

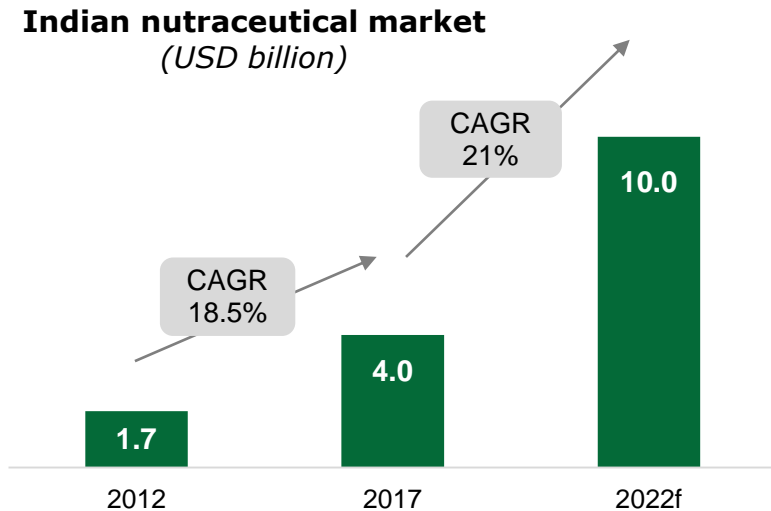


# **Nutraceuticals market in India**

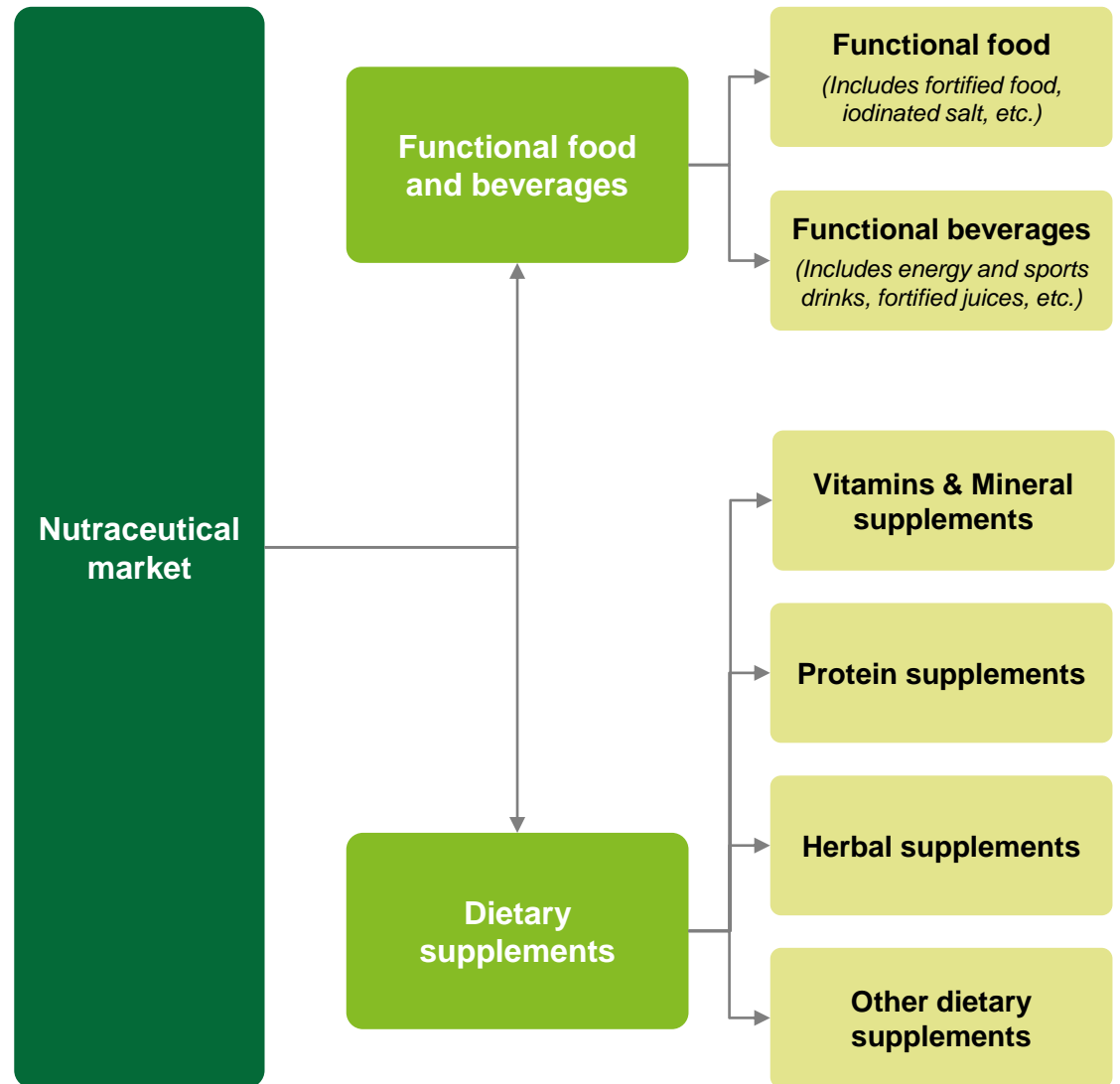
October, 2018

# Nutraceuticals market overview

*Nutraceuticals is a broad term referred to food or part(s) of food that provide incremental health benefits and can be segregated under two broad heads as presented below:*



- The rapidly **changing consumer lifestyle** and increasing **health consciousness** amongst consumers, especially in urban regions, have led to a swift growth of nutraceuticals market in the country
- While the Indian market witnessed high growth rates in nutraceuticals, it is still a **relatively small market** vis-à-vis global nutraceuticals industry
  - Indian nutraceuticals market constitutes nearly **2% of the global nutraceuticals** market. It is expected to grow rapidly and account for **3% of global share by 2022**
  - Developed countries, including the **US, Europe and Japan** account for more than **90%** of the global nutraceuticals market

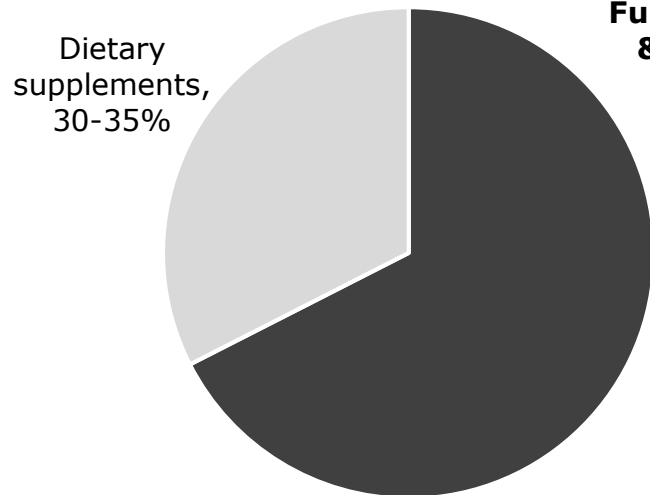


Sources: Assocham; Deloitte database (EMIS, Thomson One) and analysis

# Functional foods and beverages market overview

Within the nutraceuticals, functional foods & beverages account for 65-70% of market; further functional foods constitute the majority with 65% share of total functional F&B market

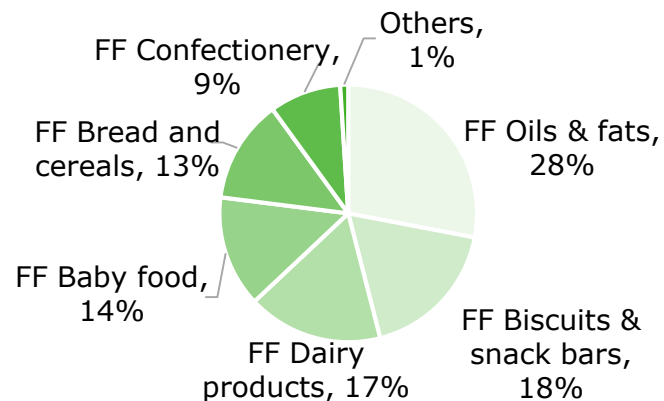
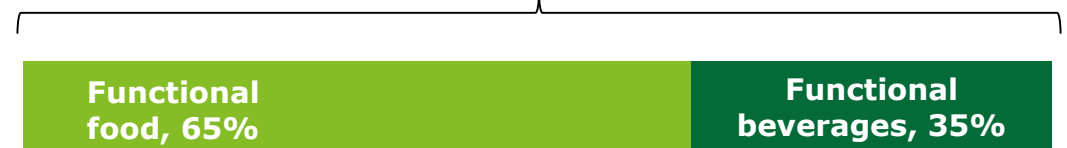
## Nutraceutical market segments



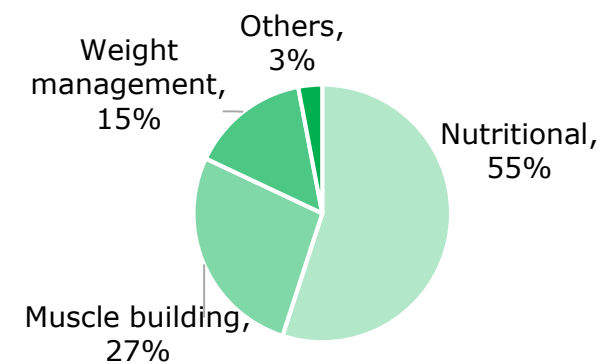
- FF dairy products, cereals and confectionery are amongst the fastest growing segments
- Functional beverages, on the other hand, are an emerging segment
- Plant and malt-based drinks constitute major 75% of the functional beverages market while the rest 25% is contributed majorly by energy & sports drinks and fortified concentrates

## Functional F&B market split

~INR 175 billion



Functional foods include the likes of oats and fortified cereals, soy, flaxseed, nutrition bars, probiotic yogurt and dairy products, fortified baked goods, fortified edible oils, etc.



Functional beverages include functional juices, malt-based drinks, energy beverages, pre- and probiotic drinks, functional Ready-To-Drink (RTD) teas, dairy alternative beverages and functional water

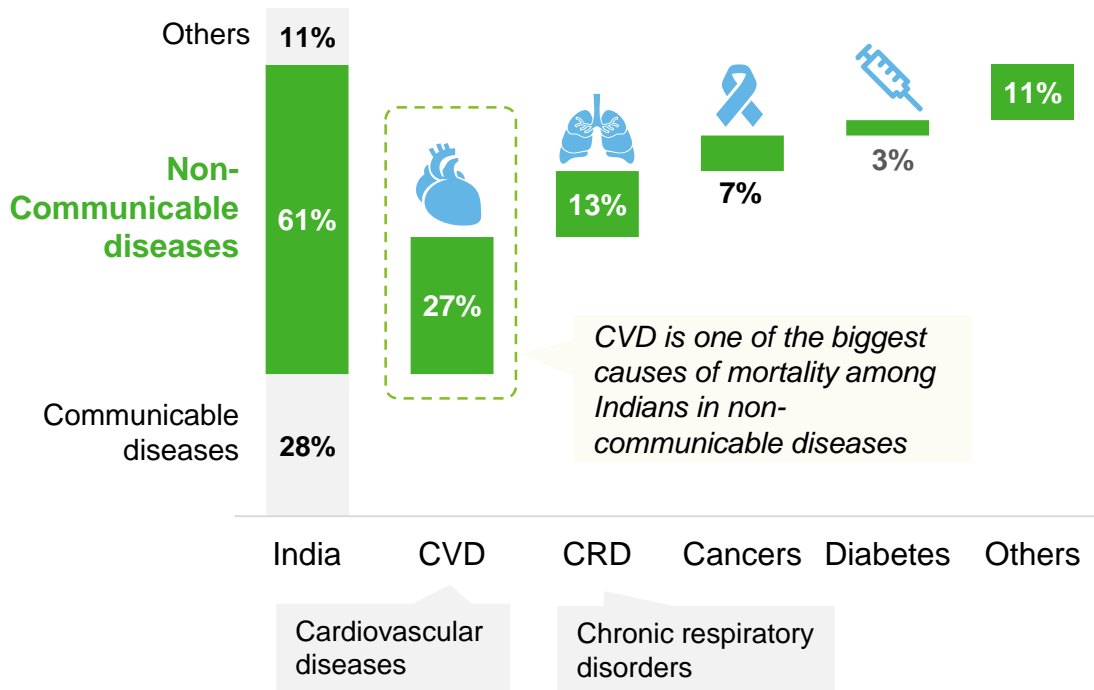
# Key growth drivers

Changing consumer lifestyle, increasing health consciousness, and increasing health related incidences are driving the functional foods and beverages market

## 1 Rise in health related incidences

India recorded 5.8 million deaths owing to Non Communicable Diseases (NCD) in 2016, constituting 61% of total deaths

### Mortality causes in India



Indian consumers, especially higher socio-economic and upper middle class segment, perceive nutraceuticals (both functional F&B and dietary supplements) as alternatives to prescription drugs

## 2 Increasing health consciousness and focus on fitness

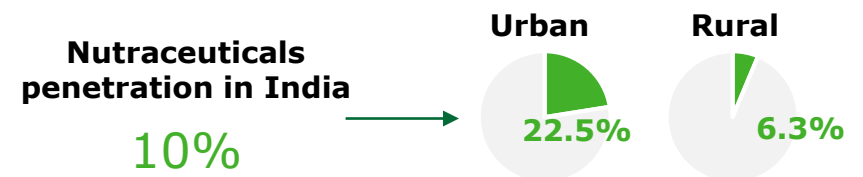
- Focus on fitness and general well-being is leading consumers to intake food products which cater to their additional specific requirements such as proteins, antioxidants, vitamins, etc.

## 3 Greater access through new channels

- With increasing penetration of modern forms of retail including hyper and super markets, e-commerce channels, etc., the distribution landscape for functional foods & beverages is changing rapidly
- Greater number of non-grocery retailers, such as drugstores, mass merchandisers and retail chains, etc. are expanding their selection in the food supplement space

## 4 Under penetrated markets

- Penetration of functional F&B remains significantly lower when compared to developed economies of the world providing significant room of opportunity



Sources: Assocham; Deloitte database (EMIS, Thomson One) and analysis; WHO, Media articles

Note: FF stands for Functional Foods

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