

HEALTH BIZ INDIA

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Witnessing a Change

Wellness – the latest buzz word in India. There are many reports floating around with numbers that are seemingly attractive. However, is that really the right projection? Is the ‘wellness’ industry ‘actually’ bound for such a growth? Well, some agree, some do not. In this article, we will try and figure out where ‘exactly’ does the wellness industry stand currently, what comprises wellness, why people of India have not been keen on wellness up till now, and why does the industry believe that the thinking of people is undergoing a change.

By: Jayata Sharma-Sand

One of the best ways to authenticate a sector’s growth is to find out about the investments happening in it. It seems that the wellness industry has seen good interest from private equity and venture capital firms since March 2009. VLCC, Four Fountain Spa, Enrich Hair and Skin Solutions, trichology chain Richfeel, Healthkart.com and Guardian Lifecare are the key players who have already received investments from

venture capital and private equity firms.

A PwC-FICCI report says – Even as consumer expenditure has grown at its slowest rate in the last 8 years, the wellness sector has bucked the trend and continues to grow from strength to strength. Resilience in consumer spending on wellness products and services is a reflection of increasing consumer awareness and acceptance of wellness as an integral part of their lifestyle. The large 700 billion INR opportunity offered by the Indian wellness industry has





sparked the interest of global and domestic entrants into this space, even as incumbents are directing their efforts on scaling up operations. This has also sparked increased levels of interest from the investor community. Consequently, increased availability of funds is likely to propel deal activity in this space.

To further enhance the numbers, the report says that the wellness industry in India is poised to touch Rs 1,00,000 crore (Rs 1 trillion) by 2015, with a compounded annual growth rate of 18 per cent, from about Rs. 70,000 crore in 2012. However, some industry experts feel that this is a bit of an exaggeration. On account of not being named, our sources claim that the report also includes 'wellness destinations' like regular salons. And hence, it cannot give a clear picture of where the market stands right now.

Because of such varying opinions, we approached EQUINEV Capital, an

investment firm to find out if they had anything to take us further. We were glad to see that they had done a research report of their own (because of their stake in the wellness sector). The figures presented by them brought to life the criticism of the PwC-FICCI Report.

The individual study done by EQUINEV Capital states that the size of the wellness industry in India is worth Rs. 40,000 crores, which is much less than what's projected in the market. This number is somewhat supported by Vidal Healthcare, which quoted a number of Rs. 53,000 crore.

Now, with two differing set of figures floating around, the industry needs to find out where the wellness sector stands in real. Nevertheless, considering that EQUINEV Capital & Vidal undervalued and PwC-FICCI overvalued the sector, let's keep it at that and concentrate on the growth. Because, even with differing numbers, the fact

remains that the sector is seeing growth.

Evaluating the growth

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 two per cent of the global wellness industry.

In yet another report, FICCI says, "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

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Increased awareness & spend on employee wellness by corporates has increased the overall spend on wellness

Tough to achieve break-even?

Says Kapil Khandelwal of EquNev Capital, “As the wellness industry is fairly unregulated, there is very low entry barriers as a result there are many entrants in the unorganised wellness sector in India. The wellness services can be started from home with very little capital and overheads and hence delivered by individuals at home services like individual coaching on health matters and providing free and confidential advice on medical matters and stress management. On the other hand a well-organised wellness platform requires huge capital investments in infrastructure, people, IP etc. and hence has a longer break-even time.”

Also, location does have its challenges, but the setup cost is always the key issue.

“However, the setup cost can be very well put in control if the right team of professionals are in place. Other than this, your main costs should be focussed on staff training; the better you

train them, the more profitable you become. If staff attribution is at the minimal and your guests are very comfortable with them, a typical payback period of a good centre is between 24-36 months,” says Gautam Dandekar, Founder, Indian Spa Wellness Business Forum.

The good part is that the sector is an appointment-based and cash business, and hence payments are done immediately.

The ease of achieving a break even depends on several factors. “Innovation and creativity is important, ideas need to be innovative. For instance, many players are delivering ancient Ayurvedic home treatments innovatively. Some commercialisation is also imperative, hence setting aside marketing budgets and making a business plan, and cutting down on high overheads can help you break-even faster,” says Dr. Shuba Dharmana, Founder/Chief Evangelist Le’Jeune Medspa.

The reasons for the growth can be many. Increasingly hectic pace of living, high stress-levels among the workforce, the loss of traditional community structures and religious organisation, and the resultant desire to slow down, to simplify, and to find meaning in life among the Indians and foreigners visiting India are the key reasons.

Additionally, increased awareness and spend on employee wellness by corporates and increased spend on wellness and rejuvenation by SEC A1/A2/B1/B2 segments is a growth area.

“Escalating health costs, growing scepticism of orthodox Western medicine, and rising consumer centeredness in Western health-care systems have stimulated a desire to live healthier lives, and to experiment with more holistic, alternative healing therapies. We are also seeing personalisation leading to significant changes in quality of service provision and the effect of competition,” says Kapil Khandelwal, Director at EquNev Capital Private Limited.

Also, wellness tourism in India is on the rise not only by foreigners but upwardly mobile Indians.

Says Dr. Dilpreet Brar, Regional Director, Fortis Memorial Research Institute, Gurgaon, “People are increasingly becoming aware of their health and associated diseases, the life expectancy has increased manifolds over the past decades, chronic diseases are also on a rise and can be brought down with correct intervention, and most life style diseases can be easily managed by wellness programs. These





broadly are the reasons for the growth in the sector.”

Fortis Healthcare is a keen player in this segment.

“Wellness awareness in society as a whole has increased, also the rising income levels play a part in growth. The work life stress is also creating a consumer need to de-stress and relax, plus the media exposure and changing cultural / work /lifestyle habits and an intrinsic demand to create a work-life balance are all contributing factors,” says Gautam Dandekar, Founder, Indian Spa Wellness Business Forum.

Reasons are plenty more. “Increasing ageing population, the need to lead holistic lifestyles and ‘look good, feel good’ factors, and advances in technology in the wellness field is helping the wellness sector in boosting its growth,” says Dr. Shuba Dharmana, Founder/ Chief Evangelist Le’Jeune Medspa.

Not just these, the industry feels that the youth is more conscious for their health and fitness and hence also encourages elders to adopt wellness trends. This is increasing the customer base of the sector.

“New developments are happening in wellness and

fitness industry at international levels. Entry of foreign fitness chains clubs in India have made wellness and fitness centers easily accessible with a number of options. Also, tele-shopping and online shopping have emerged as new distribution channels in fitness industry,” says Neeraj Mehta, Fitness Professional, Nutritionist (Inventor of BMXStrength) ® and Director of GFFI Fitness Academy.

However, even with the lucrative growth patterns, somehow international players have not been able to set a base here. “There have been many international players like Alere, Healthways, etc. who have come into India in the past and exited equally fast as they

did not understand the Indian consumers and could not develop products and services that would meet the needs of the Indian consumers. In the products segment, the share of the international players (excluding MNC pharma companies operating in India) is less than five per cent,” says Mr. Khandelwal.

Why do we still ignore wellness?

In spite of the current growth and future growth expected, Indians still tend to ignore wellness. It takes a huge effort for them to break free from their deeply ingrained habits and routines which poses another level of challenge to introduce and sustain such program amongst the masses.

Mostly, this is attributed to lack of education and awareness, fixed notions and belief in the traditional approach, price of services beyond their reach, false propaganda in the media about procedures sometimes like showing celebrities with botched up procedures, substandard services, and lack of skill in staff.

Some experts believe that



Chronic diseases and most life style diseases can be easily managed by wellness programs



Why Wellness?



Dr. Dilpreet Brar, Regional Director, Fortis Memorial Research Institute:

Preventive medicine is an inherent part of holistic healthcare programs. As a result, when we at Fortis Memorial Research Institute became large and comprehensive, inclusion of wellness was only a natural step.



Gautam Dandekar, Founder, Indian Spa Wellness Business Forum:

The need of the hour is to get all spa/fitness/wellness professionals on a common platform (the Forum) to connect, network, interact and do business in a certain fashion which assists everybody, creates opportunities and by gathering together adds to the cumulative knowledge base of all experts. This transcends in a cascading effect of tapping a knowledge base of lakhs of man hours and gets you the best of real time practices/manpower/education/training to easily set up your business or grow your career and job.



Dr. Shuba Dharmana, Founder/Chief Evangelist Le'Jeune Medspa:

Skin disease can affect you psychologically and can be socially embarrassing. This often leads to sub optimal performance at work, lack of self-confidence, social withdrawal and has even led to harassment and bullying in school age children and teenagers. Working in the United Kingdom as a general practitioner gave me a lot of insight into the suffering of people with chronic skin problems.

I have always been very passionate about skin as well as beauty so I let my inherent artistic ability to understand the aesthetics of the face take over. I found the field of anti-ageing and skin rejuvenation so fascinating that before I knew it I had amassed a wealth of degrees and certificates in Aesthetic Medicine and Dermatology. I am glad my career took this path as only here I can indulge my passion towards beauty and also be able to treat and help people with skin disease.



Neeraj Mehta, Director of GFFI

Fitness Academy: This wellness sector is lacking skilled manpower, and there is an urgent requirement of

skilled professionals. Retaining skilled professionals is another hurdle for the industry. The GFFI Fitness Academy was started in 2002, with complete R & D of this market, to provide skilled wellness and fitness professionals. We have trained more than 10,000 professionals who are working with major players of this industry. Also, we cater to more than 3,000 customers each month for their wellness and fitness requirements.



Dr. Kiran Rukadikar, Founder, Dr. Rukadikar's Specialty Clinic For Weight loss, Lifestyle Modification & Nutrition Therapy:

We are into weight management since the last 10 years.

Sound health is the one the most important pillars of wellness. In today's scenario, the urban population is suffering from a disease which itself is the mother of many diseases – aka obesity. Our company Liven Healthcare Pvt Ltd under the brand name Dr. Rukadikar's run the weight loss (fat loss) clinics in Mumbai, Pune and Kolhapur to tackle obesity. Obesity, although a disease, is not tackled by medically trained doctors. There is enough quackery in this field. Most of the treatments available in the society are been delivered by so called experts who have hardly any knowledge about obesity. To tackle these issues and give proper line of treatment at affordable cost is why we entered wellness.



Srivathsan Aparajithan, CEO, Primary Healthcare, Vidal Healthcare

Services: Vidal Health was started to pursue the huge, and potentially lucrative market opportunity in strengthening the delivery of primary

care services, by incorporating two very relevant elements-preventive healthcare and wellness, with all of them based on the clinically solid foundation of evidence based medicine. This is a consumer centric model in which, individuals take charge of their own health and make decisions based on their goals, values and tolerance for risk. Of course, this would require individuals to be thoroughly knowledgeable about their health status and treatment options, in which they will be supported by physicians who act like team players and help them make decisions based on their value systems and eventually bring down the overall cost of medical treatment.



The biggest challenge is to get good, trained, and knowledgeable managers and therapists

though Indians have always been conscious about wellness, they believe more in following conventional methods of healthy living and less on muscle paining fitness regimes. It takes efforts to keep the body in good health. Wellness is not just about going to the gym or spa anymore. The entire meaning of wellness has changed and this needs to be communicated to people.

Challenges being faced

Every industry has some impediments to its growth. Even the wellness sector has some. “The primary challenge is that for most people health and wellness are not priority, illness is. Also, making a commitment to wellness requires behaviour modification which is very difficult for most people,” says Srivathsan Aparajithan, CEO, Primary Healthcare, Vidal Healthcare Services Private Limited.

Manpower also forms a major challenge here. “Lack of skilled and knowledgeable resources is a challenge, hence training the staff and even doctors and nutritionists is itself a task. There is no monitoring agency as far as weight loss industry is concern, and people are lured by false advertisements. And the sector as a whole is highly unorganised,” says Dr. Kiran Rukadikar, Bariatric Physician and Obesity Consultant, Founder, Dr. Rukadikar’s Specialty Clinic For Weight loss, Lifestyle Modification & Nutrition Therapy.

Agrees Mr. Dandekar, “The biggest challenge is to get good, trained, and knowledgeable managers and therapists. Big initiatives have to be taken on

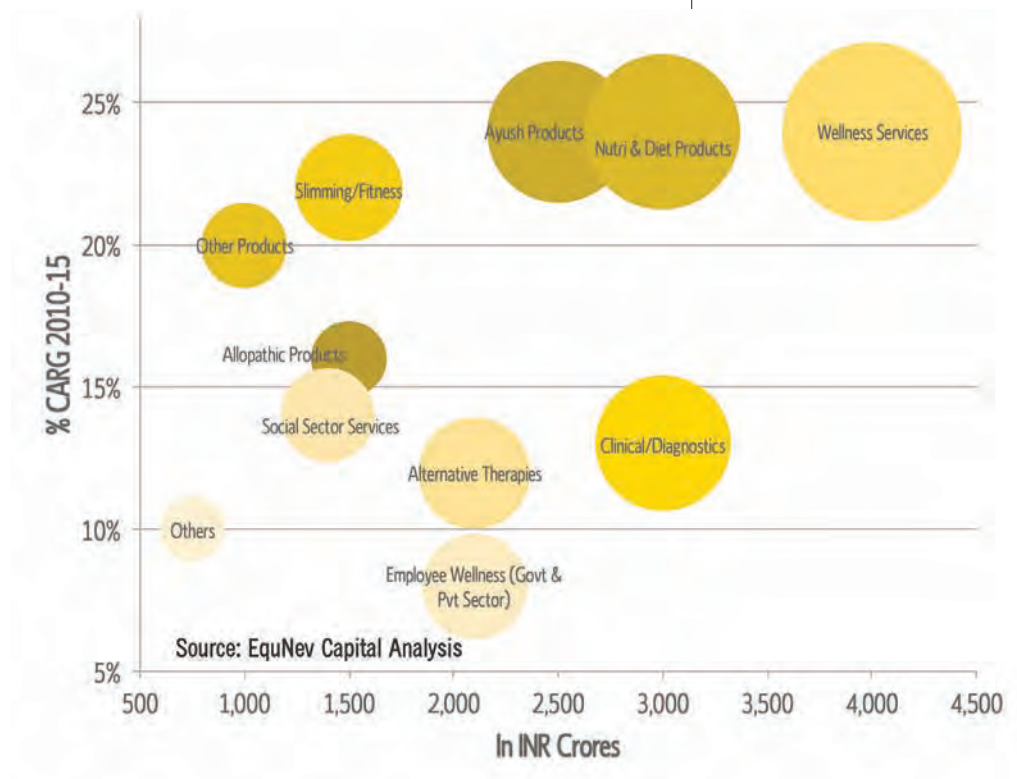


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this aspect to continue and enhance the growth story. Technology is available and can be easily adapted, but without good man power it is of no use.”

Not just the above, the

sector requires high investment costs on the business, and some players feel the returns are not that high. “Expenditure on the aesthetics of the place, the ambience, interiors, branding comes at a high cost. We also





have to keep in mind the price sensitivity of the Indian market and the high expectations of the end customer. All this, coupled with the lack of government funding options in the wellness industry makes it tough for us,” says Dr. Dharmana.

Also, one of the foremost challenges facing the industry is obtaining risk capital that will allow it to grow aggressively and develop innovative products and services. “Services IP protection

and product IP protection is also one of the foremost issues that needs to be bridged as the industry mushrooms and we get many copycat fly by night operators who copy the IP and affect the innovators investments and profitability in the process,” says Mr. Khandelwal.

Overcoming the hurdles

The industry feels that though the awareness has comparatively increased in the last few years, it still has a long

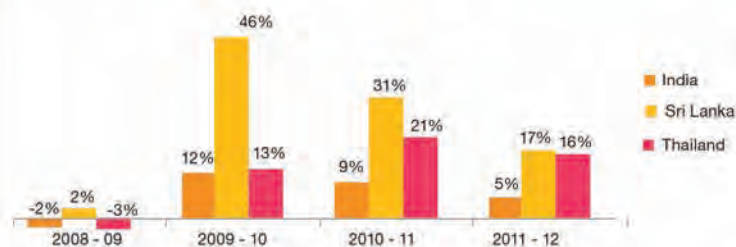
way to go. “Hurdles can be overcome only by spreading awareness through various out-reach programs so that people realise that wellness is not just a mere concept but a means of healthy living. Community involvement can go a long way to both spread awareness as well as motivation,” says Dr. Brar.

Communities can mean morning walkers, yoga groups and school children, which can be tapped as there is already an existing level of awareness. School children can be moulded at an early age as they not only adopt quickly but also become mediums to take the message back home. “Women should also be a target group since by changing her ways of thinking, the well-being of her family members can be assured. Also, if scientific evidence can be included it will help better,” adds Dr. Brar.

“Quality standards for the products and services being delivered need to be put into place. This will put entry barriers for fly-by-night operators who provide sub-standard quality products and services and tarnish

Wellness services can play an important role in boosting inflow of international tourists to India

Year-on-year growth of international tourist arrivals



- Post-2009, countries such as Sri Lanka and Thailand have grown their international tourist arrivals at a faster clip as compared to India. The wellness services sector (especially AYUSHI) has the potential to be a key driver for promoting India as a wellness destination and boosting international tourist footfalls.

Source: PwC



wellness industry is also anticipated. The industry is also witnessing a growing dependence and inclination towards naturopathy. Highly technical advancements will be genetic mapping programs and innovations in stem cell technology to improve the quality of life. Low calorie food industry will be a boom in near future. Product and service diversification, geographical expansion, innovations on distribution arrangements, micro-segmentation of consumers, Indian companies going global are also some of the trends expected in the future. “Not just this, the emergence of nutrigenomics will personalise the wellness products and services to the consumers; and we will see novelty and integrative alternative wellness coming up; and a whole new segment of wellness education and DiY will emerge alongwith diagnostics to personalise the wellness treatment,” says Mr. Khandelwal.

Almost 90 per cent of all healthcare needs can be easily delivered in outpatient settings/physician offices. And 80 per cent of all chronic diseases can be prevented. However, even the best clinical care in the world cannot ensure the best health outcomes since patients' own behaviour patterns substantially affect their health outcomes, which is what wellness is all about. “To truly optimise outcomes for their patients, physicians will have to go beyond the simple provision of clinical services. They will need to forge partnerships with patients to address behavioural patterns,” ends Mr. Aparajithan of Vidal Healthcare. **HBI**

the reputation of the Indian wellness industry,” says Mr. Khandelwal.

Experts believe that the media can play an active part here and should be encouraged to promote wellness. “Also, availability and training of skilled staff is vital. There is also requirement of training institutes. Basic business management and marketing are some of the areas where the industry should focus. Players also need to develop innovative strategies to carve out a niche for their brand,” says Dr. Dharmana.

The government also has a part to play. The sector thinks that the government can help with providing subsidies for advertising and marketing in the wellness industry as well.

Society is rapidly evolving and accepting alternative relaxation treatments and therapies. “Spa and massage centers now have lesser stigma as in earlier days. However, a lot of work is yet to be done

and the mind-set change from ‘massagewalla’ to ‘masseuse’ may take some time. Also, once the wellness and beauty industry gets its act together and talk to media as one, there will be a change in the perception of people who will not just adopt wellness but will also be ready to choose spa and wellness as a career choice,” says Mr. Dandekar.

Future trends

Future trends in the wellness sector shows that it will soon spread to tier 2 and tier 3 cities. Experts see commercialisation of traditional home treatments like Ayurveda happening soon. “Additionally, fusion treatments combining two different modalities like Ayurveda with Allpoathy in medspas will happen,” says Dr. Dharmana.

Development of medical tourism in the wellness industry and thus entry of more global players in the



Highly technical advancements will be genetic mapping programs and innovations in stem cell technology to improve the quality of life