FEATURED INSIGHTS
DELIVERING CONSUMER CLARITY

INDIA ACQUIRES A TASTE FOR HEALTH AND WELLNESS

UNDERSTANDING THE HEALTH CONSCIOUS INDIAN AND THE POTENTIAL OF THE HEALTH AND WELLNESS MARKET

- Health and wellness foods is an INR 10,352 crore market with a growth rate of about 10%.
- Fortified foods with incremental nutrients gain favour with Indian consumers who are willing to spend more on healthy foods.
- Men focus on fortification and nutrients, while women focus on making dietary choices that prevent health disorders.
- Micro marketing, with its advantage of precision targeting will give manufacturers the edge in strategizing their go-to-market plans.

Cultural factors and eating habits make Indians prone to weight issues, and with consumers now judging themselves on international body-image parameters, the general consensus is that a concerted effort on health and wellness is imperative.

THE HEALTH AND WELLNESS CONSUMER

Indian consumers consider fortified foods with incremental nutrients like protein, fibre, vitamins, calcium and minerals, an important consideration while making a purchase. When asked what tips the scales in favour of certain packaged foods over others, respondents of our survey picked the promise of all-natural ingredients, high protein and high fibre content as favourites. The message in this for brands is to call out auxiliary health benefits rather than merely tagging products as ‘healthy’.
HEALTH ATTRIBUTES PERCEIVED TO BE MOST IMPORTANT

Consumers clearly look at labels on packaged food and are willing to pay more for products that make the cut. This is especially true of products with added nutrients, rather than products with low fat or gluten content.

CONSUMERS ARE LOOKING AT LABELS ON PACKAGED FOOD AND ARE WILLING TO PAY MORE FOR PRODUCTS THAT MAKE THE CUT. THIS IS ESPECIALLY TRUE OF PRODUCTS WITH ADDED NUTRIENTS, RATHER THAN PRODUCTS WITH LOW FAT OR GLUTEN CONTENT.

LABELS THAT MAKE CONSUMERS LOOSEN THEIR PURSE STRINGS

Source: Nielsen Global Health / Wellness Survey
Responses in the above chart are an answer to the question ‘How willing are you to pay a premium for foods that contain health attributes? - Very Willing’. Over-indexed attributes with 1.0 being the average.
CONSUMER WILLING TO SPEND MORE FOR HEALTHY VARIANTS

Apart from specific ingredients that pique consumer interest, certain variants of foods too command a much higher rate of premium on the back of their health and wellness attributes. Healthy variants of noodles and tea top the list with premium rates of above 70%.

<table>
<thead>
<tr>
<th>CATEGORIES</th>
<th>BASE</th>
<th>H&amp;W</th>
<th>PREMIUM CHARGED(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PACKAGED ATTA</td>
<td>33</td>
<td>48</td>
<td>44</td>
</tr>
<tr>
<td>Refined Oil</td>
<td>106</td>
<td>127</td>
<td>22</td>
</tr>
<tr>
<td>Tea</td>
<td>301</td>
<td>518</td>
<td>72</td>
</tr>
<tr>
<td>Noodles</td>
<td>150</td>
<td>273</td>
<td>82</td>
</tr>
<tr>
<td>Biscuits</td>
<td>106</td>
<td>131</td>
<td>24</td>
</tr>
</tbody>
</table>

Source: Nielsen

PORTRAIT OF A FORTIFICATION SEEKER

Consumers driving the move to fortified foods are conscious about brands and labels on packaged foods. Four distinct traits characterise this consumer.

- They are **loyal to trusted brands** and go as far as to buy only from producers they trust.
- They **read labels for nutrition content, believe health claims** and follow portion guidance.
- They are **willing to pay a premium** for foods that meet their approval.
- They **monitor food intake and diet**, and are willing to sacrifice taste for health.

Statistically, one of every two consumers consider themselves either overweight or underweight. Two of every five are currently trying to lose weight and physical exercise is the top action taken by consumers in India who are trying to stay in shape.
HOW INDIAN MEN AND WOMEN APPROACH THIS WEIGHTY ISSUE

The Indian male leans towards fortification and nutrients in his food and therefore buys organic, natural and fortified foods. On the other hand, women who also seek organic and natural foods stress more on making dietary choices to prevent health disorders and are willing to forgo taste in the bargain.
All these insights from the Nielsen Global Health and Wellness Survey point to the abundant market opportunities that lie ahead for the segment. What will define success for food brands is a measured approach that drives effectiveness, and is cognisant of consumer aspirations.
HEALTH & WELLNESS FOODS: SIZE OF THE OPPORTUNITY

Health and wellness foods is an INR 10,352 crore market. With a growth rate of about 10%, it is a promising segment for manufacturers to tap into. Categories that are in vogue like oats noodles and green tea promise to drive growth.

HEALTH AND WELLNESS FOODS IS AN INR 10,352 CRORE MARKET. WITH A VALUE GROWTH RATE OF ABOUT 10%, IT IS A PROMISING SEGMENT FOR MANUFACTURERS TO TAP INTO.

CATEGORIES DRIVING GROWTH IN HEALTH AND WELLNESS FOODS

The fast growth of milk food drinks and cereals demonstrate that the most important meal of the day may well provide the next impetus to growth. Consumers are moving away from traditional breakfast options like ‘parathas’ to a wider and healthier assortment of cereals, oats and fortified milk food drinks.

Source: Nielsen
THE MOST HEALTH CONSCIOUS OF THEM ALL

A granular view of the geographies that are driving the shift towards health and wellness foods, shows that the south India is the earliest to adopt the trend, followed by the east. The west and north will need some encouragement from manufacturers to follow suit.

HEALTH AND WELLNESS FOODS: REGIONAL PREFERENCES

<table>
<thead>
<tr>
<th></th>
<th>NORTH</th>
<th>EAST</th>
<th>WEST</th>
<th>SOUTH</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HEALTH &amp; WELLNESS</strong></td>
<td>12%</td>
<td>14%</td>
<td>8%</td>
<td>7%</td>
</tr>
<tr>
<td><strong>HEALTHY OILS</strong></td>
<td>1%</td>
<td>16%</td>
<td>8%</td>
<td>12%</td>
</tr>
<tr>
<td><strong>GREEN TEA</strong></td>
<td>25%</td>
<td>13%</td>
<td>21%</td>
<td>41%</td>
</tr>
<tr>
<td><strong>HEALTHY BISCUITS</strong></td>
<td>13%</td>
<td>13%</td>
<td>5%</td>
<td>-7%</td>
</tr>
</tbody>
</table>

Source: Nielsen
Indian shoppers mostly turn to traditional trade stores for their provisions, with health and wellness foods being no exception. While this holds true across most categories, instant noodles and cereals buck the trend with healthy sales in modern trade outlets.

While insights on categories, consumer aspirations and regional usage patterns help strategise sales and marketing efforts, an important piece of the puzzle is identifying opportunity areas through micro-marketing. Sweeping generalisations run the risk of over-simplifying the market opportunity, and savvy marketers have begun to realise that precision targeting may be the key differentiator in clinching market share.

Source: Nielsen
REACHING THE HEALTH CONSCIOUS INDIAN

THE MICRO MARKETING OPPORTUNITY

When compared to developed nations, and even other BRIC countries, India allocates a smaller proportion of the national Gross Domestic Product (GDP) to health. However, private expenditure is above most of the developed countries. Clearly, there is a scope to work on efficiencies and work towards a healthier community by identifying locations that need intervention by multiple stakeholders to boost investment on health, and thereby improving the residents’ living standards.

In India, about 65% of operational beds are in the private sector, and more than 85% of healthcare spends are by the same sector.

WHEN COMPARED TO DEVELOPED NATIONS, AND EVEN OTHER BRIC COUNTRIES, INDIA ALLOCATES A SMALLER PROPORTION OF THE NATIONAL GROSS DOMESTIC PRODUCT (GDP) TO HEALTH. HOWEVER, PRIVATE EXPENDITURE IS ABOVE MOST OF THE DEVELOPED COUNTRIES.

HEALTH EXPENDITURE: INDIA VERSUS OTHER BRIC NATIONS

<table>
<thead>
<tr>
<th>COUNTRIES</th>
<th>OUT-OF-POCKET HEALTH EXPENDITURE (PERCENTAGE OF PRIVATE EXPENDITURE)</th>
<th>HEALTH EXPENDITURE AS PERCENTAGE OF GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRAZIL</td>
<td>57.76</td>
<td>9.67</td>
</tr>
<tr>
<td>CHINA</td>
<td>76.65</td>
<td>5.57</td>
</tr>
<tr>
<td>INDIA</td>
<td>85.88</td>
<td>3.97</td>
</tr>
<tr>
<td>RUSSIAN FEDERATION</td>
<td>92.42</td>
<td>6.55</td>
</tr>
</tbody>
</table>

Note: Out-of-pocket expenditure is any direct outlay by households, including gratuities and in-kind payments, to health practitioners and suppliers of pharmaceuticals, therapeutic appliances, and other goods and services whose primary intent is to contribute to the restoration or enhancement of the health status of individuals or population groups. It is a part of private health expenditure.

In order to understand and then activate a healthier community, a good place to start would be to develop a method to identify locations with different levels of performance in health. By analysing at the micro level, Nielsen attempted to identify districts on the basis of health performance measures. This was done in two steps.

A. A multi-dimensional index was created by aggregating the following parameters:

- **Health Care Services**
  - Deliveries attended by skilled personnel
  - Children Fully Immunized (12-23 months)
  - Woman with >3 Antenatal Care

- **Health Infrastructure**
  - No. of hospitals per person
  - No. of registered doctors per person

- **Outcome Measures**
  - Inverse of infant mortality rate
  - Inverse of under 5 mortality rate
  - Inverse of malnourished children

The index is derived in the following way: First, we standardised each of the variables so that all the variables were in same scale, i.e., 0 to 1. Second, to ensure objectivity, equal weights were assigned and hence an arithmetic mean was used to calculate composite index.

B. On the basis of the derived Health Index values, Districts were clustered into four quartiles; ‘Leaders’, ‘Progressive’, ‘Aspirers’ and ‘Need Improvement’

From an analysis of these quartiles or clusters, it emerges that the proportion of ailing people is lower in the leading cluster and people there are consequently spending less on treatment. Moreover, there are fewer children with malnutrition in leading clusters and understandably, these consumers spend more on prevention.
PROPORTION OF AILING PERSON LOWER IN THE LEADING CLUSTER VIS-À-VIS OTHERS: SPENDING LESS ON TREATMENT

MAL-NUTRITIOUS CHILDREN LOWER IN LEADING CLUSTER VIS-À-VIS OTHERS: SPENDING MORE ON PREVENTION

PROPORTION OF AILING PERSON (PER ‘000)

LEADERS

MALNUTRITION OF CHILDREN (LESS THAN 5 YEARS)

Source: Estimates using NSSO-71st Round, 2013-14
Leaders: Districts leading in health performance
Source: NSSO, Nielsen Micro Marketing and Economics

PREVENTIVE MEASURES ARE NOT A PRIORITY

Consumers spend on medical treatment because they have to, whether they can afford it or not. However, spending on prevention is perceived as expendable. Only when consumers feel comfortable with disposable income, do they consider spending on prevention. What is heartening is that though the ability to spend is highest in the leading cluster, the income of people across all four of our district clusters are increasing.
Despite increasing incomes, only the leading cluster spends a substantial proportion of the household expenditure on health and preventive measures.

Source: Nielsen Micro Marketing and Economics
A HEALTHIER COMMUNITY THROUGH MICRO MARKETING

A granular look at each cluster helps understand where each locality stands on health and what their priorities are. All the stakeholders in the health and wellness market can derive their distinct lessons from the four district clusters.

LEADERS: DISTRICTS WITH HIGH EXPENDITURE ON HEALTH AND A HIGH HEALTH INDEX
Consumers in leading districts can afford to take measures for the upkeep of their health. They also display a low level of ailments and spend more on preventive measures. This segment can be approached with the knowledge that they can spend on expensive health items.

PROGRESSIVE: DISTRICTS WITH MODERATELY HIGH EXPENDITURE ON HEALTH AND A PROGRESSING HEALTH INDEX
Consumers in this cluster are low on ailments with gradually improving health statistics. They are warming up to spending on preventive measures. Brands looking at this segment can focus on educative content to drive demand.

ASPIRERS: DISTRICTS WITH LOW EXPENDITURE ON HEALTH AND AN IMPROVEMENT IN SOME MEASURES OF THE HEALTH INDEX
These consumers can afford little but have a high prevalence of ailments. It is safe to assume that they will spend more on treatment. Since it will be largely non-profitable, and since treatment requirements are comparatively high, there needs to be government or NGO intervention to improve the health situation.

NEED IMPROVEMENT: DISTRICTS WITH LOW EXPENDITURE ON HEALTH AND A LOW HEALTH INDEX
Consumers in this segment have very low incomes and require government intervention first to make a significant improvement.

Micro marketing works to improve efficiency through precision targeting. To illustrate, the city of Lucknow can be mapped to mark out the four clusters. Health Index at the neighbourhood level as defined earlier, is an aggregation of (A) health care services, (B) health infrastructure (C) outcome measures. The parameters used to measure each of the categories is redefined based on the information available at the neighbourhood level:

- Health care services- medical services, pharmaceuticals.
- Health infrastructure- hospitals, registered doctors.
- Outcome measures- factors that influence outcome directly.
- Improved drinking water facility, improved sanitation facility.

Neighbourhoods within the city can be classified by their Health Index and their household expenditure on health.

1Improved drinking water facility as defined by WHO include-household connection, public standpipe, borehole, protected drug well, protected spring, rainwater collection.
2Improved sanitation facility as defined by WHO include-Connection to a public sewer, connection to a septic system, pour-flush latrine, simple pit latrine, ventilated improved pit latrine.
The focus of brands and manufacturers in this instance would be on the encircled clusters of ‘Leaders’ and ‘Progressive’.

Whether ‘Leaders’, ‘Progressive’, ‘Aspirers’ or ‘Need Improvement’, consumers across segments are increasingly waking up to the difference health can make to their lives. Statistics, trends and micro marketing strategies are tools that marketers can use to optimise the massive opportunity that promises to grow despite any residual economic uncertainty in the country.

Source: Nielsen Micro Marketing and Economics
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ABOUT NIELSEN

Nielsen Holdings plc (NYSE: NLSN) is a global performance management company that provides a comprehensive understanding of what consumers watch and buy. Nielsen’s Watch segment provides media and advertising clients with Total Audience measurement services for all devices on which content — video, audio and text — is consumed. The Buy segment offers consumer packaged goods manufacturers and retailers the industry’s only global view of retail performance measurement. By integrating information from its Watch and Buy segments and other data sources, Nielsen also provides its clients with analytics that help improve performance. Nielsen, an S&P 500 company, has operations in over 100 countries, covering more than 90% of the world’s population.

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