

Indian nutra market to grow to \$2731 mn in 2016

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Bangalore: The Indian nutraceutical market earned revenues of \$1480 Million in 2011 and could grow to \$2731 million in 2016 at a CAGR of 13 percent. Dietary supplements were the largest category accounting for 64 percent of the nutraceuticals market, driven primarily by the pharmaceutical sector in the form of vitamin and mineral supplements, according to the latest analysis from Frost & Sullivan.

The analysis noted that the functional foods will be the quickest growing category until 2015 followed by dietary supplements. However, dietary supplements, specifically herbal and dietetic supplements, will form the greatest opportunity areas for nutraceutical manufacturers, driven by growing demand from an evolving consumer base.

The analysis further pointed out that the global nutraceutical market in 2011 was estimated to be \$149.5 billion, with the US, Europe and Japan being the largest regional markets, accounting for nearly 93 percent of the global nutraceutical demand. These markets are nearing maturity, with exceedingly high per capita spends on nutraceutical products (Japan has a per capita spend of \$51 per person per year, while the US and Europe have \$40 and \$35 each. The global average is only \$21 per person per year.) This compels nutraceutical manufacturers to look at developing countries such as India and China, which have considerably lower per capita spends on these products, as key growth regions.

Other factors that support the growth of nutraceuticals in India are:

- Between 1998 and 2005, India's overweight rates increased by 20 percent. The national family health survey has found 13 percent of women and 9 percent of men in the 15-49 age groups to be overweight or obese.

- India has become the diabetic capital of the world with 55 million diabetics in 2010.

- Of all deaths in the last decade, 40 percent have been Cardiovascular related. The number is expected to cross the 50 percent mark by 2020.

Increasing food security concerns in India and need for additional nutrition, has resulted in government-funded vitamin fortification initiatives. Pharmaceutical and FMCG giants dominate the Indian Nutraceutical Market. While Dietary

supplements such as vitamin and mineral supplements have been captured by pharmaceutical companies, FMCG companies are now bringing functional food and beverages to the market.

However, certain segments like dietetic supplements are now being catered to by pure-play nutraceutical companies, apart from their pharmaceutical and FMCG counterparts. As middle class purchasing power increases, manufacturers need to focus on a traditional brand identity allowing consumers to connect with the brand on a cultural level. The industry needs to focus on the inclusion of natural extracts (with proven health benefits) for their products. Further, the marketing of products such as sports and energy drinks is primarily targeted at niche segments of the urban population, resulting in low penetration for these products, even amongst the urban population.

The latest trend for nutraceutical manufacturers is understanding cultural requirements and focusing on specific product formats. For instance, omega-3 a traditionally non-vegetarian product, has been developed with vegetarian variants, thereby allowing it to gain traction with the large Indian vegetarian population.

With increasing sophistication among nutraceuticals, consumer demand for products with specific health benefits has been on the rise. Nutraceutical products have now been cordoned into various segments based on the health benefits. These sectors such as heart health, eye health allow manufacturers to position themselves better.