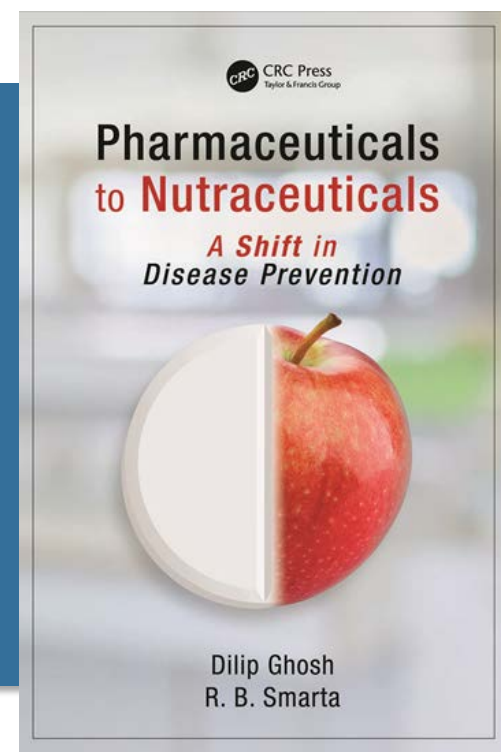
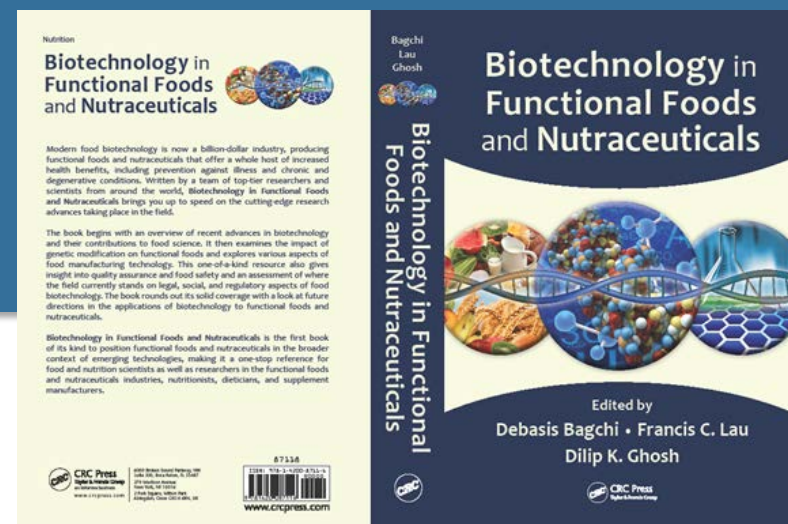
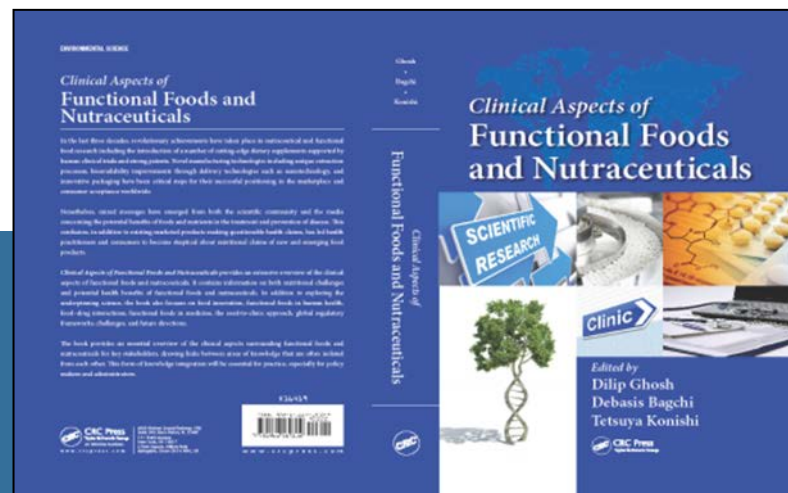
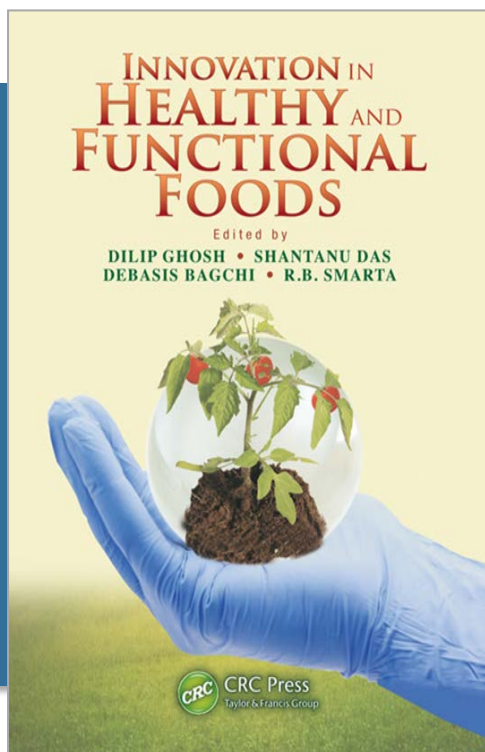


# India market opportunities: The clear-cut story



**Dr Dilip Ghosh, PhD, FACN**  
**NutriConnect**  
**Sydney, Australia**



NO  
IMAGE

# The Future of Dietary Supplements and Personalized Nutrition

[Dilip Ghosh](#)

ISBN: 978-1-119-18642-7

352 pages

July 2017, Wiley-Blackwell

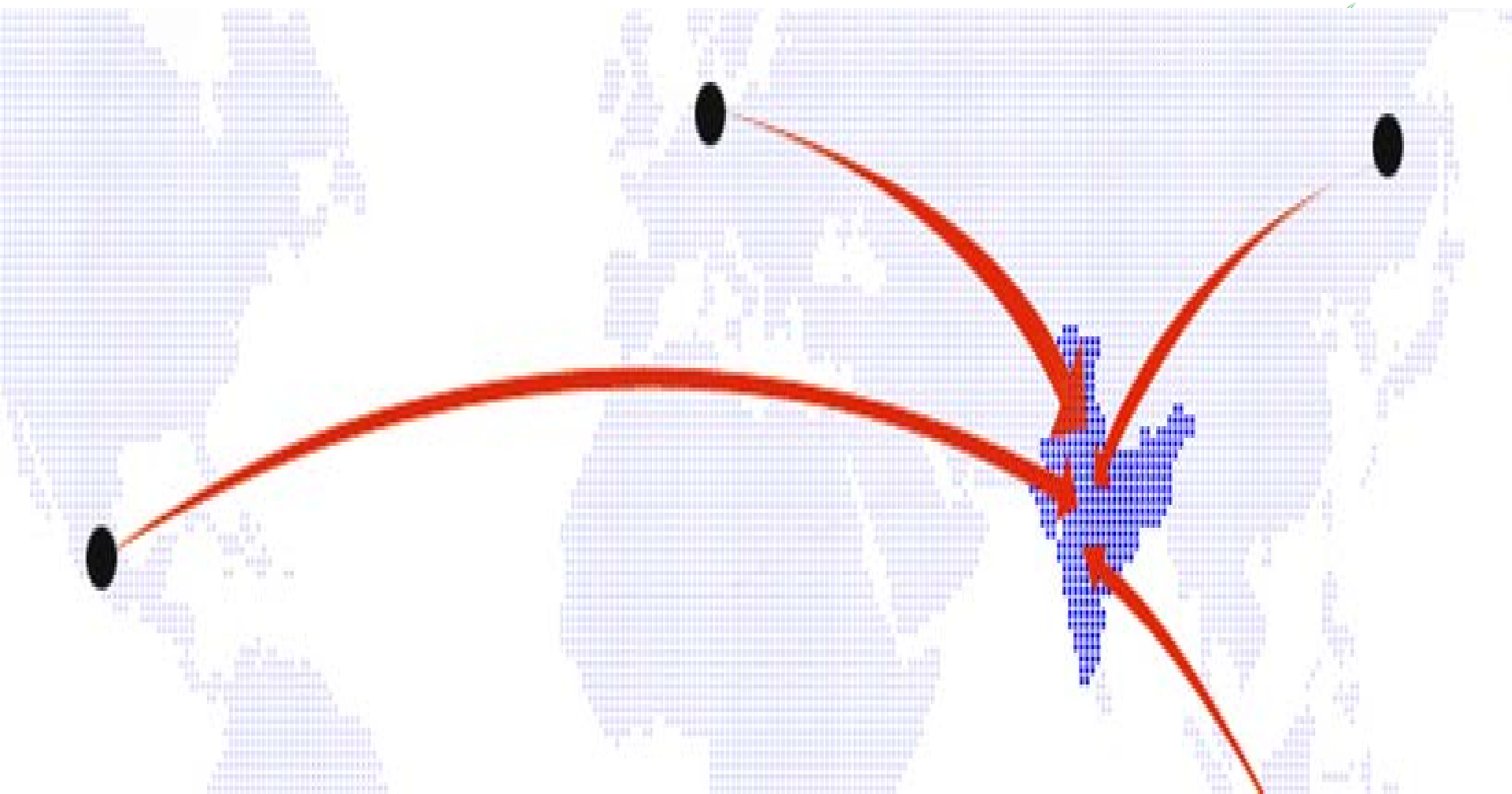
# OVERVIEW

Why India?

How Australia/New Zealand Industry Do?

Regulation, Innovation & Business Scenario

Business Model



# INDIA MARKET ENTRY

“India market entry is not for faint hearted people” - Nigel Polard, CEO, SFI



**The reality is NOT like this**

# WHY INDIA?

NuFFooDS Spectrum, July 2015



**Dr Dilip Ghosh**

Regulatory and Projects Coordinator,  
Soho Flordis International

## India identified as a high potential market

**T**he global nutraceutical and functional food market is currently experiencing period of slow growth after post economic recession, but the market is likely to remain in the growth phase particularly in countries like India, China, Brazil etc.

The Indian nutraceuticals industry is expected to grow at 20 per cent to USD 6.1 billion by 2019-2020 due to rising awareness about health and fitness and changing lifestyle, according to RNCOS report. At present, the nutraceuticals industry in India is about USD 2.2 billion and is mainly focused in the southern region, followed by the eastern region with three major states of Andhra Pradesh, Tamil Nadu and West Bengal.

### Why India?

India has been identified as a high potential market. Our own market research conducted by a leading market intelligence company has proven that our Australian busi-



- particularly compelling to specialists.
- Pharmacists freely recommend OTC/herbal

# WHY INDIA?

## Destination India

Evidence-based natural products can succeed in this huge and rapidly developing country.

*By Dilip Ghosh, PhD, FACN*

**The global nutraceutical and functional food market** is currently experiencing a period of slower growth following the economic recession, but the market is likely to remain in a growth phase, particularly in countries like India, China, Brazil, Russia, etc.

The Indian nutraceuticals industry is expected to grow at 20% to \$6.1 billion by 2019-2020 due in part to rising awareness

about health and fitness and changing lifestyles, according to a report from RNCOS. Currently, the nutraceuticals industry in India is worth about \$2.2 billion and is mainly focused in the southern region, followed by the eastern region with three major states of Andhra Pradesh, Tamil Nadu and West Bengal.

### Why India?

India has been identified as a high potential market. Recent market research has shown that evidence-based natural prod-

Pharmacists freely recommend OTC/herbal medicines, nutraceuticals and dietary supplements to customers who are seeking advice on general well-being or treatment of ailments in the initial stages. Incentives/margins are contributing as well as the acknowledged strong interest in herbal medicines by some consumers.

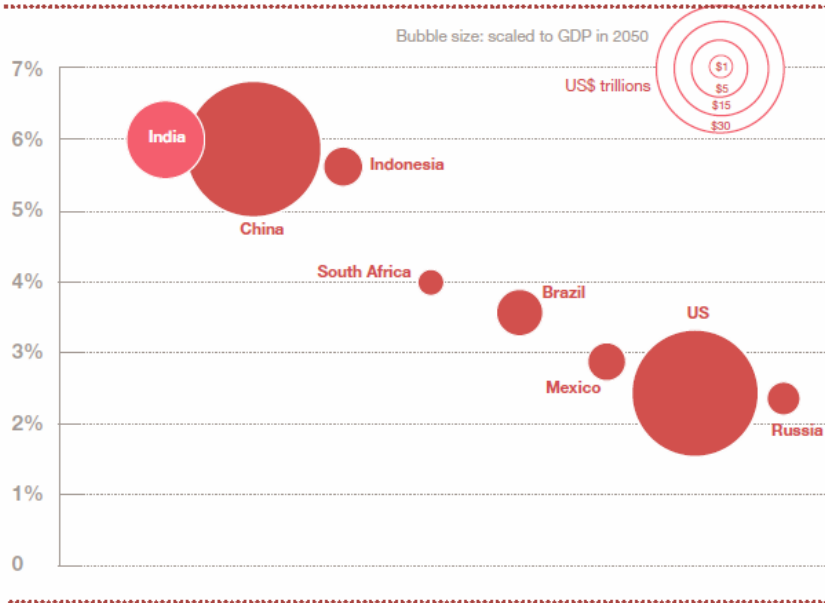
Ayurvedic/Unani doctors obviously represent the healthcare professional type with the highest current affinity to herbal medicines, due to their direct comparison to Ayurvedic medicines.

Foreign evidence-based products are

# WHY INDIA?

## India: World's fastest-growing large economy by 2050

Gross domestic product (GDP) and compound annual growth rates of select world economies, 2010–50



Source: PwC analysis based on various historical and forecast sources, including Oxford Economics

Within 15 years, the Indian workforce will be larger than its Chinese counterpart. And it will stay younger

Working-age population (16–64 years old)

millions

1,500

1,000

500

0

2005

2015

2025

2035

2045

Average working age in India = 39 years

Average working age in China = 42 years

Source: PwC analysis based on various historical and forecast sources, including Oxford Economics

India

China

# WHY INDIA?

## Diverse & large consumer segments driving purchases across categories

**700,000,000**

**Rural** consumers



Shampoo, toothpaste  
Some electronic products  
Food and beverages

Equivalent to almost  
half the size of the  
Chinese population  
(1.3 billion people)

**500,000,000**

**Young** consumers



Two-wheelers  
Mobile phones  
Apparel and accessories

Larger than  
the combined  
populations of Brazil,  
Russia, Germany and  
the UK (484 million)

**350,000,000\*\***

**Middle-class** consumers



Apparel  
Consumer electronics  
Personal care

More than the size  
of the US population  
(315.5 million)

**126,700\***

US\$ **millionaires**



Luxury cars  
Luxury products  
Homes and apartments

Sources: PwC analysis, first published in *Winning in India's Retail Sector*, 2011

\* Capgemini, Merrill Lynch Wealth Management

\*\*Income levels for middle-class consumers, according to the Indian National Council on Applied and Economic Research, range from INR140,000 to 780,000, which, using a conversion rate of USD1 equivalent to INR45, is USD3,111 to 17,333.

# WHY INDIA?

	2014	2016	2018
Population (m)	1,255.80	1,288.90	1,317.60
GDP per head (US\$ at ppp)	5,803	6,652	7,738
Personal disposable income (US\$ bn)	1,444	1,936	2,686
Median household income (US\$)	3,735	4,576	6,074
Household consumption (US\$ bn)	1,217	1,718	2,407
Exports of goods & services (% change)	10.5	15.2	14.3
Imports of goods & services	8	13.9	13.3

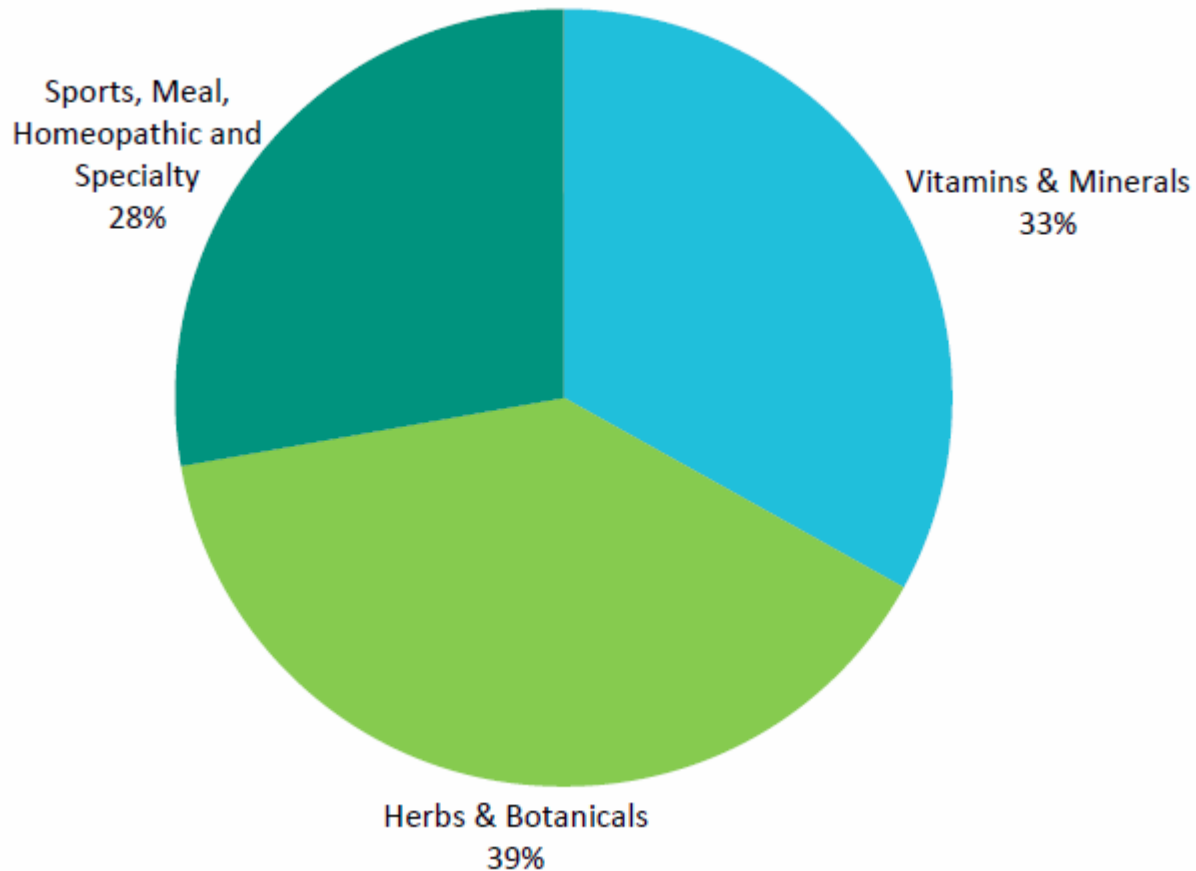
But Opportunities are beyond these statistics

Source: Economist Intelligence Unit 2014

Strictly Confidential © Soho Flordis International Pty Limited

# Indian Nutraceuticals Scenario

\$6.7 Billion India Supplement Sales by Product in 2014

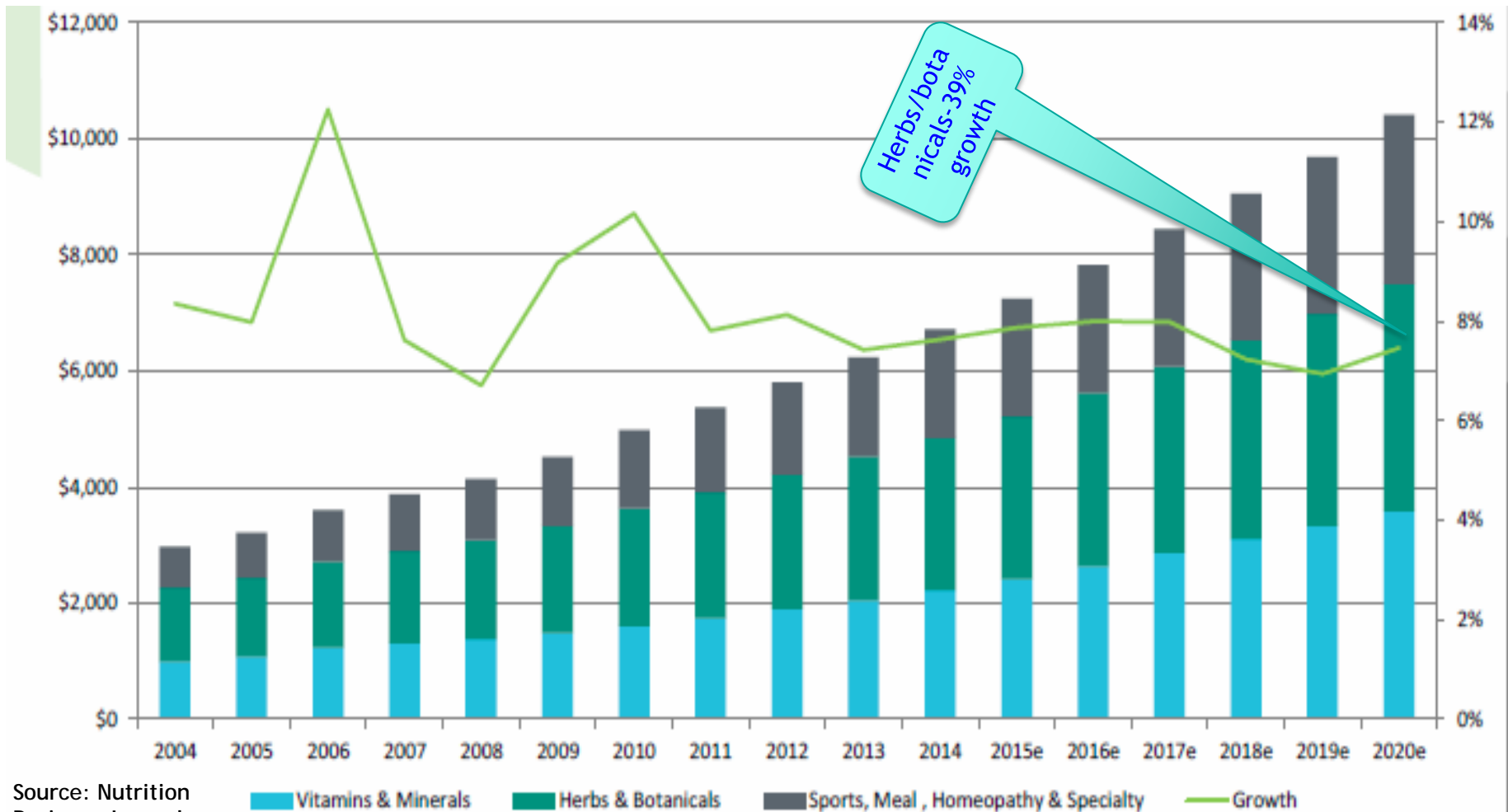


Source: Nutrition Business Journal, 2016

Strictly Confidential © Soho Flordis International Pty Limited

# Indian Nutraceuticals Scenario

## India Supplement Sales and Growth by Product, 2004-2020e



Source: Nutrition  
Business Journal,  
2016

Strictly Confidential © Soho Flordis International Pty Limited

# Indian Nutraceuticals - Market Growth

- ▶ The India nutraceuticals market has grown from constituting 1% to constituting around 2% of the global nutraceuticals market.
- ▶ Indian Nutraceuticals Market is expected to grow at 20% CAGR by 2014-2019.



# Drivers - Manufacturing Investment

- ▶ Market potential
- ▶ Demography
- ▶ Economic viability
- ▶ Availability of human resources, technical capabilities
- ▶ Local incentives



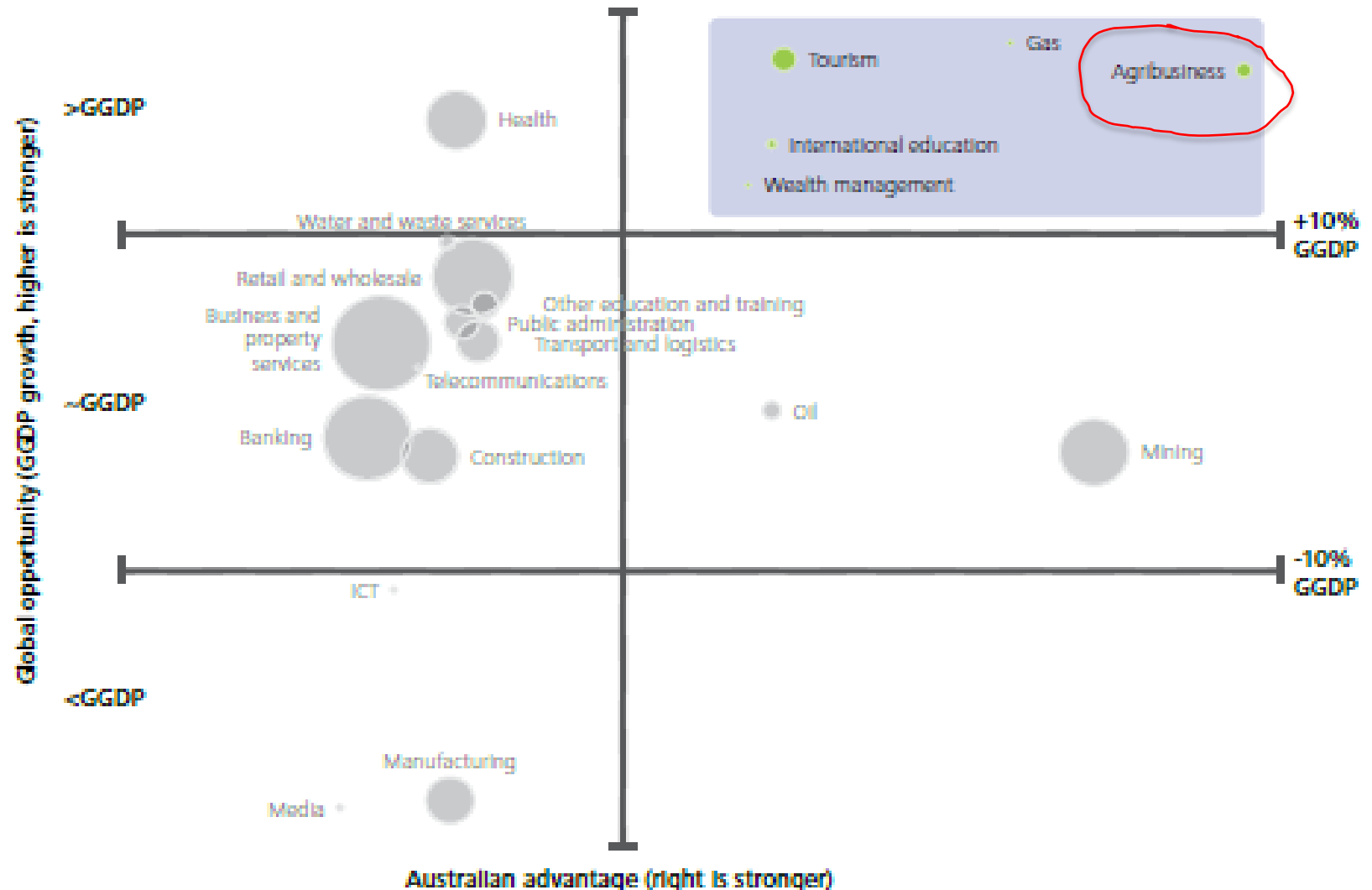
A map of India is centered on the slide, filled with the colors of the Indian national flag: saffron at the top, white in the middle, and green at the bottom. The Ashoka Chakra is visible in the center of the white band.

**This is the Right Time to Come to India  
for  
Nutraceuticals...!**

# New Zealand Advantage



# AGRIBUSINESS & FOOD: AUSTRALIA'S ADVANTAGE



# HOW ANZ DO?

- ▶ Building differentiation of products
  - ✓ New Zealand/Australia as the home of the best systems & processes
  - ✓ Clean & green
- ▶ Maintain competitiveness against emerging 'good enough' rivals
- ▶ Stay relevant (**sharp focus**) and spread across a diversified sector (**niche to mass strategies**)
- ▶ Long-term relationship
  - ✓ Partners, not just vendors
  - ✓ Alignment of systems & standards facilitates market access

# BUILDING & MAINTAINING RELATIONSHIP: SOME TIPS

## ▶ Develop Trust

- ✓ Meet KPIs (product quality & service levels)
- ✓ Be flexible, reliable, consistent, trustworthy, loyal, responsive (solve problem quickly & smoothly)

## ▶ Strong ties

- ✓ High frequency of communication, interact more than twice per week
- ✓ Familiar, trusted, track record

## ▶ Maintain communication

- ✓ Pick up phone & visit regularly

## ▶ Demonstrate commitment

- ✓ Make supplier/customer feel they are important & let them know you value their business
- ✓ Invest in relationship

# SOME CURRENT ACTIVITIES WITH INDIA

- ▶ In 2011 PM John Key launched the NZ Inc India Strategy, a plan for India to become a core trade, economic and political partner for New Zealand
- ▶ The NZ-India FTA is a crucial step toward achieving that goal
- ▶ PM John Key & Indian President Pranab Mukherjee official visit with strong business delegates in recent years
- ▶ There are well over 100,000 Indian nationals resident in New Zealand
- ▶ More than 11,000 Indian students came to study in New Zealand in 2012, and another 29,000 Indian tourists visited that year.



# REGULATIONS

# PERFECT MARRIAGE LEADS TO SUCCESSFUL PRODUCTS

Regulation

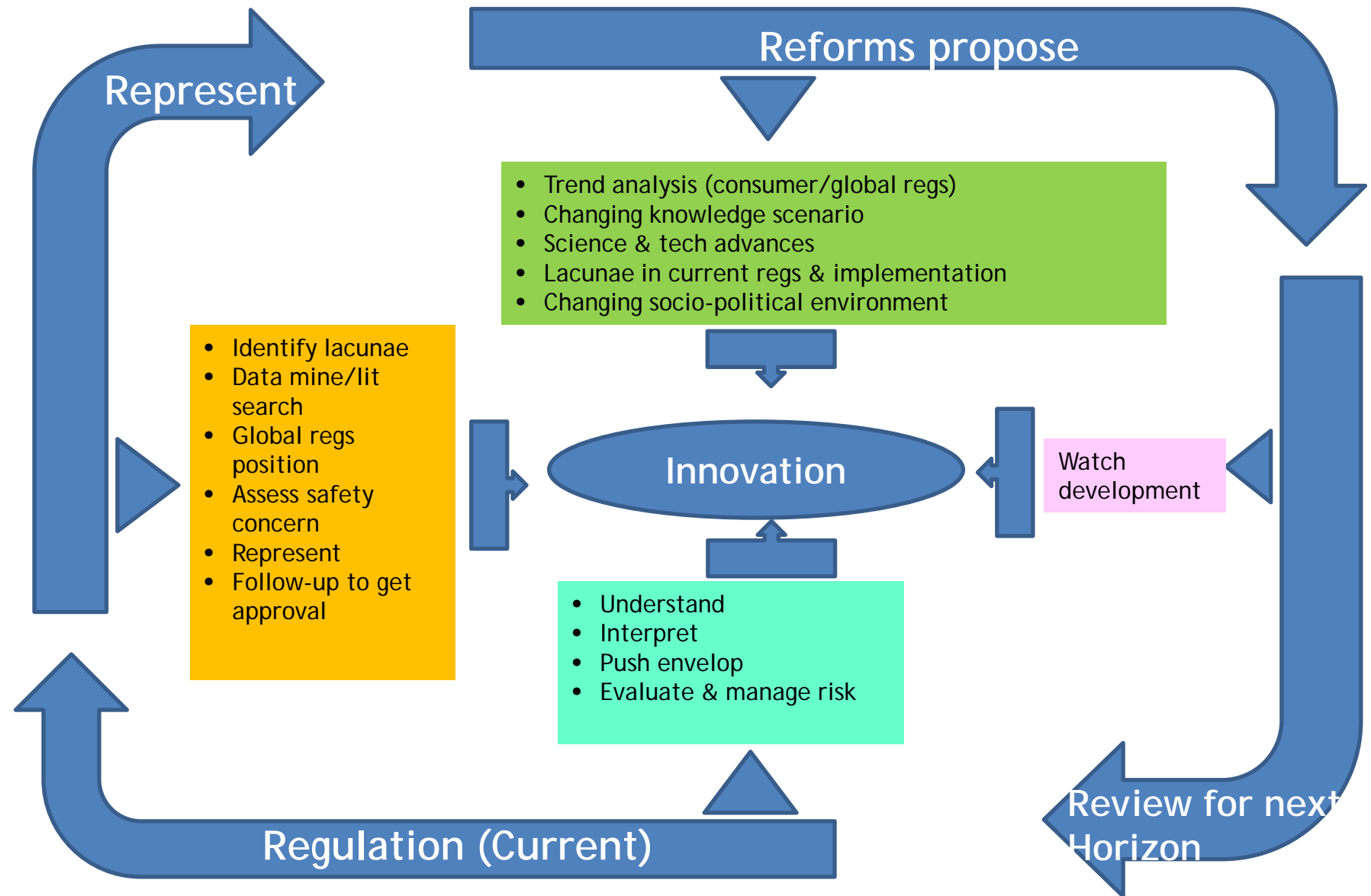


Innovation



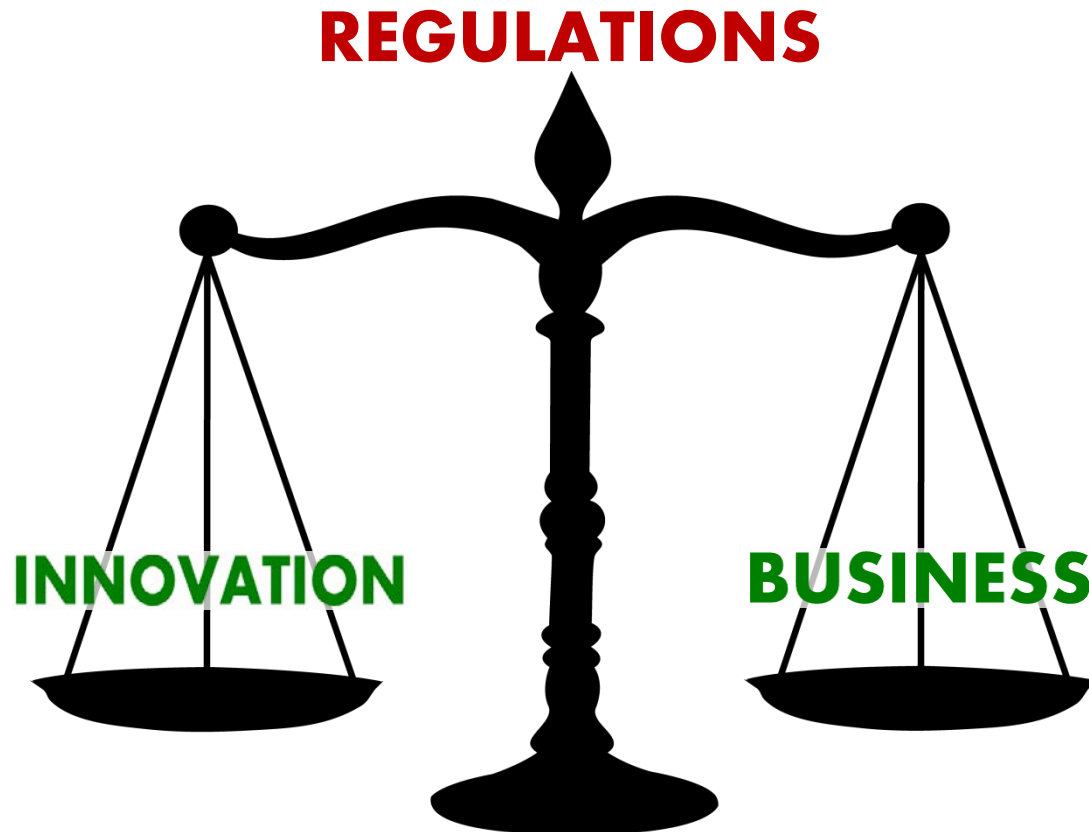
Commercial Product

# Regulations and Innovations Interphase

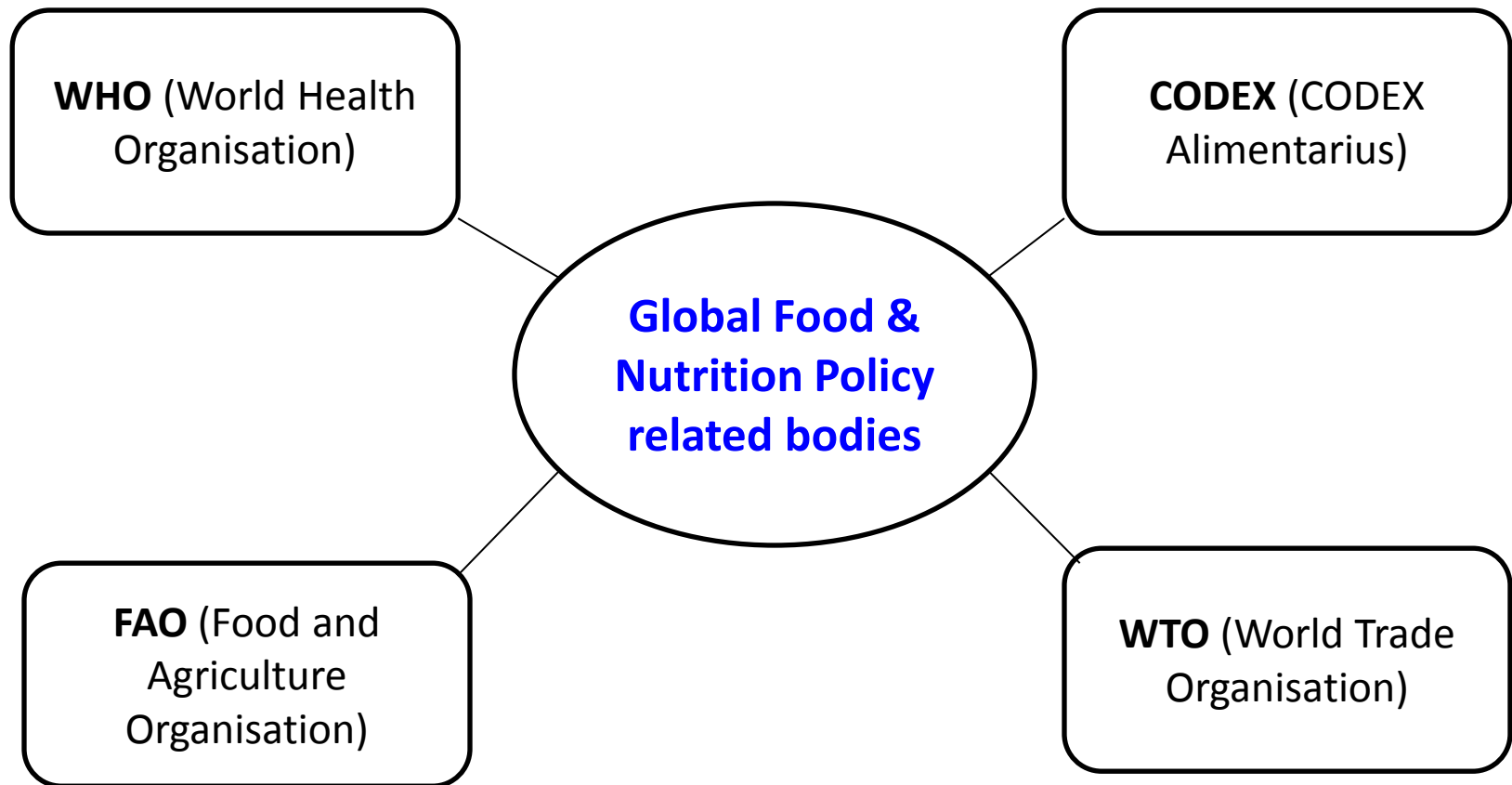


# Regulations, Innovations and Business

It is very important that the Regulations / Regulatory Reforms strike a balance between Innovation and Business.



# Global Decision Making Bodies



# India - Regulatory and Product Approval

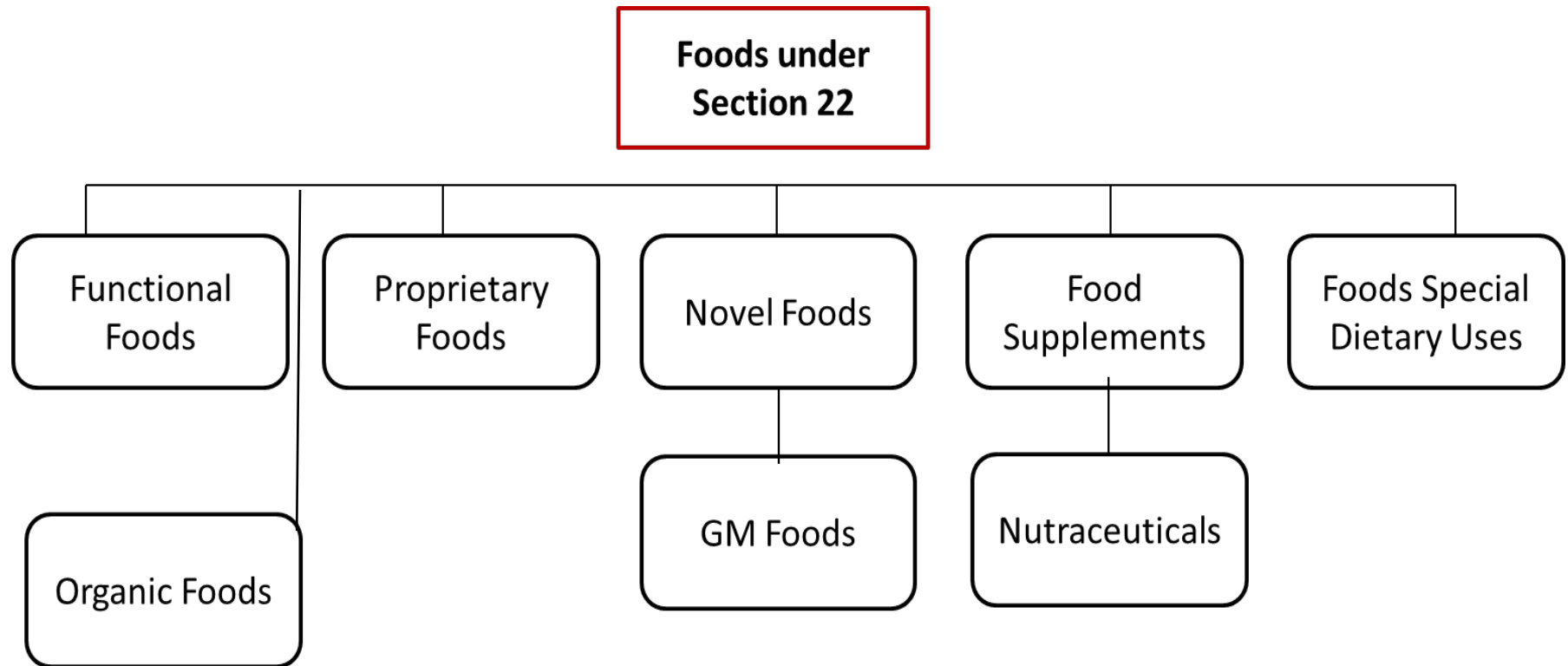
## PREVIOUS

- Prevention of Food Adulteration Act, 1954
- Fruit Products Order, 1955
- Meat Food Products Order, 1973
- Vegetable Oil Products (Control) Order, 1947
- Edible Oils Packaging (Regulation) Order, 1988
- Solvent Extracted Oil, De- Oiled Meal and Edible Flour (Control) Order, 1967
- Milk and Milk Products Order, 1992

## CURRENT

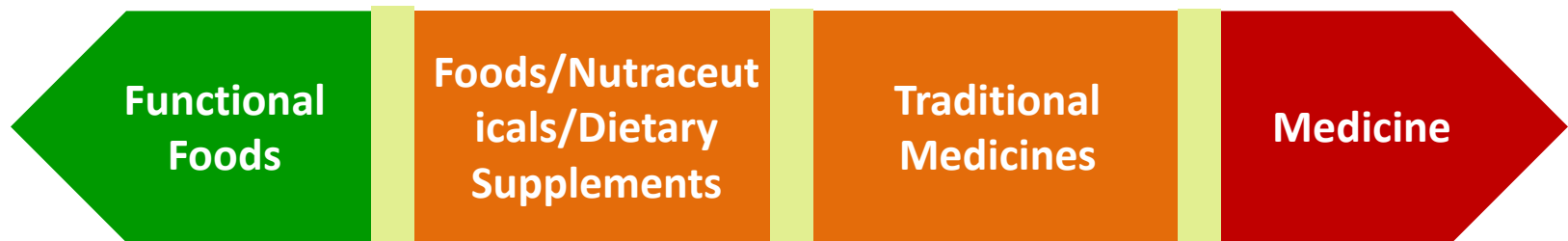
**FSS Act, 2006**

# Indian Regulatory Body - FSSAI



# Regulatory and Product Approval

A viable and clear categorisation of nutraceuticals is needed in India as well as globally



Framework as provided by the FSS Act, 2006

# Indian Regulations: Upcoming Work

**Some of the future work with respect to Indian nutraceutical regulations is:**

- Establishment of claims criteria
- List of permitted claims
- Classification of functional foods and dietary supplements based on their intended target use.



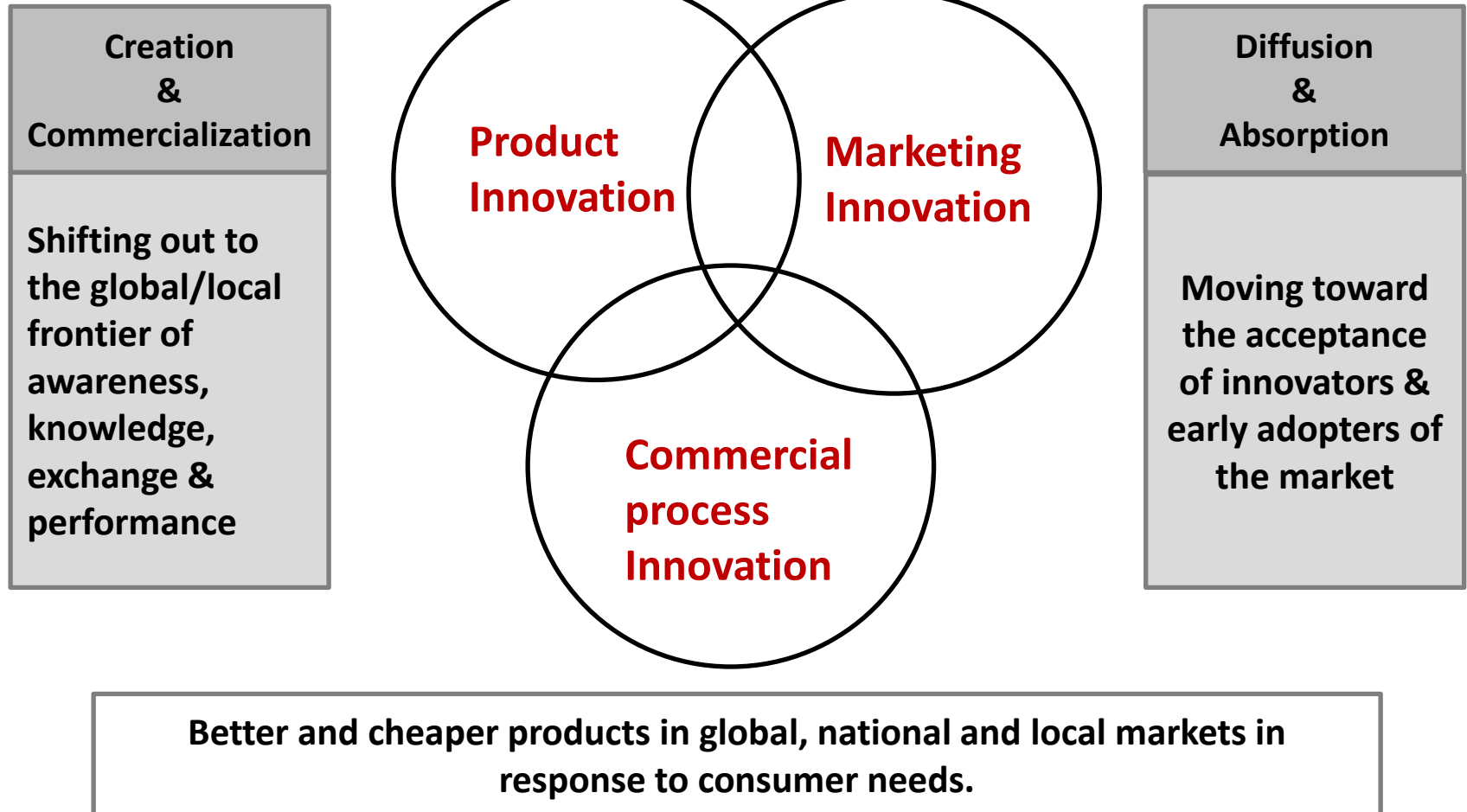
# BUSINESS MODELS FOR NUTRACEUTICALS

# **Current Business Models for Nutraceuticals**

**Prescription model**

**OTC model**

# Process of Commercialization



# Indian Nutraceuticals Market Snapshot

## Business Ecosystem



*All India Food Processors' Association*



*National Institute of Nutrition, Central Food Technological Research Institute*



*Ministry of Food Processing*



*Food Safety and Standards Authority of India*

*The nascent nutraceuticals market in India is poised for strong growth with increased awareness and health conscious consumers.*

**Market Size**  
USD 1 billion (2009)  
**Projected growth**  
CAGR 18 percent

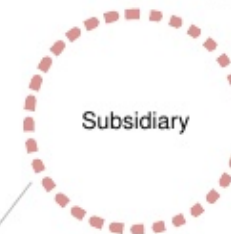
### Nutraceutical Companies

**Subsectors** (2009 market size)  
- Functional foods (54%)  
- Dietary supplements (32%)  
- Functional beverages (14%)

### Drivers

- Focus on wellness and preventive care
- Increased awareness and health conscious consumers
- Increased accessibility due to new distribution channels

## Market Entry Strategies



*E.g.: Pepsico, Glaxo*



*E.g.: Himalaya for Global Reliance, Elder Pharma for Gnosis Labs, Italy*

## Sales Channels



*E.g.: Religare Wellness, Himalaya Store*



*E.g.: Amway, Herbalife*

# CHALLENGES

- Regulatory barriers
- Corporate & cultural fits with partners
- Lack of consumer's awareness on evidence-based products
  - Quality Standardisation
  - High level analytical service lab
  - Complex taxation and audit system
  - Poor Financial Service sector
  - IP infringement & brand liquidation



# Take home message



- Always prefer **local CEO** over expat company head
- Always do business the **Indian way**, rather simply imposing global model

---

# *Thank you !*

---

**Dr. Dilip Ghosh, PhD, FACN**

Director

**nc**nutri**Connect**

Sydney, Australia

[dilipghosh@nutriconnect.com.au](mailto:dilipghosh@nutriconnect.com.au)

+61-(0)449 154 917

Courtesy for some info support

**Dr. R. B. Smarta**

Managing Director

Interlink Marketing Consultancy Pvt. Ltd.