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Health and Wellness in Thailand

The effects of the new tax on sugary products, which came into effect in October 2019, became apparent in 2020, with players in health and wellness focusing on innovation and product development to produce reduced sugar products in response to the new tax. Many players in packaged food, soft drinks, and hot drinks reformulated their products to develop better for packaged food, better-for-you beverages, naturally healthy packaged food, and naturally healthy beverages. This shift was also accelerated by the consumer demands due to COVID-19 pandemic, with increased home cooking habits in Thailand and also a greater focus on health and wellbeing, including healthy eating.

In carbonates, major players such as Coca-Cola and Pepsi produced a flurry of new products with lower sugar content in June 2020, while Est Play was the first brand to develop zero sugar products in non-cola carbonates. In energy drinks, companies focused on the use of alternative ingredients to boost energy, with companies using black ginger and other low sugar ingredients in their products. Ready-to-drink (RTD) coffee and RTD tea players also focused on reducing the sugar content of their products.

Companies in health and wellness beverages also reacted to the uncertain demand for products in this category, and the external factors caused by COVID-19. With the closure of cafés and coffee shops in Thailand during the national lockdown, many companies in health and wellness beverages shifted their attention to ready-to-drink products.

Companies in health and wellness packaged food in Thailand also shifted the focus of their marketing strategies to focus on health and wellness claims in 2020. Consumers were more attracted to it due to the fear of infection from COVID-19.

Inorganic packaged food, however, companies responded to the greater price sensitivity of consumers following the economic turmoil of COVID-19 in 2020 by offering considerable discounts. Players in organic packaged food offered Thai consumers bundle deals, for example, which appealed to the need for stockpiling and consuming larger amounts of home-prepared food in 2020.

Retailing Shift

Despite the upheaval of COVID-19, the channel distribution in health and wellness beverages remained consistent with the review period. There was a slight increase in the share of e-commerce, no doubt driven by the increased demand for contact-free purchases during the COVID-19 crisis, but this channel remained a marginal one in 2020 as it is largely underdeveloped in Thailand. Some modern grocery retailers have also expanded their online offerings by collaborating with delivery platforms such as Grab Grocery and Mart and Food Panda Shops, although some have also begun to develop their in-house online platforms.

Highlights

- This issue provides insights on the health and wellness industry of Thailand.
- Health and wellness alternatives are likely to benefit from the COVID-19 impact despite the negative influence of recession as more consumers are now inclined to purchase food or drinks with immunity-boosting claims or other perceived health benefits.

Modern grocery retailers continued to dominate health and wellness beverages, with hypermarkets taking the lion's share and convenience stores following in second place. The trend was visible in health and wellness packaged food in 2020, although "free from packaged food" recorded a slightly bigger shift towards e-commerce than other categories.

Some retail channels were affected by national lockdown measures such as the curfew. Convenience stores, for example, are often open 24 hours per day, but during the COVID-19 pandemic, retail outlets were restricted by a curfew.

Foodservice vs Retail Split

The Thai government introduced strict measures to curb the spread of the COVID-19 virus in 2020, including a nationwide lockdown period. During this time, malls, event venues, and food service outlets were closed around the country, but supermarkets, pharmacies, takeaways, and other essential and contact-free services were permitted to remain open. As such, there was a noticeable shift towards retail sales in 2020, which was especially beneficial to health and wellness packaged food, as consumers prepared more of their meals at home, but also benefited from other categories in health and wellness beverages such as better-for-you beverages and organic beverages.

What Next for Health and Wellness?

The development of better-for-you carbonates is expected to focus on functional added benefits to cater to the growing health and wellness trends and health-consciousness in Thai consumers. This will also respond to the greater focus on health and immunity caused by the COVID-19 pandemic.

Further to this, players across all categories of health and wellness packaged food and health and wellness beverages are expected to develop products using herbs and other natural ingredients with functional health benefits. These will apply to consumers who are looking for value for money.

Throughout health and wellness packaged food and health and wellness beverages, there are expected to have more new entrants in the forecast period as major and small players in packaged food, soft drinks, and hot drinks look to health and wellness claims in their product development and innovation. In doing so, they are responding to both the greater interest in health and wellness trends following the national experience of COVID-19, as well as the implementation of the sugar tax.

As more products enter these categories, and the competition increases, a wider variety of products will be made available, which could result in a wider variety of price points, especially in traditionally premium categories such as organic packaged food.

It is expected that price will become a more important factor in the forecast period for consumers in Thailand. This is due to the considerable economic consequences of the COVID-19 pandemic. As the country recovers from the COVID-19 pandemic, lower-income consumers will continue to be affected by the contraction of the Thai economy, although middle to high-income consumers will be less severely affected by the recession of the national economy. ■



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Sugar Confectionery in Malaysia

