

Wellness industry in india

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In India, a country where traditional medicinal and health practices like Ayurveda and yoga have promoted the idea of mental and physical wellbeing since ancient times, a new concept of wellness is emerging. No longer limited to health, nutrition and relaxation, the new multi-dimensional definition of wellness encompasses the individual's desire for social acceptance, exclusivity and collective welfare.

Wellness Industry

The 2009 FICCI-Ernst & Young (EY) Wellness - Exploring the Untapped Potential report classifies the Indian wellness industry into two segments: wellness services and wellness products.

Expected to grow dramatically in the next years, both the segments offer great opportunities to wellness providers. At the end of 2008, the overall industry was estimated at around INR 27. 000 crore (EUR 4. 05 billion¹), of which INR 11. 000 crore (EUR 1. 65 billion) represented by the services segment and the rest by the products segment.

Wellness Industry Size And Segmentation (EUR Billion)

1, 65 41% Wellness Products Wellness Services 2, 4 59% Source: Ernst & Young and FICCI

According to the study, the wellness industry has the potential to sustain a compound annual growth rate of more than 14% till 2012, with the wellness services market expected to witness an annual growth of approximately 3035% till 2014. ¹ The conversion rate utilized in this report is 1 INR = 0. 015 EUR.

Wellness Industry Projections (EUR billion)

7, 00 6, 00 6, 00 5, 00 4, 05 4, 00 3, 00 2, 19 2, 00 1, 00 2009 2010E 2011E
 2012E Source: Ernst & Young and FICCI 5, 26 4, 62 3, 84 2, 90 1, 65 Wellness
 Industry Wellness Services Geographically, South India is much ahead in
 terms of wellness, with an average of 34. wellness centers per 100. 000
 households, compared with 13. 6 for the North, 12 for the West and 10. 1 in
 the East.

Average Number of Wellness Centers in India

South North West East 13, 6 12 10, 1 Source: Ernst & Young and FICCI 5 10
 15 20 25 30 35 34, 4 40 The report depicts the overall wellness industry as
 highly unorganized, with the organized sector limited to less than 50 percent
 of the industry. The industry's disorganization and fragmentation open
 further opportunities for international wellness players to capture a large
 share of the market.

Wellness services From massages to cardio sessions, from steam baths to
 ago puncture, from slimming programs to beauty treatments, the wellness
 services segment includes all the facilities, centers and in general domestic
 and international players which offer Indian customers wellness solutions.
 Recent trends in the wellness services sector Spas: As per the FICCI-EY
 study, rejuvenation services - including spas, alternative therapies, Ayurveda
 treatments and beauty services - is expected to witness a 30 percent growth
 till 2014.

In its 2009 report, SpaFinder Inc. counted over 2,300 spas operating in India, with over 700 to open by 2012 and generating revenues for approximately EUR 264 million annually.

Number of Spas in India (Projection)

3500 3000 2500 2000 1500 1000 500 0 2009 Source: SpaFinder Inc. + 700 spas 3000 2300 2012 A distinct trend visible in the Indian wellness market is the opening of spas in the mid-price category. No longer exclusivity of 5-stars hotel guests, standalone spas with a more affordable price-value equation are filling a gap that was missing in the market².

Gyms: Assessed at around INR 500 crore (EUR 75 million) in 2009, the gym market in India is quickly developing. As per the FICCI-EY study, fitness services - comprising gyms and slimming centers - will grow by more than 25 percent till 2014. According to the consultancy firm Deloitte and the US-based International Health, Racquet & Sportsclub Association, the number of people using health clubs in India currently stands at 0.23 million. Of this, experts say 40 percent are women.

Health Club Users Penetration Rate 2 3

Wellness industry unaffected by recession, liveMint, The Wall Street Journal, Jun 14, 2009. Gym becoming social networking hub, The Economic Times, Aug 14, 2009. 0, 0% US Australia New Zealand Singapore Hong Kong India 0, 4% 5, 0% 10, 0% 15, 0% 20, 0% 17, 0% 12, 4% 10, 8% 6, 5% 3, 9% Source: Deloitte & International Health, Racquet & Sportclub Association The still low penetration rate, combined with the success of the fitness reality show Biggest Loser Jeetega, which featured gym equipment of the Italian

manufacturer Technogym SpA, suggests there is still plenty of room for new centers to open in India.

Hotels and restaurant: A further trend, emerging as a consequence of the significant number of lifestyle diseases which affects the country — India accounts for 60% of global cardiac illnesses and has over 50 million diabetics — is the emergence of hotels as health destinations, offering special menus and fitness programs⁴. Many restaurants are also starting to propose their health-conscious customers special menus. Main international and national players of the wellness services sector

Overall, more than 15 international players in the wellness product and service space have entered India in the recent past and are aggressively expanding in the country. Just to name one, the US-based largest international gym chain in the world, Gold's Gym has opened 48 gyms since its arrival in India in 2002. This increasing competition from multinationals has compelled national players - including Reliance, Dabur, Manipal Group of Companies, Dr. Batra's, Kaya Health Clinic - to strengthen and speed up their market expansion strategies.

To support the growth, after Talwalkars- one of the leading gym chains in India, with over 100 branches across 50 cities in the country, and over 100,000 members - and Birla Pacific Spa, also the healthcare and beauty treatment provider Goodwill Hospitals, the drug retail chain Apollo Pharmacy, the diagnostics chain Super Religare Laboratories and the eye care firm VasanEyecare are planning to go public in the next 12 months⁵. ⁴ Wellness on the menu, liveMint, The Wall Street Journal, Jul 29, 2011. ⁵After Birla

Pacific Spa and Talwalkars niche beauty and wellness companies planning for IPO, The Economic Times, Aug 25, 2011.

While substandard facilities and a lack of qualified staff still characterize the domestic wellness scene, this unsatisfying picture opens further opportunities to international players, which will bring to India their sets of standards of procedures and training programs. Wellness products including various types of “modified” foods (e. g. , fat free, low calories, energetic, reinforcing), oils, supplements, integrators, and personal care products, wellness products are gaining more and more space in Indians’ purchase basket.

No longer limited to preventive or supportive nutrition, the wellness product portfolio reflects a mix of indulgence, invigoration and narcissism⁶. Health and wellness foods market Tata Strategic Management Group (TSMG) has estimated the Indian health and wellness foods market being worth INR 10.150 crore (EUR 1.52 billion) in 2009, with the potential of rising at a compounded annual growth rate of 32.5 percent to INR 55.000 crore (EUR 8.24 billion) by 2015. ⁶ Impulse and Lifestyle Products Define the FMCG Future in India, Roosevelt D’souza, Executive Director, The Nielsen Company, March 4, 2011.

Health and Wellness Foods Projection (EUR billion)

Year	2009	2010E	2011E	2012E	2013E	2014E	2015E
Value (EUR billion)	1.52	2.01	2.67	3.54	4.69	6.21	8.24

Source: TSMG 8.24 + 32.5% 4.69 3.54 2.67 1.52 2.01 6.21 To capture the growing demand, foodbrands are in a race to launch new products. Himalaya International’s natural fruit yoghurt, Parle Products’s

baked chips, Amul's range of functional products (including energy drinks, probiotic ice-creams, probiotic lassi and curd, high calcium milk and reduced salt butter), Frito Lay's trans-fat and MSG free products, ITC Food's low cholesterol products, gut beneficial foods are just few examples⁷.

Sugar-free products Withdiabetesincreasing at an alarming rate -the number of people with diabetes was over 45 million in 2010 and is expected to rise to 69. 9 million by 2015 -, obesity, hypertension and other lifestyle-related disorders, sugar-free product variants are gaining more space on the retail shelves. While Indians have begun to show a liking to sugar-free products, sugar substitutes (often referred to as " sweeteners") do not receive the same welcome.

In fact, sweeteners are not yet considered a low-calorie sugar substitute, but a product for people suffering of lifestyle diseases⁸. Nutraceuticals market Within the wellness products segment, the nutraceuticals market - merger of the words " nutrition" and " pharmaceutical" indicating functional foods, beverages and dietary supplements which provide health and medical benefits - is expected to grow exponentially. The 2009 FICCI-EY Nutraceuticals - Critical supplement for building a healthy India estimated the market to be around INR 44 billion (representing one Insights on Indian market, NutriConnect, 2009. Sweet equilibrium, Progressive Grocer, December 2010. percent of the global INR 5. 148 billion nutraceutical market), growing by an annual 18 percent since 2006, much faster than the global 7 percent average.

India's Nutraceutical Global Market Share and Segmentation

Rest of EU; 6% Switzerland ; 3% Italy; 3% UK; 2% France; 6% Germany; 5% Japan; 22% 14% Others; 9% US; 36% Functional foods Rest of Asia; 7% Functional beverages India; 1% Dietary supplements Source: Ernst & Young and FICCI 2% 54% Source: Frost & Sullivan, Cygnus Growth drivers are: ? ? the increasing affluence of working population with changing lifestyles; the reduced affordability of sickness related expenditures (with the Out-of-pocket expenditure constituting 64 percent of healthcare expenditures in India - against the global average of 18 percent - and the average cost of in-patient treatment doubled in the decade 1995-20059); the increasing awareness and media penetration; Andthe increased accessibility to such roducts, due to the emergence of new distribution channels. ? ? Moreover, due to their high prices compared to conventional foods, the lack of credibility of their benefits among costumers, and the not-yet-implemented regulatory framework, the latent market for nutraceutical products is estimated to be two to four times the existing market size.

Conclusions

In India, a new multi-dimensional definition of wellness is emerging, encompassing the individual's desire for social acceptance, exclusivity and collective welfare. Be it in the services or product sector, the wellness industry in India is showing bright opportunities to wellness providers, especially international players. 9 WHO statistical information system, 2008.