

Digital Marketing & e-Commerce

Tapping the Potential of Online Sales and Digital Promotion in Consumer Healthcare



Key features of the report

This all-new report from Nicholas Hall dives into the world of e-Commerce and Digital Marketing, profiling key players and brands, assessing strategies, developments and regulations, and looking to the future.

Digital Marketing & e-Commerce

Tapping the Potential of Online Sales and Digital Promotion in Consumer Healthcare

Digital Marketing is now considered by many Consumer Healthcare players to be the most important way to engage with consumers and healthcare professionals. As a means of influencing brand choice, digital marketing is rapidly usurping more traditional media such as TV and print, with a rise in the use of social media platforms, blogging, online video content, etc. The importance of social media in influencing consumer purchases and the wealth of knowledge available to consumers online to make increasingly informed choices (including ease of price comparison) are evolving the way consumers purchase and interact with brands.



e-Commerce is currently the most dynamic channel in the CHC industry, accounting for 9% of all CHC sales globally, a share expected to rise to 16% in the next ten years. Already hugely important in the major markets of China, USA, Japan and Germany, online healthcare sales are expanding rapidly in all markets where permitted. Rapid e-Commerce expansion is fuelled by online discounting, the emergence of high-speed mobile data, and increasingly secure and speedy payment methods, all of which are leading consumers to embrace the convenience of purchasing healthcare products online.

Introduction

Rise of smartphones: implications for the consumer health industry

- Smartphone penetration is virtually 100% among younger consumers and is even close to 70% among over 65s
- According to Pew Research, 37% of Americans now go online mostly using a smartphone, in line with a dramatic increase in the number who say they own a smartphone – up from 35% in 2011 to 81% in 2019
- The rise has impacted all age groups, and although highest percentage going online mostly via a smartphone is for 18-29 year-olds (58%, up from 41% in 2013), rise is equally impressive among older groups – up from 6% to 27% for 50-64 year-olds and from 2% to 15% among those aged 65+
- There has been a similar rise on a global basis: according to Statista, mobile phone internet penetration worldwide increased from 48.8% in 2014 to an estimated 63.4% in 2019
- Asia and Africa make major contributions to the upturn, with penetration rates of 65.1% and 59.5% respectively
- In 2020, says Statista, the number of smartphone users worldwide is projected to reach 2.87bn, up from 2.1bn in 2016
- On these platforms are thousands of apps focused on healthcare including mental health, sleep tracking, pollen forecasting, flu alerts, etc.
- Smartphones allow individuals to take a holistic view of their health via hubs such as Apple Health and Google Fit; Big Tech can leverage the resulting data via partnerships with medical institutions (e.g. UK's NHS) and health insurance companies
- Will we see a new model of healthcare in future?** A world where the consumer communicates directly with HCPs 24/7 via smartphones and wearables and purchases medicines or services directly online, leaving traditional retail outlets such as pharmacies completely out of the picture



e-Commerce – Global consumer health market

becoming more ne purchase of OTCs most non-prescription ermitted in 2014

beral e-Commerce harmacy chains are st visible online, but rival

ulations in India are ermmint is attempting ituation (to protests h pharmacists' lobby)


ynamic in USA and r more competitive Amazon and Walmart increase their presence, forcing the pharmacy giants such as Walgreens and CVS to

Market	\$mn	18/17	CAGR 18/14	\$mn 2019 (projected)	\$mn 2020 (projected)
11 Poland	123.4	+24%	+35%	149.9	178.5
12 Australia	114.8	+11%	+14%	128.6	144.9
13 India	91.0	+30%	+26%	113.3	142.3
14 Austria	84.7	+9%	+10%	91.8	99.1
15 Sweden	81.7	+15%	+16%	90.3	98.6
16 Belgium	47.7	+13%	+13%	52.6	58.5
17 Mexico	43.0	+7%	+9%	47.1	52.2
18 Brazil	35.2	+12%	+13%	39.7	45.4
19 Russia	28.5	+12%	+13%	32.1	36.6
20 Netherlands	23.8	+11%	+13%	26.7	30.2
Other countries	458.3	+18%	+20%	509.7	574.4

Online purchase of medicines is popular in **Germany** owing to the better value on offer in this channel; leading brands are seeing online sales cannibalise in-store sales

The **UK** is the most well-established market for e-Commerce in Europe owing to liberal regulations

The e-Commerce market is currently small in Latin America but **Brazil** and **Mexico** are expected to be among the fastest growing in future




Key questions answered

- How large is the current online market for consumer health brands, how fast is it growing and which markets and brands are driving growth? How big can it become in the next decade?
- Which CH brands are employing effective digital marketing strategies, and what can be learned from the best examples?
- Are the leading CHC marketers investing in e-Commerce? Do they have online platforms for their brands?
- How are the major online retailers like Amazon, Tmall and Flipkart affecting the healthcare market?
- How important is social media? What role do consumer influencers play?
- What is the regulatory framework and how does it differ from market to market? What can be sold and who can sell online?
- How does e-Pharmacy fit into the picture and what are the opportunities & challenges?

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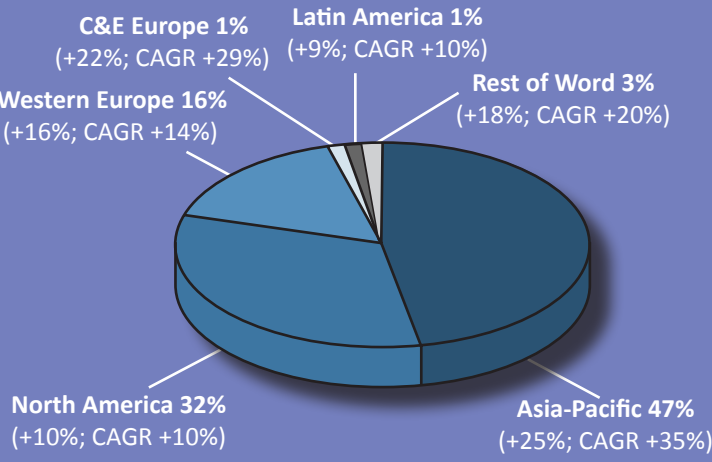
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e-Commerce posting strong growth globally

Share of internet & mail order sales 2018



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e-Pharmacy – e-Health services in China

Babytree, in association with Wyeth Nutrition, brings together e-Health and e-Commerce

- Wyeth Nutrition (owned by Nestlé) has built a significant e-Health presence in China, primarily focused on infant and maternity care; in 2018, its maternity brand BabyNes partnered with online health platform babytree.com as part of its innovation incubator in the country
- Partnership, called W+Club, is focused on the "first 1,000 days of life", combining online health services via Babytree with collaboration with brick-and-mortar retailers including 5,000 maternity stores



- Babytree's online services include a maternity shop, articles about parenting and childbirth, and a social network for mothers
- Babytree smartphone app (see left) offers a wide range of services for mother and baby including health advice (with the option to tailor the information to specific needs), online shopping, social media services to connect with other new parents and telehealth services such as online consultations
- Health advice and online consultation webpages also feature promotion for maternity brands (e.g. Mead Johnson's Enfamil; see right)



- Demand exists for digital health services for parents and children in China; estimates quoted in OTC Newsflash suggest provision is as low as 0.6 doctors per 1,000 children and the maternal and infant service industry will exceed RMB300bn (\$43.7bn) by 2022

e-Commerce regulations – Australia

Medicines available in Australia

Medicines are available online; regulation largely follows framework for medicines sales in brick & mortar permitted to sell Schedule 2 (pharmacy-only) and Schedule 3 (pharmacist-only) medicines online purchased via online pharmacy websites whereas S3 medicines require a telephone consultation for an order to be processed

Unlisted medicines (which includes most supplements) can be sold online by any online retailers

- Low-to-moderate-risk medical devices are classified S2 so can only be sold online by registered pharmacies, but bandages / dressings and other unscheduled medical devices available outside pharmacies are not restricted in this way

Availability of medicine classes in Australia	Pharmacy - BTC	Pharmacy - self-selection	Non-pharmacy (mass market)	Online
Prescription-only (S4)	✓	✓	✓	✓
OTC - pharmacist-only (S3)	✓	✓	✓	✓
OTC - pharmacy-only (S2)	✓	✓	✓	✓
Unscheduled / Listed medicines	✓	✓	✓	✓
Medical devices	✓	✓	✓	✓

Digital Marketing – Overview

- As a means of influencing brand choice, digital marketing is gradually usurping more traditional media such as TV and print (although these remain vital), with a rise in the use of social media platforms, blogging, online video content, etc.

- According to Zenith's Advertising Expenditure Forecasts, internet advertising in 2018 generated 44% of the global all-brand total, and is forecast to account for 47% by end-2019 and 52% by 2021

- While maturity of the market is expected to dampen growth from 17% (2018) to 9% (2021), bright spots remain in online video (+18% per annum to 2021) and social media advertising (+17%)

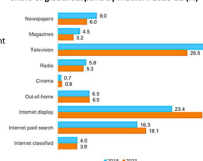
- These channels benefit from continued technological improvement

- With the launch of 5G in USA and South Korea in 2019, and a rollout globally over the next few years, brand media will receive a boost via mobile channels as connections become faster and more responsive

- Other channels are growing much less rapidly; paid search, which accounted for 37% of internet adspend in 2018, grew by 11% that year, but growth is forecast to fall to 7% in 2021

- Generally, the biggest companies are investing heavily in internet advertising, but the majority are still spending most of their budget in traditional media

Share of global adspend by medium 2018-21 (%)



Source: Zenith



- Assessing strategies, developments and regulations in the world of e-Commerce and Digital Marketing
 - Profiling key players and brands
 - Plus a look to what the future holds

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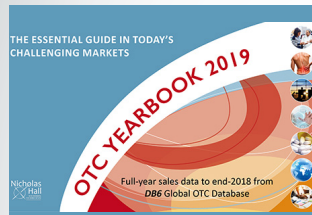
September 2019



New Paradigms 2019

Focusing on major issues surrounding the CHC Market, including Innovation, Distribution, Digital Engagement, Competition and much more, this is an essential read for all players striving to compete in this evolving marketplace.

August 2019



OTC YearBook 2019

Featuring expert analysis and incorporating full year-end 2018 data from the only dedicated worldwide CHC database, Nicholas Hall's unique and invaluable DB6 Global CHC Database.

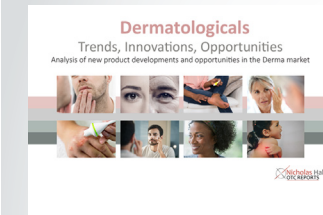
April 2019



Lower GIs

An in-depth exploration of the Lower GIs market, including Laxatives, Antidiarrhoeals, Antispasmodics & IBS remedies and Probiotics. Landscaping major markets, with topline sales, brand performances, launches and ad campaigns.

March 2019



Dermatologicals

Access key insights and essential knowledge of the most important launches and emerging segments in the Dermatologicals market. Categories covered include Acne, Anti-ageing, Antifungals, Cold sore treatments, Cosmeceuticals, FIC and more.

December 2018



Sleep

This report investigates the competitive landscape in 12 key markets, establishing trends & developments, barriers to growth and emerging niches. Charts segment the market by ingredient and show proportion of sales generated by herbals & naturals.

October 2018



Herbals & Naturals

This report examines the biggest and most exciting Herbals & Naturals categories in 9 leading global markets, from probiotics and herbal cough remedies to natural laxatives, topical analgesics and supplements for heart health, immunity and memory.

September 2018



Cough & Sore Throat

This report investigates the factors driving growth in the Cough & Sore Throat category, and those holding it back, considering what needs to change if higher growth is to be achieved, with detailed case studies of successful brand strategies.

June 2018



Allergy Relief

An in-depth exploration of the Allergy market, including Allergy remedies, Anti-itch derma, Eye allergy and Asthma remedies, plus a look at selected allergy-focused products from topical decongestants, probiotics and elsewhere.

March 2018



Pharmacies in Vietnam Pharmacies in Myanmar

Two reports from a collaborative project undertaken by Nicholas Hall and DKSH detailing everything you need to know about the pharmacy landscapes of Vietnam and Myanmar.

February 2018



Upper GIs

An exploration of the Upper Gastrointestinals market, including antacids, antflatulents, antinauseants, digestive enzymes and liver & bile remedies, with coverage of 15 major markets.

December 2017



Rx-to-OTC Switch

Shining the spotlight on the switch procedure itself, and the regulatory hoops that must be jumped through to turn an Rx product into a successful CHC brand, the report aims to equip readers with a greater understanding of the ins & outs of switch.

December 2017

Get in touch!

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