13 August 2010

OTC bulletin

THE BUSINESS NEWSLETTER FOR EUROPE'S CONSUMER HEALTHCARE INDUSTRY

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Merck & Co expands on Consumer Care strategy

Expanding the reach of Merck & Co's new Consumer Care division in Europe and emerging markets represents an exciting growth opportunity for the US-based company, according to chairman and chief executive officer Richard Clark.

Asked about Merck & Co's plans for the Consumer Care division – gained through acquiring Schering-Plough – Clark said the business would continue to be an important part of the company's strategy going forward.

"Particularly outside of the US, the complementary nature of having prescription and OTC products – in many cases using the same distribution channels, wholesalers and pharmacies – is extremely important to us," Clark noted.

Building Consumer Care within Europe and emerging markets would be a strong driver of growth, Clark said, adding the division also had the "important" capability to switch prescription products to OTC status in these areas.

With an "exciting" pipeline of consumer products also in development, it was important, Clark stressed, for Merck & Co to ensure the Consumer Care division was resourced properly and was able fully to back its brands.

Merck & Co recently expanded Consumer Care's US portfolio by launching the omeprazole-based Zegerid OTC heartburn medicine in April. The company backed the launch with a national television advertising campaign (**OTC *bulletin***, 16 April 2010, page 14).

Consumer Care reported sales in the US and Canada up by 11% to US$422 million (€318 million) in the second quarter of 2010 (see Figure 1 on page 13). Growth reflected the 23% advance in sales of the loratadine allergy brand Claritin to US$132 million, the firm said, along with "strong sales" of suncare products. The business had also been boosted by the "continued demand" for Dr Scholl's custom-fit orthotics footcare products in the US.

The second-quarter gains offset the 2% decline in Consumer Care sales reported in the first quarter of the year (**OTC *bulletin***, 14 May 2010, page 11), and led to a 5% rise in Consumer Care turnover to US$800 million for the opening six months of the year.

Despite the double-digit growth in Claritin turnover during the second quarter, the brand's sales for the first half of 2010 finished down by 6% to US$242 million, following a 26% fall in the first three months.

International sales of Schering-Plough's con-

■ *Continued on page 13*

What do imaginary sheep get up to when people no longer need to count them to get to sleep? Turn to page 17 of this issue to find out what Actavis makes them do in the company's first-ever television commercial for its Sominex sleep aids in the UK.

Second-Quarter Results

Chattem lifts Sanofi's consumer sales

Acquiring Chattem in the US helped drive up worldwide turnover at Sanofi-Aventis' Consumer Health Care business by 80.1% to €578 million in the second quarter of 2010. At constant exchange rates, growth was 65.4%.

The French firm said turnover from Chattem's brands – which include ACT, Cortizone-10, Gold Bond, Icy Hot, Selsun Blue and Unisom – had boosted Consumer Health Care's sales for the three months by €94 million.

Sanofi-Aventis acquired Chattem for US$1.9 billion (€1.5 billion) on 10 February this year (**OTC *bulletin***, 20 January 2010, page 1). The move was primarily designed to enable the Consumer Health Care business to launch an OTC version of its allergy medicine Allegra (fexofenadine hydrochloride) in the US.

The application to switch Allegra from prescription-to-OTC status was submitted to the US Food and Drug Administration (FDA) at the end of March (**OTC *bulletin***, 14 May 2010, page 8).

A month earlier, Hanspeter Spek, president of global operations at Sanofi-Aventis, said the company was confident that Allegra would be an OTC medicine by early 2011 (**OTC *bulletin***, 26 February 2010, page 5).

Chattem is just one of a number of acquisitions Sanofi-Aventis has made over the past 18 months that have expanded Consumer Health Care. Acquiring Gramon in Argentina, Kernpharm in the Netherlands, Oenobiol in France (**OTC *bulletin***, 16 November 2009, page 1), and Zentiva in the Czech Republic last year also contributed to growth.

Sanofi-Aventis has continued to build its Consumer Health Care business following the Chattem acquisition by agreeing to form a joint venture with Minsheng Pharmaceutical in China to produce vitamins and mineral supplements for the Chinese OTC market (**OTC *bulletin***, 10 February 2010, page 2), and by acquiring the Canadian skincare specialist Canderm for an undisclosed sum (**OTC *bulletin***, 30 June 2010, page 1).

Meanwhile, at the end of May the company made a PLN420 million (€105 million) offer for Polish OTC company Nepentes (**OTC *bulletin***, 31 May 2010, page 1).

Business	Second-quarter sales (€ millions)	Change (%) CER*	Proportion of sales (%)
Emerging Markets	274	+64.9	47
Western Europe	155	+13.1	27
US	94	–	16
Rest of World	55	+16.7	10
Total Consumer Health Care	**578**	**+65.4**	**100**

* CER is constant exchange rates

Figure 1: Breakdown of Sanofi-Aventis' Consumer Health Care sales in the second quarter of 2010 by region (Source – Sanofi-Aventis)

Business	Second-quarter sales (€ millions)	Change 2009/2010 (%) €	CER*
Diabetes brands	*1,129*	*+16.9*	*+10.6*
Other prescription brands	*3,371*	–	–
Other products	*1,576*	*+5.8*	*+1.1*
Consumer Health Care	*578*	*+80.1*	*+65.4*
Generics	*381*	*+34.2*	*+21.8*
Pharmaceuticals	7,035	+4.6	-1.2
Vaccines	748	+5.1	-1.3
Total Sanofi-Aventis	**7,783**	**+4.6**	**-1.2**

* CER is constant exchange rates

Figure 2: Sanofi-Aventis' sales in the second quarter of 2010 broken down by business (Source – Sanofi-Aventis)

Discussing Consumer Health Care, Chris Viehbacher, chief executive officer of Sanofi-Aventis, said the expansion would continue as he was "very strongly in favour" of the business.

"This is a very important business because it puts us in direct contact with customers," Viehbacher stressed. "We have brands that have grown for decades, and therefore offer us sustainable growth, and the business also offers the concept of affordable medicines, no matter what the income range."

Although acquisitions had contributed the majority of Consumer Health Care's second-quarter growth, the business had also benefited from a double-digit organic gain over the three months, Sanofi-Aventis noted. On a constant-structure basis and at constant exchange rates, turnover had increased by 15.7%.

The organic growth had been driven by the emerging markets region led by Brazil and Russia, Sanofi-Aventis noted, where net sales had increased by 64.9% at constant exchange rates to €274 million.

The emerging markets region is now Consumer Health Care's biggest in terms of sales, accounting for almost half of second-quarter turnover (see Figure 1).

In Western Europe – which accounted for 27% of Consumer Health Care's sales – turnover grew by 13.1% on a constant exchange rate basis to €155 million. Sanofi-Aventis cited organic growth and the impact of acquiring Oenobiol in France last year.

The Rest of World region posted sales up by 16.7% to €55 million, while US sales – which consist solely of Chattem – were €94 million.

Consumer Health Care accounted for 8.2% of total sales by Sanofi-Aventis' Pharmaceuticals division, which increased by 4.6% to €7.04 billion (see Figure 2). At constant exchange rates, the division's sales fell by 1.2%.

Total group sales – including the Vaccines division as well as Pharmaceuticals – grew by 4.6% to €7.78 billion. At constant exchange rates, sales dropped by 1.2%.

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IN BRIEF

■ **KRKA** said **its self-medication sales had grown by 17% to €47.5 million** in the first half of 2010. The self-medication business accounted for 9.5% of the Slovenian firm's total sales, which increased by 5% to €500 million thanks to a strong performance in central and eastern Europe. Krka's self-medication portfolio includes the Bilobil ginkgo-biloba brand, the Duovit and Pikovit vitamin and supplement lines, the Orsoslim weight-management brand and Septolete sore-throat products.

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First-Half Results

Japanese decline hits Boehringer OTC

Boehringer Ingelheim's Consumer Health Care division reported sales down by 4.2% in local currencies to €605 million in the first half of 2010. The company blamed a sharp decline in the Japanese market and a weak European cough and cold season.

The fall in the Japanese consumer healthcare market came as the German firm strengthened its presence in the country by acquiring the 40% stake in its Japanese consumer healthcare subsidiary, SSP, that it did not already own (**OTC *bulletin***, 26 February 2010, page 3).

SSP was integrated into Boehringer Ingelheim's Consumer Health Care business following the close of the deal. The subsidiary generates annual sales of around ¥48 billion (€423 million) from a portfolio including S-Cup tonic drinks, and S-Tac cough and cold medicines.

Japan accounted for around 70% of Consumer Health Care's 2009 sales in the Asia, Australasia, Africa region – which contributed around a third of the division's total sales – but Boehringer Ingelheim is looking to dilute Japan's importance by expanding the business in China, Turkey and countries in the Middle East (**OTC *bulletin***, 30 April 2010, page 6).

Meanwhile, with European turnover in the first half hit by a poor cough and cold season, Consumer Health Care expanded its UK portfolio by launching Flomax Relief, a pharmacy-only medicine for treating the symptoms of benign prostatic hyperplasia, or enlarged prostate (**OTC *bulletin***, 31 March 2010, page 13).

The company did not release sales figures for Flomax Relief. However, it said that early data collected after the launch had found that 81% of men who had visited a pharmacy to obtain Flomax Relief had admitted that they had only become aware that a treatment for their symptoms was available as a result of the company's consumer education and awareness building activity.

Consumer Health Care generated 9.7% of Boehringer Ingelheim's group net sales, which slipped back by 2.8% – 5.1% in local currencies – to €6.21 billion.

Business Strategy

Alliance Boots ups stake in Hedef

Alliance Boots is now the majority shareholder in Hedef Alliance Holding, after increasing its stake in the Turkish pharmaceutical wholesaler from 50% to 60%. The pan-European wholesaler and retailer said that it intended to increase its holding to 80% over the next two years.

Meanwhile, Ethem Sancak, founder and executive chairman of Hedef, has increased his own personal stake in the company.

In addition to its operations in Turkey, Hedef also holds a controlling 50% stake in Egyptian pharmaceutical wholesaler United Company of Pharmacists (UCP) and an associate interest in Algeria's largest wholesaler Hydrapharm.

Hedef reported consolidated sales of around £2.4 billion (€2.9 billion) in 2009, with £1.9 billion generated by its Turkish business and a further £0.5 billion coming from UCP. The company operates 130 distribution centres.

Alliance Unichem acquired an initial 25% stake in Hedef in 2001, and doubled its holding to 50% a year later (**OTC *bulletin***, 30 August 2002, page 3).

Stefano Pessina, executive chairman of Alliance Boots, said the move was in line with its strategy of "investing internationally in strong companies in large and growing markets".

Mergers & Acquisitions

Europe and Canada clear Ratiopharm deal

Competition authorities in both the European Union and Canada have given the go-ahead to Teva's €3.63 billion takeover of Germany's Ratiopharm. In each territory, the two firms will have to divest a handful of products.

To obtain consent from the European Commission, Teva has offered to divest 15 Ratiopharm products in the Netherlands, along with the German group's local distribution network. The drugs to be divested include treatments for anaemia, asthma, gout and hypertension, as well as for inflammation and pain.

Furthermore, the Commission said the two firms' "very high combined market shares for the painkiller tramadol in Hungary – together with the existence of a strong originator brand for Teva – would raise [competition] concerns".

Meanwhile, Canada's Competition Bureau approved the deal on the condition that either Teva or Ratiopharm divest their rights to sell and supply oxycodone/paracetamol tablets and morphine sulfate sustained-release tablets.

The deal – announced in March of this year (**OTC *bulletin***, 31 March 2010, page 1) – is expected to close by the end of September.

OTC bulletin

13 August 2010 Number 347

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Subscriptions
Annual subscriptions to **OTC *bulletin*** in Europe are £595.00 for single copies and £345.00 for additional copies to the same address, including delivery. Subscriptions to addresses outside Europe are subject to an additional charge of £30.00 to cover postage. Subscription enquiries in Korea should be directed to Pharma Koreana Ltd, 14th Floor, KTB Network Building, 826-14 Yeoksam-dong, Kangnam-gu, Seoul 135-080, Korea (Tel: +82 2 554 9591; Fax: +82 2 563 8289; E-mail: pkinfo@pharmakoreana.com).

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About OTC *bulletin*
OTC *bulletin* is published 20 times a year by OTC Publications Limited: twice monthly in February, March, April, May, June, September, October and November; and monthly in December, January, July and August. A subscription to **OTC *bulletin*** includes the weekly electronic newsflash, ***news*@OTC*bulletin***, which is published around 45 times a year. **OTC *bulletin*** is printed by the Warwick Printing Company Limited, Caswell Road, Leamington Spa CV31 1QD, UK.

Company registered in England No 2765878. Registered Office: 54 Creynolds Lane, Solihull, West Midlands B90 4ER, UK.
OTC *bulletin*® is registered as a trademark in the European Community.

ISSN 1350–1097 **www.OTC-bulletin.com**

Second-Quarter Results

Key brands boost Bayer Consumer Care

All six of Bayer's key OTC brands recorded sales growth during the second quarter of 2010, driving a double-digit rise in turnover at the German firm's Consumer Care business.

Consumer Care's second-quarter sales increased by 11.6% – 5.6% when adjusted for currency and portfolio effects – to €836 million (see Figure 1), with five of the business' six leading brands posting double-digit gains.

In the same quarter a year earlier, by contrast, only two of the leading brands – the Bepanthen/Bepanthol skincare range and One-A-Day multivitamin brand – posted gains (**OTC *bulletin***, 31 August 2009, page 4).

Growing consumer confidence in the US had been the primary reason behind the improved performance, Bayer pointed out, with the Aspirin, Aleve, Canesten and One-A-Day brands all benefiting.

The worldwide sales of Aspirin – Consumer Care's biggest-selling brand – grew by 11.7%, or 6.1% when adjusted for currency effects, to €105 million, while the growth in US consumption, together with gaining OTC status in Canada, led to a 21.4% rise – 14.3% on a currency-adjusted basis – in worldwide sales of Aleve to €68 million.

Meanwhile, the Canesten antifungal brand reported a 16.0% gain – 14.0% on a currency-adjusted basis – to €58 million. The Canesten range in Canada was recently expanded by the launch of CanesOral, following the switch to OTC status of 150mg fluconazole oral tablets.

One-A-Day multivitamins performed the strongest of all six of Consumer Care's leading brands, as higher consumption in the US pushed up its sales by 23.7% – 14.8% adjusted for currency effects – to €47 million.

Away from North America, the Bepanthen/Bepanthol portfolio performed well, thanks to "positive" trends in France and Russia, which led to a 10% rise – or 8.4% when adjusted for currency effects – in sales to €55 million.

Of Consumer Care's six best-selling brands, only Supradyn failed to achieve double-digit growth, but the multivitamin supplements did post turnover up by 3.2% – 1.6% on a currency adjusted basis – to €32 million.

The six brands accounted for 44% – €365 million – of Consumer Care's €836 million total sales for the second quarter.

Consumer Care generated 54% of sales at Bayer's Consumer Health division, which increased by 10.3% – 3.8% on a currency and portfolio-adjusted basis – to €1.56 billion (see Figure 2), with the division reporting growth across all its regions.

Consumer Health's sales in North America finished up by 12.4% to €588 million (see Figure 3). Adjusted for currency effects, the growth was a more modest 4.1%.

In Europe, Consumer Health's sales edged up by 3.3% – 1.2% when adjusted for currency effects – to €566 million; while sales in the division's Latin America/Africa/Middle East region grew by 14.0% – or 7.4% on a currency-adjusted basis – to €244 million.

Asia-Pacific grew fastest, with sales rising by 26.2% to €159 million. Adjusted for currency effects, the growth was 10.4%.

Consumer Health's earnings before interest and tax (EBIT) grew by 21.6% to €282 million.

The Consumer Health division accounted for 36% of Bayer's total HealthCare turnover, which moved forward by 6.4% to €4.31 billion. Adjusted for currency and portfolio effects, the growth was 2.0%. Bayer's total group sales increased by 14.6% – 8.6% on a currency-adjusted basis – to €9.18 billion.

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Business	Second-quarter sales (€ millions)	Change 2009/2010 (%)	EBIT (€ millions)	Change 2009/2010 (%)
Pharmaceuticals	2,748	+4.3	293	-50.3
Consumer Care	*836*	*+11.6*	–	–
Medical Care	*399*	*+2.0*	–	–
Animal Health	*322*	*+18.8*	–	–
Consumer Health	1,557	+10.3	282	+21.6
Bayer HealthCare	**4,305**	**+6.4**	**575**	**-30.0**

Figure 1: Breakdown of Bayer HealthCare's sales and earnings before interest and tax (EBIT) in the second quarter of 2010 from continuing operations (Source – Bayer)

Brand (business unit)	Second-quarter sales (€ millions)	Change 2009/2010 (%) €	CER*
Contour (Medical Care)	164	-3.0	-8.8
Advantage (Animal Health)	141	+29.4	+20.5
Aspirin**	105	+11.7	+6.1
Aleve/naproxen	68	+21.4	+14.3
Canesten	58	+16.0	+14.0
Bepanthen/Bepanthol	55	+10.0	+8.4
One-A-Day	47	+23.7	+14.8
Baytril (Animal Health)	35	+6.1	-0.5
Supradyn	32	+3.2	+1.6
Breeze (Medical Care)	32	-22.0	-26.2
Top 10	**737**	**+9.8**	**+4.2**
Consumer Health	**1,557**	**+10.3**	**+4.0**

* CER is constant exchange rates
** Total Aspirin sales – including Aspirin Cardio, which is part of the Pharmaceuticals division – were €197 million

Figure 2: Sales of the top 10 best-selling brands in Bayer's Consumer Health division in the second quarter of 2010. Brands are part of the Consumer Care business unit unless stated (Source – Bayer)

Region	Second-quarter sales (€ millions)	Change 2009/2010 (%) €	CER*
North America	588	+12.4	+4.1
Europe	566	+3.3	+1.2
Latin America/Africa/Middle East	244	+14.0	+7.4
Asia/Pacific	159	+26.2	+10.4
Bayer Consumer Health	**1,557**	**+10.3**	**+4.0**

* CER is constant exchange rates

Figure 3: Breakdown of Bayer Consumer Health's sales in the second quarter of 2010 by region (Source – Bayer)

Second-Quarter Results

Merck KGaA's sales grow despite fire

Merck KGaA said worldwide sales at its Consumer Health Care business had improved by 9.4% to €114 million in the second quarter of 2010, despite a fire in May destroying a warehouse for Seven Seas nutritional supplements in the UK.

The fire meant Consumer Health Care's sales declined in the UK during the quarter, Merck pointed out, but this had been offset by rises in other major markets.

Sales growth had also been held back by a 2.6% negative currency effect, the company added, noting growth would have been 12.0% without the currency effect.

However, the warehouse fire and other factors had a dramatic impact on Consumer Health Care's operating result, with the division reporting an operating loss of €5.4 million over the three months (see Figure 1).

Along with the fire in the UK, Merck put the drop down to the devaluation of Venezuela's currency, a significant rise in marketing and selling expenditure on its strategic brands, and higher research and development costs.

The operating loss meant Consumer Health Care recorded a loss on sales during the three months of 4.8%, compared to a positive return on sales of 10.0% in the same period in 2009.

In geographic terms, Europe remained Consumer Health Care's biggest sales region, accounting for 67% – €76 million – of the business' turnover in the second quarter (see Figure 2). Latin America generated a further 20% – €23 million – with Asia, Africa, Australasia making up the remaining 13%, or €15 million.

Commenting on the Consumer Health Care performance, Merck said that sales of international strategic brands – Bion3, Femibion, Flexagil (also known as Seven Seas and Kytta), and Nasivin – together with sales of the Cebion, Diabion and Kidabion "regionally driven" brands, had improved by a tenth during the quarter. They now represented 54%, or around €62 million, of sales by the business excluding mail order.

High demand in France and Germany had led to a 35% jump in global sales of the Femibion vitamins and minerals supplement for pregnant women and nursing mothers, Merck said, while sales of Bion3 probiotic multivitamins had grown by a fifth, driven by demand in Chile, France and Mexico.

Despite the warehouse fire in the UK, sales of Kytta/Seven Seas/Flexagil supplements increased by 13% during the three months. The Nasivin nasal spray, meanwhile, benefited from high demand in Russia, with worldwide sales growing by 24%.

By contrast, sales of vitamin C products marketed under the Cebion brand slumped by 16%, mainly due to the currency issues in Venezuela.

Cough and cold performed the best out of Merck's four OTC "health themes" – the others are everyday health protection; mobility; and women's and children's health – with sales up by 32% to €24 million (see Figure 3). The growth was driven by Nasivin.

The largest health theme, everyday health protection, recorded sales down by 4%. The drop was caused by a 35% slump in sales of the Diabion supplement for people with diabetes and the fall in Cebion sales, which had offset the 20% rise in Bion3 turnover.

Meanwhile, sales of mobility products increased by 18% to €19 million, aided by the rise in Kytta/Seven Seas/Flexagil turnover.

Consumer Health Care accounted for 7% of Merck's total Pharmaceuticals sales for the quarter, which finished ahead by 10% to €1.56 billion. The Merck Serono prescription drugs business reported sales up by a tenth to €1.45 billion, representing 93% of the Pharmaceuticals division's turnover.

The rise in Pharmaceuticals turnover, coupled with the double-digit gain reported by the Chemicals division, pushed up Merck's total second-quarter sales by 16% to €2.21 billion. Operating profit rose by 77% to €326 million.

Business	Second-quarter sales (€ millions)	Change (%)	Operating profit (€ millions)	Change (%)
Merck Serono	*1,451*	*+10*	*164*	*+31*
Consumer Health Care	*114*	*+9*	*-5*	*–*
Total Pharmaceuticals	1,564	+10	158	+17
Total Chemicals	644	+32	166	+138
Corporate and others	–	–	2	–
Total Merck	**2,208**	**+16**	**326**	**+77**

Figure 1: Merck KGaA's sales and operating profit in the second quarter of 2010 (Source – Merck KGaA)

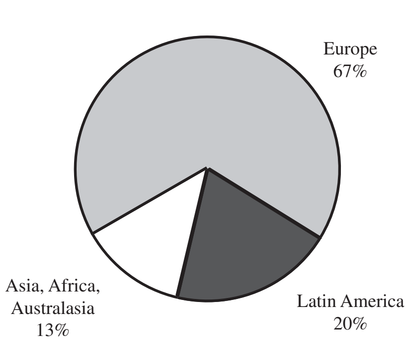


Figure 2: Sales by Merck KGaA's Consumer Health Care business in the second quarter of 2010 – €114 million – by region (Source – Merck KGaA)

Health theme	Second-quarter sales (€ millions)	Change 2009/2010 (%)	Proportion of total (%)
Everyday health protection	35	-4	31
Cough and cold	24	+32	21
Mobility	19	+18	17
Women's and children's health	16	+24	14
Others	20	+2	18
Consumer Health Care	**114**	**+9**	**100**

Figure 3: Sales by Merck KGaA's Consumer Health Care business in the second quarter of 2010, broken down by the company's health themes (Source – Merck KGaA)

IN BRIEF

■ **ORIOLA-KD's** operating profit **dropped by a fifth** to €8.4 million in the second quarter of 2010, due to difficult market conditions in Russia. Meanwhile, the Finnish wholesaler and retailer's sales improved by 29% to €487 million. The company said all of its business units had developed in line with expectations during the period. Earlier in the year, Oriola-KD entered the Swedish pharmacy market after teaming up with Scandinavian retail group Kooperativa Förbundet to acquire 171 former state-owned pharmacies (**OTC *bulletin***, 16 November 2009, page 1).

Annual Results

Prilosec OTC rivals curb growth at P&G

Higher shipments of Vicks cold and flu products as well as diagnostic products helped drive a low-single-digit rise in volume sales at Procter & Gamble's Personal Health Care business in the year ended 30 June 2010.

Growth would have been higher, Procter & Gamble said, but for the continued decline of its Prilosec OTC heartburn medicine in the face of increased competition in North America.

In-store support had led to a bright start to the year for the omeprazole-based Prilosec OTC, with volume sales in the first quarter ended 30 September 2009 growing by a mid-single-digit amount. In the subsequent three quarters, however, Prilosec OTC was hit by the launch of two branded competitors, as well as ongoing competition from store-brand equivalents.

The launch of Novartis Consumer Health's lansoprazole-based Prevacid 24HR on 12 November – backed by a US$200 million (€151 million) consumer marketing campaign (**OTC *bulletin***, 16 November 2009, page 1) – led to a drop in Prilosec OTC's volume sales in Procter & Gamble's second and third quarters (**OTC *bulletin***, 10 February 2010, page 9; **OTC *bulletin***, 14 May 2010, page 9).

This was compounded in the fourth quarter by the April launch of Merck & Co's Zegerid OTC – which combines 20mg of omeprazole with 1,100mg sodium bicarbonate – and a national television campaign in support of the newcomer, which urged consumers to "Discover the difference" (**OTC *bulletin***, 16 April 2010, page 14).

Merck & Co claims the product's "unique dual-ingredient formulation" protects the omeprazole from stomach acids and allows the medicine to be absorbed quickly.

Sales at Procter & Gamble's overall Health Care division – including its Feminine Care and Oral Care businesses as well as Personal Health Care – rose by 2% over the 12 months to US$11.5 billion.

The growth was driven by a 3% improvement in volume sales and a 1% rise in prices. These were partially offset by a negative product-mix impact of 2%.

The Feminine Care business had achieved low-single-digit volume growth during the 12 months, Procter & Gamble said, behind "initiative-driven" gains made by the Always brand and the expansion of Naturella into China.

Meanwhile, Oral Care posted a mid-single-digit volume sales gain, thanks to the introduction of Crest 3D White in North America, the expansion of the Oral-B franchise in Latin America and initiatives in Western Europe.

Health Care's net earnings from continuing operations increased by 1% to US$1.9 billion, Procter & Gamble stated, thanks to net sales growth and better gross margins, partially offset by higher selling, general and administration costs as a percentage of sales.

The Health Care division generated around 15% of Procter & Gamble's annual group sales – including beauty and grooming products, baby and family care brands, snack and pet care lines, and household products, as well as its healthcare offering – which increased by 3% to US$78.9 billion.

Volume sales of Prilosec OTC have suffered in the face of increased competition in the US

OTC

First-Quarter Results

Sales drop back at Russia's 36.6

A fall in customer demand and the closure of under-performing stores led to a 28.7% decrease in retail sales by Russia's Pharmacy Chain 36.6 in the first quarter of 2010.

Retail sales slipped back to RUB3.42 billion (€86.8 million), as the Russian company continued to trim its retail chain during the quarter by closing 15 stores. As of 31 March 2010, the company was operating 1,004 outlets, down from 1,084 a year earlier.

Pharmacy Chain 36.6's total sales for the first quarter – including its Veropharm manufacturing subsidiary and non-core businesses – declined by 22.6% to RUB4.54 billion.

Group earnings before interest, tax, depreciation and amortisation (EBITDA) edged up by 0.9% to RUB214 million.

OTC

First-Half Results

A&D grows strongly in tough market

A&D Pharma reported a "strong set of results" in the first half of 2010, despite a tough operating and regulatory climate, according to chief executive officer Robert Popescu.

Sales at A&D Pharma – the Dutch holding company which operates the Sensiblu pharmacy chain and Mediplus wholesaling businesses in Romania – increased by 30% to €303 million over the six months.

The 230-strong Sensiblu pharmacy chain reported turnover up by 37% to €120 million, while operating profit more than quadrupled to €6.6 million as the firm focused on profitability.

Turnover at the Mediplus wholesaling business – including intra-company sales – had increased by 51% to €249 million, A&D Pharma said, despite government measures limiting growth in the sector. Operating profit improved by 31% to €20.1 million.

Although turnover at the company's sales and marketing business dropped by 69.2% to €7.6 million – due to reclassifying some products to the wholesale business – A&D Pharma said the business remained at the centre of its expansion plans, thanks to the sales and marketing business' "flexibility and ability to develop strategic partnerships".

The business had already developed partnerships on a regional basis, A&D Pharma said, including a deal with Bristol-Myers Squibb's European OTC business, UPSA.

After the end of the period, A&D Pharma completed its €19.1 million acquisition of several pharmaceutical companies across five countries in central and eastern Europe (**OTC *bulletin***, 30 July 2010, page 9).

The company has acquired Bulgaria's Arishop Pharma AD and its local subsidiary, as well as the Romanian-based Ozone Laboratories' business in the Czech Republic, Hungary, Poland and Slovakia.

OTC

First-Half Results

Reckitt bounces back in second quarter

Sales at Reckitt Benckiser's Health & Personal Care division returned to double-digit growth in the second quarter of 2010, helping drive up first-half sales by 9% to £1.07 billion (€1.28 billion). At constant exchange rates, the improvement was 7%.

Bart Becht, Reckitt Benckiser's chief executive officer, said the double-digit gain in the second quarter had been "very encouraging" after growth in the first quarter had been curbed by a "poor cold and flu season".

In the first quarter, Health & Personal Care's sales growth slowed to 4% – both as reported and at constant exchange rates – as a weak cold and flu season in Europe and North America held back worldwide growth at the business (**OTC *bulletin***, 14 May 2010, page 5).

The Mucinex brand felt the impact of the lower incidence of cold and flu in North America, while Strepsils suffered in Europe.

In the second quarter, Health & Personal Care's turnover grew by 15% as reported – 10% at constant exchange rates – to £546 million.

Becht said the double-digit growth had been "very much driven" by the Dettol, Gaviscon, Nurofen and Strepsils "powerbrands".

The Strepsils range would be strengthened in the second half of 2010, Becht said, with the roll-out of Strepsils Warm into several European markets in time for the cold and flu season (**OTC *bulletin***, 30 July 2010, page 17).

Meanwhile, new children's variants would boost both the Mucinex and Nurofen brands, Becht pointed out.

Children's Mucinex Multi-Symptom Cold Liquid provided "relief from a stuffy nose, a cough and a chest infection", he noted, while Nurofen for Children was an ibuprofen suspension that offered "fever and pain relief specifically to children over the age of six years".

Personal Care had benefited from the strong growth in both the Dettol and Lysol lines over the first half, Reckitt Benckiser said, with Dettol personal-care products enjoying "excellent growth" in developing markets and Europe, while the launch of Lysol No-Touch Hand Soap System in the US had delivered "very encouraging" early results.

The Lysol No-Touch Hand Soap System had given Reckitt Benckiser a share of the total US liquid hand-soap market "in the teens", Becht pointed out, an achievement he described as "very, very good" considering the company had only entered the market six months ago.

In light of the product's success in the US, the company was rolling it out into other markets under the Dettol brand name, Becht revealed, adding that it had already been launched in the UK.

The geographic roll-out of Dettol personal-care products into new markets such as Israel, Romania and Sweden was ongoing, Becht said, noting that launches in Brazil, Italy, Poland and Turkey amongst others had taken place in the first half of 2010.

In regional terms, Health & Personal Care's sales had been "relatively flat" in Europe, Reckitt Benckiser noted, reflecting the weak cold and flu season. In the US, launching the Lysol No-Touch Hand Soap System had helped mitigate the impact on Mucinex of the lower incidence of cold and flu, the firm said.

Turnover in developing markets had risen thanks to continued "excellent growth" from the Dettol personal-care line, while Gaviscon, Strepsils and Veet had also contributed strongly, the company added.

Asked what he thought would be the long-term growth drivers for the company's OTC business, Becht said he believed that more clinical data, innovation and geographic expansion would all aid the company's OTC brands.

Nurofen was already "clearly the number one ibuprofen brand" in Europe, Becht said, and it would continue to gain market share thanks to the clinical data the firm had gathered, which showed that the brand was "superior to the paracetamol formulations" with which it competed.

In the cold and flu category, innovations such as Strepsils Warm would increase the brand's appeal to consumers, Becht claimed. Switching people away from using "candies" when they had a sore throat to using a "proper" medicated sore-throat remedy, such as Strepsils, was also a big opportunity, he added.

Beyond that there were geographic roll-out opportunities, Becht said.

Health & Personal Care accounted for just over a quarter of Reckitt Benckiser's total sales for the first half of the year, which increased by 6% at constant exchange rates – 7% as reported – to €4.06 billion (see Figure 1).

Health & Personal Care's contribution to the company's total sales could rise to a third, if its proposed £2.54 billion purchase of SSL International and its Durex and Scholl brands is successful (**OTC *bulletin***, 30 July 2010, page 1).

OTC

Business	**First-half sales (£ millions)**	**Change 2009/2010 (%) £**	**CER***
Health & Personal Care	*1,070*	*+9*	*+7*
Fabric Care	*805*	*±0*	*-1*
Surface Care	*686*	*+8*	*+5*
Home Care	*562*	*+10*	*+8*
Dishwashing	*453*	*+3*	*+2*
Other Household	*32*	*+14*	*+19*
Household and Health & Personal Care	3,608	+6	+4
Pharmaceuticals	310	+22	+24
Food	146	+11	+12
Reckitt Benckiser	**4,064**	**+7**	**+6**

* CER is constant exchange rates

Figure 1: Reckitt Benckiser's sales in the first half of 2010 by business (Source – Reckitt Benckiser)

Patent Disputes

Reckitt Benckiser wins Mucinex appeal

Reckitt Benckiser has won the latest round in its battle to prevent Perrigo from launching a generic version of its Mucinex cough medicine in the US.

A federal appeals court has thrown out the ruling made by a Michigan district court in February that Perrigo's Abbreviated New Drug Application (ANDA) for 600mg extended-release guaifenesin tablets did not infringe the patent for Mucinex (**OTC *bulletin***, 26 February 2010, page 13). The case has been sent back to the district court for further proceedings.

The federal appeals court said it had overturned the ruling because the Michigan district court had based its judgement of non-infringement on an "erroneous claim construction".

Store-brand specialist Perrigo had hoped to launch its product by the end of June.

OTC

Second-Quarter Results

Pfizer enjoys boost from Wyeth brands

Pfizer said the Consumer Healthcare business it gained when it acquired Wyeth last year had contributed sales of US$678 million (€514 million) to the company's Diversified division in the second quarter of 2010.

Sales at the Consumer Healthcare business – which includes the Advil, Centrum and Robitussin brands – increased by 7.4% compared to the same period a year ago when Wyeth was still a standalone company (**OTC *bulletin***, 31 July 2009, page 11).

Consumer Healthcare's international sales rose by a tenth compared to the same period a year earlier to US$351 million. US turnover grew by 4.5% to US$327 million.

Over the opening six months of 2010, Consumer Healthcare generated worldwide sales of US$1.34 billion. The business reported international turnover of US$699 million for the first half, and US sales of US$642 million.

Consumer Healthcare accounted for 30.2% of the Diversified division's total second-quarter sales, which jumped by 169% to US$2.24 billion, thanks to the addition of Wyeth. Pfizer's existing brands contributed just three percentage points to the division's growth, with Wyeth accounting for 154 percentage points. A favourable foreign exchange impact added 12 points.

Animal Health generated 39.8% of the division's sales, while Nutrition was responsible for a further 21.2%. The Capsugel capsule business made up the remaining 8.7%.

Business	Second-quarter sales (US$ millions)	Change 2009/2010 (%)	Proportion of sales (%)
Biopharmaceutical	15,021	+49	86.7
Animal Health	*893*	*+38*	*5.2*
Consumer Healthcare	*678*	*–*	*3.9*
Nutrition	*476*	*–*	*2.7*
Capsugel	*195*	*+5*	*1.1*
Diversified	2,242	+169	12.9
Other	64	-27	0.4
Pfizer	**17,327**	**+58**	**100.0**

Figure 1: Pfizer's sales in the second quarter of 2010 broken down by business (Source – Pfizer)

Commenting on the Diversified division, Jeffrey Kindler, chairman and chief executive officer of Pfizer, said it would benefit from plans to keep "launching new innovations in markets around the world".

This would "grow and strengthen" the Diversified division's product offerings, such as its vitamin and infant formula product lines, Kindler added.

Earlier this year, Pfizer said it might seek contract manufacturers to produce a number of Wyeth's OTC brands as part of an overhaul of its Consumer Healthcare manufacturing network (**OTC *bulletin***, 31 May 2010, page 13). The company is phasing out production of a number of the acquired consumer healthcare brands at two former Wyeth facilities in the US.

Acquiring Wyeth for US$68 billion in October last year broadened Pfizer's portfolio and returned the firm to the consumer healthcare market just three years after divesting its own global OTC business to Johnson & Johnson (**OTC *bulletin***, 25 January 2007, page 6).

Pfizer's total sales for the second quarter increased by 58% to US$17.3 billion (see Figure 1). The majority of the growth came from the Wyeth acquisition, with a favourable currency impact adding another five percentage points. The Diversified division accounted for 12.9% of the group's sales for the three months.

OTC

IN BRIEF

■ **PRESTIGE BRANDS'** OTC Healthcare Products division reported sales up by 10% to US$44.3 million (€33.4 million) in the US company's **first quarter** ended 30 June 2010. The growth was driven by improved sales of the Clear Eyes, Compound W, Murine Tears, New Skin, Percogesic and Wartner brands, as well as the Sleep-Eze brand in Canada, which were partially offset by lower sales of the Allergen Block and Earigate brands. Prestige posted total sales up by 3% to US$73.4 million in the three-month period.

■ **HERBALIFE** said its **net sales had grown by 20.5% to US$689 million (€523 million)** in the second quarter of 2010, reflecting a volume increase of 19.9% compared to the same period last year. Michael Johnson, chairman and chief executive officer of the US-based direct-selling firm, said growth had been spread across the company's markets.

OTC

First-Half Results

OTC increases at Pharmstandard

Sales of OTC products by Russia's Pharmstandard grew by 4.7% to RUB5.68 billion (€144 million) in the first six months of 2010.

The firm said that turnover from its branded OTC products had grown by 3.9% to RUB4.67 billion, with the Arbidol flu product and Pentalgin analgesics the primary growth drivers along with the Afobazol and Amixin brands.

Sales of the company's non-branded OTC products grew even faster than their branded counterparts, with turnover rising by 8.4% to RUB1.01 billion. Non-branded OTC products now represent about 17.8% of Pharmstandard's total OTC sales.

OTC products accounted for 50.2% of sales at Pharmstandard's Pharmaceuticals division, which advanced by 15.4% to RUB11.3 billion in the period. Pharmstandard's branded and non-branded prescription pharmaceuticals contributed a further 14.1%, while sales of third-party products generated the remaining 35.0%.

The Pharmaceuticals division accounted for 97.8% of Pharmstandard's first-half sales, which increased by 14.7% to RUB11.5 billion.

Medical equipment and disposables made up the remaining 2.2%. Sales at the Medical Equipment and Disposables division fell by 8.2% to RUB251 million.

During the first six months, Pharmstandard acquired an 11.3% stake in Latvian pharmaceutical manufacturer Grindeks for an undisclosed sum (**OTC *bulletin***, 30 April 2010, page 7).

Igor Krylov, the chief executive officer of Pharmstandard, said the decision to buy into Grindeks had been based on the long-term relationship between the two companies.

Pharmstandard said that it had no plans to increase its stake in Grindeks, but would consider offers made by other Grindeks' shareholders.

OTC

First-Quarter Results

Matrixx reports 54% sales drop

Sales at Matrixx Initiatives fell by over half in the three months ended 30 June 2010, as the US-based company rebuilt its product portfolio after the withdrawal of its key Zicam Cold Remedy nasal products last year.

The company's total sales for the period fell by 54% to US$3.21 million (€2.41 million). In the same quarter last year, the company reported turnover of US$6.92 million, with US$2.0 million coming from the Zicam nasal products, that were voluntarily withdrawn in June 2009 (**OTC *bulletin***, 19 June 2009, page 15).

Bill Hemelt, president and chief executive officer of Matrixx, said the company had now finalised its retail plans for the upcoming cough and cold season and in July had begun shipping its two new oral Zicam Cold Remedy products to customers.

Increase of oral Zicam products in stores

Distribution for the existing Zicam Liqui-Loz Cold Remedy product had also been increased "significantly", Hemelt added, pointing out that on average its 10 largest retail customers would have a "net increase of oral Zicam Cold Remedy products on shelf for this year's cold season".

Matrixx is trying to convert consumers to oral versions of the Zicam Cold Remedy following the withdrawal of the nasal products, which had generated approximately 40% of the company's total sales.

Zicam Cold Remedy Nasal Gel and Zicam Cold Remedy Gel Swabs were withdrawn after Matrixx received a warning letter from the US Food and Drug Administration (FDA), which cited reports of a loss of sense of smell.

Hemelt noted that Matrixx was now in negotiations with a number of parties who had filed lawsuits against the firm in the wake of the recall. To avoid ongoing administrative costs related to the legal cases, the company's product liability insurer had paid out US$5.0 million to the company, Hemelt said, meaning that its legal expenses in the first quarter had been fully covered.

Despite the lack of legal expenses in the three months, Matrixx reported an operating loss of US$3.97 million. However, this was less than the US$37.2 million operating loss recorded last year due to recall and legal costs as well as asset impairment charges related to the company's Zicam brand.

OTC

Third-Quarter Results

Television advertising lifts branded products at NBTY

Increased television advertising in support of key branded products helped NBTY drive up sales by 7% to US$696 million (€529 million) in the three months ended 30 June 2010.

Although the television campaigns led to a 57% rise in advertising and promotional costs, NBTY's pre-tax profit for its third quarter grew by 35% to US$96.1 million (see Figure 1).

Shortly before announcing its third-quarter results, the US-based manufacturer and retailer of nutritional supplements revealed that it had accepted a takeover bid from private-equity firm The Carlyle Group, which valued the company at US$3.80 billion (**OTC *bulletin***, 30 July 2010, page 1).

Scott Rudolph, chairman and chief executive officer of NBTY, said Carlyle's US$55.00 per share cash offer represented "exceptional value" to the company's shareholders. He added that NBTY "would leverage Carlyle's global resources and consumer sector knowledge to further drive the company's global growth".

Subject to approval from NBTY's shareholders and the relevant regulatory authorities, the deal is expected to close by the end of the year.

Wholesale/US Nutrition drives growth

NBTY's third-quarter performance was driven by a 10% rise in sales at its core Wholesale/US Nutrition division to US$435 million.

Sales of the division's Ester C, Nature's Bounty, Osteo Bi Flex and Pure Protein brands had been lifted by the increased television advertising, NBTY pointed out, helping to offset a fall in private-label turnover caused by increased competition.

Private-label sales – which represented 36% of Wholesale/US Nutrition's turnover for the three months – would continue to face competitive pressures throughout the remainder of the year, NBTY warned.

Despite a rise in advertising spend during the three months, pre-tax profit at the Wholesale/US Nutrition division improved by 33% to US$82.5 million.

European Retail sales edged forward by just 1% to US$152 million, as the company continued to integrate the Julian Graves stores acquired in the UK in September 2008 (**OTC *bulletin***, 29 September 2008, page 4). Pre-tax profits advanced by 45% to US$20.4 million.

During the quarter, 24 Julian Graves stores had been converted into Holland & Barrett or GNC stores, NBTY said.

As of 30 June 2010, the European Retail business was operating 1,042 stores, including 586 Holland & Barrett shops, 296 Julian Graves outlets and 43 GNC stores in the UK, along with 88 DeTuinen stores in the Netherlands and 29 Nature's Way units in Ireland. NBTY also said that it had eight Holland & Barrett franchises in Malta, Singapore and South Africa.

At the Direct Response/E-Commerce division, pre-tax profits dropped back by 15% to US$15.4 million, despite turnover finishing up by 7% to US$56.7 million. Online sales accounted for 56% of the total. NBTY noted that as the division varied its promotional strategy throughout the year, its results should be viewed on an annual rather than a quarterly basis.

North American Retail – consisting of the Vitamin World stores in US and the LeNaturiste chain in Canada – posted sales up by 3% to US$52.5 million. A pre-tax profit of US$4.0 million compared with a loss of US$2.3 million in the same period a year earlier.

The total number of outlets operated by the North American Retail business as of 30 June 2010 was 534, consisting of 451 Vitamin World stores and 83 LeNaturiste outlets. Five stores were opened and two closed during the period.

OTC

Business	Third-quarter sales (US$ millions)	Change (%)	Pre-tax profit (US$ millions)	Change (%)
Wholesale/US Nutrition	435	+10	82.5	+33
European Retail	152	+1	20.4	+45
Direct Response/E-Commerce	57	+7	15.4	-15
North American Retail	53	+3	4.0	–
Corporate/Others	–	–	-26.2	–
NBTY	**696**	**+7**	**96.1**	**+35**

Figure 1: NBTY's sales and pre-tax profit in the company's third quarter ended 30 June 2010 (Source – NBTY)

First-Quarter Results

Taisho shrugs off sluggish OTC market

Taisho Pharmaceutical said sales of its OTC brands had edged forward by 2.3% to ¥36.2 billion (€318 million) for the three months ended 30 June 2010, in the face of a "sluggish" Japanese OTC drug market.

Japan's largest OTC firm said its domestic OTC market had been held back by a slump in sales of nasal inflammation products caused by a weak pollen-allergy season. This combined with lower sales of cold-prevention products compared to a year ago, when the category spiked sharply due to an outbreak of swine flu (**OTC *bulletin***, 16 November 2009, page 11).

As a result of the firm's better OTC sales, turnover at Taisho's Self-Medication division grew by 3.5% to ¥39.9 billion for the company's first quarter (see Figure 1).

Business	First-quarter sales (¥ billions)	Change (%)	Forecast sales (¥ billions)	Change (%)
Livita brand	*0.9*	*+25.0*	*3.5*	*+12.9*
Overseas drinks	*1.6*	*+24.0*	*6.2*	*+8.8*
Others	*0.6*	*–*	*–*	*–*
Foods for specified health use	3.1	+25.5	12.5	+14.7
OTC products	36.2	+2.3	152.0	+4.8
Others	0.6	-13.6	2.7	-6.2
Total Self-Medication	**39.9**	**+3.5**	**167.2**	**+5.3**
Prescription operations	**24.6**	**-1.5**	**94.8**	**-4.8**
Total for Taisho	**64.6**	**+1.2**	**262.0**	**+1.4**

Figure 1: Taisho Pharmaceutical's sales in its first quarter ended 30 June 2010. Forecasted sales are for the year ending 31 March 2011 compared with actual sales in the previous 12 months (Source – Taisho Pharmaceutical)

Operating income at the division had jumped by 43.9% to ¥9.38 billion, Taisho noted, thanks to a decline in advertising spending – which increased dramatically in the same period last year due to the launch of RiUP X5 – and an effort to contain selling, general and administrative expenses.

To drive growth in the face of an inert Japanese OTC market, the Self-Medication division planned to increase the "provision of information" for its category 1 drugs – OTC medicines deemed to hold the highest degree of risk – Taisho said, as well as highlight the value of its brands via in-store promotions.

In May, the firm said it planned to broaden its range of category 1 drugs by switching more ingredients from prescription-only to OTC status, as well as "aggressively" developing new product categories, including treatments for metabolic conditions (**OTC *bulletin***, 31 May 2010, page 6).

With these measures in place, Self-Medication's sales are expected to increase by 5.3% to ¥167 billion in the year ended 31 March 2011, according to Taisho.

Sales of the company's core Lipovitan brand of energy and tonic drinks fell slightly by 0.4% to ¥18.5 billion, as "unseasonal weather in early spring" led to a drop in sales of the brand's leading Lipovitan D product.

Business	First-quarter sales (¥ billions)	Change (%)	Forecast sales (¥ billions)	Change (%)
Lipovitan D	*12.7*	*-3.8*	*50.0*	*+1.2*
Other Lipovitan	*5.7*	*+8.0*	*21.8*	*+1.9*
Total Lipovitan brand	18.5	-0.4	71.8	+1.4
Zena brand	0.8	-7.6	3.6	+2.9
Other drinks	0.3	–	–	–
Total tonics and nutrient drinks	**19.6**	**-0.6**	**–**	**–**
Cold remedies (Pabron brand)	**4.6**	**-3.1**	**25.0**	**+0.4**
Hair treatments (RiUP brand)	**3.7**	**+12.0**	**13.5**	**+6.3**
Analgesics (Naron brand)	**1.1**	**-2.8**	**4.7**	**+6.8**
Gastrointestinal treatments	**1.0**	**-3.0**	**4.3**	**±0.0**
Laxatives (Colac brand)	**1.0**	**-0.6**	**4.0**	**+2.6**
Cold remedies (Vicks brand)	**0.4**	**+18.9**	**2.9**	**±0.0**
Biofermin	**1.3**	**+4.8**	**5.2**	**-1.9**
Overseas OTC	**1.0**	**–**	**4.3**	**–**
Other OTC products	**2.5**	**–**	**–**	**–**
Total OTC products	**36.2**	**+2.3**	**152.0**	**+4.8**

Figure 2: Breakdown of Taisho Pharmaceutical's OTC sales in its first quarter ended 30 June 2010. Forecasted sales are for the year ending 31 March 2011 compared with actual sales in the previous 12 months (Source – Taisho Pharmaceutical)

As Figure 2 shows, sales of Lipovitan D declined by 3.8% to ¥12.7 billion, which was enough to offset a rise in sales of other Lipovitan variants, including the low-calorie Lipovitan Fine and Lipovitan Half. Taisho noted that Lipovitan FB had enjoyed a "good start" following its launch in March.

Sales of all Taisho's tonic and nutrient drinks slipped back by 6.8% through drug channels, but increased by 5.7% through food channels (see Figure 3).

Despite category 1 drugs generally struggling in the OTC drugs market, the RiUP X5 minoxidil product for hair regrowth – launched in March last year (**OTC *bulletin***, 17 March 2009, page 17) – helped increase turnover of the RiUP brand by 12.0% to ¥3.7 billion.

Meanwhile, sales of Naron analgesics, Colac laxatives and gastrointestinal treatments had all declined, Taisho noted.

Outside of Japan, Taisho said that its OTC assets in the Asia-Pacific region – excluding China and Japan – acquired from Bristol-Myers Squibb last year (**OTC *bulletin***, 30 September 2009, page 1) had contributed sales of ¥1.0 billion during the first quarter.

	First-quarter sales (¥ billions)	Change (%)
Food channels	10.3	+5.7
Drug channels	9.3	-6.8
Total	**19.6**	**-0.6**

Figure 3: Breakdown by distribution channel of Taisho Pharmaceutical's sales of tonics and nutrient drinks in Japan in its first quarter ended 30 June 2010 (Source – Taisho Pharmaceutical)

In the 'foods for specified health use' category, sales jumped by 25.5% to ¥3.1 billion, driven by a double-digit rise in sales of the Livita brand and the company's portfolio of overseas drinks.

OTC

Industry Initiatives

French OTC industry pushes self-selection

Informing French consumers about the concept of self-selection displays for non-prescription medicines in pharmacies is the key goal of a leaflet published by France's OTC industry association, AFIPA.

AFIPA pointed out that a recent survey conducted on its behalf had found that 83% of consumers did not feel sufficiently informed about the 'free-access' initiative, which was introduced in France around two years ago (**OTC *bulletin***, 31 July 2008, page 17).

The association also highlighted that only around one in two French pharmacies had introduced self-selection displays (**OTC *bulletin***, 16 April 2010, page 18).

Entitled "Le libre accès aux médicaments en pharmacie, ils en pensent quoi?" or "Free access to medicines in pharmacies, what do they think of it?", the AFIPA leaflet presents facts and figures illustrating the advantages offered by the initiative. These are supported by the opinions of pharmacy associations, doctors, consumers, and healthcare bloggers.

The French OTC industry has produced a leaflet explaining the country's 'free-access' initiative

The leaflet says free access is a "guarantee of freedom, autonomy and safety". It adds that 39% of consumers are happy to take advantage of lower pricing, 72% appreciate the opportunity to select their own medicines, and two-thirds believe that using free-access medicines saves them time.

A step-by-step guide to selecting free-access medicines is also included in the leaflet. This stresses the importance of seeking advice from the pharmacist, and encourages consumers to visit a doctor if symptoms persist.

The leaflet should also be of interest to pharmacists considering introducing self-selection displays, noted AFIPA.

OTC

Retailing

German body calls for self-selection and chains

Self-selection of pharmacy-only medicines by consumers and an end to the ban on pharmacy chains are needed to spur price competition in Germany's non-prescription market, according to the country's monopolies commission.

Noting that most non-prescription medicines had been excluded from reimbursement in Germany since 2004, the Monopolkommission – which offers independent advice to German legislators on competition issues – acknowledged that the previous German government had not acted on its suggestions to liberalise the country's non-prescription supply chain.

However, the commission argued in its 18th expert report to Germany's economics ministry that lifting the ban on self-selection of pharmacy-only medicines that is laid down in paragraph 17 of Germany's pharmacy regulations, or Apothekenbetriebsordnung, would help to spur price competition.

Have to ask pharmacy staff

"The ban prevents consumers from walking up to shelves to obtain an overview of the products on offer and their prices," the competition watchdog pointed out. "Prices for pharmacy-only medicines can largely only be established by asking the pharmacy staff," it added, insisting this acted as a brake on price competition.

Consumers were particularly likely to be sensitive to prices for chronic-use non-prescription medicines or those that they bought in advance to have at hand in case of illness, the commission stated. In this sector, it noted, price competition had already been triggered to some extent by mail-order pharmacies, which had captured around a tenth of the market.

"The monopolies commission is certainly not calling for a complete deregulation of medicines retailing," the watchdog stressed. However, greater competition among retailers was sorely needed, it maintained.

The commission also insisted that "Germany's ban on third-party and multiple ownership of pharmacies must be lifted", although it stressed that merger controls should be strengthened to avoid local or regional pharmacy monopolies. "Multiple ownership above the current limit of four outlets should also be allowed," the commission added.

Commenting on last year's European Court of Justice (ECJ) ruling that national bans on pharmacy chains were permissible, the commission said it was "aware of no evidence" that supported the assertion that pharmacy chains owned by non-pharmacists put maximising profits before healthcare considerations. There was no reason to believe that "independent pharmacists are less interested in personal economic prosperity than any other citizen," it insisted.

Pharmacies should also be able to open up within drugstores and department stores, the commission proposed. Furthermore, it argued that the German coalition's proposal to prohibit pick-up points – kiosks where patients who had ordered prescription medicines online could collect their drugs – seemed "disproportionate".

The federal union of German pharmacists' associations, ABDA, insisted there was already competition for prices of non-prescription medicines in Germany.

"The monopolies commission is forgetting that price competition can lead to excessive consumption," ABDA argued. "As healthcare professionals, pharmacists are dedicated to preventing such use," the pharmacy body added.

OTC

Regulatory Affairs

BAH asks Ebeling to produce PSURs

Germany's medicines manufacturers' association, the BAH, has commissioned Dr Ebeling & Associates to produce all periodic safety update reports (PSURs) for the industry body's pharmacovigilance project.

Dr Ebeling, which is part of the Diapharm consultancy group, started work on compiling reports at the end of June. Its sister company, PhytoLab, is handling work on PSURs for herbal medicines.

The BAH's PSUR project – details of which can be found in English and German at the website www.bah-psur.de – is intended to offer its member companies "a high-quality PSUR compilation service at a reasonable price".

OTC

British Medical Journal

Calcium supplements linked to heart attacks, says study

Taking a calcium supplement is associated with an increased risk of a heart attack, according to a study published in the *British Medical Journal (BMJ)*.

As calcium supplements are widely used, maintains the study, the "modest" increase in risk "might translate into a large burden of disease in the population". The study calls for the role of calcium supplements in managing osteoporosis to be reassessed.

However, the US Council for Responsible Nutrition (CRN) said the conclusions had been "dramatically overstated, considering the limitations of meta-analysis in general, and this meta-analysis specifically". Meanwhile, the Australian Self-Medication Industry (ASMI) insisted that the association with heart disease was "highly controversial".

For the study, an international team of researchers looked at randomised, placebo-controlled trials that focused on calcium supplements with a daily dose of at least 500mg per day. The trials involved people over the age of 40 years, and lasted for more than a year.

The meta-analysis of 11 trials with a total of nearly 12,000 participants found that calcium supplements – without co-administered vitamin D – increased the risk of a heart attack by approximately 30%. Smaller, non-significant increases in the risk of stroke and mortality were also found.

The findings were consistent across trials, said the team led by Professor Ian Reid from the University of Auckland in New Zealand, and were independent of age, sex and the type of calcium supplement.

According to the researchers, previous studies had found no increased cardiovascular risks with higher dietary calcium intake, suggesting that the risks were restricted to supplements. "Given the modest benefits of calcium supplements on bone density and fracture prevention, a reassessment of the role of calcium supplements in osteoporosis management is warranted," they concluded.

An accompanying editorial in the *BMJ* suggests that uncertainty exists about whether the increase in heart attack and stroke is real. However, the editorial adds that there are also doubts about the efficacy of calcium supplements in reducing fractures.

"On the basis of the limited evidence available," states the editorial, "patients with osteoporosis should generally not be treated with calcium supplements – either alone or combined with vitamin D – unless they are also receiving an effective treatment for osteoporosis."

There is an urgent need for research to find out whether such supplements are required as "an adjunct to effective agents", says the editorial by Professor John Cleland from the University of Hull, UK, and colleagues.

Responding to the meta-analysis and editorial in the *BMJ*, Steven Scarff, regulatory and scientific affairs director at the ASMI, said other recent studies had "failed to find a relationship between calcium supplements and increased cardiovascular risk, or had in fact ruled out such a relationship".

Dr Andrew Shao, senior vice-president for scientific & regulatory affairs at the CRN, said the meta-analysis could potentially have included more than 300 scientific studies on calcium supplementation's effect on bone. "It is unfortunate that these researchers are making sweeping judgements about the value of calcium supplements by only assessing a handful of hand-picked studies," he added.

Shao stressed that most of the studies included in the meta-analysis had not suggested increased risk. Furthermore, none of the original studies included in the meta-analysis had been designed to evaluate cardiovascular outcomes, he added, pointing out that the data on cardiovascular events had never previously been published and had had to be tracked down.

"Meta-analysis can be a useful tool for scientific evaluation," observed Shao, "but we have to recognise its limitations and keep in mind that its findings are based on a collection of past studies that may have different designs, doses and study populations."

Shao highlighted that most people did not get enough calcium from diet alone, so calcium supplements could be important to consumers of all ages. "The results from this meta-analysis do not undermine the value that calcium supplements offer to those concerned with maintaining or increasing bone density," he noted.

Scarff said there was good evidence that calcium supplements reduced the risk of fractures and hence played a useful role in treating osteoporosis.

OTC

Second-Quarter Results

Merck & Co discusses Consumer Care

■ *Continued from front page*

-sumer healthcare brands are now included in Merck & Co's Global Human Health division, which also includes its prescription, vaccines and biologics business units.

Acquiring smaller rival Schering-Plough for US$41 billion last year (**OTC *bulletin***, 17 March 2009, page 1), brought a number of established consumer care brands – including Coppertone, MiraLAX, Claritin and Dr Scholl's – under the Merck & Co umbrella.

Prior to the acquisition, Merck & Co had only an indirect presence in the OTC market through the Johnson & Johnson/Merck Consumer Pharmaceuticals joint venture.

Consumer Care is one of the "five primary divisions" in the enlarged Merck & Co. The other four are Global Human Health, Animal Health, Merck Manufacturing and Merck Research Laboratories.

Consumer Care generated 4% of Merck & Co's total adjusted second-quarter sales, which declined by 2% to US$11.3 billion. For the first six months of 2010, group turnover edged up by 2% to US$22.8 billion.

OTC

Business	Second-quarter sales (US$ millions)	Change 2009/2010 (%)	Proportion of total (%)
Human Health*	9,776	-2	86
Animal Health	731	+9	6
Claritin OTC	*132*	*+23*	*1*
Consumer Care**	422	+11	4
Other	417	-20	4
Merck & Co	**11,346**	**-2**	**100**

* Includes international Consumer Care sales outside of the US and Canada ** Sales in US and Canada only

Figure 1: Merck & Co's sales in the second quarter of 2010 broken down by business (Source – Merck & Co)

CONSUMER *viewpoint*

Minor cuts and bruises are the subject of this month's Consumer viewpoint survey of ailments suffered by Europe's consumers. The survey appears exclusively in OTC bulletin courtesy of Ipsos MORI.

Spaniards are far less likely to say they have suffered from minor cuts and bruises in the past year than their counterparts in France, Germany, Italy, or the UK, according to our **Consumer *viewpoint*** survey.

Of the five countries covered by the Ipsos MORI survey, Spain has the lowest proportion of people who say they have suffered from minor cuts and bruises during the past year at 7.0%. Germany has the highest at 21.5%, followed by the UK at 19.6%, Italy at 18.4% and France at 16.1% (see Figure 1).

In France, Spain and the UK, men are more likely than women to say that they have suffered from minor cuts and bruises, but there is little to choose between the sexes in Germany and Italy (see Figure 2).

As Figure 3 shows, OTC remedies are the most popular treatment option for the condition in all five of the survey countries.

Germany has the highest proportion of sufferers who have treated minor cuts and bruises with an OTC product at 52.8% (see Figure 4).

OTC treaters in Germany are more likely to be women than men, but the reverse is the case in the other four countries (see Figure 5).

France has the highest proportion of people who have used a prescription remedy to treat minor cuts and bruises at 12.0% (see Figure 6). The country also has the highest proportion of herbal treaters at 10.4% (see Figure 7).

OTC

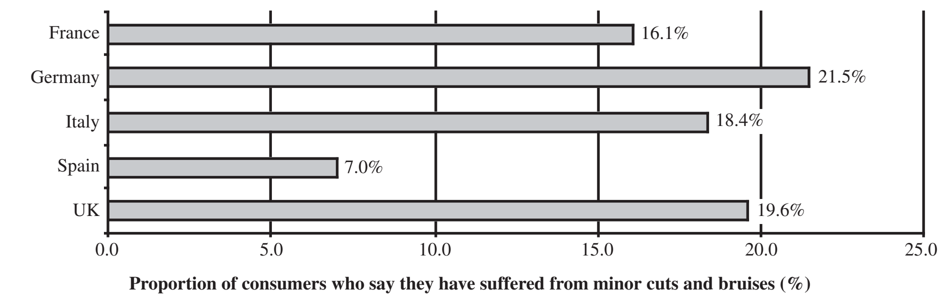


Figure 1: Proportion of consumers in France, Germany, Italy, Spain and the UK who say they have suffered from minor cuts and bruises within the past year (Source – OTC *bulletin* 2010/Ipsos MORI)

	Proportion of sufferers (%)					Index				
	Fra	**Ger**	**Ita**	**Spa**	**UK**	**Fra**	**Ger**	**Ita**	**Spa**	**UK**
Male	54.3	47.7	51.2	53.7	66.3	**114**	98	**105**	**113**	**136**
Female	45.7	52.3	48.8	46.3	33.7	88	**102**	95	88	66
18-24	16.5	7.2	11.5	10.7	18.6	**143**	81	**126**	89	**149**
25-34	22.6	16.0	20.3	22.0	11.5	**119**	**118**	**115**	**106**	69
35-44	19.8	21.5	21.6	19.0	19.7	**103**	**107**	**109**	100	100
45-54	18.0	20.8	13.8	22.5	26.2	**117**	**116**	84	**139**	**154**
55-64	13.5	13.0	13.7	7.9	14.0	80	90	93	63	95
65+	9.6	21.5	19.0	17.8	9.9	54	86	**102**	91	51

Figure 2: Consumers in France, Germany, Italy, Spain and the UK who say they have suffered from minor cuts and bruises in the past year, analysed by sex and age. The index indicates the likelihood that a consumer in a specific population group will have suffered from the condition, and is the ratio of the proportion of total sufferers in a population group to the proportion of that group in the population as a whole (Source – OTC *bulletin* 2010/Ipsos MORI)

Ipsos MORI and the ailments survey

Our **Consumer *viewpoint*** ailments survey appears exclusively in **OTC *bulletin*** courtesy of Ipsos MORI. The survey is based on research conducted in February 2009 using Capibus, the market researcher's weekly European omnibus service. Ipsos MORI carried out face-to-face interviews with 1,000 plus adults in each of the survey countries – France, Germany, Italy, Spain and the UK. An OTC remedy was defined as a product purchased over-the-counter from a pharmacy or off a shop shelf.

■ For more information on the research supplied by Ipsos MORI, please contact Susan Purcell (Tel: +44 208 861 8000; Fax: +44 208 861 5515; E-mail: Susan.Purcell@ipsos-mori.com). OTC

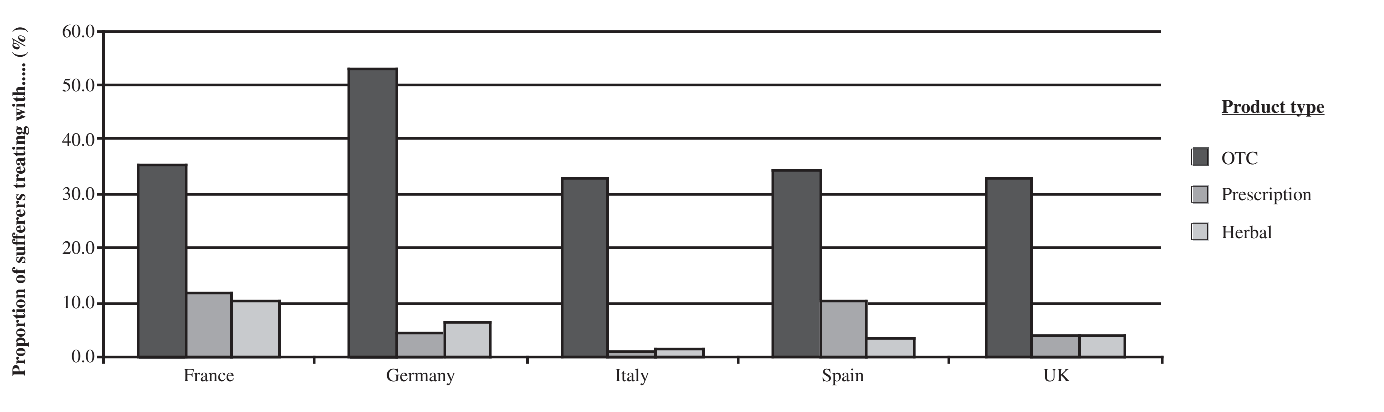


Figure 3: Proportion of consumers in France, Germany, Italy, Spain and the UK who say they have suffered from minor cuts and bruises who have treated the condition with an OTC, prescription or herbal remedy (Source – OTC *bulletin* 2010/Ipsos MORI)

………………. minor cuts & bruises

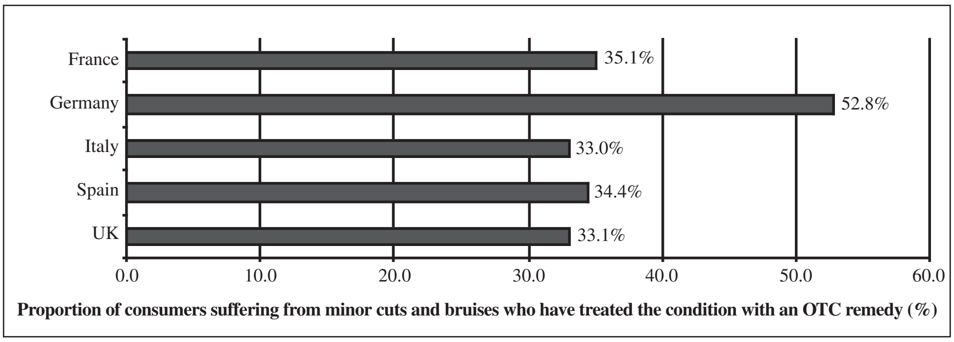


Figure 4: Proportion of consumers in France, Germany, Italy, Spain and the UK who say they have suffered from minor cuts and bruises who have treated the condition with an OTC remedy (Source – OTC *bulletin* 2010/Ipsos MORI)

	Proportion of sufferers treating with OTC (%)					Index				
	Fra	Ger	Ita	Spa	UK	Fra	Ger	Ita	Spa	UK
Male	51.7	43.5	59.3	63.9	53.9	**108**	90	**122**	**134**	**111**
Female	48.3	56.5	40.7	36.1	46.1	93	**110**	79	69	90
18-24	24.0	5.8	13.5	11.2	14.3	**209**	65	**148**	93	**114**
25-34	21.3	18.2	17.1	12.6	6.5	**112**	**134**	97	61	39
35-44	25.6	16.1	27.2	11.5	25.0	**133**	80	**137**	61	**127**
45-54	8.9	21.5	8.2	30.9	35.6	58	**119**	50	**191**	**209**
55-64	7.0	14.1	19.1	8.1	10.3	41	98	**129**	64	70
65+	13.2	24.3	14.9	25.7	8.3	74	97	80	**132**	43

Figure 5: Consumers in France, Germany, Italy, Spain and the UK who have used an OTC remedy to treat minor cuts and bruises, analysed by sex and age. The index provides a measure of the likelihood that a consumer suffering from minor cuts and bruises in a specific population group will have treated the condition with an OTC remedy, and is the ratio of the proportion of total OTC treaters in a population group to the proportion of that group in the population as a whole (Source – OTC *bulletin* 2010/Ipsos MORI)

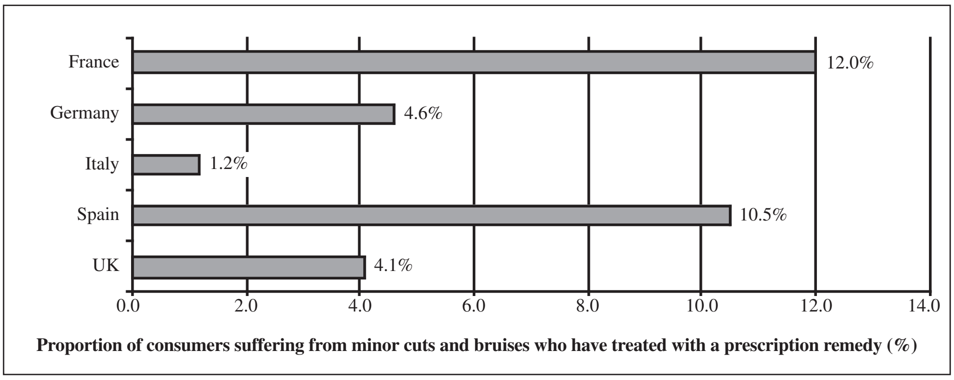


Figure 6: Proportion of consumers in France, Germany, Italy, Spain and the UK who say they have suffered from minor cuts and bruises who have treated the condition with a prescription remedy (Source – OTC *bulletin* 2010/Ipsos MORI)

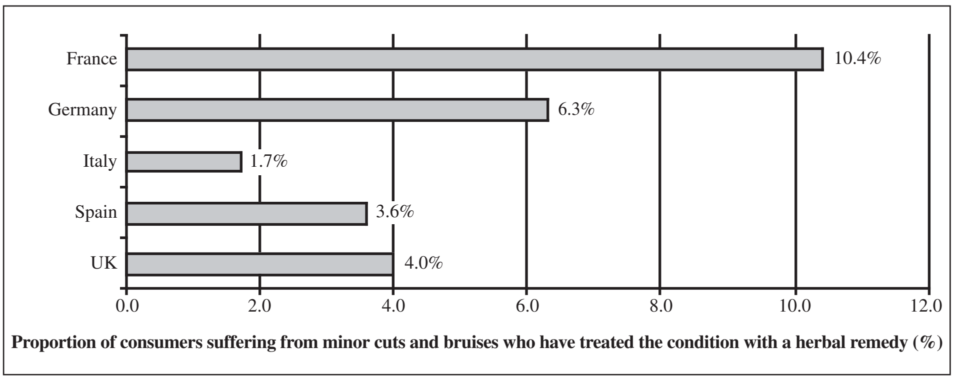


Figure 7: Proportion of consumers in France, Germany, Italy, Spain and the UK who say they have suffered from minor cuts and bruises who have treated the condition with a herbal remedy (Source – OTC *bulletin* 2010/Ipsos MORI)

Regulatory Affairs

Pseudoephedrine remains all-clear

Cold and flu remedies containing the active ingredients ephedrine or pseudoephedrine will remain pharmacy medicines in the UK, the Medicines and Healthcare products Regulatory Agency (MHRA) has decided.

It is the second year in a row the MHRA has said classification of the medicines can remain unchanged.

Tighter controls – including reduced pack sizes – were introduced by the MHRA three years ago (**OTC *bulletin***, 14 September 2007, page 1). It was anticipated at the time that the medicines would be reverse-switched to prescription-only status in 2009 unless the risk of their misuse in the illegal manufacture of methylamphetamine or ‘crystal meth’ was sufficiently contained.

The MHRA said a year ago that a review of the impact of the tighter controls had revealed “no new reports of the misuse of these drugs in the past year” (**OTC *bulletin***, 31 August 2009, page 17).

At the time, June Raine, the MHRA’s director of vigilance and risk management of medicines, warned that the agency would not be complacent. “[We] will continue to monitor the situation to ensure these items are sold and supplied safely for the correct purpose,” she commented.

In its latest update, released on 30 July 2010, the MHRA said once again that there had been “no new reports of the misuse of these drugs in the previous year”.

“The number of registered methylamphetamine addicts remains small,” points out the update, adding that an assessment by the Association of Chief Police Officers suggests that there is low availability of methylamphetamine across the UK.

Sales figures provided by the Proprietary Association of Great Britain (PAGB), continues the update, show that sales of pseudoephedrine products declined by 7% from April 2009 to April 2010.

The update notes existing levels of monitoring, education and awareness measures by pharmacists should be maintained. Furthermore, liaison with stakeholders, including the Home Office, the Association of Chief Police Officers, and the Serious Organised Crime Agency, should continue.

A further update report will be considered during 2011.

OTC

Regulatory Affairs

New Zealand sets date to curb children's medicines

Sales restrictions on certain cough and cold medicines for children under 12 years of age will be introduced in New Zealand with effect from 1 May 2011.

Medsafe said medicines based on the active ingredients dextromethorphan or phenylephrine would only be available from pharmacies after 1 May. Medicines containing these active ingredients would only be available in supermarkets, if they were re-labelled for use in adults and children over 12 years of age, added the medicines agency.

Medicines based on guaifenesin were unaffected by the changes, noted Medsafe, adding that it was considering an appeal against plans to reclassify medicines containing ipecacuanha.

Stewart Jessamine, group manager of Medsafe, said the changes were in line with recent recommendations made to the health minister by New Zealand's Medicines Classification Committee following concerns about safety of these medicines for children. "Reclassifying products containing dextromethorphan and phenylephrine to pharmacy-only status meant parents would be able to get professional advice on how to use these medicines safely before buying them for their children," he added.

Jessamine also noted that the changes were similar to moves being made or considered in other countries including Australia and the UK.

Regulatory Affairs

UK government will not ban homoeopathy

Homoeopathy will continue to be available on the UK's National Health Service (NHS), even though a ban has been recommended by a parliamentary committee.

The government said the local NHS and clinicians – rather than Whitehall – were best placed to make decisions on what was appropriate for patients, including complementary or alternative treatments such as homoeopathy.

Responding to the Science and Technology Committee's report on homoeopathy, the government pointed out that European Union legislation included specific provisions and definitions concerning the regulation of homoeopathic products. The UK, like any other member state, must comply with requirements set out in European directives, it stressed.

The government also noted that it believed in "patients being able to make informed choices about their treatments, and in a clinician being able to prescribe the treatment they feel is most appropriate in particular circumstances".

Nevertheless, the government said its chief scientific adviser felt that the evidence of efficacy and the scientific basis of homoeopathy were "highly questionable".

"There naturally will be an assumption that if the NHS is offering homoeopathic treatments then they will be efficacious," commented the government, "whereas the overriding reason for NHS provision is that homoeopathy is available to provide patient choice."

In July of this year, the British Medical Association (BMA) called for homoeopathic remedies to be taken off pharmacy shelves designated for medicines and banned from the NHS (**OTC *bulletin***, 30 July 2010, page 13).

A spokesperson for the BMA said the association had debated and passed the motion at its annual representative meeting because there was no "valid, scientific evidence of benefit" for homoeopathic remedies.

"Pharmacists and chemists should remove homoeopathic remedies from shelves indicating they are for medicines of any description, and place them on shelves clearly labelled placebos," said the BMA.

The BMA added "there should be no further commissioning of, nor funding for, homoeopathic remedies or homoeopathic hospitals".

"Don't let summer bugs ruin your holiday," is the theme of Sanofi-Aventis' summer advertising campaign for both its Anthisan and Dioralyte Relief brands in the UK.

Based around photographs of giant bugs bothering holidaymakers, the consumer-press advertising tells people that there are "two ways to beat the bugs this summer". It points out that Anthisan provides "relief from bites and stings", while Dioralyte Relief offers "rapid rehydration, and relief from diarrhoea".

The campaign runs until mid August in publications including *Closer*, *Daily Mail*, *Heat*, *Metro*, *Now*, *OK!*, *Take a Break* and *The Sun*.

A spokesperson for Sanofi Aventis said websites for both brands would be launched shortly.

IN BRIEF

■ **MHRA** – the UK's Medicines and Healthcare products Regulatory Agency – said it had gained **ministerial agreement** for its Business Plan 2010 and its Corporate Plan 2010-2015. Copies can be downloaded from the MHRA's website at www.mhra.gov.uk.

■ **FDA** – the US Food and Drug Administration – said **Nutraloid Labs** was voluntarily recalling two dietary supplements called Ejaculoid XXTREME and Stimuloid II. Laboratory analyses had revealed that both contained sulfoaildenafil, explained the FDA, adding that this "undeclared ingredient" was not listed on the product label. Sulfoaildenafil had a similar structure to sildenafil, the active ingredient of the prescription-only drug for erectile dysfunction Viagra, the FDA noted.

Marketing Campaigns

Sominex counts on sheep for growth

Redundant sheep are the appealing stars of Actavis' first-ever television commercial for its Sominex sleep aids in the UK.

"Spare a thought for your imaginary sheep now that they don't need to be counted," is the theme of the television commercial, which is aimed at women aged 25-44 years who have trouble sleeping because they have a lot on their mind.

Created by the advertising agency Sudler London, the 30-second commercial starts with a woman in bed getting a "natural, restful night's sleep" thanks to Sominex sleep aids. A female voiceover points out, however, that this is "great for you but not so good for your imaginary sheep". In the background, a cartoon sheep is seen peering in through the bedroom window with a sad expression on its face.

The action then shifts to the garden where a small flock of redundant sheep has gathered. "Now they don't need to be counted, they are finding themselves at a bit of a loose end," the voiceover states.

One sheep is seen knitting a Sominex scarf from the wool of a second sheep, while a third is reading a newspaper with the headline "Ewe snooze we lose" on the front page. Others are shown fishing, sitting on a swing and kicking a football. "The next time Sominex helps you drift off, spare a thought for your imaginary sheep," comments the voiceover.

Packs of Sominex and Sominex Herbal appear on the screen, and the commercial ends with a frustrated sheep kicking a product pack. "Count on us to help you drift off," is the sign-off message to viewers.

Actavis is investing £2 million (€2.4 million) in a national television and press advertising campaign running to the end of November. The 30-second television commercial – together with a 10-second version – will run nationally across a range of channels during August.

The company noted the "counting sheep" theme would be developed in a public relations campaign. Sominex would also be supported by trade-press advertising and point-of-sale material, it added.

Commenting on the campaign, OTC marketing manager Angela Lloyd said Actavis was "hugely excited about introducing Sominex to the television broadcast arena for the very first time".

Lloyd explained that Actavis had set out to change both the shape and rules of the sleep-aid category. "We will achieve this by leveraging a true consumer insight and developing a fundamentally differentiated and ownable creative campaign," she said.

Lloyd pointed out that Sominex held a share of less than 5% in the sleep-aids market, which was currently dominated by GlaxoSmithKline Consumer Healthcare's Nytol brand. She said the goal for the new campaign was to give the Sominex brand a double-digit market share.

Meanwhile, Actavis has updated the packaging for the Sominex range. Both designs are still based around embroidered pillows, but Sominex packs now have a blue background while Sominex herbal packs are green.

Actavis has revamped the packaging for its Sominex sleep aids in the UK with coloured backgrounds

When Sominex makes counting sheep unnecessary in Actavis' new television commercial for the sleep aid, the redundant sheep are forced to take up knitting, fishing and other activities

Advertising Complaints

UK ASA rejects claims for NYDA

A challenge to Pohl Boskamp's advertising claims for its NYDA head-lice treatment has been partly upheld by the UK's Advertising Standards Authority (ASA).

Thornton & Ross lodged three complaints with the ASA about recent television and press advertising for NYDA.

Firstly, the rival supplier of head-lice treatments questioned whether Pohl Boskamp's claim that NYDA could successfully treat or eradicate head lice with a single treatment could be substantiated.

The ASA ruled that the "strong" efficacy claims Pohl Boskamp had used in print and television advertising for the brand were not sufficiently supported by the company's scientific evidence.

Secondly, Thornton & Ross challenged the claim used in the press advertising: "Clinically proven. NYDA eradicates head lice at all 3 stages of development – lice, larvae and eggs." It also expressed concern about the use of the claim "Clinically proven" in the television advertising, insisting that it was misleading because it implied the product had been shown to be effective in killing lice in clinical trials rather than in laboratory studies only.

This was also upheld by the ASA.

However, the ASA did not uphold Thornton & Ross' third complaint that the press advertising "misleadingly implied that the product was completely safe to use and had no harmful side effects".

A "luxury" bath and massage balm containing arnica is the latest addition to Nelsons' Arnicare brand in the UK.

The company pointed out that Arnicare Bath & Massage Balm was a "unique" dual-purpose product, which could be added to bath water or massaged directly onto the skin.

Emma Woods, brand manager for Nelsons Arnicare, said Nelsons was primarily targeting the newcomer at existing Arnicare consumers. She added that the product should appeal to "consumers looking for an effective, natural, premium product with multiple benefits".

In addition to "natural" *Arnica montana*, the balm contains lavender and grapefruit oils to "help calm senses and relax the mind", and evening primrose and sweet almond oils to "naturally hydrate the skin".

Nelsons Arnicare Bath & Massage Balm has a recommended retail selling price of £7.95 (€9.54) for a 200ml bottle.

One strapline on the packaging highlights that the balm is "made with natural *Arnica montana*", while others state "massage aches", "bathe tension" and "relax & unwind".

Noting that Arnicare generated 36% of the company's branded product sales, Nelsons said the brand had recorded average annual sales growth of 9% in value terms for 2007, 2008 and 2009.

The Arnicare portfolio also includes a cream, pillules, a kids stick, a soothing spray and a cooling gel, all of which contain arnica.

OTC

Marketing Campaigns

Douce Nuit reconnects with snorers in France

Passion For Life Healthcare is investing €0.7 million in a consumer-advertising campaign for its Douce Nuit range of anti-snoring products in France.

Noting that Douce Nuit had not been advertised to consumers for two years, Passion For Life Healthcare said the campaign was designed to increase brand awareness and create a strong "spring to mind" quality for the brand. The company added that the campaign focused on the efficacy and expertise associated with Douce Nuit.

The campaign, which runs until mid-August, comprises a 10-second television commercial supported by point-of-sale promotions including in-store televisions, and pharmacy-press advertising.

Created with the advertising agency Euro RSCG 360, the television commercial positions the brand as an "expert in anti-snoring solutions". A couple is shown sleeping in a circular bed that represents a clock. As the commercial progresses, a shadow moves round the bed to the 8 o'clock position as a voiceover states that the product offers "eight hours of proven effectiveness so night-time is a pleasure again".

Passion For Life Healthcare told **OTC *bulletin*** that the number of visitors to the brand's website had quadrupled just one week after launching the campaign.

Douce Nuit, which is known as Snoreeze elsewhere in Europe, is available as a throat spray, a nasal spray, nasal strips and oral strips.

Passion for Life Healthcare's new television commercial for Douce Nuit in France highlights that the anti-snoring products work for eight hours

At the end of 2009, a new version of Douce Nuit oral strips was launched. Each strip now comes in an individual sachet for "practical and hygienic purposes", and the strength of the ingredients is 20% higher. Packs of 14 or 28 sachets are available.

Douce Nuit is distributed in France by Laboratoires Pharm'Up.

OTC

IN BRIEF

■ **FDA** – the US Food and Drug Administration – has warned consumers not to take an oral liquid called **Miracle Mineral Solution**, Miracle Mineral Supplement or MMS. Noting that the product was an industrial bleach when used as directed, the FDA said it had received "several" reports of health injuries from consumers using the product, including nausea, vomiting, and life-threatening low blood pressure from dehydration. Available online in the US, the product is claimed to treat multiple unrelated diseases, including HIV, cancer, common colds, acne, hepatitis, and the H1N1 flu virus.

OTC

The Mentholatum Company is relaunching its Softlips brand with new packaging in a number of markets, including Bahrain, Kenya, Qatar, the United Arab Emirates and the UK.

The new design, which features "funky" graphics and a "new, contemporary" logo, has just been introduced in the UK, and will arrive in the other markets later this year.

In the UK, packaging highlights that the lipcare product provides a Sun Protection Factor (SPF) of 20. It also states that it contains vitamins.

Softlips is available in the UK in a choice of French Vanilla or Vitamin Enriched versions. A spokesperson for Mentholatum said the Sparkle Mint flavour had been discontinued.

Meanwhile, Mentholatum plans to launch Softlips in several countries over the coming months, including Algeria, Gibraltar, Jordan, Kuwait, Malta, Oman and Saudi Arabia.

Softlips is already available in Australasia, Canada, South Africa, the US, and key markets in Europe.

OTC

Line Extensions

Novartis capitalises on J&J US product recalls

Novartis is giving away up to a quarter of a million bottles of its new Children's Triaminic Fever Reducer Pain Reliever in the US, as it seeks to capitalise on Johnson & Johnson's product recalls.

The company said that the bottles – with a total value of up to US$1.50 million (€1.15 million) – would "help parents restock their medicine cabinets".

Positioning the newcomer as "the only children's liquid acetaminophen product now available nationally from a trusted brand name", Novartis said the launch was a response to the current "lack of availability" of some OTC children's analgesic products (**OTC *bulletin***, 30 July 2010, page 2). It was important to offer parents a "dependable fever reducer and pain reliever product for their children", the firm added.

New Children's Triaminic Fever Reducer Pain Reliever comes in a choice of bubble gum or grape flavours

The launch comes soon after McNeil Consumer Healthcare recalled all lots of 44 OTC medicines for infants and children manufactured at its Fort Washington facility in Pennsylvania. The recall included liquid Tylenol products containing acetaminophen, known as paracetamol in many markets (**OTC *bulletin***, 14 May 2010, page 1).

McNeil recently warned that it did not expect to have sources of supply for most of the products made at the plant before the end of 2010 (**OTC *bulletin***, 30 June 2010, page 1).

To receive a free bottle of Children's Triaminic Fever Reducer Pain Reliever, consumers need to purchase the product from 2-8 August 2010. They then have to post the receipt, the Universal Product Code and a rebate form, which is available at www.triaminicgiveaway.com, to Novartis by 31 August to get a refund.

Product packaging carries the strapline "the brand trusted by parents for over 50 years". Bullet-points highlight the medicine is "alcohol-free", "aspirin-free" and "ibuprofen-free".

Suitable for children aged 2-11 years, the newcomer contains 160mg acetaminophen per 5ml. It is available in grape and bubblegum flavours and has an average retail selling price of US$5.99 for 118ml. Consumers should take up to 15ml every four hours.

Novartis pointed out that Triaminic was the leading children's cough and cold brand in the US, and children's health had been the sole focus of the brand for more than 50 years.

OTC

"Join the revolution!" is Ansell's message to consumers in its latest advertising campaign for Manix Skyn male condoms in France.

Television advertising running until September will be supported by press and online initiatives urging consumers to "discover the revolution" of Skyn condoms, which are claimed to offer "the ultimate sensation" and feel like a "second skin".

The campaign gets across the message that Skyn condoms offer the "sensation of wearing nothing" because they are made of "almost imperceptible" non-latex Sensoprene. Press advertisements also promote the safety and effectiveness of Skyn condoms and claim they are simpler to use.

Skyn's "manifesto" video uses humour to draw attention to the increased sensitivity offered by the condoms. An increasingly impassioned bare-chested man attempts to start a revolution, demanding condoms that offer the "sensation of wearing nothing". The camera then zooms out to reveal that he is in bed with a woman, who turns around and instructs viewers to "join the revolution".

The brand's website offers a video game in which the player must collect Skyn condoms. It also hosts a blog about condoms and provides details of a "Party Tour" series of nightclub events sponsored by Ansell's Manix range of condoms, which includes Skyn. Visitors are also invited to apply to become an official condom tester for the company.

Pharmacy-press advertising describes Skyn as the fastest-growing brand of condoms in the French market, and promises pharmacists that "your customers will love protecting themselves!"

Ansell ran a similar campaign in the UK for its Mates condoms in the UK earlier this year.

OTC

Launches

Perrigo set for cherry cetirizine launch

Perrigo is set to launch a cherry-flavoured syrup containing cetirizine in the US.

The store-brand specialist said it had obtained final approval from the Food and Drug Administration (FDA) for the OTC medicine containing 1mg cetirizine hydrochloride/1ml oral solution, which is comparable to McNeil Consumer Healthcare's Zyrtec Children's Allergy Syrup.

Perrigo expects to begin shipping the product, which joins its grape-flavoured cetirizine syrup, before the end of September.

Packaging highlights the product is suitable for children aged two years and older who are suffering from indoor and outdoor allergies. It also points out the product gives 24-hour relief.

According to Perrigo, sales of the Zyrtec brand were US$580 million (€444 million) in the year ended 4 July 2010.

Zyrtec Children's Allergy Syrup is available in a choice of grape or bubblegum flavours. However, the range has been affected by McNeil's recent recall of 44 OTC medicines for infants and children (**OTC *bulletin***, 14 May 2010, page 1).

OTC

Johnson & Johnson is inviting Canadians to record a rendition of the jingle for its Band-Aid adhesive bandages for the chance to win a travel prize worth C$10,000 (€7,440).

The company is touring community events across the country in a mobile recording studio, where families can also learn how to treat minor cuts and scrapes, and heal wounds.

Consumers can vote for their favourite rendition of the jingle at www.stuckonme.ca, with product prize packs going to 10 voters.

Johnson & Johnson noted that it would donate one dollar to the children's charity Safe Kids Canada for each jingle recorded.

OTC

"Share your pain with the pharmacist" is GlaxoSmithKline Consumer Healthcare's advice to Britons in a point-of-sale drive for its Solpadeine brand.

The company said the initiative, which is part of the brand's ongoing "Paint the town red" campaign, would highlight new Solpadeine Max Soluble.

As the name suggests, Solpadeine Max Soluble is a soluble version of the Solpadeine Max codeine combination containing caffeine, codeine and paracetamol (OTC *bulletin*, 14 May 2010, page 23).

Meanwhile, GlaxoSmithKline is backing Panadol Advance with a range of point-of-sale material highlighting that the paracetamol-based pain reliever "disperses up to five times faster than ordinary paracetamol". The range includes an interactive counter display unit, which demonstrates the speed at which Panadol Advance disperses in the stomach compared with standard paracetamol.

Available at www.MyPharmAssist.co.uk, both point-of-sale ranges include standees, window clings, wobblers and shelf strips.

IN BRIEF

■ **NAD** – the National Advertising Division of the Council of Better Business Bureaus – has told Harson Holdings that it should no longer use claims featured in print and online advertising for its **Okappa Slim** food supplement in the US. Positioned as a weight-loss supplement, Okappa Slim is claimed to contain at least five ingredients that suppress appetite. However, the NAD found that only one ingredient – *Garcinia cambogia* – had been studied for its appetite-suppressant effect, and that the dosage was insufficient to support the claims. The NAD concluded the claims could not be substantiated. Harson Holdings has agreed to modify its advertising. The company initially declined to participate in the NAD review, but changed its mind when the advertising was referred to the US Federal Trade Commission (FTC).

Line Extensions

Carma extends Carmex into skincare as well as lip balm

Carma Laboratories has extended its Carmex brand beyond lip balms in the US with two skincare products that are claimed to "heal, moisturise and help repair even the driest, roughest skin".

The company said Carmex Healing Cream and Carmex Healing Lotion used a "patent-pending process" and "rich" ingredients that provided the healing effect consumers expected from the brand without leaving skin feeling greasy. The lotion is for everyday use, while the cream is intended for more intensive healing.

The cream, which contains nine healing ingredients, is said to penetrate deep into the skin and be most effective on areas that become dry, such as hands, feet, elbows and knees. A strapline on the packaging advises users that the cream can "help repair your driest, roughest skin".

The lotion, meanwhile, contains aloe and vitamin E. Packaging recommends that consumers use it "daily to soothe & protect dry skin".

Straplines on the packaging of both products claim they are "non-greasy" and have a "pleasant scent".

Carmex Healing Lotion is for everyday use, while Carmex Healing Cream is for more intensive healing

The cream and lotion are supplied in 113g and 156g tubes respectively. Both have a recommended retail price of US$5.99 (€4.55).

They are available exclusively at Walgreens stores and Walgreens.com, but will also be offered at Drugstore.com from September.

Carma Laboratories has manufactured Carmex lip balms for over 70 years.

Missing letters represent missing teeth in GlaxoSmithKline Consumer Healthcare's first-ever outdoor advertising campaign for its Corsodyl mouthwashes in the UK.

The campaign comprises 48-sheet posters featuring white letters against a green background that state: "Ble ding gums c uld lead to t oth lo s." A message at the bottom of the execution warns consumers that "Bleeding gums are a sign of gum disease, and not treating may lead to tooth loss".

Placing 2,500 posters around the country is part of a £1.6 million plus (€1.9 million plus) multimedia campaign devised by the advertising agency Grey, which has also seen the Corsodyl brand backed by television and consumer-press advertising.

A three-strong series of press advertisements recently appeared in national titles including *Marie Claire*, *Red* and *Top Sante*. One execution asked "Have you got to the root of bad breath?", while a second posed the question "Did you know that 90% of people in the UK will suffer from gum disease at some point in their life?" The third advertisement stated: "Many people think bleeding gums are normal. They're not."

The outdoor and consumer-press advertising follows a four-week burst of the established "gorgeous/missing tooth" television commercial for Corsodyl (OTC *bulletin*, 29 February 2008, page 14).

SEPTEMBER

27 September

■ **The Borderline Between Medicines and Foods**

London, UK

A one-day seminar on the borderline between medicines and foods.

Contact: Management Forum.
Tel: +44 1483 730071.
Fax: +44 1483 730008.
E-mail: registrations@management-forum.co.uk.
Website: www.management-forum.co.uk.

26-27 October

■ **How Can Non-Prescription Medicines Best Contribute to Public Health?**

Antwerp, Belgium

Speakers at this two-day conference – organised by the Association of the European Self-Medication Industry, the AESGP – include: Xavier de Cuyper of the Belgian Federal Agency for Medicines and Health Products; Dagmar Roth-Behrendt of the European Parliament; Eric Abadie of the Committee for Medicinal Products for Human use (CHMP); Noël Wathion of the European Medicines Agency (EMA); and Kent Woods of the UK Medicines and Healthcare products Regulatory Agency (MHRA).

Contact: Association of the European Self-Medication Industry, the AESGP.
Tel: +32 2 735 51 30. Fax: +32 2 735 52 22.
E-mail: l.gits@aesgp.be. Website: www.aesgp.be.

OCTOBER

4-5 October

■ **Herbal Medicines**

Bonn, Germany

This one-day meeting, conducted in German, will cover quality data for approval and registration of herbal medicines.

Contact: Elsa Eckert,
Forum Institut für Management.
Tel: +49 6221 500 650.
Fax: +49 6221 500 555.
E-mail: e.eckert@forum-institut.de.
Website: www.forum-institut.de.

4-6 October

■ **The 7th TOPRA Annual Symposium**

London, UK

A three-day meeting run by The Organisation for Professionals in Regulatory Affairs (TOPRA) with the UK Medicines and Healthcare products Regulatory Agency.

Contact: TOPRA.
Tel: +44 20 7510 2560.
Fax: +44 20 7537 2003.
E-mail: meetings@topra.org.
Website: www.topra.org.

5 October

■ **Essential Learning on Phytopharmaceuticals**

Bonn, Germany

Willmar Schwabe's Günther Meng will join representatives from the German medicines manufacturers' association, the BAH, at this one-day event, conducted in German.

Contact: BAH.
Tel: +49 228 957 450.
Fax: +49 228 957 4590.
E-mail: bah@bah-bonn.de.
Website: www.bah-bonn.de.

7-10 October

■ **Expopharm 2010**

Munich, Germany

International pharmaceutical trade fair and conference.

Contact: Gabriele Stadler,
Werbe- und Vertriebsgesellschaft Deutscher Apotheker.
Tel: +49 6196 928 411.
Fax: +49 6196 928 404.
E-mail: g.stadler@wuv.aponet.de.
Website: www.expopharm.de.

12-13 October

■ **Regulatory Affairs in Asia**

Cologne, Germany

A two-day event covering regulatory affairs in countries such as China, Korea and Vietnam.

Contact: Henriette Wolf-Klein,
Forum Institut für Management.
Tel: +49 6221 500 680.
Fax: +49 6221 500 555.
E-mail: h.wolf-klein@forum-institut.de.
Website: www.forum-institut.de.

18-19 October

■ **Bridging the Regulatory Gap Between Australia/New Zealand and Europe**

London, UK

The pharmaceutical industry and regulatory environment in Australia and New Zealand will be discussed at this two-day seminar.

Contact: Management Forum.
Tel: +44 1483 730071.
Fax: +44 1483 730008.
E-mail: registrations@management-forum.co.uk.
Website: www.management-forum.co.uk.

21-22 October

■ **The 1x1 on the OTC Market**

Düsseldorf, Germany

Rabea Steffen of Johnson & Johnson will speak at this two-day conference, conducted in German.

Contact: Michaela Gottwald,
Forum Institut für Management.
Tel: +49 6221 500 610.
Fax: +49 6221 500 555.
E-mail: m.gottwald@forum-institut.de.
Website: www.forum-institut.de.

25-26 & 27 October

■ **Nutraceuticals and Functional Foods**

London, UK

Topics for discussion at this two-day conference include global perspectives and the evolution of functional foods, marketing opportunities, nutrition and health claims, and probiotics. The event will be followed by a half-day workshop on 'Protecting product innovation'.

Contact: Samantha Graves, SMi Group.
Tel: +44 20 7827 6052.
Fax: +44 87 0909 0712.
E-mail: sgraves@smi-group.co.uk.
Website: www.smi-online.co.uk.

NOVEMBER

2 November

■ **Hot Topics in Advertising**

London, UK

A one-day meeting organised by the UK's Medicines and Healthcare products Regulatory Agency (MHRA).

Contact: MHRA.
Tel: +44 20 7084 2903.
Fax: +44 20 7084 3522.
E-mail: conferences@mhra.gsi.gov.uk.
Website: www.mhra.gov.uk.

5-8 November

■ **8th WSMI Asia-Pacific Regional Conference**

Chinese Taipei

'The changing landscape of self-medication' is the theme of the 8th World Self-Medication Industry (WSMI) Asia-Pacific Regional Conference to be held in Chinese Taipei.

The four-day meeting will review the global and regional regulatory trends and developments in self-medication, with a focus on switching, new indications and market opportunities.

Contact: 2010 WSMI Secretariat.
Tel: +886 2 8226 1010. E-mail: 2010wsmi.tw@gmail.com.
Website: www.2010wsmi-taiwan.org.

8-9 November

■ **EuroPLX 44**

Barcelona, Spain

A two-day partnering and licensing forum focusing on OTC medicines, nutraceuticals, branded prescription drugs and generics.

Contact: RauCon.
Tel: +49 6222 9807 0.
Fax: +49 6222 9807 77.
E-mail: meetyou@europlx.com.
Website: www.raucon.com.

18 November

■ **ASMI Conference**

Sydney, Australia

'Bringing self-care to life' is the theme of this one-day conference, organised by the Australian Self-Medication Industry (ASMI).

Contact: ASMI.
Tel: +61 2 9922 5111.
Fax: +61 2 9959 3693.
E-mail: conference2010@asmi.com.au.
Website: www.asmi.com.au.

DECEMBER

6-7 December

■ **EMA/TOPRA Joint Review of the Year and Look to the Future**

London, UK

This two-day conference is organised by the European Medicines Agency (EMA) and The Organisation for Professionals in Regulatory Affairs (TOPRA).

Contact: TOPRA.
Tel: +44 20 7510 2560.
Fax: +44 20 7537 2003.
E-mail: meetings@topra.org.
Website: www.topra.org.

FEBRUARY 2011

1-2 February

■ **AESGP Conference**

Brussels, Belgium

Regulation of food supplements and herbal medicinal products will be discussed at this two-day event, organised by the Association of the European Self-Medication Industry, the AESGP.

Contact: AESGP.
Tel: +32 2 735 51 30.
Fax: +32 2 735 52 22.
E-mail: l.gits@aesgp.be.
Website: www.aesgp.be.

Distribution drifts outside pharmacies

The challenges and opportunities presented by Europe's evolving distribution environment for non-prescription medicines were discussed by IMS Consumer Health at the recent 46th Annual Meeting of the Association of the European Self-Medication Industry, the AESGP. Deborah Wilkes reports.

"Drifting" rather than "rushing" is how IMS Consumer Health's Andy Tisman describes the speed of Europe's progress towards a multi-channel distribution environment for non-prescription medicines. But there is no mistaking the direction of travel, he told a recent gathering of the European OTC industry, urging companies to "take a good hard look in the mirror". "Make sure you have the right capabilities, the right structure and the right business model to operate in Europe's evolving channel environment," he insisted.

Complex supplier relationships

The core non-prescription business in Europe would remain within pharmacies for the foreseeable future, said Tisman, but supplier relationships were becoming more complex in this channel, which in many countries comprised a mix of independents, 'true' chains, 'virtual chains' and symbol groups. Meanwhile, companies could no longer ignore non-pharmacy distribution channels, and these required a "different business model", added Tisman, who is IMS Consulting's senior principal for Consumer Health.

Speaking recently at the 46th Annual Meeting of the Association of the European Self-Medication Industry, the AESGP, in Croatia, Tisman reminded delegates that there had been significant developments in a number of European countries over the past decade.

Denmark and Norway, for instance, have permitted some non-prescription medicines to be sold in non-pharmacy retail outlets since 2001 and 2003 respectively. Italy gave the go-ahead for all non-prescription medicines to be sold in supermarket 'corners' supervised by a pharmacist in 2006, and Portugal introduced a similar system in 2005. More recently, Hungary has allowed some non-prescription medicines to be sold in non-pharmacy retail outlets since 2007, and Sweden took the plunge last year.

As a result of these changes, said Tisman, companies now needed to "coordinate a number of different channel strategies across Europe". As can be seen from Figure 1, a pharmacy monopoly on the sale of non-prescription medicines still exists in several European countries, including Belgium, France, Greece and Russia. But Hungary, the UK and several other countries allow non-prescription medicines to be distributed through a variety of channels.

Tisman pointed out that although non-pharmacy retail outlets generally had a small presence, they often outperformed the pharmacy channel. In the German non-prescription market, for instance, sales through pharmacies declined last year, but sales through mass-market retail outlets increased by a few percentage points and sales through the mail-order channel surged ahead by around 30%. And in Italy, Portugal and the UK, the sales growth through mass-market retail outlets was considerably higher than through pharmacies.

Stabilising in Italy and Portugal

Discussing Italy and Portugal in more detail, Tisman observed that the share of the non-prescription market held by mass-market retail outlets had "started to stabilise" in both countries. At the end of 2009, mass-market retail outlets generated around 8% of the non-prescription market in Italy and approximately 10% in Portugal.

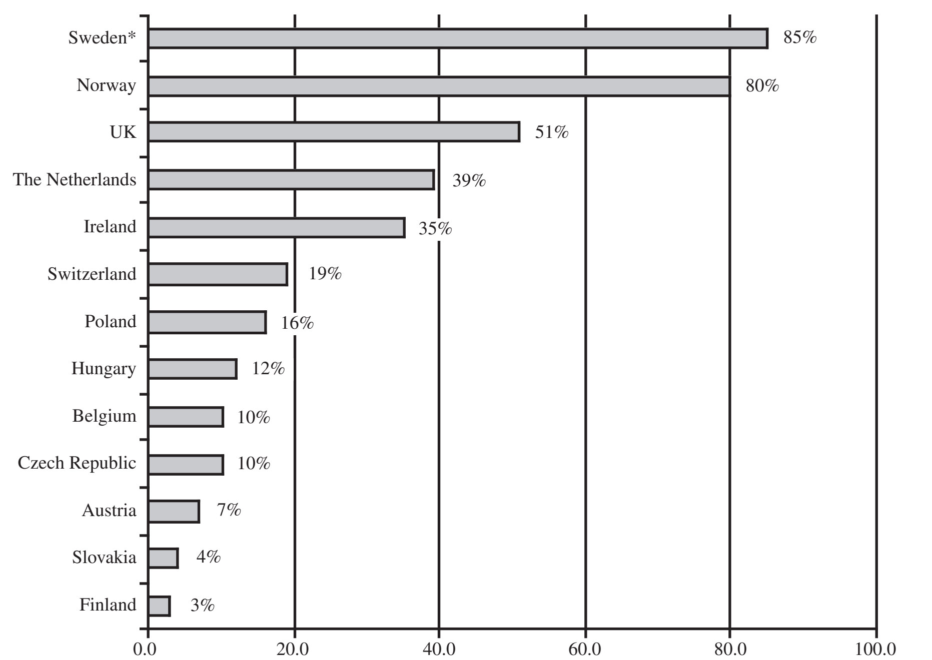
Tisman wondered whether this would be the final market share achieved by mass-market retail outlets or whether it was just a threshold before growth took off again in the two countries. In countries where non-pharmacy distribution was well established, he noted, mass-market retail outlets held much higher shares.

Non-pharmacy distribution channels posed a challenge for the OTC industry, said Tisman. "They have a distinct trading pattern," he explained, "stocking fewer brands but driving a higher sales velocity."

As Figures 2 and 3 show, supermarket corners in Italy tend to stock half the number of products available in a traditional pharmacy but the sales rate is twice as high. "It becomes much more important for manufacturers to have leading brands in these countries," he said. "If your brand is not one of the top two or three in a category, then it will not get onto the shelf."

Tisman also drew attention to the fact that sales via mail order and the internet were gaining momentum, particularly in Germany. This distribution channel notched up sales of €622 million at public prices in 2009, accounting for 9.1% of Germany's non-prescription market. Growth was 29.2% compared with a decline of 1.2% for retail outlets (see Figure 4).

"Although non-pharmacy availability was evolving in Europe, much of the non-prescrip-



* 50% owned by chains and 35% owned by state body Apoteket
Note: In France, Germany, Italy and Spain, chains do not own any pharmacies

Figure 6: Proportion of pharmacies owned by chains in Europe (Source – IMS Consumer Health)

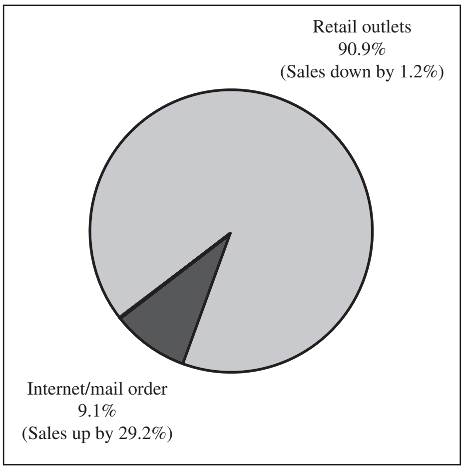


Figure 4: Sales of non-prescription products in Germany in 2009 at public prices, broken down by distribution channel (Source – IMS Consumer Health's Pharmatrend)

Country	Pharmacy	Drugstore	Supermarket	Convenience or Gas	Mail-Order
Germany	Yes	Yes	Yes	No	Yes
France	Yes	No	No	No	No
Russia	Yes	No	No	No	No
Italy	Yes	No	Yes	Yes	No
UK	Yes	Yes	Yes	Yes	Yes
Poland	Yes	Yes	Yes	Yes	No
Spain	Yes	No	No	No	Yes
Belgium	Yes	No	No	No	No
Switzerland	Yes	Yes	No	No	Yes
Czech Republic	Yes	Yes	Yes	Yes	No
Greece	Yes	No	No	No	No
The Netherlands	Yes	Yes	Yes	No	Yes
Hungary	Yes	Yes	Yes	Yes	Yes
Sweden	Yes	No	Yes	Yes	Yes
Portugal	Yes	No	Yes	Yes	No
Denmark	Yes	No	Yes	No	Yes
Norway	Yes	No	Yes	Yes	No

Figure 1: Distribution channels for non-prescription medicines in Europe (Source – IMS Consumer Health)

tion market in the region was – and would remain – pharmacy-driven," according to Tisman (see Figure 5). "Companies need to think about the base business in pharmacy as well as the high growth potential in non-pharmacy channels," he stressed.

However, the pharmacy sector was also undergoing significant changes, noted Tisman. "The independent pharmacist is still king in most major European markets," he said, "but chain ownership is growing and the main wholesalers are circling."

That said, Tisman noted the recent European Court of Justice (ECJ) ruling had slowed the pace of change. Last year, the ECJ ruled that European Union member states could ban third parties from owning and operating pharmacies (**OTC** ***bulletin***, 29 May 2009, page 1). The ruling was a blow to pan-European retailers and wholesalers like Celesio. They had expected a different outcome that would have paved the way for large pharmacy chains in key markets such as France, Germany and Spain.

Pan-European retailers and wholesalers have already built up significant pharmacy chains in the region. Tisman said that Alliance Boots had around 3,000 pharmacies, Celesio had more than 2,300 and Phoenix had more than 1,200. In three countries – Sweden, Norway and the UK – more than half of the pharmacies are owned by chains (see Figure 6).

Global market buoyant

Meanwhile, the global non-prescription market is still buoyant. Tisman said the recent trend for non-prescription sales to outperform pharmaceutical sales had continued during 2009. As Figure 7 on page 24 shows, growth of the global non-prescription market speeded up from 2.1% in 2000 to 7.6% in 2009, while growth of the global pharmaceutical market slowed down to 6.8% in 2009.

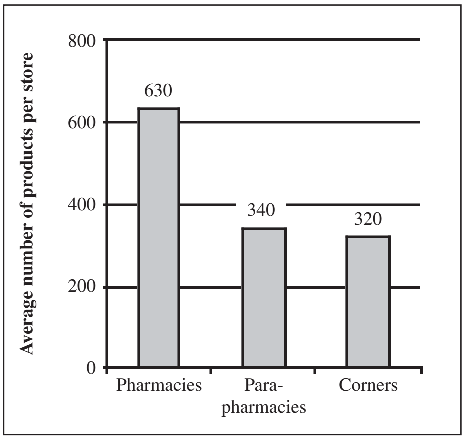


Figure 2: Average number of non-prescription medicines stocked per store in pharmacies, parapharmacies and supermarket 'corners' in Italy (Source – IMS Consumer Health and IRI Infoscan)

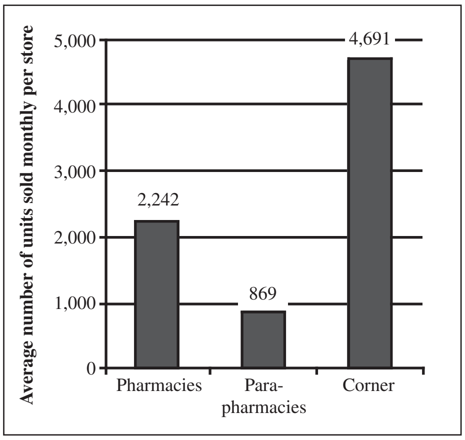


Figure 3: Average number of non-prescription medicines sold per month in Italian pharmacies, parapharmacies and supermarket 'corners' (Source – IMS Consumer Health and IRI Infoscan)

Noting that the global non-prescription market was worth €68 billion at manufacturers' selling prices in 2009, Tisman said it represented 11.3% of the global pharmaceutical market (see Figure 8 on page 24).

IMS Consumer Health's non-prescription market figures cover both prescription-generated and self-medication or OTC sales of non-prescription products. Growth rates use the latest exchange rate for all countries across all time periods.

Tisman said growth of the global pharmaceutical market had been constrained by a number of factors, including the dominance of generic drugs in major therapy areas, and demands placed on pharmaceutical companies by healthcare payers. The number of new chemical entities had dropped from 51 in 1997 to around 30 per annum, he continued, adding that market

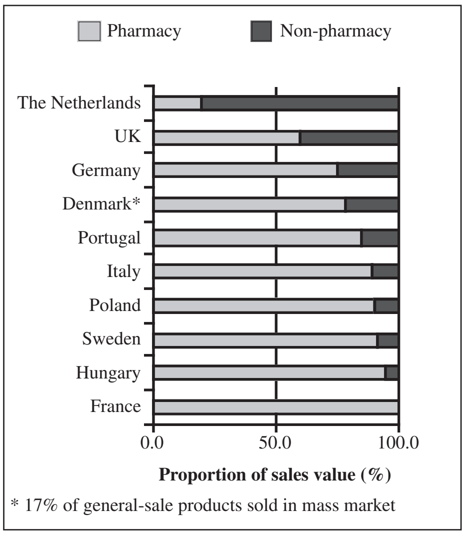


Figure 5: Breakdown of non-prescription sales value in selected European countries by distribution channel (Source – IMS Consumer Health)

growth had also been hit by launch delays and product withdrawals.

The picture in the global non-prescription market was very different, said Tisman, highlighting a number of important growth drivers. Healthcare payers were keen to promote self-medication, consumers had greater access to products through new distribution channels, and emerging markets such as China and Russia had the critical mass to influence growth. Furthermore, key players were building strong brand identities and exploiting opportunities to switch medicines from prescription-only to non-prescription status.

Looking at geographic regions, Tisman said Europe – encompassing Central, Eastern and Western Europe – was the most important in terms of global non-prescription sales in 2009, accounting for 33.8% of the total market. North America was second with a 20.8% share, followed by Japan with 13.2%. In terms of contribution to the global sales growth, Europe accounted for 31.6%.

South-East Asia/China was the most important region in terms of contribution to global sales growth, generating more than a third of the sales growth in 2009. Tisman remarked that developing regions – such as South-East Asia/China, Central and Eastern Europe, and Latin America – were driving world non-prescription sales growth.

Analysing sales increases in the main regions in more detail, Tisman revealed that the global non-prescription market had seen a 6% decline in base volume between 2004 and 2009. Western Europe fared particularly badly, with a 16% drop in base volume; while North America and Latin America experienced falls of 3% and 4% respectively. However, Central and Eastern Europe and South-East Asia/China bucked the trend, with increases in base volume of 17% and 16% respectively (see Figures 9, 10, 11, 12, 13 and 14).

Tisman pointed out that innovation had fuelled growth in every region of the world. In the South-East Asia/China area, for example, new products had contributed 15 percentage points to the 80% growth between 2004 and 2009, while line extensions had been responsible for 42 percentage points.

He noted that price changes had also been important in both central and eastern Europe and Latin America, contributing 44 and 35 percentage points respectively.

Looking at categories, Tisman noted that the European market for non-prescription products was dominated by five categories, and these drove much of the growth. As can be seen from Figure 15, the five main categories generated around three-quarters of sales in 2009.

The strongest sales growth was achieved by cough, cold and respiratory products with a rise of 10.1%, which was ahead of growth for the overall European market of 6.8% (see Figure 16). Tisman noted that sales had been strong in the first quarter of 2009, but had not been so good in the final quarter.

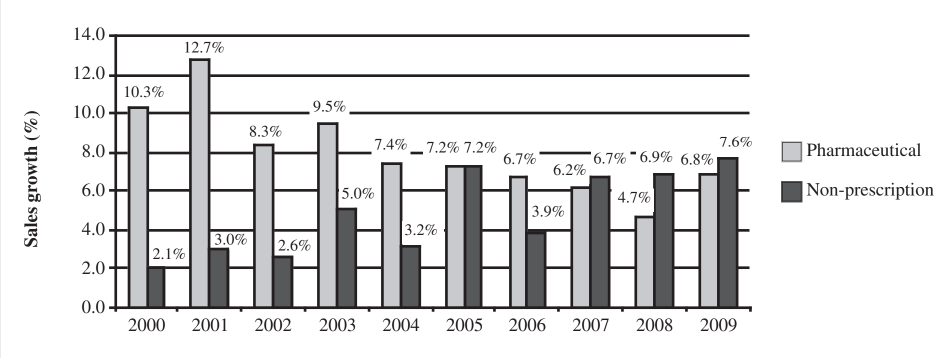


Figure 7: Development of global pharmaceutical and non-prescription markets in terms of growth of audited and estimated unaudited sales in euros at manufacturers' selling prices (Source – IMS Consumer Health)

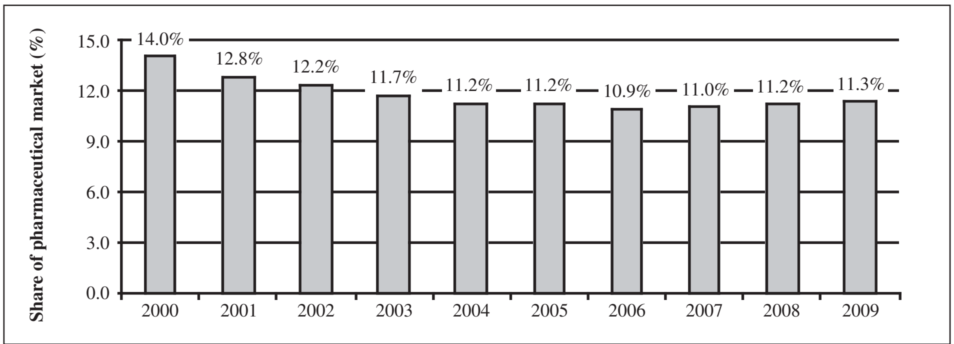


Figure 8: Change in share of global pharmaceutical market held by non-prescription products in terms of audited and estimated unaudited sales in euros at manufacturers' selling prices (Source – IMS Consumer Health)

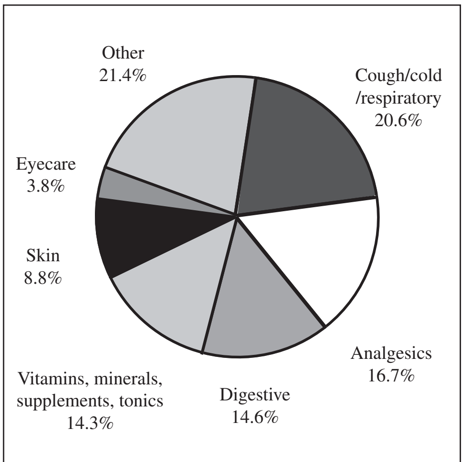


Figure 15: Sales of non-prescription products in Europe in 2009, broken down by product category. Figures are based on sales in euros at manufacturers' selling prices (Source – IMS Consumer Health's OTC Review Plus)

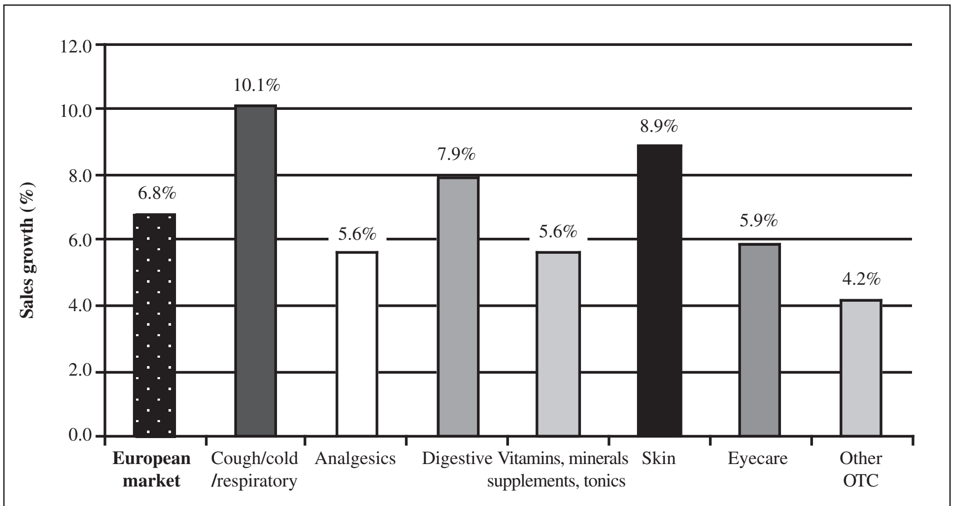


Figure 16: Growth in sales of non-prescription products and main non-prescription product categories in Europe in 2009. Figures are based on sales in euros at manufacturers' selling prices (Source – IMS Consumer Health's OTC Review Plus)

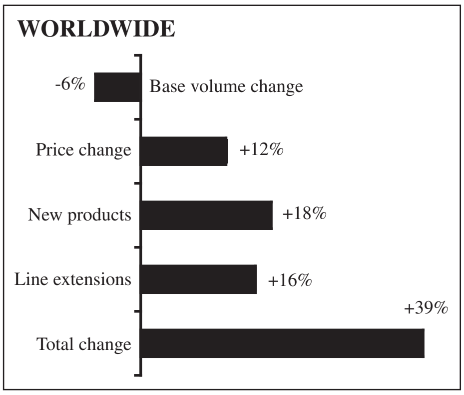


Figure 9: Breakdown of growth in non-prescription sales worldwide over the past five years (Source – IMS Consumer Health's Elements of Growth 2004-2009)

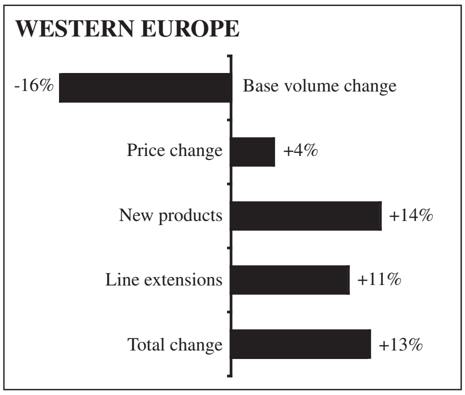


Figure 10: Breakdown of growth in non-prescription sales in Western Europe over the past five years (Source – IMS Consumer Health's Elements of Growth 2004-2009)

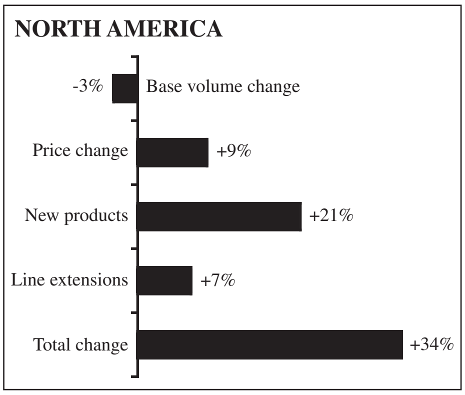


Figure 11: Breakdown of growth in non-prescription sales in North America over the past five years (Source – IMS Consumer Health's Elements of Growth 2004-2009)

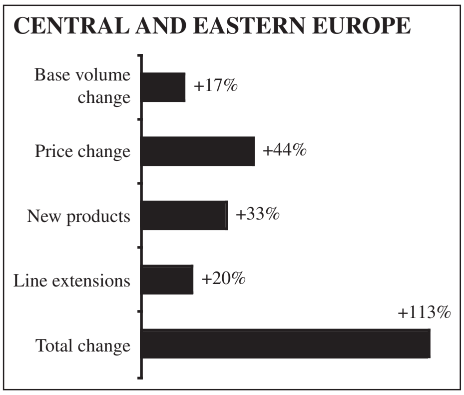


Figure 12: Breakdown of growth in non-prescription sales in Central and Eastern Europe over the past five years (Source – IMS Consumer Health's Elements of Growth 2004-2009)

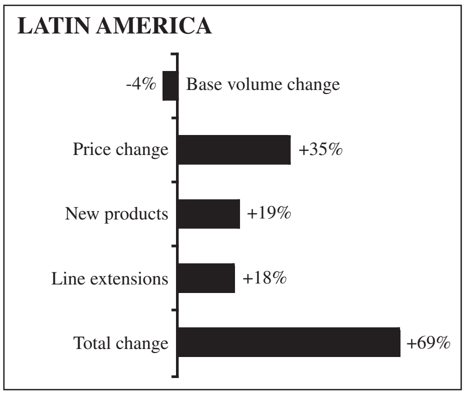


Figure 13: Breakdown of growth in non-prescription sales in Latin America over the past five years (Source – IMS Consumer Health's Elements of Growth 2004-2009)

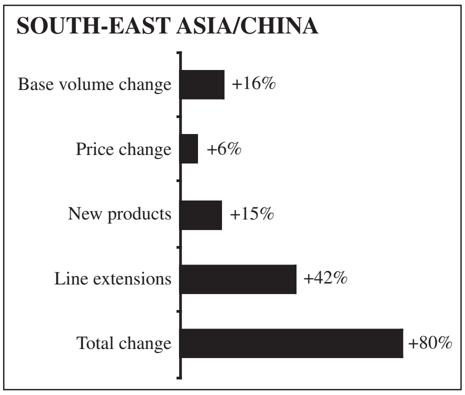


Figure 14: Breakdown of growth in non-prescription sales in South-East Asia/China over the past five years (Source – IMS Consumer Health's Elements of Growth 2004-2009)

Sales of digestive remedies had increased by 7.9%, commented Tisman, thanks to GlaxoSmithKline Consumer Healthcare's pan-European launch of its Alli weight-loss medicine.

Turning to the performance of the top companies in Europe, Tisman remarked that outperforming the market remained an issue. Only two of the top 10 players – GlaxoSmithKline Consumer Healthcare and Reckitt Benckiser – had recorded sales growth ahead of the 6.8% seen for the overall European non-prescription market (see Figure 17). "Reckitt Benckiser's performance continues to stand out," he said, "while GlaxoSmithKline's performance reflects the Europe-wide launch of Alli."

Looking to the future, Tisman tipped Pfizer to make its presence felt in the global non-prescription market over the coming years.

Acquiring Wyeth for US$68 billion (€51 billion) in October of last year broadened Pfizer's portfolio and returned the pharmaceutical company to the consumer healthcare market just three years after divesting its own global OTC business to Johnson & Johnson (**OTC *bulletin***, 25 January 2007, page 6). Tisman remarked that Pfizer, which was willing to invest "very aggressively" in its strategy, had stated its commitment to its Consumer Healthcare business.

OTC

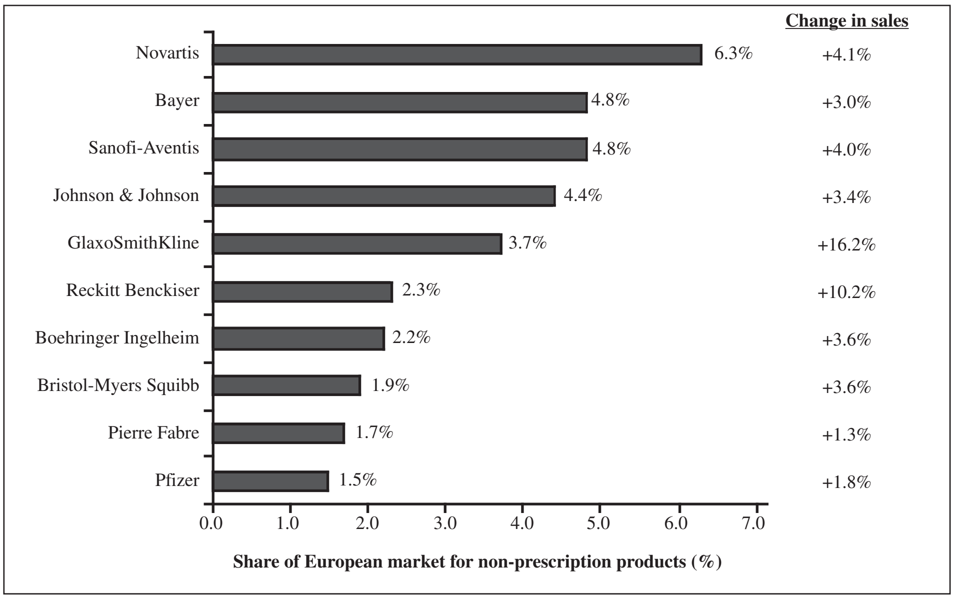


Figure 17: Top 10 companies in Europe ranked by sales of non-prescription products in 2009, together with sales growth for the year. Figures are based on sales in euros at manufacturers' selling prices (Source – IMS Consumer Health's OTC Review Plus)

Manufacturers

Herbalife recruits head for Greece

Herbalife has appointed **Manolis Leontzakos** as its new country director for Greece and Cyprus.

Leontzakos joins Herbalife from Lafarge – the French-based global building materials company – where he was marketing and strategy director.

The US-based direct-selling specialist said Leontzakos had spent the majority of his career in fast-moving consumer goods. Prior to joining Lafarge, he was country sales development director for the fast-moving consumer goods categories at Carrefour Marinopoulos Hypermarkets in Greece. He has also worked for Procter & Gamble.

At Herbalife, Leontzakos reports to Edyta Kurek, vice-president of the company's East Central Europe and Middle East business.

The company said Leontzakos would be responsible for the growth and profitability of its business in Cyprus and Greece and working with its independent distributors.

Herbalife began operating in Greece in 1996.

IN BRIEF

■ **ABDA** – the federal union of German pharmacists' associations – has announced that its chief executive **Hans-Jürgen Seitz** will step down from 28 February 2011 at his own request. ABDA is looking for a replacement.

■ **DOCTORS.NET.UK** – the UK-based online network of healthcare professionals – has announced two appointments to its pharmaceutical team. **Marie Pickford** takes up the newly-created role of client services director, while **Ben Mansfield** becomes business development manager. Pickford joins Doctors.net.uk from CMPMedica, while Mansfield was previously responsible for the digital strategy at specialist healthcare publisher MGP.

■ **ASMI** – the Australian Self-Medication Industry – said **Deon Schoombie** had now taken up the post of executive director. A general medical practitioner, Schoombie has been the association's scientific director since 2004. He replaces **Juliet Seifert**, who retired from the post in August after leading the association in one form or another for 21 years (**OTC *bulletin***, 26 February 2010, page 23).

Manufacturers

Germany's Stada names new production director

Stada Arzneimittel has promoted **Axel Müller** to its executive board as chief production and development officer.

Axel Müller

Müller would take up his new role before 1 November 2010, Stada said. He will replace **Christof Schumann**, who stepped down on 31 July 2010, after the German firm said that it would not be renewing his contract (**OTC *bulletin***, 31 May 2010, page 31).

Müller, 53, has spent 25 years working for, or with, Stada in a variety of roles.

Between 1985 and 1993, he held a number of management positions, the last as head of corporate development. Since 1993, Müller – in addition to his activities as a self-employed pharmacist – has advised Stada on a number of group projects and has periodically assumed operating management tasks. He is currently the company's senior vice-president of corporate communications and the person in charge of Stada's German branded products business.

In his new role, Müller will take responsibility for Stada's 'Build the Future' restructuring and rationalisation project, which the company aims to complete in 2013 (**OTC *bulletin***, 30 June 2010, page 5). The project aims to save over €10 million per year.

As an executive board member, Müller will be responsible for the areas of production, research and development, purchasing and procurement, portfolio management and group integration.

Only two other board members

Until Müller takes office, **Hartmut Retzlaff**, chairman of Stada's executive board, has assumed responsibility for the functions previously held by Schumann.

Stada Arzneimittel's only other executive board member is chief financial officer, Helmut Kraft.

Manufacturers

Sells returns to Sigma as finance chief

Sigma Pharmaceuticals has appointed **Jeff Sells** as its chief financial officer six years after he left the troubled Australian firm.

Sells was Sigma's group treasurer between 2002 and 2004. He worked with the company's newly-appointed managing director and chief executive officer Mark Hooper, who at the time was chief financial officer.

Hooper is set to rejoin Sigma in September of this year, when he will take over from Elmo De Alwis as managing director and chief executive officer (**OTC *bulletin***, 30 June 2010, page 26).

Sells replaces KPMG partner **Mark Watson**, who has been acting chief financial officer since the resignation of Mark Smith, who left Sigma "to pursue other interests" in May (**OTC *bulletin***, 31 May 2010, page 7).

Aspen Pharmacare recently made a formal bid for Sigma worth A$1.43 billion (€1.00 billion). However, Sigma has told the South African company that it must improve the value of its takeover offer (**OTC *bulletin***, 30 July 2010, page 2).

Aspen's takeover bid came after Sigma – which has interests in OTC products, generic pharmaceuticals, pharmacy retailing and drug wholesaling – reported a net loss of A$389 million for the year ended 31 January 2010.

Sigma reported the net loss after cutting its goodwill valuations by A$424 million. Sales rose by 4.5% to A$3.22 billion in the period (**OTC *bulletin***, 16 April 2010, page 2).

Meanwhile, Sigma is considering selling some of its assets, including the Herron brand of OTC medicines and food supplements and the Arrow generics business.