CONSUMER TRENDS 2015

Key influencers in South East Asia's Home & Houseware markets

GET CLEAN

International events - some catastrophic, some inspirational - are putting emissions and toxicity back on the agenda, but it's the threat of pollution to human, rather than environmental, health that's driving technological innovation and a spate of clean, protective product launches in the Consumer Product Goods space.

WHAT'S HAPPENING IN 2015?

In 2015, pollution will become a key media focus. The abandonment of the Carteret Islands in Papua New Guinea due to rising sea levels and the Milan Expo 15's investigation into the future of clean water supplies will revive discussion around emissions, while controversy will grow around Canada's Northern Gateway oil pipeline to Asia. However, it's a growing awareness of the link between urban pollution and cancer and premature deaths - following the World Health Organisation's revelation that pollution is the world's biggest environmental health risk - that will provoke a reaction. The API (Air Pollution Index) has become a talking point across Malaysia, as critical levels (greater than 300) are reached in various regions. In Singapore, the PSI (Pollution Standard Index) is also of concern. The region suffers from cross-border pollution due to back-burning in Indonesia, which creates a smog haze, raising API/PSI to critical levels for weeks on end. In March 2014, Klang in Malaysia was forced to close schools as API reached 203.

The cosmetics industry in particular has been awakening consumers to the immediate, visible, personal effects of pollution, with Avon even coining a term 'urban dust' to describe the 'environmental aggressors' that threaten our skin and general health.

The positioning of skincare products for pollution protection has recently taken a softer approach, incorporating “fighting urban irritants” as one of many claims in a multi-functional product, rather than being a stand-alone claim area.

GET HEALTHY

Consumers are becoming more informed about their health and are increasingly seeking out superfoods free from chemicals and additives.India, China, Indonesia and Japan are four out of the top five nations with the highest number of diabetes case and predicted estimates for 2025 indicate that these countries will continue to see high incidence of diabetes.

WHAT'S HAPPENING IN 2015?

The area of functional foods has seen significant growth within the Asia-Pacific region in recent years. APAC has in fact seen a relatively high proportion (8%) of functional food launches in the last five years, compared with the 6% seen globally. Japan is often credited with creating the term “functional foods” in the late 1980s. Japan is the only nation that has legally defined functional foods and the Japanese functional food market is now one of the most advanced in the world. For those reasons, developments in Japan are often cited as indicative of possible developments in Europe and the United States. The growth of functional foods in Southeast Asia (SEA) is affected by malnutrition from both over-nutrition and under-nutrition, so looking at the health needs of consumers can be a complex issue. Health issues such as hypertension, high cholesterol and diabetes are key concerns and on the rise in many SEA nations, while under-nutrition and poor immunity, especially in rural areas, are also an essential focus for most SEA countries.

Asian consumers have different behavioural patterns than those from other parts of the world. In Europe and the United States, for example, consumers choose their functional beverages based purely on the drink's health benefits, its ease of use and price point. In Asia, there is a fourth factor of 'localisation'. Asian consumers consider how much they identify with the ingredient, linking purchase decisions to their own cultures. In fact, there is a preference for 'local ingredients' – for instance, a preference for avocado in ANZ, pineapple-based flavours in the Philippines, and jasmine tea in Indonesia. In addition, each country in Southeast Asia tends to look at functional beverages from a different perspective. For instance, while Indonesia focuses on fortified readyto-drink (RTD) tea for beverage sales, Thailand is an energy drink market. In 2015 and beyond, we are bound to see much more innovation within functional food and drink in the Southeast Asia region. As health awareness grows within Southeast Asia, consumer interest and need for these types of products will only increase further. Local ingredients and localised positioning of functional products will also aid further growth of these types of products within the region.

GET NATURAL

Food scares, changing lifestyles and rising incomes have elevated Asian consumers' awareness of what's in their food and personal care products and their means to control what they buy. 2015 will see consumers increasingly return to natural and often traditional, ingredients.

WHAT'S HAPPENING IN 2015?

Asia-Pacific has seen a significant rise in food and drink launches with natural claims, growing from 6% to 25% in the last five years. The Southeast Asia sub-region has grown at a

similar pace when it comes to natural food and drink launches. Asia has been rocked by a number of food scares, from harmful ingredients in baby food in China to fake eggs and squid found in Vietnam, to name just a few. The recent spate of health scandals is encouraging Asian consumers to turn to natural, organic and herbal remedies in health and beauty. This has created new market opportunities with product awareness and choice maturing. In a recent survey by Weber Shandwick, nearly all respondents in China –96% – said that they choose to buy organic food at least occasionally, if not always. Korea and Singapore are not far behind with sourcing considerations elevated at 90% and 82%, respectively, of those surveyed. For China and Singapore, labelling remains the principal source of identifying this information.

The natural trend is also likely to mean more manufacturers will change from artificial to natural colours in new product development. Futhermore, on the outside of package, manufacturers will further utilise colour to communicate healthiness to attract consumers. Multi-national brands are researching and investing in non-caffeine natural energy sources, exploring the use of herbal ingredients used in Traditional Chinese Medicine (TCM) that provide fatigue-relieving benefits. PepsiCo have a patent for a caffeine-free beverage with herbal extracts of Duan-Gen-Wu-Jia (similar to Ginseng), Gou-Qi-Zi (Goji or Wolfberry), and Huang-Jing (Solomon's Seal), that were reported to increase energy levels when combined. Nestlé Health Sciences have formed a 50/50 JV with Chi-Med – Nutrition Science Partners; this could also lead to further developments into herbal energy combinations.

The global organic personal care products market witnessed steady growth in recent years due to increasing consumer concerns regarding personal health and hygiene. Asia-Pacific is expected to be the fastest-growing region at an estimated CAGR of 9.7% from 2012 to 2018, due to rising consumer incomes, changing lifestyles and increasing awareness and demand for organic personal care products. Japan and China dominated the Asia-Pacific market, together accounting for over 64% of market revenue in 2011.

Naturalness will continue to be an overriding trend, influencing the type of ingredients used in formulations. Natural sweeteners and natural colours will continue to be featured in new innovations, while the search for natural caffeine and natural non-caffeine energy sources will continue to see more traditional herbal medicines being explored. Incorporating foods with intrinsic health properties is an ideal way for manufacturers to leverage 'naturalness' and for some ingredients to provide functional health benefits.

GET SMART

The world of synced devices, home appliances and wearable technology will start to become mainstream, as trusted companies move into the market and join the conveniencedriven, data collection revolution.

WHAT'S HAPPENING IN 2015?

Smart devices – from watches to ceiling fans – appeal to consumers because they save time and money, promise convenience and control and – in our age of digital navel-

azingnarcissism – knowledge and selfanalysis. What's changing is that this is no longer the domain of start-ups offering home hub hardware – the major players are now embracing the trend and raising consumer confidence in it. Apple and Google are both introducing ecosystems to compete for leadership in the connected home. Apple's Homekit software/app creates a framework that will enable consumers to use Siri voice commands to control smart lighting, doors, thermostats and other home appliances, operating on Bluetooth Low Energy and managed through any modern Apple device. Meanwhile, Google-owned Nest – the pioneering manufacturer of internet-connected thermostats and smoke alarms –has created its own open-sourced framework, Thread, also designed to allow smart devices to communicate. Samsung's forthcoming SmartHome ecosystem will compete on the same grounds, using the brand's S Voice software, and the brand has opened up its system to thousands of new developers.

Retailers are also pushing synced devices, with Sears currently testing a connected device department in its stores, ahead of a planned expansion in 2015. New software is also coming onto the market to make it easier for consumers to sync their mobile devices with their health-monitoring tools and home appliances. Google Fit will provide a centralised activity tracker to compete with Apple's iOS8 software and HealthKit app, bringing users' data from various fitness devices into a single location, helped in its development by the participation of Nike, Jawbone and Fitbit. A host of new product launches in 2015 – from tablets to smart watches and smart TVs – will also pique consumer interest in syncing up. ■

Source : Mintel

Indian Timber Legality Assessment and Verification Scheme

1. Specifically designed for Indian handicrafts industry and its raw material supply chain
2. Assurance of due diligence / due care
3. Verification of chain of custody and legal traceability
4. “Vriksh” standard to meet International timber regulations criteria like EUTR, etc.
5. World-wide presence of certified companies through web based registry
6. Reduction in risk for buyers & assurance of legality compliance
7. Maintenance of traceability
8. Availability of legally harvested wood
9. Meets buyers requirements' of multiple authorities, documentation in multiple languages and complexity of verification requirements
10. Development process based on ISO /IEC guide 59:1994, code of good practice for standardization, ISEAL standard setting code, WTO / TBT guidelines
11. Ensures legal right to harvest and trade
12. Ensures compliance with legislation related to taxes & royalties
13. Ensures compliance with requirements of trade and export procedures
14. Covers each step in the supply chain from the raw material harvest to finished goods sale
15. Covers quality management systems, legality compliance, raw material supply and production, sale of “Vriksh” legally verified wood & risk assessment and mitigation program.

Application form, alongwith details of cost and reimbursement scheme, is available at EPCH website (epch.in).

For further details contact EPCH or write in to vriksh@epch.com.