Eye Health

A Nicholas Hall report on the Global OTC Eye Health Market

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Definitions & methodology

Common abbreviations

A+P	advertising & promotion
BTC	behind-the-counter
j-v	joint-venture
L&A	licensing & acquisition
MSP	manufacturer's selling price
M&A	merger & acquisition
OTC	over-the-counter
POS	point-of-sale
Rx	prescription
SPD	separation of prescribing and dispensing
UTC	under-the-counter (illegal OTC sales of Rx-only products)

Definitions

An oblique mark (/) is used to show the ultimate owner of a company, e.g. "McNeil / Johnson & Johnson"; the term "for" is used to indicate that the former company markets a brand under license from the latter, e.g. "Taisho for GSK".

The term "mass market" is used to mean sales through non-pharmacy retail outlets.

"Principal markets" or "key markets" for a given company are examples of some of the most important countries or regions where the company generates sales, rather than an exhaustive list of countries where it markets products.

OTC market definition

Market sizes, growth rates and brand sales are, unless stated otherwise, based on Nicholas Hall & Company's global OTC database, ***DB6***. All data is being updated continually, and is believed to be accurate at the time of going to press.

All OTC market data contained in this report is expressed at manufacturer's selling prices (MSP), although it relates to consumer purchases. Sales data includes all non-prescription sales. Data includes retail sales in all outlets. Mail order, multi-level, e-commerce and other non-retail sales are not included.

Full year sales data is for the calendar year January-December for each year shown, while mid-year sales data is for the 12 months to end June for each year shown, unless otherwise stated. In some cases, full year sales and mid-year sales may not be directly comparable owing to data restatements with the latest information.

All data is calculated in local currency and converted to US dollars at the exchange rate that applied on 31 December 2015. The symbol $ refers to United States dollars unless otherwise stated.

Definitions & methodology

OTC market definition (continued)

Under-the-counter (UTC) sales are not included except in countries where there are few or no legal OTCs (such as Turkey) where UTC sales are included for products that fall within the DB6 category definition and would be considered consumer items in most established OTC markets.

Non-prescribed sales of semi-ethical brands (which can be sold both with and without a prescription) are included in all sales estimates. Prescription sales of OTC-registered brands are included where these sales are significant.

Sales of traditional medicines (e.g. TCM, jamu and ayurvedic), homeopathic medicines, food supplements and medical devices are included where they are packaged and positioned alongside registered OTCs.

Manufacturers' sales data is based on branded products alone. Manufacturers' sales do not include any private label sales to retailers or bulk sales of unbranded products to other manufacturers or distributors. Sales of individual private labels are included in "others" in each subcategory.

Sales data for each manufacturer includes sales made by any national or international subsidiaries.

All acquisitions are added to manufacturers' historical data so growth excludes the effect of M&A activity.

Volume sales, where available, represent the absolute number of packs sold (unadjusted for size / dosage).

All forecasts take into account published socio-economic and demographic forecasts plus OTC-specific factors such as switch, regulatory change and historical trends.

In this report, the total OTC eye health market comprises eye care (tracked under Lifestyle OTCs) and eye health supplements (tracked under VMS).

The eye care category is further segmented along the following lines:

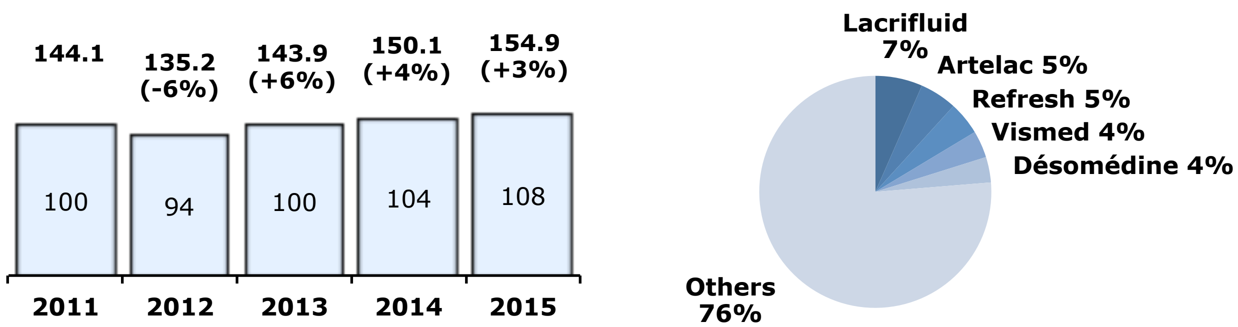
- **Artificial tears** comprises artificial tears, eye washes as well as eye lubricants and brands for "dry eye"
- **Decongestants** comprises decongestants, antihistamines and brands for irritation / "red eye"
- **Anti-infectives** comprises antibiotics, antibacterials and antiseptics

France – Eye care

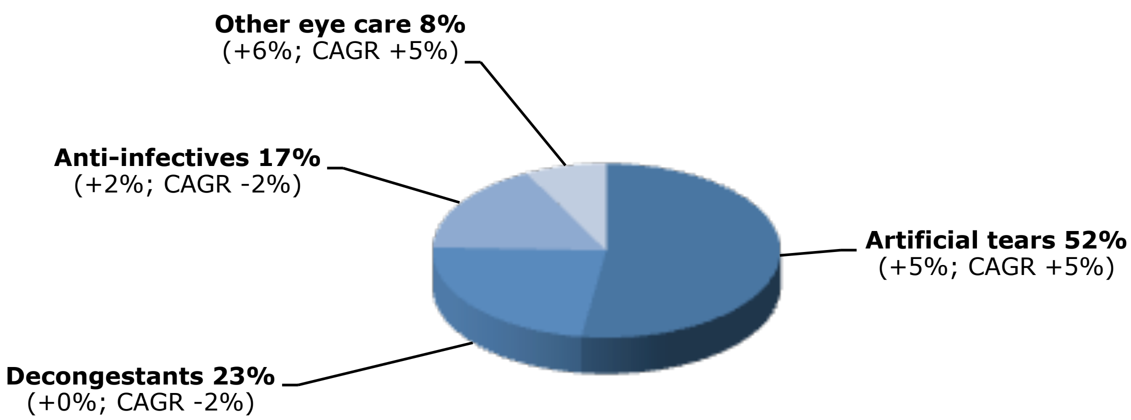
Key eye care trends

- Despite being highly fragmented, the category posted solid growth 2013-15, with most brands seeing healthy sales increases
- Semi-ethical medicines continue to dominate the rankings, so there is little consumer promotion, although there has been some A+P support for pure OTCs further down the rankings
- Marketers continue to position products as ideal for busy lifestyles, frequent computer use and the growing number of contact lens wearers
- Regional eye care specialist Théa holds a significant presence in the category; the majority of its portfolio is semi-ethical, which means there is little direct-to-consumer advertising, with promotion instead targeting HCPs

France OTC eye care sales 2011-15, with top brands' share of sales 2015 *(MSP, $mn)*



France OTC eye care sales by segment 2015
(MSP, $mn)



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Japan – Eye care

- Promotion focuses on the cooling effect of presentations such as New Mytear CL Cool Hi-a and New Mytear CL Ice Crush (latter launched in 2013)
- Marketer website senju.co.jp features clear information differentiating the various presentations, with dry eye products rated by the strength of their "Cooling Factor"
- Site also includes a trivia and games section featuring information about eye health, eye exercises and optical illusions
- A+P for New Mytear CL Ice Crush includes an online game and TV ads promoting it alongside the wider Mytear range (*see below*)

- Lion's Smile range includes a number of artificial tear presentations, growing steadily even as the category topline saw a downturn in 2014
- Range is divided into Smile Contacts and Smile 40 ranges; latter is positioned for consumers aged over 40, with ads targeting that demographic
- Contact lens safe range Smile Contacts includes preservative-free cooling eye drop Smile Contacts Cool Fresh and high-strength high-viscosity presentation Smile Contacts EX Drytect
- Smile Contacts Pure contains chondroitin, claimed to protect the cornea from damage caused by dry eye
- A+P for Soft Santear is informative, with an educational website explaining the importance of eye health and the brand's safety and convenience

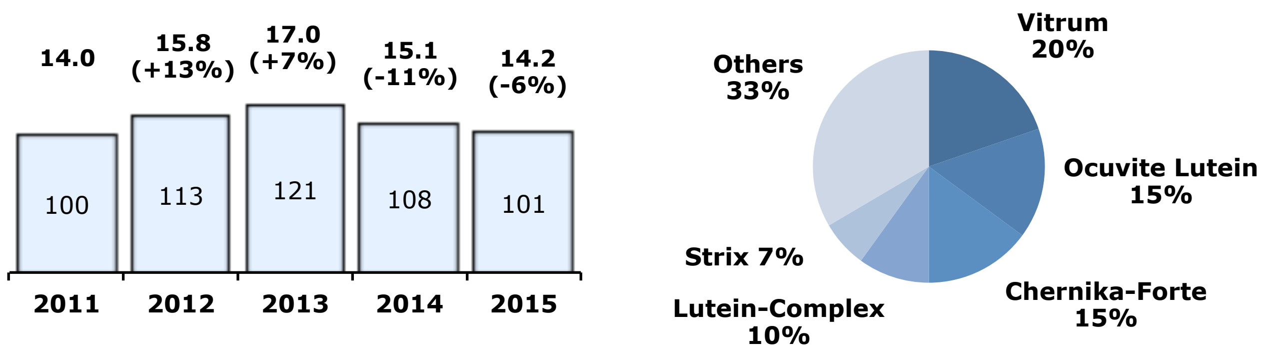
- Although the brand does not contain decongestants or antihistamines, it is positioned in ads to relieve dry and congested eye symptoms caused by pollen
- Range also includes Soft Santear Hitomi Stretch, which contains B vitamins and is claimed to dilate the pupils and treat tired eyes
- Iris is well-diversified, with numerous artificial tear presentations available; however, dynamism of higher-tier rivals driven by line extension and a lack of A+P for Iris has eroded its share

Russia – Eye health supplements

Key eye health supplements trends

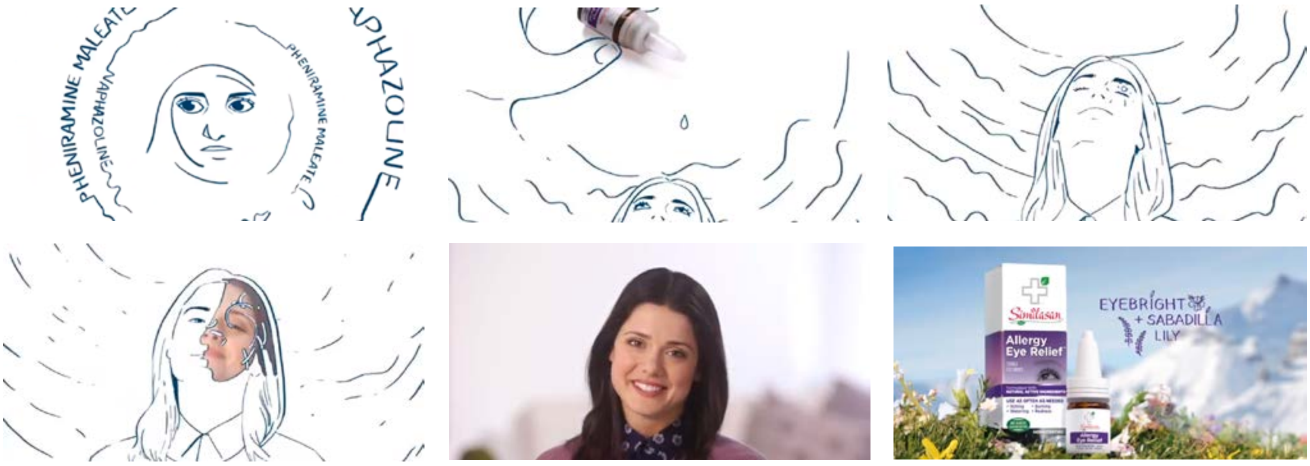
- Brands are most commonly positioned for maintaining and improving vision, largely targeting the older population
- New launches have expanded the category, with options for children growing in popularity
- Lutein and bilberry-formulated options are most prominent

Russia OTC eye health supplements sales 2011-15, with top brands' share of sales 2015 *(MSP, $mn)*



- Premium-priced Vitrum Vision leads in terms of value sales; brand benefits from its position as part of a wider VMS range
- Price rises have also been a key factor behind value growth (price rose roughly 10% annually)
- Core option is formulated with vitamins C, E, B, lutein, zeaxanthin, copper, zinc while Forte line extension includes added bilberry, rutoside & selenium
- Valeant fields a large number of options, accounting for 4 of the Top 10 brands in the category; three of the four options are formulated with lutein, while Naturetto's key ingredient is glucose
- While Naturetto ranks No.10, it actually ranks second in terms of volume sales owing to its low price point ($0.34 for a 17 tablet SKU), although has seen steep decline since 2013
- Local bilberry brand Chernika-Forke is one of the strongest performers in terms of value growth
- In terms of volume sales Chernika-Forke is actually the category's leading brand, accounting for over a quarter of the category's volume sales; however, sales have declined since 2012

USA – Eye care



A woman explains "putting all those chemical allergy drops in my eyes made me worry. But Similasan drops – these are different"

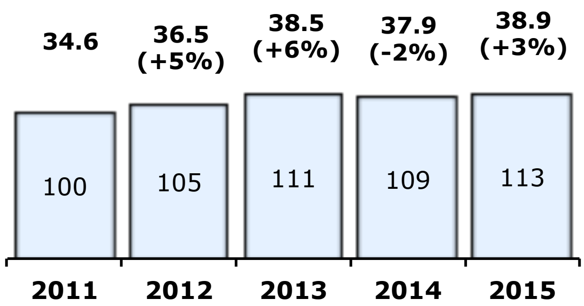
- Unusually for eye care brands, Similasan is available in a children's version, 2013 launch Similasan Kids Irritated Eye Relief; the presentation is positioned to provide temporary relief of minor symptoms such as: redness of the eyes; irritation, dryness and burning; sensation of grittiness; excessive watering (clear)

- Another brand in the homeopathic niche is Pink Eye Relief (TRP Company); the brand is claimed to temporarily relieve redness, burning, watering, inflammation, sensation of grittiness, and overnight crusting associated with pink eye (conjunctivitis)
- Rohto generates most of its sales in this segment and grew well as Mentholatum deftly positioned the brand to appeal to younger consumers, with line extensions Rohto Cool, Rohto Hydra and Rohto Ice presented in contemporary packaging
- According to Mentholatum, Freshkick technology delivers intense freshness that brings instant cooling relief to irritated eyes caused by factors such as late nights, eye strain, environmental conditions, pollen, dust and inadequate tear production
- The brand was supported with humorous TV ads in 2016 showing a man curing his "zombie eyes" thanks to Rohto Eye Drops

A man's red, irritated "zombie eyes" are brought back to life by Rohto Eye Drops

Vitalux

Vitalux OTC eye health sales 2011-15
(*MSP, $mn*)



Marketer: Alcon / Novartis

Segment: eye health supplements

Key market: Canada

CAGR 11-15: +3%

- Vitalux is global No.2 among eye health supplements, with the majority of sales generated in Canada and Germany
- In Canada, the brand is marketed to elderly consumers; A+P focuses on the elevated risk of AMD in consumers over 50, and cites the AREDS 2 study to support its health claims
- Promotional activity includes the "Eye Club" scheme, which offers information about eye health and discounts on eye health products including Vitalux

JOIN THE eye CLUB

- While AREDS 2-based presentations, including chewable tablet options, account for the largest share of sales, the range is well-diversified, with beta-carotene free options and omega-3 presentations also available
- Although retail sales are declining in Germany, Vitalux reportedly has a strong online presence there
- Brand is growing well in Brazil; although eye health supplements are underdeveloped there, the 2013 launch of Vitalux Plus Omega-3 has proved successful

Vitalux leading OTC eye health markets 2015 (*MSP, $mn*)

Country	$mn	2015 / 2014
Canada	16.1	+3%
Germany	6.3	-13%
Brazil	4.8	+38%
Switzerland	4.6	+7%
Spain	2.1	+5%

Success factors: A well-diversified eye health supplement which benefits from a strong reputation among HCPs in its key Canadian market.