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'Acquisitive and Entrepreneurial' Stada Spies Further M&A Opportunities In US And Elsewhere

by [David Ridley](#)

Stada Arzneimittel is looking for local partners and/or acquisition opportunities in the US to expand its offer and quickly establish its presence in the country, Stada executive vice president Roger Scarlett-Smith tells HBW Insight in this exclusive interview.

After a strong year in 2020, in spite of the coronavirus pandemic, Stada Arzneimittel has made its first moves in the US consumer health market.

Beginning with the Bio360 Probiotics and Nuvia stress relief and immunity supplement lines, Stada said it is introducing a “new generation of consumer healthcare brands” via online platform Amazon to stake a claim in the largest consumer health market in the world. (Also see ["Stada Makes US Consumer Health Play After Strong Gains In Europe"](#) - HBW Insight, 11 Mar, 2021.)

In this exclusive interview with HBW Insight, Stada executive vice president Roger Scarlett-Smith – who has taken on responsibility for the company’s North American operations – reveals that the firm is already in advanced talks with US bricks and mortar retail chains.

Applying its so far very successful localization growth strategy, Stada is looking for local partners and/or acquisition opportunities to expand its offer and quickly establish its presence in the country, Scarlett-Smith says.

Now a top five OTC player in Europe, acquisitions outside the US are also on the cards for the private equity backed company, he adds.

Q Stada recently announced that it has entered the US market. How is the launch

going and what is the plan is for the coming months?

A We're on our way, we have been selling on Amazon but we're also exploring opportunities in retail. Our focus this year is on the Bio360 Probiotics line and Nuvia stress relief and immunity supplements, but we want to build a pipeline of US-targeted and validated products. We're not just assuming that whatever we've already got in the Stada portfolio will work, so we are also on the lookout for partners and opportunities for acquisitions in the US.

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We also have quite a strong view that the products and marketing should be as tailored to local contexts as possible. That's why we entered with the Bio360 Probiotics and Nuvia brands. We think they offer something a little different from what's out there at the moment and respond to trends for wellness and relaxation that we found in our consumer research. As I said before, COVID-19 has accelerated the move towards prevention and certainly, vitamins, minerals and naturals have all done very well. The whole area of maintaining health is very much where we're seeing growth overall in the market.

Q So, you're already on the way to entering the US bricks-and-mortar channel? Can you say anything more at this stage?

A It's a phased introduction. Our internet sales are a way of gaining some early feedback and generating some brand awareness. But it's very early days. We are targeting distribution thorough major pharmacy, drugstores and retail multiples. We want to go into categories that are under-exploited, where there are consumers who have particular needs that are currently underserved. We're not trying to become a big US

consumer health player overnight; we're trying to find our way in with a sustainable strategy which can be reinforced through mainly digital marketing. The US is such a big market that if you build a niche then you can expand from there. We're not being too greedy about how much we sell in the first year or so. Obviously, we want to sell well but the most important thing is to generate a loyal consumer base.

Q Are there plans to launch any other Stada or Thornton & Ross brands in the US?

A I don't really want to go into too much detail here, but yes, we've got plans to expand our range. We want to focus on getting these two brands moving well first, rather than come with a lot more in the very short term. We want to make sure we get the focus right on getting these brands up and running but we've got plenty of other ideas to bring to market as well as a very open minded view to who we can partner with.

Q You mentioned that Stada is looking at acquisitions as a way of growing in the US, could you expand on this?

A Our track record with acquisitions has been strong, particularly in picking up brands that might be considered misfits for multinationals. There are some exceptions, for example some international brands we have bought, where we still try to respond to specific local needs and trends, and we are happy to have single-market brands, particularly in a big market in the US. A good example is the Czech Walmark business we acquired last year, which has a naturals range that appeals to Eastern European consumers. We are always looking for different ways of bringing different value propositions to our portfolio as long as they have a basic fit with what we do. We're generally an acquisitive and entrepreneurial company.

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Under global Stada CEO Peter Goldschmidt's leadership we have made some bold decisions. Peter is a strong advocate for acquisitions and partnering for growth - a strategy that has full support of our private-equity sponsors. We have also invested significantly in brands in Russia and Ukraine in the last year or two. Big markets with strong growth potential. If you take the long-term view and find the right partners, even in quite challenging markets, it's going to come good. We are doing extremely well, I would have to say, in Eastern Europe right now. Local brands can be a bit more expensive in terms of local resource. For the size of business we have, we have a large team in marketing. You have to do that because you have to treat each of these brands with enough attention and care. You have to produce the right materials for it and you have to refresh it sufficiently. It takes a little bit more care but you then get the benefit in terms of additional growth and better differentiation.

Q And what about marketing, does Stada localist approach apply here as well?

A Of course. You can have a global, mass TV advertising where you just change the voice over from Italian or Greek or whatever it might be. The focus then is more on the driving efficiency. Not exactly 'one size fits all', but one size and just adapt where necessary. But if you're activating consumers at the local level with the influencers or linking in with local events, you need a certain level of attention. That's a different approach, it's a more human. That's where we're different, we don't start from a top-down approach. It's the future, working locally and using digital and being responsive to consumer needs.

Q Are there plans for more acquisitions outside the US to accelerate the company's growth plan?

A Yes absolutely, it's a high priority for us globally. Our strategy of targeting smaller,

local brands/companies suits this approach. If you're a large multinational, you get to the point where you have to buy or merge with other multinationals in order to grow. As an established yet still growing player, we have much more flexibility in that regard. We've done many smaller acquisitions which have then grown with investment. Anti-dandruff brand Nizoral is a good example. It was quite a small brand when we bought it off Johnson & Johnson. It was niche brand within a niche category. After a little bit of tender loving care from us, it is now doing very well. We don't have to be maximalist with all our brands. We like to be competitive and distinctive, unique. Nowadays, with the internet allowing companies to reach key target consumers efficiently and to get referrals and so on, you don't need mass advertising. As long you can reach your core target group then you don't have to be huge or global to be sustainable.

Q It sounds like another exciting year for Stada then?

A Yes, I think we've got more to gain than to lose this year. We will hopefully see the end of lockdown and then start to see a return to shopping behaviour that has been restricted for the past year. In many cases we've had the opportunity to ratchet up interest in our categories and we should be able to hold on to some of that. I don't see the cold and flu and the other infection type products recovering so quickly however, but let's hope they do towards the end of the year. Overall, the momentum in our business is pretty strong.