NON-ALCOHOLIC BEVERAGE TRENDS – THAI CONSUMER – 2021

The indoor generation is seeking more health benefits from non-alcoholic beverages, on top of their basic refreshment and comfort.

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Report Content

EXECUTIVE SUMMARY

- What you need to know
- Mintel's perspective

Market context

- Impact of COVID-19 on non-alcoholic beverages
- Demand for preventive healthcare is brought to the forefront of non-alcoholic beverage industry
- Rising competition as beverage categories are blurring and new healthy options emerge

What consumers want and why

- Consumers want: BFY drinks to enjoy while at home
- Consumers want: mainstream flavours
- Consumers want: added health benefits

Opportunities

- Facilitate in-home consumption
- Go beyond mainstream flavour experiences
- Add value with health functionality

Competitive landscape

- Health claims and exotic flavours are winning in new beverages

Mintel predicts

- The outlook for non-alcoholic beverages in Thailand
- The marketing mix – 4Ps
- Consumers continued to turn to non-alcoholic beverages through the pandemic

KEY TRENDS

- What you need to know

Global trends and how they are playing out in Thailand

- Stay-at-home economy poses new challenges

  - Graph 1: "Compared to your usual spending habits, do you expect to spend more, less or about the same in each of the following categories over the next month?", 14-17 September 2020
- Rising prevalence of non-communicable diseases (NCDs) is fueling the urgency for sugar reduction
- COVID-19 accelerates global health proactiveness

- Economic slowdown is affecting consumers' choices and their mental health
- Many products/services are emerging to help consumers cope with stress
- Public health authorities are working to improve consumers' holistic health

Key trends impacting non-alcoholic beverages in Thailand

- Progressive sugar tax rate continues to challenge beverage companies to innovate lower-sugar choices to maintain competitiveness
- Continuous rise in sugar reduction claims in response to government pressure and consumer demand for lower-sugar products
  - Graph 2: sugar reduction claims in non-alcoholic beverage launches, 2016-20
- In addition to sugar reduction claims, more global/local brands are communicating "Thai HCL logo" to uplift health image
- Beverage competition is intensifying in the healthy and functional space
- Increasing innovation in health-focused beverages
  - Graph 3: non-alcoholic beverage launches, by category, 2016-20
- Thai beverage brands are embracing sustainability
  - Graph 4: ethical claims in non-alcoholic beverage launches, 2016-20
- Thais are becoming more knowledgeable, but also more sceptical

CONSUMER INSIGHTS

- What you need to know

Shift in non-alcoholic beverage consumption choices

- Examine new in-home consumption behaviours to cater to the indoor generation
- Increasing in-home consumption of mainstream healthy drinks (eg juice) poses growth potential for these mature categories
  - Graph 5: changes in in-home consumption of juice, hot beverages and vitamin water, January 2021
  - Graph 6: changes in in-home consumption of carbonated soft drinks, RTD tea & coffee and sport/energy drinks, January 2021
- Higher indoor demand for vitamin water amongst affluent Bangkokians
  - Graph 7: percentage of consumers drinking more vitamin water while at home compared to 2019, by financial status, January 2021
- Keep an eye on meal replacement drinks – increased brand activity and innovation is underway within APAC
  - Graph 8: in-home consumption of various types of non-alcoholic beverages, January 2021
- In-home consumption of hot beverages needs acceleration among younger consumers
  - Graph 9: changes in in-home consumption of hot beverages compared to 2019, by age, January 2021
- Carbonated soft drinks are in for a big challenge among indoor consumers
  - Graph 10: changes in in-home consumption of carbonated soft drinks compared to 2019, by age, January 2021
- Out of home, both healthy and carbonated soft drinks can thrive

- Graph 11: consumers drinking more of various types of non-alcoholic beverages out of home after COVID-19 lockdown (after June 2020), January 2021

Non-alcoholic beverage choices

- When it comes to making beverage choices, Thais still value good taste over high nutrition
  - Graph 12: consumers who prioritise health benefits over taste when choosing beverages, January 2021
- Across age groups, Millennial women are the most adventurous in trying out new flavours
  - Graph 13: consumers seeking new exciting flavours in beverages, by age and gender, January 2021
- High association of natural ingredients with good taste, especially among women aged 45+
  - Graph 14: consumers agreeing that flavours from natural ingredients are tastier than flavours from artificial ingredients, by age and gender, January 2021
- Sugar is Thais' top concern, and 'lower-sugar' beverages are in high demand across all age-gender groups
  - Graph 15: consumers who claim to choose lower-sugar food/drink variances to cut back on added sugars, by age and gender, January 2021

Winning value-added attributes

- Even though Thais are prioritising taste over nutrition, they are willing to pay more for 'added health benefits' in beverages
  - Graph 16: attributes consumers are willing to pay more for in non-alcoholic beverages, January 2021
- Seven in 10 Thai consumers are willing to pay more for beverages with 'added health benefits', which also have '100% plant-based ingredients'
- Beverages with added health functionality are attractive especially among 25+ consumers
  - Graph 17: consumers willing to pay more for beverages which contain added health benefits, by age, January 2021
- Many existing beverages already have functional claims added to meet rising health demands with immunity claim growing the fastest
- Functional benefits are not a one-size-fits-all
- Personalised nutrition has particular appeal to older, more affluent consumers
  - Graph 18: consumers willing to pay more for personalised nutrition beverages, by age and monthly household income, January 2021
- Meal replacement appeals highly to time-starved, Bangkok workers
  - Graph 19: consumers willing to pay more for beverages with complete nutrition for a meal, by region and employment status, January 2021

Flavour preferences

- Flavour preferences in cold beverages vary between age groups
  - Graph 20: flavour preferences in cold beverages, by age, January 2021
- Financial health impacts consumer interest in flavour experimentation
  - Graph 21: repertoire of cold beverage flavour types of interest, by financial status, January 2021
- When it comes to choosing flavours for carbonated soft drinks and hot beverages, Thais are even less adventurous
- Berry and citrus flavours show potential to attract consumers to carbonated soft drinks

- Graph 22: flavour preferences in carbonated soft drinks, by age, January 2021

- Attract consumers to hot beverages with emerging herbal/floral flavours

  - Graph 23: flavour preferences in hot beverages, January 2021

- Plant-based claims in meal replacements support premiumisation opportunity
- Market premium beverages with customisable sweetness to educated, affluent consumers

  - Graph 24: consumers willing to pay more for beverages which offer various lower sugar solutions, by financial status, January 2021

  - Graph 25: consumers willing to pay more for beverages which offer various types of lower sugar solutions, by education level, January 2021

- Local fruit/vegetables are more highly regarded than international flavours, especially among Bangkokians

  - Graph 26: consumers willing to pay more for local fruit/vegetables or international-flavoured beverages, by region, January 2021

Influencers in non-alcoholic beverage choices

- Most beverage decisions are preplanned
- Exposure to online services is preparing consumers for future online food/drink purchases

  - Graph 27: % of online purchases made for the following categories, January 2020

- Social media is highly influential among 35-44 year old women

  - Graph 28: influences in consumers' beverage decisions, by age and gender, January 2021

- Thai 'Healthier Choice logo' (HCL) has become a trusted nutritional device

  - Graph 29: preferences for beverages with 'Healthier Choice' logo, by region, January 2021

MARKET APPLICATION

- Opportunity: key areas of focus

Opportunity 1: facilitate in-home consumption

- Create easier access to healthy drinks at home via online channels

  - Graph 30: % of online purchases made for the following categories, January 2020

- Reaching homebound consumers online
- Getting closer to consumers
- Bringing the outside world indoors
- Appeal to indoor women with DIY drink kits (Sea Salt Cheese and Milk Tea)

Opportunity 2: go beyond mainstream flavour experiences

- Targetted flavour innovation
- Fruity flavours for carbonated soft drinks
- Freshen hot drink flavours with herbal/floral additions
- Go low sugar, naturally
- Take inspiration from foodservice

- Learn to use 'Craft' claims from foodservice operators for health halo
- Highlight natural ingredients, especially those locally sourced, to appeal to older consumers
- Go beyond the excitement of flavours by scenting beverages
- Innovate to attract 'shares' on social media

Opportunity 3: add value with health functionality

- Continue to offer immunity
- Introduce relaxing ingredients into formulations to support consumers' mental health goals
- Caring for digestive health with functional ingredients beyond fibre
- Personalised nutrition through new formats, packaging and advanced technology
- Meal replacement for the busy, 35+ year old Bangkokian workers
- Create new drinking rituals to invite younger consumers to drink hot beverages

Global innovations

- Out of the box natural ingredients, formulations and packaging
- Sustainability comes to the fore

APPENDIX

- Consumer research methodology
- TURF Analysis

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