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Nutra growth attracting pharma players

Pharma companies view the nutraceuticals sector as an extension of the healthcare sector and look to leverage their existing brand equity in the high growth markets where they can bypass price regulations as nutraceutical products don’t fall under the pur

By **Guest** | November 28, 2013



nutra-growth-attracting-pharma-players

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Pharma companies view the nutraceuticals sector as an extension of the healthcare sector and look to leverage their existing brand equity in the high growth markets where they can bypass price regulations as nutraceutical products don’t fall under the purview of the NPPA (National Pharmaceutical Pricing Authority) to make margins in the highly regulated market.

In August, West-Coast Pharmaceutical Works and GRAF Laboratories, both from Gujarat, announced their plans of entering nutraceutials space. Ahmedabad based West-Coast Pharmaceutical Works, a manufacturer of pharma formulations mainly for human and veterinary use since 1965 announced its plans of entering nutraceuticals segment by launching a range of products under the brand name “HealthVit”. Initially it will focus on weight management products, cardiac care products, immunity boosters, women’s health products, as these categories are in much demand and can be targetted on mass basis. In the beginning, the company will start its distribution from western region, where it has a strong presence. The company is planning to target metros in the next phase with more product range under fitness, vitamin, nutrition, child care, diabetic care categories.

Similarly, GRAF Laboratories, a pharmaceutical company headquartered in Ahmedabad involved in the business of manufacture and marketing of branded formulations across the domestic and international markets, announced that it will be investing Rs 150 crore in setting up a nutraceutical facility in Gujarat. Initially, the company will target prescription sales and later enter the over-the-counter (OTC) nutraceuticals segment.

The above announcements from the pharma companies indicate that the pharmaceutical companies are shifting their focus towards nutra space. These companies are launching products in areas such as weight management, dietary supplements, mother care, child care, cardiac care and also diabetes care. Experts say these segments are forecast to experience accelerated growth due to increased rate of lifestyle related diseases and consumers turning more health conscious.

Moving towards nutra

Sharing his thoughts on this paradigm shift Ajay Bharadwaj, CEO of Anthem Cellutions, said, “There are many reasons for pharmaceutical firms to shift into the nutra space. One is that it’s a fast growing opportunity and it requires the same distribution capability as the pharmaceutical industry already has. So, they are obviously tempted to use their network in order to increase their reach in an opportunity which had come up in the last few years. In some sense it requires the same set of skills like marketing, packaging and many more. And these companies are the best suited to do that, and the channels of the distribution are same.”

Commenting on the company’s focus towards nutraceuticals space, Shivender Aggarwal, Executive Director of GRAF Laboratories, said, “Increase in health awareness, changing lifestyle, aging population and global healthcare costs led more individuals to focus on preventative care. And this preventive healthcare trend has seen major pharmaceutical companies diversified into production of nutraceuticals. Nutraceuticals are gaining acceptance for their ability to address several diseases. Apart from this, double digit growth of the nutraceutical market and immense potential of this industry encourage GRAF to shift and focus to become major player into nutraceutical space.”

The pharmaceutical industry in the country is under a lot of pressure with the price control. “Many of the companies are feeling the heat in terms of profitability because the government has brought so many drugs under price control which is becoming more difficult to do business. In fact, many drugs are going out of market because people are just not interested in using those drugs anymore. So, what do these companies do? They shift their focus into an area where there is better chance of profitability and have independence in pricing. So, that’s another reason why they shifted their focus into nutritionals and dietary supplements,” Ajay Bharadwaj added.

Bharadwaj further said the third reason of this shift is demand. If there is a market demand, somebody has to rush into fill it. And the guys to do that are companies which are already dealing with customers. So, you will see that even FMCG companies are also getting into it because they have the same access in the market. And also people are looking at foods which are already supplemented and that FMCG companies are better at because they are already

selling the foods.

Azaz Motiwala, founder & chairman and managing director of IKON Marketing Consultants, said, “Increased affluence and lifestyle diseases and change in consumer perception and mindset, increase in awareness about extra supplements among consumers, increasing health consciousness along with rising healthcare cost are paving way for growth of Indian nutraceuticals market. These growth factors are leading pharmaceutical companies to venture into nutraceuticals space.”

Dietary supplements are currently a fast growing segment in India, driven by increasing consumer health awareness. According to Frost & Sullivan, pharma companies view the nutraceuticals sector as an extension of the healthcare sector and look to leverage their existing brand equity in these markets. Additionally, nutraceutical products don’t fall under the purview of the NPPA (National Pharmaceutical Pricing Authority), which allows pharmaceutical companies to bypass price regulations on certain vitamin and mineral supplements, and charge a premium for them.

The growth of the nutraceuticals market has opened doors for many small and big pharma companies in the recent past. Some names include Zydus Wellness -- a part of Cadila Healthcare group, Nirlife – a healthcare division of Nirma and Alembic.

Inspite of having a high growth potential, the pharmaceutical companies are likely to witness many challenges from FMCG companies, existing players in nutraceutcials space and stringent regulations implemented by Food Safety and Standard Authority of India (FSSAI).

Key challenges before pharma companies:

- Competition from functional foods: Functional foods as a segment have come to challenge dietary supplements in a major way. In functional foods, the food is fortified with the same nutrients as those in dietary supplements. Consumers perceive them as more convenient and assign a higher value to these products.

- Differentiation within dietary supplements: Consumers are often unable to tell the difference between the various brand choices available to them, especially in the general health supplements category. More than brand positioning and promotions, companies need to spend time and money to educate consumers on the benefits of various ingredients used in supplements.

- Unsubstantiated health claims: The lack of validation of the health claims is another factor which is hindering the growth of this segment. The absence of any previous regulation regarding health claims allowed for the growth of counterfeit products which has affected the credibility of this segment. While health claims made by all dietary supplements now fall under the FSSAI (who drafted labelling regulations in 2012), on-the-ground implementation of the regulations is expected to take some more time.

“Despite having a healthy size of health conscious consumer segment in India, the market has not adopted nutraceuticals for regular consumption. Indian consumers are still at ‘awareness’ or somewhat ‘interest’ stage of product adoption cycle. Nutraceuticals players need to redefine their marketing strategies to bring customers at ‘trial’ and ‘evaluation’ stage to harness the immense growth potential of Indian nutraceuticals market. The pharmaceutical industry currently caters to around 10% of the population, which is suffering from diseases while the wellness industry targets the remaining 90% who are well in addition to the 10% who are unwell. With rising income and increasing lifespan, there is also an increase in the lifestyle diseases. Though India has a predominantly young population, there remains a growing elderly

population which is in need of nutritional and nutraceutical products," concludes Azaz Motiwala of IKON Marketing Consultants.

4 key categories of dietary supplements:

Ingredient Supplements (Vitamin and Mineral Supplements, Omega 3 Supplements etc.)

Top 3 companies/brands include Ranbaxy (Revital), Pfizer (Becosules), Merck (Evion). Other prominent players include Elder Pharma (Shelcal), Piramal Healthcare (Supractiv) etc.

Dietetic Supplements (protein drinks etc.)

Top companies include Amway (Nutrilite range of products), Herbalife, British Biologicals, Abbot (Pediasure, Ensure), Wockhardt (Protinex). Abbot and Wockhardt are the leading pharma companies in this space. British Biologicals is a fairly new entrant and distributes its products through the pharma over-the-counter (OTC) model. However, British Biologicals focuses solely on nutraceutical products.

Herbal Supplements

No leading pharma players, apart from Himalaya Drug Company, in this segment. Liv.52 is a leading product in this segment. Other players include Dabur, Baidyanath, Charak and Parry's.

Chyawanprash Supplements

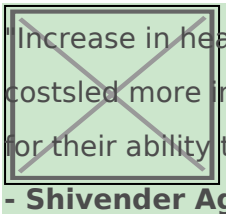
No leading pharma players, key players include Dabur, Emami/Zandu and Baidyanath.

Source: Frost & Sullivan

Pharma companies with nutra brands*

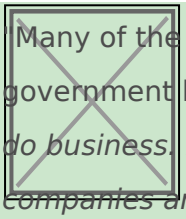
Company	Brands
Abbott	Similac, Ensure, Glucerna, EAS, Elecare, Jevity, Metabolic, Nepro, Optimenta Pedia Sure, Perative, Pivot, Polycose, ProMod, Promote, Pulmocare, Suplena
Cadila Healthcare	GRD (Growth Revitality and Development), Paternia, GRD Sugarfree (Di Smart, GLOBAC Activ, C-YUM TAB, GLOBAC-Z Sofules/Tonic, Collbond, Fol X
Ranbaxy	Revital Woman, Revital Senior, Revitalite, Pepfiz,Garlic Pearls, Gesdyp, Che
GlaxoSmithKline	ActiGrow, Alpha D3, Becadexamin, CCM, Celin, Cobadex CZS, Cobadex Fort
Piramal Healthcare	Complete, Supractiv Complete, Polycrol
Elder Pharma	Shelcal, ELDERVIT, ELMECOB, THRIVE, IVIT-PLUS, N E P H R O C A P S
Wockhardt	Protinex, Bond-7, Bonistein, Nutrocal-DM, Winofit-Gold, Winofit, Winofit GX
Pfizer	Becosules
Merck	Evion
Dr Reddy’s Labs	Senade,Femibion Natalcare I, Femibion Natalcare II, BION 3, BION kid

** List is not exhaustive*



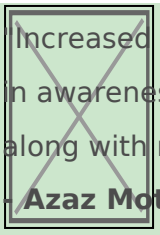
"Increase in health awareness, changing lifestyle, aging population and global healthcare costsled more individuals to focus on preventative care. Nutraceuticals are gaining acceptance for their ability to address several diseases."

- Shivender Aggarwal, **Executive Director, GRAF Laboratories**



"Many of the pharma companies are feeling the heat in terms of profitability because the government has brought so many drugs under price control which is becoming more *difficult to do business. People are looking at foods which are already supplemented and that FMCG companies are better at because they are already selling the foods.*"

- Ajay Bharadwaj, CEO, Anthem Cellutions



"Increased affluence, lifestyle diseases,change in consumer perception and mindset, increase in awareness about extra supplements among consumers, increasing health consciousness along with rising healthcare cost are paving way for growth of Indian nutraceuticals market."

- Azaz Motiwala

CMD, IKON Marketing Consultants

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