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Hot Drinks in Thailand

Euromonitor International

GetDate

# Hot Drinks in Thailand

**PASSPORT AUTHOR (COMMISSIONER TO FILL IN HERE):**

## Executive Summary

**Guidelines (to be deleted):** Clients want to know whether the COVID-19 pandemic is still causing disruption, but please also mention any other major developments.

### Hot drinks in 2021: The big picture

* The Thai government officially announced plans for a tighter lockdown in the high-risk provinces including Bangkok as well as suspending most domestic flights and expanding curfew areas after the third straight of record covid-19 cases. The country reported over 17-thousand infections and 100+ deaths per day (30 July 2021 updated) bringing the cumulative total up to 549,512 cases and 4,679 fatalities (updated in 30 July 2021), the main contribution from the 3rd wave since early April that being caused by the widely transmissible Alpha and Delta variants. Tougher measures created to keep people in high-risk areas mostly at home was immediately implemented. While there was only one-digit percent of 66 million population have been vaccinated, which mainly depended on the Sinovac and AstraZeneca vaccines. The foodservices closures, that re-implemented in high-risk provinces, has negatively impacted across hot drink market in on-trade channel, meanwhile, its performance through off-trade seems to be driven.
  + Other hot drinks: Chocolate-based hot drinks and other plants-based hot drink were gaining higher demands from such significant shift while the malt-based hot drink was suffered from the strong UHT version presence.
  + Coffee: The majority impact would be seen in the instant coffee products as it mainly targets wider demands those who shifted from the RTD coffee and the takeaway cup. While the fresh coffee products see a greater performance from current adults who switched away the foodservice channels.

<https://www.rappler.com/life-and-style/food-drinks/restaurants-shut-down-covid-19-curbs-bangkok-thailand-june-2021>

### 2021 key trends

* The in-home coffee products especially instant coffee version and fresh ground coffee pods gained ground from the significant shift from foodservice channels. While the entire recovery of coffee market seems to be delayed that flued by the 3rd round of infection as well as the sluggish domestic tourism.
* As the covid-19 outbreak has directly affected to people’s health, consumers are likely to be more conscious on wellbeing with a proper diet. Such virus is mostly affecting to lungs which harms infected people’s health in long-term, together with the traditional beliefs among most of Thais people that the functional benefits from local herbs like ginger, kaempfer, kariyat, and lemon glass can help improving the lungs’ immunity and eventually prevent the covid-19 infection. The Other Fruit/Herbal Tea and Other Plants-based Hot Drinks category have benefited from consumers’ perception.

### Competitive landscape

* Consumers’ health consciousness will become the positive contributor to the energy drink market, while most of the products in hot drink category are suitable for the herb extracts utilized. More consumers are switching to try the novelty of herbal drink, along with more brands introduced in several herbal formulations across Tea and other hot drinks products. For instance, the domestic brands are the most responsive to such trend as Ranong Tea and Raming Tea are now expanding their health-and-wellness portfolio with ginger tea, and the major brand of Hotta has reimaged its product and launched the Hotta Fusion collection – consists of 3 flavours; ginger matcha, ginger matcha latte, and ginger lime.

### Retailing developments

* While the in-house online shopping that developed by nationwide supermarkets like Tesco, Big C and Tops becomes more popular with an increasing number of daily users, the first leader in convenience shops like 7-eleven is now developing the grocery platform to ease consumers’ life. With over 20-thousand delivery vacancies recruited in 2020, its service witnessed a successful result of huge users.

<https://www.grocerydive.com/news/7-eleven-adds-delivery-providers-as-small-basket-e-commerce-accelerates/587629/>

* The traditional trade channels have partially driven by the governmental campaign that implemented to stimulate the entire economy especially in rural areas. The new cash handout campaign known as “Rao Chana” (We win in the Thai language), which will distribute 3,500 baht per month, for two months in total, to cover 31 million Thai people affected by the Covid-19 pandemic. Additionally, there was a second phase of the ‘Half-Half’ co-payment scheme for 1.34 million new applicants that offers half payment for every purchase not exceeding 300 baht per day. These have effectively been used by millions of Thai people and eventually driven the total sales through traditional shops.

### Foodservice vs retail split

* The second and third wave of pandemic has widely impacted on the virus-infected cities to get tougher controlled by governmental emergency decree. With new lockdowns looming large in the most virus-affected cities, restaurants are allowed to provide only takeaway service for a while. Along with the consumers’ perspective in nowadays that prefer to not stay away their house due to the high-risk factor. As a result, the hot drink consumptions have declined consecutively with the longer recovery period expected.

### What next for hot drinks?

* During the forecasted period, the consumption is projected to shift back to foodservice aggressively after most of Thai people get vaccinated. The recovered tourism segment, which predicted to be settled slowly after the relief of international flight ban, will become the main contributor of foodservice recovery. Coffee, tea, and other hot drinks through the hotel restaurants will also be the majority of performance driver in on-trade.
* The key development of hot drinks product is expected to be in a healthy theme driven by such health crisis. Consumers will seek for a novelty experience in greater values of products’ ingredient that companies need to be responsive on the following trend.

##### Chart Hot Drinks Value Sales Growth Scenarios: 2019-2026

[Q: PA – Paste Photo 1 here]

Source: Euromonitor International Industry Forecast Model

Note: C19 Pessimistic 1 represents a modelled scenario with an estimated probability of 25-35% over a 1-year horizon, factoring in macro drivers including GDP, stock prices, business and consumer confidence rates alongside infection rates, supply chain and labour supply disruption rates

##### Chart Hot Drinks Impact of Drivers on Value Sales: 2018-2026

[Q: PA – Paste Photo 2 here]

Source: Euromonitor International Industry Forecast Model

Note: The above chart shows the growth decomposition split by macro drivers such as GDP per capita and population alongside soft drivers listed as having a positive (+) or negative (-) impact on the total growth rate

## Market Indicators

Dynamic tables

## Market Data

Dynamic tables

**Appendix**

## disclaimer

[Q: to be filled in by CAT: Forecast closing date:

Report closing date:

Analysis and data in this report give full consideration to consumer behaviour and market performance in 2021 and beyond as of the dates above. For the very latest insight on this industry and consumer behaviour, at both global and national level, readers can access strategic analysis and updates on www.euromonitor.com and via the Passport system, where new content is being added on a systematic basis.

## Sources

Sources used during the research included the following:

Dynamic table

Country = TH

Project = HD2022

Code = 01

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Coffee in Thailand

Euromonitor International

GetDate

# Coffee in Thailand

## [Q: to be completed by in-house analysts and the CAT only. ICAS can leave the key data findings blank]

## key data findings

* Comment on the main story within the category in 2021
* State 2021 retail value growth and 2021 retail volume growth with data
* Comment on 2021 foodservice volume growth versus retail volume growth with data
* Comment on the competitive environment in 2021 with value data
* Comment on forecast period CAGR growth in retail value and retail volume terms to 2026

## 2021 Developments

Cover key trends below, making reference to any ongoing impact COVID-19 is having on the category and consumer spending/purchasing patterns in 2021 where relevant. Also consider covering competitive landscape (company strategy and interesting new product development) and changing distribution trends, alongside any other major developments.

### Consumers shift toward in-home coffee casued by national lockdown

* The lockdown policy, that continues from the beginning of covid-19 infection in 2020, periodically comes in effect in some high-risk provinces including Bangkok where is the epicentre in third infection wave. Consumers were under national countermeasure once again to prevent the spread of virus. The in-home coffee categories like Regular Instant Standard Coffee and Regular Instant Coffee Mixes benefits from such consumers change while the out-of-home seems to recover slowly from other low-risk areas.

### Current demands’ attitudes towards fresh coffee

* Due to the current consumers in coffee market has trended up to consume more fresh coffee in café, the fresh coffee beans and standard fresh ground coffee are being increasingly demanded through on-trade. With the ongoing lockdown along these two years, 2020-2021, those consumers have been switching to the in-home fresh coffee. Fresh ground coffee pods become the best answer to the consumers’ need. Not only the coffee pod version, but the coffee beans product is also being more consumed at home driven by the easier equipment developed to suits home-consumers use. With such uncertain demands among consumers, some coffee shops and supermarkets have provided the grinding coffee service to ease people’s life.

### Coffee producers adopt to sustain consumers base

* Again, the covid-19 outbreak seems to change people life in several ways while the coffee is deemed as a necessary drink among office workers and most adults. The coffee providers in on-trade were likely to get most impacted from less demanded of out-of-home consumption. However, some coffee shops and coffee companies are putting their best efforts to overcome such difficulty by providing the cold-brew coffee in a large PET bottle or pouch bag. For example, Macnuts coffee café produced cold brew coffee in a 1-litre pouch bag while La.moon café packed in a 1.5-litre pouch bag, both brands use the same coffee bean source of Doi Chaang. While Aroma brand has developed the instant fresh coffee in a paper cup. All aforementioned examples are distributing their coffee products mainly through online and delivery platforms.

<https://www.facebook.com/permalink.php?id=106762041033602&story_fbid=135532028156603>

<https://www.zolitic.com/bkk/Bangkok/25119>

<https://www.facebook.com/aromacoffeeacademy/posts/1065741207140994/>

## Prospects and Opportunities

Discuss the main trends expected to be seen during the forecast period.

### In-home coffee pods gain ground

* Due to the change in consumers behaviour that staying more at home caused by the lockdown and work-from-home policy, the in-home coffee categories gained ground. The manufacturers in fresh ground coffee pods saw the opportunity among the pandemic, many brands have been well innovated to allow consumers enjoy fresh coffee at home. Nescafe Dolce Gusto, owned by Nestle Nespresso SA, introduced many developments to strengthen its leadership such as Cold Brew capsule in April 2021 and new coffee pod machine called GENIO S PLUS with a greater brewing option offered in October 2020. Nespresso, from the same player, also launched the new collection of coffee pod machine, Nespresso x ChiaraFerragni in July 2021, Creatista Pro with touch-coloured screen in February 2021, and Nespresso Atelier in November 2021. Such new machine innovation launch has built up more chance for consumers to consume its capsule supplies thereafter.

<https://www.facebook.com/NescafeDolceGustoThailand/>

<https://www.facebook.com/Nespresso.Thailand/>

### Competition intensifies in the instant coffee

* Such consumers change in their lifestyle has driven the instant coffee to be more aggressive as the coffee manufacturers were trying to grasp the increasing demands. Several marketing campaigns and promotional offers were implemented by major companies such as the Nescafe had the lucky draw campaign to get the prize (motorcycle, gold necklace and gift voucher), discounted price of Nescafe Gold Crema, and monthly online activity through its Facebook fanpage. Moccona, owned by Jacobs Douwe Egberts TH Ltd, has also introduced the creative activity that their customers can collect the point their Line Official after showing the Moccona purchased receipt, then they can exchange the point to join the lucky draw campaign as well as the discount promotion of all instant products through online channels. Not only the major players, but the small players like Khao Shong Industry 1979 Co Ltd also announced its marketing campaign to hit the market. The plyer’s brand, Khao Shong, was boosted by the 20-percent discount via Shopee and applied the free-delivery promotion through Line MyShop platform. The goal of these marketing campaigns is not only driving their business’ sales but also building up the consumers awareness in the long-term basis.

<https://www.facebook.com/Nescafe.TH/>

<https://www.facebook.com/mocconath/>

<https://www.facebook.com/KhaoShong1979/>

### Premiumisation performs well in fresh coffee

* Premiumisation that previously predicted to be discontinued due to the sluggish economy from the health crisis, on the other hand, coffee seems to be an exception. Coffee consumers in the fresh coffee bean are originally mid-high income people who can afford such premium price to trade off the fascinating experience from the specialty coffee, even among the pandemic. Many coffee producers have responded to these demands and premiumise their products with a better quality offered. For instance, Doi Chaang launched a premium product variety in the fresh coffee bean market such as DOI CHAANG WINE BARREL AGED COFFEE, CLASSICO LOT/BIN #783” in a luxury glass bottle, PROTOTYPE LOTS Limited (Crop/Vintage: 2020/2021), and other high-end coffee in their Grand Cru Quality Series. While the Suzuki and Zolito brand seems to more focus on the coffee drip version to target the home-base demand.

<https://www.facebook.com/zolitocoffee>

<https://www.facebook.com/SuzukiCoffeeThailand/>

<https://www.facebook.com/doichaangcoffeeoriginal>

## Category Data

Dynamic tables

Country = TH

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Tea in Thailand

Euromonitor International

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# Tea in Thailand

## [Q: to be completed by in-house analysts and the CAT only. ICAS can leave the key data findings blank]

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## 2021 Developments

Cover key trends below, making reference to any ongoing impact COVID-19 is having on the category and consumer spending/purchasing patterns in 2021 where relevant. Also consider covering competitive landscape (company strategy and interesting new product development) and changing distribution trends, alongside any other major developments.

### The imported tea faces challeges of covid-19 impact

* It seems like the tea products like green tea, black tea, and other English tea, that majorly manufactured by international players, not to be an essential product among Thai consumers to drink during such depressive situation that caused by health crisis. They are likely to consume it through hotel restaurants or high-end café while traveling. As the pandemic has taken a heavy toll on tourism and resulted to lower demand in foodservice segment throughout the review period, the recovery of tea consumption is expected to recover only when domestic tourism reopened.

### Herbal tea gains ground driven by health crisis

* Despite a slowdown movement in tea industry, the herbal tea has been gaining ground. Most consumers especially elderly group believe that tea extracted from traditional herbs like ginger, kaempfer, kariyat, and lemon glass can prevent the covid-19 infection. Such popularity has benefited the Other Fruit/Herbal Tea category to increase despite the outbreak.

<https://www.bangkokbiznews.com/news/detail/934102>

<https://www.samyan-mitrtown.com/2021/01/08/%E0%B9%80%E0%B8%9B%E0%B8%B4%E0%B8%94%E0%B8%AA%E0%B8%B9%E0%B8%95%E0%B8%A3-3-%E0%B8%99%E0%B9%89%E0%B8%B3%E0%B8%AA%E0%B8%A1%E0%B8%B8%E0%B8%99%E0%B9%84%E0%B8%9E%E0%B8%A3-%E0%B8%AB%E0%B9%88%E0%B8%B2/>

### Local brands gain benefits from cannabis legalisation

* The cannabis legalization in Thailand has become a viral topic among the public over the past few years, as some people pointed out the reason of cannabis extract has medical benefits while some indicated that it may create a number of crimes and violence from its production and distribution process. It is eventually ended up with the official legalization of cannabis for medical use. Many companies from several industries see this opportunity to use the cannabis extract with their products when it comes to hot tea industry. There are several new entries coming up with the tea from cannabis or hemp extract, mainly in a form of small domestic producers. The products are still unallowed to place in the modern-trade channel as it is under the consideration of FDA (Food and Drug Administration) approvement. Thus, its main distribution channels are e-commerce platform and other traditional shops.

<https://www.cannabisthai.net/product/176768-164872/%E0%B8%8A%E0%B8%B2%E0%B9%83%E0%B8%9A%E0%B8%81%E0%B8%B1%E0%B8%8D%E0%B8%8A%E0%B8%B2%E0%B9%80%E0%B8%9E%E0%B8%B7%E0%B9%88%E0%B8%AD%E0%B8%AA%E0%B8%B8%E0%B8%82%E0%B8%A0%E0%B8%B2%E0%B8%9E>

<https://www.facebook.com/pethlanna.organic.farm/videos/863185694607962>

<https://www.thaiherbplus.com/%E0%B9%82%E0%B8%9B%E0%B8%A3%E0%B9%82%E0%B8%A1%E0%B8%8A%E0%B8%B1%E0%B9%88%E0%B8%99-%E0%B9%82%E0%B8%9B%E0%B8%A3%E0%B9%82%E0%B8%A1%E0%B8%8A%E0%B8%B1%E0%B9%88%E0%B8%99-%E0%B8%8A%E0%B8%B2%E0%B8%81%E0%B8%B1%E0%B8%8D%E0%B8%8A%E0%B8%B2-2-%E0%B9%81%E0%B8%96%E0%B8%A1-1-4.html>

## Prospects and Opportunities

Discuss the main trends expected to be seen during the forecast period.

### Manufacturers injects fun into products to attract young consumers

* As hot tea has been traditionally perceived as a drink for elderly consumers, most of product line that available in the market were developed to suit with such target group. To refresh this perception, companies need to renovate the product as well as relook its package to match with the current generation. Twining presented its efficient development from the Twining Cold Infuse product in the mixed flavour of watermelon, strawberry & mint with its redesigned metal tin-box container. Raming brand also represented its colorful theme by launching a Blue Moon Thai Tea with the blue colored tea, and Rosechana Thai Tea with the pink colored tea. Meanwhile, Dilmah introduced new collection of tea concentrates in a PET bottle to ease consumers’ life during the lockdown. These can be a precise evidence that tea manufacturers have targeted beyond the traditional demand.

<https://www.facebook.com/TwiningsThailand/>

<https://www.facebook.com/RamingTea/>

<https://www.facebook.com/DilmahteaThailand>

### Domestic players lead healthy innovation

* The development in tea products will be more on the natural and healthy theme which caused by the consumers’ behaviour change to be healthier. Moreover, Covid-19 has encouraged consumers with a major concern on health and started seeking for beverage option that contains further functional ingredients. The domestic brands are the most responsive to such trend as Ranong Tea and Raming Tea are now expanding their health-and-wellness portfolio with ginger tea.

<https://www.facebook.com/ranongtea/>

<https://www.facebook.com/RamingTea/>

### Thai milk tea remains its familiarity against the infection

* Thai milk tea has been long perceived as a traditional Thai drink which consisted in the drink menus from nearly all cafés and restaurants. As the 3rd wave of infection has continued the closures policy, some consumers are switching to try out the instant milk tea from retail channels. The leader brand of Nestea grasped this opportunity and provide a greater innovation in its product by repackaging the unsweetened tea 100% from glass jar to the refill pouch bag as well as launching the reduced sugar in the authentic Thai milk tea product to respond the new sugar tax. Additionally, there are several small niche brands like Mezzo, Cha Tra Mue, ChaSuWan, TaoKaeNoi, and Ranong Tea from local producers gaining higher popularity from such demand shift.

<https://fav-agoodtime.com/foodanddrink/iced-tea/>

https://www.lazada.co.th/products/nestea-thai-milk-tea-instant-tea-3in1-810g-i332292355.html

Notes here.

## Category Data

Dynamic tables

Country = TH

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Other Hot Drinks in Thailand

Euromonitor International

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# Other Hot Drinks in Thailand

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## 2021 Developments

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### Continued lockdown measure benefits retail consumption

* Though the foodservice channel has been slowly recovered from the lockdown release as well as the consumers shift back from off-trade to on-trade, but its recovery is projected to be longer because of uncertainty from the 3rd wave infection. The closures, lockdown and WFH policy has periodically implemented in the high-risk areas which led consumers to stay at home. The hot drinks that majorly target adult like Chocolate-based Flavoured Powder Drinks and Other Plant-based Hot Drinks have gained more opportunity from the shift to retail once again.

### Local beliefs supports herbal drinks

* This is due to the fact that covid-19 is commonly affecting the lungs heart and brain, which increases the risk of long-term health problems. Along with the traditional belief among most of Thai people, ginger and other local herbs can improve the immunity of lungs system. As such, the herbal drinks especially ginger from the other plant-based category has been aggressively demanded, and eventually benefited to the players owned such products such as Hotta and other small local brands.

### Demand for convenience weakens malt-based powder

* The consumption of malt-based hot drink seems to partially shift from the instant powder to the UHT version due to its easiness benefit and more functional value offered by manufacturers. Together with, the focus from companies is likely to push stronger in the liquid form which stimulated by higher margin obtained from its high price point.

## Prospects and Opportunities

Discuss the main trends expected to be seen during the forecast period.

### Competition intensifies in malt-based hot drink

* Though the product development strategy is more applied in the liquid version, but the marketing campaigns have worked well to boost the power form products in malt-based hot drink category. All major brands in such category were aggressively implementing the promotional activities to attract both parents who have ability to make a purchasing decision and kids. Dmalt and Ovaltine were providing a lucky draw campaign with the attractive prizes like gold, motorcycle, and car to target parents while Milo also provided the lucky draw but with iPad prize to target children. These active campaigns were effectively driving the market in 2021 and helped hastening its recovery from 2020 pandemic.

### Chocolate-based becomes the key growth category

* The category of chocolate-based flavoured powder drinks that benefited from consumers those who switched from café are being more fragmented with the increasing demand. Moreover, the home-baked bakery has been trendier during the lockdown as people stay longer time at home and this can be a spare job among unemployed. The existing brands have been more innovating the products while the new entry is aggressively representing its brand in the market. Cocoa Dutch was launching Cocoa Dutch 3in1 Dark with a 40% increase of cocoa concentrate to strengthen its leadership, such product is available through 7-eleven nationwide convenience store in June 2021. Tulip brand was recently developing the Tulip Gold in 22-24% of cocoa as well as Hershey’s and Van Houten that widely sold through a specialty shop and online channel. Dreamy Cocoa Powder, manufactured by Preserved Food Specialty Co Ltd, is currently expanding their product line with 100% cocoa powder in an economy price point.

<https://www.facebook.com/CoffeeDreamyTH/posts/2082138361929532?comment_id=2087738914702810>

### Healthy scheme remains the majority of development

* With the current healthy trend that driven by covid-19 infection, consumers are being more conscious on the functional drink that offers greater nutritional value. The herbal drinks particularly from ginger extract in other plant-based category have been impressively driven with an increasing demand. However, as the original ginger drink seems to target only elderly people with the strong ginger taste, the major brand of Hotta has reimaged its product and launched the Hotta Fusion collection – consists of 3 flavours; ginger matcha, ginger matcha latte, and ginger lime. Such new collection is expected to target the wider consumers range of young consumers and new generation group.

https://www.facebook.com/HottaGingerExpert/

## Category Data

Dynamic tables