

# Nicholas Hall's OTC INSIGHT

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### The Editor writes ...

As this month's *News Review* shows, the OTC market is constantly experiencing change via M&A, revised regulations and evolving trends. *OTC INSIGHT Asia-Pacific* is undergoing a change of its own this month – I am embarking on a year's maternity leave and I will leave the publication in the capable hands of Chris Walkerley who has a wealth of knowledge in Asia-Pacific's OTC market. Although I won't be writing the news in the next year, I look forward to reading it and I hope you do too!



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## ASIA-PACIFIC

- The Indian Government has decided to amend legislation to permit the OTC sale of contraceptive pills under its National Family Welfare Programme
- Pharmacists in S Korea are being urged to boycott imported OTCs from Japan and recommend Korean equivalents instead, the *Korea Herald* reports
- In China, Harbin Pharmaceuticals has selected e-commerce healthcare platform 111 as its primary partner for online sales of its OTC products

## EUROPE

- People with minor health issues will be offered same-day appointments at their local pharmacy, under a new deal from the UK Government
- Effective 1st October 2019, Hermes Arzneimittel will acquire 11 OTC brands – including CCA brand Bromhexin – from Krewel Meuselbach in Germany
- In Norway, Navamedic has entered an agreement with PrecisionBiotics (Alimentary Health Group) to launch the latter's Aliflores capsules for IBS

## NORTH AMERICA

- Sanofi has signed a strategic deal with Roche for the exclusive OTC rights to Tamiflu for flu prevention and treatment in the US
- [Alibaba.com](http://Alibaba.com) will open its platform to US-based manufacturers, wholesalers and distributors to help them access the global B2B e-commerce market
- St Michael's Hospital researchers are launching a study on HIV self-testing kits with the hope to gain federal approval for the first such device in Canada

## LATIN AMERICA

- Natulab has inaugurated a new production plant in Santo Antonio de Jesus to manufacture its branded food supplements. The Brazilian-based factory has a capacity of 2mn units monthly
- Hamilton Teixeira, president of pharma retail trade union Sincofarma, has expressed concerns that the consumer prices of medicines in Brazil could rise substantially and affect access following the approval of a bill to increase taxes on medicines

# Trends & developments

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# CCA 2: Weak cold & flu seasons cause growth to slow

## AT-A-GLANCE GUIDE: OTC COUGH, COLD & ALLERGY REMEDIES

### Australia

- Growth sluggish at 1% following weak cold & flu season
- Marketers of topical decongestants expand into allergy remedies
- Increasing competition from VMS category through immune supplements and probiotics

### S Korea

- Sales up by 2% as environmental conditions such as micro dust storms drive respiratory ailments
- However, a weaker cold & flu season means cough remedies and systemic cold & flu did not reach their potential
- Boycott Japan campaign could impact sales of Japanese OTCs such as Whituben

### Indonesia

- Growth slows to 1% amid weak consumer spending and stagnant regulatory environment
- Market expanded with innovative herbals & naturals such as Imboost Lozenges and Betadine Cold Defence
- Active year for largest category, cough remedies

### OTC cough, cold & allergy market 2018

(MSP US\$m)	AUSTRALIA	S KOREA	INDONESIA	TOTAL
Systemic cold & flu remedies	69.8	80.2	89.3	239.3
Topical decongestants*	46.4	18.7	7.7	72.8
Systemic decongestants	20.2	13.6	1.0	34.7
Allergy remedies	105.3	18.2	2.7	126.3
Cough remedies	45.5	82.0	99.6	227.1
Sore throat remedies & medicated confectionery	75.6	14.5	16.9	107.0
Asthma remedies	49.9	n/a	n/a	49.9
<b>TOTAL (US\$m)</b>	<b>412.8</b>	<b>227.2</b>	<b>217.2</b>	<b>857.1</b>
<b>TOTAL (local currency)</b>	<b>A\$603.7mn</b>	<b>Won270.2bn</b>	<b>Rp3.1tn</b>	
Index (2018 / 17)	101	102	101	102
US\$1.00 =	A\$1.46	Won1,190	Rp14,150	
Population (mn)	24.1	51.8	265.2	341.1
Per capita spend (US\$)	17.13	4.39	0.82	2.51

Data in this report 12 months to March 2019 (MSP): Nicholas Hall's *OTC INSIGHT* based on industry estimates and Nicholas Hall's *DB6* Global OTC Database. Exchange rates from [oanda.com](http://oanda.com) on 1st August 2019. \*Includes chest rubs & inhalants

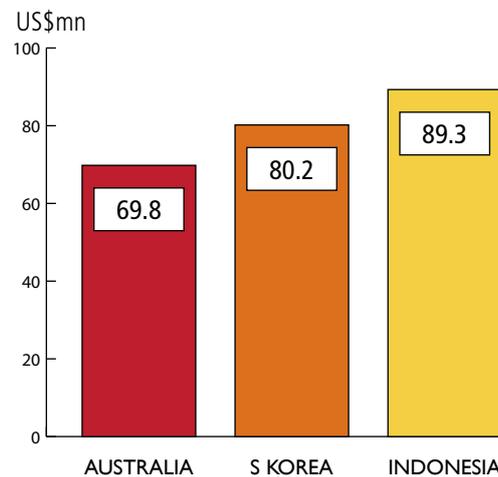
# CCA 2 2018: Key highlights

## Category focus: Systemic cold & flu

- A less severe cold & flu season in Australia caused growth to slow to 1%
- Sales in S Korea (+1%) are hindered by the fragmented nature of the category
- A weak performance in Indonesia (+1%) was the result of cautious consumer spending

Indonesia's Kalbe-owned Bintang Toedjoe stepped up A+P for Masuk Angin Bejo Jahe Merah after the brand received halal certification in 2018 – an important factor for the country's Muslim population

## Systemic cold & flu: Sales by country 2018 (MSP)



## Marketer focus: Mundipharma ties up with Kwang Dong in S Korea

- In August 2018, Mundipharma launched Betadine Cold Defence Nasal Spray in Indonesia. The spray is different from systemic cold & flu brands as it eliminates germs that cause colds rather than treat the symptoms
- In S Korea, the marketer reported that sales of Betadine Throat Spray in September and October 2018 were 2.2x higher than the monthly averages for January-August as a result of an outbreak of MERS
- Future sales in the country could improve after it signed a co-marketing agreement with Kwang Dong, which has a strong pharmacy distribution network. Starting in 2019, Kwang Dong is responsible for selling around 40 of Mundipharma's OTCs and quasi-drugs, including the Betadine series

## Category focus: Cough remedies not reaching full potential

- Environmental factors such as air pollution present an opportunity for growth in S Korea and Indonesia, although in both markets sales are not reaching their full potential
- Micro dust storms in the former are driving demand for expectorants but the category only managed a 3% upturn owing to a weaker cold & flu season in Q1 2019 vs the previous year
- The general weakness in consumer spending restricted growth in Indonesia to 1%. To counteract this, marketers are introducing products in sachet format, giving people the chance to buy individual doses for a lower price than a full pack. The majority of these developments were in the herbals & naturals segment such as Tempo Scan Pacific's launch of Bodrex Herbal Batuk sachets in January 2019
- In Australia, NPD has also focused on the herbal segment. In March 2019, Duro-Tuss (iNova) was extended with Duro-Tuss Children's Cough Liquid Night-Time (hedera helix + chamomile), while Perrigo launched Bronchodual (marshmallow root + thyme herb) in May under licence from Kwizda Pharma

# Australia

## Systemic cold & flu: Weak C&F season slows growth

- Codeine upscheduling continues to have short-term impact on sales
- Marketers aim to improve consumer awareness of reducing likelihood of colds

The government's *Influenza Surveillance Report* summarised the country's cold & flu season in 2018 as follows: "While there was some geographic variation across Australia, in general the 2018 influenza season saw very low levels of activity compared to recent years". Additionally, the report stated that in the five-week peak period in 2018, only 9% of consumers reported fever and cough vs the previous five-year average of 14%. This resulted in fewer consumers taking time off work from illness and fewer admissions into hospital. As such, growth of Australia's systemic cold & flu

remedies slowed in the 12 months to March 2019 (+1% to A\$102mn / US\$69.8mn).

Future sales could be boosted by the National Notifiable Disease Surveillance Scheme reporting 27,537 influenza cases in Q1 2019 (4x times the previous five-year average), a sign a bad season could be ahead. However, it may not necessarily translate into a stronger cold & flu period with reports suggesting the country simply suffered an earlier winter than usual (June to end-August). The Bureau of Meteorology has predicted that the traditional winter period will be warmer and drier than normal.

The severity of the 2019 cold & flu season will also be influenced by the number of consumers receiving flu vaccinations. In 2018, the government's primary-care vaccination programme helped deliver the lowest rates of influenza since 2013, with a record 11mn Australians receiving the vaccine, almost one-third more than 2017.

### VMS: Recent launch activity provides increased competition for CCA marketers

With Australia's population becoming increasingly health conscious, more consumers are opting to take VMS products as a preventive measure against cold & flu symptoms. Vitamin C supplements are particularly popular, with Morgan Stanley reporting that Google searches for the ingredient rose sharply in Q1 2019, coinciding with the start of the country's early cold & flu season. This presents a challenge for the CCA market going forward with VMS marketers launching innovative products to help differentiate themselves from rivals in an oversaturated market.

For example, iNova has shifted its approach towards throat health via the launch of the BLIS PROBIOTICS range in April 2019. Unlike most probiotics that work in the gut, the products – ImmuneDefence, ThroatGuard, DailyDefence Junior, TravelProtect & HoneyBlis – are formulated with the unique BLIS K12 (streptococcus salivarius K12) strain that specifically targets and protects the mouth and throat. iNova obtained exclusive distribution rights for New Zealand-based Blis Technologies' BLIS branded products across Australia, Sub-Saharan Africa and Asia in September 2018.

Immune supplements are also becoming increasingly popular with more VMS marketers entering the category. In June 2019, Wellgrove, the wellness arm of Australia's largest olive grower, Boundary Bend, launched Wellgrove Immune Support. The olive leaf extract supplement was supported by an A+P campaign encompassing TV, digital and print ads, as well as bus and tram wraps in Sydney and Melbourne, featuring the tagline: "Get Wellgrove this winter".

Marketer activity has become increasingly focused on improving consumer awareness with regards to the actions that can be taken to reduce getting a cold or flu. In July 2019, GSK introduced the Let's Rethink Care campaign and, while it predominantly promotes the systemic analgesic range (not tracked in this report), it could also help sales of mid-tier entry Panadol Cold & Flu. It aims to inspire people to focus on staying well by reminding them that, no matter how big or small, positive changes can make a difference to their health. The campaign also presents an initiative called "Healthies", which encourages people who are feeling run down to take a day off work to look after themselves before they get really sick. Additionally, a Rethink Care Hub is featured on [www.panadol.com.au](http://www.panadol.com.au), which provides a quiz to help consumers determine what type of self-carer they are along with a series of articles providing health tips and information. The campaign aired on TV, digital and internet channels, while other media will follow in 2020, such as outdoor, cinema and radio ads.

In June 2019, RB launched the ERASE campaign to support Nurofen Cold & Flu. The initiative aims to provide consumers with five holistic steps to fight cold & flu symptoms: eat healthily, rest up, take an anti-inflammatory, sip water and exercise regularly. This follows marketer research that found many Australians were unaware that common flu symptoms are triggered by body inflammation, which has led RB to encourage consumers to take an anti-inflammatory.

Following the reverse switch of OTCs containing codeine in February 2018, there were concerns that the decision would significantly impact the category's long-term performance should consumers opt to continue taking codeine instead of alternative OTC formulations. However, a TGA analysis of industry sales data found that the upscheduling has resulted in a significant decrease in the amount of codeine that was supplied to Australians. Data showed that codeine supply was 50% lower in 2018 than the average amount between 2014-2017.

Despite this, short-term category sales have been impacted by the reverse switch as a large number of

products were either removed from the OTC market or reformulated. Category leader Codral (J&J) was one of the brands affected, with J&J removing the active ingredient from its products. In June 2019, the brand was supported by a humorous TV ad showing a friend turning up to a birthday party despite having a cold, with the ad stating Codral allows you to "soldier on" and "turn up when it matters".

No.4 entry Chemists' Own is now marketed by the newly-formed Arrotex Australia Group, following Arrow's completion of the acquisition of Strides' entire Australian business and merging with Canadian-based Apotex in July 2019. Chemists' Own was similarly impacted by the codeine reverse switch, with the brand's codeine-based version discontinued in February 2018. In terms of NPD, Chemists' Own Cold & Flu Relief PE (paracetamol 500mg + phenylephrine 5mg) was rolled out in March 2019 to provide non-drowsy relief of cold & flu symptoms, while Chemists' Own Day + Night Cold & Flu Relief PE was also launched in the reporting period. It contains the same actives as the former with additional chlorphenamine maleate 2mg in the night tablet.

Arrotex also extended low-tier entry Esberitox with a lemon flavour tablet in July 2019. The herbal remedy – which is available in 60- and 90-count versions – combines ingredients such as echinacea, thuja and baptista to increase the body's resistance to bacteria during a cold to help reduce severity and duration.

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## Topical decongestants: Launch activity up in 2019

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- Vicks supported by Touch of Care campaign
- Chemists' Own enters category

Sales of topical decongestants – comprising chest rubs & inhalants and topical decongestants – grew by 1% to A\$67.9mn (US\$46.4mn) in the 12 months to March 2019. A lack of brand developments has hampered category growth in recent years but increased activity in 2019 could boost sales going forward. For example, mid-tier entry Flo (ENT Pharmaceuticals) was extended in January 2019 with Flo Nasal Mist (sodium chloride 8.6mg / ml).

The product delivers a fine mist in a continuous spray for easy administration into the nasal passage. As such, it is positioned for those who struggle using traditional sprays, dropper bottles or need post-operative care following nasal surgery. The mist temporarily relieves and reduces nasal congestion by thinning excess mucus and washing away irritants. ENT Pharmaceuticals recommends using the product 15 minutes prior to a medicated nasal spray for best results.

Meanwhile, Chemists' Own entered the category in March 2019 via the launch of Chemists' Own Saline Nasal Spray. Formulated with sodium chloride 7.04mg / ml, the spray aims to clear dust and pollen from nasal passages to aid breathing.

Fess (Care Pharmaceuticals / Prestige Brands) is the leading brand and packaging for the paediatric line Fess Little Noses was updated in July 2018. The new look aims to modernise the range and now features cute animals to create an emotional connection with mothers of young children. Additionally, refills for Fess Sinu-Cleanse were rolled out in February 2019.

In chest rubs & inhalants, No.1 brand Vicks (P&G) was supported by the Touch of Care campaign in July 2019. The initiative, which has already seen iterations launched in India and the Philippines (see p300), aims to push the boundaries of TV ads to create emotional connections with consumers. In this instalment, P&G partnered with homelessness charity Mission Australia and pharmacy store Coles to raise awareness surrounding homelessness, with donations going to Mission Australia for every Vicks product sold at Coles outlets. The short film follows a teenage girl who leaves her abusive parents to live on the streets but is given hope when her old school teacher finds her. The campaign promotes listening to people's stories and problems, which in turn, helps the girl go back to school, graduate and start a family. The ad finishes with the girl helping another homelessness woman and listening to her story.

A+P also supported Vicks Inhaler, with a TV ad in June 2019 promoting its fast-acting formulation. However, the

brand faces competition from MediChoice Inhaler (Nova Pharmaceuticals) following its introduction in April 2019. Formulated with camphor 197mg and menthol 197mg, the inhaler provides fast relief from nasal congestion to aid breathing.

## Allergy remedies: Weak pollen season

- Pharmacists key to category growth
- Nasal segment expanding

Sales of allergy remedies grew by 1% to A\$154mn (US\$105mn) owing to a mild hayfever season in 2018. Pollen levels are heavily linked with rainfall as it leads to increased grass growth and more pollen in the air; the Bureau of Meteorology reported that 2018 had the lowest rainfall totals since 2005, with the 2018 national average (413mm) 11% below the norm (465.2mm).

Australians self-selecting the wrong OTC allergy remedies could impact future category sales as consumers may lose faith in their efficacy. According to a study published in the September / October 2018 issue of the *Journal of Allergy & Clinical Immunology: In Practice*, only 17% of Australians surveyed correctly chose the most suitable allergy remedy for their symptoms, as many consumers opt against consulting a doctor or pharmacist.

In October 2018, Mylan – marketer of Azep Hayfever Relief Nasal Spray – revealed similar trends in a study that found 43% of consumers taking OTCs for allergies feel the products provide only slight or no reduction in symptoms. Only 7% believed their treatment provided total relief. This is having a significant impact on sufferers' everyday lives, with one-third reporting taking up to nine days off work in the past year and 32% stating they felt they were being less productive. The findings prompted health advocates to suggest pharmacists are well placed to help break the cycle of inadequate self-care by proactively engaging with consumers about allergic rhinitis and offering advice on treatment options.

Poor consumer knowledge has also hindered the development of the intranasal corticosteroid nasal spray segment. Sales from this channel only account for a small proportion of the category topline, with some consumers deterred by the word “steroid”. However, sales could be boosted by recent regulatory developments:

- Since February 2019, the permitted dose per actuation for Schedule 2 (Pharmacy-only) budesonide aqueous nasal sprays (e.g. J&J’s Rhinocort) increased from 50mcg to 64mcg for the treatment of allergic rhinitis for up to six months in consumers aged 12+ years, while the limit of 200 actuations was removed
- From 1st October 2019, the S2 entry for mometasone 50mcg aqueous nasal sprays will include a limit of 200 actuations or less per pack for six months supply

Going forward sales could benefit from the trend for marketers of leading topical decongestants to enter the allergy nasal segment. For example, Fess was extended with MediFess (mometasone furoate 0.05%) in March 2019. The S2 OTC is the first medicated nasal spray in the range that is positioned to provide 24-hour relief from allergy and hayfever symptoms. The 18g SKU, which provides 140 metered sprays, is available on its own as well as in the MediFess Allergy & Hayfever Value Pack that also contains original Fess for nasal congestion relief. Care Pharmaceuticals claims taking both products in conjunction can increase effectiveness, with the latter

clearing excess mucus 15 minutes before using MediFess to treat allergy symptoms.

Additionally, ENT Technologies – marketer of topical decongestant brand Flo – rolled out Eze Allergy Nasal Spray in July 2019. The product provides azelastine hydrochloride 25mg per spray to relieve nasal symptoms associated with allergies such as sneezing and nasal blockage. It is also claimed to provide fast and effective relief within 15 minutes for up to 12 hours.

Telfast (Sanofi) is the No.1 allergy remedy and packaging was revamped in May 2019. The new purple livery is designed to help the product stand out on pharmacy shelves next to the more commonly used colours of white, green and blue and it also brings the packaging in line with the global brand (Allegra). The purple colour scheme was emphasised in a humorous A+P campaign featuring the Allergy Containment & Hayfever Unit (ACHU), a security team that reminisce about their employers’ harrowing fights with allergy symptoms.

Claratyne (Bayer) and Zyrtec (J&J for UCB) round off the Top 3. A+P for the former in June 2019 focused on Children’s Claratyne, claiming it is the only paediatric chewable tablet to provide 24-hour non-drowsy hayfever relief.

### **Asthma remedies: Study may impact future Ventolin sales**

Asthma remedies grew by 2%, driven in part by severe thunderstorms in late-2018, which have been shown to trigger asthma attacks even in people who have never been affected before. Future sales of category leader Ventolin (GSK) could be impacted by a New Zealand-led study published in the *New England Journal of Medicine* in May 2019 that found consumers with mild asthma who were instructed to use AstraZeneca’s Symbicort Turbuhaler – a 2-in-1 Rx medicine containing ingredients to both prevent and relieve symptoms – had half as many episodes of breathing difficulties as those using Ventolin. The study was subsequently featured on news reports such as Nine News Australia, accompanied by suggestions that Australian HCPs may stop recommending Ventolin as the most appropriate treatment for asthma. Category activity predominantly focuses on the paediatric segment, with the National Asthma Council Australia urging pharmacists to check with parents that their children have an up-to-date asthma action plan and are taking preventive medicine. This follows research in January 2019 that found one in nine Australian children that suffer from asthma are at an increased risk of an attack in the first weeks back at school following Christmas.

Competition for traditional allopathic allergy remedies comes from BEGGI Manuka Honey Essential Oil Nose Cream (BEGGI), which was introduced in May 2019. The Manuka honey + eucalyptus oil cream has a strong following in its native New Zealand and is positioned to provide 24-hour hayfever relief by creating a protective barrier in the nasal cavity.

## Cough remedies: Pholcodine use disputed

- Perrigo launches Bronchodual
- Duro-Tuss extended

The cough remedies category (A\$66.5mn / US\$45.5mn) was flat, with sales partly hampered by negative news reports regarding pholcodine. A news report by Channel Nine in October 2018 claimed the ingredient's use could cause anaphylactic reactions to neuromuscular blocking agents during surgery, which could be fatal. CHP Australia responded that such claims were "hypothetical" and the TGA noted, via Channel Nine, that an "international review found evidence for the link was weak but that it continues to monitor the issue". The ingredient is used in a number of established cough remedies including iNova's Duro-Tuss Expectorant Cough Liquid and Duro-Tuss Dry Cough Liquid.

NPD in 2019 has focused on herbal formulations. For example, in May Perrigo launched Bronchodual, a complementary medicine positioned to relieve dry and chesty cough that was developed as consumers cannot always easily distinguish between different types of cough, making product selection difficult. Available as a syrup and pastilles for on-the-go use, the product contains marshmallow root to relieve dry cough and thyme herb to loosen respiratory tract mucus and treat mild, bronchial cough. The brand is aimed at the whole family (4+ years) and can be used by diabetics, asthmatics, vegans and hypertension sufferers. The brand is known elsewhere as Bronchostop, which Perrigo licenses from Kwizda Pharma.

Category leader Duro-Tuss (iNova) was expanded in March 2019 with Duro-Tuss Children's Cough Liquid

### Rempro: New to Australia

New to Australia's CCA market is Wockhardt's Rempro. Launched in 2019, the line comprises four throat sprays (Rempro Dry Cough Remedy, Wet Cough Remedy, Sore Throat Remedy and Kids Throat Remedy), as well as nasal spray Rempro Allergy & Hayfever Remedy. All the products contain tannins, which bind and neutralise viruses before they can enter and proliferate in host cells. Featuring osmotically active hypertonic solution, the products hydrate and cleanse the throat surface of contaminants (in the case of the throat sprays) and break the bacterial biofilm to open the sinuses (in the case of the nasal spray). The medical devices are available in 30ml SKUs.

Night-Time. The product combines heder helix and chamomile to relieve cough and chest congestion, while also aiding sleep.

Lower in the rankings, Chemists' Own was extended in June 2019 with Chemists' Own Chesty Forte. The S2 tablet is formulated with bromhexine hydrochloride 8mg to help thin mucus to aid stubborn chest congestion.

## Sore throat remedies & medicated confectionery: Strepsils, Vicks extended

- Difflam to benefit from iNova's BLIS tie-up?
- Surge of activity among throat sprays

Sore throat remedies & medicated confectionery grew by 2% to A\$111mn (US\$75.6mn) in the 12 months to March 2019. However, the category is well placed to improve upon this performance going forward following heightened activity in 2019.

iNova's launch of BLIS Technologies' BLIS probiotic range (not tracked in our topline, see VMS box p289) in April 2019 will help the former strengthen its sore throat proposition by being able to offer consumers products that not only manage throat pain, but can also help to prevent

it. The deal could also benefit sales of No.2 entry Difflam (owned by Angelini), with the company planning to launch the BLIS K12 strain under the brand umbrella via a new “1st Signs Defence” platform. The range will comprise 10- and 30-count packs to give consumers a relevant product to use at the first sign of a sore throat.

In October 2018, iNova won relief from the Federal Court when it banned a point-of-sale poster and electronic billboard ad for RB’s Strepfen, which claimed the flurbiprofen lozenges provided “longer-lasting sore throat relief” vs benzydamine hydrochloride-based Difflam. iNova argued a claim that Strepfen provides relief for up to four hours compared to three hours for Difflam, as noted on packaging for Difflam Sore Throat lozenges, was misleading because it did not identify which Difflam product was being compared and the fine print was difficult to read. As such, the claim could be considered to have been made in relation to all Difflam products – including Difflam Plus and Difflam Concentrate presentations that have additional ingredients and benefits.

Elsewhere, RB collaborated with creative agency Now Screen and animator Yes Captain in a digital media and TV campaign for No.1 brand Strepsils in June 2019. The campaign supports the launch of Strepsils Extra Honey &

Lemon (formulated with hexylresorcinol, which has both antibacterial and anaesthetic properties) and focuses on the product’s ability to provide fast relief from a swollen or painful throat. The lozenge is presented as an ambulance that overtakes cars (which represent standard lozenges) and breaks through traffic (a sore / swollen throat).

No.3 entry Vicks (P&G) was extended in April 2019 with Vicks Vapodrops + Immune Support. Available in Orange Menthol and Blackcurrant Menthol versions, the lozenge is formulated with the same active ingredient as Vicks Vapodrops (menthol 10mg), with the addition of vitamin C and zinc 4mg to provide dual-acting antioxidant benefits that support immune health and treats nose, throat and cough symptoms.

Future category sales could benefit from a surge of activity in the throat sprays segment in 2019. For example, Nova Pharmaceuticals rolled out Medichoice Sore Throat Spray (benzydamine hydrochloride 1.5mg / ml) and Medichoice Sore Throat Spray Max Strength (benzydamine hydrochloride 3mg / ml) in June. Similarly, the Chemists’ Own range was expanded with Sore Throat Spray Forte (benzydamine hydrochloride 3mg/ml), with the anti-inflammatory positioned for fast relief of painful symptoms in the throat and mouth, such as tonsillitis, pharyngitis and swelling.

## New Zealand

- Future systemic cold & flu sales could be impacted should the Medicines Classification Committee’s recommendation that all OTCs containing codeine in combination with other ingredients should be reverse-switched to Rx come into effect. However, the originally proposed implementation date of 30th January 2020 has been deemed not practicable given the time needed to enact the change and Medsafe is working with stakeholders to revise this timeframe
- In February 2019, cough remedies containing DXM in liquid form packs of <600mg with a recommended daily dose of <120mg were upscheduled from general sale and pharmacy-only to Restricted Medicine (pharmacist-only), while those containing DXM outside this specification, opium tincture and squill oxymel were reverse-switched to Rx. Affected brands included Codral (J&J) and Dimetapp (Pfizer). However, local reports claimed pharmacists were caught unaware owing to a lack of warning, with some continuing to sell the reverse-switched medicines OTC as they were notified after the changes had taken effect
- In more positive news for the category, the MCC rejected a proposal to upschedule pholcodine from general sale and pharmacy-only to RM at its meeting in November 2018

- To harmonise with Australia, the MCC recommended at its April 2019 meeting to remove the limit of 200 actuations per primary pack for pharmacy-only allergy nasal sprays containing fluticasone <50mcg and budesonide. The MCC also recommended increasing the permitted dose per actuation of the latter from 50mcg to 60mcg
- The allergy remedies category was expanded in June 2018 with the launch of Menarini's Labixten, NZ's first antihistamine formulated with bilastine 20mg. The pharmacy-only medicine is available in packs of up to 30 tablets but a submission by the marketer seeking to remove the maximum pack size limit, bringing it in line with other pharmacy-only antihistamines, will be discussed by the MCC at its meeting in October 2019
- In June 2019, over 300 Unichem & Life Pharmacy outlets began offering free sore throat screening to help adults determine if they can self-treat their infection with OTCs or if they need antibiotics. Low-tier sore throat & medicated confectionery brand Fisherman's Friend (Stuart Alexander / Lofthouse) was extended with a honey & lemon flavour in April 2019

## Singapore

- Singapore's CCA category is benefiting from a raft of regulatory developments made by the Health Sciences Authority to encourage more self-care. In the allergy segment, the HSA reclassified Allerzal FC (Miraco Nutripharm) and Levozine FC (MD Pharmaceuticals) levocetirizine 5mg tablets from POM (prescription-only medicine) to P (pharmacy only) medicines in January 2019. Zyrtec is the No.1 brand and in October 2018, GSK launched GSL (General Sale List) medicine Zyrtec R Solution (cetirizine 1mg) to replace the existing pharmacy-only Zyrtec Oral Solution
- Cough remedies was also a beneficiary, with Mucosolvan 24 Hours Capsule 75mg, Tablet 30mg and Liquid 30mg / 5ml (Sanofi) reclassified from P to GSL in August 2018
- In sore throat remedies & medicated confectionery, Difflam Anti-inflammatory & Anti-bacterial Lozenges (iNova for Angelini) was reclassified from P to GSL in March 2019. This category witnesses a high level of launch activity. In 2019, Mundipharma introduced Betadine Sore Throat Lozenges, containing dichlorobenzyl alcohol and amylmetacresol to kill bacteria in the mouth and throat
- In mid-2018, Dexa Medica rolled out HerbaCOLD herbal systemic cold & flu remedy. The product joins HerbaKOF cough remedy, which the marketer launched in September 2017

## Malaysia

- Jin Bin Corporation's Hurix's is present across multiple CCA categories including sore throat remedies and this has been the focus of recent NPD, with Hurix's Honey Tangerine Drops and Hurix's Honey Ginger Drops (both formulated with additional vitamin C to boost the immune system) introduced in March 2019
- In July 2019, leading topical decongestant Sterimar (Hyphens for Church & Dwight) was rebranded as Sterimar Nose Hygiene Baby and extended with a bigger 100ml pack size
- In systemic cold & flu, Mundipharma has supported Betadine Cold Defence Nasal Spray in 2019 with an A+P campaign encouraging consumers to use the product while on holiday to stop it being cut short by a cold. The Kids presentation was named Best Nasal Spray at the Parents' Choice Awards 2019

# S Korea

## Systemic cold & flu: Tylenol Cold S price increased

- Il Dong enters category with Carol B line
- Boycott Japan campaign could harm Whituben sales

Growth of systemic cold & flu remedies (Won95.4bn / US\$80.2mn) slowed to 1% in the 12 months to March 2019. Despite micro dust continuing to drive incidence of respiratory ailments, the category was unable to maintain the growth trajectory of the previous reporting period, which was boosted by an early cold & flu season.

The performance is also hindered by the fragmented nature of the category – only the Top 2 entries, Pancold (Dong Wha) and Panpyrin (Dong-A), claim double-digit shares. This has been exacerbated in recent years thanks to a high level of launch activity, particularly of products positioned for specific cold symptoms. This trend continued in 2018, with Il Dong extending its Carol systemic analgesic into the category via the introduction of Carol B in October. The line comprises three products including Carol B Cold (paracetamol 180mg, chlorpheniramine maleate 1.25mg, DXM 8mg, dl-methylephedrine hydrochloride 12.5mg, guaifenesin 20.84mg, pseudoephedrine hydrochloride 15mg + riboflavin 2mg), as well as B Cough (tracked in cough remedies) and B Nose (tracked in systemic decongestants).

This was followed with the rollout of Carol Cold Kids Syrup (paracetamol 16.25mg, caffeine anhydrous 1.25mg, chlorpheniramine maleate 0.125mg, dl-methylephedrine hydrochloride 0.9mg, guaifenesin 2.1mg + pentoxyverine citrate 0.4mg / ml) in November. Positioned to relieve various cold symptoms in children, the product is packaged in individual stick pouches featuring characters from TV show Cocomong.

In the same month, Pancold was also extended with a paediatric version, Pancold-I Syrup. The product is

### Micro dust: 45% of kids affected

S Korea continues to be affected by micro dust storms (also known as Asian dust or yellow dust), a meteorological phenomenon where high-speed winds carry dust and soil particles from deserts in Mongolia and northern China. The storms are a key factor behind the rise in respiratory ailments in the country, with the dust irritating the nasal cavities and airways, as well as causing temperature fluctuations that increase the likelihood of colds. Children are particularly affected – according to a survey released by the Korea Institute for Health & Social Affairs in May 2019, 45% of schoolchildren had experienced health issues caused by micro dust.

The issue is also shaping product development across CCA categories. For example, Dong Wha rolled out herbal drink Chungdamwon in collaboration with major food company Sampyo in July 2019. The product, developed to provide relief for respiratory issues related to micro dust, is formulated with herbs known to be beneficial for nose and throat health and has a pear flavour to mask the bitterness of the ingredients so it can be enjoyed by all members of the family. Chungdamwon will only be available from pharmacies and industry analysts are interested to see how the product fares as Sampyo has a very strong supply chain in the mass market but not in the pharmacy channel.

formulated with paracetamol 150mg, diphenhydramine hydrochloride 9.375mg, dl-methylephedrine hydrochloride 9.375mg and guaifenesin 31.25mg and is positioned to relieve a range of cold symptoms including congestion, sore throat, cough and fever.

In terms of the wider brand, sales grew well, boosted by the performance of Pancold A, which can be sold in

convenience stores. However, the marketer was forced to reshoot TV ads in January 2019 after pharmacists complained about a scene depicting the medicine being purchased in a convenience store on the grounds that it could encourage abuse of the product.

Panpyrin also includes a product – Panpyrin T – that can be purchased in convenience stores. Poor performances over the past few years has seen the brand relinquish category leadership to Pancold but a change in A+P strategy could help reverse its fortunes. Dong-A has traditionally focused on radio ads, but in September 2018 it rolled out TV ads starring actress Park Bo-young that encouraged consumers to use Panpyrin during the “golden time” at the beginning of a cold when symptoms are easier to treat.

Theraflu (GSK) is a distant No.3 and was extended in September 2018 with Theraflu Cold & Cough, which, unlike original Theraflu, is positioned to relieve cough in addition to cold symptoms. The dissolvable powder is available in daytime (berry flavour) and night-time (honey & lemon) versions – both are formulated with paracetamol 650mg + phenylephrine hydrochloride 10mg but the former contains DXM 20mg, while the latter has diphenhydramine hydrochloride 25mg.

In the mid-tier, Whituben (Takeda) had a solid year with sales up by single digits. The performance was partly the result of a high-profile A+P campaign comprising TV and social media ads starring Cha Eun-woo, a member of the boy band ASTRO. However, the brand may not be able to maintain this growth going forward owing to strained political ties between S Korea and Japan. In July 2019, Japan began the process of removing S Korea from its white list of preferred trading partners, which led to the creation of the Boycott Japan campaign. The initiative urged consumers to avoid purchasing Japanese brands and, in the case of Japanese OTC brands like Whituben, pharmacists started recommending alternatives.

J&J's Tylenol Cold S also competes in the mid-tier. In July 2019, its price was increased by 25% owing to the growing cost of raw materials.



L-R: Cleancle, NeilMed Sinus Rinse and Conafresh

## Topical decongestants: Most dynamic

- NPD focuses on nasal washes
- Whituben A+P drives strong year

Topical decongestants was the most dynamic category with sales advancing by 9% to Won22.2bn (US\$18.7mn). The micro dust issue is causing an increase in rhinitis cases and there is growing consumer demand for products to cleanse the nasal cavities. As such, NPD in the reporting period predominantly focused on saline solutions and nasal washes over medicated sprays. For example, JW Pharma launched Cleancle, a sterile nasal cleaner, in January 2019 and Dong-A started selling NeilMed's NeilMed Sinus Rinse and Sinus Rinse Kids in March 2019. The latter features premixed packets of pH balanced sodium chloride + sodium bicarbonate.

Meanwhile, DaeWon rolled out Conafresh (sodium chloride 7.04mg / ml) in March 2019. The product was introduced to complement its xylometazoline Col DaeWon Cona nasal spray range, which was expanded at the same time with Col DaeWon Cona S. The product contains xylometazoline 0.1% like the original version but is additionally formulated with antihistamine chlorphenamine maleate 0.25% for relieving symptoms of allergic rhinitis.

No.2 entry Whituben (Takeda) had a strong year and closed the gap on category leader Otrivin (GSK), which had a quiet reporting period. The performance was partly driven by an A+P campaign in Q4 2018 starring Joon Park in which the rapper reveals how to get rid of congestion to a series of people whose everyday lives are affected by a stuffy nose. The videos feature the tagline “WhituBAM!”

as a play on Park's well-known "Bam!" catchphrase. However, sales going forward may be negatively impacted by consumers' boycott of Japanese products (see systemic cold & flu).

Physiomer (YuYu) completes the Top 3. In March 2019, the marketer was suspended from importing the product for one month owing to a violation of the Pharmaceutical Affairs Act for not reporting an ingredient change. However, the suspension was not anticipated to have an impact on product availability or sales.

## Allergy remedies: PSE + cetirizine investigated for safety

- Allergy Cut promoted at mother & baby trade shows
- Ahn-Gook revamps Kobaxa

Allergy remedies recorded a modest decline to Won21.7bn (US\$18.2mn). Although rhinitis is on the rise, consumers are eschewing these medicines in favour of topical decongestant nasal sprays, which are perceived to offer faster relief. Systemic decongestants is also opening up following the launch of Comekina (Daewoong) in June 2018, S Korea's first OTC formulated with mequitazine.

The category has also been held back by concerns over ingredient safety. For example, in the previous reporting period, the regional drug safety centre at Aju University Hospital called for more attention to be given to products containing chlorphenamine after a review of the reported side-effects of the ingredient over the past 10 years found examples such as dizziness, hives and anaphylaxis.

Going forward, PSE + cetirizine formulations such as Green Nose capsules (GC Pharma) could also be impacted by safety concerns. In mid-2019, the Ministry of Food & Drug Safety announced it will investigate 33 products containing these ingredients in response to a European Medicine Agency safety review, which identified a number of associated side-effects including visual impairment and erectile dysfunction. The MFDS has directed marketers to add these side-effects to

product labels. As the outcome of the investigation is still pending it remains to be seen what effect it will have on sales, although industry analysts anticipate there will be some degree of negative impact.

Given the challenges in the category, there has been a lack of development of medicated allergy products. Although a notable exception

is Jeil, which introduced Jeil Algyssak in November 2018. Two versions are available – Ceti (above, cetirizine 10mg) and Lora (loratadine 10mg) – in a soft liquid capsule format that increases the absorption rate.



Most recent product activity has focused on non-medicated remedies and medical devices, which have fewer concerns regarding safety, such as Allergy Cut (Dong Sung, October 2016) and Dr Theiss Rhino-Protect PRS (Han Wha for Dr Theiss Naturwaren, February 2018). The former was supported during the reporting period at a series of mother & baby trade shows where it was highlighted that the product can be used safely by pregnant and lactating mothers.

Competition for traditional medicated allergy remedies is also coming from health functional foods such as Ahn-Gook's Kobaxa (Nose Doctor in Korean). The range was expanded in June 2018 via the launch of Kobaxa Cool Candy, which contains acerola, blueberry and herb extracts to reduce nasal hypersensitivity and provide a refreshing sensation for sore throat. Kobaxa Elderberry Kids was upgraded in June 2019 and now contains 3x the amount of black elderberry as the original, as well as additional ingredients including apple concentrate and bellflower concentrate.

## Cough remedies: Surge in expectorant API demand

- Competition from Rx treatment Synatura
- Bukwang relaunches Saponal Granules

Cough remedies is one of the categories most affected by the micro dust issue, with the associated side effect of increased phlegm production driving demand for expectorants – manufacturers of APIs for these medicines reported a significant increase in production in 2018 as a result of higher orders from marketers. However, growth (+3% to Won97.6bn / US\$82.0mn) was not as dynamic as it could have been owing to a weaker cold & flu season in Q1 2019 vs the previous year. Future sales may also be taken by Ahn-Gook's Rx treatment Synatura, which was boosted by a study in May 2019 that showed the medicine is effective at reducing lung inflammation caused by micro dust.

Boryung markets category leader Mucomyst as well as mid-tier entry Yongkaksan. The latter has posted strong growth in recent years thanks to efforts to promote the Yongkaksan Cool presentation as a remedy for cough caused by micro dust. However, it faces competition going forward from Saponal Granules; Bukwang relaunched the product in March 2019 to leverage the increased consumer demand from micro dust and other environmental factors. Saponal has a similar formula to Yongkaksan Cool that combines allopathic and herbal ingredients (e.g. both contain noscapine, liquorice powder and platycodon root) and is also packaged in individual stick pouches – a popular format in S Korea and one of the factors behind the success of Yongkaksan Cool.

In other launch news, Han Wha extended Muteran capsules with a banana flavour syrup (acetylcysteine 20mg / ml) in March 2019. Meanwhile, Jeil extended Penssak with Penssak Fresh in July 2019. The expectorant soft capsules contain bromhexine hydrochloride 2mg + l-carbocysteine 125mg.

## Sore throat remedies & medicated confectionery: Flurbiprofen troches popular

- Kwang Dong signs co-marketing agreement with Mundipharma
- Ricola extended with new flavour

Despite sore throat being a common side effect of exposure to micro dust, sales of sore throat remedies & medicated confectionery were flat at Won17.3bn (US\$14.5mn) following a poor performance for category leader Strepsils. The brand continues to feel the effects of a boycott of marketer RB's products owing to its role in selling a humidifier disinfectant linked to the deaths of over a hundred people.

Strepsils also faces increased competition from the entry of "me too" products with the same flurbiprofen 8.75mg formulation, as marketers attempt to leverage the perceived benefits of troches such as their ease of consumption for use by children and seniors. Recent examples include Zenstryn (Sinil) in 2017; Throacool (GL Pharma) and New Zentrig (Ahngook New Pharm) in 2018; and Mogaften (Dong Wha) in February 2019.

Further competition comes from the throat sprays segment after Hanmi extended Mokaen with Mokaen Power Spray in May 2019. The product is S Korea's first OTC flurbiprofen sore throat spray and is recommended



*Mokaen Power Spray*

for use 3x a day to relieve pain for up to six hours, with the marketer believing its easy-to-use application of spraying directly into the throat will attract consumers with micro duct induced pain and irritation.

Throat sprays are growing in popularity owing to the perception that they provide convenient, fast-acting pain relief. Betadine Throat Spray is one of the most established entries in the segment and had a good year. Mundipharma reported that brand sales in September and October 2018 were 2.2x higher than the monthly averages for January-August as a result of an outbreak of Middle East respiratory syndrome and more people experiencing sore throat during a period of cold weather. The uptick also coincided with a new A+P campaign that explained the product can help relieve the symptoms of sore throat as well as combat the cause, with its povidone-iodine

formulation shown to demonstrate antibacterial and antiviral properties against pneumococcus, swine flu and MERS.

Sales could also improve after Mundipharma signed a co-marketing agreement with Kwang Dong, which has a strong pharmacy distribution network. Starting in 2019, Kwang Dong is responsible for selling around 40

of Mundipharma's OTCs and quasi-drugs, including the Betadine series.

Lower in the rankings, Ricola (Ricola) was extended with a Sugar Free Glacier Mint presentation in November 2018. Developed to provide a longer feeling of freshness, the flavour joins the existing Original Herb, Lemon Mint and Cranberry versions.

## Philippines

- Cough remedies – the largest Filipino CCA category – has been active in 2018 / 19 with launches and A+P
- Sanofi's launch of the first consumer campaign for Mucosolvan 24HRS sustained-release ambroxol 75mg capsules in early 2018 saw it win Product of the Year at the Nicholas Hall Asia-Pacific 2018 Awards and record a strong double-digit sales upturn. A+P focused on the brand being the first OTC in the country to offer once-daily dosing to treat productive cough. This was communicated via a TV campaign and supported with strong visibility at drugstores and updated product packaging
- Elsewhere in the ambroxol segment, GSK extended mid-tier entry Sinecod in August 2019 with Sinecough Expel. The new product is available in both liquid (7.5ml / mg) and tablet (30mg) formats, with A+P claiming it can remove phlegm in 30 minutes
- Unilab leads the cough remedies category through Solmux, which continued to be supported with A+P featuring actor Coco Martin. Meanwhile, No.2 entry Ascof (Pascual) was extended in October 2018 with a ginger flavour of Ascof Forte
- Unilab is the dominant systemic cold & flu remedy marketer. In the reporting period, it supported category leader Neozep with a TV campaign that promoted the product's fast-acting formula and backed No.2 entry Bioflu with a sing-along TV ad parodying Lou Bega's Mambo No.5 song to explain product positioning
- P&G's Vicks – which spans several CCA categories – has been supported since March 2019 with the second instalment of the Touch of Care campaign, which aims to raise awareness of HIV by following the story of an orphaned boy who fights with the condition as he grows up. Additionally, Vicks BabyRub was extended with a 20g version in October 2018
- Medicated confectionery brand Ricola (Ricola) has performed well in the travel market since becoming available in Duty Free stores in Filipino airports in 2018. To support this, the 75g version was extended with an Alpine Fresh flavour as well as an exclusive travel version (125g) that is available in Lemon Mint, Eucalyptus & Original flavours
- Difflam sore throat remedy (iNova for Angelini) won the Worldwide Marketing prize at the Nicholas Hall Awards, held in Vienna in April 2019. The brand was supported by a multimedia campaign in September 2018 that led to a strong rise in sales and consumer awareness by the end of the year. With Difflam previously promoted exclusively to HCPs, the challenge was to build awareness among consumers and increase the brand's standing in this highly competitive category. A key facet of the consumer campaign was celebrity endorsements, with Miss Universe 2015 Pia Wurtzbach appointed brand ambassador for Difflam Forte sore throat spray (benzylamine), ads for which highlight how its formulation targets the site of throat pain and provides relief within 60 seconds

## Vietnam

- Cough remedies and sore throat remedies & medicated confectionery are Vietnam's largest CCA categories owing to the country's longstanding issue with air pollution, which the WHO linked to more than 60,000 deaths in 2016
- This has contributed to the growing issue of antibiotic misuse in Vietnam, as consumers opt to use these to treat respiratory problems. In July 2019, GSK and the Medical Association launched a forum with medical professionals to raise awareness of the issue and prioritise early vaccinations to prevent serious respiratory conditions
- Mega Lifesciences' Eugica is the largest brand in Vietnam's OTC CCA market and it is the leading sore throat remedies & medicated confectionery entry
- Line extensions of the brand in 2019 include Eugica Candy Cool Extra flavour (pictured, right), honey-based Eugica Xit Hong Thao Duoc throat spray and Eugica Thong Xoang nasal spray, which combines three herbs to clear the nasal passages
- DHG, Mega Lifesciences' manufacturing partner for Eugica, reported that there was a temporary halt in distribution for the brand during 2018 when the company lifted its foreign ownership limit (DHG is now majority-owned by Taisho)
- In terms of other new CCA products, Mundipharma has launched Betadine Cold Defence Nasal Spray as part of a wider rollout in SE Asia
- The small topical decongestants category was extended in November 2018 with Rohto's NoseWash Handy Mini Kit



## Taiwan

- Systemic cold & flu remedies is Taiwan's largest OTC CCA category with a share approaching 50%. Launches in early 2019 include a tablet version of Taisho's Japanese brand Pabron S to accompany the existing capsule and granule formats and Mundipharma's Betadine Cold Defence Nasal Spray for adults and children, claimed to fight and eliminate the cold virus
- Mundipharma has also extended its presence in the sore throat remedies & medicated confectionery category where its Betadine Throat Spray and Gargle & Mouthwash formats are well-established. In May 2019 the marketer joined forces with UHA Mikakuto to launch Isodine Throat Candy, which debuted in Japan in 2018. The throat sweets, endorsed by celebrity Aya Ueto, are available in three flavours: Lemon, Honey Kumquat and Cool Mint
- In 2018, UC Pharma appointed singer Luo Shifeng to make a new ad for the U Chu CCA range, 15 years after he first starred in a campaign singing a branded jingle that has since become widely known. The latest campaign also features blogger Aga Tsai to give the ad a modern twist
- Leading chest rub & inhalant brand Mentholatum (Mentholatum / Rohto) celebrates its 130th anniversary in 2019. The occasion has been marked with the launch of special packaging featuring a hand-painted copy of the Little Nurse brand mascot. A supporting TV ad shows a mother applying the product to her child

# Indonesia

## Systemic cold & flu remedies: Sales struggling

- Marketers increasingly emphasising halal status
- Betadine Cold Defence Nasal Spray launched

Sales of systemic cold & flu remedies rose by 1% to Rp1.3tn (US\$89.3mn) in the 12 months to March 2019. Growth has been low in this category in recent years in line with a wider weak performance in Indonesia's OTC market caused by cautious consumer spending. Another recent trend is a decline in volume sales, which indicates that price rises have been largely responsible for the limited growth that the category has recorded. Also, health conscious consumers are paying more attention to their immunity & wellbeing, which could result in lower incidence of cold & flu. Immune supplements – the country's largest OTC category, tracked under VMS – has grown well above the market average in recent years.

Additionally, a stagnant Rx-to-OTC switch environment means that no new medicated ingredients have entered the category in many years so the main brands have similar formulations and aim to stay fresh via new marketing campaigns rather than innovation.

Some marketers are turning to herbal & natural formulations to expand the category. Following Dexa Medica's launch of HerbaCOLD in late 2017, Mundipharma brought a new natural product to the category in August 2018 as part of a wider Asian rollout. Betadine Cold Defence Nasal Spray – available in versions for adults



(pictured) and children – contains Carragelese (derived from red seaweed and trademarked by Marinomed Biotech) and is advertised as “natural, steroid-free and drug-free”. The spray is different from other brands in the category because, rather than treating cold symptoms, it is positioned to eliminate germs that cause colds in order to prevent symptoms from developing.

Meanwhile, Kalbe-owned Bintang Toedjoe has stepped up A+P for Masuk Angin Bejo Jahe Merah, a jamu (traditional) liquid positioned to relieve headache and flatulence as well as cold symptoms. This follows the brand receiving halal certification in 2018 – important for the country's Muslim population (around 87% of the country total) – from clerical body Majelis Ulama Indonesia. Similarly, Unilab-owned Darya-Varia obtained halal certification for Decolgen Kids Syrup in 2018.

Darya-Varia also targeted Muslim consumers in a 2019 TV ad for mid-tier brand Neozep, which advised that people suffering from cold symptoms should take Neozep Forte for rapid relief so that they can maximise their performance and show kindness during the Ramadan period without worrying about illness. Neozep has also been supported by frequent community-based marketing events in offices and public places aimed at busy people aged 25-35 years who want to continue their work and other daily activities uninterrupted by illness. Darya-Varia is also looking to replicate the success Neozep has experienced in major areas such as Jakarta and Semarang in other territories such as Surakarta.

Category leader Mixagrip (Saka Farma / Kalbe) – the only entry to claim a double-digit share – has been supported by A+P to help consumers differentiate between the brand's products. A TV ad in June 2019 described the positioning of Mixagrip Flu and Mixagrip Flu & Batuk, summarising when it is most suitable to take each one. Meanwhile, the brand continued to be endorsed by singer Laudya Cynthia Bella in an attempt to attract younger consumers and

encourage them to embrace Indonesian culture via exercise and other activities.

This message was enhanced through the Mixagrip Cinta Budaya Sehat campaign in August 2018. Conducted through a series of roadshows, the initiative also aimed to raise consumer awareness surrounding the country's growing narcotics issue. According to the Indonesian Child Protection Commission, 5.9mn Indonesian children aged under 18 years have become addicted to drugs, with 1.6mn dealing illegal substances. The campaign followed the signing of a co-operative agreement between Saka Farma and the National Narcotics Agency.

It has been a quiet year for Ultraflu (Henson) and Bodrex (Bode / Tempo Scan Pacific), which complete the Top 3. The latter's paediatric product Bodrexin Flu & Batuk PE was supported by a TV campaign in February 2019, which explained to mothers that its phenylephrine formulation can remedy cold symptoms and is gentle on the stomach.

In terms of other medicated brands, Combiphar's mid-tier entry OBH Combi was extended in August 2019 with OB Combi Batuk Pilek (ammonium chloride, DXM, diphenhydramine and phenylephrine), which is positioned to treat cough & cold without fever.

## Cough remedies: Sachet launches popular

- Herbal & natural segment developing
- Pollution levels increase ARI

High levels of pollution create an opportunity for growth in this category as it can lead to Acute Respiratory Infection, which the Jakarta Health Agency reports continued to increase in 2018. However, this trend is currently not translating to growth of cough remedies as the general weakness in consumer spending slowed the category's upturn to 1% (Rp1.4tn / US\$99.6mn) in the 12 months to March 2019. In an attempt to counteract this weak result, marketers have either launched new products or extended popular brands in sachet format, giving people the chance to buy individual doses for a lower price than a full pack. The majority of these developments have come from the herbals & naturals segment, which continues to expand following ongoing negative attention relating to the abuse of DXM.

Kalbe's Bintang Toedjoe has driven development of herbally-formulated treatments via category leader Komix, the only brand with a double-digit share. To entice consumers in the country's current economic

### Indonesia: Topical decongestants

Sales of topical decongestants grew by 8% to Rp109bn (US\$7.7mn) with both the dominant chest rubs & inhalants and topical decongestants sub-categories posting a solid upturn. P&G increased its ownership in this category when it completed the global acquisition of Merck CH in late 2018, bringing the Iliadin topical decongestant to its portfolio. This complements P&G's established VapoRub and Inhaler products under the Vicks brand, which are marketed by Darya-Varia in Indonesia. Vicks Inhaler was updated in mid-2019 with new packaging – it now has a key ring attached to it so that it can be joined to keys or bags for easy transportation. In terms of other activity:

- In September 2018, Menarini revamped Transpulmin Baby and Transpulmin Kids balsam with modern and colourful packaging
- After Hyphens Pharma began marketing Sterimar isotonic nasal sprays for Sofibel – Laboratoires Fumouze (a Church & Dwight subsidiary) in OTC channels in 2018, it held events in the second half of the year that aimed to educate pharmacists on the benefits of nasal washing to overcome respiratory allergies and sinusitis

climate, Komix Herbal was extended with a sachet version in H1 2018. A supporting TV ad parodied the popular Dilan film series and focused on the product's suitability for on-the-go use by showing a man struggling with a cough while out with his partner, who offers him a sachet to remedy the situation. The Komix Herbal range has also been supported by a roadshow that encourages consumers to undertake exercise in order to lead a healthier lifestyle.

Konimex – marketer of No.4 entry Konidin – boosted its presence in the category in the reporting period by extending low-tier entry Siladex with Siladex DMP (DXM and diphenhydramine). The syrup – available in 30ml, 60ml and 100ml versions – is positioned to relieve wet cough or dry cough accompanied by allergies and is suited to nighttime use.

Meanwhile, Tempo Scan Pacific extended the CCA arm of Bodrex (which also leads Indonesia's OTC systemic analgesics category) into the jamu cough remedy segment with the introduction of Bodrex Herbal Batuk in January 2019. The launch followed marketer research that suggests herbal cough remedies and on-the-go formats are increasingly popular among younger consumers owing to traditional cough syrups spilling easily. Positioned to help treat cough and soothe the throat, the sachets are formulated with numerous natural ingredients including honey, thyme, and ginger.

This followed the expansion of paediatric sister brand Bodrexin into the jamu segment via Bodrexin Herbal Batuk in September 2018. The 7.5ml liquid sachets contain mint leaves, cinnamon, cloves, sage leaves, kebo, ginger, thyme, sweet root, cardamom and betel leaf. It is positioned to relieve cough symptoms and soothe the throat in children aged 2-12 years. In 2018, Tempo Scan Pacific also launched wybert Herbal Batuk Anak, the first children's product in the wyber Herbal range.

Sanofi began a new campaign for Bisolvon in February 2019 in time for transition season (when the climate changes from hot & dry to wet & windy). The marketer reports that cough is the most common type of illness during this period as a change in temperature puts

pressure on the body's immune system. As such, Sanofi and celebrity endorser Nirin Zubir encouraged consumers to maintain good health during this phase through actions such as exercise, healthy eating, increased water consumption and wearing a mask. These steps can reduce the risk of consumers developing a cough, which Sanofi says can result in people having to distance themselves from others and miss out on special moments in order to avoid spreading germs. Meanwhile, educational consumer roadshows about cough care were held in Jakarta, Bandung and Surabaya in January and February. The campaign also highlighted that Bisolvon has been in Indonesia for 45 years and is positioned to treat cough with phlegm.

Meanwhile, Combiphar was the official supplier of the 2018 Asian Games and it used cough remedy OBH Combi to launch its #IndonesiaKukulBatas (Indonesia Overcome Limits) campaign which fits well with Combiphar's aim of attracting younger consumers and creating a generation of healthier Indonesians.

## Sore throat remedies & medicated confectionery: Flat sales

- **RB launches stronger Strepsils flavour**
- **Imboost extended into lozenge format**

A lack of truly new products in the sore throat remedies & medicated confectionery category goes some way to explaining flat sales (Rp239bn / US\$16.9mn) in the 12 months to March 2019. However, this could change following Soho Global Health's 2019 launch of Imboost Lozenges. The new product is different from other sore throat treatments as it has the dual claim of boosting the immune system with echinacea as well as soothing the throat with red ginger. It also has the benefit of being associated with the wider Imboost immunity supplement (tracked in VMS), which is Indonesia's No.2 OTC brand and has grown by double-digits for several consecutive years.

Youth-oriented Fisherman's Friend (Nirwana Lestari for Lofthouse) remains the leading brand and A+P highlights the brand's strong flavour sensations with a focus on how

the lozenges can increase confidence rather than relieve sore throat. The brand has also sponsored the KIX RU Tough Enough contest in Indonesia and other SE Asian markets, which tests participants' physical strength and mental endurance.

RB extended mid-tier brand Strepsils in November 2018 with Menthol & Vanilla Extra Strong Sensation, claimed to provide 2x menthol vs original Strepsils. Future brand sales could further benefit from the Strepsils Ajang Nyanyi Strong (SANS) singing competition in July 2019. ❌

## Hong Kong

- The 2018 and 2019 flu seasons have been severe, with school classes for young children cancelled in both years to reduce the risk of infection
- The virulence of the season tends to fluctuate without an obvious reason so the government's Research Grants Council gave HK\$50mn (US\$6.4mn) to the University of Hong Kong in 2019 to fund a five-year study with the aim of improving predictions about the speed that the virus will spread and the size of the epidemic in order to improve preparations for flu season
- Systemic cold & flu remedies is Hong Kong's largest OTC CCA category, accounting for over half of sales. Fortune's Coltaline holds the top spot and ads in 2018 claimed it has been HK's top CCA range for 20 years. GSK's Panadol Cold & Flu ranks second and has been supported by A+P in the reporting period, including endorsement from DJ duo Kitty Yuen and Sammy Leung
- Most products in this category are positioned to treat symptoms but this is set to change as Enzymatica has entered into a distribution agreement with Evergreen Health for sales and marketing of ColdZyme Mouth Spray in Hong Kong and Macau. The preventive – which forms a protective barrier on the mucous membrane of the throat, making it more difficult for the cold virus to cause illness – is slated for launch in 2019
- In cough remedies, Wai Yuen Tong reported in its financial results for the 12 months to March 2019 that Madame Pearl's syrup – marketed by the company's Luxembourg Medicine subsidiary – suffered a decline in production volume owing to the relocation of manufacturing facilities. The transition was completed by end-2018 and WYT expects future growth as the OTC cough syrup has been granted government approval for sale in the clinical channel
- Sore throat remedies & medicated confectionery is among the most active categories in terms of product development but it suffered a setback in July 2019 when the HK Consumer Council advised people to take care when using throat lozenges. This followed a survey of 41 products that found that some did not carry clear instructions on daily intake, directions for use or warning statements. Some were also found to contain high levels of sugar – up to as much as 45% of the recommended daily intake per six lozenges
- Recent development in this category includes the launch of sugar-free line extensions such as a Honey Lemon Menthol version of Fisherman's Friend (distributed by DKSH for Lofthouse) in September 2018 and a Honey & Lemon flavour of Ryukakusan lozenges (Ryukakusan) at the end of that year
- RB continues to use celebrities to endorse category leader Strepsils. In 2019, singer Jason Chan has promoted the Strepsils Soothing presentation, positioned to kill bacteria in the throat. This follows the appointment of news anchor Chen Jiaqian to endorse mid-2018 line extension, Strepsils Herbal
- Ricola is in discussions to extend distribution of its namesake Swiss throat lozenge brand in Hong Kong to travel retailers, according to an article in *Moodie Davitt Report*

## Thailand

- The big news in the reporting period is the reclassification of loratadine. Thailand's allergy remedies category largely comprises Dangerous Drugs, the sale of which must be conducted by a pharmacist and recorded. However, in November 2018 the Thai FDA approved the down-scheduling of loratadine which, once gazetted, will permit the availability of 10mg doses in up to 10 tablets per pack without intervention from a medical professional. The aim is to keep pace with other countries where the antihistamine has long been available without consultation
- Pharmacists remain sceptical about the decision owing to concerns about adverse reactions and potential for abuse. However, the FDA cites the ingredient's strong safety profile and non-drowsy status – accompanied by packaging instructions that it should be used for allergies symptoms only (and not just for mucus) – as reasons to improve accessibility. Affected brands include tablet versions of Bayer's Clarityne and Siam Bheasach's Lersedin
- In recent years, the chest rubs & inhalants category has been the star performer in CCA as brands such as Poy Sian (Gold Mints Products) and Peppermint Field (Bertram Chemicals) have performed well owing to A+P focusing on the younger generation
- Reports of unhealthy pollution levels – including a bout of toxic smog that caused schools in Bangkok to close in January 2019 – could bode well for remedies for respiratory ailments
- Unilab's Great Eastern Drug is a key local CCA player marketing No.1 cold & flu remedy Decolgen – supported by A+P stating that the product can be used in any season – and top-tier cough remedy Solmux, recent ads for which have focused on the children's syrup. Both brands are also supported by charitable activities such as donations of face masks to people living in areas with high pollution levels
- MNC brands lead the sore throat remedies & medicated confectionery category and line extensions tend to focus on flavour and taste sensation
- Category leader Halls (Mondelez) has been active. A packaging update in 2018 saw packs prominently displaying the "H" logo. Other activities in 2018 included the launch of blueberry-flavoured Halls XS, the use of street artist Benzilla in A+P and ads focusing on the brand's flavour
- In 2019, several new products have been released: Early in the year, Halls XS was extended with a limited edition Colors pack in 7-Eleven stores that contained three different flavours in the same SKU. Meanwhile, a limited quantity of Halls Blue Soda flavour was released in February 2019
- Three months later, 12 limited edition packs of Halls XS were released featuring Avengers characters. Halls Salt – fruit-based candies mixed with salt – was also launched and is available in Watermelon and Lemon Lime flavours
- Fisherman's Friend (Sino Pacific for Lofthouse) is another brand that has been updated: a limited-edition Tropical flavour was released in late 2018 followed by a Mixed Berries version in August 2019
- Availability of Swiss brand Ricola (Ricola) is being extended in the travel retail market across Asia. This includes listings in mid-2018 for 200g tins and small bag formats with duty-free retailer King Power International at Bangkok Suvarnabhumi International Airport, followed by 75g tins of Original Herb, Lemon Mint and Cranberry flavours

# Self-Care Day: Sanofi study to help consumers “Be Your Best”

To mark International Self-Care Day (24th July 2019), Sanofi published a report entitled: *Be Your Best 2019 – Empowering the Net Generation to Make the Most of Self-Care*, which features the findings of a survey of Net Generation consumers (those born between 1981 and 1996), pharmacists and GPs in eight countries (3,200 respondents in total). The report provides valuable information about the beliefs, practices and aspirations of this group in relation to self-care – identifying some notable differences in responses in the surveyed markets. It also highlights “the pressing issues that governments, industry and other key stakeholders must act on to empower this generation to lead healthier, fuller lives”. Here, we summarise some of the key findings and recommended Action Points.

## Net Generation: “unique point of view” to self-care

Described as “The world’s most powerful consumers” in the introduction to the report, the Net Generation includes almost 2bn people (around a quarter of the global population) whose “time is now”. Sanofi identifies a number of aspects common to this demographic:

- As one of the largest generations in history, this group is reaching its most influential years – in terms of purchasing power, social mobility and taking the “big” decisions in their lives
- Its affinity for technology has already changed consumerism – and will do so for decades to come. With product information, reviews and price comparisons at its fingertips – this generation seeks brands that offer convenience and the best value or lowest cost
- Wellness is not just a fad; it is a way of life. This generation exercises more, eats smarter, smokes and drinks less than previous generations
- This generation is willing to act. They have grown up in a time of rapid change, giving them a set of priorities and behaviours markedly different to their parents. If they are not particularly satisfied with their financial situations, jobs, governments and society, they will comment and head to social media to speak up on the issues

### Self-care definition: Sanofi thinks ...

... Self-care refers to activities that empower people to improve their own health, enhance wellbeing, prevent disease, curb illness and restore health. It includes making healthy lifestyle choices, self-monitoring and self-managing symptoms and using OTC medicines safely and responsibly.

Having “grown up very differently than previous generations,” Sanofi believes it is essential to understand the Net Generation’s “unique point of view” regarding health & wellness, especially in light of the challenges facing global healthcare systems as people live longer and chronic diseases proliferate. The report’s findings were analysed with a special focus on three key aspects, namely consumer beliefs, practices and aspirations in relation to self-care, and – crucially – identified some important differences in consumer attitudes in the relevant markets, as well as disconnects between public and HCP perceptions and attitudes. We analyse some of the key findings below.

### What self-care means to the Net Generation

The Net Generation associates a wide range of topics with “self-care” – 60% linked it strongly with “eating clean”, while 53% cited an “active lifestyle”. Other key results were: “mitigating health risks” (32%); “work-life balance” (28%) and “a skincare routine” (25%). In light

of the fact that this generation “talks about mental health with real openness and awareness via social media ... Across the globe, self-care is strongly linked to mental health and wellbeing and the benefits of self-care are associated with combating stress, anxiety and depression”.

Around 20% of respondents experienced what they consider a minor health condition at least once a week, with a third citing “once per month” and the same percentage “once a year”. Consumers in the US reported the most regular incidence of minor conditions (17% “daily” and 35% “at least once a week”).

### Managing minor conditions

In a section particularly interesting to consumer healthcare marketers, the most common OTCs purchased by respondents were those for cough & cold (60%), followed by headache (54%). Among the other most regularly-

purchased remedies were GIs, vitamins & minerals and allergy treatments. The internet is the main source of information about OTCs (50%), ahead of pharmacist recommendations (22%), doctors (19%) and friends (19%). Perhaps unsurprisingly, “efficacy” is the main incentive when selecting or recommending an OTC, ahead of “rapid symptom relief” and “safety / tolerability”. Only around 21% of consumers reported a belief that OTCs are “just as effective” as Rx ones, with this figure even lower in Japan.

While around 75% of consumers know which type of product they wish to buy before entering a physical / online store, only half do so knowing which brand they intend to buy. The vast majority (71%) preferred to visit a pharmacy to purchase OTCs. The average monthly spend on OTC products among the surveyed group was €24.00 (US\$26.53), with Japan the lowest (€17.00 / US\$18.80) and the US highest (€40.00 / US\$44.22).

### Case study: Japan

While there were many common trends among the consumer responses across the eight markets, results from Japan noticeably diverged in a number of areas. Following the publication of the study, Sanofi in Japan addressed some of these issues.

Japanese Net Generation consumers often answered more negatively than their counterparts in other markets when it came to their confidence in practising self-care. For example, while an average of 53% of consumers across the eight countries felt confident about treating a minor condition on their own, this figure was only 24% in Japan, the lowest by a considerable margin. In addition, only 21% of HCPs in Japan believe their patients perform self-care sufficiently to maintain a good level of health, also the lowest among the surveyed markets. In Japan, only 37% of Net Generation consumers believe that they “perform self-care sufficiently to maintain a good level of health,” again significantly less than the wider group.

A lack of knowledge was identified as a barrier by 26% of Japanese Net Generation consumers, with 28% feeling there is not enough information about how to maintain wellness and treat minor conditions. Meanwhile, 31% of consumers, 36% of GPs and 33% of pharmacists in Japan cited “lack of time” as a factor. Sanofi Japan points out that consumers and doctors show the highest ratio among the eight markets.

**Comment from Toshiya Ishibashi, General Manager, Sanofi CHC Japan:** “A super-ageing society, 100 years of life expectancy, and extension of healthy life span have been discussed in Japan. I think that promoting health-literacy and self-care among all generations including the Net Generation are very important for maintaining Japan’s health care system. For extension of healthy life span and the future of Japan, we aim to deliver quality products and the right information continuously to respond to consumer needs.”

The study also found that 57% of consumers would rather “deal with or treat a minor condition themselves” instead of facing the “inconvenience” of visiting a doctor. A large percentage (87%) of HCPs “strongly agreed” that patients should use self-care to manage minor conditions.

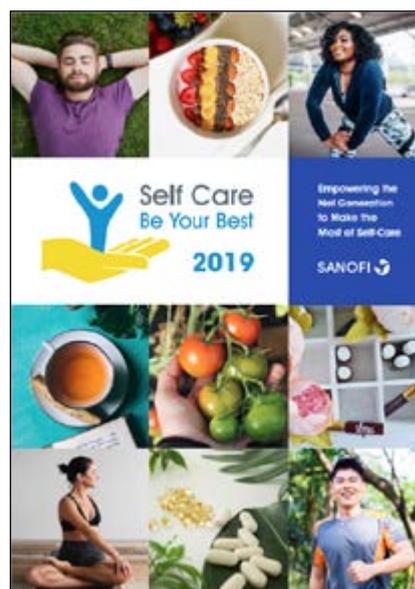
Consumers who feel that they are not adequately treating themselves for minor conditions stated a “lack of knowledge” (31%) and “worries about mistakes” (27%) as the main barriers, while 30% cited “lack of time”. HCPs believe “a lack of knowledge” and “a lack of advice” are key barriers to self-care.

### Practising self-care

The most frequent self-care activities identified by Net Generation consumers, in addition to physical exercise, were “paying attention to diet / weight” (71%) and “consuming foods / beverages with natural health benefits.” With the exception of Japan, respondents mainly showed confidence in their self-care ability, with around 75% reporting feeling “very confident / somewhat confident” that they maintain a good level of health. Perhaps the most notable trend here however is the disconnect between consumer beliefs and those of HCPs – 62% of GPs and 57% of pharmacists from the Net Generation did not think that their age group is practising self-care sufficiently. Another potentially worrying finding is that consumers across all countries focus more on “treating their health issues as they occur” rather than preventing future ailments.

### Information sources

Nearly four out of five of those questioned seek information about staying healthy or treating minor conditions at least once per month, and 43% do so once per week. As we might expect for the Net Generation, the internet was the No.1 source in all countries – with respondents in the majority of markets ranking online information as “more important” than that from GPs. Interestingly from a consumer healthcare perspective, only consumers in S Africa, France and UK ranked pharmacists among their Top 3 sources for self-care information. Most searches about treating minor conditions related



The *Be Your Best* report can be found here: [https://www.sanofi.com/-/media/Project/One-Sanofi-Web/Websites/Global/Sanofi-COM/Home/common/docs/about-us/UPDATED-FINAL\\_Be-Your-Best-Report-2019\\_03-JULY.pdf](https://www.sanofi.com/-/media/Project/One-Sanofi-Web/Websites/Global/Sanofi-COM/Home/common/docs/about-us/UPDATED-FINAL_Be-Your-Best-Report-2019_03-JULY.pdf)

to gaining general information, except in China, where a greater priority is placed on preparing for a visit to the doctor. Consumers in all countries reported using the internet to get “valuable health advice” to boost their confidence before visiting a GP. HCPs agreed that the internet can be an important support tool, but 73% were concerned that it also “causes unnecessary worry”.

Less than a third of consumers felt “well informed” about the self-care services offered by their health systems, but 49% were “satisfied” with these services, with US residents the most satisfied and Russians the least. HCPs however were less content with support in their health systems, citing a lack of innovative and tailored solutions in addition to a lack of transparency around services on offer.

### Future aspirations

Despite an overall stronger focus on treatment rather than prevention, 45% of consumers said they do hope “to shift towards prevention”, with the strongest desire reported among those in S Africa, Brazil and Russia. Regarding their aspirations for practising self-care in the future, 58% wish to do so in order to “keep fit”, 52% to “feel good” and 49% to “manage stress”.

## Conclusions

- **Self-care is central to the lives of the Net Generation** – with an emphasis on wellness, diet, exercise and protecting mental health and wellbeing
- The Net Generation associates self-care with **empowerment** (taking charge of their own lives, bodies and minds) and a sense of **escapism** (disconnecting from stress and trying to avoid “burnout”)
- The Net Generation version of self-care is aspirational, but **can be hard to maintain** with modern, everyday pressures – such as poor work-life balance, inability to exercise or eat healthy, and stress
- The Net Generation **does not yet see the potential of OTC medications as a solution** for their self-care needs – even though they are keen to avoid the inconvenience of visiting a doctor
- **Online searches are the most important** resource for the generation’s self-care information and purchases – they listen, compare and choose products that work for them, even before visiting a shop or pharmacy
- **Social media forms an extension** of self-care conversations, habits and practices – providing an important place to share experiences and seek information. Yet HCPs do not feel able to engage with consumers
- **Knowledge about how best to perform self-care is a major issue** – delivering this in relevant and compelling ways must become an urgent priority for government and health systems
- GPs and pharmacists share many of the same views as consumers but believe **consumers could learn and do more** to harness self-care to treat minor conditions and other everyday health issues
- **Prevention of minor conditions and health issues** is a long-term goal for this generation’s self-care – even though many factors currently impede that. This is an important aspiration for consumers from the Net Generation and inspires them to act

## Key actions to empower the Net Generation to self-care

### 1. Elevate self-care as a sustainability priority

Industry, civil society and other groups have a responsibility to ensure decision-makers understand the full value of self-care and advocate policies that embed [it] and help ensure more sustainable healthcare systems

### 2. Prioritise access to effective self-care solutions

Healthcare decision-makers and industry must explore ways to increase access – safely – to OTC products that allow people to conveniently and quickly relieve symptoms that impact their lives

### 3. Supercharge health literacy

Healthcare stakeholders [...] must focus on solutions that empower the Net Generation with the latest information [...] embracing digital platforms to deliver relevant content, in ways that support better self-care

### 4. Engage the “Net Generation way”

Healthcare stakeholders should collaborate with this generation of innovators and influencers to better target engagement – ensuring content and messages speak to their point of view and inspire positive action

### 5. Unleash data to deliver targeted self-care

Healthcare stakeholders and industry should promote an environment that will ensure appropriate access and responsible use of data to better understand consumers from the Net Generation. In doing so, they can build trust and deliver valuable solutions to empower self-care ☒

## Products Round-up: GSK rethinks care in Australia

**AUSTRALIA:** GSK wants to encourage busy consumers to take better care of themselves through the introduction of a new campaign for Panadol analgesic. "Let's Rethink Care" aims to move beyond the medicine cabinet and inspire people to focus on staying well by reminding them that, no matter how big or small, positive changes can make a difference to their health. The campaign also presents a new initiative called "Healthies", which encourages people who are feeling run down to take a day off work to look after themselves before they become more unwell. Additionally, a Rethink Care Hub featured on Panadol's website ([panadol.com.au](http://panadol.com.au)), provides a quiz to help consumers determine what type of self-carer they are, along with a series of articles providing health tips and information. The campaign is featured on TV and digital channels; other media will follow in 2020, such as outdoor advertising, cinema and radio.

### Shineco: Launches hemp-based cosmeceuticals

**CHINA:** Shineco, a producer and distributor of Chinese herbal medicines and various health & wellbeing plant-based products, intends to imminently launch hemp-based cosmeceuticals in China under its LABEE brand. The company has also signed an agreement with Heilongjiang Harbin Beima Technology Development for industrial hemp-related research, production and sales including cosmeceuticals, pharmaceuticals and healthcare products.

### Materna: New supplement supports healthy breastfeeding

**HONG KONG:** Wyeth Nutrition (Nestlé) has extended its pregnancy VMS brand Materna with Opti-Lac, positioned to reduce the risk of breast pain and mastitis associated with breastfeeding. The capsules contain patented probiotic strain lactobacillus fermentum CECT5716, found naturally in the breast milk of healthy mothers. Opti-Lac is available in pharmacies, drugstores, baby stores and hospitals.

The launch coincides with a packaging update for the wider Materna range, which has also recently been extended with Materna G-Balance (myo-inositol + probiotics), a supplement positioned to help prevent gestational diabetes in pregnant women.



### Watsons: To launch Prenetics' Circle DNA in Asia

**HONG KONG / ASIA:** AS Watson (a member of CK Hutchison Holdings) has exclusively partnered with genetics & digital health company Prenetics to launch the latter's Circle DNA tests in Hong Kong. The tests will be available in Watsons Hong Kong's network of 240+ stores and online. The health & beauty retailer is also planning to introduce Circle DNA in other markets. Circle DNA offers four types of home testing kit (Vital, Family Planning, Health and Premium) and includes a complimentary 30-minute phone consultation with a genetic counsellor / health coach.

**Dermatix:** Acne scar treatment hits the spot in Malaysia

**MALAYSIA:** Dermatix Acne Scar (Menarini) has made its Asian debut in Malaysia. The new product – a line extension of Dermatix Ultra for general scars – is marketed as a clinically-proven silicone gel containing niacinamide (vitamin B3), alpha-hydroxyl acids and antioxidants. It targets specific after-effects of acne, including dark spots and scars. Asian skin is said to be genetically predisposed to scar easily as it has a thin outermost layer.



**Dabur:** Launches Kabz Over in response to rise in constipation

**INDIA:** Dabur has expanded its GLs portfolio via the launch of Dabur Kabz Over laxative granules. The ayurvedic formula includes ingredients such as ajwain, haritaki, castor oil, senna and fennel, which are claimed to relieve constipation, as well as acidity and gas. Comedian Kapil Sharma has been signed as brand ambassador and will star in a series of A+P campaigns to support the launch.

**Comment from Ajay Singh Parihar, Dabur Marketing Head – OTC Healthcare:** Given the modern day stressed lifestyle and erratic eating habits, a growing number of people in India are now suffering from problems like indigestion and constipation. With the growing awareness about ayurveda and its health benefits, consumers are increasingly embracing ayurvedic and natural products for holistic wellbeing. Dabur, being the pioneer in the field of ayurveda, is committed to offering the safest and most effective ayurveda-based solutions for the health & wellbeing of every household. ☒



**Nicholas Hall's New Paradigms for CHC 2019 - Over the Horizon**

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A signature report from Nicholas Hall

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# News Review: Spotlight on retail

## Cocokara Fine, Matsumotokiyoshi: Target merger

**JAPAN:** Drugstore operator Cocokara Fine is pursuing a merger with rival Matsumotokiyoshi in a deal that could create a market leader with sales of around ¥1tn (US\$9.2bn). In June 2019, Sugi Holdings signed a letter of consent with Cocokara to discuss a possible merger, but the latter chose to back the Matsumotokiyoshi proposal. Matsumotokiyoshi posted a 2% year-on-year decline in net profit in Q2 2019 – the first such fall in two-and-a-half years – to ¥6.5bn (US\$59.9mn), with tax-free sales (permitted for foreign visitors) essentially flat. This reflects a drop in the number of Chinese tourists, as the softer yuan has led to higher travel costs. Japan's saturated drugstore market is facing increasing competition and Cocokara stated: "It will not be easy to overcome business challenges on our own and therefore it is appropriate for us to merge."

**Nicholas Hall writes:** When I first worked in Japan in 1992 – and for some years afterwards – there were no pharmacy or drugstore chains. Now, by some accounts, the top chains take a 70% share. This is a highly-competitive sector; it has to be as pharmacies take only a small Rx share, with most prescriptions fulfilled by dispensing doctors, which distorts the healthcare market in many ways (but that's a story for a different day). Drugstores and pharmacies compete fiercely on price, but have not really embarked on the point-of-care journey. They all tell me they want to, but they have not; instead they have branched out into adjacent categories, stocking beauty products and food, acting in that sense more like convenience stores, which have suffered badly. This broadening of inventory led to some years of above-average growth, but the trend has gone into reverse, which is why the leading chains have declined recently, prompting further consolidation of the retail sector.

I mention this for two reasons. First, foreign brands continue to do badly in Japan, partly because they have been unable to bring successful merchandising strategies to a country that needs a new retail model if it is to fight off further erosions by e-commerce. Secondly, it is another symptom of the weakness of the Japanese economy with its ageing population. But Japan is not alone, and the Blackmores story reminds of us of problems in China, which is suffering badly from, not least, the trade war with USA. The Chinese economy grew by only 4.8% in July, which sounds a lot but is the lowest in 17 years and well below the level needed to support the increased numbers joining the workforce every year, let alone subsidising the movement from low-paid rural to higher-paid urban jobs. The latest figures from USA, Germany and UK are also very worrying, and there are many economists who believe we are on the verge of another recession. That's bad news for a CH industry that is already suffering in its lead markets. Overall growth is good at 5.3% CAGR when e-commerce is factored in, but most branded manufacturers are underweight here, and if we are not very-very careful, this sector will nudge the industry further towards generics. Without the strength of Asia to support the global industry, and with fewer US switches than ever, we really need some new news. It's all in my New Paradigms 2019 report, "*Over the Horizon*"!

## Blackmores: FY19 results impacted by China e-commerce law

**AUSTRALIA / ASIA:** Blackmores' net sales rose by 1% to A\$610mn (US\$417mn), but net profit after tax fell by 24% to A\$53mn (US\$36.2mn) in the year to end-June 2019. China in-country sales were up by 22%, thanks to the 11/11 Singles' Day promotion, but direct sales to the country declined by 15% to A\$122mn (US\$83.4mn), owing to the introduction of the new e-commerce law in January 2019 that requires online merchants, including daigou, to file taxes. This similarly impacted ANZ sales (A\$267mn / US\$183mn), which were up slightly as a modest upturn for Australia was offset by a 1% decline in New Zealand. Sales grew in all other markets including Vietnam (+157%), Indonesia (+90%) and S Korea (+28%). The company continues to evaluate its entry into India.

## Hong Kong: Political woes impact healthcare market

**HONG KONG:** GDP in Hong Kong grew by just 0.6% in Q2 2019 vs the year-ago period, according to preliminary figures released by the government's Census & Statistics Department. The low growth is attributed to weak performance in investment expenditure and external demand. The CSD added that the value of total retail sales in June 2019, provisionally estimated at HK\$35.2bn (US\$4.5bn), decreased by 6.7% vs June 2018. Value sales of medicines & cosmetics declined by 4.1% in June while Chinese medicines & herbs fell by 0.1%. A government spokesperson said: "The near-term performance of retail sales will likely remain subdued, as the weakened global and local economic outlook and other headwinds continue to weigh on consumption sentiment. The recent mass demonstrations, if continued, would also dent the retail business further. The government will continue to monitor the situation."

**Comment:** Hong Kong's position as middle-man in the US-China trade war and mass demonstrations against a proposed Extradition Bill are taking their toll on the country's economy, including the CHC market. There have been widespread reports that retail sales have suffered as a result of store closures during protests – which began in March 2019 – and because tourists have been deterred from visiting Hong Kong during the demonstrations. There have also been incidents of drugstores and cosmetic shops in areas that border the mainland being vandalised owing to their popularity with Chinese visitors and the protestors' disdain for parallel traders.

## Thailand: New role for drugstores?

**THAILAND:** The Department of Internal Trade believes that most Thai drugstores have the capabilities to sell medicines prescribed by private hospitals. This measure is part of a plan to reduce high costs endured by patients when obtaining medications from private institutions. The admission came following a meeting between members of the DIT and the Pharmaceutical Association of Thailand, which reported that most of the country's 10,000 drugstores are up to General Pharmacy Practice standards and all would reach this level in two to three years. Meanwhile, private hospitals have recently been required to submit their drug price lists to the DIT, which will compile their QR codes to enable patients to compare prices across all private hospitals and help the department to see if any are charging over the odds without justification.

Deputy Prime Minister and Public Health Minister Anutin Charnvirakul has also voiced his support for drugstores dispensing OTC medicines that have been prescribed at hospitals. He believes this would free up time for hospitals to focus on dealing with more specialised medicines and reduce waiting times for prescriptions to be filled. The concept has already been piloted at 36 pharmacies in Bangkok, with the National Health Security Office allocating a medicines budget to hospitals, which they then transfer to drugstores that have been contracted to dispense medicines. The NHSO also plans to develop an app that would enable patients to store their medical records so that they could take them from the hospital to show to drugstore staff and other hospitals.

## Australia: Convenience retailers want to sell OTCs

**AUSTRALIA:** The Australasian Association of Convenience Stores has called for the relaxation of rules governing pharmacies in order to allow OTCs and Rx medicines to be sold in convenience stores, reports *The Age*. This follows recent consumer surveys conducted by the AACCS that regularly highlight consumer desire for pharmaceutical products to be sold in convenience outlets owing to their 24/7 opening hours. The Royal Australian College of General Practitioners responded by stating that there was scope to review access for some Schedule 2 (Pharmacy-only) and S3 (Pharmacist-only) products, but it would not be appropriate to provide Rx medicines outside of pharmacies.

## Other retail & distribution

### Alibaba: NetEase deal off?

**CHINA:** Talks between Alibaba and NetEase Kaola concerning a possible deal have fallen through, according to *Tencent News*, which cited an unnamed source as saying NetEase was not satisfied with the price. *Caixin* previously reported that Alibaba had agreed to acquire the e-commerce platform for US\$2bn cash and would have been merged into Alibaba's cross-border arm, Tmall. Both companies have declined to comment.

### Alibaba: Outperforms expectations in Q2 2019

**CHINA:** Alibaba reported better-than-expected revenues of RMB114.9bn (US\$16.7bn) in the quarter ended 30th June 2019, a 42% increase year-on-year. This was driven mainly by Alibaba Cloud and local food delivery business, *Ele.me*. Tmall – the leading consumer engagement and distribution platform for brands in China – continues to gain wallet share (the amount an average consumer regularly devotes to a particular brand rather than to a competitor in the same product category) and grow faster than the sector average. Physical goods gross merchandise volume grew by 34%. In June 2019, Alibaba's China retail marketplaces achieved the largest ever 6.18 Mid-Year Shopping Festival in scale and reach, with Tmall physical goods GMV up by 38%. The promotional event saw robust consumption demand that supported solid sales and greater penetration into less developed areas for brands and merchants, with over 120 brands each generating more than RMB100mn (US\$14.5mn) in GMV.

**Comment from CEO, Daniel Zhang:** Alibaba had a great quarter, expanding our user base to 674mn annual active consumers, and demonstrating our superior user experience. We will continue to expand our customer base, increase operating efficiency and deliver robust growth. With strong cashflow from our core e-commerce business, we will continue to invest in technology and bring digital transformation to millions of businesses globally.

### Alibaba.com: Opens to US

**CHINA / USA:** *Alibaba.com* will open its platform to manufacturers, wholesalers and distributors in the US to help them access the US\$23.9tn global B2B e-commerce market. *Alibaba.com* was originally developed to connect suppliers in China with buyers in overseas markets, mainly those in the US. The newly-opened channel is part of a broader push to enable 30mn small- and medium-sized businesses in the US to improve their selling and sourcing by using the site. The website has also launched a series of new features to support new US suppliers, including provision of an easy-to-use interface for building and managing a digital store on the platform and digital marketing tools to target customers.

### Sinopharm: Offers new way to purchase OTCs

**CHINA:** Sinopharm Online Healthcare has teamed up with Alibaba's food and grocery platform Freshippo to offer OTC medications. Almost 120 different OTCs are available from self-service vending machines in Freshippo's outlets in Shanghai, as well as from its app. The two companies hope to receive regulatory approval for machines in Shenzhen, the *Shanghai Daily* reports.

### Harbin, 111: Collaborate

**CHINA:** Harbin Pharmaceutical Group has selected integrated online and offline healthcare platform 111 as its primary partner for online sales of its OTC products. Xu Haiying, HPGC's General Manager, said: "For the first time, we will be launching and promoting our OTC products online as a result of the alliance with 111. This is an inflection point for us as we expand our market, extend our product reach, and better serve our customers."

**Comment:** Harbin is China's No.7 OTC marketer with sales of US\$501mn in 2018, according to Nicholas Hall's **DB6** Global OTC Database. Its key OTC brands include Sanjing Gai and GaiZhongGai calcium supplements and Sanjing Zinc. In 2018, the company announced the acquisition of a 40.1% equity stake in VMS specialist GNC and purchased the registration, import approval and exclusive sales rights in China for six of GNC's products.

## **AuMake: Records fastest growth on 6.18 shopping day**

**ANZ / CHINA:** AuMake International, which connects Australian suppliers with Chinese tourists and daigou (suitcase entrepreneurs), has recorded the fastest growth globally on [JD.com](#)'s annual 6.18 shopping day. AuMake's store growth featured as No.1 in a Top 10 "best of" list, which was distributed by JD Worldwide to its network. Since the launch of AuMake's JD store in March 2019, it delivered average monthly growth of 100%+ to June 2019, with more than 290 of AuMake's own products and less well-known brands available. A key factor has been the close working relationship with the [JD.com](#) business in Beijing, which has resulted in invaluable marketing and product selection support. The retailer reports that online sales now make up 30% of the company's total and are continuing to grow. Its daigou business reported an estimated A\$40mn-45mn (US\$27.3mn-30.8mn) in revenue for FY2019, double the A\$21mn (US\$14.4mn) it generated in FY2018.

## **AuMake, JD.com: Expanding**

**ANZ / CHINA:** AuMake has created two new brand development channels for ANZ products as part of its growing strategic partnership with [JD.com](#). This includes streamlined access to [JD.com](#)'s primary online platform in China, which has an active customer base of more than 300mn. This will see ANZ products recommended by AuMake receive preferential marketing and search optimisation support from [JD.com](#) and improved delivery time to consumers. In addition, [JD.com](#) is expanding its cross-border concept store locations to Xi'an (set to open in September 2019) and other cities, including Shanghai, Qingdao and Guangzhou. AuMake reviewed the advanced designs for these new stores, including their use of cutting edge retail technology, which can be applied to the Australian market to create leading and exciting store experiences.

## **AuMake: Acquires Broadway**

**ANZ / CHINA:** AuMake has completed its acquisition of Broadway, an inbound Chinese tourist retail network.

AuMake will immediately begin the process of expanding the product portfolio available at Broadway's eight retail outlets across ANZ, including stocking AuMake's own brands, provide online services that allow consumers to make repeat purchases and increase the number of tour groups that visit the Broadway and AuMake offline stores. AuMake sees the acquisition as integral to its platform, which comprises online and offline stores and a strategic partnership with [JD.com](#), and is expected to enhance the company's ability to incubate new brands for the Chinese market.

### **Comment from AuMake Executive Chairman,**

**Keong Chan:** AuMake, with the acquisition of Broadway, is now the only company that can deliver an ANZ brand growth eco-system through its integrated offline and online daigou, Chinese tourists and Chinese e-commerce platforms. Through Broadway, AuMake provides for the first time genuine ANZ brands with unparalleled brand awareness and marketing opportunities to promote their products to the lucrative Chinese market via Chinese tourists visiting our region in tour groups.

## **Rapid Nutrition, Sigma: Extend distribution agreement**

**AUSTRALIA:** Rapid Nutrition has expanded its distribution partnership with Sigma to launch the GNC brand further across the Australian pharmacy network. Under the deal, SystemLS and GNC health products will now be available in Sigma's Discount Drug Stores. GNC signed a partnership agreement with Rapid Nutrition in April 2018 for the latter to market, sell and distribute GNC products throughout Australia.

### **Comment from Rapid Nutrition CEO, Simon St**

**Ledger:** We are pleased to unite two of the most prominent life-science market leaders as we continue our mission to increase the accessibility of health & wellness products throughout Australia. Innovation continues to drive our company, resulting in key partnerships, financial growth and a steadily widening footprint in Australia and across the globe.

## Spotlight on Pfizer: GSK j-v sealed

**GLOBAL:** Pfizer and GSK have closed their j-v, which combines the groups' respective consumer healthcare businesses to create the world's largest CHC company. As previously announced, under the deal Pfizer owns a 32% equity stake in the j-v and GSK owns 68%. The combined company, which will operate globally as GSK Consumer Healthcare, will be led by CEO Brian McNamara. Its brand portfolio has leadership positions in pain relief, respiratory, VMS and therapeutic oral health. The new business will also hold the No.1 CHC position in the US and the No.2 spot in China. As part of the agreement, Pfizer has appointed three of the nine members of the j-v's board. GSK intends to separate the j-v as an independent company via a demerger of its equity interest to its shareholders and will list it on the UK equity market.

Following the closure of the j-v, Andrew Jenkin has been appointed as General Manager of GSK Consumer Healthcare ANZ. The former General Manager of Pfizer Consumer Healthcare will lead the new j-v business in Australia and New Zealand. The previous Area General Manager of GSK CH ANZ, Theresa Agnew, has moved to Global Head of Pain Relief for the new j-v.

## Pfizer, Mylan: Enter into merger agreement

**GLOBAL:** Pfizer has entered into a definitive agreement to combine Upjohn, its off-patented branded and generics business, with Mylan, to create a new global pharmaceutical company. The new business, which will be renamed and rebranded when the transaction closes (expected mid-2020), will expand the capabilities of both Mylan and Pfizer across more than 165 markets. Mylan brings a diverse portfolio across many geographies and key therapeutic areas, while Upjohn brings iconic brands such as Lipitor, Celebrex and Viagra and leadership positions in China and other emerging markets. The combination will drive a diverse portfolio of Rx medicines, complex generics, OTCs and biosimilars. It will be based in the US and led by Mylan's current Chairman Robert Coury, who will serve as Executive Chairman. Pfizer shareholders will own 57% of the new company and Mylan shareholders will own 43%. It is expected to have pro forma 2020 revenues of US\$19bn-20bn.

**Nicholas Hall writes:** By spinning off its consumer health and established pharma businesses, Pfizer can concentrate on what CEO Dr Albert Bourla describes as "our sharpened focus on innovative medicines". The new company will be a top CHC player, owing to Mylan's US\$800mn of sales / 17th ranking, plus the Viagra Connect business and sundry other Pfizer CHC brands that didn't go into the GSK j-v. That could well move NewCo into the Top 10. The questions in my mind are: will NewCo keep these assets or sell them on; and (more importantly) will it license out the rights to what is one of the best switch portfolios in the industry or manage the switches themselves. Going back over 20 years, PPG (Pfizer Pharma Group) has had a high interest in switch and a very firm belief in its own abilities to manage the transition of its molecules into the consumer market. They even consulted us on a couple of occasions!

## Other company news

### Kirin: To acquire Fancl stake

**JAPAN:** Beverage company Kirin and health & beauty specialist Fancl have entered into a capital and business agreement that will see the former acquire a 30.3% stake

in the latter for ¥129.3bn (US\$1.2bn) on 6th September 2019. The agreement also aims to utilise the resources of both Japanese companies and create synergies to expand and develop their respective businesses. The companies stated that there will be a specific focus on resolving social issues in Japan related to health & wellbeing that could in turn improve the country's

“healthy life expectancy”. The move fits well with Kirin’s medium-term business plan from 2019 to 2021 to establish and foster new businesses that bridge the gap between pharmaceuticals and food & beverages.

## **Emami: Posts strong results**

**INDIA:** Emami’s net sales grew by 6% to Rs6.49bn (US\$94.1mn) in the three months to 30th June 2019. However, adverse economic conditions such as muted rural incomes and subdued performances for the Pain Management range, Healthcare and BoroPlus wound healer adversely affected growth in the domestic business. The international business advanced by 34%, owing to a strong quarter for the SAARC (South Asian Association for Regional Co-operation) and MENAP (Middle East, North Africa, Afghanistan & Pakistan) regions; excluding the acquisition of German personal care brand Creme 21, international sales grew by 10%.

**Comment from Director, Mohan Goenka:** We are happy to report a healthy profit-led growth this quarter with revenues growing by 6% and PAT [net profit after tax] growing by 47% ... However, the macroeconomic environment continues to be challenging, with a distinct slowdown in the consumer demand curve particularly for discretionary products. Despite such challenges, we are satisfied with the performance of Kesh King, Navratna, 7 Oils in One and [the] international business this quarter. With the stabilisation of raw material prices and the government impetus to put rural growth on the fast track, we expect business to bounce back in the coming quarters.

## **Emami: Appoints BCG**

**INDIA:** Emami has signed Boston Consulting Group to devise a future growth strategy, reports *The Hindu Business Line*. BCG will evaluate existing power brands such as Boroplus wound healer and Zandu Balm topical analgesic, explore adjacencies and work on developing new channels. For example, the marketer is open to surveying the opportunities in the e-commerce space and the prospect of creating an online-specific product portfolio. Emami also plans to increase its focus on

international markets and has updated its logistics system to enhance distribution.

## **Dabur: Invests in A+P**

**INDIA:** Dabur will invest in A+P to improve visibility and market penetration of its power brands, such as Amla hair treatments, Hajmola digestive supplements and Red toothpaste. In a recent earnings call, Dabur India’s CEO Mohit Malhotra said the company will also look at new variants and formats of power brands, such as Hajmola cough syrup and Pudina Hara indigestion remedy. To achieve expansion in urban and rural markets, the company has increased distribution to a further 40,000 outlets, taking the total to over 1.1mn.

## **By-Health, Proxavis: Sign collaboration agreement**

**CHINA:** UK-based Proxavis has formed a collaboration agreement with Chinese VMS specialist By-Health to launch products in China based on Fruitflow, its scientifically-proven functional heart health ingredient. The open-ended deal will facilitate different projects over an unspecified period of time at By-Health’s sole expense. The first project will concentrate on the use of Fruitflow with nitrates in physical exercise. This will not affect ownership of Proxavis’ existing, intellectual property for Fruitflow with nitrates, which has patents granted in the UK and Australia, with further patents being sought elsewhere. Proxavis previously revealed that it was working with DSM and By-Health to launch Fruitflow-based products in China. This is “progressing well” and the focus is on obtaining health food registration for Fruitflow supplements.

## **Zhejiang Yatai, Benchmark: J-V approved**

**CANADA / CHINA:** Chinese-based Zhejiang Yatai Pharmaceutical has received approval and acceptance of filing to establish a j-v company to build an industrial cannabis facility with Canadian-based cannabis company Benchmark Botanics. The new company is expected to have a share capital of

C\$14mn (US\$10.6mn), of which Zhejiang Yatai will invest C\$7mn (US\$5.3mn) cash. It will pursue business opportunities in the development of industrial cannabis products with the emphasis on the medical sector and will focus on developing European and American industrial cannabis CBD markets.

## NewH2: Acquires Bod stake

**AUSTRALIA / CHINA:** NewH2, the innovation arm of China's Health & Happiness, will acquire a minority stake in Bod Australia. NewH2 will commit A\$5.5mn (US\$3.8mn) for 14.8mn+ shares plus an upfront payment of A\$1.5mn (US\$1m) for an exclusive global licence to commercialise Bod's CBD products. Bod will retain full rights to commercialise its pharmaceutical grade medical CBD and its existing non-CBD-based products.

## Bayer, Yaoshibang: Agree co-operation partnership

**CHINA:** Bayer has formed a co-operation agreement with online B2B pharma platform Yaoshibang, under which the parties will exploit their advantages in the fields of medicine, health and the internet. Since its establishment, Yaoshibang has focused on serving small- and medium-sized chain stores, independent pharmacies, private clinics and health stations.

### Bayer CH China General Manager He Yong:

We hope to establish a more accurate, effective and long-term sustainable marketing system, through precise digital marketing and intelligent systems.

## DKSH, Bayer: Expand deal

**CAMBODIA:** Market services expansion provider DKSH has extended its partnership with Bayer Consumer Health to bring its OTC products to pharmacies, clinics and hospitals across Cambodia. The partnership also brings an expansion in scope of services to include registration, as well as trade marketing & sales of Bayer's consumer health products. The companies have worked closely together in the past 10 years through partnerships in markets including Thailand, Vietnam and Laos.

## Stada: Celebrates anniversary

**VIETNAM:** Stada's Vietnamese affiliate Pymepharco has celebrated its 30th anniversary with the official opening of a new production site in Phu Yen province. Since its founding in July 1989, Pymepharco has evolved from a local pharmaceutical company distributing small medical devices and equipment into one of the leading pharmaceutical companies in Vietnam.

## Country news

### India: To permit sale of OC

**INDIA:** The government will amend legislation to allow the OTC sale of contraceptive pills under its National Family Welfare Programme, which provides certain birth control pills free or at a subsidised rate to help stabilise the country's population, reports *The Print*. Ethinylestradiol and centchroman are Schedule H medicines, which officially require a prescription and cannot be advertised, although some specific formulas (e.g. centchroman 30mg tablets and ethinylestradiol 0.02mg + levonorgestrel 0.1mg) are listed in Schedule K, which does not mandate a prescription and can be advertised. These and similar formulas, including any contraceptive pill in combination with levonorgestrel, will be exempt from Schedule H so they can be sold freely and advertised. HLL Lifecare, which sells contraceptives on behalf of the Ministry of Health & Family Welfare under the National Family Welfare Programme, informed the Central Drugs Standard Control Organisation that the prescription requirement hindered sales, while A+P is essential to educate on proper use.

### Mumbai High Court: Dismisses e-pharmacy PIL

**INDIA:** The Mumbai High Court has dismissed a public interest litigation filed against the online sale of Schedule H and X medicines, which officially require a prescription. The court noted that guidelines regulating the sector will soon be announced by the government, which will mean online pharmacies have to comply with substantive laws. Elsewhere, the Retailers & Distributors

Chemists Association, a Delhi-based affiliate of the All India Organisation of Chemists & Druggists, has called for e-pharmacies to be prohibited from advertising to consumers until the government has notified the online pharmacy rules, reports *Pharmabiz*.

## Indian Government: Creates list of essential medical devices

**INDIA:** The government is planning to draw up a list of essential medical devices to prevent distributors, wholesalers, retailers and hospitals from seeking excessive trade margins, reports *The Economic Times*. Currently only four items – cardiac stents, drug eluting stents, condoms and intra-uterine devices – are in the National List of Essential Medicines; knee implants were also recently brought under price control. Although some are calling for a cap on maximum retail prices, it is said the government is leaning toward capping trade margins, which could be in the range of 30-50%.

## MHLW: Recommends mosapride switch

**JAPAN:** The Ministry of Health, Labour & Welfare's Evaluation Review Conference has recommended the Rx-to-OTC switch of mosapride citrate hydrate tablets, typically used for heartburn and nausea, on the condition that consumers will go to a doctor if symptoms do not improve within two weeks. Mosapride citrate hydrate was launched Rx in Japan in 1999 (as Gasmotin, Sumitomo Dainippon) and in China in 2001, but is not widely used elsewhere. Separately, the Conference concluded that eperisone hydrochloride muscle relaxant tablets are not suitable for switch, while the self-check sheet for polycarbophil calcium – an IBS treatment recommended for switch in March 2019 – was not ready and will instead be discussed at the Conference's December 2019 meeting.

## S Korea: Pharmacists urged to avoid Japanese OTCs

**S KOREA:** Pharmacists are being urged to boycott imported OTCs from Japan and recommend Korean equivalents instead, the *Korea Herald* reports.

Pharmacist associations are encouraging the voluntary boycott in protest at Japan's "unjust" trade restrictions, which were a response to the S Korean Supreme Court's decision to order Japanese companies to compensate Korean victims of wartime forced labour. The movement against Japanese treatments has yet to reach Seoul and prescribed medicines are largely unaffected by the dispute.

## TGA: Responds to consultation on Appendix M

**AUSTRALIA:** The Therapeutic Goods Administration has responded to a stakeholder consultation on the proposed framework for Appendix M of the Poisons Standard. Appendix M – effective since 2018 – covers S4 (Rx) substances that could be downscheduled to S3 with additional controls and supply requirements. The consultation aimed to address the fact that, to date, there has been no explicit guidance for applicants on what additional controls might be applied under Appendix M. The TGA noted broad agreement that seven criteria proposed in the consultation are appropriate, although there were varied opinions on the mechanics of each:

- Specific advice by the pharmacist is required
- Specific pharmacist training on the provision of the medicine may be required
- Additional conditions may be imposed at the Delegate's discretion
- Suitability of individual patient for supply of an S3, Appendix M substance to be assessed
- Record keeping and information sharing
- Limitations on duration, quantity and / or frequency of supply
- Need for diagnosis or periodic review of the condition by a medical professional

## Australia: Regulatory change for nappy rash preparations

**AUSTRALIA:** As part of the reform of regulations for low-risk OTCs, some nappy rash products will become exempt from requirements under the Therapeutic Goods Act 1989 to be entered in the Australian Register of

Therapeutic Goods and made in accordance with Good Manufacturing Practice. Effective 1 January 2020, this will apply to listed medicines and Class I medical devices indicated for relief of nappy rash symptoms via a barrier effect only – the exemption will not apply to preparations also indicated for other skin conditions. Exempt products will still be subject to applicable standards for quality, labelling and packaging, and advertising requirements. They will also be subject to TGA recall provisions.

## MCC: To discuss harmonising with Australia at next meeting

**NEW ZEALAND:** The Medicines Classification Committee will discuss at its October 2019 meeting whether to harmonise with Australia's decision to switch amyl nitrite from Rx to Restricted Medicine (OTC, pharmacist-only) in preparations for human therapeutic use in containers with child-resistant closures. An information paper has also been prepared for the meeting summarising the risks and benefits of reverse-switching all OTCs containing codeine in combination with other ingredients. The recommendation was made at MCC's November 2017 meeting but further information was requested from Medsafe and no changes have been made to codeine's classification in the interim.

The Committee will also consider amending the pharmacy-only entry for bilastine <20mg to remove the maximum pack size (30 dosage units) for the treatment of symptoms of allergic rhino-conjunctivitis and urticaria (Labixten, Menarini).

## New Zealand: E-cigarette usage low

**NEW ZEALAND:** Very few adults in New Zealand are current e-cigarette users, according to a paper in *Addictive Behaviors*. Researchers from the Health Promotion Agency and University of Otago investigated use among 3,854 participants from The Health & Lifestyles Survey in 2016. Only 2% of participants were current users, although 17% had tried the devices. The use of e-cigarettes is also more common

among young adults and middle-aged people vs older people and among current and former smokers vs never smokers. More than half (56.5%) of current smokers had tried e-cigarettes.

Current or daily e-cigarette use was more likely to be reported by current smokers and recent quitters vs no use among never smokers. Co-author Professor Richard Edwards believes the findings could help inform ongoing debates about the potential negative and positive impacts of e-cigarettes, and their possible role in helping to achieve New Zealand's Smokefree 2025 goal.

## China: Plans new regulations for e-cigarettes

**CHINA:** The Planning Department of the National Health Commission is creating new regulations for e-cigarettes. Director Mao Qun'an explained in a press briefing that as it has been shown that e-cigarettes can lead to teens taking up smoking later on, legislative supervision is needed for the devices. Although the number of e-cigarette users in China is low, an official survey shows a significant increase: 0.9% of people were using the devices in 2018 vs 0.5% in 2015, with the number of e-cigarette users in China aged over 15 years estimated at 10mn. By contrast, the number of conventional smokers is declining – 26.6% in 2018 vs 27.7% in 2015.

## British American Tobacco: Launches hybrid e-cigarette

**S KOREA:** British American Tobacco has introduced a new hybrid e-cigarette which has debuted in S Korea, reports *The Korean Herald*. Glo Sens is powered by "Taste Fusion Technology", which combines vaping with heat-not-burn tobacco. By heating a cartridge (neo pod), which contains a flavoured liquid, the vapour goes through a tobacco pod to deliver the taste of real tobacco. A starter kit, which costs Won50,000 (US\$42.03), includes a heating device, cap, pouch and charging cable. Available in four flavours, a neo pod, which contains three tobacco pods and one liquid pod retails, for Won4,500 (US\$3.78). The products are available from Glo flagship stores and convenience stores nationwide. ☒

## Snippets

**ANZ:** Australian dairy supplier Maxum will be granted an exclusive licence to manufacture, supply and distribute UK-based OptiBiotix Health's SlimBiome weight loss products in Australia and New Zealand. SlimBiome will be supplied as a functional ingredient into applications including human nutrition comprising food and beverages, dietary supplements and sports nutrition.

**ANZ:** US-based Prinova has established an entity in Australia to serve consumers in ANZ. The manufacturer and distributor of functional ingredients and integrated nutritional solutions for food, beverage & wellness brands was recently acquired by Japanese chemical trading company, Nagase Group.

**AUSTRALIA:** Private health insurer HBF has sold its Friendlies pharmacies franchise to Pharmacy 777, making it the largest pharmacy network in Western Australia with 70 outlets. As part of the deal, HBF members will be eligible for free flu vaccinations and health checks at Pharmacy 777 stores.

**INDIA:** Amazon, which is looking to boost its bricks & mortar presence in the fast-growing Indian market, is reportedly in advanced talks to acquire up to 10% of Future Retail, the country's No.2 retailer. According to unidentified sources, the stake is valued at around R20bn (US\$290mn).

**INDIA:** Dabur has appointed Amit Burman as Chairman of the company following approval from its board of directors. Amit Burman, the current Vice-Chairman, replaces Dr Anand C Burman, who stepped down as Director and Chairman. Mr Mohit Burman will replace Amit Burman as Vice-Chairman.

**INDIA:** Dr Reddy's consolidated revenues were Rs38.4bn (US\$557mn) in fiscal Q1 2020, reflecting growth of 3% year-on-year. Global Generics revenues increased by 8% to Rs33bn (US\$478mn) year-on-year, driven by Emerging Markets, India and Europe. The marketer also promoted its COO, Erez Israeli, to CEO, effective 1st August 2019.

**INDIA:** Wockhardt sales were Rs863mn (US\$12.5mn) in fiscal Q1 2020 (Apr-Jun 2019), reflecting a 14% decrease vs the same period last year.

**INDONESIA:** The planned IPO for Soho Global Health has taken another step forward as its private equity investor Quadria Capital has reportedly entered discussions with Mandiri Sekuritas, Citigroup and CLSA to finalise the offering. The IPO is likely to take place in 2020.

**NEW ZEALAND:** Creso Pharma has signed a comprehensive agreement with MedLeaf for the exclusive distribution of the former's cannaQIX 50 and 10% CBD Oil in New Zealand, effective until end-December 2022.

**PHILIPPINES / MALAYSIA:** The Health Departments of the Philippines and Malaysia have signed a MoU to collaborate further on the advancement of the health sector in the two countries. This will cover the regulation of medicines and medical devices, health education, nutrition and healthcare services, among other issues.

**SE ASIA:** Matsumotokiyoshi will launch a j-v with Vietnamese distributor Lotus Food Group as it looks to enter the country. The Japanese drugstore chain also announced that it will make Hong Kong-based Matsumotokiyoshi (HK) Co, which was established for overseas research, a wholly-owned subsidiary.

**SINGAPORE:** The Health Sciences Authority has reclassified Abbott's Brufen suspension (ibuprofen 20mg / ml) from POM (prescription-only medicine) to GSL (general sales list).

**THAILAND:** The Public Health Minister has ordered ministerial regulations to be revised so that 3,000 folk practitioners (as well as health professionals such as doctors and pharmacists) can prescribe medical cannabis without violating narcotics laws, reports the *Bangkok Post*.

# Feature: GSCF and JSMI consider the future of self-care

**OTC INSIGHT Asia-Pacific brings you the highlights of an interview with Alan Main, Chair of the Global Self-Care Federation (GSCF) and Executive VP, Sanofi CHC, and Seiichi Sato, Chair of the Japan Self-Medication Industry (JSMI) and President, Sato Pharmaceutical. The discussion focused on the advancement of self-care globally and in Japan and was originally published in the July 2019 issue of Japan's DRUG magazine.**

Advancing self-care is necessary to keep pace with global changes in society, demography and technology. Mr Main explained that these changes will raise demand for accessible and affordable healthcare and the GSCF aims to support and facilitate this by helping policymakers understand the value of self-care and to encourage better access to products (e.g. through switch from Rx to OTC), in addition to supporting consumers to empower them to take responsibility for their own healthcare.

Mr Sato highlighted the challenges posed by Japan's ageing population, notably a shrinking workforce coupled with generous medical insurance that leads consumers to visit doctors even for minor ailments.

He noted that a tax deduction system for OTC purchases was introduced in Japan in 2017, but it needs to be more user-friendly. The JSMI also aims to propose a law to promote self-care and facilitate Rx-to-OTC switch. Japan lags behind other developed markets – proposals to make PPIs and emergency contraception available OTC have been rejected – as regulators tend to focus on switch risks rather than benefits. Mr Main expressed his

disappointment at this situation, considering the long-term OTC safety profile of these product types – plus triptans and corticosteroids – in other developed markets. Mr Sato proposed using overseas case studies at future Japan switch meetings to highlight the benefits of OTC classification (including for preventive medicines).

Mr Main concluded that there are many challenges in improving consumer access to innovative products. While policymakers understand the value of self-care, they need to be more convinced that consumers can be adequately educated to use switch candidates appropriately. The GSCF has developed a new strategy to address these issues:

- Improve self-care transparency to enhance trust across the industry
- Make self-care a building block of sustainable health
- Engage in regulatory debate and use of health data to help fulfill self-care potential

Mr Sato fully supports this strategy and will carefully monitor its progress. ~~✗~~

## GSCF: New name, new approach

On 6th June 2019, the World Self-Medication Industry became known as the Global Self-Care Federation. The change of name reflects a fundamental shift in the organisation's approach, repositioning it as more outward-looking. Commenting on the update, Mr Main said: "The pace of change in the self-care industry is unprecedented. If we are to harness the power of the consumer in improving health outcomes around the world, our industry needs an organisation that is forward-looking and positioned to shape the global health agenda".



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