Cotton Wool/Buds/Pads

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COTTON WOOL/BUDS/PADS IN THAILAND - CATEGORY ANALYSIS

HEADLINES

- In 2010, cotton wool/buds/pads retail value sales grow by 5% to reach Bt415 million
- Cotton wool/buds/pads sees little dynamism as a category within retail tissue and hygiene
- Value growth slightly outperforms volume growth, with the average unit price in 2010 reaching Bt262 per kg
- Bangplee Cotton Industry Co Ltd and Prairie Marketing Co Ltd lead cotton wool/buds/pads in 2010 with value shares of 42%, far ahead of the third-ranked player Bio Consumer Co Ltd with 5%
- Constant value sales of cotton wool/buds/pads are expected to grow at a CAGR of 2% over the forecast period to reach Bt452 million in 2015

TRENDS

- Cotton wool/buds/pads registered respectable growth in 2010, despite approaching maturity. There were no new product developments as manufacturers were attempting to serve consumers with existing products. The nature of the products within the cotton wool/buds/pads category means differentiation is not easily established. People generally perceive no obvious difference between products in terms of quality.
- As the category is reaching maturity, the 2010 value growth rate was in line with the review period average. Certain parts of the cotton wool/buds/pads consumer base are shrinking, meaning manufacturers are facing difficulties in terms of maintain demand. This is especially the case as a result of the declining birth rate, which is negatively impacting sales of cotton wool/buds/pads. More importantly, due to the lack of product development and innovation, the category's value sales were not supported.
- Despite no obvious new product developments in 2010, the average unit price in the category saw a slight increase. Manufacturers tended to transfer the increase in production and transportation costs to end consumers. Even though the private label cotton wool/buds/pads products are widely found in Thailand, such products had little impact on the category as a whole in value terms given that there was not a major difference in terms of retail price between branded and private label products.
- In terms of product variety, cotton wool maintained the largest share of value sales in 2010 at 45%, followed by cotton pads and cotton buds with 33% and 23% respectively. The share of cotton wool declined, while the other two both showed an increasing trend in 2010. Growing awareness in terms of hygiene and sanitation is rising among Thai consumers, which in turn is supporting sales of cotton buds and cotton pads. For cotton pads in particular, the growing demand and increased usage are being driven by women using the product to remove make-up.
- There were no new product developments within cotton wool in 2010. Cotton wool continued to be offered in a round, ball shape in either a zip-lock plastic bag or plastic container. Demand for cotton wool products in other formats was limited among Thai consumers and

brand loyalty remained low. Product usage is concentrated among consumers with babies and women who use it for cleansing/make-up removal purposes.

- The area of cotton pads was more competitive than cotton wool. Demand was more complicated as there are two product formats – rimmed and rimless – that provide consumers with a choice. The key target consumers are women using cotton pads for cosmetic and facial skin cleansing purposes. The usage of cotton pads is supported by health and beauty trends. Thanks to increasing usage of cosmetics among Thai females, who are starting to use these products at a younger age, cotton pads have seen an increase in popular.
- Products within the cotton wool/buds/pads category in Thailand are offered at a low price; the retail price is very competitive since branded and private label products are offered at a similar price point. Manufacturers were keen to concentrate on their pricing strategy rather than new product development or any other factors that are not considered as criteria for a purchase. As a result, organic cotton wool products have yet to be introduced in Thailand.

COMPETITIVE LANDSCAPE

- Thanks to strong brand awareness and widespread product availability, Bangplee Cotton Industry Co Ltd and Prairie Marketing Co Ltd led cotton wool/buds/pads in 2010 with a value share of 42% each, followed by Bio Consumer Co Ltd with 5%. Bangplee Cotton Industry Co Ltd owned its flagship Ambulance brand, while Prairie Marketing Co Ltd has two strong brands Evergreen and Rabbit. Bio Consumer Co Ltd markets its product offer under the D-Nee brand.

PROSPECTS

- Moderate growth is expected for cotton wool/buds/pads over the forecast period. The category is unlikely to be subject to major factors driving demand; it will remain non-dynamic in terms of new product development and aggressive marketing strategies. Nonetheless, the manufacturers will aim to expand their distribution network, covering both urban and provincial areas with the purpose of strengthening both share and positioning.

CATEGORY DATA

Table 1 Retail Sales of Cotton Wool/Buds/Pads: Value 2005-2010

Bt million

	2005	2006	2007	2008	2009	2010
Cotton Wool/Buds/Pads						

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 2 Retail Sales of Cotton Wool/Buds/Pads: % Value Growth 2005-2010

% current value growth

	2009/10	2005-10 CAGR	2005/10 TOTAL
Cotton Wool/Buds/Pads			

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 3 Retail Sales of Cotton Wool/Buds/Pads by Type: % Value Breakdown 2007-2010

% retail value rsp

	2007	2008	2009	2010
Cotton Buds				
Cotton Wool				
Cotton Pads				
Total	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 4 Cotton Wool/Buds/Pads Retail Company Shares 2006-2010

% retail value rsp

Company	2006	2007	2008	2009	2010
Total	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 5 Cotton Wool/Buds/Pads Retail Brand Shares 2007-2010

% retail value rsp

Brand	Company	2007	2008	2009	2010

Total	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 6 Forecast Retail Sales of Cotton Wool/Buds/Pads: Value 2010-2015

Bt million

	2010	2011	2012	2013	2014	2015
Cotton Wool/Buds/Pads						

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

Table 7 Forecast Retail Sales of Cotton Wool/Buds/Pads: % Value Growth 2010-2015

% constant value growth

	2010-15 CAGR	2010/15 TOTAL
Cotton Wool/Buds/Pads		

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

TISSUE AND HYGIENE IN THAILAND - INDUSTRY OVERVIEW

EXECUTIVE SUMMARY

Promising Positive Performance Registered

Thanks to a strong push by existing manufacturers, tissue and hygiene showed positive movement in 2010. While branded products were playing an important role and remained in control, there was an increased presence of private label in some areas. Such private label brands could draw consumer attention, especially among those who are increasingly price sensitive or who have limited purchasing power. Existing players thus need to create additional value and product differentiation in order to maintain competitiveness in the marketplace.

More Product Variety To Reflect Sophisticated Demand of Thai Consumers

With the commodity perception of tissue and hygiene products among Thai consumers, greater product variety was presented by manufacturers with the purpose of highlighting aspects of product differentiation. Consequently, this led to a wider product portfolio. At the same time, it better supported the sophisticated demands of consumers. Players, however, still faced testing circumstances. While more product variety was introduced, downward price pressure was caused by the presence of private label. Nonetheless, room for growth was still foreseen and many existing players attempted to exploit new opportunities.

International Players Take Control, Influencing Industry Movements

International players dominated the battlefield in tissue and hygiene. While international players remained active, their vigour left domestic players some distance behind as challengers. Thanks to advantages in many aspects of financial resources, distribution networks, technological knowhow and human resources, international players continued to fare well against competing manufacturers in the marketplace. Moreover, there were certain specific categories, such as sanitary protection, where domestic players' performance was very weak.

Strong Access Points for Distribution Networks Played An Important Role

In tissue and hygiene, brand loyalty is comparatively low compared with other consumer goods, since the products are normally perceived to be commodities with no obvious differentiation among brands.

Distribution channels play an important role. To achieve greater product accessibility for the target audience, distribution networks, supply chains and depot location were the focus of manufacturers' efforts. Additionally, to be ahead of the game in this environment, exclusive distribution channels were employed and strengthened, despite the fact that this would require high levels of investment.

Better Performance Expected for Tissue and Hygiene

A positive performance is expected to for tissue and hygiene into the forecast period. The increasing trend of health and hygiene consciousness is expected to fuel consumption and latent demand among consumers is likely to be ignited. As branding becomes more important as consumer confidence grows, brand loyalty is likely to be strengthened. Since consumers find it hard to differentiate between brands in some categories, brand building is expected to play an important role in maintaining the customer base. Brand building will thus drive long-term development and sustainability over the forecast period.

KEY TRENDS AND DEVELOPMENTS

Improvements in Distribution and Exclusive Channels Offer An Advantage

Current Impact

Outlook

Future Impact

Focus on Brand Strengthening for Tissue and Hygiene

Current Impact

Outlook

Future Impact

Manufacturers Focus on Cost Management To Gain A Competitive Advantage

Current Impact

Outlook

Future Impact

Innovation Alongside Continuous Advertising and Promotional Support

Current Impact

Outlook

Future Impact

Strong Penetration of Private Label Due To Low Brand Loyalty in Specific Areas

Current Impact

Outlook

Future Impact

MARKET INDICATORS

Table 1 Birth Rates 2005-2010

per '000 inhabitants

	2005	2006	2007	2008	2009	2010
Birth rates						

Source: Euromonitor International from official statistics

Table 2 Infant Population 2005-2010

'000

	2005	2006	2007	2008	2009	2010
0-4 yrs female						
0-4 yrs male						
0-4 yrs total						

Source: Euromonitor International from official statistics

Table 3 Female Population by Age 2005-2010

'000

	2005	2006	2007	2008	2009	2010
Female population:						

January 1st						
0-4 yrs						
5-9 yrs						
10-14 yrs						
15-19 yrs						
20-24 yrs						
25-29 yrs						
30-34 yrs						
35-39 yrs						
40-44 yrs						
45-49 yrs						
50-54 yrs						
55-59 yrs						
60-64 yrs						
65-69 yrs						
70-74 yrs						
75-79 yrs						
80+ yrs						
Total Females 10-54						
Females 10-54 AS % OF total population						

Source: Euromonitor International from official statistics

Table 4 Total Population by Age 2005-2010

'000

	2005	2006	2007	2008	2009	2010
Population at January 1st						
0-4 yrs						
5-9 yrs						
10-14 yrs						
15-19 yrs						
20-24 yrs						
25-29 yrs						
30-34 yrs						
35-39 yrs						
40-44 yrs						
45-49 yrs						
50-54 yrs						
55-59 yrs						
60-64 yrs						
65-69 yrs						
70-74 yrs						
75-79 yrs						
80+ yrs						

Source: Euromonitor International from official statistics

Table 5 Households 2005-2010

	2005	2006	2007	2008	2009	2010
Households ('000)						
Average number of occupants per household (number)						

Source: Euromonitor International from official statistics

Table 6 Forecast Infant Population 2010-2015

'000

	2010	2011	2012	2013	2014	2015
0-4 yrs female						
0-4 yrs male						
0-4 yrs total						

Source: Euromonitor International from official statistics

Table 7 Forecast Female Population by Age 2010-2015

'000

	2010	2011	2012	2013	2014	2015
Female population: January 1st						
0-4 yrs						
5-9 yrs						
10-14 yrs						
15-19 yrs						
20-24 yrs						
25-29 yrs						
30-34 yrs						
35-39 yrs						
40-44 yrs						
45-49 yrs						
50-54 yrs						
55-59 yrs						
60-64 yrs						
65-69 yrs						
70-74 yrs						
75-79 yrs						
80+ yrs						
Total Females 10-54						
Females 10-54 AS % OF total population						

Source: Euromonitor International from official statistics

Table 8 Forecast Total Population by Age 2010-2015

'000

	2010	2011	2012	2013	2014	2015
Population at January 1st						
0-4 yrs						
5-9 yrs						
10-14 yrs						
15-19 yrs						
20-24 yrs						
25-29 yrs						
30-34 yrs						
35-39 yrs						

40-44 yrs	
45-49 yrs	
50-54 yrs	
55-59 yrs	
60-64 yrs	
65-69 yrs	
70-74 yrs	
75-79 yrs	
80+ yrs	

Source: Euromonitor International from official statistics

Table 9 Forecast Households 2010-2015

	2010	2011	2012	2013	2014	2015
Households ('000)						
Average number of occupants per household (number)						

Source: Euromonitor International from official statistics

MARKET DATA

Table 10 Retail Sales of Tissue and Hygiene by Category: Value 2005-2010

Bt million

	2005	2006	2007	2008	2009	2010
Cotton Wool/Buds/Pads						
Incontinence						
Nappies/Diapers/Pants						
Sanitary Protection						
Wipes						
Retail Hygiene						
Kitchen Towels						
Paper Tableware						
Tissues						
Toilet Paper						
Retail Tissue						
Retail Tissue and Hygiene						

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 11 Retail Sales of Tissue and Hygiene by Category: % Value Growth 2005-2010

% current value growth

	2009/10	2005-10 CAGR	2005/10 TOTAL
Cotton Wool/Buds/Pads			
Incontinence			
Nappies/Diapers/Pants			
Sanitary Protection			
Wipes			

Retail Hygiene
Kitchen Towels
Paper Tableware
Tissues
Toilet Paper
Retail Tissue
Retail Tissue and Hygiene

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 12 Tissue and Hygiene Retail Company Shares 2006-2010

% retail value rsp

Company	2006	2007	2008	2009	2010
Total	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 13 Tissue and Hygiene Retail Brand Shares 2007-2010

% retail value rsp

Brand	Company	2007	2008	2009	2010

Total	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 14 Penetration of Private Label by Category 2005-2010

% retail value rsp

	2005	2006	2007	2008	2009	2010
Retail Tissue and Hygiene						
Retail Hygiene						
Cotton Wool/Buds/Pads						
Incontinence						
Sanitary Protection						
Wipes						
Retail Tissue						
Kitchen Towels						

Paper Tableware	
Tissues	
Toilet Paper	

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 15 Retail Sales of Tissue and Hygiene by Distribution Format: % Analysis 2005-2010

% retail value rsp

	2005	2006	2007	2008	2009	2010
Store-Based Retailing						
- Grocery Retailers						
- - Supermarkets/ Hypermarkets						
- - Discounters						
- - Small Grocery Retailers						
- - - Convenience Stores						
- - - Forecourt Retailers						
- - - Independent Small Grocers						
- - Other Grocery Retailers						
- Non-Grocery Retailers						
- - Mixed Retailers						
- - - Department Stores						
- - - Variety Stores						
- - - Mass Merchandisers						
- - - Warehouse Clubs						
- - Health and Beauty Retailers						
- - Other Non-Grocery Retailers						
Non-Store Retailing						
- Vending						
- Homeshopping						
- Internet Retailing						
- Direct Selling						
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 16 Retail Sales of Tissue and Hygiene by Category and Distribution Format: % Analysis 2010

% retail value rsp

	RH	CWB	IC	NDP	SP	W
Store-Based Retailing						
Grocery Retailers						
Supermarkets/Hypermarkets						
Discounters						
Small Grocery Retailers						
Convenience Stores						
Forecourt Retailers						

Independent Small Grocers						
Other Grocery Retailers						
Non-Grocery Retailers						
Mixed Retailers						
Department Stores						
Variety Stores						
Mass Merchandisers						
Warehouse Clubs						
Health and Beauty Retailers						
Other Non-Grocery Retailers						
Non-Store Retailing						
Vending						
Homeshopping						
Internet Retailing						
Direct Selling						
Total	100.0	100.0	100.0	100.0	100.0	100.0

	RT	KT	PTW	TS	TP
Store-Based Retailing					
Grocery Retailers					
Supermarkets/Hypermarkets					
Discounters					
Small Grocery Retailers					
Convenience Stores					
Forecourt Retailers					
Independent Small Grocers					
Other Grocery Retailers					
Non-Grocery Retailers					
Mixed Retailers					
Department Stores					
Variety Stores					
Mass Merchandisers					
Warehouse Clubs					
Health and Beauty Retailers					
Other Non-Grocery Retailers					
Non-Store Retailing					
Vending					
Homeshopping					
Internet Retailing					
Direct Selling					
Total	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Key: RH = retail hygiene; CWB = cotton wool/buds/pads; IC = incontinence; NDP = nappies/diapers/pants; SP = sanitary protection; W = wipes; RT = retail tissue; KT = kitchen towels; PTW = paper tableware; TS = tissues; TP = toilet paper

Table 17 Forecast Retail Sales of Tissue and Hygiene by Category: Value 2010-2015

Bt million

	2010	2011	2012	2013	2014	2015
Cotton Wool/Buds/Pads						
Incontinence						

Nappies/Diapers/Pants
Sanitary Protection
Wipes
Retail Hygiene
Kitchen Towels
Paper Tableware
Tissues
Toilet Paper
Retail Tissue
Retail Tissue and Hygiene

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

Table 18 Forecast Retail Sales of Tissue and Hygiene by Category: % Value Growth 2010-2015

% constant value growth

	2010-15 CAGR	2010/15 TOTAL
Cotton Wool/Buds/Pads		
Incontinence		
Nappies/Diapers/Pants		
Sanitary Protection		
Wipes		
Retail Hygiene		
Kitchen Towels		
Paper Tableware		
Tissues		
Toilet Paper		
Retail Tissue		
Retail Tissue and Hygiene		

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

DEFINITIONS

This report analyses the market for Tissue and Hygiene in Thailand. For the purposes of the study, the market has been defined as follows:

- Sanitary protection
- Nappies/diapers/pants
- Incontinence products
- Wipes
- Cotton wool/buds/pads
- Retail tissue, an aggregation of:
- Toilet paper
- Tissues
- Kitchen towels
- Paper tableware
- Away-from-home (AFH) products

Sources used during the research included the following:

Summary 1 Research Sources

Official Sources	Bangkokbiznews.com
	Manager.co.th
	Matichon. co.th
	National Economic & Social Development Board
	National Statistic Office
	Ryt9.com
	Thaipr.net
Trade Press	Bangkok Post
	BrandAge
	Business Thai
	Daily News
	Economy
	IQBiz
	Kam Gnem Kam Thanakam
	Krasae Hoon
	Krungthep Thurak j
	Manager WeekJy
	Marketeer
	Matichon
	Nation, The
	Neawna
	Newswit
	Positioning Mag
	Post Today
	Prachachart Thurakij
	Prachachat Newspaper
	Reuters
	Siam Thurakij
	Thai News
	Thannews
	Thansethakij
	The Nation