Volume VI Issue No. 29 • June 2020

EUROMONITOR DIGEST

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Health and Wellness in Australia

EXECUTIVE SUMMARY

Growing Health Consciousness Increasingly Influences Consumer Choices and Purchasing Decisions

The growing health and wellness trend in Australia is increasingly being reflected in consumer purchasing choices. Many are particularly attracted by products with a health positioning, such as an "all natural" claim, with around one quarter of consumers being influenced by this marketing claim for beverages and packaged food.

Within beverages, this has translated into the growth of products perceived as healthier, such as ready-to-drink (RTD) tea. Products that provide functional benefits, such as Kombucha, also continued to record significant growth in 2019 as consumers seek out products that are promoted as supporting their wellbeing. Significantly, since Coca-Cola Amatil's purchase of Organic & Raw Trading Co towards the end of the review period, which included the Mojo Kombucha brand, Kombucha has become something of a mainstream beverage. Within packaged food, other milk alternatives recorded significant growth within foodservice as consumers seek out non-dairy milks due to health and/or ethical concerns about dairy consumption. Over the forecast period, local manufacturers will continue to invest in innovative new products that offer consumers healthier product alternatives.

Increasing Importance of Functional Benefits as Consumers Embrace Health and Wellbeing Trend

An increasing desire among consumer to live healthier lifestyles, with a particular focus on diet and nutrition, has stimulated sales of products with functional benefits. Within packaged food, fortified/functional (FF) milk formula products continued to record strong growth as the daigou trade continues to increase and parents seek out high-quality fortified milk formulas. The industry is responding to this demand, with Freedom Foods Group joining the early nutrition market with the introduction of its Diamond pro+ brand of infant formula fortified with prebiotics and probiotics, omegas, and a range of other nutritional elements. Within beverages, this has translated into the significant growth of FF RTD tea following the launch of Nature's Way Natural Energy Tea. Over the forecast period, it is anticipated that product ranges of fortified/functional beverages will become further differentiated as more niche players join the fray.

Major Players Commit to Consumer Drive to Make Healthier Choices

According to the Australian Beverages Council, its members are committed to reducing their use of sugar by 20% by 2025. Members include Coca-Cola South Pacific, Coca-Cola Amatil, Asahi Beverages and Frucor Suntory with the

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commitment incorporating all non-alcoholic drinks. The Australian Beverages Council notes in the announcement on its website that "the pledge is the first time in Australia where an industry has self-regulated on sugar reduction in this way". This move to reduce sugar content of non-alcoholic drinks is in response to the growing trend among Australians to limit their sugar consumption. The Australian Beverages Council suggests a number of ways its members can support the pledge, such as "increasing volume sales of low- and no-sugar varieties" and "introducing additional low- and no-sugar varieties onto the market by 2020 or 2025". One factor that has the potential to complicate the issue is consumer aversion to artificial sweeteners with the, "does not contain artificial sweeteners" claim being a preferred food attribute among a large group of consumers.

Supermarkets the Leading Distribution Channel for Non-alcoholic Drinks and Packaged Food

The majority of value sales within non-alcoholic drinks and packaged food were transacted through supermarkets in 2019. This was led by Australia's two leading supermarkets, Woolworths and Coles. Woolworths has been investing in increasing the product ranges of its health-focused Macro "organic" and "wholefood" ranges.

Sales of non-alcoholic drinks through discounters, namely Aldi Stores Supermarkets, also saw strong growth throughout the review period, while sales of packaged food through discounters saw less significant growth over the review period. Aldi will also focus on increasing its healthy offerings, seen in its decision to introduce "Organics Month". Over the forecast period, it is anticipated that both distribution channels, supermarkets and discounters, will continue to focus on providing healthier product alternatives for consumers, driven by growing consumer demand.

Growing Embodiment of Health and Wellness

Consumers and manufacturers will continue to seek out and promote healthier products as healthy living becomes a part of a growing number of Australians' lives. This concern for health is manifesting itself in a range of lifestyle choices, such as consuming less alcohol and seeking out healthier food and beverage options. The impact of these healthier living trends is evident in the strong growth of products that are positioned as healthier alternatives, such as popcorn within snacks and chilled meat substitutes within processed meat and seafood. In addition to seeking out healthier food and beverage products, convenience will also be a driving trend for Australians, many of whom live busy lifestyles. As a result, prepared salads and chilled ready meals will record strong growth over the forecast period. ■

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