

February, 2021



Nutraceuticals Market

New Prescriptions for Better Health Benefits

The Strategy Boutique



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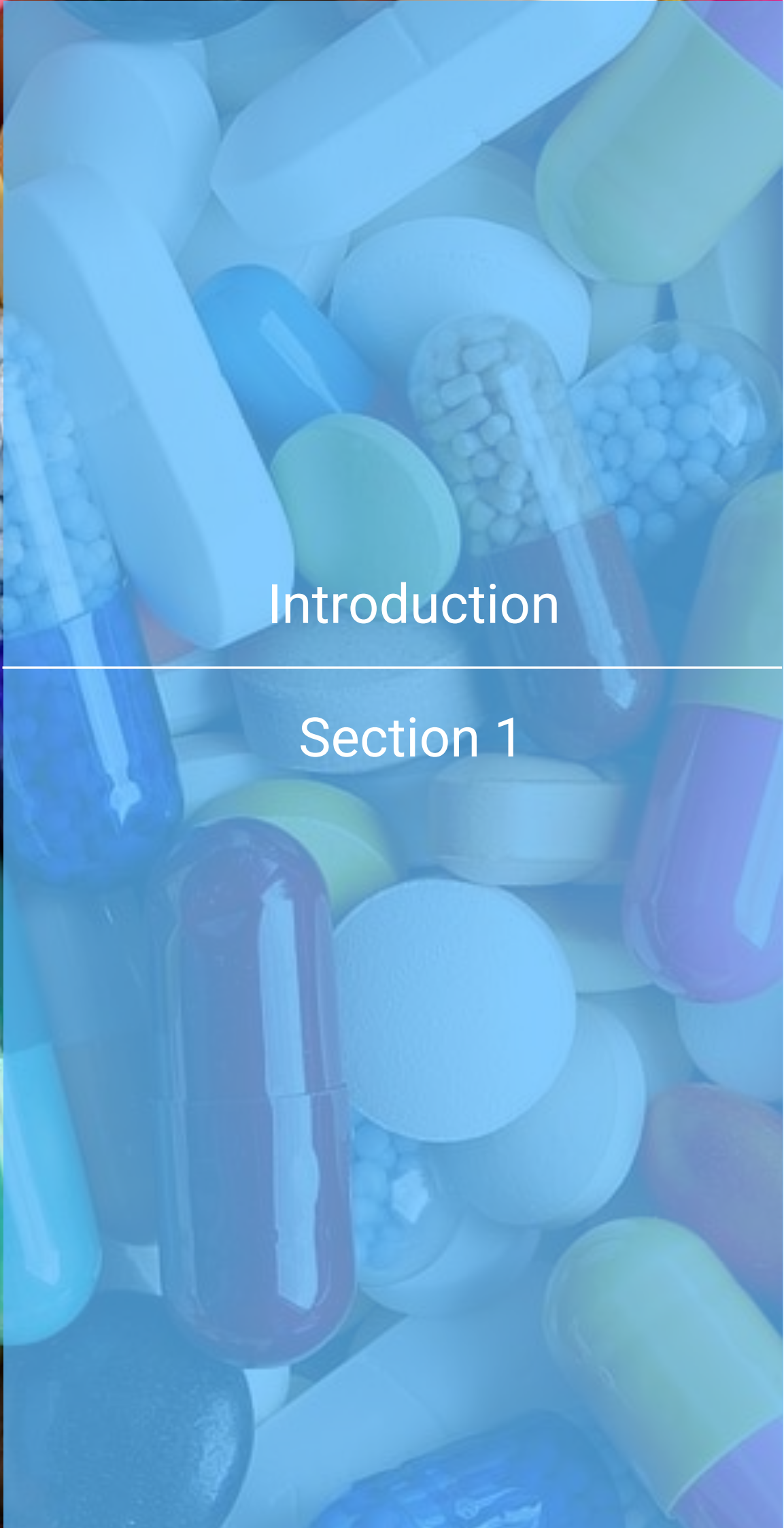


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Introduction

Section 1

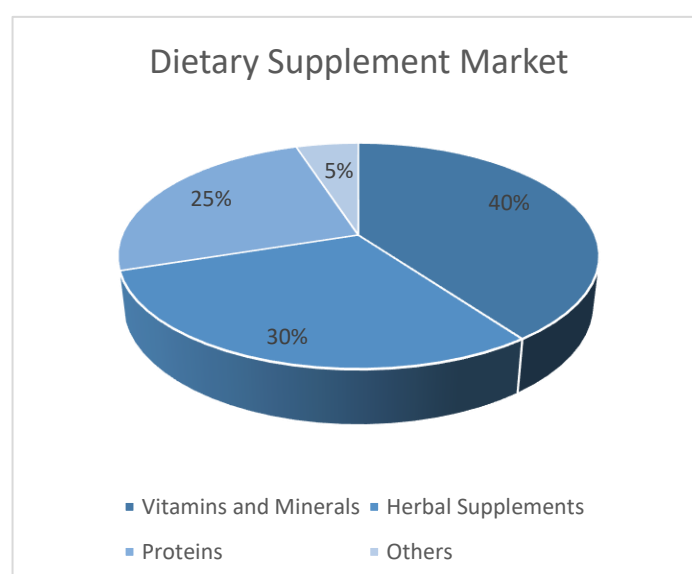
1 Introduction

According to DeFelice, nutraceutical can be defined as, "a food (or part of a food) that provides medical or health benefits, including the prevention and/or treatment of a disease." However, the term nutraceutical as commonly used in marketing has no regulatory definition. Nutraceuticals are products that are categorized under food but are also used for medicinal purposes. They are also known as bioceuticals as they are made from food materials and food extracts. Although the nutraceuticals industry first emerged in the early 1990s, the world witnessed its explosive growth during the first decade of this century. The demand for Nutraceutical products is increasing rapidly. The primary reason for the increase in demand for nutraceuticals is the increasing awareness regarding the health benefits with the consumption of nutraceuticals and Nutraceuticals supplements.

Amid the COVID-19 crisis, the global market for Nutraceuticals estimated at US\$278.8 Billion in the year 2020, is expected to grow at a CAGR of 7.8% over the period of five to six years. The global nutraceuticals market is expected to witness consistent growth following the outbreak of COVID-19, as these

include the food ingredients that provide medical or health benefits to prevent diseases as well as boosts the overall immune system. The flexibility in storage options, the demand for combined formulations with multiple benefits, increased consumer education levels, informed consumers, and the rise in health concerns among connected consumers during this period of pandemic increased the demand for nutraceutical products around the globe.

The rising demand for nutraceuticals with medical benefits is one of the major factors driving the nutraceuticals market growth. They contain antioxidants, probiotics, and polyunsaturated fatty acids, which help in managing health issues, like obesity, cardiovascular disease, cancer, cholesterol, arthritis, and diabetes. Moreover, the growing preference for personalized nutrition is one of the key nutraceuticals market trends, which may further stimulate the market growth. The trend of personalized nutrition is growing particularly among individuals with gut related medical conditions, where generic treatment is not effective.



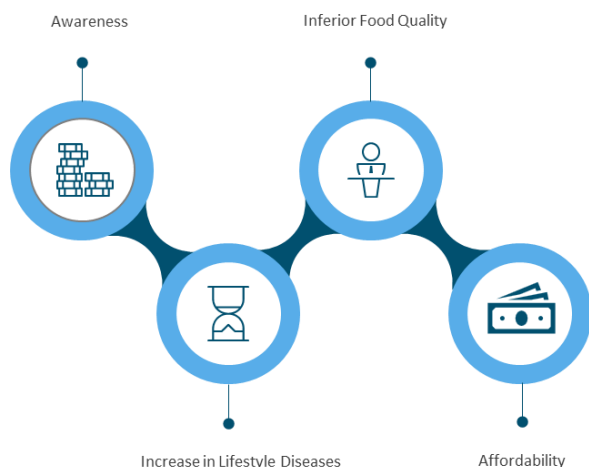


Market Overview

Section 2

2 Market Overview

2.1 Market Drivers



Awareness: Rapid digitization and increase in social media usage have increased awareness and access to vital information regarding nutrition, holistic health and wellness. Further, increasing concerns around nutrition and health have led to the popularity of Nutraceuticals as vital supplements for gaining wellness and maintaining good health.

Increase in Lifestyle diseases: Thanks to the stressors of the 21st century urban lifestyle, an increasingly large number of people are facing diseases like diabetes, hypertension etc., which demand a disciplined and long-term disease management program. This has led to people reaching out for alternative supplements which can enhance wellness and

holistic health

Inferior Food Quality: Lack of timely and nutritious food has led to increased rate of malnutrition, even among the urban and affluent section of society, leading to a deficiency of micro-nutrients. These deficiencies have led to the rise in nutritional supplements, which promise to meet the daily dietary requirement and help fight the nutritional deficiencies

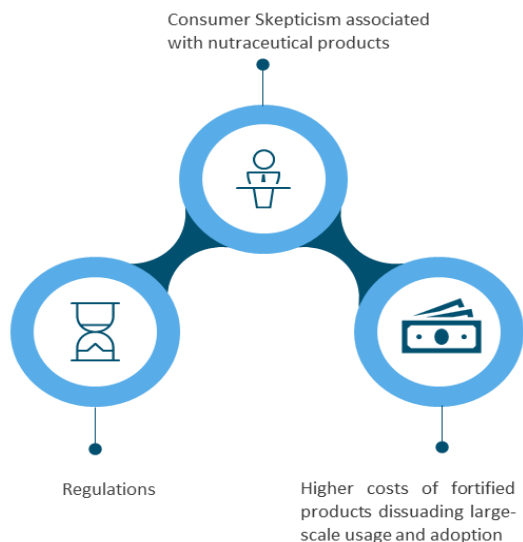
Affordability: Increasing costs of hospitalization and complex procedures arising out of avoidable conditions, are driving consumers towards health supplements and nutraceuticals. The adage, 'prevention is better than cure' is now well etched into the minds of consumers. As a result, nutraceuticals are now looked upon as important supplements that are on the priority list of monthly expenses, which, like food, cannot be skipped. Consumers' attitude is being observed to be very positive towards functional foods, mainly on account of the added health and wellness benefits offered by these products. Furthermore, high adoption rates for herbal medicines across the globe on account of the rising concerns regarding hazardous effects of conventional pharma drugs are expected to expand the market size.

Factors Driving Growth					
US	Europe	Japan	Brazil	China	India
Increasing cost of Healthcare	Acceptance of Ingredients	Aging population	Organic is healthy perception	High cost of insurance & healthcare	Rising awareness of health issues & alternatives
Erstwhile recession	Advertising & Marketing	Healthcare costs	Over-nourished/obesity problem	Influence of TCM	Better access through newer channels
Maturity of market	Preference for natural products	Rising Eye Health issues & Diabetes incidence	Awareness & perceived risk of diabetes, heart disease & cancer	Expansion of modern retail	High incidence of Diabetes
Clutter of products in the market		Obesity, high lipid and sugar levels in blood, hypertension	Ageing population	Imports	Usage of vitamins
Shorter product life cycle				Consumer awareness on healthier alternatives & naturals	Rising middle class and health consciousness
Ageing baby boomers				Ageing population	

In the wake of the COVID-19 pandemic, the demand for dietary supplements and functional foods has increased. Immunity-boosting supplements have become

mainstream over the past year and this has led to a significant change in consumer behaviour and buying patterns.

2.2 Market Restraints



Higher costs of fortified products dissuading large-scale usage and adoption

Nutraceutical ingredients find a wide variety of applications, such as functional food & beverages, animal nutrition, pharmaceuticals, and personal care products. However, the inclusion of nutraceutical ingredients in food & beverage products, feed products, pharmaceuticals, and personal care products results in an increase in the prices of these end products. This, in turn, leads to lower adoption of such products, thereby stunting market growth. High investment for R&D is also expected to hamper the market growth.

Consumer scepticism associated with nutraceutical products

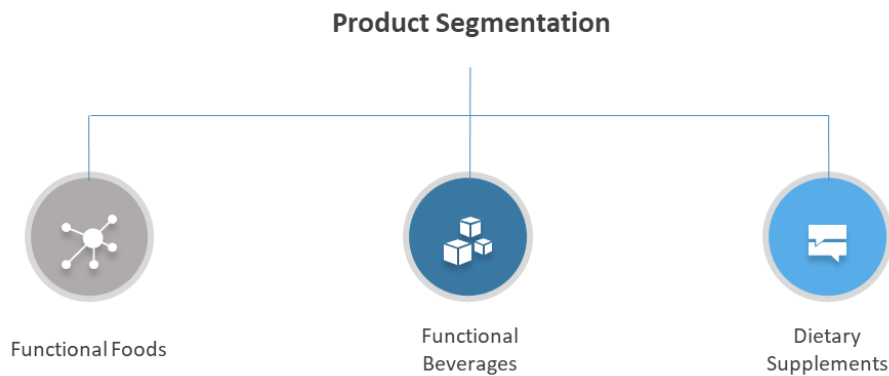
Along with a growing consumer awareness about better dietary choices and increasing health awareness, there also remains an underlying consumer scepticism associated

with the adoption of nutraceutical products. While this scepticism stems from multiple factors, the two major reasons hindering consumer adoption of nutraceutical products are their unsubstantiated health claims and synthetic sourcing. Health claims act as a major marketing and selling points for most nutraceutical ingredient manufacturers; however, when such claims do not result in successful fruition, consumer scepticism toward these products increases. For instance, in 2010, Danone withdrew claims that Actimel and Activia boost the immune system and aid digestive health after doubts were raised regarding the same, by the European Food Safety Authority (EFSA) and the UK Advertising Standards Authority. As a result, manufacturers of such nutraceutical products remain highly stunted in the manner in which they are able to reach consumers, thereby hindering product adoption.

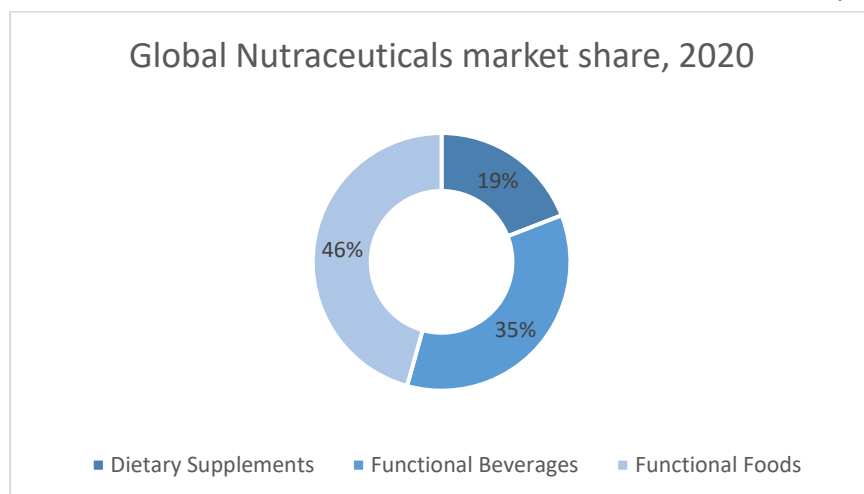
Regulations

The highly stringent and complex regulatory structure for the commercialization of nutraceutical products impedes market growth. The global markets exhibit limited harmonized provisions on the composition of these products. The upper limits and conditions of use for other botanicals, botanical preparations, and bioactive substances are yet to be harmonized. The different opinions among several government bodies on the type of ingredients to be allowed and what quantity further challenges the harmonization aspect.

2.3 Market Segmentation



- With respect to **product segmentation**, the industry is categorized into dietary supplements, functional foods and beverages.
- Functional Food
 - Probiotics Fortified Food
 - Omega Fatty Acid Fortified Food
 - Branded Ionized Salt
 - Branded Wheat Flour
 - Other Functional Food
- Functional Beverages
 - Fruit & Vegetable Juice And Drinks Market
 - Dairy & Dairy Alternative Drinks
- Noncarbonated Drinks (Tea, Bottled water)
- Global Nutraceuticals Product Market For, Noncarbonated Drinks
- Other(herbal tea, sports drinks, and energy drinks)
- Dietary supplements
 - Proteins & Peptides
 - Vitamins & Minerals
 - Herbals (Ayurvedic extracts, plant extracts, algal extracts, phytochemicals)
 - Other (fatty acids, fiber)



Functional foods and beverages are similar in appearance to, or may be a conventional food and beverages that are consumed as part of the usual diet, and is demonstrated to have physiological benefits and/or reduce the risk

of chronic disease beyond basic nutritional functions. These products help prevent a disease or compromised health condition and/or improve physical or mental performance.

The functional food segment led the overall market in 2020 with a revenue share of 47.13%, followed by dietary supplements and functional beverages. Technological up-gradation, coupled with progression in product development, is projected to drive the dietary supplements to segment over the coming years.

The demand for functional foods and beverages has increased significantly in the past few years, due to the increase in the cost of medical treatment. Functional Foods are projected to grow at a 7.8% CAGR to reach US\$217.2 Billion by the end of 2026. Growth in the Functional Beverages segment is expected to be 8.6% CAGR for the next 7-year period. This segment currently accounts for a 35.2% share of the global Nutraceuticals market.

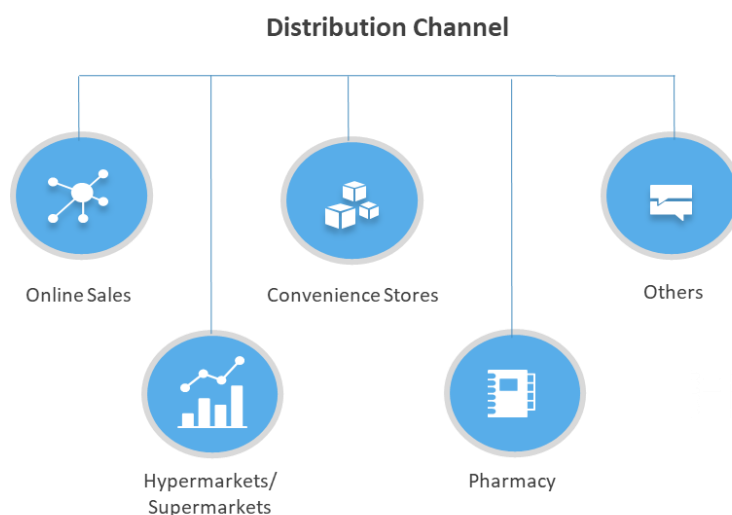
Dietary Supplements are defined as any product that can be taken by mouth that contains a dietary ingredient intended to supplement a diet. Dietary ingredients in these products may include vitamins, minerals, herbs, or other botanicals, amino acids, and substances such as enzymes, organ tissues, glandular, and metabolites.

The global nutraceuticals product market is lucrative; especially for omega-3 fatty acid fortified food and herbal extract nutraceutical types. Nutraceutical food products such as edible oil contain omega-3-fatty acid, which prevents the hardening of arteries. Therefore, the market is at its booming stage.

Cosmeceuticals are personal care products that contain skin care properties. These products contain nutraceuticals such as vitamins and antioxidants, which helps keep the skin infection free and healthy. Hence, the increase in demand for antioxidants and vitamins are expected to create new opportunities.

Sports drinks are gaining popularity among athletes and other individuals involved in energetic physical activities. The demand for sports drinks among millennials also drives the market. The prebiotics- and probiotics-based functional foods are anticipated to witness the highest growth. The prebiotic and probiotic segment is anticipated to grow at the fastest CAGR of 10.7% from 2020 to 2028 owing to the promising roles of these foods in supporting the immune system.

By Distribution Channel



Based on the distribution channel, the global market has been categorized into hypermarkets/supermarkets, convenience stores, online retail, and others.

Formerly available only in natural food stores or nutrition centres, nutraceuticals can now be found in drugstores, grocery stores, large discount chains, and through catalogues and the Internet. However, with so many

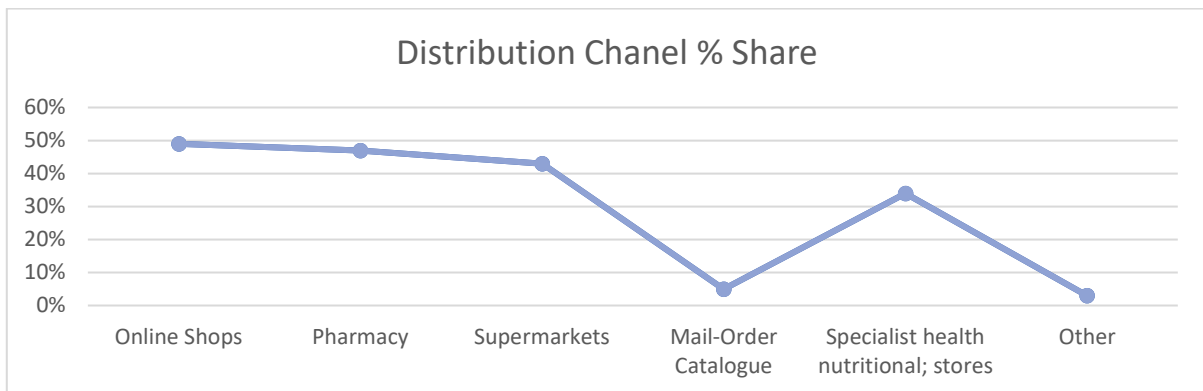
companies entering the market, and with so many products available, there are significant distribution risks. Products are now available in a variety of outlets and are largely undifferentiated in terms of either safety or efficacy. When developing a nutraceuticals strategy, companies must carefully weigh their distribution options and consider the potential for other channels to undermine their profitability.

Online retail segment is expected to grow at the highest pace. The online retail marketplace becomes a digital platform for consumers and merchants without warehousing the products. These marketplaces offer shipment, delivery, and

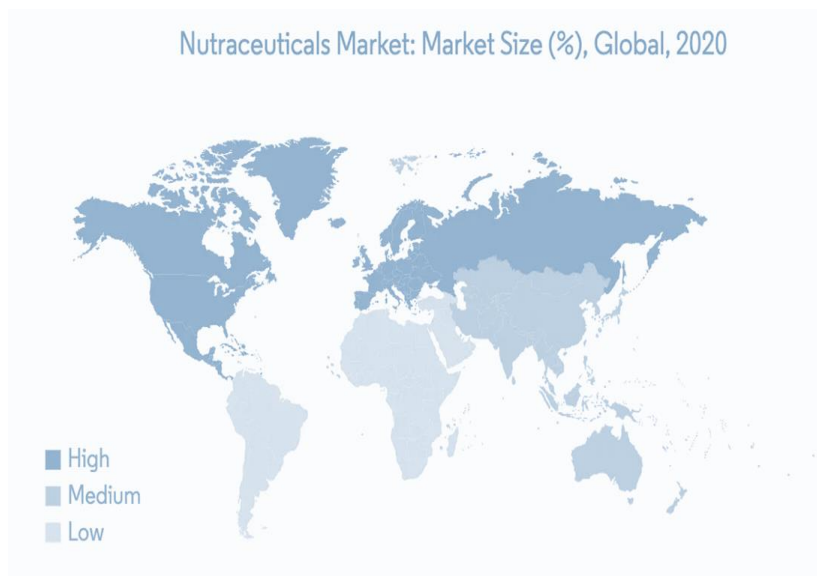
several easy payment options to their consumers. Several factors such as low product prices, discounts, shopping convenience, free shipping, and extensive product range are anticipated to support the steady growth of the online retail segment.

The supermarkets/hypermarkets segment is expected to showcase considerable growth during the forecast period. This is because factors such as the stores are key distributors of the product on account of higher consumer reliance to purchase several food products & healthy foods and drinks.

Preferred purchase channels for dietary supplements or nutraceuticals in India as of July 2020



By Region



Source: Mordor Intelligence

Asia Pacific led the global market in 2020 with a revenue share of more than 31% and is estimated to expand further at the fastest CAGR of 10.7% from 2020 to 2028. Growing health concerns among consumers and increasing awareness about nutraceuticals are likely to be the major factors driving the Asia Pacific regional market. In addition, an increasing geriatric population, rising spending on healthcare products, and changing lifestyles have enhanced the growth of the market in Asia Pacific. Supportive government regulations are also projected to boost the market growth.

However, the growing trend of food fortification with nutraceutical products is anticipated to create a huge opportunity for this market. Furthermore, the rapid growth of the retail sector in emerging markets including China, Indonesia, Malaysia, and India on account of regulatory support promoting investments is expected to increase the product accessibility, thereby enhancing the overall sales. Changing lifestyles along with rapid urbanization have led to consumers inclining towards healthy diet options, which also augments product demand.

The nutraceuticals market in Africa accounted for \$2,527 million in 2014 and is anticipated to garner \$4,815 million in 2022 expanding at a CAGR of 7.77% between 2016 and 2022.

In Europe, the nutraceuticals market is driven by anti-aging concerns among the elderly population, this market is mainly concentrated in France, Italy, Germany the United Kingdom, and Spain.

Mounting pressure from the consumers, as well as regulatory authorities in Europe, are driving the need for nutraceutical products.

Western Europe continues to thrive in nutraceutical sales mainly through the health professional pharmacy-based distribution. The rising obesity, cardiovascular disease, and obesity disease are expected to lead the nutraceutical industry in the forecast period. Also, functional bottled water is also growing in European countries. Sales were boosted by strong marketing for Coca-Cola's Glacéau VitaminWater brand, and from increasing consumption during sports and exercise. Therefore, these factors are expected to increase the consumption of nutraceutical products in European countries.

The South American nutraceutical industry is at the infancy stage and currently accounts for a small fraction i.e. approx. 12% of the total world market turnover. However, the region has lots of potential and it can grow at a healthier pace in the upcoming years.

The Nutraceuticals market in the U.S. is estimated at US\$104.5 Billion in the year 2021. The country currently accounts for a 34.57% share in the global market. China, the world second largest economy, is forecast to reach an estimated market size of US\$52.5 Billion in the year 2026 trailing a CAGR of 9.6% through the analysis period.

Among the other noteworthy geographic markets are Japan and Canada, each forecast to grow at 6.3% and 6.7% respectively over the analysis period. Within Europe, Germany is forecast to grow at approximately 7.1% CAGR while Rest of European market (as defined in the study) will reach US\$56.6 Billion by the close of the analysis period.



Competitive Landscape

Section 3



3 Competitive Landscape

Ingredient Companies- These have traditionally focused on supplying large food manufacturers either with commodities, such as grains, or with specialty-food ingredients, such as flavors. The commodity-based ingredient companies have a strong focus on biotechnology and improving the agricultural stream. For example, companies are looking to develop pest-resistant crops, as well as altering the levels of specific nutritional components in the crops. The specialty-ingredient companies have focused more on value-added ingredients, and many have core competencies in extracting and manipulating functional or botanical ingredients.

Scientifically Oriented Pharmaceutical Companies- These tend to focus on breakthrough product development and proprietary products and technology. They have strong competencies in biotechnology and drug discovery and are accustomed to long development cycles, large R&D budgets, high-margin/ low-volume products, and stringent safety and efficacy requirements. They are experts in patenting and in forming

partnerships and outsourcing arrangements. Marketing their products primarily to health-care professionals, most pharmaceutical companies have yet to fully master consumer branding, merchandising, and convenience issues, and have yet to establish strong relationships with supermarket distribution channels.

Consumer-Oriented Food Companies- These have leading-edge skills in food formulation, developing convenient consumer products, and branding. They are accustomed to relatively short product-development cycles, small R&D budgets, low-margin/high-volume products, and incremental product development. Due to the nature of their business, food companies have not needed to develop core competencies in the areas of safety and efficacy testing and proprietary patenting through R&D superiority. Food companies getting into nutraceuticals have only begun to develop relationships with pharmaceutical distribution channels and with medical opinion leaders.

 <p>GlaxoSmithKline</p>	<ul style="list-style-type: none"> • GlaxoSmithKline is a science based Fast Moving Healthcare Company. • Operate in over 150 Markets in three world-leading businesses that research, develop and manufacture innovative products in pharmaceutical, vaccines and consumer healthcare. • In consumer healthcare division its products include Horlicks, Horlicks biscuits, maltova, Boost and viva. • Current market capitalization stands at Rs 20,752.24 crore. • Net worth: 17171.14Cr.
	<p>Nutriline, the flagship health product from the Amway stable is a vitamins, minerals and dietary supplements. Besides Nutrilite, Amway has 16 healthcare products in the Indian market under the nutrition and wellness category.</p> <ul style="list-style-type: none"> • Amway's sales in India in the calendar year 2016 touched Rs 1,700 crore. • Amway India intends to set up 50 retail stores in the country by the end of 2018 to underpin its global business model of direct and online sales, underscoring the importance of Asia's third-biggest economy in the growth blueprint of the \$9.5-billion US parent company

	<p>It manufactures fortified B-complex capsules.</p> <ul style="list-style-type: none"> • Its nutrition products like PediaSure for toddlers, Similac for infants, Ensure for adults, Mama’s Best for pregnant women and lactating mothers and Glucerna for diabetics. • The company had posted a net profit of Rs 67.79 crore in the year 2016 • Abbott has worth Rs 450 crore nutrition product manufacturing plant in Gujarat which has a capacity of 40 million pounds per annum
	<ul style="list-style-type: none"> • Danone’s nutrition business, which includes the acquired nutrition business of Wockhardt Group in India, comes under the umbrella of Danone Nutricia and has brands such as Protinex, Dexolac, Farex and Nusobee. • It is present in 200 cities, mainly through the indirect network of distributors and stockists. • Company has invested Rs.1,800 crore to build manufacturing facilities in Haryana and Punjab.
	<p>The world’s biggest breakfast cereal maker</p> <ul style="list-style-type: none"> • Kellogg’s products are manufactured in 18 countries and marketed in over 180 countries. • Its fiberall and Metamucil are fall under dietary supplements.
	<ul style="list-style-type: none"> • India’s largest Ayurvedic medicine & related products manufacturer. • Its product range includes Nutrition products such as Chavanprash, Glucose-D, Real and Active Juices. • Market cap of ₹ 50643.71 Cr. • Products/Revenue Segments include Personal Care which contribute 53.07%, Health Care which contribute 27.34%, Beverages which contribute 17.09 % of Total Sales.

Nutraceuticals market is becoming increasingly competitive with the entry of major ingredients manufacturers and suppliers, food fortification companies, ayurvedic and herbal extract manufacturers and distributors apart from the leading FMCG, Food & Beverages and pharmaceutical companies.

Companies have implemented acquisition & mergers and new product launches as key

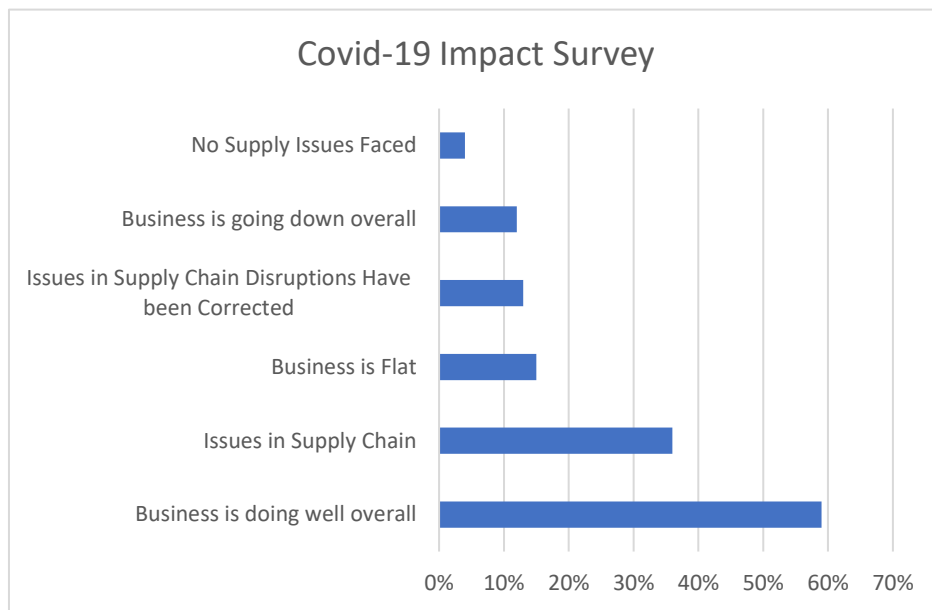
strategies to compete in the market. Acquisitions and mergers facilitated the companies to expand their product reach and also to improve the product quality. Whereas, introducing new products to the market has supported the companies to offer better quality products meeting the changing consumer trends across the industry.



Covid-19 Impact Analysis

Section 4

4 Covid-19 Impact Analysis



Source: Nutraceuticals World

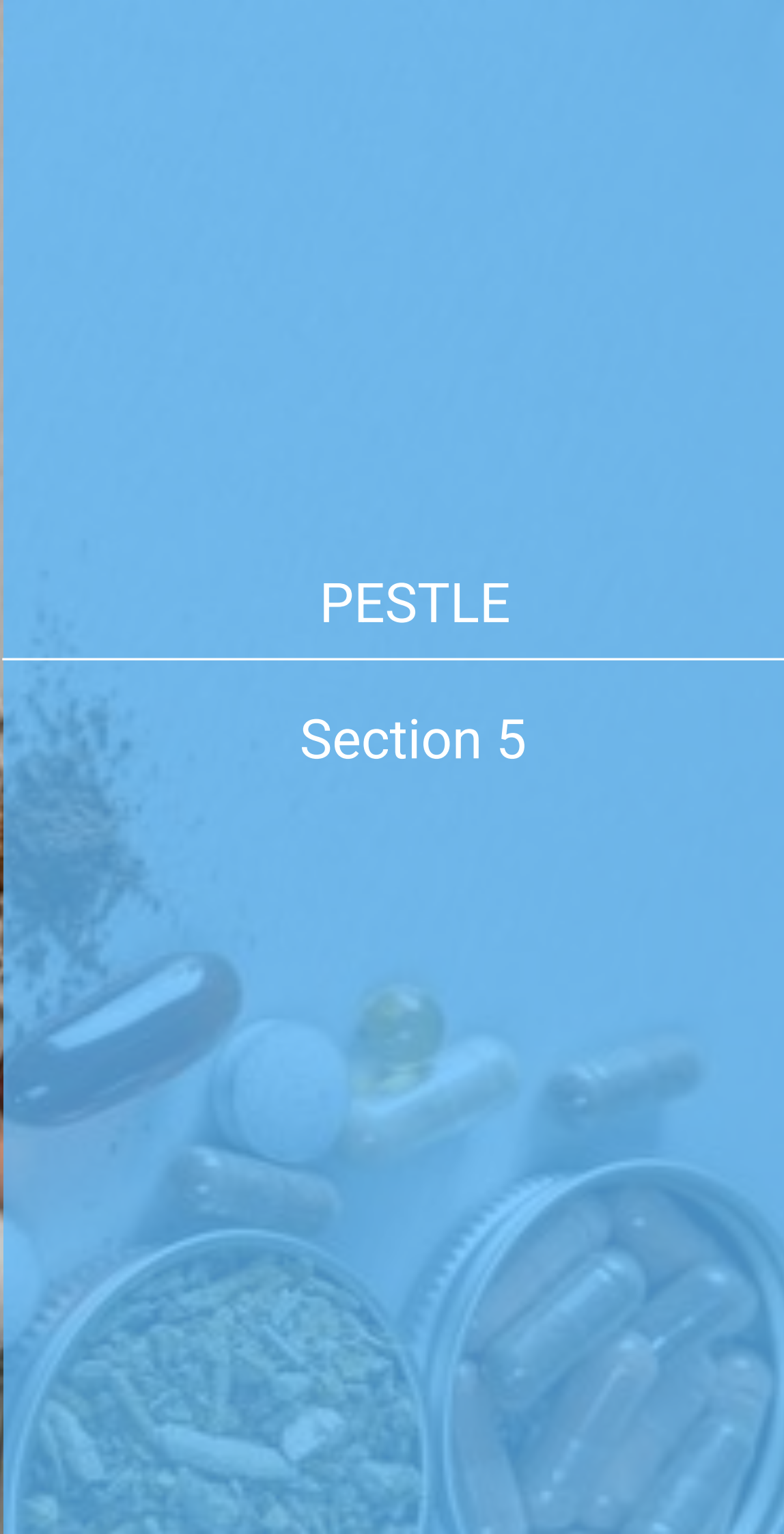
- Nutraceuticals industry was highly positively impacted by the pandemic owing to increase in demand for healthy nutritional products and supplements.
- Preventive measures taken against the pandemic in the form of consumption of Vitamin D, Vitamin C, Zinc, sodium, minerals and healthy and functional food and beverages led to a rapid increase in sales of such types of Nutraceuticals products.
- This increase in sales is expected to continue in the post COVID scenario due to the persistent consumer inclination toward health and wellbeing caused by the pandemic.
- Greater demand for natural, organic and herbal products will be observed to get the best products possible in order to remain healthy.

The changing consumer preferences and shift towards preventive care are making the sector sustainable. The stable growth is thanks to the onset of the pandemic. - It is preventive care for all age groups with no side effects. It provides adequate nutrition to children who have trouble with eating green leafy vegetables for example. It is available in different shapes, colours, and sizes to make it appealing to children.



PESTLE

Section 5



5 PESTLE

Political Factors

The Food and Drug Administration (FDA) regulates dietary supplements in a markedly different way than regular drugs. A manufacturer of a drug needs to document its effectiveness and safety before it can be brought to the market. There is no requirement for demonstrating the efficacy of a dietary supplement for any health condition. Manufacturers of dietary supplements are not allowed to claim that the supplement can be used for treating or preventing any particular disease. However, statements pertaining to general well-being, function and health can be allowed provided a disclaimer is listed on the product with the text: "This statement has not been evaluated by the FDA. This product is not intended to diagnose, treat, cure, or prevent any disease". The requirements for safety of dietary supplements are much less stringent than for a drug. No clinical trials are required.

Regulations in different countries

USA

In the U.S., nutraceuticals mainly come under the category of vitamins and dietary supplements. A range of regulations apply, notably the Dietary Supplement Health and Education Act (DSHEA) from 1994, which covers dietary supplements, the Federal Food Drug and Cosmetic Act, which covers all foods and food additives, and Good Manufacturing Practice regulations from 2007. Under these the manufacturer:

- is responsible for ensuring the safety of supplements it makes or distributes
- must make no false or misleading claims
- cannot claim the product will diagnose, cure, mitigate, treat or prevent a disease
- must notify the FDA if wishing to use any ingredient not sold before October 15 1994, with the notification containing

information the manufacturer/distributor has used to certify the product's safety

- must guarantee the identity, purity, strength and composition of their supplements (deadline for compliance by all manufacturers was June 2010).

In 1988 the FDA awarded 'orphan drug' status to medical foods to encourage their development and some U.S. healthcare plans reimburse medical foods.

EU

A complex range of regulations applies to nutraceuticals in the EU, depending on the product type. These are mainly overseen by the European Food Safety Authority (EFSA), which also evaluates claims and has a public Register of Nutrition and Health Claims. If a product is not on this certified list, it cannot be used until approved for inclusion following detailed scientific testing by the company and subsequent review by the EFSA. The EFSA also sets maximum and minimum levels of ingredients to be added to supplements. Labels cannot contain claims that their product will diagnose, cure, mitigate, treat or prevent a disease; nutrition and health claims must be authorized at an EU level.

Between 2008 and 2011 the EFSA evaluated 2,758 food-related general health claims to see if they were supported by scientific evidence. Only around 10 percent of the claims could be substantiated.

China

China has a lengthy and costly registration process, with three main entities involved in policing the industry. The State Food and Drug Administration (SFDA) is in charge of dietary supplements and registration. The Ministry of Health (MOH), oversees the SFDA and the approval of new novel food ingredients. Finally, the Administration of Quality

Supervision Inspection and Quarantine (AQSIQ) controls all the imports and exports.

Japan

Foods with nutrient function claims are not heavily regulated and simply must satisfy the standards for the minimum and maximum daily levels of twelve vitamins and five minerals. Foods for specified health uses (FOSHU) require pre-marketing approval, and refer to products containing dietary ingredients that have reported beneficial

Economic Factors

The general trend of household spending is definitely increasing and they spend a large part of it towards the nutraceutical industry. Purchase of drugs has become more common than ever and one of the primary causes is that people can now own drugs that were previously of a high price.

Sports drinks have gained popularity among sportsman, athletes and those involved in physical activities (gym). The rising sports drink market is driven by the Gen-Z millennials due to their willingness to pay for sports products, attributed to their high buying capacity and rising trend towards fitness activities.

Male-only households were generally more likely to purchase and spent conditionally more on muscle-building supplement products. The only exception to that pattern is that male-only households were slightly less likely to purchase muscle-building supplement products than female-male households. Male-only households spent a weighted average of \$88.66 when purchasing any muscle-building supplement products, while female-only households spent \$51 and female-male households spent \$58.99.

physiological effects and promote health. Disease risk reduction claims are not allowed.

India

The manufacture, storage, distribution, sale and import of nutraceuticals in India are regulated under the Food Safety and Standards Act (FSSA). The required manufacturing oversight is less strong than for pharmaceuticals, which may impact Indian producers' ability to produce nutraceuticals for export.

A smaller percent of households purchased sexual-function supplements than purchased weight-loss or muscle-building supplements: male-only households were the most likely among household types with a weighted percent of 2.8% compared with female-only households at 0.9% and female-male households at 2.0%. A similar pattern emerged for conditional expenditures, in which male-only households spent a weighted average of \$71.66, nearly twice that of each of the other household types.

Female-male-headed households spent more on weight-loss supplements and male-headed households spend more on muscle-building and sexual-function supplements compared to other household types.

Households with a female head only were most likely to purchase weight-loss products,

Americans spend more than \$66 billion each year on weight-loss products and programs, purchasing everything from diet pills to meal plans to swanky gym memberships. Yet, according to the U.S. Center for Disease Control and Prevention (CDC), 155 million Americans are overweight. Loosely translated, that's more than 71 percent of American adults of whom 41 percent are clinically obese. And it's getting worse.

Social factors

As such nutraceuticals is an industry that constantly tracks and monitors consumer trends and its products are often direct responses to such demand. Below is a list of key trends and their resulting product developments:

Natural Trend: With increasing concerns about chemical side effects and introduction of synthetic additives into foods consumer demand for natural alternatives increased dramatically. The industry responded to such demand by focusing on customisation of products to focus on natural alternatives for established variants.

Cultural Customisation: Nutraceutical manufacturers understand that various cultures have specific requirements for products. The latest trend is towards ascertaining such cultural requirements and focusing on these. For instance in India omega-3 a traditionally non-vegetarian product has been developed with vegetarian variants obtained from algae and flaxseed oil. In contrast in the West particularly Europe, a highly aware market, the focus for omega-3 products is specific health functions particularly heart health, a primary cause of European deaths.

Innovative Delivery Formats: Nutraceutical ingredients have typically been positioned as natural and healthy alternatives to traditional medicine. However one of the primary challenges being faced by these products is the difficulty in formulating these products into traditional food and beverage products. Consumers are also seeking more variety and benefits from delivery methods beyond those

Technological Factors

Nutraceuticals is likely to benefit from the trend of personalized medicine, therefore using and creating technology which aids this movement will be key. High- hydrostatic pressure, ultrasound assisted and microwave-assisted extraction, pulsed electric field, high voltage electrical discharge etc are some of

possible through traditional tablet and capsule technologies. Such challenges have caused for innovative product presentation to ensure ingredient viability and stability. Flavour masking has been one of the primary modes of supplying nutraceutical ingredients. With major flavour and fragrance companies such as Givaudan working on increasing technology to increase flavour masking the consumption of nutraceutical ingredients has also increased. Other such technologies include new formulations that increase stability of ingredients in the final product.

Condition Marketing: With increasing sophistication among nutraceuticals and the demand for personalised medicine growing, consumer demand for products with specific health benefits has been skyrocketing. The rise of this trend popularly known as condition marketing has given rise to a whole new avenue of product differentiation. This is particularly apparent in Europe where nutraceutical products have now been cordoned into various segments based on the health benefits. These sectors such as heart health, eye health, digestive health, joint health and so on are gaining immense popularity with manufacturers positioning themselves to focus on certain health avenues specifically.

One of the major trends that is visible is that of changing consumer preferences. There is a shift from curative to preventive care in the Indian market. With immunity taking centre stage due to the onset of the pandemic, consumers are increasingly relying on more nutraceutical products.

the emerging technologies used in the production of nutraceuticals.

Consumer companies are already experts in collecting data, analysing behaviour and lifestyle, and using the information to target their customers with tailored offers based on their shopping habits. In 2013 Tesco unveiled

plans to use their Clubcard data to tackle obesity, by looking at shoppers’ baskets and tailoring suggestions for healthier eating.

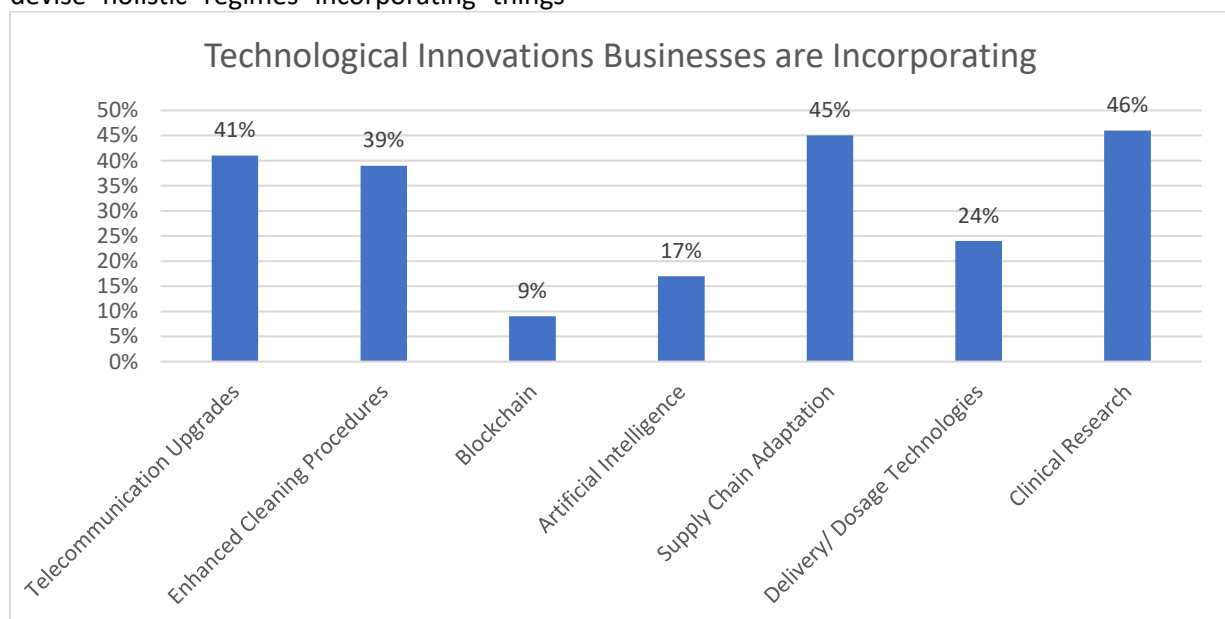
Consumer companies have the intelligence available to personalize dietary advice, and with prudent partnerships, pharmaceutical companies may be able to personalize over-the-counter nutraceutical products to supplement consumer lifestyles. Personalization is also exemplified by genomics, which tailors treatments closely to an individual’s genetic profile. Epigenetics and nutrigenomics recognize that each individual has different nutritional requirements and responds to food in different ways. By linking diet to the genome, it may be possible to not only boost health, but also reduce the chance of developing conditions such as cardiovascular disease, obesity, diabetes and inflammatory bowel disease.

Physicians will be able to predict patients’ reactions to different compounds, and – with the help of pharmaceuticals companies – devise holistic regimes incorporating things

like behavioural change and biofeedback. Consumers are already being given the opportunity to take this into their own hands, with personalized DNA and genomics reports widely available. Pharmaceutical companies must establish a route to target these health-conscious individuals with personalized solutions.

Agriculture sector would also benefit extensively from precision nutrition with a surge in produce yield and value. Synthetic biology, congealed spray dry tech, 3D printing, nutria-genetics, omni bead tech, and ultrasol tech would be other technologies that will drive the future of nutraceuticals.

The nutraceutical industry continues to leverage data and technology to innovate in untapped areas, access new markets, and advance product development. Automation, artificial intelligence, machine learning and big data are all driving deeper consumer insights, enabling product discovery and optimising supply chain processes.



Source: Nutraceuticals World

Legal Factors

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composition of these products. The upper limits and conditions of use for other botanicals, botanical preparations, and bioactive substances are yet to be harmonized. The different opinions among

several government bodies on the type of ingredients to be allowed and what quantity further challenges the harmonization aspect.

Even though the nutraceutical market is growing at a fast pace, the regulatory framework of this sector is the "holding back" factor for the market's growth. The nutraceutical system seems to gather the spotlight when it comes to fake and unregulated products. The market demands strict regulation measures to clearly identify their speciality in use and utility rather than being in the middle of diet and drugs.

The need for self-regulation and adherence to nutrition practices is increasing in the

Environmental Factors

People are more ardent about eating sustainably than ever before, and consider planetary health to be much more crucial to their personal health, according to HealthFocus International's 2021 Global Sustainability Report. The survey showed 64% of global consumers believe that what is good for the planet is good for themselves; 46% of consumers have become more concerned about the environment and sustainability of the world around them since the onset of the COVID-19 pandemic.

Within the sustainability discussion, by and large, plastic is out, which demands a significant revolution in the way CPG companies approach packaging, according to HealthFocus International. Microplastic particles build up in the water supply over time and there is no easy means to clean up the chemicals and toxins they leach. Switching to renewable packaging may help make a product stand out in today's market.

It's not enough for brands to use low-flow faucets and LED lighting; they have to look much deeper. Minimize packaging and single-use plastics, find and change to bottles made from post-consumer waste plastic, and get

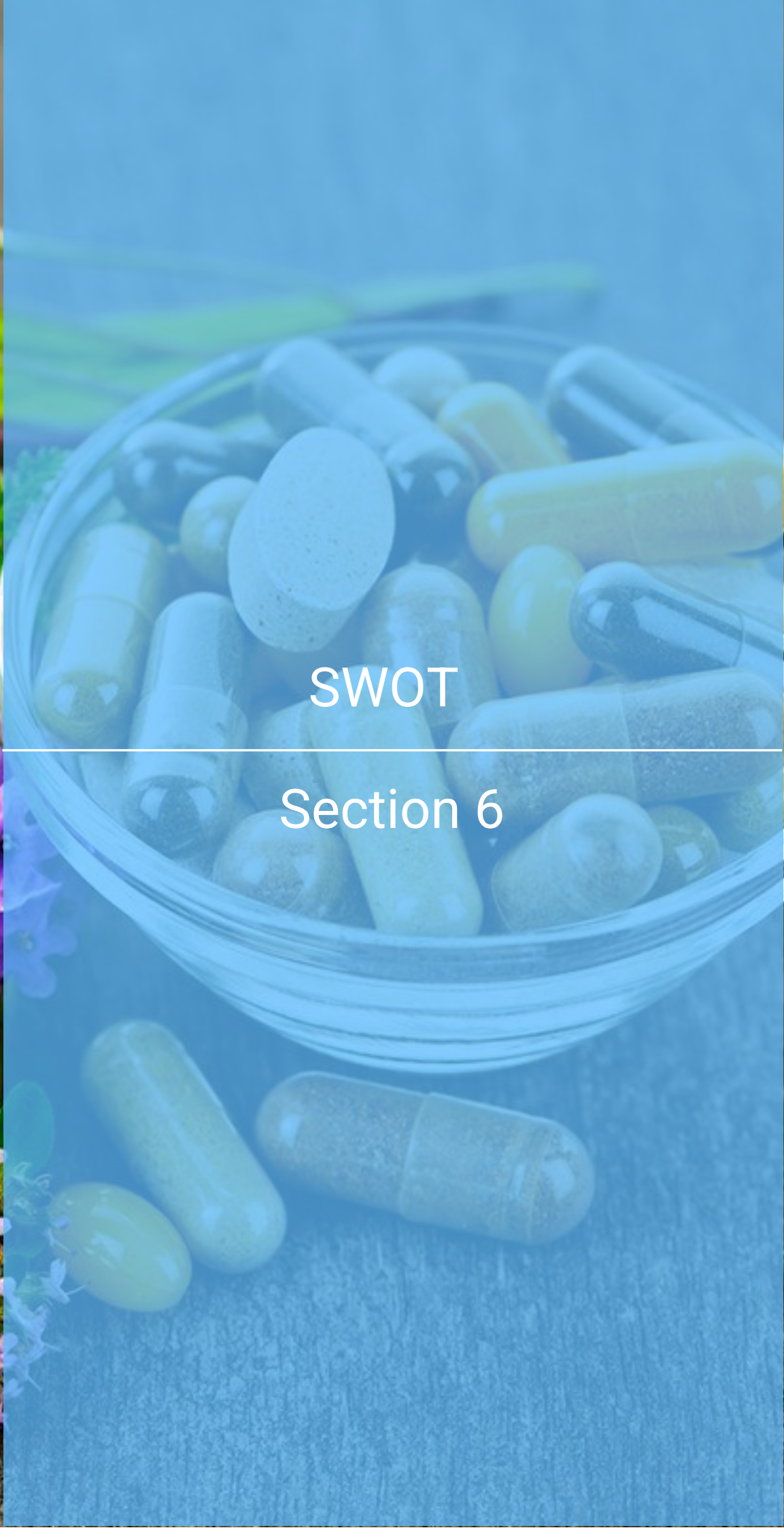
nutraceutical industry. The need of the hour is to work closely with the responsible Nutrition Association to create standards like ISO 22000, GMP, and Halal to meet the international standards and requirements on a larger perspective.

It's a sign of the resilience and resourcefulness for the industry that even in a period of political uncertainty, companies are focusing on opportunities rather than problems. With consumers increasingly interested in nutrition, markets opening up across the world, and innovative new ingredients emerging, there's a lot to be excited about.

experts to help you make your operation more energy efficient. Overall, 43% of global consumers said their health and the environment are considered equally when making food and beverage decisions.

When it comes to sustainability in marine nutraceuticals, a heavy spotlight is placed on the sourcing of omega-3s. Overfishing in particular is viewed by researchers as the greatest threat to marine life and biodiversity, and is largely driven by a combination of poor management and a lack of transparency. One way to build greater sustainability into the omega-3 market is to diversify the sources from which oil is extracted; alternative sources can come from marine life such as algae, krill, and more.

While some are shopping solely for the best product, others are also looking for the best sustainability mission to support. As a result, it is important for companies to take extra steps to verify the authenticity and traceability of the ingredients they use for discerning shoppers who are now more conscientious about greenwashing.



SWOT

Section 6

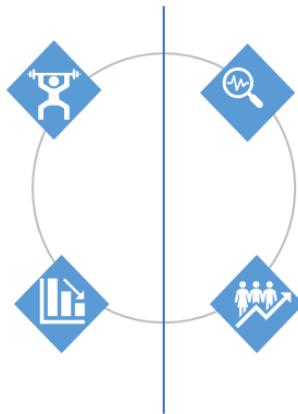
6 SWOT

Strengths

- Shifting consumer preferences towards preventive care.
- Stable growth dur to onset of the pandemic.
- Large product portfolio
- Increased number of skilled labour due to increase in training and education.

Threats

- Spurious products & brands
- Regulations
- The quality of the raw materials used to create nutraceutical supplements have come under intense scrutiny.
- Consumer skepticism associated with nutraceutical products
- Greatly improved export potential.



Weaknesses

- Current lack of will to reinvent already existing rituals/ practices prevalent
- Lack of information to prove efficacy/ benefits
- Nature of market fragmented- both from demand and supply perspective- this is so as every player is identified some kind of niche for himself.

Opportunities

- Huge opportunity for growth, driven by changing and busy lifestyles.
- Product-based and technological innovations in the nutraceutical ingredients industry
- Increasing number of fitness enthusiasts will lead to a rise in sports related nutraceuticals.
- Rising middle class and health conscious.
- In the wake of the COVID-19 pandemic, the demand for nutraceuticals has increased and is expected to remain high



Way Forward

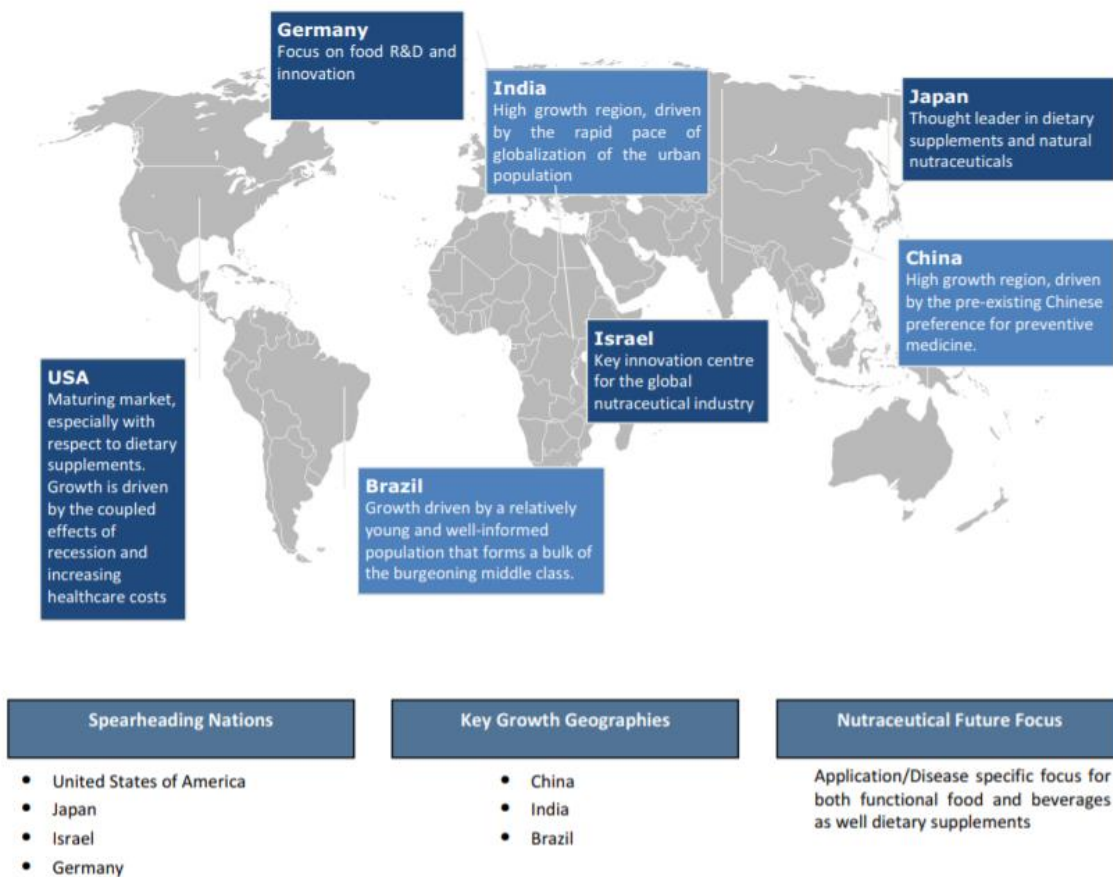
Section 7

7 Way Forward

Nutraceuticals in the form of capsules will gain wider popularity, given their ease of consumption and the flexibility for diverse formulation. Industry players are also undertaking a number of initiatives on their own, including a renewed focus on improved quality standards of the product, enhanced transparency, and competitive pricing for innovations. Nutraceutical manufacturers and marketers are taking up the responsibility of educating the consumers by sharing detailed information about the product and its benefits and roles, while also bringing about a transparency and credibility among the consumers. This will go a long way to build a stronger category for Nutraceuticals as a health and wellness segment

Nutraceuticals for all age groups: It is usually quite hard to ensure that children eat all their leafy green vegetables and get adequate nutrition. Thus, scores of parents are resorting to easily available chewable nutraceutical products that are extremely safe for children. Such products are available in different shapes and flavours to make them more appealing for infants. Increase in participation of athletes in sports at national and international levels is expected to boost the demand for functional beverages. Growing urbanized population, increasing spending on the health-related products and growing cardiovascular, chronic, and obesity linked diseases are majorly driving the growth of the functional food market.

GLOBAL NUTRACEUTICALS: GLOBAL HOTSPOTS AND EMERGING GEOGRAPHIES

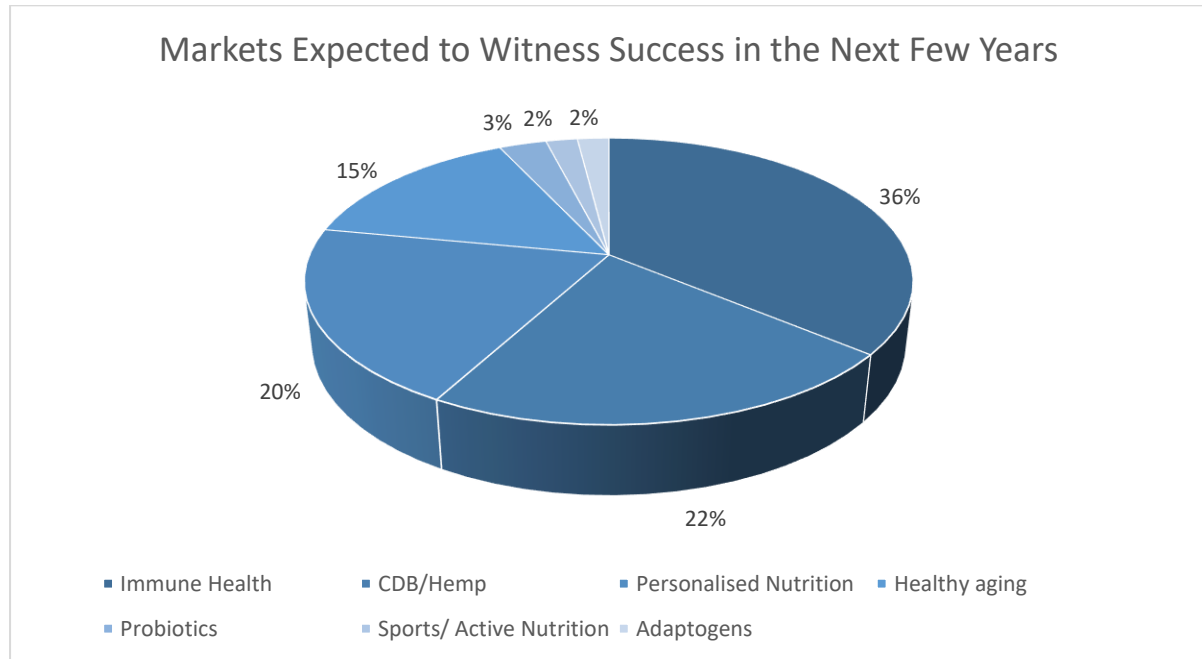


Source: Frost and Sullivan Analysis

Over the last few years, consumer awareness regarding herbal products and food is on the rise. Many consumers are avoiding chemical ingredients in their food, health food, functional food, proteins, and Nutraceutical's products. This demand is mainly increasing in developed regions of North America and Europe as consumers in this region are

spending more on natural products compared to consumers in other regions.

A primary impetus for the rapid growth of the nutraceutical industry is consumer demand. To this end, consumers are looking to follow healthy lifestyles and obtain optimum nutrition to keep diseases such as diabetes, high blood pressure and obesity at bay.



Source: Nutraceuticals World

Newer types of nutraceuticals in the forms of gummies, jellies, and soft gels are being introduced in the market and their adoption is gradually increasing, they are available in a myriad of shapes, sizes, flavors and concentrations. Also, these types of nutraceuticals are also becoming very popular among kids, which is further helping the market to expand. However, the nutraceuticals market is hindered by difficulties that manufacturers face during the manufacturing process. A lot of the times, the

extraction of the ingredients that are required to make to nutraceuticals are difficult and the result of the extraction is a very minimal amount of the ingredient thus resulting in very high cost.

Some of the key strategies within the modern nutraceutical industry therefore involve increasing the investment in research and development projects to find innovative approaches, verifying health claims of the products and market research.



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