

Asia Pacific Functional Food Market Segmented By Source (Plant & Animal), By Ingredient (Carotenoids, Dietary Fibres, Fatty Acids (Omega-3 fatty acids), Prebiotics & Probiotics, Minerals, Vitamins and Others), By Application (Sports Nutrition, Weight Management, Immunity, Digestive Health, Clinical Nutrition, Cardio Health and others, By Distribution Channel (Store-Based v/s Non Store-Based), By Country, Competition, Forecast & Opportunities, 2028

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Abstracts

Asia Pacific Functional Food Market has valued at USD 90.71 billion in 2022 and is anticipated to project impressive growth in the forecast period with a CAGR of 7.21% through 2028. The Asia Pacific Functional Food Market is a thriving sector that encompasses the sales of foods fortified with additional nutrients or those that inherently provide health benefits beyond basic nutrition. This market encompasses a wide range of countries in the Asia Pacific region, including, but not limited to, populous nations like China, Japan, India, South Korea, and Australia. The diverse range of products available in this market includes enhanced dairy products, cereals, beverages, baked goods, and dietary supplements, all designed to promote optimal health and well-being. The growth and expansion of this sector can be attributed to various factors, including the increasing health consciousness among individuals, the rising demand for longevity and vitality products among aging populations, and the continuous advancements in food technology that enable the development of innovative functional food solutions. As consumers become more aware of the potential health benefits offered by functional foods, the Asia Pacific Functional Food Market is expected to witness further growth and development in the coming years.

Key Market Drivers

Rising Number of Product Innovations By The Major Players

The Asia-Pacific region is witnessing a significant surge in the growth of functional foods, and a key driver behind this phenomenon is the rising number of product innovations by major players in the industry. As consumer awareness of the link between diet and health continues to grow, there is an increasing demand for functional foods that offer specific health benefits beyond basic nutrition. Major food manufacturers and producers are taking advantage of this trend by continuously introducing innovative products that cater to diverse health-conscious consumer preferences. One notable area of innovation is the development of functional foods enriched with ingredients like probiotics, prebiotics, antioxidants, vitamins, and minerals. These components are associated with various health benefits, such as improved digestion, enhanced immune function, and reduced risk of chronic diseases. Major players in the industry are formulating and promoting these products, capitalizing on the growing interest in gut health and overall well-being.

Asia-Pacific region is witnessing a growing trend in plant-based and alternative protein products, addressing the needs of vegetarian and vegan consumers. These innovations are designed not only to meet dietary preferences but also to offer health benefits like reduced cholesterol levels and lower environmental impact. Another noteworthy innovation is the incorporation of traditional herbal ingredients from Asian cultures into functional foods. These ingredients, such as ginseng, turmeric, and ashwagandha, are known for their potential health-promoting properties, and major players are harnessing their appeal to create unique functional food offerings.

Increasing Disposable Income

The increasing disposable income in the Asia-Pacific region is expected to play a pivotal role in driving the growth of the functional food market. As economies in this region continue to prosper, individuals are experiencing higher levels of disposable income, which in turn is influencing their dietary choices and preferences. With greater disposable income, consumers in Asia-Pacific are more willing to invest in their health and well-being. This has led to a growing awareness of the importance of nutrition and preventive healthcare. Functional foods, which offer specific health benefits beyond basic nutrition, are seen as an attractive option for those who can afford them. These products are perceived as a way to maintain and improve health, thereby driving

demand for functional foods.

As disposable income rises, there is an inclination towards more premium and value-added food products. Functional foods often fall into this category, as they are positioned as higher-quality options compared to conventional foods. Consumers are willing to pay a premium for products that offer health benefits, and this willingness to spend contributes to the growth of the functional food market.

Increasing disposable income is linked to urbanization and a shift in lifestyle. In urban settings, individuals often have busier lives and seek convenient and nutritious food options. Functional foods that offer health advantages in a convenient package align well with this trend, making them a popular choice among urban consumers. The rising disposable income in the Asia-Pacific region is expected to drive the growth of the functional food market by fostering greater awareness of health and well-being, increasing the demand for premium food options, and aligning with the convenience-oriented urban lifestyle. This economic trend represents a significant opportunity for both domestic and international food manufacturers to cater to the evolving dietary preferences of consumers in the region.

Growing Risk of Various Chronic Diseases

The growing risk of various chronic diseases in the Asia-Pacific region is expected to be a significant catalyst for the growth of the functional food market. As the prevalence of conditions such as obesity, diabetes, cardiovascular diseases, and hypertension continues to rise in this region, there is a heightened awareness among consumers about the importance of preventive healthcare and dietary choices. The Asia-Pacific region has been experiencing a rapid shift in dietary patterns due to urbanization, increased consumption of processed foods, and sedentary lifestyles. These factors have contributed to the rising incidence of chronic diseases. In response, consumers are actively seeking out functional foods that offer specific health benefits, such as those promoting weight management, blood sugar control, and heart health.

With the increasing risk of chronic diseases, individuals are becoming more proactive in managing their health through nutrition. Functional foods, fortified with ingredients like fiber, antioxidants, omega-3 fatty acids, and vitamins, are perceived as a convenient and accessible way to address specific health concerns. This has led to a growing demand for functional food products that offer preventive and therapeutic properties.

Governments and healthcare organizations in the Asia-Pacific region are emphasizing

the importance of a healthier diet to combat the rising burden of chronic diseases. Public health campaigns and educational initiatives are promoting the consumption of functional foods as part of a balanced diet, further driving consumer interest in these products. The increasing risk of various chronic diseases in the Asia-Pacific region is expected to significantly boost the growth of the functional food market. Consumers are increasingly recognizing the role of nutrition in preventing and managing chronic conditions, and functional foods are emerging as a viable and attractive solution. This trend underscores the market's potential for growth as it continues to cater to the evolving health-conscious preferences of consumers in the region.

Better Product Availability Through Multiple Channels

The better availability of functional food products through multiple channels is poised to be a major driver in the growth of the functional food market in the Asia-Pacific region. Accessibility and convenience are key factors influencing consumer purchasing decisions, and improved product availability is addressing these preferences effectively. The expansion of brick-and-mortar retail outlets, including supermarkets, health food stores, and specialty stores, has made functional foods more accessible to a broader consumer base. As these stores stock an increasing variety of functional food products, consumers can conveniently browse and purchase items that cater to their specific health and dietary needs. The rapid growth of e-commerce in the Asia-Pacific region has revolutionized the way consumers access and purchase functional foods. Online platforms and delivery services provide a convenient and efficient means of obtaining these products, often with a wider selection and competitive pricing. This accessibility through digital channels has particularly resonated with tech-savvy consumers and those in remote or underserved areas. The presence of functional food products in healthcare institutions, such as hospitals and clinics, is on the rise. Healthcare professionals are increasingly recommending functional foods to patients as part of their treatment plans, further enhancing the reach of these products. This endorsement by healthcare providers lends credibility and trust to functional food offerings.

Better product availability through multiple channels is expected to drive the growth of the functional food market in the Asia-Pacific region. As consumers increasingly seek convenient access to products that cater to their health and dietary needs, the diversification of distribution channels plays a pivotal role in meeting these demands and expanding the reach of functional foods to a wider and more diverse audience.

Key Market Challenges

Off Flavors of the Functional Compounds

The issue of off flavors associated with functional compounds is expected to be a significant obstacle to the growth of the functional food market in the Asia-Pacific region. Off flavors refer to undesirable tastes, odors, or textures in food products, which can arise from the inclusion of certain functional compounds or ingredients that may not be well-received by consumers. Functional foods often incorporate bioactive compounds such as phytochemicals, probiotics, or omega-3 fatty acids, which can sometimes introduce unfamiliar or strong flavors that may be off-putting to consumers accustomed to traditional Asian tastes and culinary preferences. These off flavors can hinder the acceptance and adoption of functional food products, particularly in regions with deeply rooted culinary traditions.

Consumer perception of the taste and overall sensory experience of a food product is a crucial factor in purchase decisions. If functional foods are perceived as unpalatable due to off flavors, consumers may be less inclined to incorporate them into their diets, reducing their consumption and overall market growth. Sensory preferences can vary widely across the diverse Asia-Pacific region, making it challenging for manufacturers to develop functional foods that cater to the tastes of various cultural and ethnic groups. Overcoming the issue of off flavors while maintaining the health benefits of functional compounds is a complex and costly process for food manufacturers.

The presence of off flavors associated with functional compounds is expected to impede the growth of the functional food market in the Asia-Pacific region. Overcoming this challenge will require significant research and development efforts to formulate functional foods that not only provide health benefits but also align with the sensory preferences and culinary traditions of diverse consumer segments. Addressing this issue effectively is crucial for the continued expansion of the functional food industry in this region.

Strict Government Regulations

Strict government regulations can be a significant hindrance to the growth of the functional food market in the Asia-Pacific region. While regulatory oversight is essential for ensuring consumer safety and product quality, excessively stringent regulations can create barriers that impede innovation, limit product availability, and increase production costs. Complex and rigid regulatory processes can slow down the introduction of new functional food products to the market. Manufacturers are often required to undergo lengthy and expensive approval procedures, including safety assessments, clinical

trials, and compliance with labeling and packaging requirements. These processes can deter companies from investing in research and development, especially for smaller enterprises, thereby limiting the variety of functional foods available to consumers.

Stringent regulations can limit the use of certain functional ingredients or compounds, even if they have been widely accepted as safe in other regions. This can result in a lack of product standardization and innovation, as manufacturers must navigate a complex web of regulations across different countries within the Asia-Pacific region.

Strict labeling requirements can pose challenges for manufacturers attempting to communicate the health benefits of functional foods to consumers. Regulations may restrict the use of specific health claims or require extensive scientific evidence to substantiate claims, making it difficult for consumers to make informed choices about these products.

Key Market Trends

Increasing Technological Advancements in the Production

There is a growing interest in creating functional foods as we continue to uncover the intricate relationship between diet and human health. With the advancements in nanotechnology, new methods and materials have emerged that hold the potential to address many of these health-related challenges. This surge in interest can be attributed to multiple factors, including an aging population in Western nations, which is more susceptible to age-related diseases, and the rising prevalence of metabolic conditions. As scientific knowledge about the impact of diet on health becomes more readily available, especially for conditions like heart disease, diabetes, arthritis, and obesity, the food sector faces critical challenges. These challenges include determining optimal intake levels, developing suitable product formulations and food delivery systems, and identifying the bioactivity of beneficial substances to meet the future demand for functional foods.

In particular, the incorporation of bioactive substances into functional meals without compromising sensory perception and enhancing the absorption of specific ingredients are two areas where nanoscience and nanotechnology can offer innovative solutions. By addressing these aspects, the development of functional foods can be further enhanced, paving the way for promising market prospects.

Increasing Demand for Innovative and Inventive Products

The expansion of the market for functional food and beverage items is being driven by increased research and development efforts. Businesses are focusing on producing novel and innovative products to cater to the growing demands of consumers. For instance, nutrition bars and assorted functional chocolates for kids, such as candies and toffees, are being developed to offer quick nourishment for busy individuals and appeal to exercise enthusiasts. Additionally, as people become more conscious of their digestive health, probiotic products are evolving to meet their increased awareness and demand. The demand for functional meals is experiencing a significant rise worldwide.

This growth is not only fueled by product innovations but also by the development of novel technologies to formulate functional food items. Various techniques, including vacuum impregnation, encapsulation, edible coating, and enzyme utilization, are being employed to create these functional meals. Enzymes like lipases are used to produce fatty acids as antioxidant esters and flavoring additives. Moreover, encapsulation of probiotics allows for storage at room temperature, increases water activity, and minimizes viability loss. Manufacturers are actively utilizing these technologies to create new goods that meet the evolving preferences and demands of consumers.

Segmental Insights

Source Insights

In 2022, the Plant-based segment is projected to dominate the Asia Pacific (APAC) Functional Foods Market. This trend is attributed to the growing consumer awareness about the health benefits of plant-based foods, including their high nutritional value, lower environmental impact, and potential contribution to disease prevention. Additionally, the rise in vegetarian and vegan populations in APAC countries, driven by ethical, health, and environmental concerns, has further fueled the demand for plant-based food options. Moreover, the increased focus on sustainable and organic food products has also played a significant role in the growth of the Plant-based segment in the APAC region. As more consumers prioritize healthy and sustainable eating choices, the market for plant-based functional foods is expected to continue expanding in the coming years.

Distribution Channel Insights

In 2022, the rapid advancement of digital technology and the increasing utilization of online platforms have significantly contributed to the growth of the Non-Store-Based

distribution channel in the APAC Functional Foods Market. With easy access, a wide variety of choices, and the convenience of doorstep delivery, e-commerce platforms are quickly emerging as the preferred choice for consumers seeking to purchase functional foods. This shift in consumer behavior is driven not only by the convenience and accessibility offered by online channels but also by the current global health situation, which has further encouraged contactless transactions. However, it is important to note that Store-Based channels still hold their ground, providing hands-on customer service and the immediate gratification of physical selection. Despite their continued significance, the Non-Store-Based channel is projected to outperform in the market, fueled by the growing trend of online shopping and the increasing preference for contactless transactions. As consumers embrace the benefits of technology and seek convenience in their purchasing journey, the Non-Store-Based channel is expected to witness remarkable growth and reshape the landscape of the APAC Functional Foods Market.

Country Insights

The Asia Pacific (APAC) Functional Foods Market is poised to experience substantial growth in the foreseeable future. Among different countries, China is projected to establish its dominance in the market due to several factors. Firstly, China's large population provides a vast consumer base for functional foods. Secondly, the rising health consciousness among the Chinese population drives the demand for these products. Additionally, the growing disposable income in the country enables consumers to afford functional foods as part of their daily routine. Furthermore, the strong cultural inclination towards traditional foods with recognized health benefits further contributes to China's leadership in the Functional Foods Market. With these factors combined, China is expected to play a pivotal role in shaping the future of the functional foods industry in the Asia Pacific region.

Key Market Players

Danone S.A.

Glanbia PLC

Mars, Inc.

Meiji Holdings Co., Ltd.

Nestle S.A.

Royal Frieslandcampina N.V.

The Kraft Heinz Company

Hearthside Food Solutions LLC

Raisio PLC

Sanitarium Health and Wellbeing Company

Report Scope:

In this report, the Asia Pacific Functional Food Market has been segmented into the following categories, in addition to the industry trends which have also been detailed below:

Asia Pacific Functional Food Market, By Source:

Plants

Animal

Asia Pacific Functional Food Market, By Ingredients:

Prebiotics & Probiotics

Dietary Fibres

Minerals

Fatty Acids

Carotenoids

Vitamins

Others

Asia Pacific Functional Food Market, By Applications:

Cardio Health

Immunity

Digestive Health

Sports Nutrition

Weight Management

Clinical Nutrition Others

Asia Pacific Functional Food Market, By Distribution Channel:

Store-Based

Non Store-Based

Asia Pacific Functional Food Market, By Country:

China

Japan

Australia

Thailand

India

Indonesia

South Korea

Singapore

Malaysia

Competitive Landscape

Company Profiles: Detailed analysis of the major companies present in the Asia Pacific Functional Food Market.

Available Customizations:

Asia Pacific Functional Food Market report with the given market data, Tech Sci Research offers customizations according to a company's specific needs. The following customization options are available for the report:

Company Information

Detailed analysis and profiling of additional market players (up to five).

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