



Passport

SAUCES, DRESSINGS AND CONDIMENTS PACKAGING IN THE PHILIPPINES

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HEADLINES

- Sauces, dressings and condiments packaging records 2% volume growth, reaching a total retail size of 1.7 billion units in 2018
- Popularity of flexible packaging is sustained as it helps lower retail price
- Plastic pouches in ketchup posts the fastest retail volume growth of 11% in 2018
- Knorr Shrimp Broth Cubes now retails by the piece as it launches a 5g sachet in 2018
- Sauces, dressings and condiments packaging is predicted to record a volume CAGR of 3% over the forecast period, reaching a total retail size of 1.9 billion units in 2023

PROSPECTS

Sauces, Dressings and Condiments Packaging Marginally Slows Down in 2018 Due To Substitutions

Retail volume growth of sauces, dressings and condiments packaging in 2018 was on a par with the performance of 2017, although marginally slower. This was due to the slowing in different categories of sauces, dressings and condiments packaging since products that help shorten time for preparing meals are eating into the sales prospects of more basic ingredients, which also adversely affect its packaging. The general perception that monosodium glutamate is unhealthy is also continually adversely affecting its performance, such that its packaging continued to contract in 2018. The popularity of ketchup as a table sauce usually paired with fried dishes, meanwhile, is assisting the favourable performance of brands packed in plastic pouches, which provide cost savings versus alternatives packed in glass bottles.

The performance of sauces, dressings and condiments packaging is expected to improve over the forecast period, as it is predicted to record marginally faster volume growth compared to the review period. A preference for products that help shorten the time for preparing meals is expected to be sustained, such that barbecue sauces, pasta sauces and cooking sauces are predicted to earn the most favourable performances over the forecast period. This will likewise benefit their packaging. Ketchup in plastic pouches, meanwhile, is expected to remain as the fastest growing category in sauces, dressings and condiments packaging, since current trends are likely to persist over the forecast period.

Flexible Packaging Remains Key Pack Type in Sauces, Dressings and Condiments

Flexible packaging remained the dominant pack type in sauces, dressings and condiments in 2018. Flexible plastic, which is widely used in monosodium glutamate and herbs and spices in particular, held the biggest share in total retail volume sales in 2018. Stand-up pouches, meanwhile, trails closely behind flexible plastic in 2018 in terms of volume share with rigid plastic ranking third. The dominance of flexible packaging is indicative of the sustained popularity of sachets and pouches, which allow brands to serve the low-end of the market.

Sachets also allow a brand to be retailed through distribution channels with a small selling space such as sari-sari stores (traditional neighbourhood stores).

Flexible packaging is likely to be continuously used by both local and multinational brands over the forecast period, since it can help facilitate trials, especially for new products. The growing number of condominiums in urban areas is also likely to contribute to the sustained use of flexible packaging, since it is lightweight and is easier to store in small living spaces. Pack sizes meant to be used over time are also likely to increasingly use a closure for resealable properties and greater convenience.

Refilling Activities in Provinces Aim To Curb Packaging Waste Generated by Households

Sachets remained widely used in food packaging as they allows brands to be retailed at an accessible price. The popularity of sachets was sustained in 2018 as Ajinomoto Philippines Corp launched a 12g pack size for its monosodium glutamate, while Knorr Shrimp Broth Cubes (Unilever Foods Philippines (CMC)) is now available by piece as it introduced a 5g pack size. This ongoing trend, however, has led to a higher amount of packaging waste generated since sachets are typically thrown out after use. To address the situation, refilling activities were held in San Fernando, Pampanga and in the towns of Guiguinto and Bocaue in Bulacan in 2018, where households were given incentives such as discounts for bringing their own bottles to be refilled with condiments, toiletries and household liquids.

The Department of Environment and Natural Resources plans to hold similar activities, dubbed as "Refill Revolution", in other cities in Central Luzon in the second half of 2018. Should such initiatives persist and become widespread over the forecast period, packaging for common table sauces such as soy sauces and fish sauces are likely to be adversely affected. Unilever Foods Philippines, meanwhile, has a different approach to resolving the waste generated from the wide usage of sachets. The company is looking to set up a recycling facility that will utilise a German process technology called CreaSolv® that can recover plastic material from sachets to be used for making new packaging material. It also approached Industrial Engineering students of the Technological Institute of the Philippines in 2018, challenging them to create alternative compostable materials suitable to be used for producing sachets.