

06 Jul 2021 | News

# PAGB Digital Week, Day 1: Google On COVID Trends, How To Capitalize On The E-Commerce Boom

by Tom Gallen

Day one of PAGB's Digital Week featured a discussion on how digital is helping to shape the future of healthcare and offered advice on navigating regulatory responsibilities when operating online. Establishing a sales strategy for Amazon was also explored, along with the opportunities presented by QR codes when selling OTC products.

## Opening Plenary – How Digital Is Helping Shape The Future Of Healthcare

PAGB president Neil Lister kicked off the UK consumer healthcare industry association's Digital Week by warmly welcoming attendees to what he hoped would be a “fantastic, informative and interactive event.”

Lister – who is also Perrigo's VP International and managing director UK and Ireland – began by paying tribute to the association's work on digital over the past year, led by new CEO Michelle Riddalls. Since joining PAGB as senior director of regulatory affairs and advertising in 2019, Riddalls has been helping members seize the opportunity of digitalization, which has exploded thanks to a massive shift to e-commerce and online services on the part of consumers during the pandemic.

The pandemic has changed society “beyond recognition,” Lister pointed out. Two-third of Brits now shop online, according to market research by Nielsen, with 44% of those not having previously done so indicating they are more likely to do so in the future. During lockdown, more and more UK consumers are turning to the internet and mobile health apps to research their symptoms, find self-care solutions to minor ailments and generally discover how to prevent health conditions from occurring by looking after themselves better.

“What does that mean in practice for the British consumer healthcare industry?” Lister asked,

pointing to the upcoming sessions as a source of some answers.

Lister's introduction was followed by a fascinating presentation from Google, which has been making moves in the healthcare market, sometimes arousing suspicion from incumbents. Google is first and foremost an artificial intelligence company, whose primary mission is to "organize the world's information and make it universally accessible and useful," emphasized Gizem Yapakci, Google's healthcare industry manager. AI offers a "unique and unprecedented" chance to generate insights from the mass of largely unstructured mass of patient data online.

Yapakci also briefly described some of Google's recent moves in the area of digital health, for example a recent AI-powered dermatology assist tool that the company hopes to launch as a pilot later this year. The app uses a person's smartphone cameras to take three images of a skin, hair or nail concern from different angles. They are then asked questions about their skin type, how long they've had the issue and other symptoms that help the tool narrow down the possibilities. "The AI model analyzes this information and draws from its knowledge of 288 conditions to give you a list of possible matching conditions that you can then research further," according to the company.

Google's head of strategic insights, Gerald Breatnach, revealed eight COVID-related consumer trends based on Google search data combined with the latest behavioral science. The first four trends – consumers shopping smarter and based on values like sustainability, an increasing focus on self-care and a concern for local provenance – were driven by ongoing economic pressure related to the pandemic and the threat of furlough schemes being withdrawn, which he said had made consumers more discerning.

Secondly, radical changes to how we live, work and shop have transformed shopping in new ways, according to Breatnach. The rise of mobile first shopping has been a significant sub-trend of the general move towards convenience channels, he explained, with the use of shopping apps doubling globally since the pandemic, and pharmacy app use expanding five-fold. This was a trend that Google considered would definitely endure, which Breatnach suggested raised not just regulatory questions about the difference between apps and medical devices but also whether companies could provide utility for consumers through their app strategies.

The last two trends centered on the new "experience economy" that has been developing before COVID, but like other digital trends, has been accelerated by the pandemic. Google searches containing the modifier 'virtual' – i.e. 'virtual conferencing' – have significantly increased, Breatnach revealed, as have the number of ways that consumers and business have used virtual forms of communication to keep connected in lockdown and across borders. Despite the hype, however, virtual experiences can be disappointing, he said.

As life goes back to normal, he wondered whether the motivation to engage virtually will remain.

He wasn't sure, but Google's analysis suggested this was "one to watch."

## **Session 2 – E-commerce: Navigating Your Regulatory Responsibilities**

PAGB CEO Michelle Riddalls opened the session noting that consumers were ready for online purchasing now, with the pandemic having accelerated the move away from traditional bricks-and-mortar sales.

Consumers have discovered the convenience of purchasing self-care products online without leaving their homes, she noted, while also having access to a wider product range and services.

Responding to this trend, Riddalls revealed PAGB has developed new e-commerce Advertising Guidance to provide a positive digital environment for its member companies to sell consumer health products compliantly and responsibly. This document gives an overview of four subjects – e-commerce platforms, product information, delivery and supply mechanisms and cross border sales – with PAGB also issuing separate guidance for each.

Reckitt's regulatory affairs manager Ana-Maria Boncu walked delegates through the numerous e-commerce channels – PAGB has identified seven in total – including online marketplace, direct-to-consumer (D2C), and cross border. PAGB's specific guidance on e-commerce models demonstrates how the model works, how it is controlled, and which attributes must be present within the model.

"E-commerce is a multi-channel business, depending on the seller and e-commerce platform," Boncu pointed out. "The ways of selling are continuously evolving and as such there are always emerging innovative models to meet new consumer needs."

Online marketplace is the most popular e-commerce model, Boncu explained, connecting buyers and sellers through the same website, such as Amazon.

Turning to the next aspect of the guidance, product information, PAGB's senior advertising policy and operations manager, Laura Kelly, explained that when selling online it is crucial to consider the "digital shelf," which she described as a "collection of digital experiences consumers use to find, learn about, compare and purchase products."

The digital shelf includes product titles, hero/optimized product images, secondary images, the product detail page (PDP) and enhanced content.

Using the example of an Amazon product listing, Kelly talked delegates through these five aspects of the digital shelf, pointing out in which instances companies would need to submit copy for clearance by PAGB as it could be classed as advertising.

For example, the product title would not be classed as advertising, she explained, unless a company was making a promotional claim, such as “offers fast relief.”

Moving to delivery and supply mechanisms, Riddalls explained that the seller of the product to the end consumer has overall responsibility to ensure supply, including storage and delivery, is compliant. However, online operators may use service providers to carry out order fulfillment.

PAGB has put together specific guidance detailing responsibilities relating to storage and delivery mechanisms which offer further details on these aspects.

The final section of the Advertising Guidance covers cross-border constraints, which Riddalls noted was increasingly important due to the new restrictions on trade post-Brexit under the Northern Ireland protocol.

Cross-border is a business model where consumers in a country of destination purchase products outside of their borders, in the country of origin, for personal use.

Riddalls detailed the difference between a passive sale – a consumer-driven purchase without direct marketing by the seller – and an active sale, whereby a purchase decision can be driven by the seller via various targeting means.

PAGB’s specific guidance on e-commerce cross-border constraints defines case scenarios for cross-border sales of medicines, food supplements and medical devices and what regulations are applicable in each scenario.

The scenarios depend on the following:

- Physical location of seller e.g. GB, NI, EU or Rest of World
- Consumer location (country of destination of product)
- Website location where domain is registered
- The category of product e.g. medicine, medical device, food supplement

### **Session 3 – So You Know Amazon Is Crucial, But Do You Go Seller Or Vendor?**

“Amazon is where self-care happens in 2021,” insisted Oliver Duffy-Lee, marketing director of digital service provider World Products. Nine out of 10 Brits are now using Amazon, Duffy-Lee revealed, with the online marketplace seeing a 51% rise in sales in the UK during the pandemic. “Amazon.co.uk is where consumers are searching for your brands – medicines, medical devices

and self-care products – to help them live a fulfilling life,” he said. “If we want to increase accessibility across the board, we need to put Amazon at the center of our commercial strategies.”

Most OTC brands could double their sales by developing a more effective selling strategy, Duffy-Lee argued. However, selling on Amazon is hard and complicated, he warned. One of the crucial decisions that consumer healthcare companies need to make before using Amazon for their OTC portfolios is whether to become a “vendor” or a “seller.” Vendors are manufacturers that sell products to Amazon, which then takes care of the rest. This approach is good for firms that can deliver in bulk and like to outsource their customer service operations.

There are disadvantages with this approach, however, for example the control that Amazon has over the final selling price, explained Duffy-Lee’s colleague, Ash Shah. Amazon is constantly seeking to offer the best value to consumers, noted Shah, who is managing director at World Products. This can lead to tensions with offline retail partners, he said, because Amazon often undercuts them, as well as with vendors, because Amazon often tries to negotiate a lower price to pass onto consumers. There are also many vendor fees and charges that can be unclear or confusing, he added.

Sellers, on the other hand, have full control of the listing, continued Sam Wandt, World Product’s senior operations manager. “You’re no longer at the complete mercy of Amazon, so you can act on the behavior of consumers,” noted Wandt. A key advantage of this approach is the ability to bundle products, he said, enabling you to offer lower prices and “control the buying box,” while covering costs to achieve as close to the recommended retail price as possible. Being a seller also allows pharmaceutical manufacturers to have complete control of customer service, “giving you end-to-end traceability of batch control,” for pharmacovigilance purposes, for example.

## **Session 4 – E-commerce: Click, Click, Buy!**

Quick Response (QR) codes represent the next big advancement in consumer technology, according to Precision Marketing Group’s chief digital officer Gary Howard, who opened the final session of the day.

Scanning a QR code was becoming part of everyday behavior, Howard noted, used by consumers as a way to access through their smartphone product information and to make purchases.

Expanding on this point, Precision’s Emma Kate Barry pointed out that the adoption of QR codes by the NHS Track and Trace system had taught consumers how to use the technology, paving the way for other innovative solutions to adopt it.

The adoption of QR codes by NHS Track and Trace had contributed to a 99% growth in their use

since 2018, she pointed out.

Consumer health players could take advantage of this, Barry explained, by including QR codes in their advertising or on product packaging, allowing the user to make a purchase in just a few clicks. Precision was using QR codes – linked to its Precision Queue software – on its own Klearvol essential oils product, she noted, enabling consumers to reorder in three steps.

Precision's David Mitchell suggested that companies should now be including QR codes in all advertising, offering consumers a direct link to purchase. They could also be used to alert consumers to other products available in the range, he said. By selling directly to the consumer, there was also an opportunity for a company to increase their margins, Mitchell pointed out.

Summing up the session, Howard said QR codes offered consumer healthcare companies the opportunity to “bring packaging and marketing alive” and make them more dynamic in the digital age.



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