

NICHOLAS HALL'S

NEW PARADIGMS 2019

Over the Horizon

A Signature Report personally written by Nicholas Hall



Nicholas Hall
Executive Chairman & Creative Solutions Director
Nicholas Hall Group of Companies

Nicholas is the founder and team leader of the Nicholas Hall Group of Companies, an elite consulting, business intelligence, events and executive recruitment & training company primarily serving the OTC healthcare industry. After a career in marketing and general management with Procter & Gamble, Vicks and GD Searle, Nicholas has managed the Group's multiple businesses around the globe, which has among its clients many blue chip OTC companies, as well as some of the leading local laboratories in Europe, Asia and the Americas. He has more than four decades of experience in the healthcare industry and has moderated over 500 OTC conferences and seminars in 58 countries.

- Report purchases include access to a webinar of key findings presented by Nicholas Hall personally.
- Additional customised presentation via webinar / in-house workshop conducted by Nicholas Hall from £10,000.

Enquiries: melissa.lee@NicholasHall.com



1. Looking over the Horizon

- 15 Infinity Zones
- Forecasts for the mainstream retail sector
- Best Case
- Worst Case
- Model 1 (DtC) vs 2 (OTx)



2. CHC Market – Situation Report

- 2014-18 (and a little further back)
- What happened in 2018
- North America • Europe
- Japan • Australasia

3. Emerging Markets

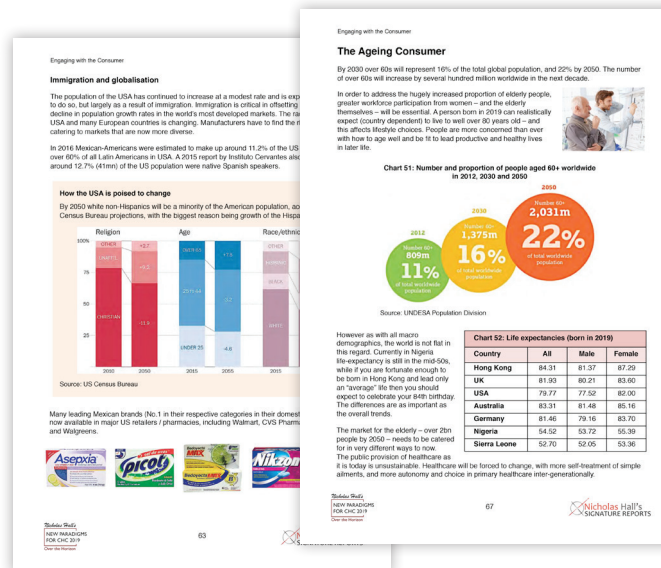
- Overview
- BRICITS
- 2nd tier
- The new 3rd tier

4. Healthcare Trends

- Upturn in some illnesses and conditions
- Allergy (and allergy-associated asthma)
- Obesity and diabetes • Autism Spectrum Disorders
- Attention Deficit / Hyperactivity Disorder
- Medical provision • How governments aim to reduce the healthcare “burden” • Big Pharma: Does it have a future in Consumer Healthcare
- Why are pharma players exiting consumer healthcare?

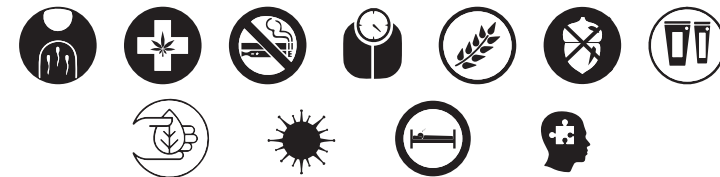
5. Engaging with the Consumer

- Demographics • Strepsils / Strefen – carving a niche as severe sore throat specialist
- With less time, convenience is key for consumers
- A rapidly growing middle class
- The Ageing Consumer • Women vs Men
- Is there a gender gap?
- Defining the women’s CHC market
- Unmet needs: opportunities for successful switch



6. How to Innovate (at last!)

- Why CHC isn't innovating • Which new entries are the game-changers? • Innovation zones: delivery, devices, diagnostics • Innovation zones: new delivery systems • Innovation zones: medical devices for treatment, relief or prevention
- What about smaller segments? • Innovation zones: diagnostics & monitoring • Thorne Research – premium VMS line moving into personalised nutrition



7. Regulation

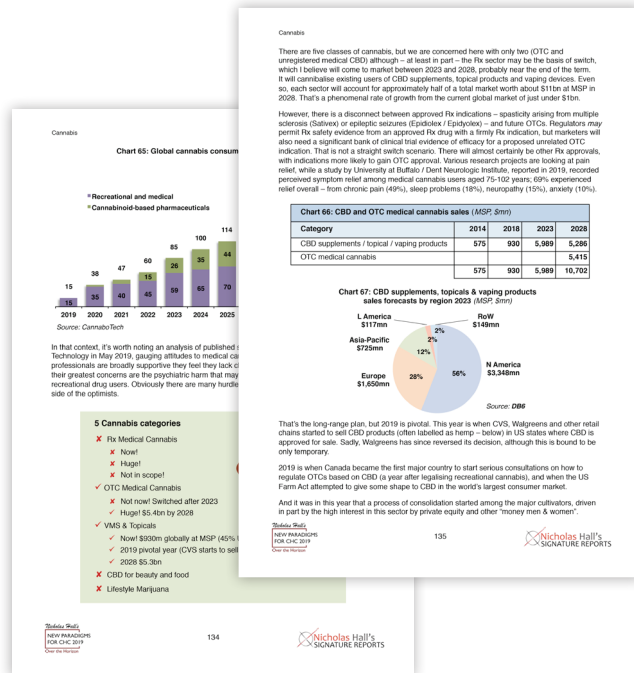
- The overall trend to deregulation and reregulation
- Tighter regulation: aiming for improved safety
- Addictive, dangerous and potentially fatal misuse
- Children's medicines – going, going, gone, honey?
- Supplements – regulated or not?
- Medical devices – EU shows way to better regulation

8. Rx-to-OTC Switch

- Why switch? • Switch models
- USA vs ROW: Can switch be profitable only in USA?
- EU's Centralised Procedure
- Recent switches: what went right / what went wrong? • Voltaren – leading topical analgesic thanks to strong identity and NPD
- What's coming down the pipeline?

9. Cannabis

- Regulatory • Other notable markets
- Who are the cannabis industry leaders?

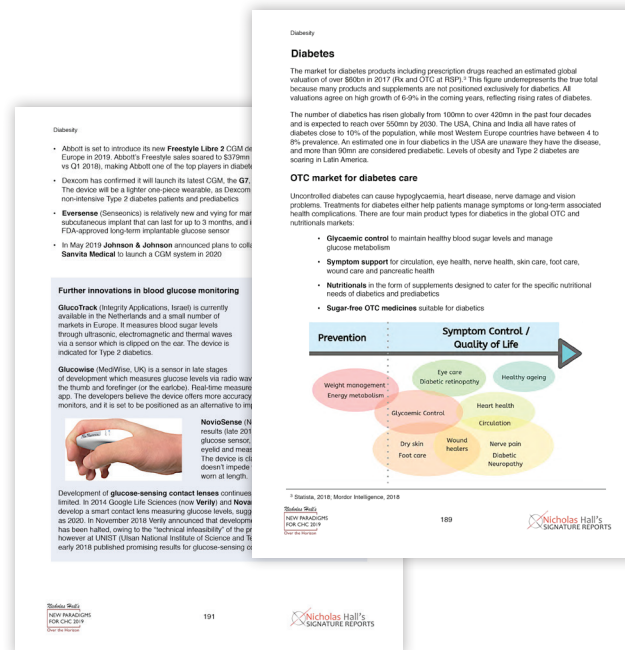


10. Sexual Health

- Contraception • Oral contraceptives
- Emergency contraception • Condoms • Vaginal rings
- Spermicides • Diaphragms • Male contraceptive pills and gels • Prenatal VMS
- Pregnancy tests • Fertility lubricants • FemTech
- Fertility and birth control apps
- Ovulation and fertility kits & monitors
- Leading and latest devices • Erectile dysfunction
- Generic competition increasing

11. Diabetes

- Obesity
- The market for weight loss drugs continues to be flat
- OTC weight loss launches 2017-19
- Fat binders, carb blockers & appetite suppressants
- Meal replacements regaining prominence
- Probiotics for weight loss
- Limited evidence for many weight loss supplements



12. Health through Digestion

- Probiotics
- Probiotics market today (1): The markets, players and brands
- Probiotics market today (2): The focus is on gut health
- OMNi-BiOTiC – diverse European probiotics range
- Food intolerance • Lactose intolerance
- Other intolerances • Nutraceuticals
- Rising investment in nutraceuticals & nutritionals
- Foods making health claims in Japan
- Nutraceuticals & nutritionals expanding fast in Asia
- CHC marketers must contend with food players in this sphere

13. Go Green

- Herbal & natural products
- "Pure" single-ingredient H&N supplements
- Natural supplements for lifestyle
- Burt's Bees – beeswax beauty brand boosted by natural heritage
- Natural topical analgesics



- Natural cough remedies
- Zarbee's – honey-based cough remedy successfully diversified
- Innovation • Immunity
- Myriad other supplements for immunity
- Detox • Hangover remedies

14. Sleep, Mood & Stress

- Sleep disorders • Overview • OTCs & supplements
- Recent developments • ZzzQuil – US diphenhydramine leader expands into herbal & naturals • Switch • Mental health, mood & stress



- The next global epidemic
- Products for mental health, mood & stress
- Innovations
- CBD – the hottest new medicine in mental health
- Probiotics: the gastrointestinal tract is the “second brain”

15. Cosmeceuticals

- Fortified cosmetics • Aesthetic treatments
- Retinoids • Cannabis-infused skincare
- Cosmeceutical supplements / beauty nutraceuticals



16. Distribution

- Why Pharmacy Point-of-Care?
- Treatments that benefit from PPOC
- The US in-store clinics model • And elsewhere... • GSL
- Self-selection in France, Italy & other countries
- Dealing with powerful chains – the Five Squeezes
- Private label • Retail Category Management – bringing order out of retail chaos
- Retail Category Management – the facts
- Shopper insights • Category Captains
- Is RCM only for Model 1 distribution?
- Network / Multi-Level Marketing • Amway
- Appendix 1: Key pharmacy chains
- Appendix 2: Chain pharmacies by region (Americas, Europe, Asia)
- Appendix 3: Pharmacy chains / groups
- Appendix 4: Pharmacy chains in China
- Appendix 5: Pharmacy buying groups and franchises
- Appendix 6: Suitcase trade (daigou) in China

17. The Digital Revolution

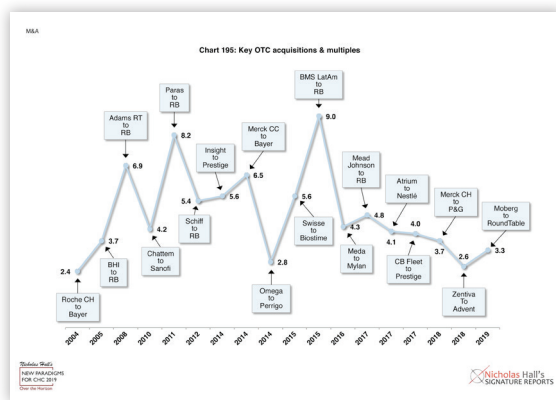
- GSK's digital / e-Commerce strategy
- Consumer influences (and influencers)
- The accelerating trend to greening • Digital advertising
- Successful digital campaigns
- Sensodyne – “Best in Class” Amazon Case Study
- Successful apps • e-Commerce
- Olly – Unilever acquires most dynamic brand in US VMS market
- Blueberry-Eye – Successful direct sales eye health brand
- Profiles of leading OTC brands on Amazon (USA)
- Analysis of brands on Amazon across key categories
- e-Commerce share of key brand sales (USA)
- Advil – “Best in Class” Amazon Case Study
- Tylenol – “Best in Class” Amazon Case Study
- Vicks – “Best in Class” Amazon Case Study
- Leading OTC brands (USA) – Online purchasing guidance • Alibaba Group • WebMD

18. Competition – Winners, Survivors & Losers

- Why are the MNCs underperforming?
- Key regional / local marketers • Top 20 players
- GlaxoSmithKline • J&J • Sanofi • Bayer • Pfizer
- RB • P&G • Taisho • Takeda • Novartis
- China Resources 999 • Otsuka • Teva • Mondelez
- The Nature's Bounty Co • Prestige Consumer Healthcare • Mylan • Bausch Health
- Abbott • Perrigo
- PLUS • Clorox • Nestlé • Unilever

19. M&A

- GSK-Pfizer j-v
- Are OTC acquisitions always a sideshow of Big Pharma?
- Multiples
- Does M&A work?



20. Managing Brands for Long-term Profit Growth

- What makes a brand?
- Building brand values, strengthening consumer loyalty
- Is the OTC industry already generic?
- Adding value, raising prices
- Umbrella branding and line extensions – fewer SKUs, more focus
- Bepanthen / Bepanthol – key franchise in Bayer's CHC portfolio
- Is Mucinex over-extended?
- OTC profitability
- Building critical mass on a global scale

INFINITY ZONES



1. Prevention
2. Cannabis
3. Sexual Health
4. Obesity
5. Diabetes
6. Probiotics
7. Food Intolerance
8. Go Green / Natural & Organic Products
9. Sleep, Stress & Mood
10. Women's Health
11. MedTech
12. Diagnostics
13. Pharmacy Point-of-Care
14. e-Commerce
15. Emerging Markets



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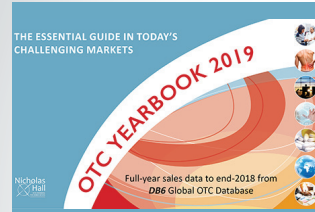
September 2019



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.

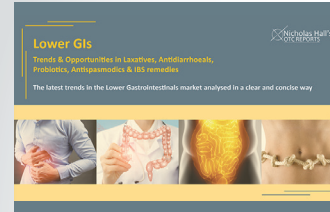
August 2019



OTC YearBook 2019

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

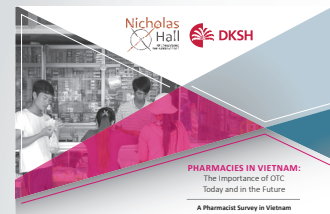
June 2018



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, antifatulents, 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 OTC brand, the report aims to equip readers with a greater understanding of the ins & outs of switch.

December 2017

Get in touch!

Discover the world of OTC with the Nicholas Hall Group of Companies. Our range of services covers everything from consultancy and competitive intelligence to events and executive recruitment. Whatever your needs are in consumer healthcare, we'd like to hear from you! Contact Melissa at melissa.lee@NicholasHall.com

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NEW PARADIGMS 2019 Over the Horizon

1. Looking over the Horizon

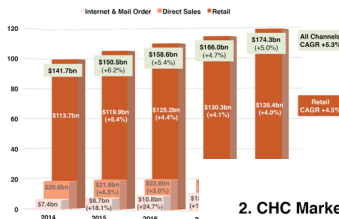
The phrase "infection point" is over-used, but there is no other way to describe where we have arrived in the Consumer Healthcare market in mid-2019. Global growth is a decent 5.3% CAGR (constant currencies), ahead of a theoretical 4.1% benchmark made up of population increase (1.1%) and inflation (3.0%).

The fastest growing part of the market is e-Commerce (+20% CAGR). Generics, private labels and small brands are doing well here, but the major manufacturers appear distasteful. Where MNCs dominate – the retail sector – sales are growing at only 3.7% (IAT Q1 2019).

When I look back over the past five years and beyond, it is very clear that the market is functioning in a totally new way. Partly this is because of the massive disruption caused by Big Tech, Big Pharma and, indeed, Little Pharma, which is over-present in our industry through generics and private labels. But there are many other factors, including a new way that many consumers and patients look at medicines.

Digital and social media are the new "high", and unprecedented sums are being spent here vs TV and other traditional means of communication. But the journey has not been an easy one, and many marketers are asking if digital marketing really pays back.

Chart 1: Global all channels OTC sales 2014-18 (MSP, \$bn)



Source: Statista, NEW PARADIGMS FOR CHC 2019

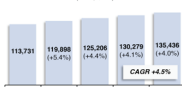
2. CHC Market – Situation Report

Please note that all the market data in this chapter is for the mainstream retail sector as we do not yet have sufficient granularity to make a detailed analysis of the entire CHC market. Please see Chapters 16 & 17 for an indication of the total market including e-Commerce and MLM.

2014-18 (and a little further back)

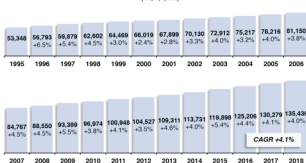
The global OTC market posted its lowest growth in 2018 for several years at +4.0%, well below the CAGR since 2014.

Chart 7: Global OTC sales 2014-18 (MSP, \$bn)



It is interesting to look much further back in time and set this in the context of the past 20+ years, as in the chart below.

Chart 8: Global OTC sales 1995-2018 (MSP, \$bn)



Source: Statista, NEW PARADIGMS FOR CHC 2019

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Looking over the Horizon

Chart 4: Best Case Forecast (MSP, \$bn)

Category	2014	2018	18/14 CAGR	2028	28/18 CAGR
Analgesics	14,990	18,114	+4.8%	29,930	+5.1%
US Systemics (Ibuprofen, Naproxen, Celecoxib, Celecoxib, Celecoxib)				225	
US Topicals: Voltaren Emulgel (Diclofenac), Asahi Gel (Naproxen)				378	
Cough, Cold & Allergy	22,866	27,861	+4.9%	43,925	+4.6%
US Allergy: Claritinex, Nasacort, Singulair, Astelin				550	
Roll out of INS (including Veramyst) into more international markets				142	
Gastrointestinals	13,671	16,521	+4.6%	27,458	+5.2%
Food Intolerance	586	718	1.863	+10.9%	
Vitamins, Minerals & Supplements	34,917	41,280	+4.3%	65,693	+4.8%
Probiotics	2,684	4,170	10.750	+9.9%	
Dermatologicals	16,292	18,389	+3.1%	27,351	+4.0%
Lifestyle OTCs	10,875	13,250	+5.1%	39,289	+11.3%
CRD supplements / topical / vaping products				5,286	
OTC Medical Cannabis				5,415	
Erectile Dysfunction (esp. UK, Poland, New Zealand)				3,412	
Daily Oral Contraceptives				1,542	
Stimulants				453	
Osteoporosis				212	
	113,731	135,436	+4.5%	233,617	+5.6%

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