

New Zealand: Kiwis encouraged to embrace concept of self-care

AT-A-GLANCE GUIDE: NEW ZEALAND'S OTC MARKET 2013

Socio-economic indicators

- **Area***: 267,710km²
- **Population***: 4.4mn
- **GDP per capita***: US\$30,400
- **Real GDP growth***: 2.5%
- **Inflation rate***: 1.3%

Sources: *CIA World Factbook, 2013 estimates

- **OTC sales 2013**: NZ\$387.6mn (US\$335.8mn)
- **OTC index 13/12 (local currency)**: 102
- **OTC per capita spend**: US\$76.32
- **US\$1.00 = NZ\$1.215** (1st January 2014)
- **Regulations**: Medicines must be registered with Medsafe
- **Distribution**: Pharmacies, mass market and online
- **Advertising**: Marketers are required to adhere to guidelines set out by Medsafe

- **Price controls**: None

- **Reimbursement**: Government agency PHARMAC manages a list of 2,000 subsidised medicines. They must be doctor-prescribed but the list includes many formulations that are available OTC

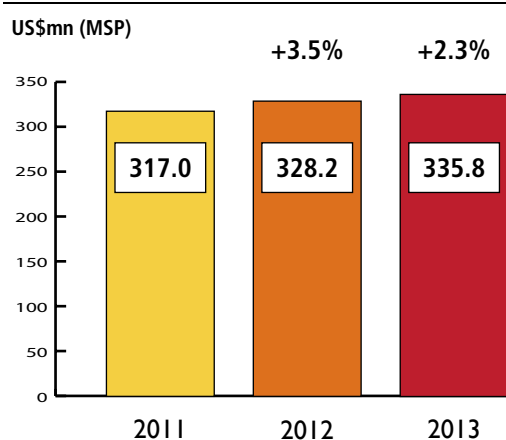
OTC medicine classifications

- **Restricted Medicine**: Pharmacist-only
- **Pharmacy-only**: Self-selection in pharmacies
- **General Sale**: Unscheduled, mass market

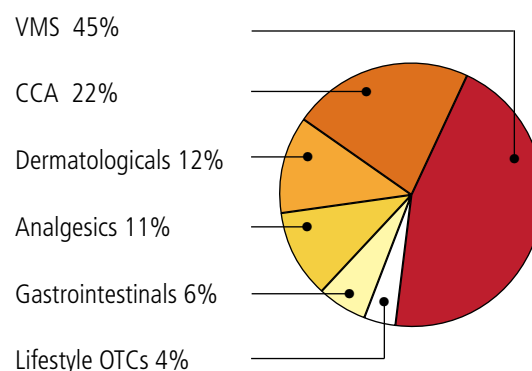
Market summary

- Pharmacy Point-of-Care to play a key role in decreasing Government healthcare burden
- Establishment of Australia New Zealand Therapeutic Products Agency underway (completion due 2016)
- OTC market grew by 2% in 2013, driven by biggest category VMS, which has benefited from launches

New Zealand: OTC sales 2011-2013



New Zealand: OTC sales by major category 2013



Data in this report, full year 2013 (MSP): *Nicholas Hall's OTC INSIGHT* based on industry estimates and *Nicholas Hall's DB6* OTC database, in partnership with Nielsen in specific countries. Exchange rate is US\$1.00 = NZ\$1.215 from 1st January 2014

OTC INSIGHT Asia-Pacific examines how the expanding role of pharmacists and efforts to increase self-care are impacting New Zealand's OTC market.

New Zealanders: Urged to embrace self-care

- Government recognises importance of community pharmacies
- NZSMI highlights need for pharmacists to be first port of call for minor ailments

As healthcare expenditure puts increasing strain on the nation's resources, New Zealand consumers are being urged to take more control over their health by embracing the concept of self-care.

According to the New Zealand Self Medication Industry, up to NZ\$126mn (US\$104mn) a year is estimated to be wasted on unnecessary trips to GPs for minor ailments such as dandruff, travel sickness and colds, which can all be easily treated with products bought over-the-counter. In his keynote speech at the annual NZSMI Conference in October 2013, the association's executive director Tim Roper highlighted the importance of pharmacists in decreasing this healthcare burden: "Kiwis need to learn that the GP does not need to be their first option for mild illnesses ... With better health education, electronic access to health information and appropriate labelling on OTC medicines, the pharmacist could become a first-line professional for many people."

As such, the Government recognises the importance of community pharmacies and, in May 2013, appointed Andi Shirtcliffe to the newly-created position of pharmacy-focused Chief Advisor at the Ministry of Health. The Pharmacy Guild of New Zealand welcomed the move, believing that it indicates a renewed commitment by the Government to ensuring that community pharmacy is recognised as central to the provision of, and access to, healthcare.

The NZSMI also aims to establish a New Zealand Self Care Alliance to promote better health outcomes for its citizens and address the fact that the country's health care system "is not sustainable in its current state".

Switch: Expanded role for pharmacists

- Pharmacists permitted to administer vaccines
- Sexual health products considered for switch

New Zealand is regarded as a pioneer for switch and in recent years there has been a concerted effort to expand the role of pharmacists and enable them to offer more Pharmacy Point-of-Care services. Since July 2012, pharmacists trained in vaccinations have been allowed to administer the influenza vaccine to adults. In 2013 this role was further enhanced when administration by a pharmacist (under certain conditions) was permitted for Dukoral cholera vaccine, Zoster shingles vaccine and the diphtheria, tetanus and pertussis vaccine and its meningococcal vaccine. This was a result of submissions from pharmacy banner operator Pharmacybrands, which was renamed Green Cross Health in April 2014 to reflect "its evolution and expanded focus as a provider of primary health services to New Zealand communities".

The Medicines Classification Committee is also considering a proposal from Pharmacybrands to reclassify the following oral contraceptives from Rx to Restricted Medicine (OTC, Pharmacist-only) when supplied by an accredited pharmacist: norethisterone, desogestrel (when not in combination) and ethinylestradiol 35mcg or less in combination with levonorgestrel or norethisterone. The Committee will also consider amending the RM criteria for levonorgestrel to include its supply by an accredited pharmacist. The outcomes are pending.

In November 2013, the MCC denied the Rx-to-RM switch of Douglas Pharmaceuticals' Silvasta (sildenafil) film-coated tablets for the treatment of erectile dysfunction because it disputed the claimed benefit that there would be greater access to the medicine. The MCC stated that most men who are too embarrassed to talk to their GP about the condition would also be too embarrassed to talk to their pharmacist. In addition, a supporting cardiovascular screening tool was found to be

inadequate. Douglas resubmitted the application as it did not feel certain aspects of its case were represented fully at the original hearing and it was included on the agenda for the MCC's meeting in April 2014 (outcome pending).

Despite the role of pharmacists expanding, improvements could be made. A poll by *New Zealand Doctor* in Q1 2013 – a news service for GPs and health professionals – suggested there was a lack of communication between doctors and pharmacists over the prescribing of trimethoprim for urinary tract infections. Just 7% of doctors said they had been notified by pharmacists prescribing the medicine since it was reclassified in November 2012, despite training encouraging them to do so. Most reclassified medicines do not require GPs to be informed, but it is important with trimethoprim so that another antibiotic can be tried if treatment is unsuccessful. Pharmaceutical Society manager of clinical pharmacy & continuing education Bob Buckham said: "There could be many reasons for the low poll numbers of GP notification, including low numbers of patients actually being prescribed trimethoprim."

ANZTPA: Gaining momentum before implementation in 2016

- **First harmonisation activity completed**
- **TGA and Medsafe establish parallel warning system**

The formation of joint healthcare regulatory body the Australia New Zealand Therapeutic Products Agency – set to replace NZ's Medsafe and Australia's Therapeutic Goods Administration by 2016 – gained momentum in 2013.

In June, the TGA and Medsafe established parallel warning systems in both countries for advising potential safety concerns associated with medicines or medical devices.

In November, the regulatory bodies completed a series of "Business-2-Business" projects that aim to establish a common regulatory framework for both countries. These include improved access to information about therapeutic products, as well as enhanced co-operation between

the regulators. A new phase of work, which includes a project to harmonise business processes for OTC medicine approvals, has now begun. This aims to reduce compliance costs for marketers as well as facilitate a smooth transition to the ANZTPA when it is fully established.

The first harmonisation activity by the ANZTPA was completed ahead of schedule in February 2014. New Zealand published guidance on the Medsafe website on changes to paediatric dosage instructions for liquid preparations containing paracetamol or ibuprofen to align with Australia – no changes to the Australian guidance documents were required.

M&A: Perrigo acquires basket of value-brand OTCs

- **EBOS becomes largest Australasian healthcare marketer, wholesaler & distributor**
- **Prestige Brands buys Care Pharmaceuticals**

In terms of M&A activity, it was announced in May 2013 that New Zealand-based EBOS was to acquire Zuellig subsidiary Symbion for NZ\$865mn (US\$711mn), excluding the transfer of existing Symbion debt (NZ\$230mn / US\$189mn). The deal made EBOS the largest and most diversified Australasian marketer, wholesaler and distributor of healthcare and pharmaceutical products by revenue and a leading marketer and distributor of animal care products.

Meanwhile, in July 2013 Prestige Brands acquired Care Pharmaceuticals, a privately-held marketer and distributor of OTC healthcare brands throughout Australia and New Zealand, for an undisclosed sum. Key brands are Fess cold / allergy and saline nasal health products, Painstop analgesic, Rectogesic for rectal discomfort and the Fab line of nutritional supplements.

In February 2014, Perrigo acquired a basket of value-brand OTCs sold in Australia and New Zealand from Aspen Global for US\$51mn. The products are primarily sold through the mass retail channel and include the Herron range of analgesics, vitamins and supplements.

OTC overview

Analgesics: Panadol most trusted pain reliever

- Children's ibuprofen and paracetamol down-scheduling denied
- Novartis submits diclofenac proposal

Sales of analgesics were flat in 2013 as a decline for the larger systemics category offset a marginal upturn in topicals. The poor performance of systemics may be partly owing to negative press for codeine-based products after researchers at Monash University wrote a letter to the editor in the *Medical Journal of Australia*, which stated reports of inadvertent misuse of and dependence on codeine-based combination analgesics were increasing in Victoria, Australia. To put consumers' minds at ease, the NZSMI released a statement saying, "The issue of misuse and addiction to over-the-counter analgesics is a serious health issue, which should not be downplayed. However, it's important to keep in mind that the vast majority of people who use these products do so responsibly." Meanwhile, from 1st April 2015, "non-drowsy" claims must be removed from the labels of codeine-containing medicines.

In November 2013, the MCC considered a proposal to down-schedule liquid oral suspension paracetamol 50mg / ml for use in children aged 1+ year/s and ibuprofen 100mg / 5ml for use in children aged 3+ months in packs of up to 100ml from Pharmacy-only to General Sale. At the MCC meeting, the Pharmacy Guild of New Zealand argued against the proposal stating, "Loss of communication between patients and a pharmacy staff member during the purchase of these

medicines involves a huge safety risk and could lead to accidental overdose, among other outcomes." As such, the Committee recommended that the formulations should not be reclassified.

Nurofen and Panadol compete closely to be the leading systemic brand. The former is marginally ahead in sales terms while the latter was awarded the top spot in the pain relief category of the 2013 *Reader's Digest* Most Trusted Brands List (No.3 brand overall). In March 2014, a Kiwi father and son starred in a Panadol A+P campaign – which debuted in New Zealand and is set to go global – with the tagline: "When pain is gone, life takes its place". The ad is based on the concept that pain often prevents people living their lives to the full with the people who matter most.

Reckitt Benckiser also fields Nuromol, which debuted at No.3 after its first full year of sales since its launch in September 2011. Since its introduction, RB has driven consumer awareness through significant investment in A+P encompassing TV and out-of-home ads, as well as PR activities that encourage trial purchases.

Lower-tier entry Advil (Pfizer) was extended with a liquid capsule version in H1 2013 – previously only Advil tablets were available. The brand was supported in the reporting period by a competition that gave consumers the chance of winning an Anaconda bicycle. Entrants had to write in 20 words or less how Advil helps them get the most out of life.

Voltaren (Novartis) is the No.1 topical analgesic and accounts for over 50% of category sales. The brand also benefits from a strong heritage and earned a highly commended accolade in the 2013 *Reader's Digest* Most Trusted Brands List. At its meeting in April 2014 (outcomes pending), the MCC considered a proposal from Novartis to reclassify diclofenac 140mg or less transdermal patches from General Sale to Pharmacy-only. The marketer wants to harmonise with the classification in Australia to avoid different labelling requirements. The low volume of NZ sales means it is not commercially viable to launch products with NZ-specific labels.

New Zealand: Top 3 OTC systemic analgesic brands 2013 (MSP)

Rank	Brand	Marketer
1	Nurofen	Reckitt Benckiser
2	Panadol	GSK
3	Nuromol	Reckitt Benckiser

CCA: Poor cold season impacts sales

- Mucinex shines in cough remedies
- NZSMI reassures consumers on pholcodine safety

A poor cough & cold season hindered cough, cold & allergy remedies, resulting in low growth in 2013.

Sales of systemic cold & flu remedies were up by low single digits in 2013 owing to upturns for the Top 2 brands. Lemsip leads the category and growth was driven by the line of Pharmacy-only Lemsip products (launched in mid-2013), which include Cold & Flu, Sinus Day & Night and Sinus Pain & Allergy.



Lemsip for Pharmacy Cold & Flu Day & Night

Double-digit growth of No.2 brand Codral can partly be explained by the launch of the Codral Relief range in 2012, which was designed specifically for the grocery channel (the original Codral range is Pharmacy-only). The brand was further extended in 2014 with the introduction of Codral Multi Action (paracetamol 500mg, codeine phosphate 9.5mg, phenylephrine hydrochloride 5mg + chlorphenamine maleate 2mg), which is positioned to relieve seven symptoms of cold (see *Products Round-up* p128).

Mid-ranking brand Dimetapp (Pfizer) was extended with Dimetapp PE Day + Night Liquid Capsules for cough, cold & flu in H1 2013.

J&J's Benadryl is the top cough remedy, although its position as category leader could soon be under threat after Reckitt Benckiser's Mucinex grew by double digits

New Zealand: Top 3 OTC systemic cold & flu brands 2013 (MSP)

Rank	Brand	Marketer
1	Lemsip	Reckitt Benckiser
2	Codral	J&J
3	Coldrex	GSK

in 2013 to overtake Robitussin (Pfizer) and claim the No.2 spot. The brand was extended in the reporting period with Mucinex Double Strength tablets, which contain guaifenesin 1,200mg vs 600mg per tablet in the original version. The line extension won the Best Launch / Relaunch award at the NZSMI Awards in October 2013. An educational kit for Mucinex that helps pharmacy staff explain its benefits won the Supreme Award.

In May 2013, the NZSMI reassured consumers that cough medicines (and lozenges) containing pholcodine can continue to be used as directed to treat non-productive cough following concerns about adverse events. The advice came in response to a call by the Australia & New Zealand Anaesthetic Allergy Group to restrict availability of such products based on what the NZSMI described as "a rare chance that a small group of patients may be at increased risk of anaphylaxis when used along with neuromuscular blocking agents for some types of surgery".

Strepsils (Reckitt Benckiser) is the No.1 sore throat & medicated confectionery brand and in 2013 it was advertised outside of the cold & flu season for the first time to encourage treatment for sore throats during summer, caused by pollen, air conditioning and partying. Also in the reporting period, the brand was extended with Strepsils Children for those aged 6+ years. A+P to support the launch included TV and digital ads, detailing to healthcare professionals, consumer education and promotions and in-store theatre.

Second-placed Vicks (P&G) performed well in 2013 and was boosted in June 2013 with the launch of Vicks VapoNaturals. Created in collaboration with renowned

patissier Adriano Zumbo, the naturally-flavoured throat drops – available in cherry, lemon and honey – are positioned for consumers who do not like the medicinal taste of other products.



VapoNaturals are available in cherry, lemon and honey flavour

Clinicians entered the category in April 2013 with the rollout of ProFlam Throat Spray, a natural formula containing licorice.

VMS: Supplement ranges perform well

- **Innovative A+P boosts Berocca**
- **Elevit wins trademark case**

Vitamins, minerals & supplements performed well in 2013, growing by 4%. Supplement ranges were a particular highlight (+6%) with Blackmores reporting strong growth in the country despite a difficult year in its home market of Australia. The marketer introduced the “Little Less, Little More” campaign in October 2013, which encourages consumers to make a pledge about two small steps they can take to live a healthier lifestyle.

In Q4 2013, the segment was buoyed by the introduction of the Evidence-Based product line, which is unique in that it is designed by doctors and pharmacists and all profits will be donated to New Zealand medical charities and research. None of the board – all doctors and pharmacists – take salaries. Five products, in optimum doses and supported by strong clinical evidence, have been launched (a multivitamin, ginger, glucosamine, fish oil and a probiotic).

Berocca is the leading multivitamin brand and was supported in 2013 by an innovative A+P campaign that utilised the popularity of smartphones to drive product activations. The “BeroccaScopes” campaign placed 28 faux-horoscopes into iPhone users’ Calendar App, which were programmed to go off every morning – the third BeroccaScope received asked the user to register for a free sample pack of the product. The initiative was supported via a national radio campaign.

Bayer also markets pregnancy multivitamin Elevit (No.2 overall). In December 2013, Bayer won a trademark appeal stopping DBC Health from marketing Eleviv, a similarly-named supplement line positioned to boost energy and improve wellbeing. The latter product – packaging for which warns that pregnant and lactating women should not take it – was registered by the Assistant Commissioner of Trademarks in July 2013, but an appeal from Bayer resulted in the registration being cancelled on the grounds that its similar sounding name could cause confusion and potentially endanger pregnant women.

Centrum completes the Top 3 and was extended in the reporting period with versions tailored to suit men and women. Ingredients in Centrum for Men include B vitamins for energy as well as more zinc and vitamin C than Centrum Advance for immune support and more magnesium and vitamin D to support muscle health.

Nutrients in Centrum for Women include B vitamins for energy release, vitamin A, vitamin C and biotin for skin and nail health plus more calcium and vitamin D than the Centrum Advanced range to support healthy bones. Also introduced were Centrum for Men 50+ and Centrum for Women 50+.



Centrum for Men



Centrum for Women

New Zealand: Top 3 OTC multivitamin brands 2013 (MSP)

Rank	Brand	Marketer
1	Berocca	Bayer
2	Elevit	Bayer
3	Centrum	Pfizer

Pfizer supported the brand in 2013 with the "Spectrum People" A+P campaign, a series of TV ads featuring people in various coloured worlds participating in activities linked to key health benefits of the multivitamins. The concept was expanded following the launch of the men and women line extensions, with ads able to highlight the different benefits from male and female perspectives.

Calcium grew by 3% in 2013 and is led by Healtieries' Osteo. In the reporting period, Sanofi launched Osteoguard, a high potency vitamin D and calcium supplement formulated to help maintain bone mineral density for the prevention of osteoporosis.

In terms of supplement ranges, Sanofi extended Nature's Own with Vita Jellies, a line of supplements for children aged 4+ years available as tropical-flavoured omega-3 (for brain and eye development), orange-flavoured vitamin C (to support the immune system) and strawberry-flavoured multivitamins.

Meanwhile, the Nutra-Life Specialty range was bolstered with a series of launches including Inner Skin Collagen Complex, New Zealand Deer Placenta and Royal Jelly High Strength.



L-R: Inner Skin Collagen Complex, New Zealand Deer Placenta and Royal Jelly High Strength

Others: Limited activity

- Govt initiatives boost smoking control
- Sole supply agreement for Habitrol

Sales of GIs grew by 1%, driven by a single-digit upturn for antacids, the most lucrative category. In November 2013, the MCC recommended that antispasmodic hyoscine butylbromide 20mg (AFT's Gastro-Soothe) in packs of up to 10 tablets / capsules for the relief of muscle spasm of the GI tract should be switched from Rx to RM. The proposal was based on the premise that a 10mg tablet version is a RM in packs of up to 20 units, meaning that the amount of the active per pack remains the same.

Smoking control sales were up by 4% in 2013. New Zealand has a strong anti-smoking stance, aiming to become smoke-free by 2025, and as such, OTC smoking control products may benefit from government initiatives designed to encourage smokers to quit. A University of Otago trial, which offers smokers the chance to sample nicotine replacement therapies in public spaces, started in Wellington in January 2014 and is funded by the Ministry of Health Innovation Fund. The trial addresses two barriers to NRT – smokers' negative perceptions and access. Lead researcher Dr Brent Caldwell said: "Giving smokers the chance to try NRT and experience how enjoyable it is will encourage them to use it and double their chances of quitting. It's a totally non-judgemental, liberating and empowering way to engage with smokers."

The Top 2 brands – Nicorette (J&J) and Habitrol (Novartis) account for over three-quarters of sales. In March 2014, PHARMAC – the body responsible for deciding which medicines are subsidised for use in community and public hospitals – announced the approval of a sole supply agreement with Novartis, which will see Habitrol lozenges, patches and gum be the only subsidised brand of nicotine replacement therapy in New Zealand until June 2017.

Dermatologicals grew by 1% in 2013, with the majority of sales coming from antifungals. In November 2013, the MCC recommended that topical mepyramine 2% or less (an antihistamine), in pack sizes up to 25g should be downscheduled from Pharmacy-only to General Sale. ☒