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Home Care Packaging in Thailand

PROSPECTS

Weak Purchasing Power in Rural Areas Requires Frequent Purchases of Small Packs

Income inequality in Thailand continues to hinder the growth of purchasing power in rural areas. Even though urban consumers appear to regularly spend their money on home care and are willing to spend more on efficiency, rural consumers in Thailand tend to look for products that offer value for money or that are available in sales promotions. For example, home care that is offered in refill bags is typically cheaper than for standard bottles, appealing to lower-income and rural consumers. In addition, consumer groups have low brand loyalty as they seek the cheapest brand or packaging, neglecting the specific attributes of a product or brand.

In terms of size, rural consumers generally have to consider the aspect of short-term spending, as they live on their daily or weekly incomes. They therefore typically buy a small-sized home care product, in line with their budget constraints. This means that they must allocate their limited budgets and spend prudently, unable to afford bigger pack

sizes, even though they are ultimately likely to offer greater value for money in terms of price per liter/kg. This is also due to the uncertainty in their employment status and economic development of the rural regions. To cater to this demand, home care producers have launched special smaller sizes to serve rural consumers and accommodate their spending limitations.

Demand Shifting from Large Family Packs to Compact Sizes in Urban Areas

Purchases of products in smaller packaging are growing in convenience stores. Thai consumers increasingly prefer to shop for their home care products in convenience stores such as 7-Eleven and, as a result, manufacturers are releasing smaller pack sizes of their products specifically for this type of retail channel. Consumers from the low-to-middle-income brackets are the target demographic for such pack sizes.

With Thai consumers, especially of working age, more likely to live in apartments or condominiums, this means that there is often less room for storage. This makes Thai consumers reluctant to buy bulk home care products as their free space for storing additional products is limited.



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This factor has substantially shifted the demand for large-sized home care products to new formulated and concentrated products for ease of storage. For example, 50ml of liquid concentrate can be diluted with water to make up to five liters or consumers can use a small dose of the highly concentrated product compared with a huge volume of standard products.

Another factor that could drive demand for concentrated products is their “easy-to-carry” sizes. Home care products are usually bulky and heavy for consumers to purchase from grocery retailers and transport them home. In addition, it is difficult and inconvenient to carry large bags for family members if they shop alone. Consequently, Thai consumers tend to shop at the nearest independent small grocer or discounter at a time that is convenient to them. Smaller pack sizes not only reduce the weight to carry, but also the amount of household packaging waste in household bins.

Industry Players and Consumers “Going Green”

There are rising concerns among Thai consumers about the waste generated by home care packaging. As a result, there are increasing efforts by manufacturers to use recycled plastic in their packaging. For example, Unilever’s Sunlight brand has switched to all recycled plastic in its 750ml and 400ml packs. It is expected that innovations in green and sustainable packaging could be an important factor for home care producers to attract Thai consumers with rising environmental consciousness.

In line with government objectives set out towards the end of the review period, the amount of industrial and toxic waste generated and disposed of must be reduced, leading to the development of eco-friendly packaging in many industries, including home care. In addition, the government also aims to push forward the reduction of plastic usage by implementing plastic usage fees and levies, particularly in single-use plastic formulations, and establishing a soft punishment taxation system to help generate impetus in accomplishing its “Design for Environment” policy. ■



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