2. Mental Wellness: Problems highlighted by the pandemic

By all accounts, the Covid pandemic intensified a rise in depression, anxiety, distress and sleep issues, with a shift from physical to mental health concerns. Gallup Chairman & CEO Jim Clifton stated in mid-2021 that a mental health pandemic had already hit and would be the next global crisis, while the World Health Organization had already declared an insomnia pandemic in Western markets. Quality of sleep is a key concern, while insufficient sleep appears to affect all ages, including children and students.

The end of isolation as the Covid pandemic abated initially eased some concerns. However, with shortcomings in mental health services reported in different countries, the overall situation remains serious. Those suffering have begun to take action themselves, utilising CHC options. This is likely to continue and will drive future growth.

Marketers have responded to consumer demand with multiple sleep aid launches and there has been an overall rise in sales. Stand-out formulations backed by science are most likely to succeed – consumers are looking for solutions they can trust.

Supplements to combat stress and anxiety – plus cognition, mental energy / clarity, burnout, depression and ADHD – have explored traditional and new ingredients and combinations; there are also digital solutions. Relatively few brands have established a significant geographic imprint, arguably because of local ingredient preferences, although ashwagandha from India, often positioned for stress relief, is building a global presence. Meanwhile, probiotics have emerged as one of the latest options for depression.

But the fact remains that most CHC products have limited efficacy, and in the prescription sector the efficacious products come with horrible side-effects, so much so that there are no serious switch candidates. Which brings us back to ... CBD! Subject to successful completion of clinical trials, Australia may be the first country to approve an OTC-registered CBD sleep aid. But, following Lenin's mantra quoted above, the discontinuation of Haleon’s CBD licensing agreement with Cann in Australia is definitely an example of two steps back.

3. Sexual Health & Fertility

This is one of the few CHC categories that still has significant switch potential and a compelling argument – alongside the necessary educational campaigns to raise awareness – that increased access can directly benefit consumers who may be put off seeking help owing to embarrassment or other barriers to access.

Chapter 12. Obesity & Related Conditions

So, What's the Big Idea? CHC needs to go beyond new products, ingredients or formats – although these are important – and embrace a holistic approach that takes in people's weight loss journey, offering support to make the necessary lifestyle changes. With an absence of effective pharmaceutical products – and as mediaeval torture instruments like the gastric band provide the only truly effective outcomes – this is surely a need that requires the combined creativity of our industry.

Chapter 13. Digital Revolution

So, What's the Big Idea? Personalisation, Big Data and AI enable marketers to create tailored treatments, communications and shopping experiences that cater to each consumer's unique needs and preferences. Digital solutions can improve consumer engagement, loyalty and sales by delivering relevant and valuable services and experiences that resonate with individuals. We know that! We've known that for many years! We have no choice! It just seems harder to do – and gets more and more expensive!

Chapter 14. Sustainability

So, What's the Big Idea? The latest global initiatives place significant responsibilities on the shoulders of pharma companies, including those active in Consumer Healthcare, in terms of manufacture, ingredients and resources, packaging, shipping and much, much more. At a time of economic and political uncertainty, changing patterns of consumer behaviour and a drive for increased profitability, marketers must deal very seriously with the impact of sustainability on time and costs. Not least is the need to consider whether sustainability can be turned into a claimable benefit.

Chapter 15. Emerging Markets

So, What's the Big Idea? Not only are emerging economies growing faster than developed ones, but they now also account for 86% of the world's population and 58% of its GDP. These markets are becoming a means of business expansion when searching for new geographies as a source of growth with more favourable conditions. Understanding the uncertainties and opportunities in every market is key to expansion.

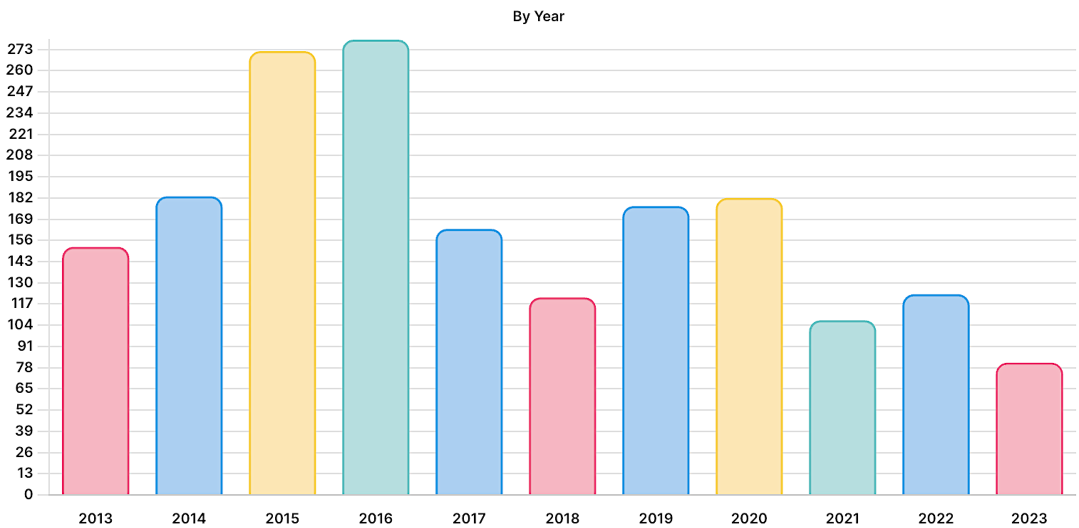
Chapter 16. China

So, What's the Big Idea? China is experiencing a huge cultural shift among its young people, who are dealing with the health issues of an ageing population and the aftermath of Covid-19, changing the way they shop and experiencing technological advances in the healthcare sector at an astonishing rate. The pharmaceutical and e-commerce industries regularly receive new or amended regulatory rules from the Government. As such, CHC companies trying to succeed in China must be flexible, adaptable and willing to change at the same speed as the country itself.

4. How to Innovate

Why does the ratio of high-quality (3 and 4 star) innovations remain persistently low?

Our *CHC New Products Tracker* service has recorded a stable number of new products being launched over the past 4-5 years – around 5,000 per year across the 20 key global markets we track – however the number of 3 and 4 star entries has dropped significantly in 2022 (123) and 2021 (107) vs 2020 (182) and 2019 (177). One possible explanation for this is the ever-shortening list of candidate molecules for Rx-to-OTC switch in many developed markets, as well as the cost of required investment by CHC marketers to unlock the next generation of switches for more complex and chronic diseases, which are much needed to reverse health inequities.



CHC New Products Tracker shows the number of 3 & 4 star launches dropping in 2021 & 2022 vs 2019 & 2020

Two subcategories that have fuelled 3 and 4 star innovation in 2021-22 are allergy remedies and hearing aids, with activity for the latter focused on the US market following the FDA's decision to establish a new OTC hearing aids product class in 2022. Allergy remedy OTC switch activity has been more geographically widespread, with launches recorded in Europe (Germany, Poland, Spain, Switzerland, UK), Asia-Pacific (Australia, India, Indonesia) and the US market in 2021-22. While much of the switch activity has been focused on well-established OTC allergy ingredients such as cetirizine and fexofenadine, we also noticed in an uptick in bilastine switch activity.

Over the 4-year time period from 2019-22, the ratio of 1 star or "me-too" products launched every year has remained in the range of 80-90% every year, indicative not just of a relatively low level of Rx-to-OTC switch, but also limited investment in research & development to support the launch of novel formulations, new delivery formats and innovative product propositions.

Switch case studies

Hana / Lovima

2021 saw the simultaneous, ground-breaking switch of two desogestrel 75mcg daily oral contraceptives in the UK, Hana (HRA Pharma, acquired by Perrigo) and Lovima (Maxwellia). The switch followed a public consultation by the regulator, MHRA, and was accompanied by pharmacist training materials to ensure appropriate use. The two switches introduced the concept of choice into supply. Although the two branded OTCs are stocked in pharmacies (behind the counter), desogestrel 75mcg pills will also remain available on prescription, allowing women to switch between the two supply routes. Choices also include the possibility of repeat prescriptions for several months – the length of repeat is determined by the HCP – limiting the number of face-to-face visits required.

OTC availability is a key step forward in ensuring timely and convenient access to contraception. However, the success of OTC options in the UK is hampered by concerns of out-of-pocket costs vs free access through primary care – all contraceptive prescriptions in the UK are free of charge.

Despite extensive consumer A+P with a focus on female empowerment, sales remain modest, although HRA announced in July 2022 that "Hana is on track to match and eventually exceed the ellaOne volumes." HRA's trade ads advise pharmacists to discuss Hana with women while dispensing stablemate EHC, ellaOne. Lovima, meanwhile, has introduced AI influencer, Lovi.

Opill

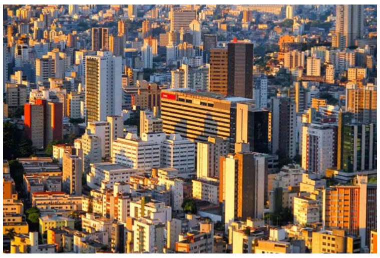
In May 2023 a joint panel of the US FDA Nonprescription Drugs Advisory Committee and the Obstetrics, Reproductive & Urologic Drugs Advisory Committee voted unanimously to recommend that the FDA approve HRA / Perrigo's Opill (norgestrel 0.075mg) for Rx-to-OTC switch.

Consumer advocates and HCP organisations, including the American Medical Association, endorsed the switch as a route to lowering barriers to access for women across all socio-economic levels. Prices are difficult to afford even with health insurance. There is some level of access for women who meet the criteria via the

6. Demographic Timebomb

So, What's the Big Idea? Demographics is the key to unlocking many of the secrets of a growing Consumer Healthcare market or, put another way, my *10 Steps to Heaven*. These include women's health, babies & children, the highly underdeveloped men's sector and ageing consumers. It also comprises the growing middle class in the Emerging Markets, which has benefited from trickle-down prosperity, with enough money in their pockets to purchase the products of our industry. Without a real understanding of consumer demographics, you are unlikely to benefit from at least half of the CHC market's growth opportunities.

A Rapidly Growing Middle Class in *expanding* urban areas



Growing urbanisation is fuelling the rise of the middle class, notably in large emerging CHC markets (India, Brazil, China). This continuous movement comes at a cost, but provides opportunities for CHC to address associated challenges, not least because middle-class consumers will spend more on products that help them overcome / manage related issues:

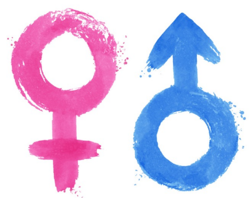
- Greater exposure to air pollution – declining generally, but still at unsafe levels – will exacerbate the incidence of common ailments and chronic diseases such as allergic rhinitis and wider respiratory illnesses. Epidemiological diseases may also increase.

- More regular eating out without the necessary oversight of hygiene and nutritional intake raises incidence of diarrhoea and related digestive health problems.
- Public healthcare provision, especially in Emerging Markets, is coming under pressure, exacerbated if not matched by a proportionate increase in the number of HCPs, although new technology will limit some of those pressures. Waiting times and low-quality healthcare will shift some of the burden to private healthcare. More consumers are expected to take ownership of their health, increasingly shifting mindsets to self-care.

7. Women's Healthcare: Listening to the Female Voice

So, What's the Big Idea? The past few years have seen a significant upturn in a number of women's issues. Women's voices have become louder on health as well as safety. People are listening and change is accelerating. Even five years ago, the prospect of a packed debate on the problems of menopause taking place in the UK Parliament would have been unthinkable! That debate took place in 2022. But Women's Healthcare needs have still not been accorded the same importance as those affecting both genders. Problems relating to life-stage conditions – especially menstrual pain, menopause symptoms, even endometriosis – are often side-lined or dismissed by primary healthcare providers. But that will change and in doing so will create a superb commercial opportunity.

In this chapter we review some of the key developments in Women's Healthcare and explore women's own efforts to improve their health. As in other chapters, we seek a global view: women are driving economic growth in China and India, just as they do in Western economies. Multinationals as well as local players are exploring conversations with women worldwide. To take just one example: Bayer's "For Her" campaign in Asia-Pacific is sharing #ConversationsofCare about women's health issues ranging from contraception to endometriosis and menstrual pain.



Women vs men

The world population of 8.1bn in 2023 is split almost equally by gender – the share held by men is in fact 1% higher. However, women stand out as key to the success of the Consumer Healthcare market for a number of reasons:

- ✓ Women purchase more medicines than men – as primary caregivers for other members of the family, as well as for their own use
- ✓ Women report – and treat – more common health problems than men and continue to be more proactive than men in managing their own health
- ✓ They remain more likely to visit a doctor or pharmacist
- ✓ Women are more likely than men to take vitamins, minerals & supplements
- ✓ Above all, women are comfortable with the concept of self-medication