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UK OTC Market Bounces Back In 2021 With Help Of Cold, Flu And Pain Categories

by [David Ridley](#)

Thanks to double-digit growth in the cold and flu category and higher demand for analgesics, the UK's OTC market grew by 4.5% to £2.87bn (\$3.52bn), according to data from NielsenIQ. Looking ahead, Nielsen's consumer health expert Matt Carpenter suggests that consumers are now adopting "moving on" mindsets, which OTC firms need to take into account in their business strategies.

The return of seasonal viruses, together with the emergence of the Omicron variant of the coronavirus, drove up demand for OTC cold, flu and pain products at the end of last year, helping the UK's consumer health market rebound in 2021, according to NielsenIQ.

Thanks to double digit growth in the cold and flu category – up 11.9% to £421m (\$516m) – and an increase of 5.2% to £693m in pain, the UK's OTC market grew by 4.5% overall to £2.87bn.

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“For the OTC sector, the winter of 2020/21 was difficult,” commented NielsenIQ’s analytics insight manager for health, beauty, personal care and home categories, Matt Carpenter. “Flu incidence was near-zero as consumers adapted their behavior to help curtail the spread of COVID-19, in line with government guidance and restrictions.”

“For obvious reasons, however, health remained at the forefront of consumers’ minds in 2021 and the sector delivered a strong recovery in terms of value performance,” he continued, in the UK consumer healthcare association, PAGB’s, annual report.

“The autumn and winter of 2021 saw the return of seasonal viruses which, together with the emergence of the Omicron variant of coronavirus, drove up demand in cold and flu and pain relief products,” he added.

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Category-wise, other notable growers included gastrointestinal, skin treatments, smoking cessation and eye care. But if we look at 2020, all of these categories suffered at the hands of the pandemic.

Categories that have continued to grow throughout the pandemic include sleep aids and hay fever.

Once this longer view is taken into account, we can understand why vitamins and minerals have not done that well in 2021 – the category grew by a massive 14% in 2020.

As Carpenter pointed out, there was a strong demand in 2020, which is reflected in the weaker 2021 performance. However, in 2021, performance was still up 15% compared to 2019, “so still a strong baseline playing through in vitamins,” he noted.

“In terms of the future,” he commented, “I would expect demand to remain strong but consumers to down trade as we have seen in other categories from branded to private label products.”

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In terms of sales channels, NielsenIQ noted a return to bricks-and-mortar shopping once restrictions were lifted in Spring, after strong online sales in the first part of the year.

“Demand and growth for in-store sales rose from May onwards as restrictions began to ease and outstripped that for online sales for the rest of the year, although consumers are not yet shopping in person at pre-COVID levels,” Carpenter reported.

“Online demand continues to grow, however, suggesting that consumers are embracing hybrid shopping,” he added.

Moving On

Looking ahead, Carpenter suggested that “there are signs that the world is preparing to treat COVID-19 as an endemic rather than a pandemic disease,” resulting in consumers adopting “moving on” mindsets, which OTC firms need to take into account when formulating their

business strategies.

Since the start of the pandemic, consumers have re-prioritized what matters to them. “In fact, our recent NielsenIQ 2022 Consumer Outlook online survey reveals that 72% of UK respondents believe that their priorities, and resulting shopping habits, have been impacted to some degree by COVID-19,” Carpenter said.

Physical and mental wellness and stress management were ranked as the three most important priorities to focus on in the next 12 months for UK consumers, the survey found.

Inflation will also be another crucial factor shaping consumer decisions, Carpenter said, with more than half of UK households reporting that they are spending more on their normal weekly shop than they did six months ago.

“Consumers will look to save by moving towards discounters, purchasing own-label products and making more use of promotions,” Carpenter commented. “Although health is at the forefront of consumers’ minds, finding the best product for the lowest available price will be a growing factor in purchase decisions.”

Given this focus on well-being, OTC manufacturers who demonstrate the value their brands can offer to support consumers in these areas “are well-placed for success,” he said.

Preparing For The Unexpected

Climate change is also now top of mind for consumers, Carpenter explained. More than a quarter of respondents said they were more likely to consider the sustainability of a product before buying.

“Sustainability is increasingly important and manufacturers who can also highlight their sustainability credentials to consumers and to retailers are more likely to defend their listings,” he advised.

In general, post-pandemic consumers are “preparing for the unexpected,” he said.

“With the potential for new variants of coronavirus, lingering uncertainty over any future government-mandated restrictions and a looming cost-of-living crisis, OTC manufacturers need to prepare for a number of different scenarios in 2022,” Carpenter said.

“In a future where the social and consumer landscape may change rapidly, companies that recognize the importance of agility and responsiveness are more likely to navigate these challenges successfully,” he added.

