

LIHMR UNIVERSITY
Institute of Health Management Research
MBA Hospital and Health Management
Batch-21st (2016-2018) First Year
Marketing Management
Term Examination



Time - 3 Hour

MM-70

Please read the instructions before answering the questions. Answer all the questions considering the information given in the case. Question Number 4 is compulsory and carry 30 marks. 6 marks for each element of marketing mix.

Nutraceuticals Market in India

In India, the nutraceutical market pegged at Rs. 16 billion, is still evolving. With current growth rates exceeding 18% and market forecasts of a fivefold increase by 2020, nutraceuticals are celebrated as the most successful sector. With increasing awareness about health and the risk of lifestyle disorders, consumers are looking at nutraceuticals as effective products. Some of the reasons for this market growth are higher incomes, imperative use of health products technology, product development, science driven formulations and heritage, increased consciousness about health, increasing competition etc. Nutraceuticals are products that offer health as well as medicinal benefits, consisting of prevention and treatment of disease. Indians are becoming more health conscious and are following a healthy diet routine which also includes consumption of nutritional supplements because of higher purchasing power.

Shift in Nutra Marketing

A large customer base, increasing co-prescription with regular drugs, focus on preventive healthcare, rapid retail growth and e-commerce are some of the major drivers for the growth of the sector. A taskforce was formed by The Food Safety and Standards Authority of India (FSSAI) with an aim to regulate the segment. Digital marketing is evolving as a powerful tool for marketing nutraceuticals and nutritional products as it enables the marketer to target and track many aspects of marketing. The Consumerlab.com reported that 44% of consumers purchased nutraceuticals online in 2015. Some of the direct marketing approaches for nutraceutical products are Over the Counter selling, Specialized outlets (Himalayas) and Direct to consumer selling (Amway). Until recently, the nutraceutical industry had concentrated on responding to the rise in obesity and lifestyle diseases in India by marketing more expensive, higher margin products to India's aspirant middle class. Marketing consultants celebrate this population as having a growing awareness of health and lifestyle diseases, rising disposable incomes and, increasingly, a 'self-care ethos' that is associated with a demand for preventative healthcare products.

GlaxoSmithKline's Horlicks Asha

GlaxoSmithKline's Horlicks is the market leader in this area, with diversification into 'Standard', 'Women's' and 'Children's' ranges, and securing 50% of the fortified beverage market in 2015. Horlicks is now the second-biggest selling beverage in India after bottled water and has double the sales figures of Coca-Cola and Pepsi combined. One of the reasons why Horlicks, and the fortified beverage market in general, does so well in India may be because the commodification of ayurveda tonics is already well established. Horlicks achieve many of their sales through the prescription of their products by family physicians. GSK which is a pioneer in the health food drink industry with its flagship brand Horlicks has now decided to take this product to the rural masses also with a new variation of Horlicks known as **Horlicks Asha**. It has given it a new sub name Asha which means hope in Hindi language, along with the main brand name Horlicks as by launching a new cheaper

variant under the same brand name among rural masses. The migration of the Horlicks into rural markets has seen the shift away from the claim that it can prevent diseases associated with urban working lifestyles, such as diabetes, cardiovascular disorders. **Horlicks Asha** specifically designed for the rural poor to tackle child malnutrition and save vulnerable lives.

Making Nutraceutical market for rural people-The Challenges Ahead

At the cornerstone of 'wellness', the micronutrient, is not a familiar concept for much of the Indian population and with intense competition in the urban sector, the focus of both domestic and multinational companies is now moving to the design of affordable nutraceutical goods for consumers at the 'bottom of the pyramid'; Indians who live on less than \$2 a day (Prahalad, 2009). Where the penetration rate of nutraceuticals in urban areas is 22.51%, in rural areas it is currently only 6.32%. For the growing nutraceutical industry and **Horlicks Asha** who seeks to make entry in this area, this presents a huge 'latent market' that could ultimately account for a third of the market scope (IKON Marketing Consultants, 2015).

Questions:

- Q. 1.** Which market segments should GSK concentrate on for their product **Horlicks Asha** in rural area and why? (20)
- Q. 2.** Analyze the environment of nutraceutical market in India (considering the information mention above) using appropriate method. Identify the factors which influence the buying behavior of rural consumers. (20)
- Q. 3.** **Horlicks** Brand wants to position themselves in rural India. As vice president of marketing, how would you do future marketing planning and positioning of **Horlicks Asha** (Step Wise)? (20)
- Q. 4.** Design the marketing mix for **Horlicks Asha** (4 P'S). (30)

