



e-Pharmacy Thrives as OTC Growth Begins Recovery

An IQVIA Consumer Health QuickView



The Consumer Health industry is thriving despite the chaos caused by the pandemic — and in some cases, because of it. The 18 months that consumers spent stuck at home, wearing masks, and avoiding public spaces has spurred innovation in the consumer health sector, and caused consumers to rethink their approach to health and wellness. This has triggered or accelerated a number of trends in the consumer health marketplace — including the continued growth in ‘wellness’ categories and the rise of e-Pharmacies.

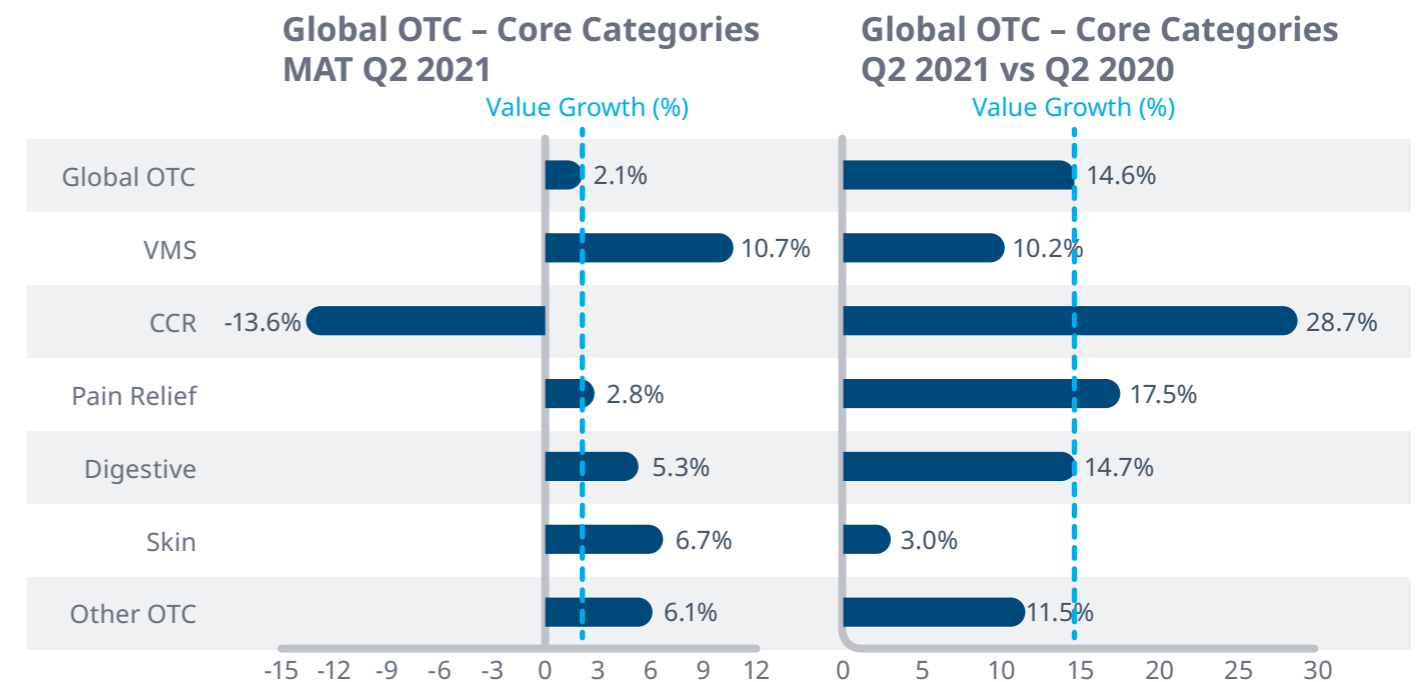
In terms of sales, global MAT Q2 value sales of OTC products edged up by 2.1%, yet the data reflected the growing consumer interest – accelerated by the pandemic – in prevention and wellness products, with sales of vitamins, minerals and supplements jumping 10.7%, in contrast to more ‘traditional’ market drivers such as cough, cold and respiratory products.

Despite the low annual growth, the second quarter of 2021 saw global OTC value sales rebound by 14.6%

year-on-year. Growth in the OTC sector is now outpacing most industries, creating new opportunities for brands and businesses across the market, setting the stage for healthier 3.8% global growth for the year.

IQVIA Consumer Health’s OTC Forecasts expect the market to continue on this growth path, hitting 5.4% growth by 2025.

Global OTC Category Performance MAT Q2 2021



Source: IQVIA Audits plus estimates of e-Commerce & Mass-market (Excluding Venezuela)

Source: IQVIA Global OTC Insights

"e-Pharmacy sales now contribute about 5-10% of the global consumer health market"



CONSUMERS SWITCH TO E-PHARMACIES

A big beneficiary of the pandemic has been e-Pharmacy. With consumers forced to avoid shopping centers, they moved more of their day-to-day purchases online, with e-Pharmacies providing a safe and convenient online channel for purchasing essential healthcare products.

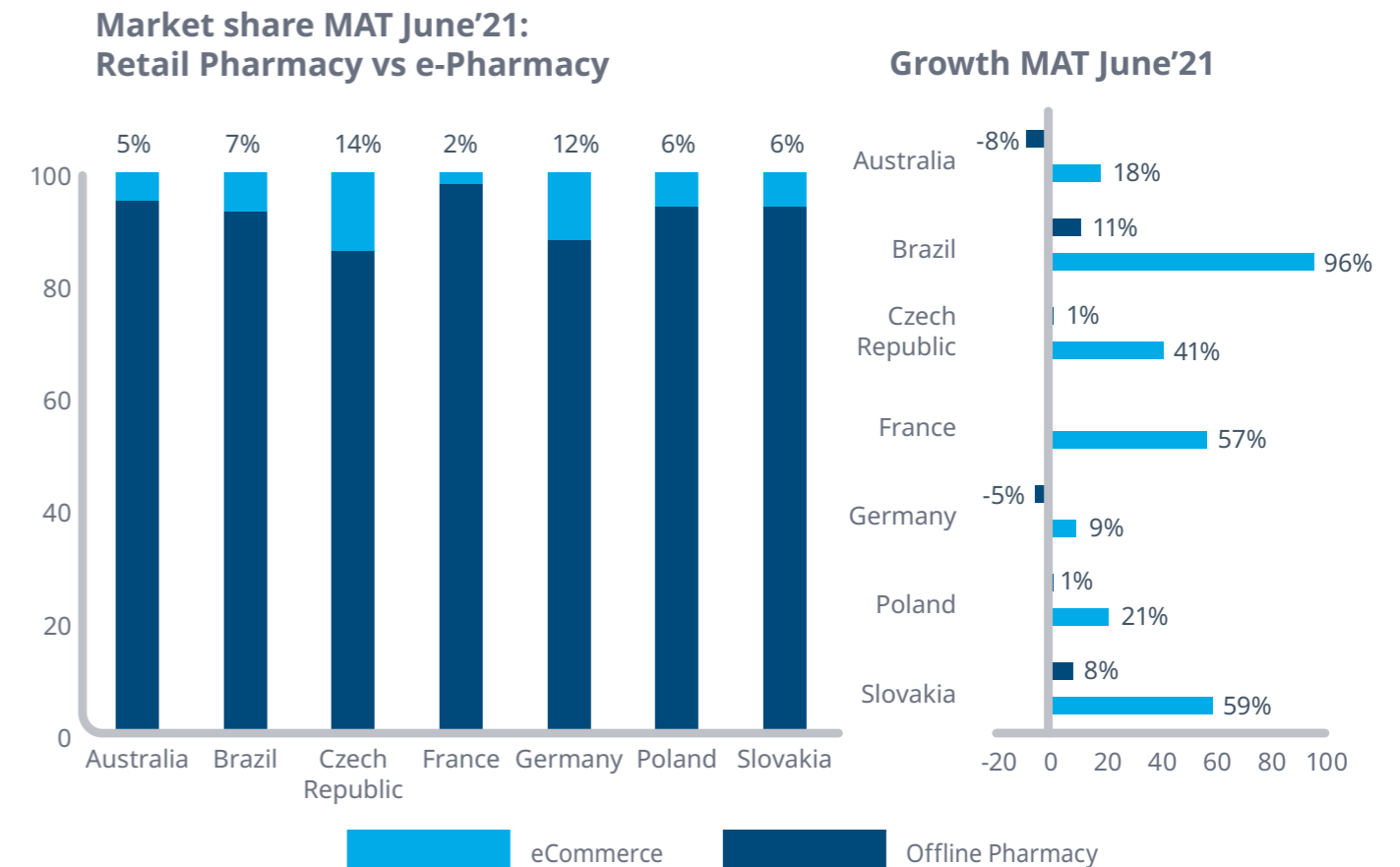
As a result, e-Pharmacy sales now contribute about 5-10% of the global consumer health market. IQVIA Consumer Health's e-Pharmacy data indicates that most countries will see high single digit to low double-digit growth in e-Pharmacy sales through the end of 2021, while offline pharmaceutical sales will stagnate. This shift in shopping behavior is expected to continue, making e-Pharmacy a major player in the consumer health marketplace in the years to come.

E-COMMERCE TRANSFORMS THE MARKETPLACE

The growth of e-Commerce makes it a 'must-win' channel for OTC brands. e-Pharmacies and online consumer goods sites are eating into sales generated through established pharmacies and chains, requiring OTC companies to rethink their market strategies for maximum penetration.

Health and beauty are now leading e-Commerce categories, with consumer health categories such as VMS benefitting from the rise of online subscription models which match the consistent, repeat purchase behaviour of that category's consumers. Urgent need products, like pain medication and cough and cold products, are still showing strong offline sales due to the inconsistency of their use, though this may change as same day delivery options increase and with the growth of Q-Commerce (quick commerce) providers offering deliveries within the hour.

e-Pharmacy Share of Market Growing Quickly



Source: IQVIA CH Global Data and IQVIA Local Audits MAT June 2021

Wellness trend leading to further healthcare digitization

Global growth on the consumer health marketplace is being driven by a growing interest in health and wellness, easy access to digital shopping options and more personalized product selections. Payers and employers are also looking to shift more responsibility for health and wellness to individuals by focusing on prevention as a proactive care option. This trend ties directly to several OTC product categories and represents an opportunity for brands to link their products more directly to wellness activities and outcomes.

These health and wellness trends are being bolstered by the adoption of lifestyle apps, wearables, and other health-driven technology that encourage healthy behavior and proactive self-care. Many government agencies and insurance providers are now taking advantage of these tools as a strategy to improve population health.

For example, Fitbit, maker of wearable fitness monitors, recently partnered with the Singapore Health Promotion Board to provide trackers paired with subscriptions and targeted programming to encourage healthy living in the country. Fitbit is also a named covered fitness benefit by 42 Medicare Advantage plans across 27 U.S. states.

Consumers are also interested in capturing their health data to guide personal and global health strategies, which is driving interest in fitness trackers, health apps, and genetics testing kits. These include 23andMe the personalized gene testing kit company, which now boasts 11 million customers near-80% whom have agreed to share their genetic information for disease research.

This data could be used by pharmaceutical and consumer health companies to develop custom products and marketing to make outreach more impactful for every consumer.



e-Pharmacy Analytics 2021



MARKET INSIGHTS TO DRIVE YOUR ONLINE STRATEGY

More people than ever before are seeking healthcare products from online retailers. Inform your online strategy with IQVIA Consumer Health e-Pharmacy Analytics.

SCOPE

- Australia, Brazil, Czech, Germany, Hungary, Italy, Poland, Slovakia
- e-Pharmacy and offline pharmacy channels
- Value and unit sales, share and growth
- Year to June 2020 & 2021

COUNTRY INSIGHTS

- Total OTC market and 5 major categories:
- CCR pain relief, digestive, VMS & tonics, skin
- Top 15 companies
- 15 fastest growing sub-categories

To access e-Pharmacy Analytics contact **Jyoti Shah** at Jyoti.shah@iqvia.com.



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Now is the time to adapt

While e-Commerce may have been firmly on consumer health companies' radars before COVID-19, the pandemic accelerated demand for online sales of OTC products - a trend that is unlikely to reverse - and placed it firmly at the top of the industry's agenda. Consumers are now comfortable with having products delivered to their homes, and they now expect authentic product reviews, rapid delivery, and free shipping as a condition of loyalty.


If consumer health brands want to maintain relevance and market penetration with these consumers, they have to treat e-Commerce as a primary channel rather than an add-on. This will require more than simply moving advertising online.


Brands that want to maintain a connection to these consumers need to be strategic in how they present their products, and how they differentiate them to an online consumer. That includes using digital automation and machine learning to analyze shopper behavior and delivering targeted advertising and product recommendations based on past purchases, similar consumer trends, and online shopping behavior.


These brands also need to factor peer-to-peer communication into their market strategies, as product reviews now have a significant impact on online shopping behavior. IQVIA Consumer Health's real-world data and analytics tools are helping many OTC brands navigate the uncertain future of e-Commerce as a primary sales strategy for the future. These insights help them determine what paths online consumers are following to find their products, how to interact with them at key touchpoints in this journey, and how to optimize their e-Retail strategy and messaging to reach online consumers with minimal complexity and cost.


These are disruptive times for consumer health companies, who are facing new global competitors, unfamiliar shopping behavior, and an evolving market landscape. The companies that proactively adapt their


HOW (AND WHEN) CONSUMERS SHOP ONLINE


 Most category-relevant actions take place between Mondays and Wednesdays with the lowest activity levels during the weekend.

 While the bulk of online shopping takes place between 9am and 11pm, unbranded organic searches are about twice as likely to occur between 11pm and 9am (about 29%).

 Online shoppers are six times more likely to visit an e-Pharmacy website than Amazon.

 E-pharmacy and Amazon visitors review paid and organic branded searches before making a decision. Both groups use price comparison websites.

 e-Pharmacy and Amazon category-relevant actions tend to spike around 11am, 8pm, and between 11pm and 1am.

 Amazon visitors twice as likely as e-Pharmacy visitors to visit the brand's websites.

sales strategy and use consumer data to realign their commercial plans with current demand, will be best positioned to dominate the market in the years to come.

For more information about e-Pharmacy and/or the impact of COVID-19 on Consumer Health Trends, contact: Amit Shukla, Global VP, Consulting Services, IQVIA Consumer Health - consumer.health@iqvia.com

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CONSUMER HEALTH

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CONTACT US

210 Pentonville Road
London N1 9JY
United Kingdom
consumer.health@iqvia.com
iqviaconsumerhealth.com