

DAIRY ALTERNATIVES – THAI CONSUMER – 2023

Focus on dialling up taste appeal, but also balance health and environmental credentials to charm consumers towards dairy alternative products.



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Dairy Alternatives – Thai Consumer – 2023

This report looks at the following areas:

- Consumption of dairy and dairy alternative products
- Motivations for purchasing dairy alternative products instead of dairy
- Perceptions toward various dairy and dairy alternative base ingredients
- Attitudes and behaviours relating to dairy and dairy alternative products
- Dairy alternative product innovations of interest



Focus on dialling up taste appeal, but also balance health and environmental credentials to charm consumers towards dairy alternative products.

Overview

Growing launches of dairy alternative products have been driving attention to the category and shifting some Thai consumers, particular older generations, away from dairy products. Plant-based milk brands, for instance, have been innovating with less-familiar base ingredients and flavours to deliver better nutrition and tastier profiles. Other dairy alternative products such as plant-based cheese, butter and yogurt, however, are still not making a significant presence on Thai shelves.

Since the plant-based trend will likely evolve in the next few years, it is crucial for food and drink brands to seize opportunities by understanding what is driving the usage of dairy alternative products and what types of new products will meet consumers' unmet needs.

This Report focuses mainly on understanding what is driving consumers to shift from dairy to dairy alternative products and associations consumers have with various dairy and dairy

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alternative base ingredients, especially in terms of health and the environment. Most importantly, it identifies key focuses brands should strategise around for future dairy alternative products.

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Report Content

EXECUTIVE SUMMARY

- Mintel's perspective

Key issues covered in this Report

- Overview
- The outlook of dairy alternative businesses in Thailand
- The resilient dairy alternative market
- Market to Gen Z with indulgent cues
- Compete with relevant health functionalities
- Make newer sustainable/ethical claims to broaden appeal among consumers aged 35+
- Quick download resources

KEY TRENDS AND MARKET FACTORS

- What you need to know

Shifting dietary preferences and plant-based diets

- Longevity triggers demand for health prevention
 - Graph 1: life expectancy at birth, 2000-20
- Thai consumers are embracing plant-based diets for health
- Growing trend of flexitarianism opens a market for plant-based product innovations
- There is a significant increase in vegan and plant-based claims across global food and drink categories
 - Graph 2: food and drink launches, by select claims, 2020-23
 - Graph 3: food and drink launches, by select claims, 2020-23
- Thai dairy alternative brands are strategising to be the first choice for plant-based products

The resilient dairy alternative market

- Despite the plant-based trend, it has been a difficult few years for the global plant-based market
- Germany and the US are the biggest innovators of dairy alternative products
 - Graph 4: % of dairy alternative product launches, by market, 2018-23
- Two in five global 'milk' launches are now plant-based
 - Graph 5: non-dairy milk launches, as % of total dairy/non-dairy milk launches, 2018-22
- In Thailand, adoption of dairy products still surpasses dairy alternatives
 - Graph 6: associations of cow's milk, 2023
- Strong heritage positioning of dairy products in Thailand makes them hard to beat
- Dairy alternative products are catching up on nutrition and taste

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- Food technology is allowing more advanced formulations in dairy alternative products

Environmental sustainability and ethical considerations

- Climate change will dominate the discussion over the next decade and beyond
- Innovative solutions are needed to sustainably feed the world's growing population and dairy alternatives are part of it
- Sustainability considerations are increasingly impacting consumers' food and drink choices, but at a lesser degree in Thailand
 - Graph 7: Index of select factors driving consumer behaviour around the Mintel Trend Driver Surroundings*, 2023
- Food and drinks that fit into sustainable diets will grow in appeal
- Animal-free dairy protein gains ground, but it needs scalability and affordability

WHAT CONSUMERS WANT AND WHY

- What you need to know
- Dairy and dairy alternatives: consumer associations at a glance
- Growth strategies for dairy alternatives

Market to Gen Z with indulgent cues

- Gen Zs are a target demographic for category growth
- Dairy alternatives struggle to find users in younger consumers
 - Graph 8: purchase of dairy and dairy alternative products, by age, 2023
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 - Graph 9: attitudes towards plant-based and animal-derived protein, by age, 2023
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 - Graph 10: attitudes towards dairy and dairy alternative products among consumers with different consumption behaviours, 2023
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 - Graph 11: plant-based milk launches, by top flavour components, 2019-23
- Lead with fun and flavour, not ethics
- Coffee (cappuccino), caramel, and coconut water are some of the novel flavours for dairy alternative brands to explore
- Interpreting the map
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- Plant-based milk producers can introduce 'barista' ranges with a foamable texture
- Thailand still has a large window of opportunity for more dairy alternative product diversification
 - Graph 12: % of dairy alternative product launches, by sub-category, 2018-23
- Learn from global plant-based yogurt innovations
- Extend to plant-based ice creams to cater to consumer interest in mood-boosting indulgences

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- New ingredients for consumers' new taste experience

Compete with relevant health functionalities

- Health propositions are the strongest motivators driving Thais to choose dairy alternatives instead of dairy ones
 - Graph 13: reasons motivating consumers to purchase dairy alternative products instead of dairy ones, 2023
- Bone health is the most sought-after benefit, but Thai consumers also want more
 - Graph 14: interest in trying health benefits in milk products, 2022
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 - Graph 15: % of 'plus' claims in plant-based milk and yogurt launches, 2018-23
 - Graph 16: % of functional claim in plant-based milk and yogurt launches, 2023
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 - Graph 17: associations of main ingredients found in dairy and/or dairy alternative products, 2023
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- Milk allergies prompt mothers to seek dairy alternative products
- Dairy alternative products designed for children

Make outstanding sustainable/ethical claims

- Global dairy alternative product launches primarily attract consumers with ethical & environmental claims
 - Graph 19: % of claim category in dairy alternative product launches, 2018-23
- Thais credit dairy alternative products for being environmentally friendly
 - Graph 20: associations of main ingredients in dairy and dairy alternative products, 2023
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 - Graph 21: reasons motivating consumers to purchase dairy alternative products instead of dairy ones, by age, 2023
- Dairy drinks are already demonstrating serious commitment to carbon reduction
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- Examples of carbon neutral claims on packs of dairy alternative products
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- 'Total Oat' usage to reduce waste...and to improve product quality
- Responsible water usage to become a stronger point of focus

- Other emerging environmental claims

APPENDIX

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- Consumer research methodology
- Correspondence analysis

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