CHAPTER - 9

CONCLUSIONS AND MANAGERIAL IMPLICATIONS
9.1 Introduction

This chapter provides summary of the findings of the study, managerial implications of the study including suggested marketing strategies for health and wellness food products, limitations of the study and future research directions. This chapter has been divided into 4 sub-sections to structure the summary of the research findings in a comprehensive way. First sub-section summarises the findings of the study, followed by recommendations for the marketers and other stakeholders of health and wellness food products’ market in the second sub-section. Limitations of the study and future research agenda have been discussed at the end of this chapter.

9.2 Conclusion

This sub-section provides a brief summary of findings from core research chapters of the thesis. Key findings such as growth and composition of the food market for health and wellness food products, and structural changes across the health and wellness food sector by types, categories, prime positioning and distribution networks have first been summarized; followed by consumers’ preferences for health and wellness food products’ attributes across demographic profiles of the consumers and factors that affect their purchase decisions for health and wellness food products.

9.2.1 Health and Wellness Food Market in India

The analysis of the market trends for health and wellness food products in India is showing increasing potential for various types of products. The retail value of health and wellness food in India shows a significant increase from Rs. 117.5 billion in 2002 to Rs. 669.4 billion in 2015 with annual compound growth rate of
14.3 percent during 2002-15, which is expected to increase at 12.9 percent per annum during 2015-20. A number of companies producing and selling health and wellness food products are showing aggressive positioning strategies for various categories of health and wellness food products, in order to cater to the varied emerging needs of different types of consumers.

The magnitude of retail value growth in various types of health and wellness food products varies significantly. Organic and naturally healthy food markets have been growing at comparatively very high annual growth rate. Analysis of compound annual growth rate for health and wellness food products by category depicts that packaged health and wellness food products’ market is growing much faster than health and wellness beverages. Health support products for bone and joint health, brain health and memory, cardiovascular health, digestive health, endurance, energy boosting, immune support and oral and respiratory health are the fastest growing product categories in terms of prime positioning of health and wellness food products.

The market composition indicates that better-for-you food products hold the major share in the total health and wellness food market by type, which is in turn dominated by the Indian milk cooperatives. Similarly, health and wellness packaged food products comprise of 86 percent of the market share. In terms of prime positining of health and wellness food products, weight management and general wellbeing constitutes 92 percent of the market share. GlaxoSmithKline Consumer Healthcare, Coca-Cola India and PepsiCo India Holdings have a strong
market penetration in the health and wellness beverages market. However, there are several domestic companies including various milk cooperatives, Dabur India and Parle Bisleri Ltd., which have started expanding their health and wellness product portfolio and are providing competition to multinationals in the recent years. It is important to note that about 42 percent of the market share is still held by small and unorganized enterprises producing health and wellness food products based on traditional and indigenous know-how and methods.

Competition in health and wellness food market has been analysed using Herfindahl-Hirschman Index, which clearly indicates that health and wellness food market is highly competitive with low value of Herfindahl-Hirschman Index and the competition in the market has improved over the years. However, there are variations in the level of competition across the health and wellness food types, categories and prime positioning. Herfindahl-Hirschman Index is less than 0.5 across most of the health and wellness food segments except health support related products, indicating healthy competition in the health and wellness food market. High level of market competition is beneficial to the consumers for getting the products at reasonable prices with ensured consumer welfare. Followings are the key findings on the level of competition in health of wellness food market:

- Naturally healthy and functional/ fortified foods market is comparatively more competitive than better-for-you and organic foods markets.
• The competition level for better-for-you food type is low due to dominance of five milk cooperatives, which together holds the market share of more than 36 percent.

• Similarly, there is low level of competition in the organic food market, because of 34 percent of retail value shareholding of a single company i.e. Sresta Natural Bio-products.

• Beverages’ retail market is concentrated with few players such as GlaxoSmithKline with a market share of about 52 percent.

• Weight management and health support products are highly specialized food categories and these segments are highly concentrated with a limited number of players in the market.

The distribution of health and wellness food products is largely store-based and unorganised in nature and most of the products are distributed through traditional grocery shops. Herfindahl–Hirschman Index has been calculated to understand the level of competition across retail distribution channels of health and wellness food in the Indian market. It is evident that the retail competitiveness significantly vary by health and wellness food product types and has improved over the years. Followings are the key findings on the competition in case of health and wellness food distribution networks:
• Distribution network for better-for-you foods is comparatively more competitive as compared to other types of foods and HHI value for their distribution has declined over the years.

• The distribution of food intolerance type is highly concentrated among non-grocery specialists such as medical stores.

9.2.2 Consumers’ Preferences for Health and Wellness Food Products Attributes

The result of analysis of survey data indicate that consumers prefer a variety of product attributes in making purchase decision for health and wellness food. Food consumption patterns have been changing over time due to various factors. Food safety and quality have become increasingly important in consumers’ food choices. The result of the analysis of mean values indicates that quality and health benefits are the product attributes which have been rated highly by the consumers with mean value of more than 4 on a 5-points Likert scale, making them the most important attributes for the consumers. These are followed by nutritional content, hygiene, food product certification and natural content of the product. This clearly shows that the consumer is most concerned about the quality of food products as well as the health benefits offered by the products over and above their basic nutritional contents.

Consumers’ preferences on health and wellness food product attributes have further been analysed in terms of percentage of respondents reporting agreement on a 5-
points Likert scale (Table 6.2). Quality of health and wellness food products is perceived as very important and extremely important by 79 percent respondents. The next most important attribute of health and wellness food, as perceived by the respondents is Health benefits, with 78 percent respondents reporting it as very important and extremely important for them.

Analysis of variance (ANOVA) has been used to find out the significant difference in preferences for various product attributes across the demographic variables such as age, gender, education, occupation and income. Based on overall results of analysis of variance for health and wellness food product attributes and socio-demographic profile of the consumers, it can be concluded that Hypothesis (H1), which assumes that there is no difference in preferences for health and wellness food product attributes across socio-demographic characteristics, is largely true.

### 9.2.3 Factors Affecting Consumer’s Purchase Decision for Health and Wellness Food Products

Consumers’ responses on the various health and wellness food products purchased by the respondents indicate that better-for-you food products hold the major share of 32 percent in the health and wellness food basket of the consumer, followed by functional foods (28%), naturally healthy foods (20%), food intolerance (10%) and organic foods (10%). Among the better-for-you products, reduced fat milk constitute the major share of 18 percent, followed by low calorie cola, decaffeinated coffee, reduced fat breakfast cereals and reduced fat soups. Among the functional foods, plant and malt based hot drinks are the leading products.
purchased by the respondent with the share of 20 percent, followed by biscuits, energy drinks and vegetable and seed oils.

Among the food intolerance type, diabetic bakery products comprise the major share of 55 percent, followed by lactose-free dairy products and gluten-free products. 100 percent juices and green tea are the largest category of naturally healthy food products purchased, having a share of 18.2 percent each, followed by honey, sour milk products, nuts and olive oil. Within the organic food type, the highest selling food product category is organic rice and pulses having a share of 21.6 percent, followed by organic sauces/dressings/condiments, organic tea/coffee, organic ready meals and organic juices/nectars.

With the increasing significance of health and wellness food products, the consumers are also becoming interested in getting information about the health benefits associated with food product. The analysis of consumers’ perceptions about the important sources of information available to them reveals that the consumers consider doctors/nutritionists to be the most important and authentic source of information about the benefits of health and wellness food products, followed by television programs/advertisements, newspapers and word of mouth.

The findings of the analysis of consumers’ responses on the reasons/factors, which induce them to buy health and wellness food products reveal that the most important reason which drives the consumers to buy health and wellness food
products is ‘health/ trying to eat healthier foods’, followed by factors like ‘reduction of risk of diseases’, ‘performance enhancement’ and ‘natural content’.

Consumers’ responses on the constraints which hinder their purchase decision for health and wellness food suggest that ‘false health-claims by the manufacturers’, ‘high prices of products’ and ‘shortage of supply’ are the most highly rated factors considered as constraints by the consumers while making purchase decisions for health and wellness food products.

Finally, an Ordinary Least Square (OLS) Regression Model has been developed to identify the most likely factors which affect the purchase decision for health and wellness food products. The number of health and wellness food products purchased by the respondent has been taken as dependent variable in the regression model, while four set of independent variables including socio-demographic profile of the consumers, product attributes, market attributes and psychological factors have been identified as independent variables.

Based on the result of regression analysis, following variables have indicated significant implications in the purchase decision of the consumers for health and wellness food products:

- **Socio-demographic variables** - Out of 6 socio-demographic variables, income and family size are significant factors affecting the purchase decision.
• **Product attributes** – Out of 4 product attributes, product quality and packaging are two variables having significant influence on health and wellness food product purchase decision.

• **Market attributes** - Out of 3 market attributes, 2 variables i.e. market offerings and market services are significant factors affecting the purchase decision.

• **Psychological variables** - Out of 3 extracted psychological variables, only one variable is significantly affecting the purchase decision i.e. social prestige. This implies that social prestige is a key motivating variable, which is more likely to affect the purchase decision for health and wellness food products.

### 9.3 Managerial Implications of the Research

This study gives a better understanding of the market structure of health and wellness food industry in India, providing practical insights to the companies involved in producing and marketing health and wellness food products in the country in terms of the increasing consumer demand for healthier food choices. The results of the empirical competitiveness analysis across health and wellness food types, categories and prime positioning suggest directions for the companies looking to expand the production and marketing of health and wellness food products in India. The results of this study have implications for health and wellness food companies, retailers and market regulatory agencies.

The analysis clearly indicates that the competition in the market has increased over the years and there is huge market potential for developing and launching new products in the
market for realising the emerging opportunities. This provides insights for the Health and wellness companies to reorient their production and marketing strategies to cater to the increasing consumer demand for healthier food choices and to formulate their growth and development strategies effectively. It can assist companies seeking to target the potential segment attentively and can suggest the direction for the companies looking for increasing their markets for health and wellness food products.

From the point of view of food manufacturers and retailers, the demographic profile of a healthy lifestyle consumer obtained from the study can help the marketers understand who is buying health and wellness food products and what attributes of health and wellness food products are most important for the consumers which are affecting their decision making process. Those attributes which hold higher importance for the consumers, can be improved or strengthened and the products can be positioned accordingly.

The results of the analysis of factors which are considered as constraints by the consumers and prevent them from making health and wellness food purchases clearly indicate that most of the consumers avoid buying health and wellness food products because of their perception that the manufacturers make false health-claims regarding the health benefit associated with their products. The producers and marketers, thus, not only need to improve the health characteristics of their products, but also need to evaluate what kind and level of nutritional information should be provided to the consumers. It is vital that the health information provided by the producers is authentic, in order to build consumer confidence in their products in the long run.
The Health and wellness companies also need to focus on their retail and distribution strategies towards enhancing market awareness and customer education. The manufacturers should identify and determine proper communication channels for effective dissemination of information to the consumers regarding their products and the health benefits provided by them. This study highlights the various sources of information, which are considered important and trustworthy by the consumers. This can help the marketers in redirecting and redesigning their promotional efforts through more effective communication channels which are more popular among the customers and are trusted by them.

This study also helps in identifying and understanding factors that affect a consumer’s decision-making process while considering purchase of health and wellness food products. This can help the marketers develop more effective marketing strategies in terms of product characteristics, pricing strategies and distribution networks. Understanding the psychological factors, which affect the consumers’ decision-making process while selecting food products can also help the marketers in formulating optimal strategies to educate the consumers and encourage improvement in eating habits of the consumers by incorporating healthier choices in their food baskets. The factors underlying the decision making for healthy food purchase will also be helpful for the producers in designing and developing newer and healthier food products and can guide them to properly segment their markets in terms of choice of where and how to market these products.

The structure of retail market in India is experiencing significant transformation towards organised retailing formats and with rising corporate interest in the Indian retail market,
organised retailing is expected to grow in near future. However, it is evident from the study that health and wellness food products are primarily being distributed and sold through both organised and unorganised channels, where independent, small and fragmented grocery retailers together hold about 70 percent of the distribution share.

In general, health and wellness food products being niche products, require proper marketing and promotional strategies as product information delivery and customer service are critical success factors along with sales volume expansion. However, health and wellness food companies face constraints in maintaining effective marketing relationships with unorganized channel partners due to fragmentation, lack of specialization and unprofessionalism. Therefore, this research provides key insights for health and wellness companies towards focusing on their retail and distribution strategies for enhancement of market awareness, customer education, product promotion and sales.

It also provides insights to the regulatory authorities for ensuring delivery of safe food in the market and also provisioning healthy competition among the market players in the health and wellness food industry. The policymakers also need to check the authenticity of the health-claims made by the health and wellness food producing companies, by way of strengthening the existing regulations. This will not only refrain the manufacturers from making false claims, but will also provide them an incentive to develop and market healthy food products.

Provisioning of an appropriate level of competition is the key to ensure social and consumer welfare through an optimal combination of quality product, reasonable pricing
and availability of choices. The Herfindahl-Hirschman Index across health and wellness food type, category and prime positioning provides empirical insights on the existing level of competition in the health and wellness food market and provides important policy directions to market regulators and government bodies such as the Competition Commission of India (CCI) for effective decision making to ensure fair competition among the market players in the health and wellness food industry on one hand, and the consumers and society as a whole on the other. Health and wellness food sector is an emerging market segment, which requires continuous monitoring and policy initiatives for ensuring the delivery of quality products to the consumers at a reasonable price.

9.4 Limitations of the Research

A scientific research process has been followed in undertaking the study based on both primary and secondary data sources. The research problem has been identified with the help of a comprehensive literature review undertaken on quality research papers published in journals of repute. Secondary data has been collected from the Euromonitor International database on the retail values of health and wellness food products in India over a decade. A structured consumer survey has been designed and validated with a pilot survey before executing the final questionnaire among the consumers. Stratified sampling technique has been used to collect the data from 218 respondents in the city of Lucknow, Uttar Pradesh, and the survey data has been analysed with the help of well-proven and established statistical tools such as descriptive statistics, analysis of variance, factor analysis and regression analysis. Finally, results of the analysis have been properly presented and discussed with the help of tables and graphs.
This study provides a comprehensive learning on health and wellness food products’ market structure, consumers’ preferences on product attributes and factors affecting health and wellness food purchase decision and provides practical insights to various stakeholders such as companies, regulators, channel partners, consumers and researchers.

Every research, however professionally and accurately conducted, faces some possible limitations at its various stages. The major limitations of this research can be highlighted in the form of location, sample size, population coverage, survey bias, analytical tools & methods and theoretical basis of conducting the study. These limitations of the research are discussed as follows:

- **Location**: This study has been conducted in the city of Lucknow and hence the results of the study are only limited to consumers in Lucknow region. For a more comprehensive and clearer picture of the behaviour of Indian consumers with respect to health and wellness food products, similar studies can be conducted in other regions as well.

- **Sample size**: This study is limited to a consumer survey of 218 respondents. This sample being small, results cannot be generalised with extreme certainty across larger population segments.

- **Sample coverage**: Since the prices of health and wellness food products are generally considered higher than the regular food products available in the market, the sample respondents taken in this study have been limited to those from higher socio-economic backgrounds. A wider sample covering lower and middle income groups of the population can also be taken into account to
understand the reach and penetration of the health and wellness food products in the Indian market.

- **Survey bias**: The questionnaire format was made simple enough to make it easy for the respondents to comprehend and answer the questions. A survey guideline was also prepared to help the respondents for answering all the questions in the survey properly. Mostly, personal interviews have been conducted to overcome the problem of survey bias. However, there may be few ambiguities in the minds of the respondents in understanding the differences between different types of health and wellness foods, specially functional and better-for-you food products, which may have led to certain biases in answering the survey questions.

- **Analytical tools**: Simple statistical tools such as descriptive statistics, analysis of variance, factor analysis and regression analysis have been used to obtain the results of the study. Statistically advanced techniques such as Structural Equation Modelling (SEM) may also be explored to get more wide-ranging, meaningful and robust results on the consumer buying behaviour.

### 9.5 Future Research Agenda

Most of the empirical evidences have been focusing on functional and organic food products in the developed markets. There is a huge scope for undertaking research on health and wellness food products in the context of emerging economies and developing markets. Followings are potential areas of undertaking similar research in future:

- It would be beneficial to analyze the changes in consumers’ perceptions and attitudes and their purchase behaviour for health and wellness food products
overtime by conducting a longitudinal study using larger and heterogeneous samples. Such studies may give an idea of the changing attitudes, perceptions and purchase behaviour of the consumers over a period, in the changing market scenarios.

- Since this study has been conducted in a limited geographical area, the robustness of the findings can be investigated by conducting similar researches over other geographical areas of the country.

- Furthermore, comprehensive future researches can investigate other aspects related to the consumer behaviour with regard to health and wellness food products, which have not been covered in this study, such as whether different consumers purchase different types of health and wellness foods and how these foods affect their health and wellbeing overtime.

- Future research can also focus on other types of health and wellness food products like nutraceuticals, which are a fast emerging category related to functional food products. Other areas, which may be covered, are the behavioural aspects related to different social groups, different age groups and varied income groups using both qualitative and quantitative perspectives.

- Studies can also focus on comparing the perceptions and purchase behaviour of rural versus urban consumers to reveal a greater explanation of the Indian consumer’s purchase behaviour.

- There is also scope for utilising theoretical models with multi-disciplinary focus to understand the consumer buying behaviour on health and wellness food products.