NATURAL AND ORGANIC FOOD AND DRINK – THAI CONSUMER – 2022

While price and availability limit purchases, proving authenticity, benefits, and clearly distinguishing organic from natural remains critical to driving growth.

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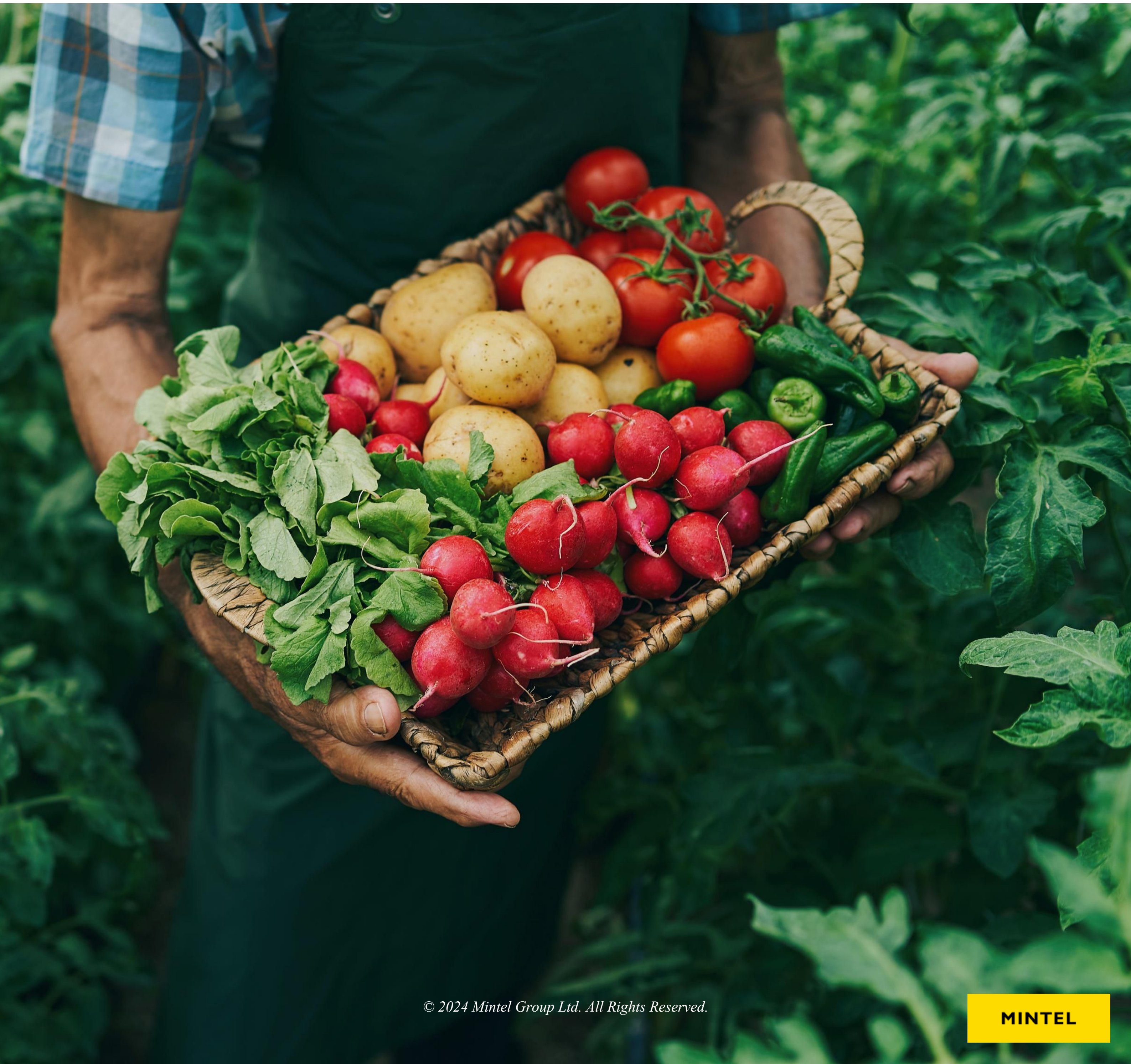

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Natural And Organic Food And Drink - Thai Consumer - 2022

This report looks at the following areas:

- Purchase of natural/organic food and drinks among Thais
- Thai consumers' understanding of natural and organic food/drinks
- Thai consumers' perception towards natural/organic food and drinks
- Barriers to purchasing natural/organic food and drinks
- Natural/organic ingredients of interest in food and drinks

> While price and availability limit purchases, proving authenticity, benefits, and clearly distinguishing organic from natural remains critical to driving growth.

Overview

The search for health and wellness solutions under the cloud of COVID-19 has intensified. Thanks to natural and organics' strong association with health benefits and being an environmentally friendly option, it has gained more popularity among Thais who seek preventive health measures and sustainable products.

The interest in natural and organic food and drinks in the Thai market is high, but consumers' tightened budgets and increased wariness about these products' superiority over regular options call for brands to prove their benefits through transparency, consumer education and effective communication.

Various barriers are crucial to the consumer deciding to purchase natural and organic products. They include pricing, availability, awareness and perceived product advantages over regular options.

This challenges natural and organic food/drink brands to offer products that can reconfirm consumers' belief in the superiority of these products and prove their claimed higher value over conventional choices.

Report Content

EXECUTIVE SUMMARY

- Mintel's perspective

Key issues covered in this Report

- Overview
- The impact of COVID-19 on the natural/organic food and drink sector in Thailand
- Absence of nasties dominates natural claims in packaged Thai food/drink launches, leaving space for natural/organic products to grow
  - Graph 1: % of food and drink launches with various types of natural claims, 2019-22
- Set organic apart from natural
  - Graph 2: association of natural and organic food and drinks with various attributes, 2022
- Remove key obstacles to purchase
  - Graph 3: barriers to buying natural/organic food and drinks, 2022
- Innovate with natural/organic herbs, superfruits and natural sweeteners
  - Graph 4: top five natural/organic ingredients consumers are interested in seeing in food and/or drink products, 2022

Mintel predicts

- The outlook of the natural/organic food/drink category in Thailand
- The marketing mix
- Quick download resources

KEY TRENDS

- What you need to know

Natural/organic food and drink launch activity is stagnant

- Europe and North America are leading the natural/organic movement, thus seeing highest food/drink launches with these claims
  - Graph 5: % of food and drink launches with 'all-natural' or 'organic' claims, by market, 2019-22
  - Graph 6: % of food and drinks with 'all-natural' or 'organic' claims, by region, 2019-22
- Global natural/organic food and drink launches have been plateauing over the last five years
  - Graph 7: % of food and drink launches with 'organic' claim, 2019-22
  - Graph 8: % of food and drink launches with 'all-natural' claim, 2019-22
- Thai consumers' interest in natural-inclined food/drinks is continuing without any sharp spikes
  - Graph 9: Google search featuring the term 'ออร์แกนิค' and 'ธรรมชาติ' and 'คลีน' under food/drink category, interest over time, 2019-present

- Graph 10: Google search featuring the term 'organic', 'natural' and 'clean' under food/drink category, interest over time, 2019-present

- Conversations about Thai herbs by the Thai public health authorities supports the positivity of natural ingredients
- Emerging associations of organic food with environmental sustainability

Inflation is severely impacting consumers' finances

- Launch activities in natural/organic food/drinks are often positioned at a premium
- More than health, Thai consumers are concerned about their finances

- Graph 11: consumer anxieties, 2022

- Rising inflation inevitably has an impact on consumers' everyday spending habits, forcing premium brands to rethink their strategies

- Graph 12: proportion of consumers who would change their everyday spending habits if they had to make savings in their household budget, by market, 2022

Consumers' high trust in naturalness signals a long-term promise for natural/organic food and drinks

- Ideas of naturalness and healthiness are parallel

- Graph 13: % of food and drink launches with the top five claim categories, 2017-22

- Highlighting the absence of nasties dominates natural claims in packaged Thai food/drink launches

- Graph 14: % of food and drink launches with various types of natural claims, 2019-22

- Emergence of food services specialising in natural/organic food and drinks
- Ethical issues push consumers towards the natural/organic market
- High trust in organic products among Thai consumers, with growing demand for more brand transparency

CONSUMER INSIGHTS

- What you need to know

Natural vs Organic

- Thai consumers prioritise natural over organic

- Graph 15: top factors when shopping for food, 2022

- While 'natural ingredients' have mass appeal, 'organic ingredients' are perceived as important mainly among affluent consumers

- Graph 16: consumers who prioritise 'natural ingredients' as an important factor when shopping for food, by monthly income, 2022

- Graph 17: consumers who prioritise 'organic ingredients' as an important factor when shopping for food, by monthly income, 2022

- The need for a clearer definition positions natural/organic as just a 'trendy label'
- The line between organic and natural is often blurred

- Graph 18: association of natural and organic food and drinks with various attributes, 2022

- The line between organic and natural is often blurred

- Set organic apart from natural; boast about features that mere natural products cannot offer
- Justify the need for consuming GMO-free foods to doubtful consumers
  - Graph 19: agreement with the statement "Genetically modified food (GMO) is a good solution to global hunger", 2022
- Prove organic quality with credible communications

The Naive and The Experienced

- Premium positioning has led Thais to have an overall positive perception towards natural/organic products
- Availability drives purchase: the most purchased natural/organic categories are the ones with the highest number of products
  - Graph 20: purchase of natural/organic food and drinks, 2022
- Perceived health and environmental benefits of natural/organic products influence purchases
  - Graph 21: agreement with the statement "choosing natural/organic food or drinks can help minimise our impact on the environment", by natural/organic user type, 2022
  - Graph 22: agreement with the statement "choosing natural/organic food or drinks is a good way to avoid harmful chemicals", by natural/organic user type, 2022
- Price, availability and a lack of strong differentiation limit purchases
- Price, availability and a lack of strong differentiation between regular and natural/organic products are the key factors demotivating purchases
  - Graph 23: barriers to buying natural/organic food and drinks, 2022
- Key target groups: The Experienced and The Naive
- The Experienced consumers have a wider repertoire of natural/organic products
  - Graph 24: natural/organic product purchase repertoire of the Naive and the Experienced, 2022
- Address price and availability issues to break core barriers for the Naive
  - Graph 25: structural barriers to buying natural/organic food and drinks among the Naive and the Experienced, 2022
- Drive education to build deeper understanding about natural/organic products, particularly among the Experienced
  - Graph 26: perception-related barriers to buying natural/organic food and drinks among the Naive and the Experienced, 2022

The future of natural/organic ingredients

- Natural/organic herbs, superfruits and natural sweeteners have the highest winning chance among Thai consumers
  - Graph 27: natural/organic ingredients consumers are interested in seeing in food and/or drink products, 2022
- Localism opens doors for natural/organic Thai herbs
- Distinctive interest in specific natural/organic ingredients among parents
  - Graph 28: interest in natural/organic ingredients in food and/or drinks, by parent status, 2022
- CBD-infused food and drinks are highly attractive among the Experienced
  - Graph 29: agreement with the statement "food and/or drinks infused with CBD are very appealing to me", among the Naive and the Experienced, 2022
- Women are particularly interested in natural/organic products that support immunity health

- Graph 30: agreement with the statement "there should be more natural/organic products that help support the immune system", by gender, 2022

MARKET APPLICATIONS

- Opportunities: key areas of focus

Opportunity 1: bring natural/organic options within consumer reach

- Ensure availability across online and offline platforms
- Deliver natural, chef-curated meals at the push of a button
- Call attention to value and affordability to drive usage across categories
- Leverage simplicity to lead the way in value
- Private labels' value launches can rise to compete amidst the high pricing competition
- Use the strong natural/organic health halo to uplift the permissibility of indulgent categories, especially for Gen Zs
- Urban organic farming as a solution for urban health enthusiasts seeking easy access to fresh, healthy food

Opportunity 2: educate to prove the value of natural/organic choices

- Spell out the benefits of switching to natural and organic in food and drinks
- Differentiate between natural and organic in food and drinks
- Explain why organic is better
- Prove authenticity of being organic through certification

Opportunity 3: adopt trending natural/organic ingredients

- Make local natural/organic ingredients the hero products
- Herbs, superfruits and floral are novel flavours in APAC plant-based milk with potential to grow
- Add a local touch with a farm-to-table narrative
- Address urban wellness needs with CBD among the Experienced consumer segment
- Highlight on having 'zero THC' to dissociate from their psychoactive effects
- Introduce new benefits of CBD to expand usage

APPENDIX

- Report definition
- Consumer research methodology

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