

Breakdown of Ireland's OTC Products Market

Irish Pharmacy News has been working with Human Data Science company, IQVIA, for the last six years to comprise this annual report which highlights the Top 100 Over-the-Counter pharmacy brands in Ireland.

The information contained over the following pages is widely accepted as the industry standard from which brand performance is measured across the OTC sector.

We spoke to General Manager of IQVIA Ireland, Gwynne Morley, to gain further insights into how these statistics are compiled and on the value of this market to pharmacy. IQVIA uses data, technology, advanced analytics, and expertise to help customers across healthcare drive health forward.

For many of these customers, having an accurate, timely view of product performance is critical to ensuring they are improving both business and patient outcomes.

IQVIA build The Top 100 Over-the-Counter (OTC) Market Report based on the total value of wholesale sales for OTC products into retail pharmacy over the course of the 12 months to April 2021 (May 2020-April 2021). It's a rolling annual value which includes the five major OTC categories including cold and cough remedies (CCR), pain, vitamins and minerals (VMS), skin and digestive health.

About IQVIA

IQVIA (NYSE:IQV) is a leading global provider of advanced analytics, technology solutions, and clinical research services to the life sciences industry.

IQVIA creates intelligent connections across all aspects of healthcare through its analytics, transformative technology, big data resources and extensive domain expertise. IQVIA Connected Intelligence™ delivers powerful insights with speed and agility — enabling customers to accelerate the clinical development and commercialization of innovative medical treatments that improve healthcare outcomes for patients.

With approximately 72,000 employees, IQVIA conducts operations in more than 100 countries. Present in Ireland since 1990, IQVIA pioneered the country as a hub for clinical research. In December 2020, IQVIA announced the creation of 100+ remote jobs throughout Ireland, which reinforced IQVIA's capability to fight the pandemic, ensuring vaccines administered post authorization are safe for the public. In addition to supporting life sciences in their clinical efforts across Europe and the globe, IQVIA's activity in Ireland includes supporting the life

sciences industry from R&D through to commercialization, as well as healthcare providers, to improve treatment outcomes and patient pathways.

Value of OTC Market

In highlighting the value of the OTC market to community pharmacy Gwynne explains, "The total value of the non-prescription market in Ireland based on IQVIA's data for the 12 months, May 2020 to April 2021, was €406 million¹.

"This market declined by 8.3% when comparing year-on-year growth². The year-to-date (YTD) value of this market at the end of April 2021 was €220 million with a growth rate of -10.9%³. After the initial spike in OTC sales exhibited in March 2020 due to the onset of Covid-19, the market slowed down significantly resulting in a flat growth rate (0%) in 2020, this is in contrast to the 8% growth rate demonstrated for the full year 2019."

Gwynne adds, "The value of the OTC market including the five major categories (cold and cough remedies, pain, VMS, skin and digestive health) based on IQVIA's data YTD was €185 million⁴."

With the arrival of Covid-19 onto Irish shores, wholesalers and manufacturers



Gwynne Morley, General Manager,
IQVIA Ireland,

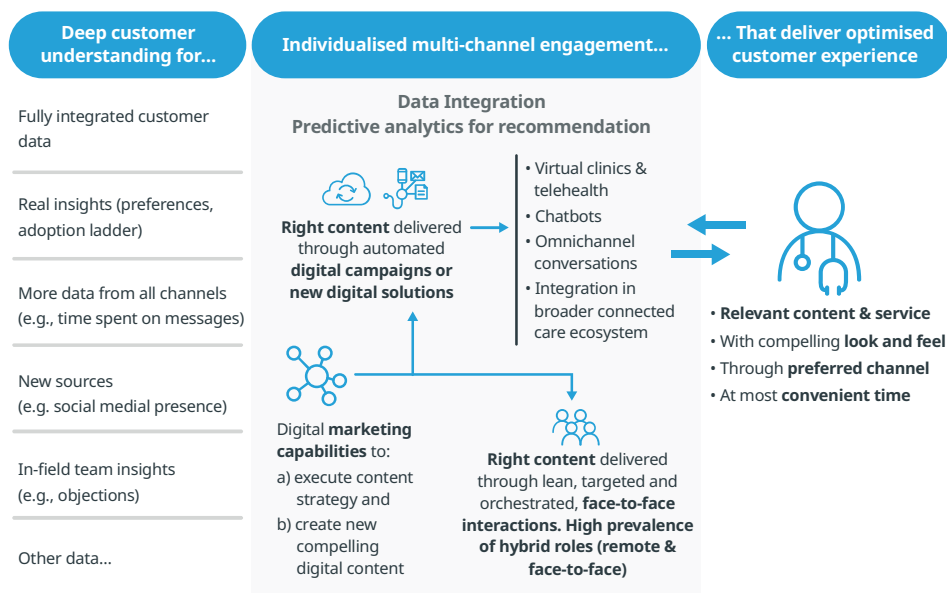


Figure 1: Model of Better Customer Engagement Through Multi-channel Engagement⁷

faced their own challenges, as Gwynne highlights, “Continuity of supply and demand planning has probably been the key challenges for wholesalers. Export bans imposed by some countries and Brexit have compounded some of these challenges.”

According to a Healthcare Professional survey conducted by IQVIA Ireland in September 2020, only 23% of respondents reported issues with medicinal product availability in Ireland⁵ and we know that these shortages were reported prior to Covid-19 and were un-related to the pandemic.

Gwynne adds, “For manufacturers and wholesalers, the restrictions on movement and face-to-face contacts due to Covid-19 have had a major impact on sales force activities and the ability of reps to engage directly with many pharmacists and other healthcare professionals (HCPs).

“Overall promotional volumes have declined by 23.4% in May 2021 in Ireland when compared to May 2020⁶. It’s clear that a much more “omni-channel” approach (see figure 1) is likely to be relevant in the future. While the pandemic moved the interactions with reps from face-to-face to remote through force of circumstance, interactions with reps will continue to be a key part of engagement with HCPs through a hybrid model – face-to-face engagement with an increased use of digital and virtual approaches.”

“Ways of working across all businesses has had to evolve quickly since social distancing measures were introduced, with team members working from home, meetings happening virtually, and public travel coming to a halt.

“It is increasingly clear that some restrictions associated with the original pandemic closures may remain, and a hybrid work model is likely to become the norm. In a survey conducted by IQVIA Consumer Health of senior consumer health executives in June 2020, a fifth of respondents called out changes in the way teams collaborate as one of their key priorities looking ahead to the post-COVID-19 world⁷.”

Unprecedented OTC Demand

Across the globe, consumer health manufacturers scrambled to meet the unprecedented demand generated by the pandemic panic buying starting mid-February to late March of last year and increases in demand for OTC products catapulted just after Ireland recorded its first case.

“On February 29th, 2020, the first case of Covid-19 on the east coast of Ireland was confirmed⁸. This catalyzed an increase in volume demand in subsequent weeks, resulting in an 86% volume increase in the second week of March 2020 compared to the same week in 2019⁹.

“Products used to treat pain (+127%), cough and cold remedies (+77%), and vitamins and minerals (+30%) were

amongst those subject to the largest increase in absolute sales volume for the month of March 2020 compared to March 2019⁹. The absolute sales volumes of calming, sleep and mood enhancing products grew by a staggering 330% in March 2020 compared to volumes in March 2019⁹.

“However, most of the impact of the increased volume in March 2020 was negated by sales declines during April/ May 2020⁹. The OTC market in Ireland demonstrated flat growth rate in 2020 in comparison to an 8% increase in 2019¹⁰. IQVIA Consumer Health is forecasting that the Irish OTC market will decline by 1% in 2021¹¹.

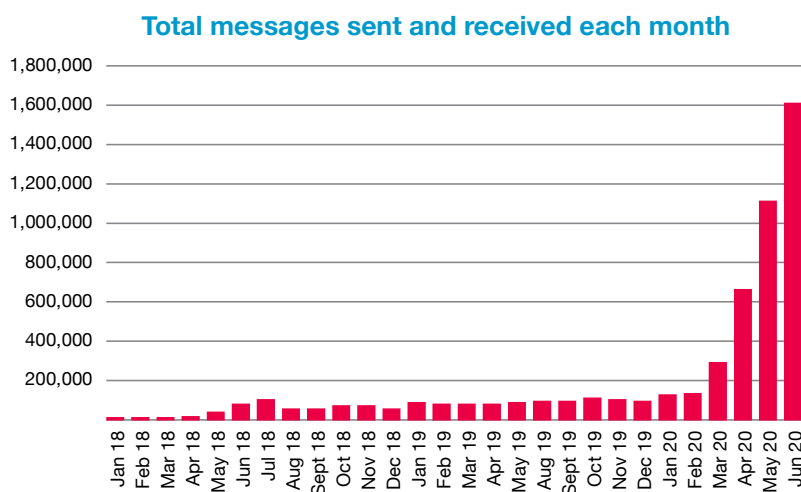
“Whilst community pharmacy has had high and low points over the past 16 months, pharmacies remained open throughout, where many other healthcare professionals were less accessible.

“Rising fears in the general population in relation to the virus, and the advice to “stay at home” in March 2020 drove and accelerated changes across the entire healthcare system. As many GPs moved to remote consultations, and emailing prescriptions via Healthmail, community pharmacy became the face of the HSE in many areas.”

In April 2020, Covid Emergency Legislative Provisions recognised Healthmail as the national electronic prescription transfer service. Healthmail permits the transfer of a prescription between the prescriber and dispensing pharmacy by electronic means in a secure manner. It removed the need for a paper equivalent during these challenging times. This has led to significant increases in usage of the system in terms of message throughput, volume, and user logins.

Gwynne adds, “Pre-Covid, there were less than 200,000 messages sent and received via Healthmail each month. Figure 2 demonstrates that by June 2020, there were greater than 1.6 million messages sent and received by Healthmail.

Figure 2: Exponential growth in the use of Healthmail due to COVID-19¹²



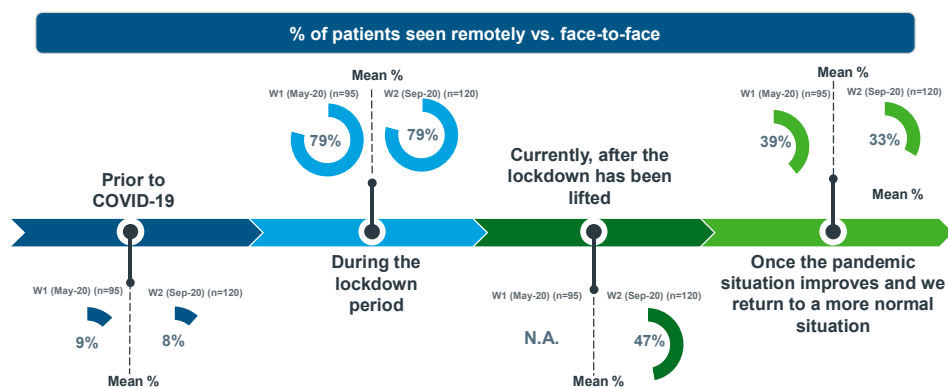


Figure 3. HCP Survey Ireland September 2020

* HCPs were invited to participate in a very short primary market research survey. Our invitation to physicians clearly stated that any participation is purely voluntary and should not interfere with their duty to patients. In line with the British Healthcare Business Intelligence Association (BHBI) guidance, we do not run market research with front line personnel (ICU doctors, pulmonologists, infection disease specialist) and the approach is line with EphMRA and BHBI recommendations for conducting PMR during COVID-19.

"IQVIA captured feedback from 101 general practitioners (GPs) who participated in two waves of an 'open' survey*, one in May 2020 and the second one in September 2020⁵. The GPs reported a reduction of 88% and 63% in May 2020 and September 2020 respectively in their patient load. "During lockdown, 79% of patients were seen remotely (Figure 3) versus 9% pre-Covid-19. Interestingly, GPs stated that they will continue to see approximately one third of their patients through remote consultations post-Covid-19.

"On one level, it could be said that move towards telemedicine by GPs post-pandemic will have little impact on Consumer Health – it's just a different way for people suffering illness to consult with their doctors. However, there could be more significant long-term implications in the way people manage illness, certainly when it is not serious. Patients are no longer passive recipients of healthcare. In this context, it is not unreasonable to envisage a situation where consumers become less dependent on doctor consultations and more ready to self-treat or to consult pharmacists in-store⁷," she adds.

OTC Category Impacts

Four out of the five major categories (CCR, pain, skin and digestive health) have all been severely impacted by the pandemic.

See below the previous period growth rate MAT April 2021² for each of these four categories:

Category	Previous period growth (PPG) MAT April 2021
CCR	-40 %
Pain	-12.7%
Digestive Health	-5.6%
Skin	-3.2%

The value of these five major categories in Ireland based on IQVIA's data for the 12 months, May 2020 to April 2021, is at similar levels to those in 2018," Gwynne told us.

"The effects of successive lockdowns and adherence to the key messaging from the government, Health Service Executive (HSE) and National Public Health Emergency Team (NPHET) to stay at home, maintain social distancing and adopt good personal hygiene practices were the main factors driving these declines. The adoption of good hygiene practices was also evident in the data for the hygiene products category. This category grew by +110.9% PPG MAT April 2021².

"In contrast, vitamins and minerals (VMS) have experienced unprecedented growth. This category has grown by +16% PPG MAT April 2021². This is primarily due to the increased awareness of self-care and the benefits of vitamins and minerals against Covid-19 by boosting immunity.

"Calming, sleep and mood enhancing products continue to grow exponentially at 151.6% PPG MAT April 2021². Considering this category grew by 330% in March 2020 compared to volumes

in March 2019⁹, this points to the fact that a significant number of the population continue to struggle with anxiety and insomnia which is directly and indirectly related to Covid-19.

Growth of Online

Ecommerce was growing fast before COVID-19 hit. But the pandemic pushed even more consumers online.

Ecommerce thrived in 2020 because of store closures and shoppers' fear of contracting the coronavirus in public. What impact does Gwynne believe this may have on the OTC medicines market? She says, "It is forecasted that the global e-commerce retail sales will reach over US\$ 6.5 trillion as evolving consumers and shoppers demand the ability to shop how they want to – anywhere and at any time (see figure 4)¹³.

"That would represent 22% of global retail sales worth around US \$30.0 trillion¹³. COVID-19 has impacted global e-commerce growth unevenly across categories, with several categories seeing declines, while a few others are seeing a massive growth acceleration including OTC and consumer products."

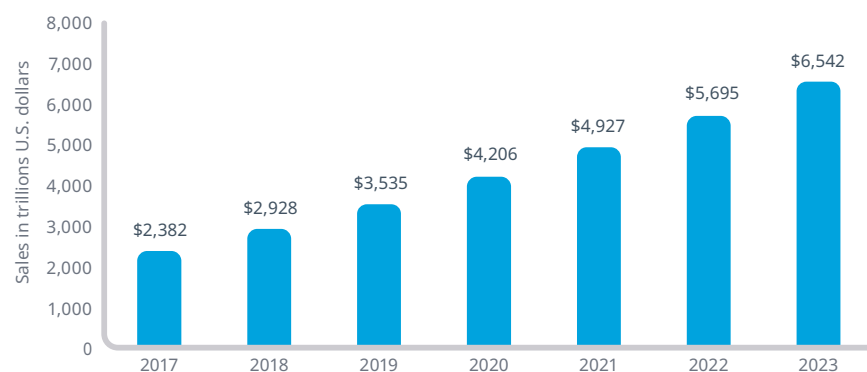
Currently the global e-Pharmacy market is about US\$50 billion but growing at an impressive CAGR of +17%¹⁴.

However Gwynne adds that before looking at the commercial opportunities of e-Pharmacy, it is important to bear in mind the regulatory differences that impact how e-Pharmacies operate in each country.

"Regulations governing the online sale of healthcare products vary across countries with governments taking different approaches across which product classes can be sold online, who can sell which product class, the requirement for e-Pharmacies to have a physical presence or not, and cross-border sales regulations.

"Prescription medicines are not permitted to be sold online in Ireland. It is prohibited to 'supply by mail order' of prescription-only medicines in Ireland under

Forecasted Growth of Global e-Commerce Sales 2017-2023



Source: Emarketer

Figure 4

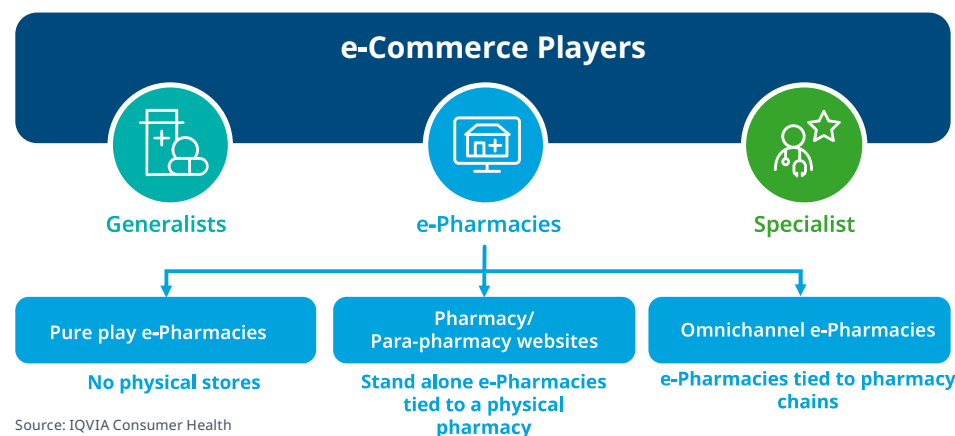
Regulation 19 of the Medicinal Products (Prescription and Control of Supply) Regulations 2003, as amended.”

The Pharmaceutical Society of Ireland (PSI) ‘considers that the optimal and safest way for prescription-only medicines to be supplied to patients, is through direct supply to the patient and/or carer following a face-to-face interaction between a pharmacist and the patient in the pharmacy. This direct communication with the patient and/or their carer during a face-to-face interaction allows the pharmacist to evaluate the patient’s overall health and need, perform a full therapeutic review of the prescription and allow appropriate patient counselling to take place. It also allows the pharmacist to assess and verify the authenticity of the prescription’¹⁵.

“However, the sale of non-prescription medicines is permitted on-line in Ireland,” she says. Anyone who wishes to sell non-prescription medicines over the on-line in Ireland must “register with the Pharmaceutical Society of Ireland (PSI) and have their name listed on the approved Internet Supply List. Those websites must also display the EU common logo on every web page that offers non-prescription medicines for sale. The aim of the EU common logo is to help members of the public identify websites that can legally sell medicines online. This is a requirement across the EU which was introduced by the Falsified Medicines Directive¹⁶.

“As outlined above, e-commerce is a complex channel with regulations, operating models and types of players fragmented across markets. When it comes to healthcare in the e-commerce space, generalists such as Amazon, e-pharmacies, and specialist healthcare retailers such as single category focused players in the supplement space, compete to offer the best healthcare solutions to consumers, but regulations generally prevent them from offering the full spectrum of consumer health offerings that e-pharmacies can offer.

Figure 5: Breakdown of the e-Consumer Healthcare Eco-system



Source: IQVIA Consumer Health

“The economic rebound combined with increasing disposable incomes and awareness levels will be major growth drivers for the OTC market. Pharmacies will continue to be the most popular retail channel as consumers trust professional advice from pharmacists”

“Generally, and depending on regulations, the e-Pharmacy market is split between pure-play online pharmacies, such as DocMorris in Germany, e-Pharmacies tied to independent physical bricks and mortar pharmacy stores, and omnichannel players like Boots in the UK, which offer e-Pharmacy services tied to their bricks and mortar pharmacy chain (see figure 5).”

Consumer preferences and market regulations are key to driving e-Pharmacy sales across different consumer health categories.

“Across markets covered by IQVIA, we notice that in Australia, Brazil and Czech Republic, the non-OTC segments (personal care, nutrition and patient care) have a larger share of consumer health sales in the e-Pharmacy channel. However, in Germany and Poland, OTC products have the highest share of online sales, with licensed non-prescription medicines in Germany accounting for 78% on consumer health segment value sales¹³.

“Nutritional products including vitamins and supplements have been available online through general e-commerce sites and e-pharmacies, even before OTC medicines were permitted by regulations. This confirms the e-shopper behaviour of buying regular use, branded and bulk quantity products through e-commerce channels with convenience, low to free shipping costs and at lower prices vs. physical retail channel.

“Despite the increasing adoption of e-pharmacies and clear preference for certain categories, the online shopper remains challenging to understand. They tend to be less loyal, seek different product attributes vs. in-store shoppers, engage less with the brands and are open to experimenting with niche brands.”

The Future for OTC

What does Gwynne think the OTC Medicines market in Ireland will look like for the remainder of 2021?

“According to the IQVIA OTC forecast for Ireland in 2021 the OTC market is expected to decline by 1%¹¹. Driven by strong demand for Mineral Supplements (such as iron and magnesium), as well as vitamins A, D and C and Immunostimulant Preparations, VMS and Tonics experienced considerable growth in 2020. Consumers will continue to seek products that help with immune support during the forecast period, thus benefiting this category. Nevertheless, growth rates will slow during the period.

“The CCR and Pain Relief categories experienced substantial stockpiling during Q1 2020, although declines in subsequent quarters impacted their yearly performances. Both categories are expected to decline during 2021, due to a significant sales dip in Q1 2021 as a result of partial lockdown measures and a weaker flu season.

“Ireland’s economic growth was significantly impacted as a result of COVID-19-related restrictions and lockdowns. GDP growth slowed from 5.9% in 2019 to 2.5% in 2020. The economy is expected to recover strongly in 2021 (with growth of 4.2% forecast), as ‘level 5’ lockdown measures were expected to ease from April 2021. The country’s vaccination rollout is also expected to boost economic growth, as it could lead to a relaxation of restrictions from H2 2021.

“The economic rebound combined with increasing disposable incomes and awareness levels will be major growth drivers for the OTC market. Pharmacies will continue to be the most popular retail channel as consumers trust professional advice from pharmacists. However, pharmacies will face strong competition from e-commerce and supermarkets due to their competitive pricing – especially as consumers become more responsive towards price and promotions.”

References

- ¹ Source: IQVIA OTC Ireland Monthly Database, MAT April 2021
- ² Source: IQVIA OTC Ireland Monthly Database, Previous Period Growth April 2021
- ³ Source: IQVIA OTC Ireland Monthly Database, PPG YTD April 2021
- ⁴ Source: IQVIA OTC Ireland Monthly Database, YTD April 2021
- ⁵ Source: IQVIA COVID-19 Ireland Market Intelligence – Published June 2nd, 2020
- ⁶ Source: IQVIA Channel Dynamics Ireland May 2021
- ⁷ Source: IQVIA Rebooting Consumer Health: Thriving in a Post-COVID-19 World