



Super-size

Concerns over expanding waistlines in Asia have prompted health food companies to eye the region's market as ripe for rapid growth

BY RALPH JENNINGS
REUTERS, TAIPEI

It's the growing number of customers such as Bill Chung, who is on a diet after packing on 30kg, that food companies hope to attract as they expand health food lines in Asia.

Affluence and sedentary lifestyles have brought health problems such as obesity and diabetes to Asia, prompting locals such as Chung to fill up their shopping carts with products such as oats, yogurt and vitamins.

"I went to a bookstore and read about it," said Chung, 33, a self-employed Taipei resident who lost 6kg over the past two months. "I'm spending a little less and it's all healthy, so I'm on track."

Asia has lagged behind other regions in packaged health foods consumption as the overall diet is relatively healthy with vegetables a main ingredient in many local dishes.

Nevertheless, the region's recent economic success has prompted fast food chains to expand outlets across Asia and foods such as ice cream and chocolates have become popular.

Where high-calorie junk food goes, health food follows close behind, those in the industry say, predicting solid growth for health products in Asia in the next few years.

"They [health foods] are emerging products," said Lyndsey Anderson, Asia food and drink head for the London-based market-forecasting firm Business Monitor.

"It hasn't caught on as quickly in the developing world. People traditionally have healthier diets anyway. The need to pay for packaged health foods isn't there. The region is lagging the rest of the world in that regard," Anderson said.

"In terms of transitioning, that is completely turning around," said Anderson, adding that she expected to see steady growth in this high-priced food sector starting from the end of next year or in early 2011 as the regional economy improves.

Health foods already make up roughly 5 percent of product lines sold by food companies in Asia, she said.

The market for functional foods, which range from flaxseed, wheat germ and soy-based products to probiotic yogurt, is worth about US\$20 billion a year in Asia, including Japan, Anderson said.

In addition to standard health foods, the supplements industry, which includes vitamins and protein mixes, was worth about US\$14 billion in Asia in 2006, not including Japan, according to estimates by research firm DataMonitor.

"In Asia, as people are getting more and more affluent, the health food market is certainly on the rise," said Shirley Ivarsson, a dietician in Hong Kong.



Top: A customer browses an organic food store's products in Taipei.

Above: In Asia, as elsewhere, economic development has spurred sedentary lifestyles, the consumption of fast food and the spread of health problems such as obesity and diabetes.

Jostling for space on supermarket shelves in cities from Shanghai to Singapore are local health products such as root powders, herbal teas and variations of chicken soup, a favorite elixir among ethnic Chinese.

Singapore-based Cerebos Pacific, which makes bottled Essence of Chicken, saw 33 percent profit growth from 2004 to last year.

"Consumers are increasingly seeking quick fixes to address health needs as they grow increasingly tired due to demands of work," the company said in a statement.

About a third of people in Asia and the western Pacific were overweight in 2005 with the numbers seen growing to 53 percent of men and 44 percent of women by 2015, the World Health Organization estimated.

"We've moved away from traditional agrarian values," said Ted Ning, executive director of Lifestyles of Health and Sustainability, a US-based consumer movement.

In China, 23 percent of the population is overweight and diabetes has become a serious health problem, with the WHO predicting that by 2030 diabetes cases will have

doubled to 42 million cases.

In India, the world diabetes capital with 40 million cases, a number expected to double by 2025, the market for health foods is estimated at US\$200 million per year, according to consulting firm Frost & Sullivan, which predicts it will grow to over US\$1 billion by 2012.

Obese people make up a quarter of the population in some Indian cities, another by-product of rising incomes. The drinks market has gone healthy with Coca-Cola Co introducing a new bottled spring water in Japan last month after expanding its product lines in Hong Kong with drinks flavored with preserved almond, jujube and pear.

This October, PepsiCo launched SoBe beverages, a range that included fortified teas, fruit drinks and energy drinks, in India.

Nestle was the first to introduce probiotic yogurt in India in 2007, while Tata Tea, India's top tea company, recently introduced a series of cold drinks with tea, fruit and ginseng.

It's not always easy to convince consumers that a specialized food can help them, said Charu Harish, who does publicity in Hong Kong and Malaysia for GlaxoSmithKline's Horlicks milk-and-wheat drink and Ribena fruit drinks.

"It's not about a soft sell," Harish said. "Health and well-being are the first things people in Asia think of. We are trying to market our products with as much transparency as possible."

For this reason, companies go to great lengths to emphasize the health properties of their products when targeting consumers in Asia.

In its marketing campaigns in the region, the Almond Board of California, which represents 6,000 growers, has stressed that its nuts contain anti-oxidants and protein.

As a result, the board saw 24 percent growth from 2006 to last year, with its members earning US\$486 million last year from sales in four Asian countries, including China and India, said chief marketing officer Shirley Horn.

Consumers associate health food with better quality, a sensitive issue in the wake of a string of China-produced food scandals, which resulted in supermarkets across the region removing items with chemicals such as melamine from shelves.

Reflecting the food safety concerns of many consumers in Asia, Wanpen Thongsri, 49, a company executive in Thailand, where health food popularity has grown exponentially, said that she is willing to pay a premium for health foods.

"Frankly, I don't know if I can feel safe with all brands. But I'm willing to pay more for good health," said Thongsri.