



Analyzing consumer markets for health and wellness food products in an emerging economy

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Introduction

- Consumption pattern of food is experiencing significant transformation across the world
- With growing foodborne diseases and increasing incidences of coronary heart disease, diabetes and problem of obesity, the consumers are becoming conscious in their food intake.
- The health and wellness movement is one of the very recent initiatives of food companies and tap the growing consumer markets.
- A variety of health and wellness food products primarily being categorized in three groups – Better-for-You (BFY), Functional/ Fortified and Natural
- This study aims at analyzing - the market structure of health and wellness food and factors affecting the purchase of health and wellness food products

Data & Methods

- Market structure and trends for Health and Wellness Food products have been analyzed using secondary data from the Euromonitor International.
- Factors affecting the purchase of health and wellness food products, using primary data of 621 respondents
- Primary survey of urban respondents were conducted using a structured questionnaire covering six districts of Uttar Pradesh (India) namely Agra, Allahabad, Gorakhpur, Jhansi, Lucknow and Moradabad,
- A Logistic Regression Model is used for analyzing the factors influencing the purchase of health and wellness food products.

$$\begin{aligned} \text{Log}[P/(1-P)] = & \alpha + \beta_1 \text{GEN} + \beta_2 \text{AGE} + \beta_3 \text{EDU} + \beta_4 \text{SOC} + \beta_5 \text{INC} \\ & + \beta_6 \text{CHILD} + \beta_7 \text{BRAND} + \beta_8 \text{PRICE} + \beta_9 \text{VFM} + \beta_{10} \text{QLT} \\ & + \beta_{11} \text{TASTE} + \beta_{12} \text{ADVT} + \beta_{13} \text{SHELF} + \beta_{14} \text{LABEL} + \beta_{15} \text{CONV} \\ & + \beta_{16} \text{FAMIL} + \beta_{17} \text{ENV} + \beta_{18} \text{SYMB} + \varepsilon_i \end{aligned}$$

Demographic profile of the respondents

| Profiles | HWFC (N=244) | | NHWFC (N=377) | | Total | | Chi-square χ^2 | Sig |
|-----------------------------------|--------------|------|---------------|------|-------|------|------------------------|-------|
| | N | % | N | % | N | % | | |
| Gender of Respondents | | | | | | | | |
| Male | 183 | 75.0 | 245 | 65.0 | 428 | 68.9 | 6.934*** | 0.008 |
| Female | 61 | 25.0 | 132 | 35.0 | 193 | 31.1 | | |
| Age category | | | | | | | | |
| < 25 years | 66 | 27.0 | 89 | 23.6 | 155 | 25.0 | 0.957 | 0.812 |
| 25-35 years | 65 | 26.6 | 106 | 28.1 | 171 | 27.5 | | |
| 36-45 years | 58 | 23.8 | 92 | 24.4 | 150 | 24.2 | | |
| > 45 years | 55 | 22.5 | 90 | 23.9 | 145 | 23.3 | | |
| Average age (years) | 36 | | 37 | | 37 | | | |
| Education | | | | | | | | |
| Below Primary | 19 | 7.8 | 41 | 10.9 | 60 | 9.7 | 11.638*** | 0.009 |
| Primary & JHS | 16 | 6.6 | 52 | 13.8 | 68 | 11.0 | | |
| Secondary & Higher Secondary | 166 | 68.0 | 236 | 62.6 | 402 | 64.7 | | |
| Graduate & Above | 43 | 17.6 | 48 | 12.7 | 91 | 14.7 | | |
| Total Monthly Household Income | | | | | | | | |
| <Rs.5000 | 39 | 16.0 | 82 | 21.8 | 121 | 19.5 | 23.674*** | 0.000 |
| Rs. 5000-10000 | 79 | 32.4 | 155 | 41.1 | 234 | 37.7 | | |
| Rs. 10001-15000 | 55 | 22.5 | 68 | 18.0 | 123 | 19.8 | | |
| Rs. 15001-20000 | 25 | 10.2 | 44 | 11.7 | 69 | 11.1 | | |
| Rs. 20001-25000 | 25 | 10.2 | 14 | 3.7 | 39 | 6.3 | | |
| >Rs. 25000 | 21 | 8.6 | 14 | 3.7 | 35 | 5.6 | | |
| Social Category | | | | | | | | |
| General | 164 | 67.2 | 179 | 47.5 | 343 | 55.2 | 23.909*** | 0.000 |
| OBC | 62 | 25.4 | 144 | 38.2 | 206 | 33.2 | | |
| SC/ST | 18 | 7.4 | 54 | 14.3 | 72 | 11.6 | | |

***significant at the 0.01 level, **significant at the 0.05 level, *significant at the 0.10 level

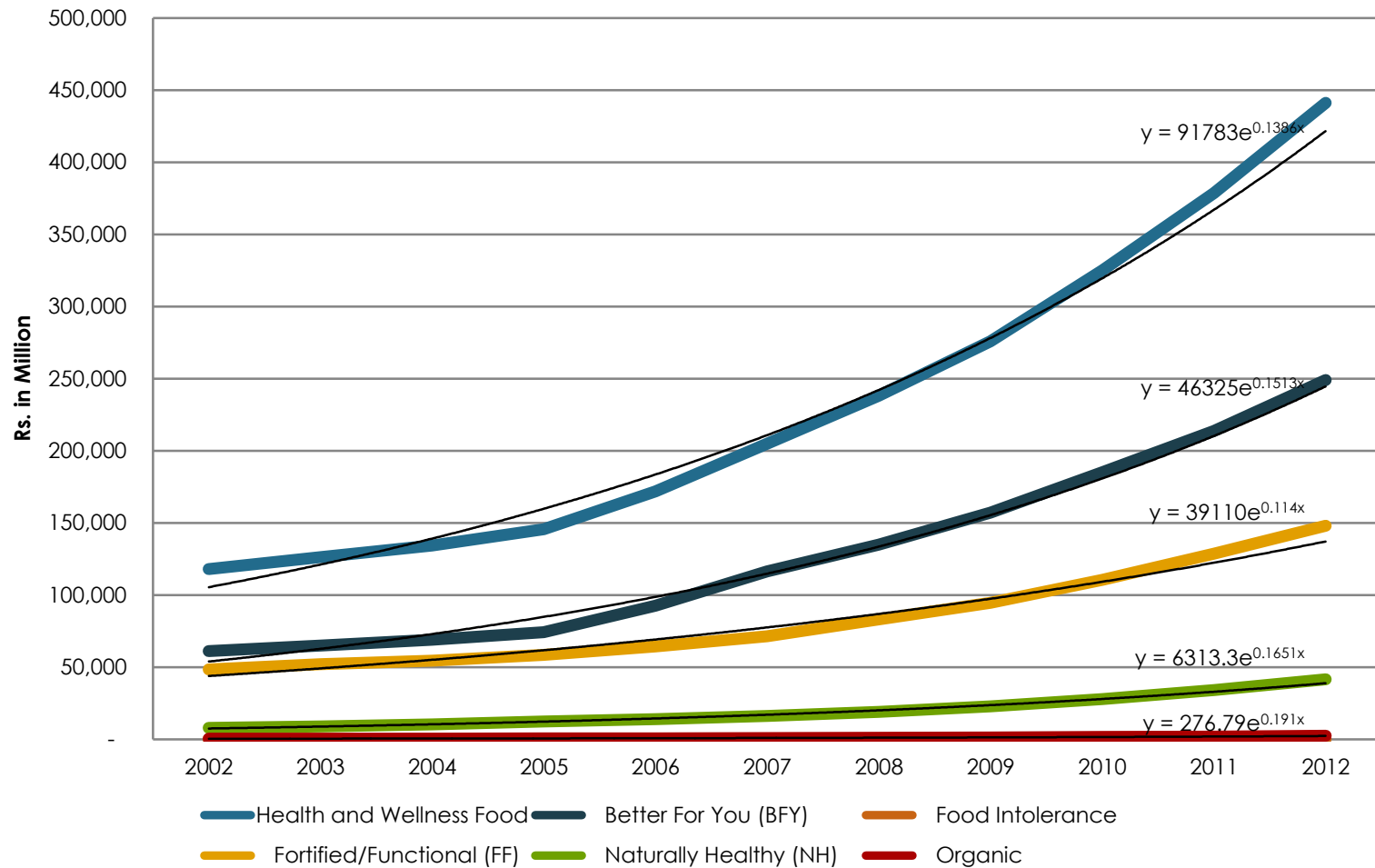
N=number of observations

Market size of health & wellness food products in India

| Categories | Retail Value in Rs. Million | | | ACGR (%) | |
|---------------------------------|-----------------------------|----------|----------|----------|----------|
| | 2002 | 2012 | 2017# | 2002-12 | 2012-17# |
| Health and Wellness Total | 1,17,930 | 4,41,234 | 7,90,391 | 13.9 | 11.6 |
| Health and Wellness by type | | | | | |
| Better For You (BFY) | 61,029 | 2,49,100 | 4,30,405 | 15.1 | 10.9 |
| Food Intolerance | 103 | 240 | 407 | 8.2 | 10.5 |
| Fortified/ Functional (FF) | 48,472 | 1,47,945 | 2,55,012 | 11.4 | 10.9 |
| Naturally Healthy (NH) | 7,976 | 41,546 | 98,501 | 16.5 | 17.2 |
| Organic | 349 | 2,404 | 6,066 | 19.1 | 18.4 |
| Health and Wellness by Category | | | | | |
| HW Beverages | 18,313 | 59,799 | 1,15,635 | 12.1 | 13.2 |
| HW Packaged Food | 99,617 | 3,81,435 | 6,74,756 | 14.2 | 11.3 |

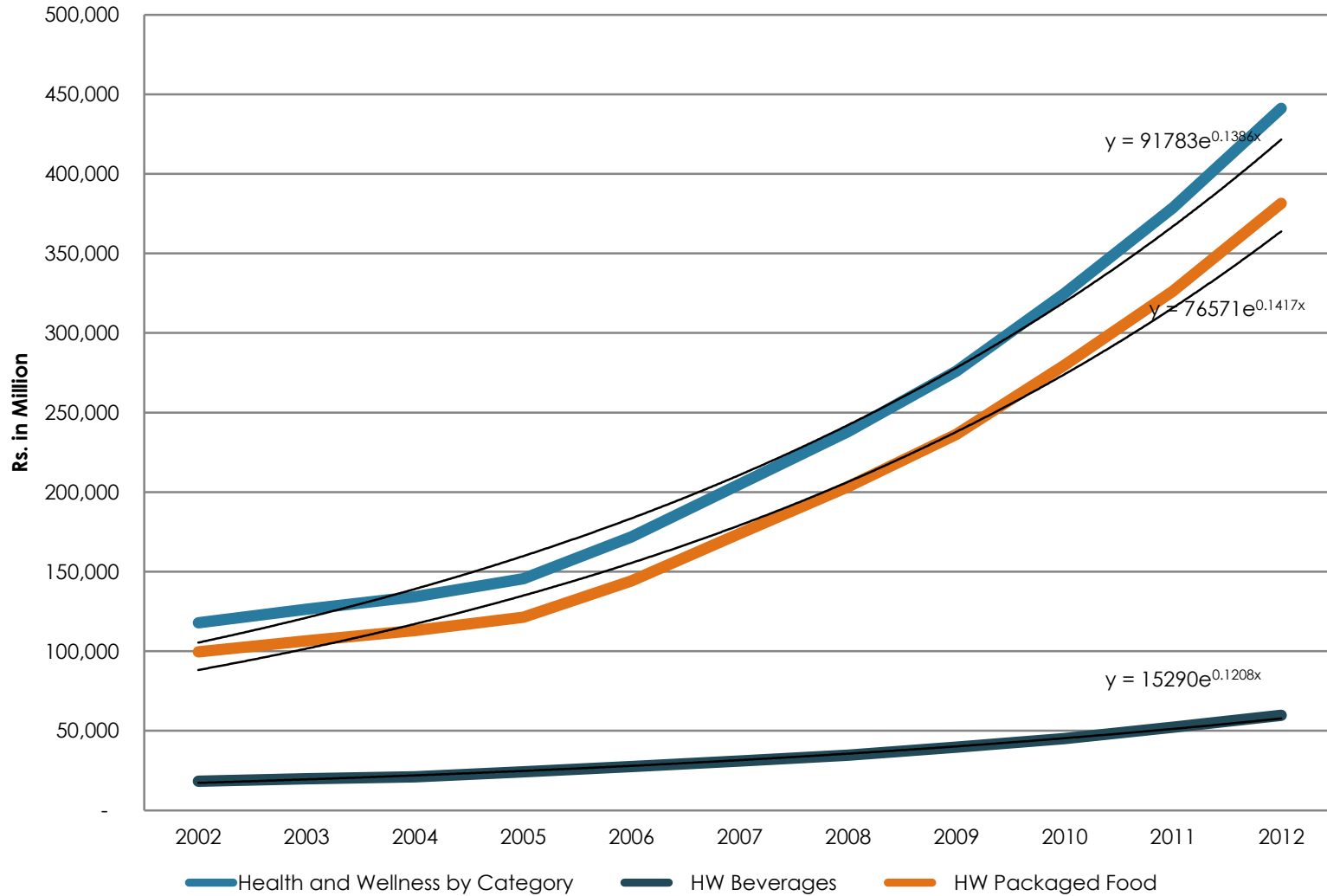
Source: Euromonitor International

FIGURE 1: Market size of health & wellness food products in India by types



Source: Euromonitor International

FIGURE 2: Market size of health & wellness food products in India by category



Source: Euromonitor International

Consumer's response on purchase of food products

| Purchase parameters | HWFC (N=244) | | NHWFC (N=377) | | Total (N=621) | | F | Sig. |
|------------------------------------|--------------|------|---------------|------|---------------|------|-----------|-------|
| | Mean | SD | Mean | SD | Mean | SD | | |
| Brand | 4.52 | 3.55 | 3.85 | 1.04 | 4.12 | 2.38 | 11.775*** | 0.001 |
| Price | 4.46 | 0.80 | 4.55 | 0.72 | 4.51 | 0.75 | 1.823 | 0.177 |
| Value for money | 4.24 | 0.67 | 3.92 | 0.91 | 4.04 | 0.84 | 22.745*** | 0.000 |
| Quality | 4.67 | 0.53 | 4.19 | 0.85 | 4.38 | 0.77 | 60.618*** | 0.000 |
| Taste & Flavor | 4.52 | 0.67 | 4.05 | 0.91 | 4.23 | 0.85 | 47.384*** | 0.000 |
| Advertising | 2.96 | 1.04 | 2.79 | 1.18 | 2.86 | 1.13 | 3.417* | 0.065 |
| Shelf life of the product | 3.70 | 0.83 | 3.10 | 1.16 | 3.33 | 1.08 | 50.167*** | 0.000 |
| Food labeling | 3.80 | 0.94 | 3.37 | 1.02 | 3.54 | 1.01 | 28.830*** | 0.000 |
| Convenience in preparation and use | 3.65 | 0.92 | 3.14 | 1.13 | 3.34 | 1.08 | 34.686*** | 0.000 |
| Family's preference | 4.06 | 1.04 | 3.67 | 1.06 | 3.82 | 1.07 | 20.316*** | 0.000 |
| Environmental friendly | 3.60 | 0.91 | 3.35 | 1.11 | 3.45 | 1.04 | 8.525*** | 0.004 |
| Status symbol | 2.33 | 1.16 | 2.50 | 1.26 | 2.43 | 1.22 | 2.895* | 0.089 |

***significant at the 0.01 level, **significant at the 0.05 level, *significant at the 0.10 level
 N=number of observations, SD=Standard Deviation

Factors affecting purchase of health and wellness food products

| Explanatory Variables | Description | Dependent Variable: Health of wellness food consumers (HWFC=1, NHWFC=0) | | | | |
|-----------------------|---|---|-------|--------|-------|----------------|
| | | β | S.E. | Wald | Sig. | Exp(β) |
| GEN | Gender (Male=1, Female=0) | 0.573** | 0.237 | 5.851 | 0.016 | 1.773 |
| AGE | Age (> 35 years=1, Otherwise=0) | -0.179 | 0.198 | 0.815 | 0.367 | 0.836 |
| EDU | Education (> Graduate=1, Otherwise=0) | 0.353* | 0.205 | 2.949 | 0.086 | 1.423 |
| SOC | Social Category (General=1, Otherwise=0) | 0.715*** | 0.206 | 12.085 | 0.001 | 2.043 |
| INC | Monthly household income (> INR 15000=1, Otherwise=0) | 0.765** | 0.321 | 5.671 | 0.017 | 2.150 |
| CHILD | Number of children | 0.117** | 0.053 | 4.846 | 0.028 | 1.124 |
| BRAND | Preference on branded food products | 0.013 | 0.264 | 0.002 | 0.960 | 1.013 |
| PRICE | Price concerns | -0.156 | 0.378 | 0.170 | 0.680 | 0.856 |
| VFM | Value for money | 0.871*** | 0.290 | 9.023 | 0.003 | 2.389 |
| QLT | Quality of food products | 1.290*** | 0.452 | 8.157 | 0.004 | 3.631 |
| TASTE | Taste & flavour | 0.987*** | 0.345 | 8.183 | 0.004 | 2.685 |
| ADVT | Product advertisement | 0.082 | 0.215 | 0.146 | 0.702 | 1.086 |
| SHELF | Shelf life of the product | 1.009*** | 0.237 | 18.152 | 0.000 | 2.744 |
| LABEL | Food labeling information | 0.530** | 0.220 | 5.784 | 0.016 | 1.699 |
| CONV | Convenience of purchasing | 0.610*** | 0.216 | 7.987 | 0.005 | 1.841 |
| FAMIL | Preference of family members | 0.230 | 0.248 | 0.858 | 0.354 | 1.258 |
| ENV | Environmental concerns | 0.177 | 0.205 | 0.747 | 0.387 | 1.194 |
| SYMB | Status symbol | -0.177 | 0.271 | 0.428 | 0.513 | 0.838 |
| Constant | | -5.613 | 0.743 | 57.115 | 0.000 | 0.004 |
| | -2 Log likelihood | 645.356 | | | | |
| | Cox & Snell R Square | 0.260 | | | | |
| | Nagelkerke R Square | 0.352 | | | | |
| | Chi-Square | 186.826*** | | | | |
| | Correct prediction (%) | 73.3 | | | | |

***significant at the 0.01 level, **significant at the 0.05 level, *significant at the 0.10 level

Conclusion and Implications

- The market trends analysis for health and wellness food products in India, show increasing potential among the consumers.
- A number of companies are also showing aggressive positioning strategy for various categories of health and wellness food products to cater the needs of different types of consumers.
- A demographic profile of the healthy lifestyle consumer was obtained, using the regression analysis, which should assist companies seeking to target this segment.
 - respondents consider brand, value for money, quality, taste & flavor, family preferences are important indicators while making food purchase decisions.
- Companies looking to expand the market for healthy products may want to focus on ways of making their products/ services more convenient to time-pressured consumers.



Thank You