

# Strategies in nutraceuticals industries of india marketing essay



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Nutraceuticals are food supplements that can be taken instead of food in order to balance the diet and to keep the proportion of proteins, vitamins, minerals, fatty acid in a balance. These supplements are have different benefits that enhances to have a good health . These supplements are extracted from concentrated extracts from fruits, natural herbs, fruit seeds, specific lipids and daily vegetables. Nutraceuticals are not medicines instead it is just for general health. Nutraceuticals are often used to strengthen food products, creating functional foods, or it can also be said as supplements. Pharmaceuticals, on the other hand, are bioactive compounds intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease. Well known nutraceuticals include essential fatty acids such as omega-3 oils, probiotics, prebiotics, plant sterols, botanicals, superfruit extracts, carotenoid antioxidants and soy protein/isoflavones. The consumer environment is driving growth in the nutraceuticals market.

### **Key Market Issues in International level**

The food market is changing: Over the past decade, consumers have become more concerned for their health and are increasingly inclined to self-medicate. Healthcare providers, too, are keen to shift some of the burden of healthcare costs to individuals and recognize that functional foods may provide alternatives to medications. These factors are reflected in the current market for ingredients in the health and nutrition sector, which was estimated to be worth US\$4billion in 2009.

Nutraceuticals and pharmaceuticals are related in that both are types of compound that demonstrate bioactive properties.

Nutraceuticals are substances that are extracted from foods and are used either to fortify other food products in order to enhance their nutritional properties or are taken as dietary

supplements in the form of pills, capsules or soft-gels. The clinical evidence behind a nutraceutical products varies widely; some have been tested with pharmaceutical rigor to demonstrate properties beneficial to health, while for other the evidence to support such claims is slim.

### **Indian Situation and strategies**

India that is equipped with lots of diseases is following similar strategies like China, has for centuries embraced such natural medicines as Ayurvedic remedies and herbal teas. India is changing in a quick way and has lots of opportunity in the current environment for the nutraceuticals industry. The government has come up with different ideas and has been following different strategies for helping up its intellectual property laws, productivity is growing and a huge investment has been made in R&D infrastructure and there is an increment every year in production and as well as in sales.

In developed countries, there is a significant relation between the growth of nutritional ingredients and demographic issues like ageing populations, wealth distributions and incidences of health problems. These are huge and pre-medicated factors and are the reason for why there is lots of confidence in the growth of nutraceuticals products over the upcoming 20 years. Almost no one believes that the about the babies are going to begin consuming little nutraceuticals, because they might at any time babies might need them as they age.

In developing countries, anyway or the other, there are many issues that complicate any desire of how something like nutraceuticals will grow. For example, a certain base level of income may be required.

In the US or Europe, you must not only have a first thought of buying a product but you should also think about having a second thought in buying a tube of toothpaste for \$1-2, because even if you are below the poverty line in these countries, this is affordable. However, the average Indian has just under \$1.18 per day in disposable income<sup>1</sup>, and there are 286 million people who live on under \$1 per day in total income. <sup>2</sup>

## **INDIAN PRODUCTIVITY**

The US economy was sustained in the 1990s by impressive productivity gains, which have now slowed. Everyone remembers how these gains helped support the nutraceuticals industry when it was growing at high double-digit rates before the end of the 1990s. India, on the other hand, is roaring ahead now. India's current gross domestic product per head is somewhere around \$620 today, <sup>3</sup> which pales in comparison to the US' \$40,050 per head GDP, but India's future growth is what is particularly interesting.

By 2010, in just five years, Indian productivity will grow nearly 68 per cent, more than double the rate of productivity growth in the US! The implications for the industry are staggering. The Indian nutrition industry is around \$6.8 billion in revenue today. Solely based on productivity growth, the size of that industry will nearly double in the next five years. Compare that to the relatively small gains the US nutrition industry has made in recent years.

## **THE POPULATION PYRAMID**

We hear a lot today about how ageing populations are going to drive the US and Japanese nutrition industries. People live longer today, and will need nutritional

solutions to support their lifestyle, but in addition, there are going to be more elderly people in these countries than young people very soon.

India does not have that problem; they have a more unique population challenge. Today's population pyramid in India looks like that of any other developing country, a wide base at the bottom from uncontrolled birth rates, and a small point at the top from lower-than-average life expectancies. 4

However, because India is developing rapidly, life expectancies will increase. The ageing population will increase, and demand for supplements and functional foods related to age-related conditions will certainly grow at double-digit rates.

However, demand for products that address middle-aged life needs, like family-oriented multivitamins, infant formulas and healthy foods, will grow even faster than that. There are 516 million people between the ages of 20-55 today; that number will grow to 800 million in the next 40 years. The growth alone is larger than the entire US population!

So again, what does this mean for the nutraceuticals industry? Based solely on the increase in this middle-aged portion of the population, the industry will grow an extra 1.4 per cent per year; by 2045, this will amount to an additional \$5.3 billion in nutraceuticals sales in India.

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## **DISPOSABLE INCOME**

Supplements, by definition, are generally consumed in addition to your diet and as such are not part of the core spending on lifestyle essentials. There have been a number of studies that have shown that the spending distributions of disposable income in developing countries does not change until countries hit a per capita GDP threshold of around \$5, 000.

In other words, when per capita GDP is around \$600, consumers generally spend the same percentage of their disposable income on supplements as they would if the per capita GDP had grown to \$4, 000. This is the statistic I believe demonstrates the opportunities in India better than any other.

Current disposable income per head in India, in \$PPP terms, is \$2, 303, but is expected to grow to \$3, 033 by 2008. 5 That means we could see a potential \$3. 5 billion increase in the size of the nutraceuticals market in India in just three years.

## **STRATEGIES FOR SUCCESS**

Economists have written hundreds of books on the “ bottom of the pyramid” with the belief that target the millions of poverty-stricken consumers and make money while contributing to the betterment of their lives. Nowhere.

To go back to the toothpaste parable, there is a famous case of a large multinational that decided it needed a unique strategy to fit the health needs of the Indian population. After a lot of brainstorming and analysis, they came up with single-serve toothpaste packages they could sell for less than a

penny. Suddenly the entire toothpaste category became accessible to a group of consumers that never had more than 5-6 cents to spend.

There is a valuable lesson in this strategy for the nutraceuticals space. There are a number of supplements sold in the form of single-serve herbal tonics in India, but they are priced between 15-25 cents per serving, and are generally still out of the reach of the poorer consumers for use on a daily basis.

Another strategy companies are beginning to adopt is to sell fewer processed products. Some studies on bottom-of-the-pyramid concepts have found that aesthetic principles to these products are less important to a population that is proactively seeking a solution for a principal necessity like health. So, we are starting to see a series of supplements sold in powder forms that would not normally be sold that way.

## **Strategies in EID Parrys**

For instance EID PARRY has a product named SPIRULINA. Its been there in market for more than a decade.

What is spirulina?

Spirulina is a fresh water, bluegreen microalgae that has been consumed as a food for centuries. scientific studies shows spirulina to be the most powerful concentrated whole food known to mankind. Parry's spirulina has a wide array of protein, vitamins, minerals, phytopigments and enzymes. It is completely safe, 100%veg and has no side effects.

These products are known to people who do know what spirulina mean. Although it's been there in market for more than a decade many people do not know that MURUGAPPA GRP has a product like this. When the product was introduced and advertised some people came to know about the product and later there was no any product advertisement. Due to it the sales came down.

## **CONCLUSION**

The converging economic and demographic trends in India have laid the groundwork for opportunity in nutraceuticals.

However, India is far from being a fully developed country, by Western standards, and as such making significant profits there requires unique tactics and strategies.

The important thing is to recognize that companies need to begin investing in India to take advantage of these trends in the future. The nutraceuticals industry has the potential to grow by multiples in the next few years, but the industry has to step up to offer real value to the very unique consumers there. It also does not pay to ignore the rapid development pace in India, because it will affect our industry in every country of the world as well.