



The EMB of the Department of Trade and Industry (DTI) is mandated to oversee the development, promotion, and monitoring of Philippine exports. The EMB provides the exporters the enabling environment to make them globally competitive.

Euromonitor Digest is a monthly online publication of the EMB, which aims to provide insightful analysis on the reports culled from *Euromonitor International's* Business Intelligence Research.

EDITORIAL BOARD

Dir. Senen M. Perlada
Editor-in-Chief

AD Agnes Perpetua R. Legaspi
Managing Editor

Victorino S. Soriano
Associate Editor

Kristina Noelle S. Andaya
Editorial Staff

Louise Kaye G. Mendoza
Layout / Design Artist



Passport is an online market research database used by the world's top investment banks, strategic management consultancies and Fortune 500 companies to understand the global business environment in a time of rapid change and increased globalization.



In the past, you provided EMB with your email address and we have included it in our mailing list. Please note that you will regularly receive this publication. If you wish to unsubscribe, please email us at embpublications@dti.gov.ph with "Unsubscribe" in the "Subject."

EXPORT MARKETING BUREAU
G/F and 2/F DTI International Bldg.
375 Sen. Gil Puyat Avenue
Makati City 1200, Philippines

Tel. No.: (632) 465.3300
Fax No.: (632) 899.0111

<http://www.dti.gov.ph/exports/>
<http://tradelinephilippines.dti.gov.ph/>

Consumer Health in the US

Players Innovate To Follow Consumers' Changing Lifestyles

Consumer health in the US maintained a slow but steady growth trend throughout the review period, with positive growth seen in most categories. Despite increasing maturity, players adapted to changes in consumers' lifestyles by launching new products to stimulate demand. One key example of this trend was the continued consumer shift towards natural products, with many consumers wary of ingesting chemicals for fear of their potential side-effects. Topical analgesics, for example, saw significant double-digit current value growth towards the end of the review period, while systemic analgesics recorded only slow growth, as consumers eschewed systemics in favor of topical products that were based on natural ingredients like menthol and capzasin instead of pharmaceutical components and free from potentially harmful side-effects associated with API-based systemics. This trend appeared in other OTC categories as well, such as sleep aids, as consumers also moved away from API-based combination products towards products containing fewer chemical components. Another key trend was the move towards prevention rather than cure in most categories, partly due to the high cost of healthcare in the country and the increased political uncertainty around the future of affordable healthcare. This was evident through rising sales of vitamins and dietary supplements as consumers aimed to maintain their health.

Positive Growth in 2018, Although at a Slower Pace

In 2018, consumer health maintained positive current value growth, as seen throughout the review period. Nevertheless, growth in retail value sales between 2017 and 2018 was slower than that seen in any other year of the review period. Performances in 2018 varied widely across the categories, with sports nutrition and herbal/traditional products seeing particularly strong growth due to the rising health trend and the desire to consume more natural products, while many OTC categories struggled to achieve growth due to the gradual move away from chemical-based products and increasing maturity.

A Fragmented Competitive Environment

The competitive environment in consumer health remained extremely fragmented in 2018, with no single company holding more than a 5% value share of the total market. The four leading

players, Bayer Corp, Pfizer Consumer Healthcare, McNeil Consumer Healthcare, and GSK Consumer Healthcare, are all multinationals. However, even their combined share could not reach the combined share of private label in 2018, demonstrating private label's strength within consumer health and the competitive threat that private label poses to big multinationals. All the four leaders had declining or static shares in consumer health in 2018, partly due to the rise of smaller brands, many of which are available only online, and partly due to the impact of private label OTC sales via outlets like Walgreens, CVS, and Costco, all of which now have their own private label lines of OTC medications. Looking ahead, the key question in private label sales is what impact will Amazon's private label OTC lines (Amazon Basic Care and Amazon Wellness Basics) have on this market, particularly when considered from the perspective of e-commerce growth.

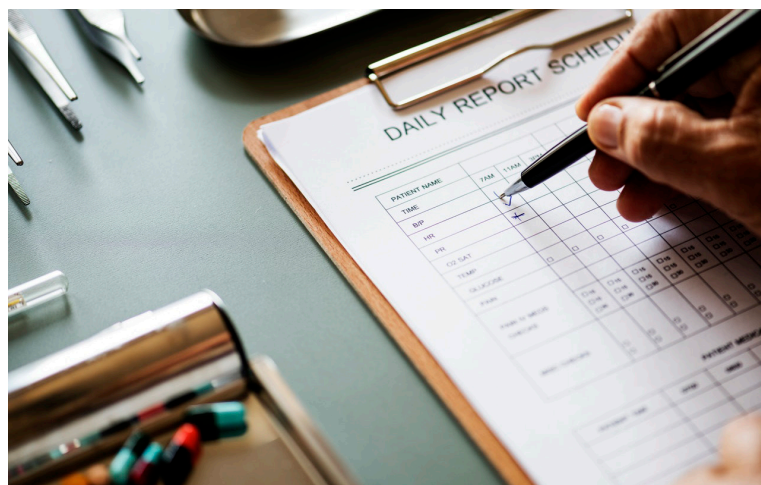
More consumers are starting to consider the benefits of leading healthier lives; in particular, those who want to lose weight are looking at a more integrated weight management strategy, which also includes fitness.

The Move Towards Internet Retailing

The US has one of the most liberal approaches to OTC distribution in the world. Virtually any retail channel, from warehouse clubs to convenience stores to online retailers, can legally sell nearly the full range of OTC products. The only exception is certain cough, cold, and allergy (hay fever) remedies, with restrictions implemented on a state-by-state basis. There was a clear move from store-based retailers to internet retailing in consumer health throughout the review period, including in 2018, mainly due to the convenience and low prices offered by internet retailers. Consumers also appreciate having the opportunity to choose from a wide range of smaller brands that are available only online. The move towards internet retailing is expected to continue in the forecast period, which will require other store-based and non-store players (such as direct selling) to take action to maintain their shares. This will involve ensuring their own online presence and utilizing social media platforms to boost sales.

Continued Growth for Consumer Health, Despite Maturity and Concern About Changes

Consumer health is expected to continue to see growth in value terms at constant 2018 prices over 2018-2023, although the pace of growth is expected to slow over the course of the forecast period. Due to the aging population and constant product innovation by players, even more mature categories such as analgesics and cough, cold and allergy (hay fever) remedies are expected to see growth. Once again, sports nutrition is expected to see the best performance. This will be due to more companies targeting women, the rising popularity of ketogenic diets, and the move towards plant-based protein. More consumers are starting to consider the benefits of leading healthier lives; in particular, those who want to lose weight are looking at a more integrated weight management strategy, which also includes fitness. ■



Check out our previous issue:
Top 10 Global Consumer Trends for 2019