

OTC:- Global, Regional & Local Trends and Key Imperatives

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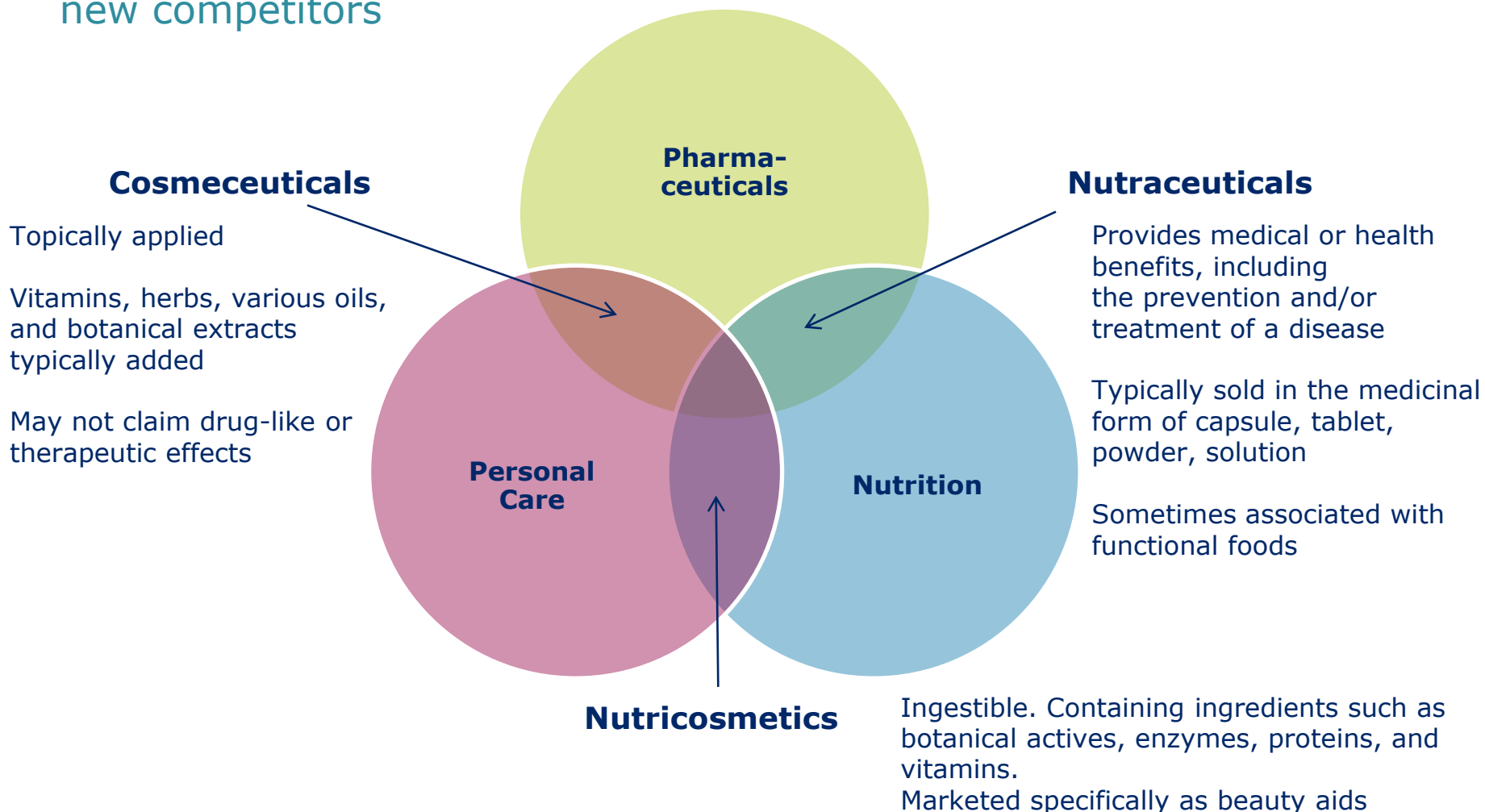
AGENDA

- **Global OTC Market Context**
- APAC & Thailand OTC Insights
- OTC Key Imperatives

OTC is seeing a shift of focus towards health & wellness that has led to new transversal market segments.

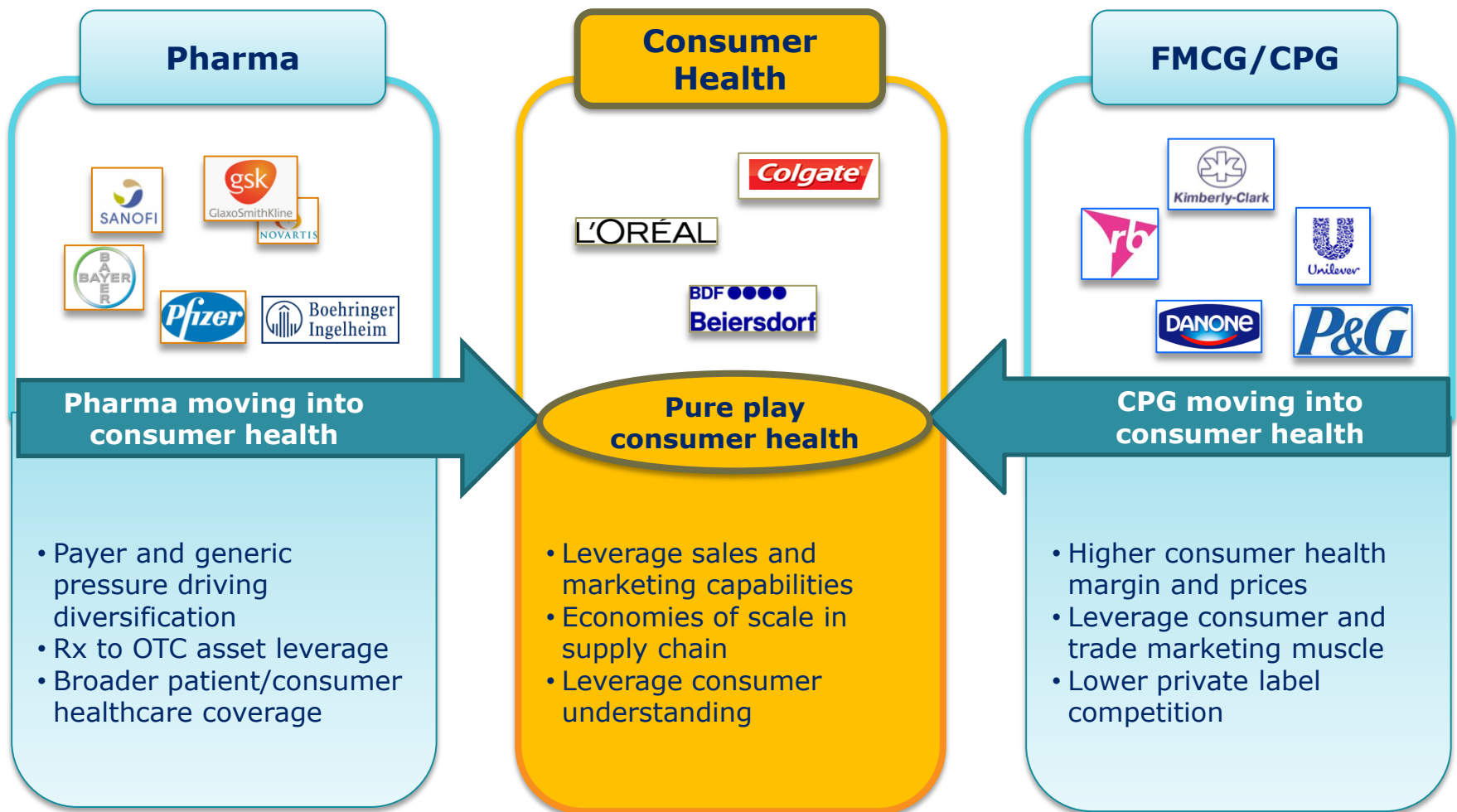
Global

Blurring the boundaries (or broadening the scope!) and attracting new competitors



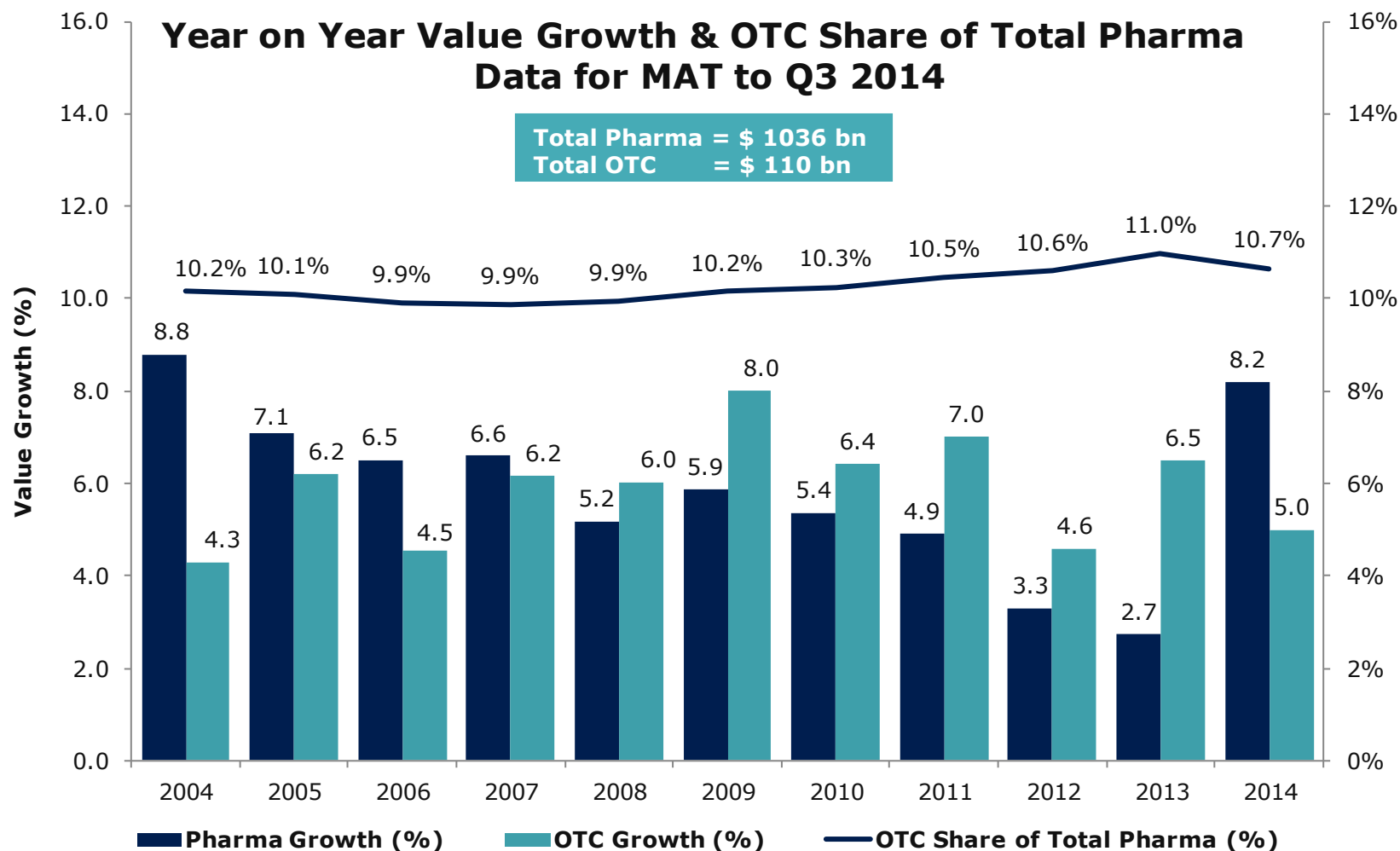
As OTC becomes increasingly attractive, industry players become more diverse.

Global



At \$110bn, OTC continues to show healthy growth while Pharma growth improves.

Global

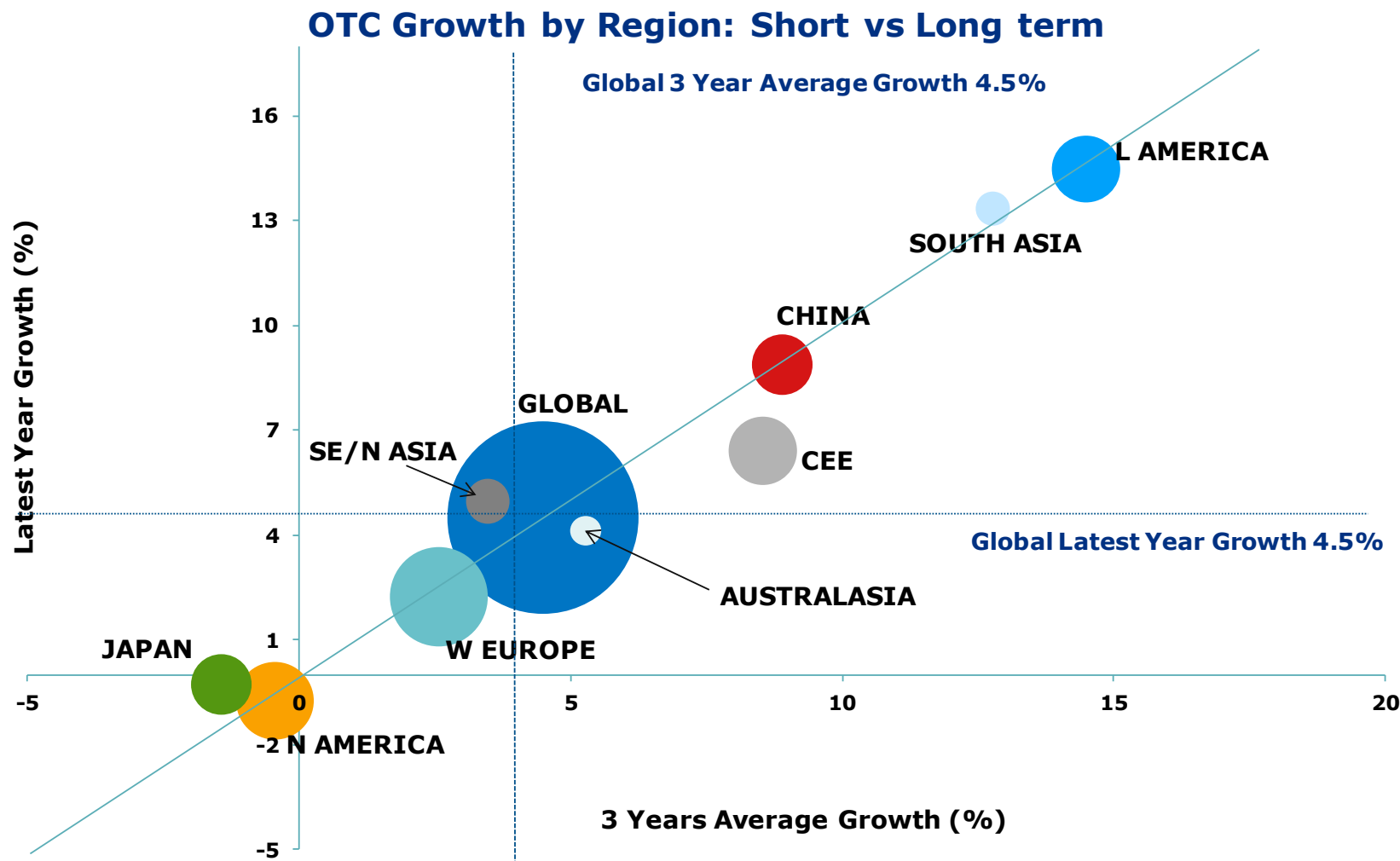


Source: IMS OTC audits plus estimates

NB. Change in estimation methodology from 2014

Within APAC, the sub-regions of South Asia and China show the strongest growth.

Global



Source: IMS OTC Global Analysis

APAC benefits from Base Sales growth, whilst developed markets must innovate to find growth.

Global

Elements of Growth by Region – 5 Year Cumulative Growth %

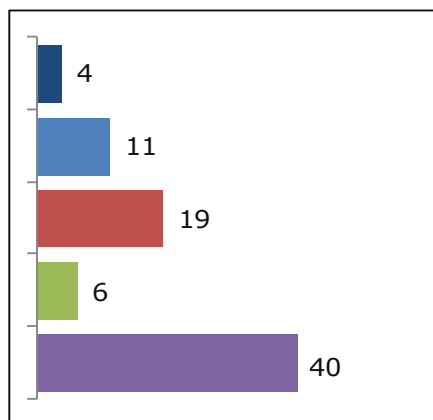
Base Value Change

Price Change

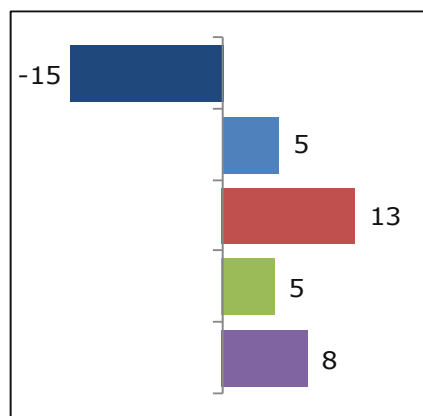
New Products

Line Extensions

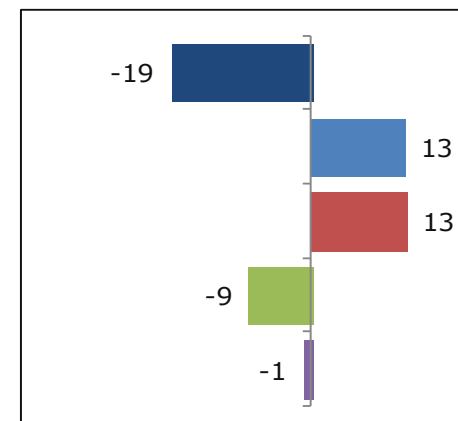
Total Change



GLOBAL



WESTERN EUROPE



NORTH AMERICA

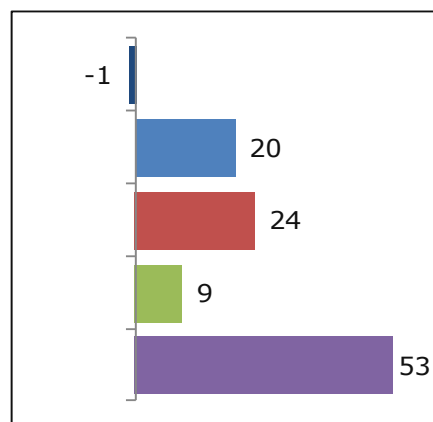
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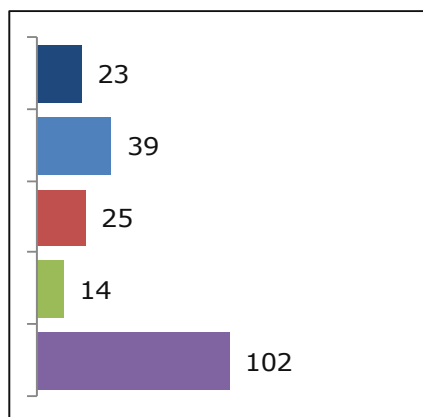
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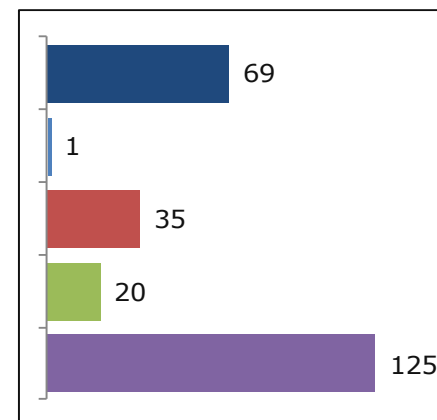
Total Change



CEE



LATIN AMERICA



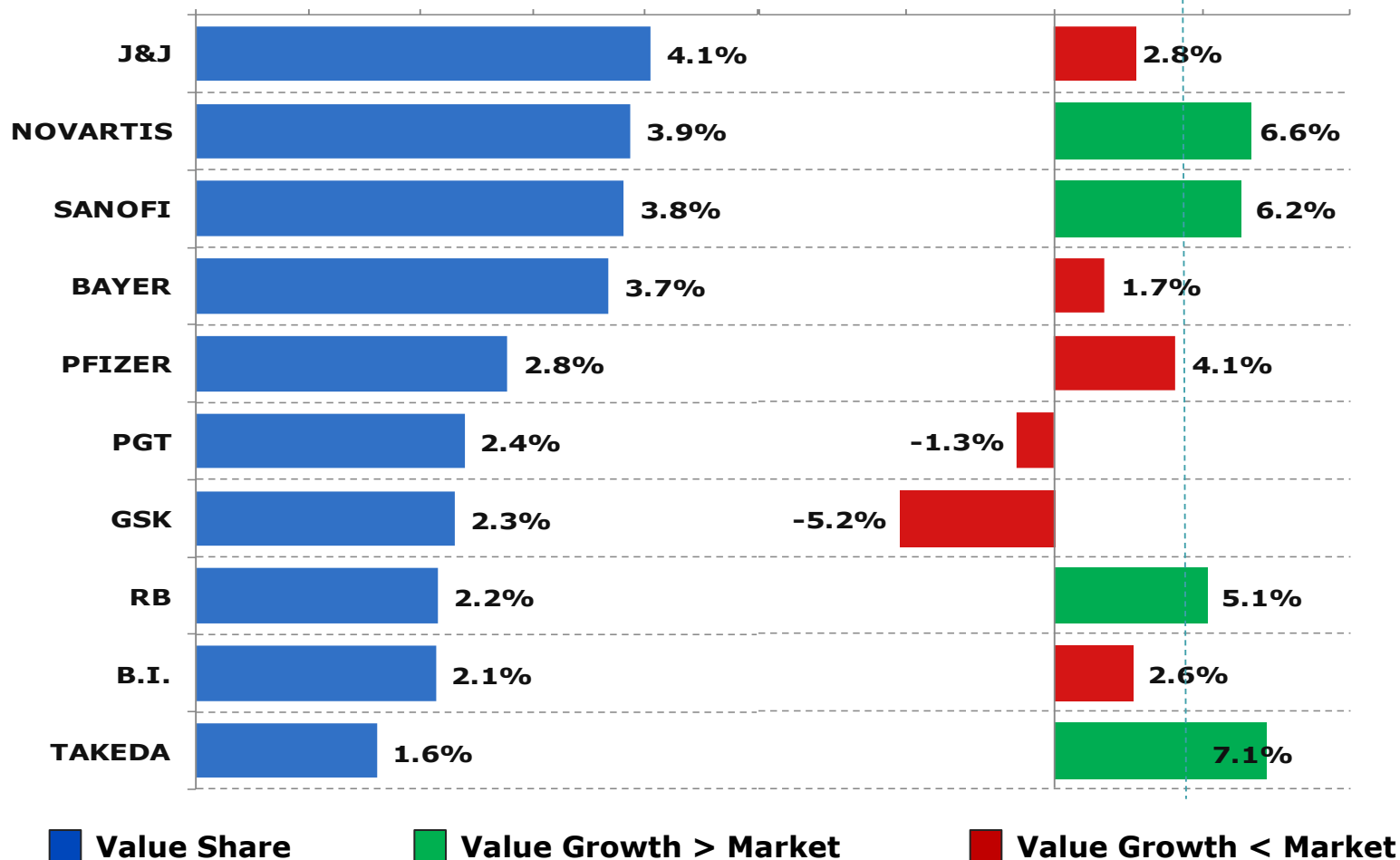
APAC exc JAPAN

Novartis continues to see strong growth, while Sanofi, RB and Takeda grow ahead of the Global OTC Market.

Global

Top 10 Corporations - Global OTC Value Share & Latest Year Growth (%)

**GLOBAL TOTAL OTC
+4.5%**

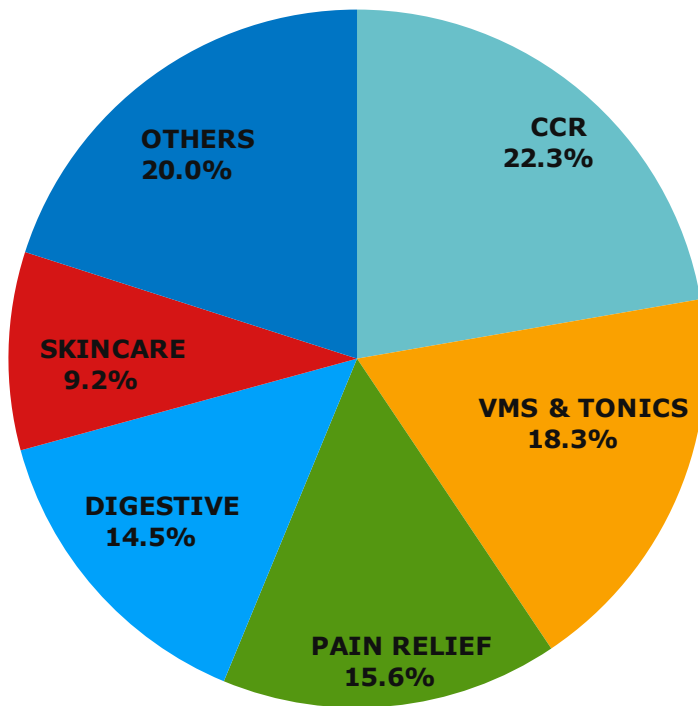


Source: IMS OTC Global Analysis

Digestive, Pain Relief and Skin Care exceed market growth.

Global

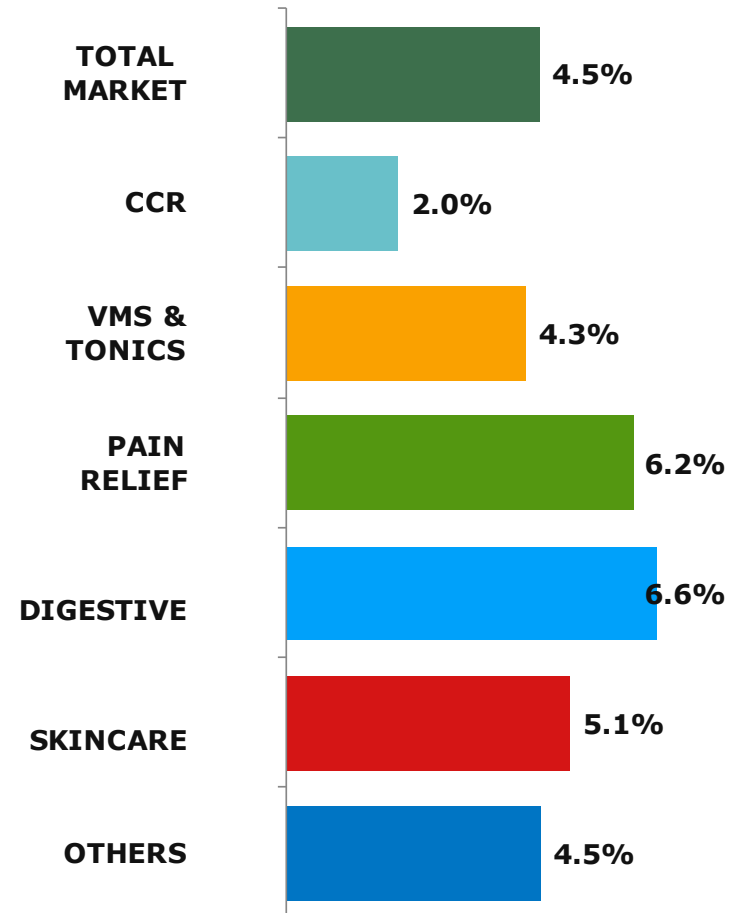
Global OTC – Key Categories Value Share (%)



Skincare includes Foot care
Others is dominated by TCM, Eye Care, Habit & Anti-Varicose

Source: IMS OTC Global Analysis

Value Growth (%)



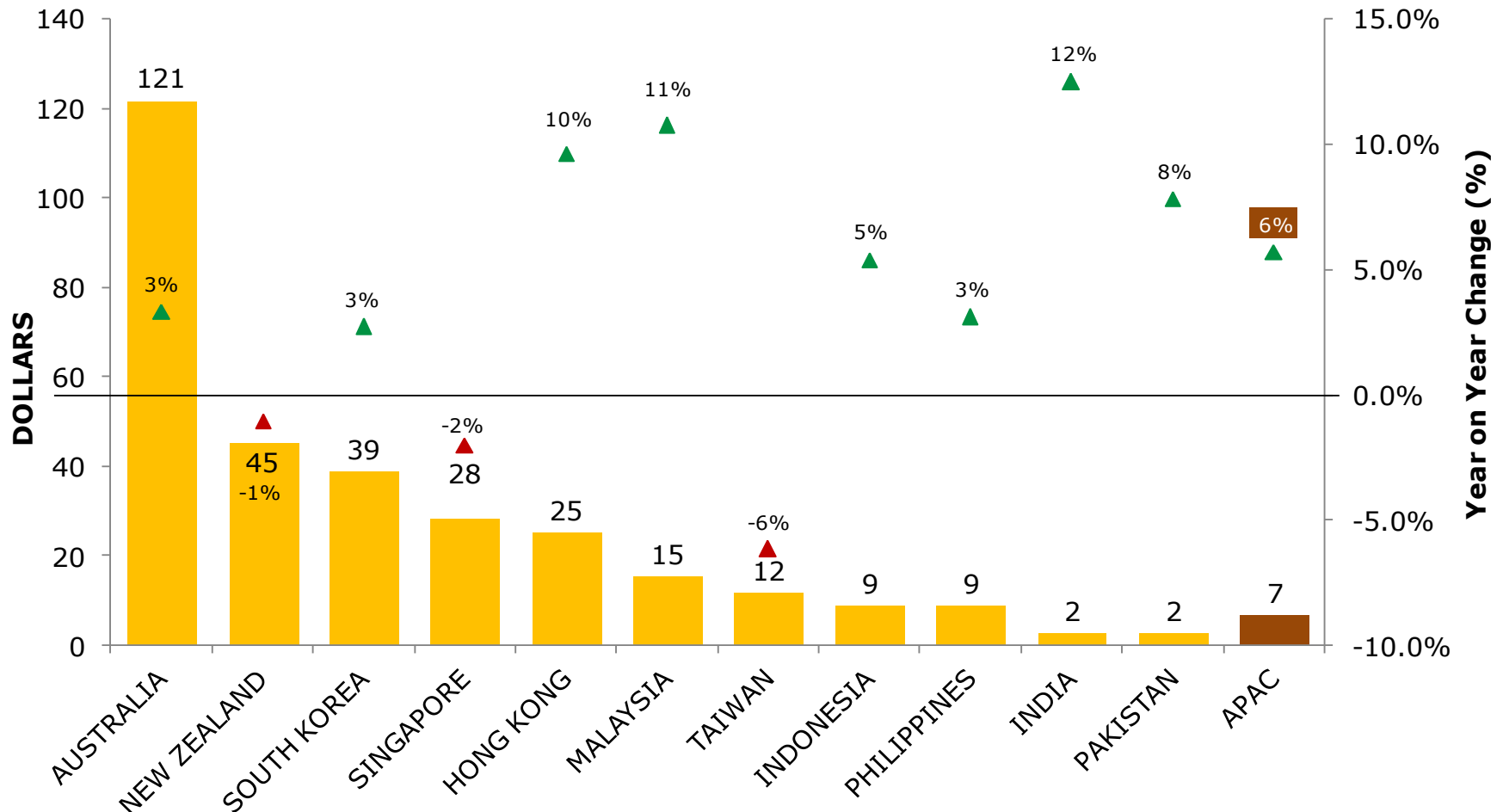
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- Key Imperatives

The more developed markets, show the potential for growth in expenditure elsewhere in the region.

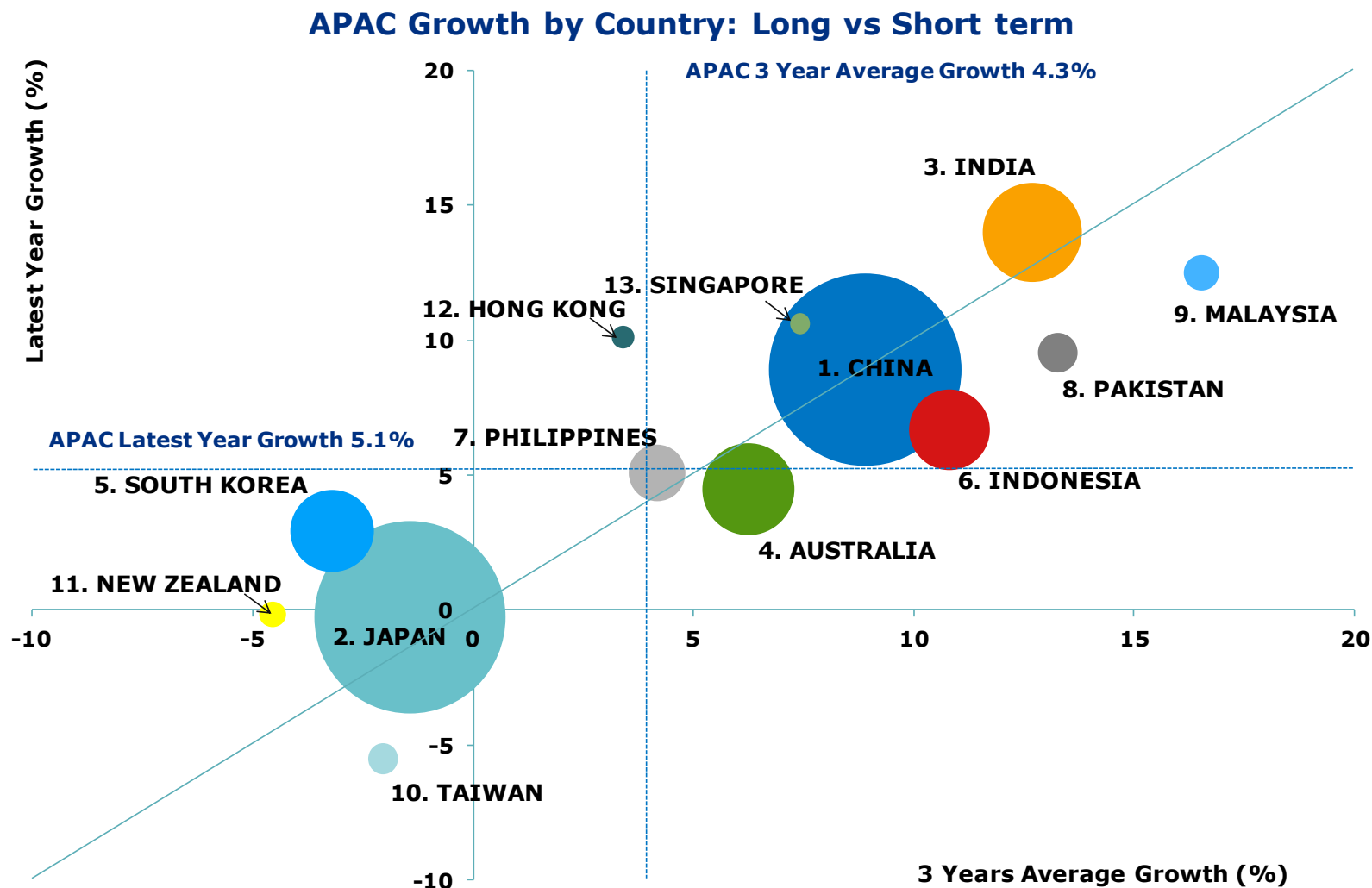


OTC EXPENDITURE per Capita (\$) - APAC exc Japan & China Countries



Source: IMS OTC Global Analysis

China becomes bigger than Japan for the first time.

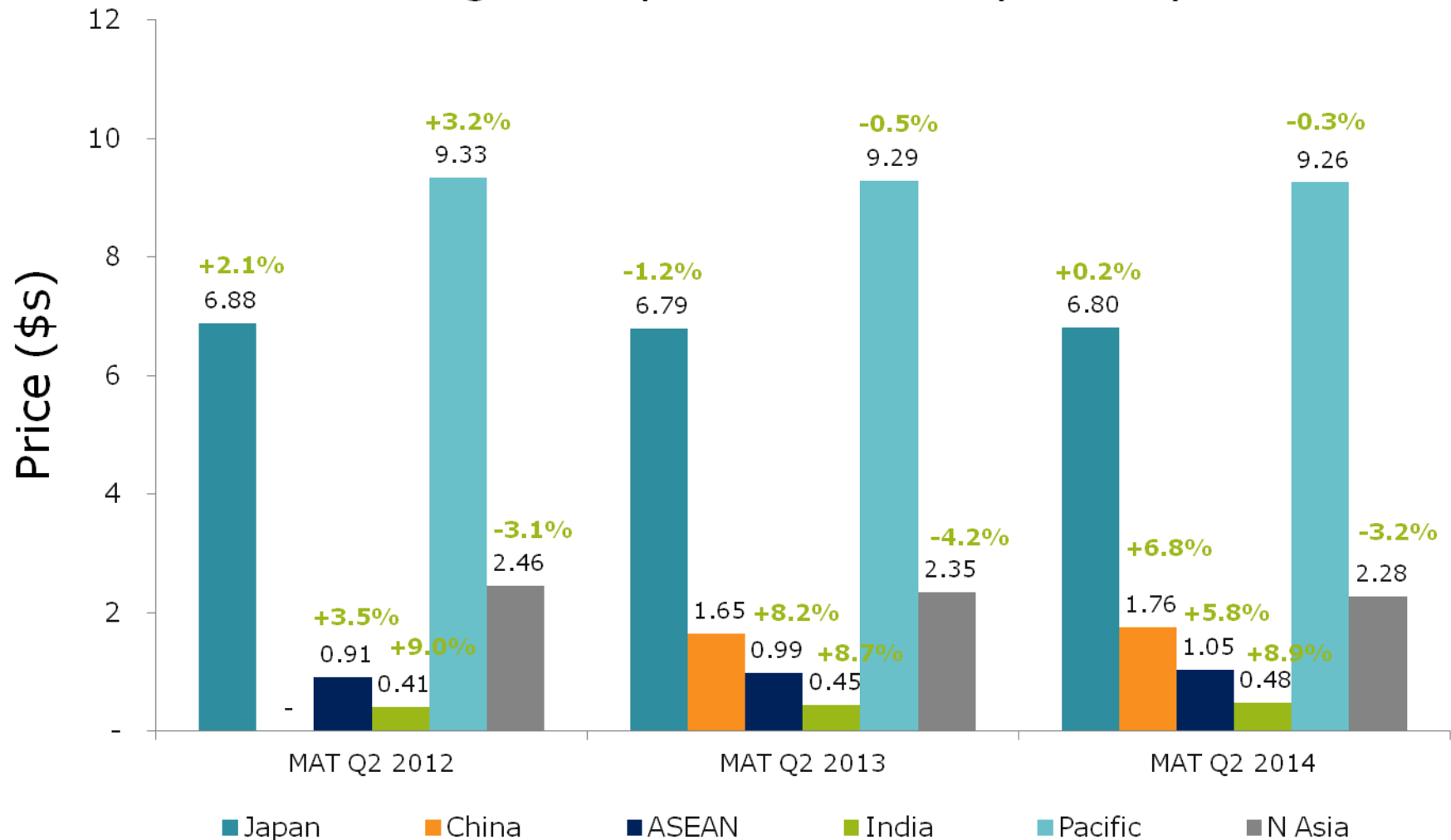


Source: IMS OTC Global Analysis

Average prices are rising in China, India and ASEAN but flat or declining elsewhere

APAC

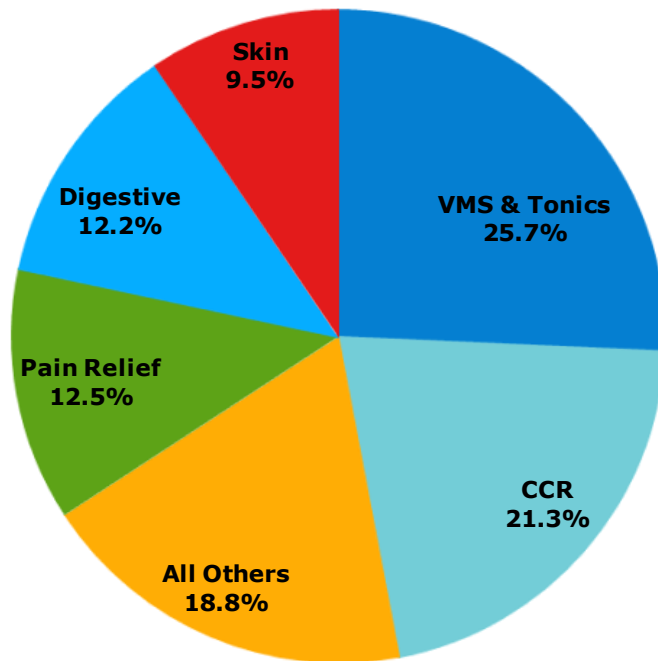
Average OTC price in Dollars (ex-mnf)



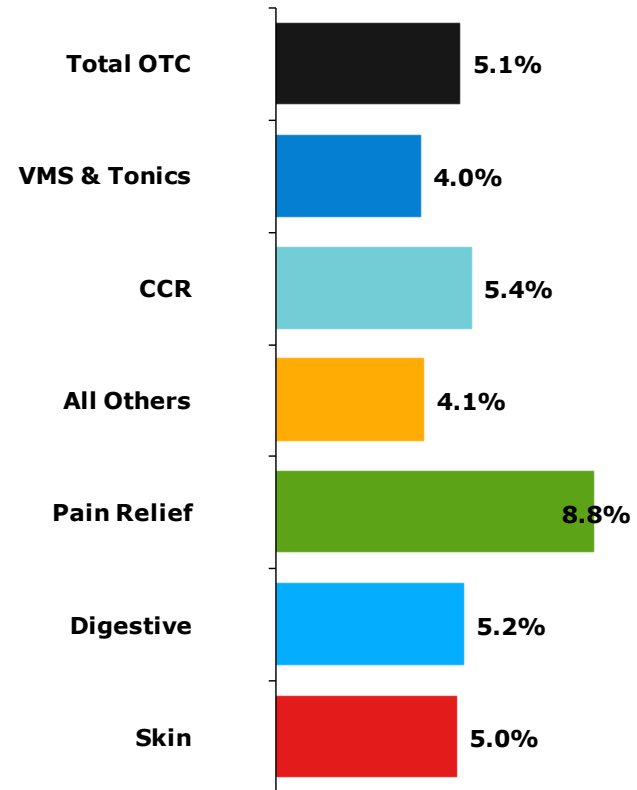
Pain Relief fastest growing category, growing at 14% in China.

APAC

**APAC – Key Categories
Value Share (%)**



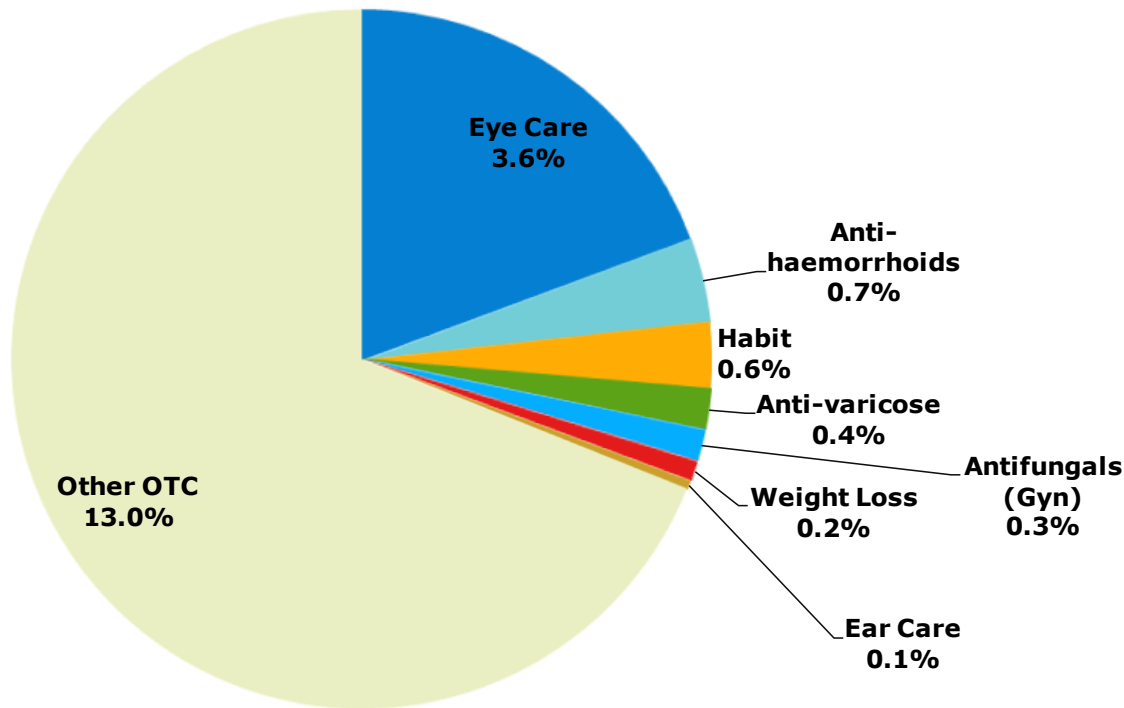
Value Growth (%)



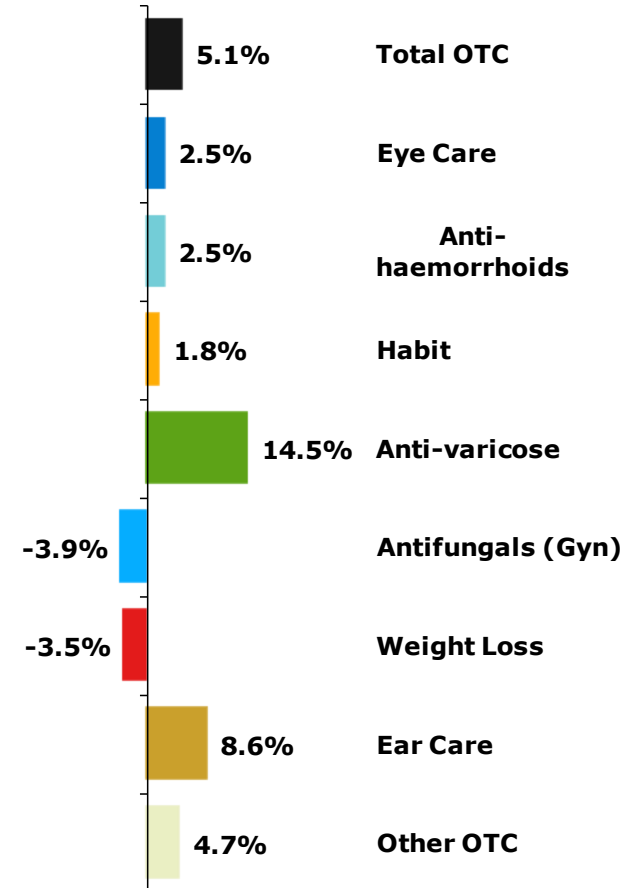
Other OTC growing just behind the market, with most minor categories performing behind Total OTC.



**APAC OTC – Minor Categories
Value Share (%)**

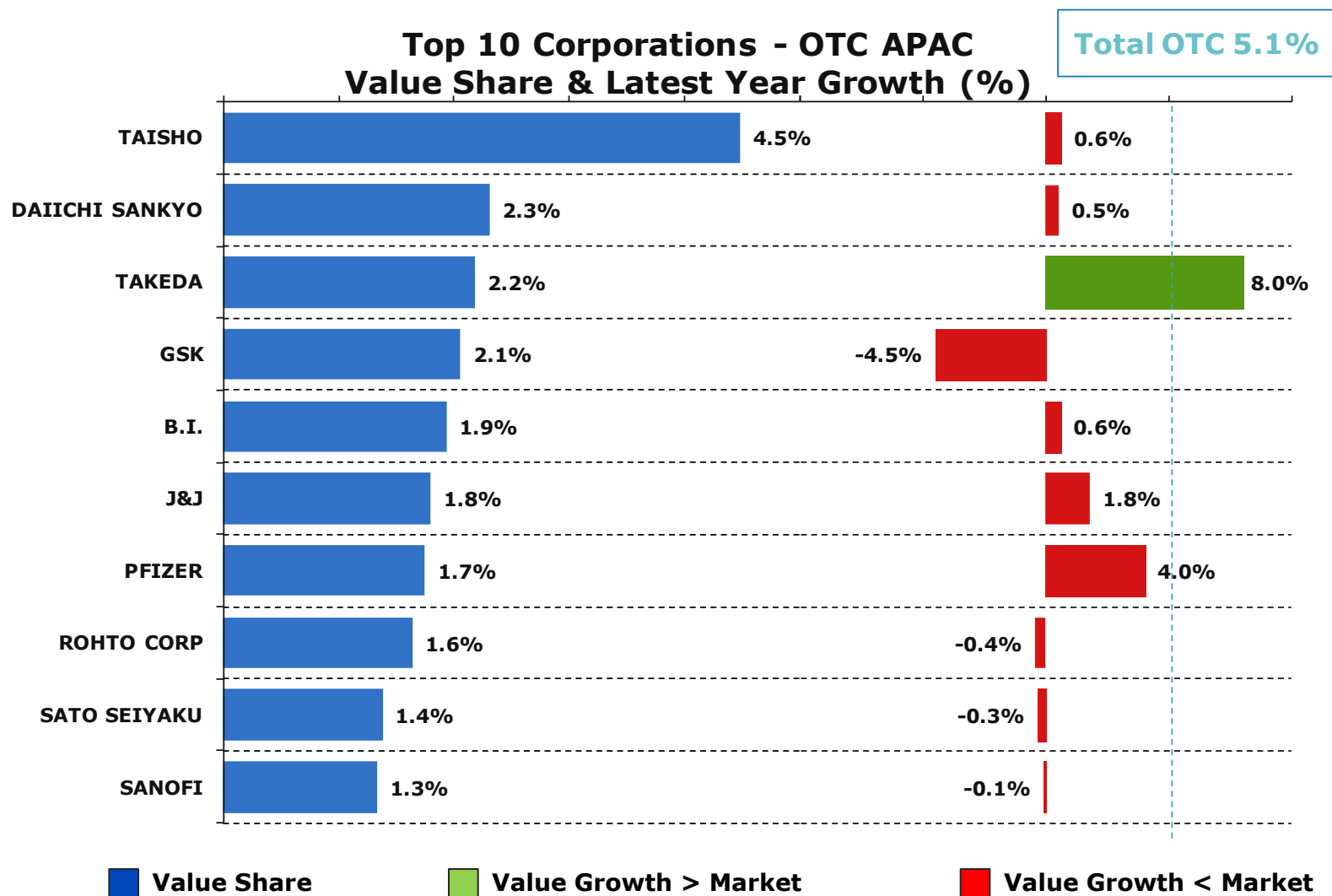


Value Growth (%)



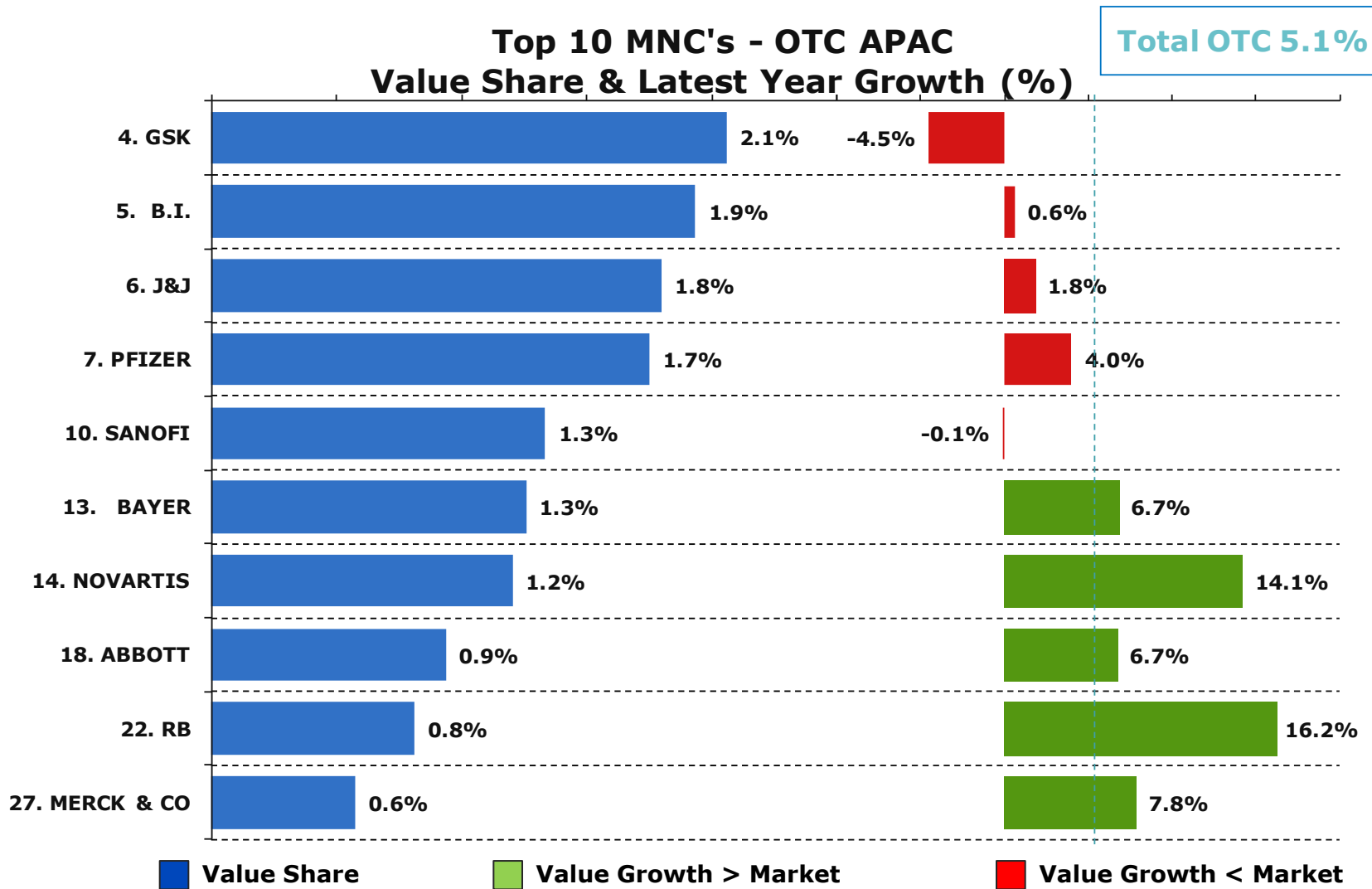
Across APAC, 5 of the Top10 corporations are MNCs and only Takeda grows faster than the market

APAC



Among the western MNCs, RB has the highest growth rate amongst the top players

APAC



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- **Key Imperatives**

OTC players are achieving success by: growing the base, focusing on innovation & optimising their Go To Market

Grow the Base



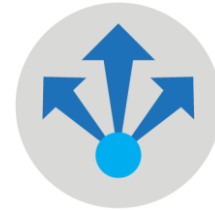
- Emerging markets
- Population, wealth & affordability growth
- Consumer awareness/needs/behaviors

Innovation



- Product Enhancements
- Companion technology/services
- Rx to OTC switch

Go To Market



- Commercial models
- Distribution channels
- Stock rotation & merchandising

Understanding & influencing consumer awareness, intentions and behaviors is critical to capturing/growing the base



How important are Doctors/Pharmacy Staff recommendation on consumer buying OTC products?



- 70% don't have specific brand plan



- 97% of consumers have a brand in mind before entering the store

- >60% shoppers are willing to ask a pharmacist for advice

- 97% of clerks do not offer alternative



- What did the consumers actually buy?
- Who is the buyer?
- Were there other unplanned purchases?

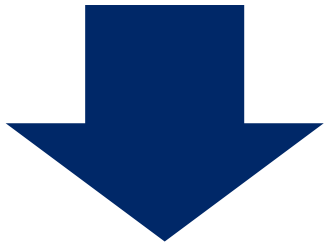
Source: Shopper Insights Study, IMS China, Philippines
IMS Taiwan OTC Forum Presentation May 2015



Digital trends of social media and apps present new opportunities and challenges for marketers

Opportunities

- **Identifiable, pro-active customers**
- **New individual customer data** at real-time
- **New channels** in a marketing mix
- Potential to **create tailored interactions**
- Potential to **optimize ROI** of marketing activities in more channels



- What is the best way to engage with empowered, digitally savvy customers?
- How can we take advantage of the new touch points with these consumers?
- How can we be present **and** distinctive **and** monetize digital channels?

Challenges

Regulatory compliance requirements
Information overload and **lack of integration** with other data sources
KPI framework for digital tracking
Upfront investment for **new technology**
Change management for teams not familiar with digital approaches



- How do we prevent information overload?
- How do we make sure that all data are effectively used by all teams?
- How do we ensure regulatory compliance in the digital space?

Switch has been an important source of new product innovation and a key driver of growth in OTC



6 of top 10 brands are recent switches, accounting for 9% of OTC sales

W Europe



8 of top 20 brands are switches, accounting for 6% of OTC sales



- The path to switch is well established
- Strong focus on traditional OTC areas: Pain relief, Heartburn, Anti-allergy and Acid Relief

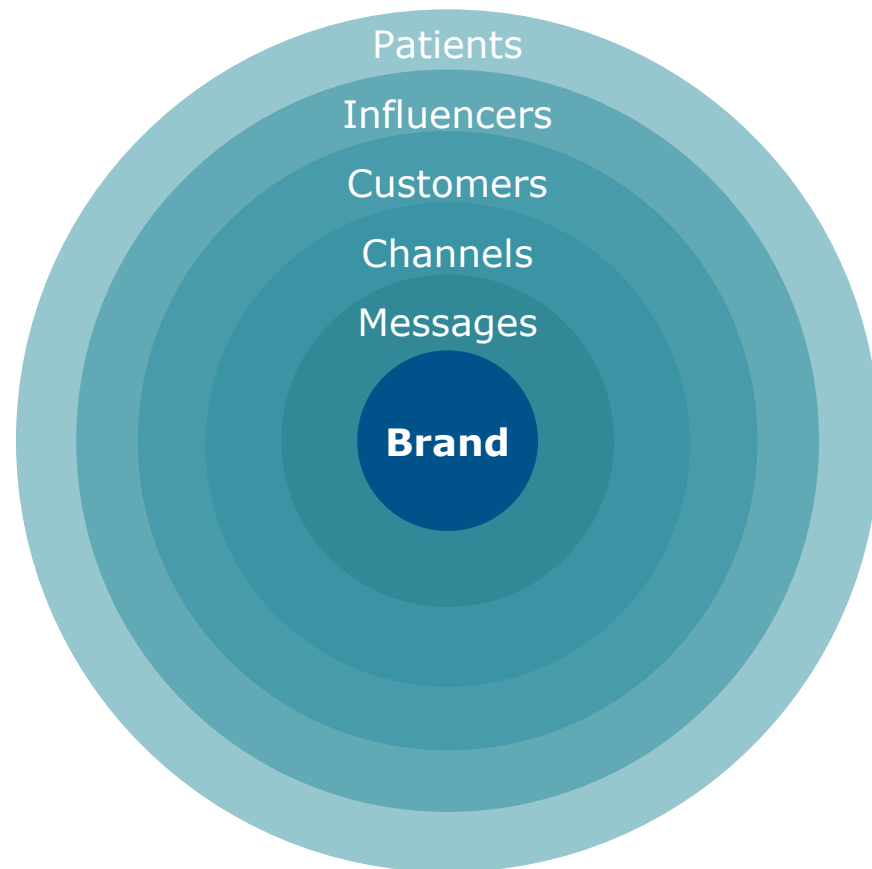
- Geo-expansion opportunities for major switched brands now limited
- EU Central Switch route has yet to be fully leveraged

The challenge remains to create new consumer categories via “innovative” switch, especially in Europe

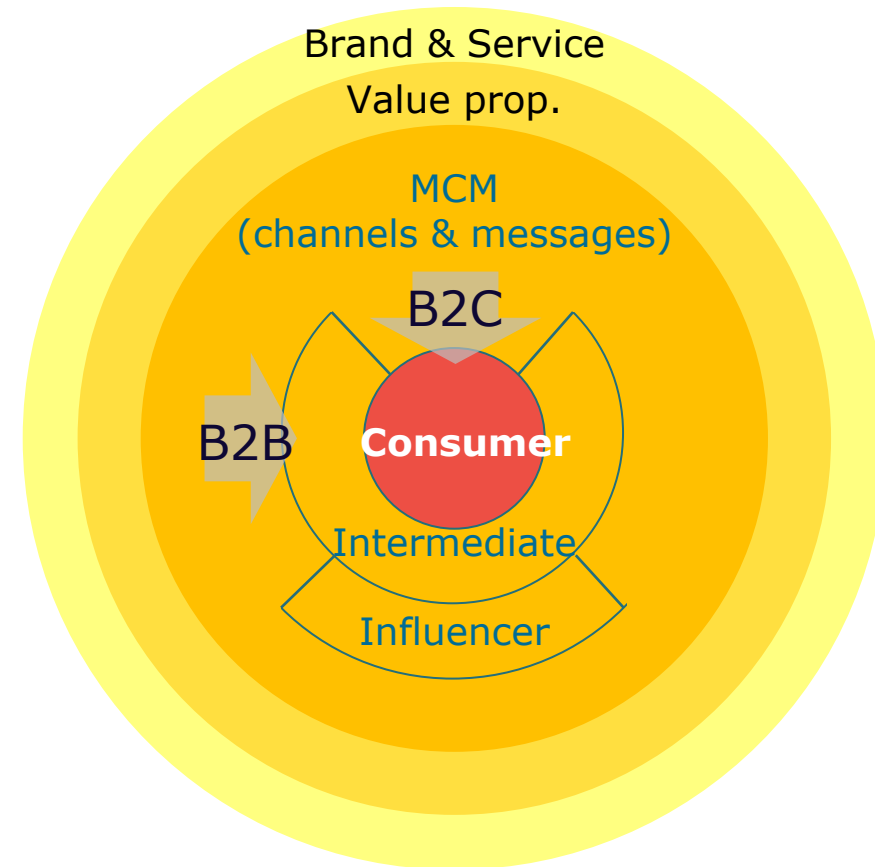
Go to market models are being redefined along consumer centric lines driven by the self pay/self treat nature of EMs



Traditional Mindset

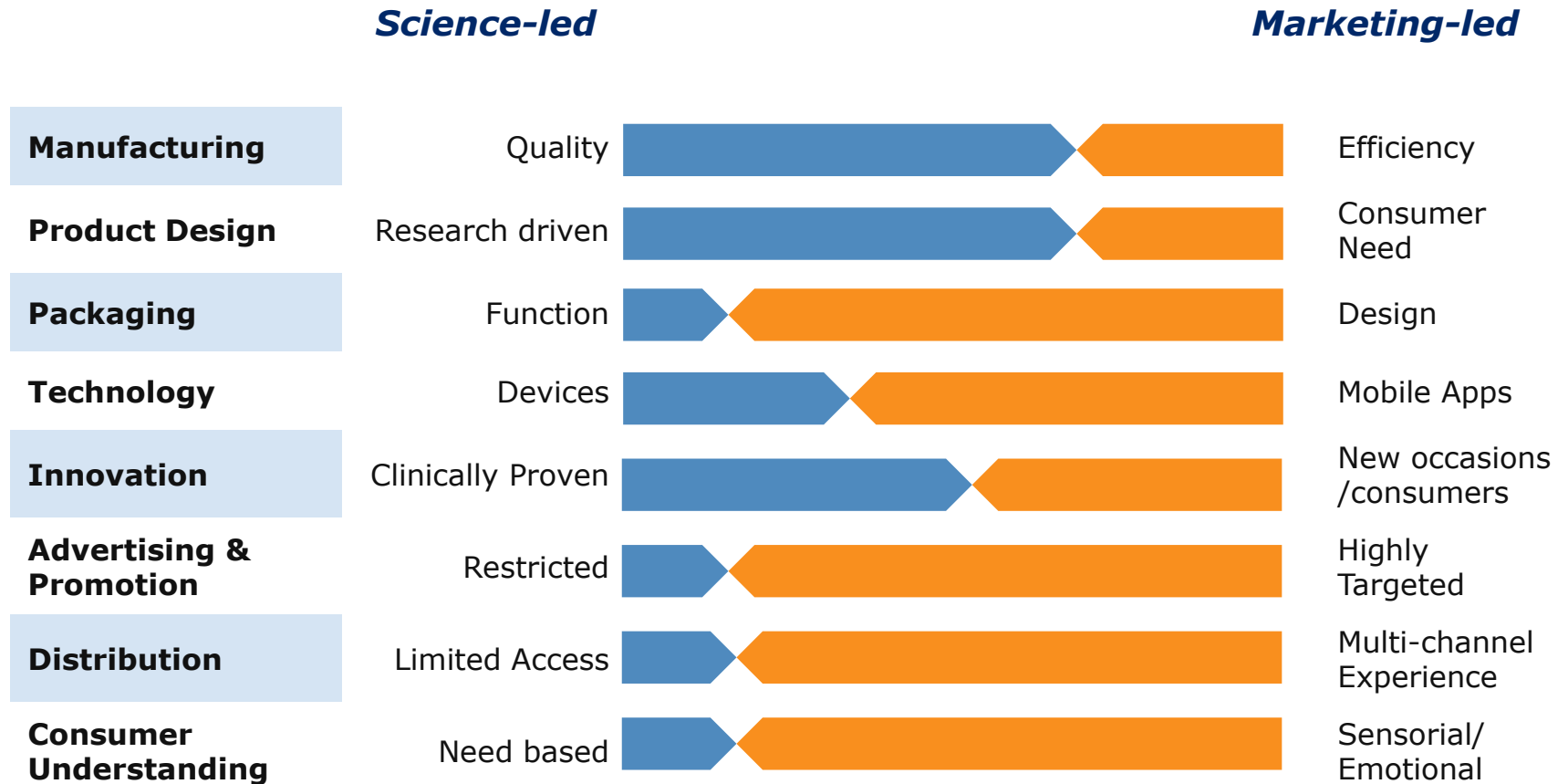


Future Mindset



Intermediate are relevant external stakeholder with access to patients (i.e. physicians, pharmacists etc ...)

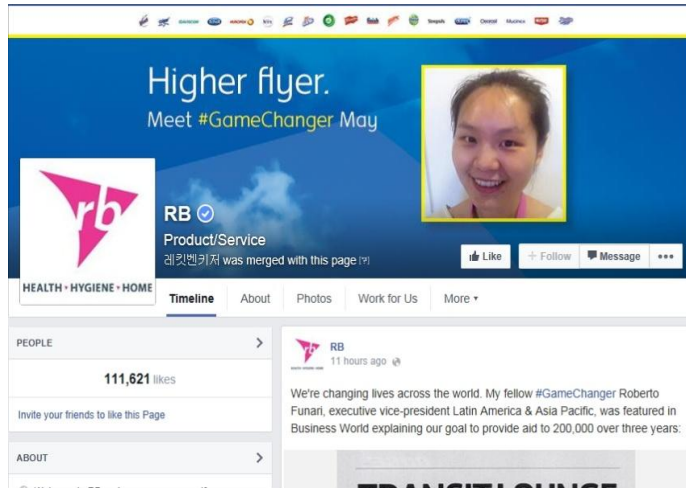
To win players are building capabilities in different directions according to corporate heritage & ethos





OTC companies are approaching consumer directly and increasing communications through social media

Still main customer for pharma companies is doctor & pharmacist, but many companies are trying to communicate with consumers through online & other media



Your Partner in Consumer Health

Thank you!

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