

SELF-CARE IN ROMANIA: PHARMA OR FMCG BUSINESS?

360-Degree Strategy Forum by Nicholas Hall's CHC Events in collaboration with The Romanian Association of the Self-Care Industry (RASCI)



ABOUT

SELF-CARE EVENT OF THE YEAR

The first self-care conference organized in Romania by the Nicholas Hall Group of Companies in collaboration with RASCI, to explore the specificity, the opportunities and the challenges of the Romanian self-care market in a global context.

TRENDS

NEW PARADIGMS

The trends that seem to define today's CHC market refer to an increasingly health-conscious population willing to take responsibility for their own health, placing a higher focus on prevention. Moreover, e-Commerce, AI and big data are to redefine the industry.

INSIGHTS

CHC MARKET INFLEXION POINT

The market is functioning in a new way, partly due to the massive disruption caused by Big Tech. But there are many other factors, including how consumers and patients look at and relate to medicines nowadays.

 <p>Romanian Association for Self Care Industry (RASCI): Challenges and Opportunities for Romanian Industry</p>	 <p>30 years of Healthcare Communication in Romania - Past Challenges and Future Perspectives</p>
 <p>eCommerce Today - Omnichannel Pharmacy Tomorrow</p>	 <p>eCommerce – The New Frontier Opens Up</p>
 <p>Market Evolution and Key Developments</p>	 <p>Advertising Health Products Between Challenges and Compliance</p>

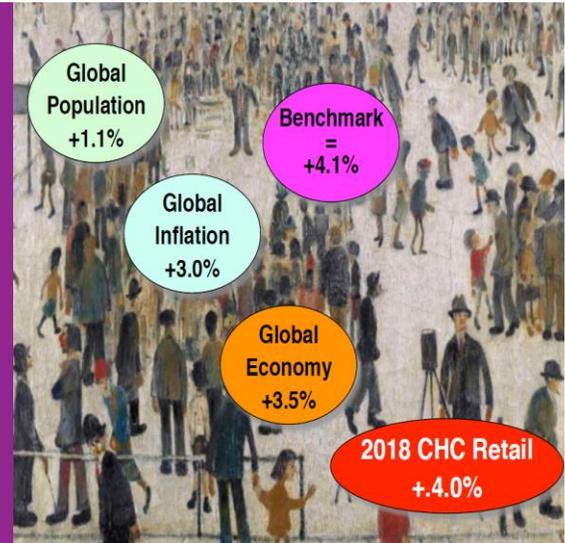
THEMES & TOPICS

The conference was aimed at providing an overview and an integrated perspective on self-care, but also at facilitating an open framework that encourages the most effective solutions to current challenges in the CHC market.

The local self-care market in a global context

The Consumer Healthcare market in 2019 can be best described by the phrase "inflection point". Global growth of the CHC Retail is of 4%, right next to the theoretical 4.1% benchmark made up of population increase (1.1%) and inflation (3.0%).

In Romania, self-care is an emerging market with an excellent growth potential. However, although it is developing rapidly and there are plenty opportunities for companies operating in this sector, there are still legislative and regulatory challenges that must be addressed.



Looking over the horizon

The fastest growing part of the market is e-Commerce (+20% CAGR). Generics, private labels and small brands are doing well here, but the major manufacturers appear dilatory. Where MNCs dominate – the retail sector – sales are growing at only 3.7% (MAT Q1 2019).

However, the European market is still underperforming, due to a variety of factors, which include price depression, a poor cold & flu season in 2018 (vs 2017), the deceleration of emerging markets, the impact of e-Commerce on retail or the low number of Rx-OTC switches, among others.

Romania, growing CHC market

The consumer health industry has seen a steady growth over the past years, due to the overall economic growth in the region, as well as with the increasing interest of the population for self-care. For example, non-prescription medicines, food supplements and self-care medical devices recorded a 14.4% increase in 2018 compared to the previous year, exceeding 760 million euros in sales.

Nevertheless, despite the constant increase both in value and in number of units sold, Romania continues to lag behind other EU countries, like Germany, whose CHC segment in 2017 reached over 6.5 billion euros, Poland, with 3.3 billion euros or Italy, with 2.4 billion euros, according to the AESGP data.

More specifically, the average expenditure for self-care products in Romania (in the categories represented by RASCI) is 20 euros/ per inhabitant, according to IQVIA data, compared to approximately 45 euros/ per inhabitant, which is the European average.

Future consumer healthcare growth to be driven by:

Prevention - seven of the Top 10 most dynamic subcategories of the fastest-growing OTC by CAGR (2014-18) have a preventative focus;

Probiotics - in the 2014-18 period, they delivered more value growth (in €mn) than established subcategories like systemic analgesics and sore throat remedies;

Cannabis - the future CBD market could be split into five categories, including Rx, OTC medical cannabis via Rx-to-OTC switch, VMS & topicals, beauty & food and lifestyle marijuana;

Natural & Organic - like prevention, this is not a new trend in CHC, but instead one that is increasingly on the radar of major multinationals;

Sexual Health - the path of the Rx-to-OTC switches could have been opened by the reclassification of Viagra Connect in the UK market and it's possible that others could soon follow;

e-Commerce - this channel has seen a CAGR of 20% since 2014 and will continue to increase dramatically in importance;

Emerging Markets - Emerging Markets now account for a 55% share of global OTC sales (in the retail channel).

SPEAKERS



The Global CHC Market: Now & Over the Horizon Identifying insights and exploring trends into the global and European self-care market.
Nicholas Hall Executive Chairman at Nicholas Hall Group of Companies



Challenges and Opportunities for the Romanian Self-Care Industry The specificity of the local CHC market, RASCI's role & impact in the development of the Romanian self-care market.
Diana Mereu, RASCI CEO

Key Account Management: Lessons Learned from FMCGs

Insights on how to convert Key Account management into a competitive advantage.

Christos Tsentemeidis, Country Director Distributor Markets & Brand Activation SEE at Johnson & Johnson



Market Evolution and Key Developments

Exploring the Romanian OTC landscape and its constant expansion over the past few years.

Julian Trandafir, CEO at Farmexpert D.C.I., Member of Walgreens Boots Alliance



Products Die, Brands can Live Forever?

Shifting the paradigm from being brand-centric to consumer-centric in order to earn and maintain brand trust.
Iulia Rosian, General Manager for Sanofi CHC Romania & Moldova, RASCI Vice-President



30 years of Healthcare Communication in Romania

Past challenges and future perspectives of CHC advertising in Romania.

Oana Cociasu, M.D., Managing Partner at MedicOne, President at the Romanian Advertising Council

Advertising Health Products – Between Challenges and Compliance

Legal requirements of promoting self-care products.

Nicolae Fotin, M.D., Mediakompass, Ex-President of the National Agency for Medicines and Medical Devices



eCommerce – The New Frontier Opens Up

Exploring how OTC manufacturers can leverage eCommerce to better serve rapidly evolving consumer expectations.

Nigel Stephenson, General Manager Romania & Balkans, GSK CHC



eCommerce Today - Omnichannel Pharmacy Tomorrow

How an omnichannel pharmacy, with the support of OTC manufacturers, will better serve the consumer from 2020 onwards.

Panayiotis Gezerlis CEO, Convert Group



Multichannel Education for Increasing Consumers' Health Literacy

Exploring whether marketers are meeting consumers' needs for health information.

Razvan Bosinceanu, M.D., Business Development Manager Self-Care at J&J, RASCI President, AESGP Board Member

Legislation Framework Creates Opportunities and Challenges for the CHC Market

Legal requirements and regulatory evolutions impacting the Romanian self-care sector.

Amalia Musat, Senior Associate, DLA Piper



Start-Up as a Service

How entrepreneurship can contribute to improving medical care and help healthcare professionals save time, through the success story of MedicPad.

Mihai Draghici, Founder & CEO, MedicPad



“We are pleased to be able to contribute to such an extensive discussion in the industry we represent and to support collaborative learning through a valuable partnership, such as the one with the Nicholas Hall Group of Companies.”

Diana Mereu, RASCI CEO

KEY LEARNINGS

HEALTHCARE COMMUNICATION TRENDS AND EVOLUTIONS

- The Romanian pharmaceutical industry has been the highest TV advertising spender since 2016. Yet, the strict regulatory frame dictated by the ANMDM keeps pharma advertising ranking 8th in terms of online reach;
- In 2019, we expect to see an increasing use of AI in activities such as data gathering, media monitoring and even interaction with consumers;
- Future shoppers will expect more for less from retailers and brands: functionality, efficiency, personalization, digitally enabled experiences, experiential features.

BRAND TRUST

- In a time where the internet can feel like a digital minefield, consumers are looking to brands to use their power to take a stand on social issues that matter, but to also preserve the authenticity of the information surrounding them;
- The brand and its brand equity must therefore change with its consumers' changing needs;
- While 54% of consumers think brands are impacted by disinformation, 74% of consumers are more likely to do business with a brand that has a positive brand reputation over a brand with a negative reputation;
- Lost brand trust is hard to regain with 40% of consumers saying it will take 3 or more years for a brand to regain their trust after it's lost.

CHALLENGES & OPPORTUNITIES FOR THE ROMANIAN SELF-CARE SECTOR

- The Romanian OTC landscape is increasing by more than 10% yearly, with around 140 pure OTC manufacturers and 94 with both Rx and OTC in their portfolio. The market saw a 14.4% increase in 2018 compared to 2017, exceeding 760 million euros in sales;
- Consumer protection and safety shall be a priority in terms of regulation status quo and updates, while high standards of compliance and fair competition are at stake;
- There is a stringent need for the development, adoption and implementation of a favorable legislative framework, to benefit the health and wellbeing of Romanian citizens.

E-COMMERCE

- e-Commerce sales in Europe are forecast to grow by 14% in 2019, up to 621 €bn;
- In Romania, e-Commerce is hitting a sweet spot, at 8%. For a more detailed context, global share of FMCG online sales is 6-7%, while global share of OTC sales online reaches 2%;
- Change in regulation to provide CHC market a growth niche with opportunity for consumer education.

HEALTH LITERACY

- Informed consumers drive the self-care revolution;
- Greater knowledge and skills lead to higher confidence and willingness for consumers to take responsibility for their personal health.
- Citizens need to have access to accurate, relevant, easily accessible information that only comes from reliable sources.

“For the first Nicholas Hall conference in Romania we collaborated with RASCI, the representative association for the local self-care market, whose experience and know-how had a considerable contribution to the event's success.”

Nicholas Hall, Executive Chairman of the Nicholas Hall Group of Companies