WELLNESS

Sector Profile

In India, wellness is a concept which has been in vogue since ancient times. Traditional medicinal and health practices like Ayurveda and yoga have propounded the concept of mental and bodily wellness. Most of the ancient wellness concepts have largely focused on the basic needs of an individual within the need hierarchy, namely a focus on health, nutrition and relaxation.

With the progress of time, wellness as a concept has taken up a multi-dimensional definition, encompassing the individual's desire for social acceptance, exclusivity and collective welfare. Chiefly influenced by changes in society and in the lifestyles of individuals, this change has also been accelerated by extraneous factors like globalization and a greater awareness of the need for wellness among individuals.

Wellness players, thus have responded to this change, shifting their focus from traditional offerings like curative healthcare and value oriented mass products to new generational offerings like preventive healthcare, luxury products and personalized services.

Perhaps the many instances of young corporate honchos collapsing in the past year or two has been a wake-up call to the average Indian that it is time to give their health, priority. A direct consequence is that most people have adopted some or the other form of physical activity in a bid to attain fitness and sustain high energy levels that go with success. Adjacent industries such as retail, healthcare, hospitality, among others, are assimilating wellness as part of their value proposition, opening up huge opportunities going forward.

The wellness industry in India has evolved rapidly from its nascent unstructured beginning in the early 1990s to a comprehensive ecosystem today. This ecosystem comprises consumers, providers, adjacent industries, facilitators and the Government.

While the **Consumers** mainly comprise a young population with rising income levels and the increasing need to look good and feel good, which has led these young consumers to seek wellness solutions to meet lifestyle challenges, the **Providers** offer wellness services and products to meet the hygiene, curative and enhancement needs of the consumer. The **Adjacent industries,** such as healthcare, media, retail, gaming, hospitality and education capitalize on the growth of the wellness sector to generate additional revenue streams, leverage existing competencies and offer a wider array of services/products to customers while the **Facilitators,** include employers, insurance companies and schools, who are likely to play a key role in encouraging and inculcating pro-wellness habits among consumers going forward. The last participant, the **Government** wears multiple hats in its roles as a provider, facilitator, enabler, and regulator in the industry.

Some of the key industry trends in this sector, include:

- The growing wellness industry has attracted a large number of domestic entrants and international players.

- Established players are pursuing revenue maximisation through product and service diversification and are exploring new global and domestic markets. Franchising is emerging as a popular option for scaling up.
- Companies are actively seeking public and private equity investments to fuel their growth.
- While there is strong optimism about future growth prospects, recovery of investments may spread over a longer horizon than anticipated.
- There exists an opportunity for micro-segmentation to develop more targeted value propositions for consumers and commercialisation of traditional Indian home remedies.

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The NABH (National Accreditation Board for Hospitals & Healthcare Providers) defines Wellness as "a state of a healthy balance of the mind and body that results in overall well-being." As per a recent study by the Stanford Research Institute International, the global wellness industry represents a market of nearly US$ 2 trillion as opposed to the Indian Wellness Industry, which is a US$ 9.8 billion market; accounting therefore, for less than 2% of the global wellness industry. It is interesting to note the manner in which this industry has used the business potential of traditional Indian practices and home remedies and has moved from being a notion about luxury services to becoming a necessity. This is attributed to the fact that people want to live longer and healthier lives and so wellness, at some level or the other, is no longer the comfort of the rich.

It is believed that with the active involvement of the government and private participants, the wellness industry in India can create visible impact on a global scale. By 2015, wellness services alone are expected to have the potential to generate three million job opportunities. However, it is critical for the government and private participants to simultaneously invest in education infrastructure and quality standards to provide further impetus to the industry. The overall wellness market in India is estimated at INR 490 bn and wellness services alone comprise 40% of this market.

While users and providers form the core actors in the wellness space, industries like media, education and the government form the support pillars to sustain this sector. The media industry, comprising of players in the TV, radio, newspapers and events space has begun to take an active interest in the wellness space. Media has facilitated proliferation of the wellness concept through events and wellness specific program content. Alliances with wellness providers for generating content and the launch of wellness specific TV channels and magazines has underscored the importance of wellness as sector for media companies. Educational institutes have also begun to consider the wellness education as a facilitator for a lucrative professional career. State run ITI's along with several private players have begun to offer certificate courses in therapy, fitness training and other aspects of the wellness space. With India being a hub for traditional wellness therapy, Government agencies have begun to support activities facilitating the development of wellness centers for domestic users and lucrative international tourists.

Coupled with wellness being a lucrative sector for tourism, the Government has also taken an active interest in promoting wellness activities like yoga among people, with special classes among school children for overall holistic development. On the regulatory side, the Government has also taken steps to ensure quality standards in wellness offerings. Government agencies like the Quality Association of India (QAI) and the National Accreditation board for Hospitals and healthcare (NABH) have drawn out guidelines to be followed for effective product and service delivery.

Challenges Paucity of skilled and trained personnel is one of the biggest challenges in the industry today. Wellness services, it is estimated, will require 600,000 additional skilled personnel over the next five years. However, their availability is a concern. Effective monitoring of the industry is a challenge and on hindsight it seems as though the initial attempts at quality accreditation have not been impactful.

Challenges faced by users: Users of wellness products and services face around the quality of the offerings, primarily due to the following aspects:

- Substandard facilities and poor infrastructure, especially in the unorganized sector
- Unresponsive staff and poor ambience
- Doubts over the availability and skill of the service provider, thereby hampering reliability
- Usage of sub standard, ineffective and harmful products by service providers with a view to regulate costs
- Over promise and under delivery by service providers leading to unmet expectations of the clients

Challenges faced by providers: Our focus on organized providers in the wellness space reveals several key challenges, a few of which are influenced by the cost of providing the service, while the rest are independent of cost:

- Inherent cost and locational advantages of unorganized players leading to strong competition
- Price sensitivity of the Indian customers, affected by the limited knowledge of wellness service offerings
- Significant Investment costs and long payback periods due to a lag in creating brand credibility and loyalty
- Shortage of skilled manpower and rising costs of inputs, rentals, advertising and promotions
- Regional differences in the expected wellness service offering, leading to a non standardized approach for offerings

Challenges faced by media: Media players face multiple challenges around the sustainability of creating a business model focused on wellness, influenced by the following factors:

- Difficulty in attracting a large base of players in the wellness field to generate cost effective advertising solutions
- The inherent nature of localization in wellness services prevents media companies to organize customer centric events across regions cost effectively
- Creating wellness specific content for media can be a major challenge due to a paucity of experts

Challenges faced by education providers: Sustainability of wellness-based education players is challenged mainly by low consumer base and lack of authorized body, detailed in the following aspects:

- Lack of awareness among the potential learner base, combined with a false notion of low monetary benefit out of such an education

- Sustained focus among the learner base on traditional streams like science and commerce
- Lack of accreditation/recognition bodies to underscore credibility and enable differentiation

Challenges faced by the Government: The Government faces challenges mainly due to the high extent of un-organization in the various segments in wellness, in addition to the following aspects:

- Difficulty in application of control over unorganized sector
- Difficulty in implementing a control mechanism for regular monitoring and auditing unorganized players
- Hurdles in creating awareness in the consumers around the benefits and safety of the centers which are compliant and accredited
- Challenges in Integrating of different government agency initiatives in the wellness sector

Future prospects:

In a country where the scholars and vaidyas conceptualized and defined the field of ayurveda, wellness is a natural extension of the preventive approach. Consumer lifestyles along with growing influence of global trends are now changing the face of wellness and making wellness a part of a consumer's everyday life. While Indian players have forayed in the wellness industry, the potential still remains largely untapped. This is also attributable to the challenges that the players face, mainly due to the nascent stage of the industry. As the industry grows in an unorganized and uncoordinated fashion, these challenges become even more cumbersome. Therefore, it now becomes imperative for players to identify their potential and challenges, and derive solutions to tap the potential and overcome the challenges.

To address these challenges private participants and the government share a common agenda in developing education infrastructure and improving quality standards in the industry. Private participants will have to work together to create a visible rating mechanism for the industry, that can provide an assurance of quality among consumers. In addition to this, greater collaboration with the government to create education infrastructure and generating internal and external awareness on quality accreditation are key action areas for private participants.

The government on its part has to ensure that there are systemic checks for monitoring and that certified and licensed personnel are employed in critical service areas. During the next three years we estimate that the Indian wellness industry will grow at a CAGR of 20% to reach INR 875 bn. Consumers and their needs will continue to evolve, driving the transition from remedial care to a more holistic view on preventive care. This augurs well for the wellness industry in India.

Considering the challenges prevalent for the wellness sector, each stakeholder needs to have a clear focus on issues corresponding to their area of operation

Users

Providers to enhance assurance on quality of service provided by improving around two key quality parameters i.e. technical competence and personal quality

Providers

- Focus on building a business model which can be sustained from a financial point of view
- Develop a product portfolio which balances ‘footfall generators’ and ‘footfall preservers’
- Invest in building collaborative distribution models to enhance depth and breadth of coverage and reach
- Ensure on delivering high standards in customer relationship and experience management
- Focus and engage with the media facilitator to undertake regular and appropriate communication with
- the users

Facilitators

- Focus on providing support to enhance quality, create awareness and promote wellness
- Enhance quality of the institutes and human resources being trained by these institutes
- Stimulate the development of the wellness industry, regulate providers, initiate planning among different government entities and promote India as a wellness destination