Nicholas Hall
BENCHMARKING THE WORLD OF OTC

Vitamins, Minerals & Supplements

A Nicholas Hall report on the Global OTC VMS market

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Nicholas Hall's OTC REPORTS

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.

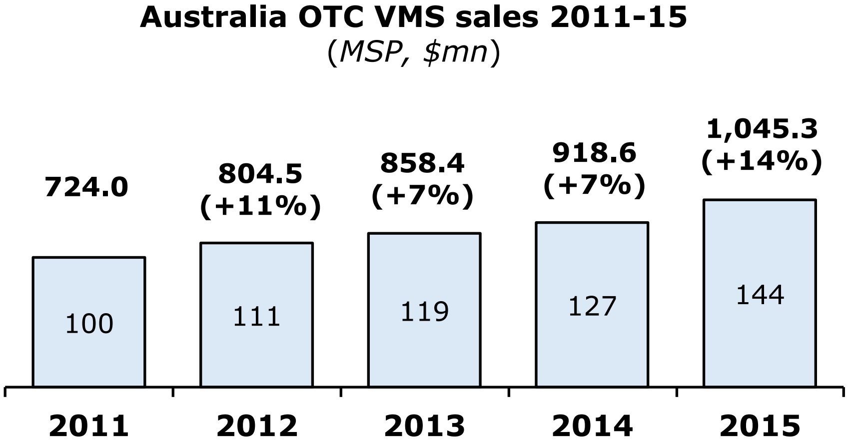
Sales data for each manufacturer includes sales made by any national or international subsidiaries.

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.

Australia – Overview



5 key VMS trends in Australia

- **Longline players dominate**
  Australia's leading brands are longline ranges with vast portfolios covering all major categories, and often expanding into adjacent categories such as health foods
- **Pregnancy niches flooded by launches**
  Across all major categories new launches are targeting women from the stages of pre-conception to breastfeeding
- **Marketers focus on wellbeing**
  One trend among the major players is to offer consumers not just products but a broader suite of health and lifestyle tools and advice
- **Retail environment increasingly competitive**
  Grocery retailers are now trying to match the deep discounting of longline ranges seen in stores such as Chemist Warehouse, while superfoods and diet / sports nutrition products are competing with VMS options
- **Chinese consumers boost sales in Australia**
  Significant upturn in 2015 sales in part reflects purchases from Chinese consumers, who have turned to Australia following doubts about the safety and efficacy of options in their home market

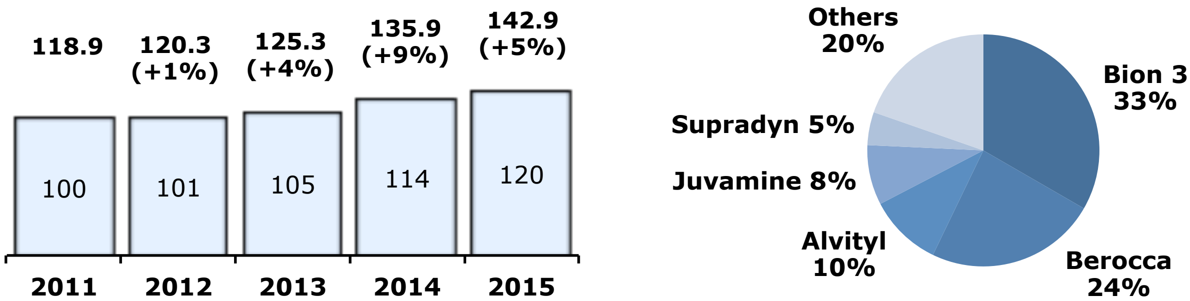
OTC VMS sales per capita 2015:	$43.74
OTC VMS sales CAGR 15/11:	+9.6%
Forecast OTC VMS sales 2025:	$1.8bn
Forecast OTC VMS sales CAGR 25/15:	+5.4%

France – Multivitamins

Key multivitamins trends

- Being largely registered as supplements (and therefore non-reimbursed), multivitamins have escaped the effects of widespread dereimbursement that affected several semi-ethical categories
- Most brands are sold exclusively in pharmacy and parapharmacy; Juvamine is the most notable mass market brand
- Growth was boosted by high-profile A+P support for leading brands as well as high level of NPD (with gummy and on-the-go offerings a key focus for launch activity)
- Bion 3 still comfortably leads the category in terms of sales, but has faced increasing pressure from Berocca and Alvityl, which have posted remarkable growth since 2011
- Perhaps inspired by Berocca's success, a number of marketers have emphasised their products can provide consumers with an energy boost to get through the day

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



- Bion 3 maintains its lead of the category thanks to regular trade ads targeting pharmacists and high-profile consumer A+P
- Promotion to consumers has focused on the Energie line, with Bion 3 Energie Continue (11 vitamins, three minerals and three Tri-Bion ferments) supported via print and online ads in 2016 stressing that it provides energy throughout the day owing to its triple-layer, gastro-resistant tablet
- Merck also promoted Bion 3 Défense Adulte (previously called Bion 3 Adultes), with TV ads in winter 2015/16 inviting consumers to "Be strong from the inside", stressing that the combination of vitamins, minerals and Tri-Bion ferments boosts immune health

Germany – Probiotics

- TV ads in Q1 2015 carried the tagline “like a plaster for your irritated bowel” and illustrated this idea through a cracked tube, representing the bowel, which the Kijimea tablet then travelled, patching up each crack *(see below)*



- Symbiopharm’s range of probiotics all struggled to advance in the competitive environment; Symbioflor for IBS and stablemates Symbiolact and Prosymbioflor, positioned for immune system support, all declined in 2015
- Symbiolact is split into four versions for the small intestine (A), large intestine (B), whole intestine (Comp) and allergy sufferers (Pur)
- Strong growth for Omni-Biotic reflects its extensive line-up *(see right)* and new launches

- The brand’s Stress Repair options contributed the majority of sales, while a number of new pack sizes were rolled out throughout H2 2015
- AllergoSan added a 7 x 3g sachet pack of Omni-Biotic Metabolic to improve metabolism, joining the 30-count size, as well as a 7-count pack of Omni-Biotic Reise for a healthy digestive system when travelling
- In October 2015, the marketer launched Omni-Biotic Migraene, said to be able to reduce intensity and frequency of migraine attacks, without some of the side-effects associated with medicated analgesics

Symbioflor 2 under review

- The European Medicines Agency began a review of Symbioflor 2 (escherichia coli bacteria) in April 2016, which is authorised in some member states to treat diseases affecting the stomach and gut, including IBS
- The review was initiated at the request of Germany’s BfArM following concerns that its efficacy had not been adequately demonstrated
- EMA will now review the available information and recommend whether marketing authorisation should be maintained, varied or suspended across the EU

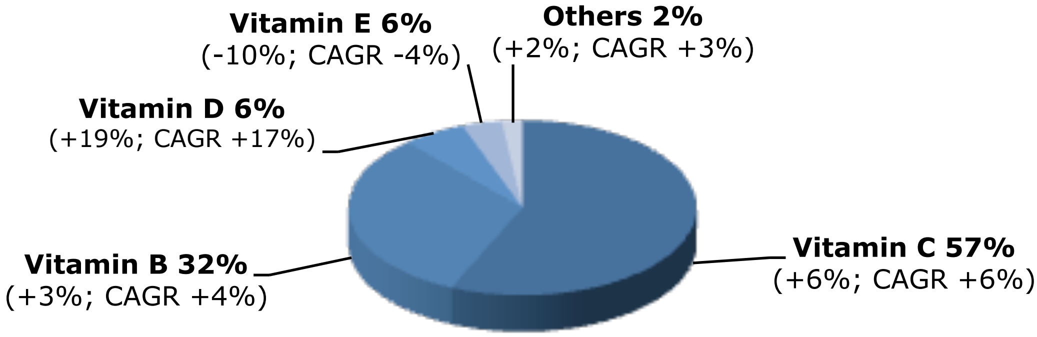
Japan – OTC tonic drinks

- Competition from vitamin B brands, a lack of NPD compared to rivals and high levels of competition were reflected in a decline for Tiovita
- Investment in new distribution channels had little effect on sales of S-Cup; in 2013 a quasi-drug presentation, S-Cup V, was launched in conjunction with beverage specialist DyDo Drinco to be sold exclusively in vending machines
- Tonic presentations of Chocola remained flat, evading the decline seen by its multivitamin presentations
- Range is diverse, comprising a number of energy tonics as well as vitamin B-based energy drink Chocola Joma (launched in 2014) and a niacin and collagen-enriched beauty tonic
- Current A+P campaign focuses on Chocola Joma, featuring a promotional tie-in with popular television programme *Sailor Moon*

- Success of the Hepalyse tonics & cure alls range was mirrored in a strong performance for tonic drink presentations, which grew strongly ahead of the category topline
- Range is primarily positioned for liver health, and enjoys significant popularity as a hangover cure; a turmeric extract and vitamin B drink, Hepacan (*see right*), is also available
- Lower-tier brand Hicee (Takeda) was extended with Hicee Royal in April 2016; low-calorie beauty drink is formulated without caffeine and is designed to be taken before sleeping to take effect overnight

UK – Single vitamins

UK OTC single vitamins sales by ingredient 2015
(MSP, $mn)



Vitamin C

- Redoxon is available as effervescent tablets formulated with vitamin C and zinc, while line extension immune Support launched in April 2014 contains 11 vitamins and minerals; both presentations are positioned for daily immune support
- Haliborange is available as 1,000mg vitamin C effervescents for adults, plus Kids Immune Softies in jelly format, with added B vitamins, zinc and selenium for immune support; the latter sponsored ITV national weather in 2012-13
- Global No.1 vitamin C brand Emergen-C launched in July 2014, supported by product sampling, social media A+P on brand's Facebook page and humorous videos of its fruit mascots
- Range is available in 1,000mg vitamin C sachets in three flavours (orange, lemon and strawberry) positioned for energy release and immunity, with packaging highlighting inclusion of antioxidants manganese and zinc; orange flavour was adjusted for UK palate

UK leading OTC vitamin C supplements 2015 (*MSP, $mn*)

	Brand	$mn	2015 / 2014	CAGR 15/11
1	**Redoxon** (Bayer)	**2.5**	+37%	+12%
2	**Haliborange** (Seven Seas / Merck)	**2.1**	+10%	+35%
3	**Emergen-C** (Pfizer)	**0.3**	+68%	n/a
4	**Quest** (Quest Vitamins)	**0.3**	+2%	+2%
5	**Solgar** (NBTY)	**0.3**	+7%	+5%
	Others	**32.9**	+3%	+5%