

FUNCTIONAL FOOD & DRINK – THAI CONSUMER – 2021

Support new wellness priorities and build trust through science to drive growth in functional food and drink.



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Report Content

EXECUTIVE SUMMARY

- What you need to know
- Mintel's perspective

Market context

- Impact of COVID-19 on functional food and drinks
- Escalating screen time and reduced green time is driving consumer need for holistic health support
- Market competition is intensifying in the healthy and functional space

What consumers want and why

- Consumers want: taste and affordability
- Consumers want: holistic health
- Consumers want: scientific substantiation of claims

Opportunities

- Focus on taste
- Support new wellness priorities
- Inspire usage regularity with science

Competitive landscape

- Growth in unconventional product categories

Mintel predicts

- The outlook for functional food and drinks in Thailand
- The marketing mix – 4Ps
- Functional food and drinks continue to support consumers' wellbeing

KEY TRENDS

- What you need to know

Global trends and how they are playing out in Thailand

- Economic slowdown is affecting consumers' choices
- Escalating screen time, reducing green time
- Poor sleep quality is becoming another major health concern
- Focus on preventive health creates an opportunity for nutrient-dense food/drinks to become part of daily choices
- Healthy food/drinks are best when they come with convenience

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- In response to elevated health consciousness and lower spending power, brands are under pressure to offer consumers more nourishments

Key trends impacting functional food and drink in Thailand

- Market competition is intensifying in the healthy and functional space
- The Thai functional food and drink market is ripe for development
 - Graph 1: launches of food and drink products with functional claims, by country and region, 2016–2020
- Brain health, antioxidant and bone health are the top three most common functional claims in Thai food and drinks
 - Graph 2: food and drink launches with functional health claims, March 2019–February 2021
- Functional food and drink will play a more powerful role in supporting consumers mental wellbeing
 - Graph 3: share of all food and drink launches mentioning mood* on pack, March 2016–February 2021
- Thailand is not a key player in mood-enhancing patent grants in food and drink
- Thai consumers are challenging the truth behind claims on food/drink products
- New opportunities to use active ingredients, such as CBD, to provide relevant functional benefits
- Class coffee, Ichitan, Sappe, and Tipco Foods are among those quick to embrace CBD

CONSUMER INSIGHTS

- What you need to know

Usage of functional food and drinks

- Usage of functional food and drinks vary significantly between product categories
 - Graph 4: usage of functional food and drinks, December 2020
- Millennials are the core users of functional food/drinks with the widest repertoire
 - Graph 5: repertoire of types of functional food and drinks used, by age, December 2020
- Opportunity for functional salty snacks, meal replacement and tea
 - Graph 6: usage of functional drinking yogurt, juice and sports/energy drink in the past three months, December 2020
 - Graph 7: usage of functional salty snacks, meal replacement and tea in the past three months, December 2020
- Usage of functional cereal drink and vitamin waters can be expanded among 45+ men
 - Graph 8: usage of functional cereal drinks in the past three months, by age and gender, December 2020
 - Graph 9: usage of functional flavoured water (vitamin waters) in the past three months, by age and gender, December 2020
- Strong rejection against functional coffee among 18-24 years old women challenges producers to offer more relevant functionalities
 - Graph 10: usage of functional coffee in the past three months, by age and gender, December 2020

Attitudes towards functional food and drinks

- Underlying motivations for usage of functional food and drinks
- Thais perceive functional food/drinks as the middle-point along the spectrum of natural foods to VMS products when seeking nutrition

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- More education is needed to encourage habitual, daily usage of functional food and drink
 - Graph 11: behaviours relating to functional food and drink, by age, December 2020
- Thais welcome product/ingredient innovations with low scepticism
- Consumers, especially the young, doubt how 'essential' functional food/drinks are to health
 - Graph 12: agree/disagree that functional food and drinks are 'not essential' to being healthy, by age, December 2020

Important factors impacting functional food/drink choices

- Taste and affordability are the basics which must be delivered, before health functionality
 - Graph 13: top important factors when buying functional food/drinks, by age and gender, December 2020
- Price is a key barrier to regular consumption of functional food/drinks
- Differentiate with science-based reassurance claims
 - Graph 14: important factors when buying functional food/drinks, December 2020
- High-dose claims still have a competitive edge... at least for now
 - Graph 15: perceptions relating to functional food and drinks, December 2020
- Convenient format is also key, especially among consumers in Bangkok and Central Thailand
 - Graph 16: importance of convenient packaging when buying functional food/drinks, by region, December 2020

Added health benefits of interest

- Thais seek for holistic health benefits from functional food and drinks
- Eye and brain health are the most attractive added benefits across the population
 - Graph 17: added benefits consumers are interested in getting from functional food/drinks, December 2020
- Demands for eye and brain health soar with age
 - Graph 18: added benefits consumers are interested in getting from food/drink, by age, December 2020
- Older consumers are more driven to products with immunity and digestive health support than younger age groups
 - Graph 19: added benefits consumers are interested in getting from functional food/drinks, by age, December 2020
- Women seek to improve skin appearance
 - Graph 20: added benefits consumers are interested in getting from food/drink, by area and gender, December 2020
- Emotionally stressed urban women need help to get a good night's sleep
 - Graph 21: added benefits consumers are interested in getting from food/drink, by area and gender, December 2020
- Compared to mid-2019, there are sharp spikes in interest for sleep, muscle development aids and digestive health
 - Graph 22: added benefits consumers are interested in getting from functional food/drinks, July 2019 vs December 2020
- After the pandemic, young adults aged 18-24 have exceptionally higher interest in sleep aids
 - Graph 23: changes in interests for added health benefits from functional food and drinks, by age, July 2019 vs December 2020
- Apart from age and gender differences, added health benefits of interest also vary among consumers in different regions

MARKET APPLICATIONS

- Opportunity: key areas of focus

Opportunity one: focus on taste

- First and foremost, satisfy the basic requirements for taste
- Functional snacks can be nutritious as well as tasty
- Flavour preferences in cold beverages vary between age groups
 - Graph 24: flavour preferences in cold beverages, by age, December 2020
- Apart from the basic sweet flavours (eg vanilla, chocolate), berry and citrus flavours show potential in carbonated soft drinks,
 - Graph 25: flavour preferences in hot beverages, December 2020
 - Graph 26: flavour preferences in carbonated soft drinks, December 2020
- Flavour innovations in beverages
- Secretly healthy (stealth-health concept)

Opportunity two: support new wellness priorities

- Thai market has seen a spurt in immunity health claims, but there is still more room for growth
- Offer immunity health support by adding prebiotics and probiotics in less-mature categories
- Grow mature categories with eye health benefits
- Expand eye health support to less mature categories
- Tackle specific requirements for brain boosting
- Look into mood-enhancing ingredients that supports improvement of sleep, especially for sleep-deprived urban women
- Seize the new opportunity from newly legalised functional ingredients like CBD to support mental wellbeing
- Go beyond high fibre claims to cater to consumers looking for healthier digestion
- Support a balanced digestive system through microbiota support
- Show the strong link between healthy gut and healthy immune system
- Go beyond protein bars to facilitate muscle work
- Skin beauty for the ladies
- Energy boosting benefits for the young generation

Opportunity three: inspire usage regularity with science

- Teach me, don't tell me
- Call out key nutrients and explain their benefits
- Products backed by science
- Invest in clinical studies to prove efficacy
- Communicate measurable result claims to the 45+ adult consumers

APPENDIX

- Consumer research methodology

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