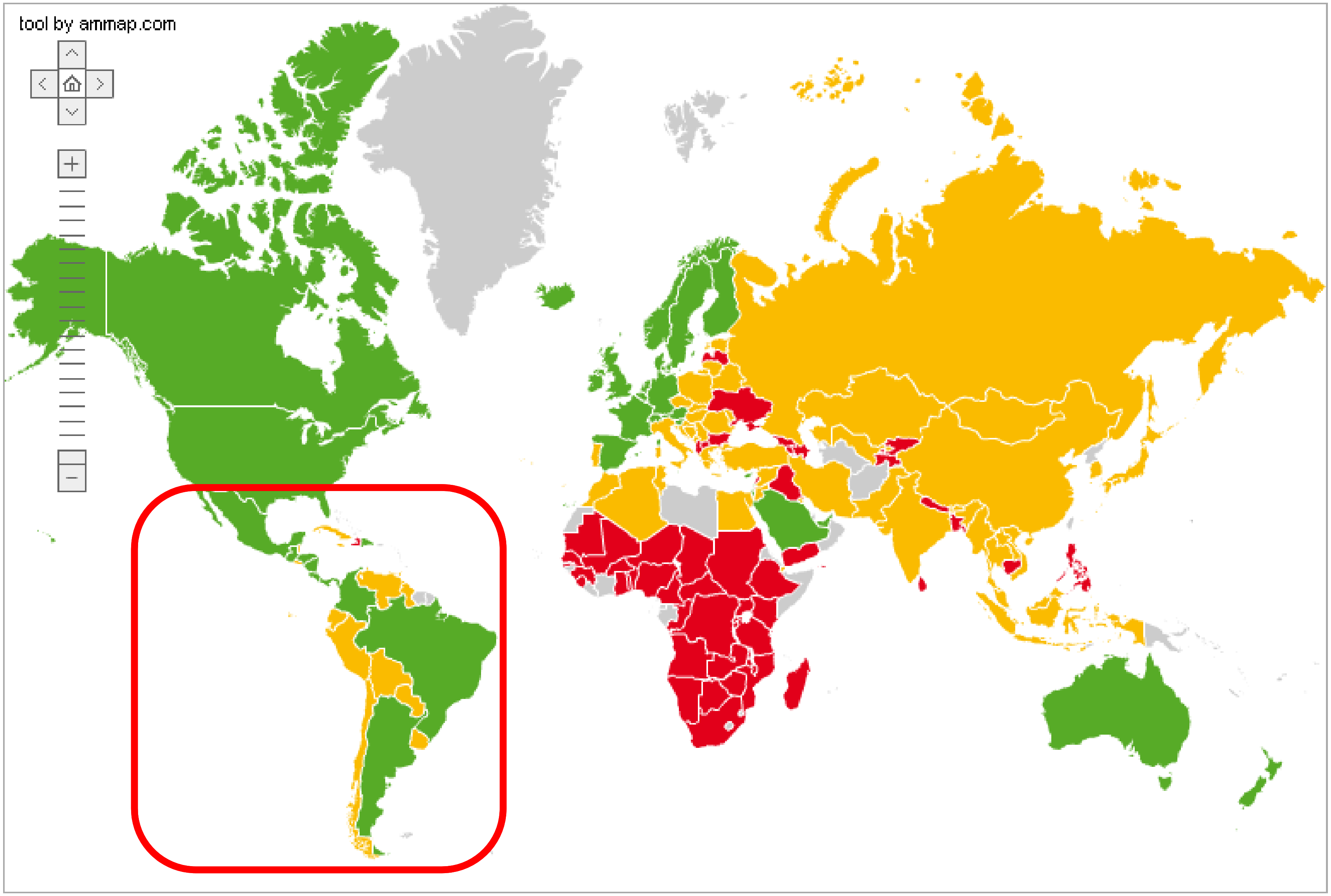
Health & Wellness

The need for Authenticity

Finding Consistency

Life Satisfaction: High Across Most of Region

But Still a Key Concern



Solutions Increasingly Mean Employees

Retention and Training in Latin America

The Real Impact of Solution Thinking

Getting Through to the Consumer

Share of Solution

		Personal	Social
Why	Purpose	Wellness	Community
What	Preservation	Health	Sustain
How	Transparency	Authenticity	

How to Cut through the Static and make the Connection?

There are huge number of distractions for the Shopper

In Latin America the answer has often been the personal touch or word

At core this is the question of the Emergent Shopper wanting to stay and shop

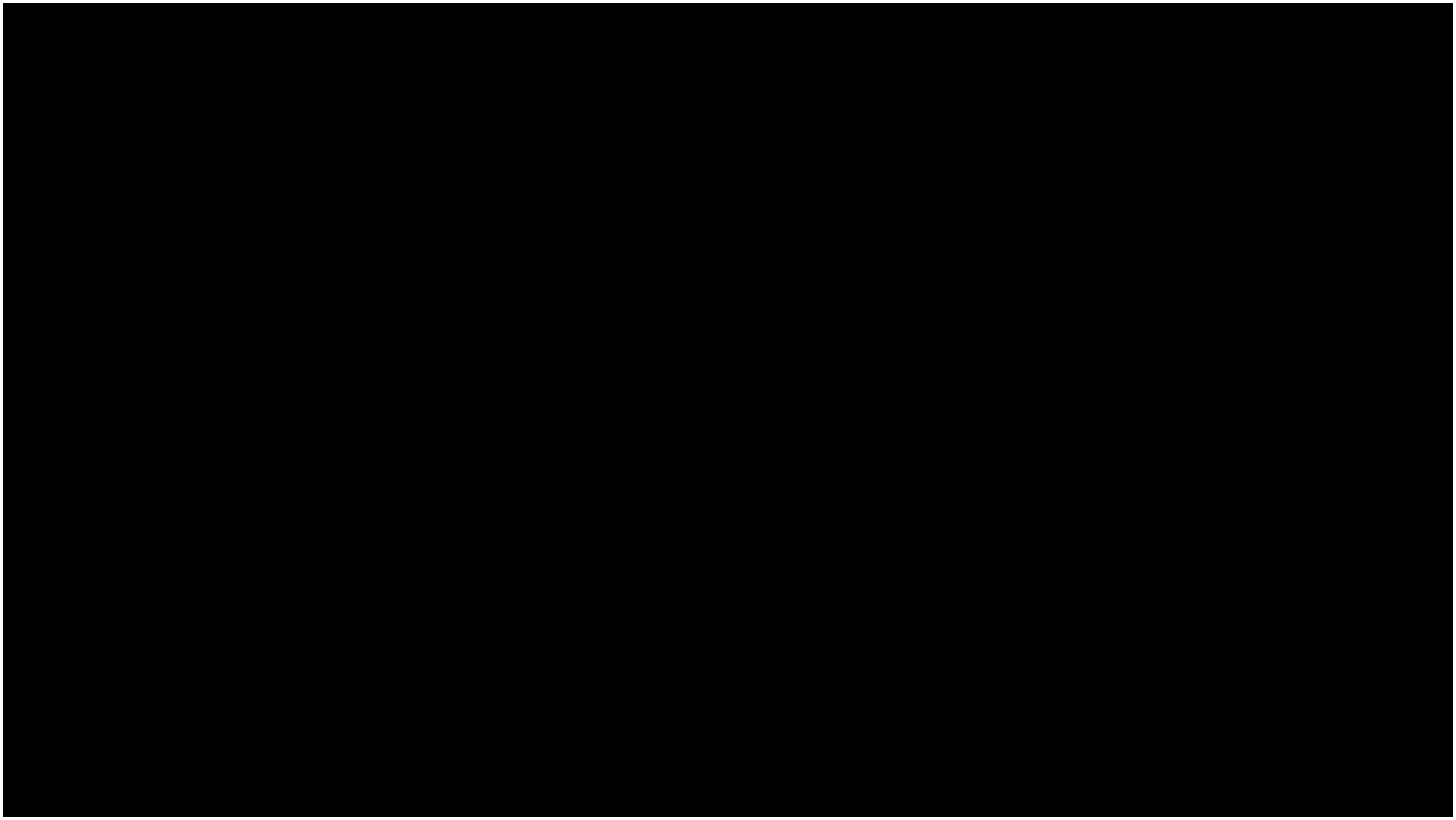
Cell Penetration is 99%

Smart devices

2010: 11 Million
2015: 440 Million

The Future: The Very Next Thing to Think On

Image Driven Digital Computing



Source: Kantar Retail research and analysis

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Data Generation Changes by Generation

Retailers Deal with Generations of People (not just Shoppers)

Source: Kantar Retail research,

Data Generation Changes by Generation

Retailers Deal with Generations of People (not just Shoppers)

Gen X: Tools

Gen Zed: Apps

Gen Y: Integration

Source: Kantar Retail research,

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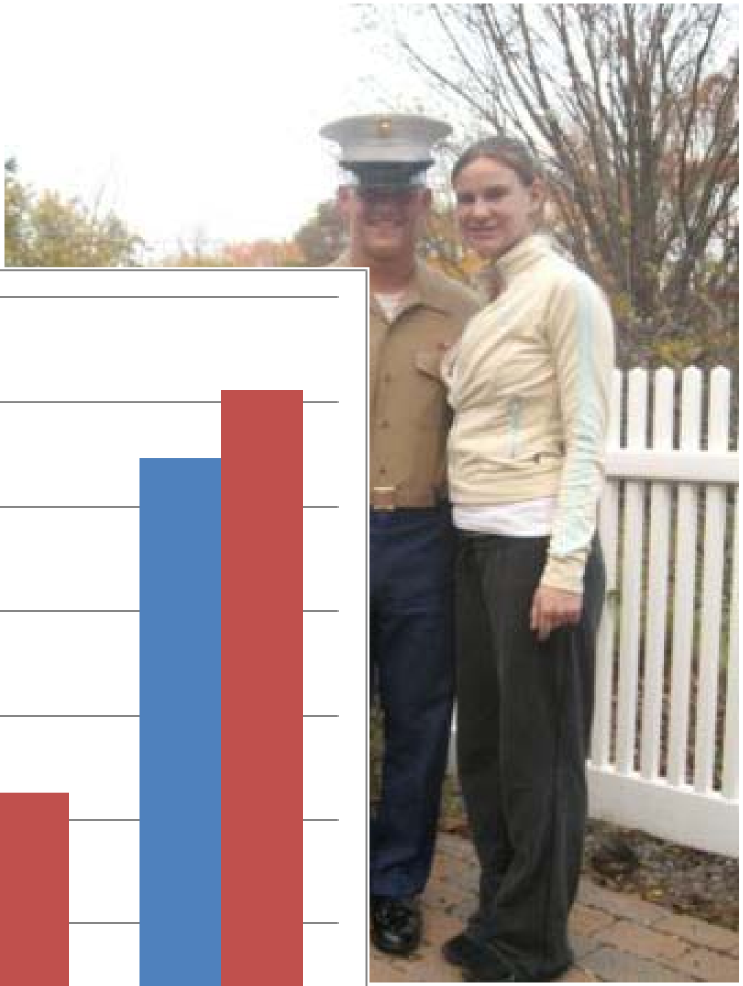
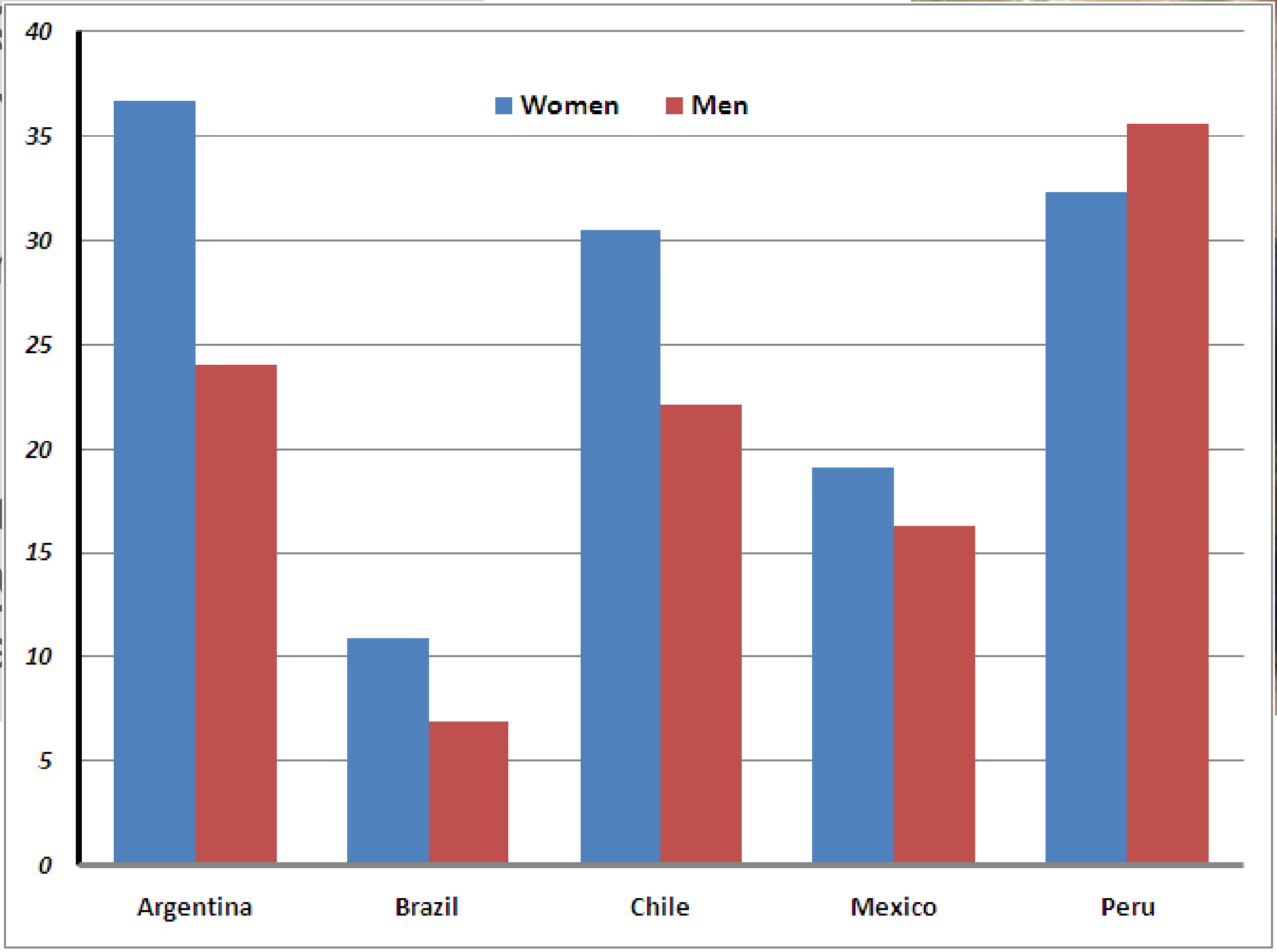
The Other Gen Y Trend of Note

The Rise of Women

Globally

- More women than men are starting colleg
- Far m
- Even advar
- If the spen famil prima





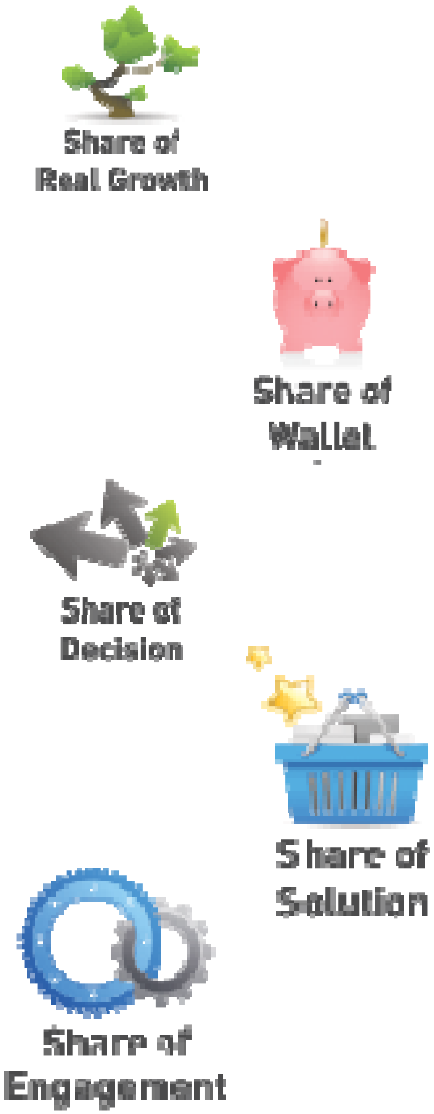
Source: Kantar Retail research,

The Other Engagement: Reality Tissot

Trying it On Virtually

Source: Kantar Retail research and analysis

Get Ready



Real Growth: Latin America is still powering on strong commodities while shifting rapidly towards more balanced/firmer economies

Wallet Share: More disposable income combined with retailer strengths in managing credit

Decisions: Retailers are physically trying to get closer to where decision are, next is virtual

Solutions: Looking at larger society and the employee base creates the full view in LA

Engagement: Who and where the engagement is coming is shifting rapidly in Latin America.

Get ready for a great ride!

Source: Kantar Retail analysis

Thank You!

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