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8 leveraging factors to march towards $10 billion by 2020

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By **Guest** | June 20, 2017



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> WordPress post #6220

The Nutraceutical industry is all set to reach heights in the coming years. The global nutraceutical market is expected to reach $278 billion by 2021, according to Transparency Market Research, suggesting 7.3% compound annual growth rate from US$182.6 billion in 2015.

Whereas **Indian** Nutraceutical Industry was valued at $ 2.2 Billion in the year 2015 and it is predicted to reach $ 6.1 Billion by the year 2020 at a growth rate of 20%.

This prediction can very well hold true looking at the current scenario of the industry and market. We also see an increasing growing awareness among consumers about healthy living and wellness, which seems to be one of the major drivers of the Indian nutraceutical industry, though it is also a fact that still many people are not as yet aware of nutraceutical products and its health benefits, so we can imagine that if increase in awareness is created among the common masses, it could lead to an addition to the estimated growth of the Indian nutraceutical industry.

Besides the increasing awareness, increase in lifestyle diseases have led to the development of a promising nutraceutical market involving products to prevent diseases or providing health benefits related to lifestyle issues.

Moreover also individuals today are involved in keeping themselves fit, visiting the gym, proving potential consumers to various functional foods & beverages products.

The Nutraceutical Industry has three specialized markets:

1. Functional Foods
2. Functional Beverages
3. Dietary Supplements

Functional Foods & Functional Beverages account for **68%** of the Indian industry. We find that this functional foods and beverages are manufactured by the FMCG companies such as Mother Dairy, Amul, Nestle, Danone, GSK etc.

Dietary vitamin supplements, mineral supplements or vitamin and mineral supplements are mostly manufactured by Pharmaceutical companies. Amway, Vitamin World etc. are a few companies that manufacture vitamin mineral supplements, this market accounts for **32%** of the Indian industry.

Eight Leveraging Factors:

1. **1. Demographics of Nutraceutical Market**

The major domestic nutraceutical market is mainly concentrated in southern region of the country, followed by the eastern region. **Andhra Pradesh, Tamil Nadu and West Bengal** spend more capita on Nutraceuticals than average Indians.

Between the urban and rural, the urban market is greater than the rural market, with the rural market capturing almost 1/3rd of the total nutraceutical market in India. However, in terms of penetration, urban India still scores high at 22.51 per cent while it stands at 6.32 per cent in rural India. Mumbai and Delhi are the prime markets.

1. **2. Drivers of the Industry**

The Indian Nutraceutical market has distinct growth drivers or trends which is one of the major reasons for the industry to reach $ 6.1 Billion by the year 2020.

As a developing country we see progress in every aspect of the system. Along with increase in health consciousness among people, the approach to healthy living today is built upon the opinion of preventing disease rather that treating it. So a shift is seen from a **curative approach to a preventive approach**. For preventing from being in an unhealthy state, one

can be healthy through consumption of right foods in the required amounts. But **lifestyle changes**, have led to consumption of fast foods, lack of physical activity, involving oneself in more of a sedentary work style and so on, which does not favour healthy living, in addition to this most of the time it is difficult to meet the required amounts of nutrients through diet which in turn has favoured the growth of the nutraceutical industry.

Various companies have used **media** as an excellent platform to promote the functional products, increasing consumer awareness and acceptance of the products, also **purchasing power** has increased in turn leading to the growth of the industry.

With the importance today given to nutrition and being healthy and fit, dietitians, nutritionist and fitness experts are given most importance; also celebrities are involved in endorsing products such as green tea leading to a positive impact on the minds of the consumers.

1. **3. Marketing**

For the industry to grow without obstacles, existing challenges need to be addressed so that the Indian Nutraceutical industry can march towards $10 billion by 2020.

Challenges such as lack of proper marketing and distribution, price skimming and low spending on food research etc.

Market positioning of nutraceutical products can be challenging!!

'The aim of marketing is to know and understand the customer so well that the product or service fits him and sells itself.'

- Peter Drucker

Key points that would aid in positioning:

- Raising awareness amongst physicians and patients: Though many people today are aware of nutraceutical products, most of them being from the urban sector, yet many more have to be educated so that the importance is realized in the minds of the consumers.

- Successfully leverage “consumer pull” and “healthcare professional push” by building targeted strategies towards nutrition for healthy living. Any marketing campaign, directed at physicians/consumer, will require an element of education that could highlight the safety (Generally Recognized as Safe- GRAS ingredients) and quality (Good Manufacturing Practices - GMP manufacturing) of these products and the clinical data or scientific basis for claims.

1. **4. Ways to increase health consciousness**

- With the help of social media campaigns to the likes of the earlier successful campaigns for eggs, iodized salt, condoms etc. awareness needs to be created among the people of the country towards being healthy.

- People of the country need to take accountability of their own health.

1. **5. Increasing ties with western manufacturers**

A trend is emerging, where western nutraceutical manufacturers and distributors are eyeing Indian nutraceutical or dietary supplement companies. They are on the lookout for tying up with Indian companies with innovative products. Their point is India with its rich 5,000-year history of traditional medicines from systems such as Ayurveda, Siddha and Unani, has got an advantage over others to evolve a new medicine from the existing knowledge.

1. **6. Regulatory**

India still needs to have regulations that are industry friendly and such regulations that facilitate or mediate the growth of SME’s (Small and Medium sized enterprises). Now with the foreign companies looking at India as a potential hub for Nutraceuticals, our regulations should be conducive to the foreign investors. We need to have stability and certainty with respect to regulations and guidelines (including defined and time efficient regulatory and product approval

system).

1. **7.**

   Exports

   With increase in demand and conducive regulatory structure in place for manufacturing units, the export market can thrive benefiting the growth of the nutraceutical industry in addition to the already predicted $6.1 billion, giving a hope to the industry to march towards $10 billion.
2. **8. Cost effective Supplies**

Indian companies also could combine global knowledge and evolve newer solutions.

Besides these, India also possesses advantages such as cost effective manufacturing, availability of talented and inexpensive human resources, and is a hub to a large number of medicinal plants, trees and herbs (bio assets).

The manufacturing and research and development front among Indian manufacturers need to collaborate. Coordination among all agencies, including policymakers, regulators and manufacturers has to be increased for standardization of processes.

There are certain questions that manufacturers can ask themselves to succeed in their business:

Hobbson's Choice:

If industry has to showcase beyond $ 6.1 Billion, there is no choice but to leverage all eight factors for every company and decide on…

1. **1. Where to play?**

Which disease areas have dietary factors that contribute to disease risk and progression, and which of these are underserved by current medical approaches?

1. **2. What is the business model?** Who are the stakeholders who are likely to drive adoption and use of the nutraceuticals (consumers, physicians, others)? What channel is best able to activate that adoption?

1. **3. How to promote?** How can you drive adoption by developing scientific evidence, leveraging communication ecosystems (patient message boards, social media, etc.), and aligning financial incentives?

1. **4. How to improve capability?** How do you acquire the capabilities to succeed?

1. **5. How to maintain Quality & Claims?**

In Summary:

All leverage facts are available for entire Indian industry, but the choices are different for all individual agencies.

Those who want to remain in:

- ANI’s: the scope gets further focused on B2B business model.
- For Dietary Supplements: The scope is on 1,2,3,&4
- For Functional Foods & Beverages: Scope focuses on B2C model, OTC model, MCM model, and touch point models.

Do we become prophets? ……NO!

Let’s work towards $10 Billion. It is possible.

Read online: https://nuffoodsspectrum.in/views/24/11346/8-leveraging-factors-to-march-towards-10-billion-by-2020.html
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