

**Digital
Prescriptions
for the OTC
Market**





OTC MARKETING is

skyrocketing. With the rising cost of health care, more and more American consumers are turning to 'self care' options, buoying a market that is gaining ground with favorable regulation and growing numbers of pharmaceutical drugs switching from prescription-based products to OTC. Although strict regulation affects what is allowed in packaging design, marketing claims and sampling, OTC manufacturers and retailers can leverage many digital tools to better understand consumer needs and buying habits in order to effectively promote themselves. With an eye on some key trends in the OTC space, Snipp has put together some digital prescriptions for our brand and agency partners!

Key Stats

Most people turn to OTC products first, before visiting a doctor

70-90%

OF ALL ILLNESSES ARE FIRST ADDRESSED WITH SELF-TREATMENT

93%

OF ADULTS PREFER TO TREAT MINOR AILMENTS WITH OTC MEDICINES FIRST

85%

OF PARENTS PREFER TO TREAT THEIR CHILDREN'S MINOR AILMENTS WITH OTC MEDICINES FIRST

VALUE OF OTC MARKET IN THE US BY SEGMENT (US BILLION)

9.1

cough/cold/allergy/sinus

6.9

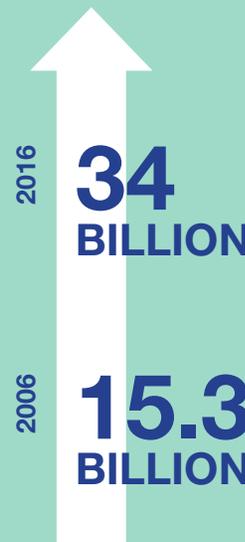
vitamins and supplements

6.4

weight loss/nutritional meal replacements

4.8

pain relief segment



Value of OTC retail sales has exploded over 10 years

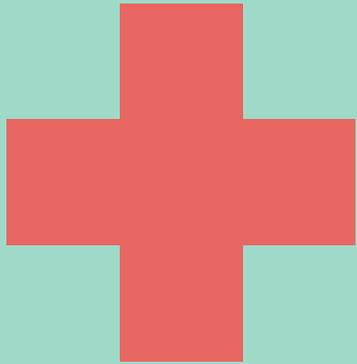
Offline sales dominate, but online is growing fast

OVER 98%

OF THE OTC MARKET IS DRIVEN BY IN-STORE PURCHASES AT MAJOR DRUGSTORES AND GROCERY CHAINS

61%

OF THE GROWTH IN OTC SALES IS COMING FROM E-COMMERCE



Key Trends & Opportunities

MORE THAN
50%
OF MILLENNIALS
FAVOR OTCs AND
ALTERNATIVES TO
MEDICATION

OTC brands have been slow movers in the digital space:

ONLY
46%
OF BRANDED OTC
SITES FILTER BY
PRODUCTS

71%
OF PEOPLE SAY
THEY RESEARCH
AND SHOP FOR
OTC PRODUCTS
BY SYMPTOM

ONLY
34%
SUPPORT FILTERING
BY SYMPTOM



IT'S ALL ABOUT WELLNESS AND ILLNESS PREVENTION Having impacted the food and beverage industry, OTC is now also feeling the rising tide of the 'wellness' juggernaut. Millennials in particular think in terms of holistic health, with a distinct focus on clean living, and prevention of disease. This space, dominated by product categories like weight management, sports nutrition and skin health, is one of OTC's biggest sales and growth opportunities, as shown by the huge sales figures for vitamins and supplements. The challenge? Stiff competition from the beauty industry, as well as food and beverage manufacturers, leading to marketing challenges in the face of advertising-friendly industries.



MILLENNIALS ARE GOING ONLINE TO RESEARCH AND MANAGE THEIR HEALTH Millennials treat doctor visits as a last resort, with more than 50% favoring OTCs and alternatives to medication – which they learn about online. It's no surprise that this group, which relies on chatbots, forums, Facebook and messaging apps to ask questions and post videos and images, would turn to those same digital tools for health answers. For topics that may be embarrassing, like sexual health, these channels offer a level of comfort that a doctor's office can't match. And when it comes to choosing OTC products, this group crowdsources recommendations. Not just Millennials – 71% of people say they research and shop for OTC products by symptom. For OTC brands, who have been slow movers in the digital space, this is an opportunity to expand their web and social presences.



COST CONSCIOUS CONSUMERS ARE LESS BRAND RELIANT Consumers share an increasing belief that the drug ingredients – and not the brand - are what matters. 50% of Millennials frequently opt to buy an OTC brand over their preferred brand because they have a coupon, and 64% often buy OTC brands because they're on sale. This consumer attitude trend has spread widely, as IRI data reveals that total OTC store-brand growth outpaced both national brand growth and overall category growth in 2017. Amazon recently launched a private label line of OTC health products which is expected to disrupt the market even further. For the OTC industry, where consumers are often overwhelmed by product options with little guidance on differentiation, there's a lot of brand building to do!

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64%
OF MILLENNIALS
OFTEN BUY OTC
BRANDS BECAUSE
THEY'RE ON SALE



NATURAL PRODUCTS & TRANSPARENT LABELING ARE GROWING PRIORITIES As with the food aisle, OTC shoppers are paying attention to transparency in labeling, and opting for 'natural' ingredients. Claims like organic, GMO-free, gluten-free and no artificial colors/flavors are growing the fastest in stores, and last year, OTC cold/flu products that claimed to be free from artificial colors and flavors grew 74% compared to the previous season. For parents in particular, natural OTCs are gaining favor in hopes that they will be "safer", with fewer side effects. 72.3% of parents surveyed say they give their children natural OTCs first before administering traditional OTCs. OTC brands seeking to reach these safety-conscious consumers should take these priorities into consideration when developing and marketing their products.

74%
GROWTH WAS
SEEN IN OTC COLD/
FLU PRODUCTS
THAT CLAIMED
TO BE FREE FROM
ARTIFICIAL COLORS
AND FLAVOURS
COMPARED TO THE
PREVIOUS SEASON

72.3%
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OTCs FIRST BEFORE
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TRADITIONAL OTCs

Digital Marketing for OTC

82%

OF CONSUMERS TURN TO THEIR SMARTPHONES WHILE IN-STORE TO COMPARE PRODUCTS AND PRICES

1

GET CREATIVE WITH MOBILE

A reported 82% of consumers turn to their smartphones while in-store to compare products and prices. But although health brands are increasing their mobile presence, they have been moving slowly. Even though most offer mobile optimized sites and mobile coupons, few offer diagnostic tools, symptom-based filtering and other creative digital features to help inform product selection.

Poise

Incontinence brand Poise distinguishes itself among counterparts by offering an array of useful online content, such as FAQs, video testimonials, articles, podcasts, and live chat options.



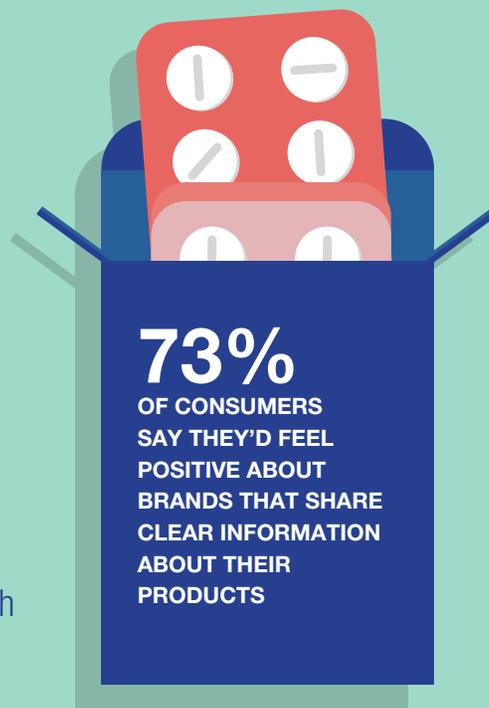
Zyrtec offers an AllergyCast mobile app that auto-detects a user's location and provides a localized pollen forecast and allergy management tips.



**\$46
MILLION**
UNIQUE USERS HAVE
REGULARLY ACCESSED
FITNESS AND HEALTH
APPS, ON AVERAGE 16
TIMES PER MONTH

2 **CONNECT WITH HEALTH APPS & WEARABLE TECH** According to Nielsen, Millennials are leading the charge in adopting wearable tech, but a broader one-third of U.S. smartphone owners—about 46 million unique users— have regularly accessed fitness and health apps, on average 16 times per month. OTC brands can consider advertising, sponsorship and ‘smart partnering’ in order to tap into this health tech savvy user base.

3 **PACKAGE INTELLIGENTLY** Packaging is being increasingly explored as a differentiator among OTC brands, as it can become an effective communications tool to tell a brand story as well as provide medication information. With the rollout of Google AR Stickers, augmented reality can now take a more prominent role in innovative packaging-based promotions, e.g. by explaining the interactions ‘behind the scenes’ in medications, or breaking down complex consumption procedures. With the movement towards transparent labeling, and with 73% of consumers saying they would feel positively about brands that shared clearer information about their products, intelligent packaging can be an effective marketing solution – not to mention that consumer interaction with such packaging can provide a treasure trove of valuable data and analytics for OTC brands.



Mundipharma leveraged NFC technology on its BETADINE® Cold Defense nasal spray product packaging for an interactive marketing campaign. Consumers could tap interactive packs of the product with their smartphones for chances to win prizes, including an all-expenses paid trip for two to a Manchester City soccer game.



GlaxoSmithKline and Propeller Health have a ‘smart inhaler’ for drug adherence that also detects each usage, location and surrounding air quality, tracking potential asthma attack triggers.



4

TAP INTO SOCIAL MEDIA Most major drug companies run social media accounts, but perfunctorily. With more than 75% of Americans using social media to research their symptoms, and 90% of people aged 18 to 24 trusting medical information shared on their social feeds, this brand apathy needs to be revised! OTC brands can start by socially sharing useful information via educational videos, infographics, Facebook Live events or fun twitter posts, to directly interact with users and answer queries. Instagram with its Instagram stories can provide a compelling platform to share first-person accounts and authentic, emotion-based content that can be extremely effective.

MORE THAN
75%
OF AMERICANS USE
SOCIAL MEDIA TO
RESEARCH THEIR
SYMPTOMS

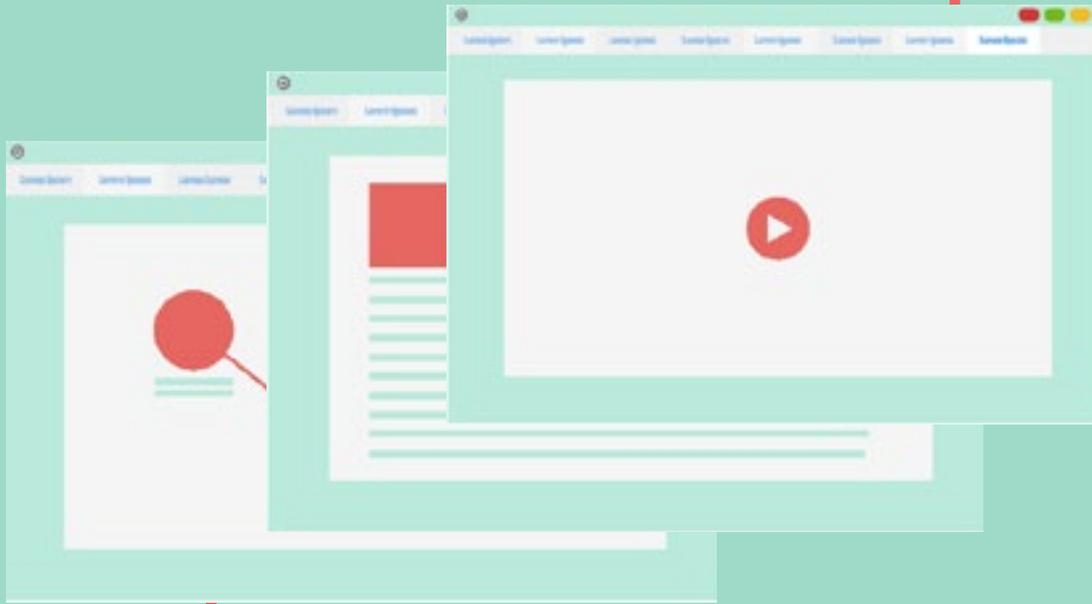
90%
OF PEOPLE
AGED 18 TO 24
TRUST MEDICAL
INFORMATION
SHARED ON THEIR
SOCIAL FEEDS



Allergan dove into social media to promote its dry-eye relief product Restasis with a Facebook digital campaign, driven by patient testimonial videos and interactive quizzes that encouraged users to test their dry eye levels. Incorporating immediate social analytics, interested users were offered discount coupons. The campaign generated 35 million impressions and resulted in a 10.5% lift in ad recall.



Excedrin launched a creative Twitter campaign in 2016 - on the day of the final presidential debate, the brand tied its headache product to the debate with the hashtag #DebateHeadache. The 'NewsJacking' campaign took on a life of its own, was shared over 100,000 times and became headlining news, featured in the New York Times and Adweek among others.



5 **CREATE & DISSEMINATE USEFUL CONTENT ONLINE**

Health education portals like WebMD can be hugely influential to a typical purchase path, offering information about a wide range of conditions, treatment options, and even active ingredients in medicines. OTC brands can tap into consumer thirst for information by creating their own content, and some brands are even building knowledge hubs full of original surveys, infographics, short videos, and feature-length articles on important health issues. This content can then be repurposed and distributed across non-branded health platforms to build credibility and brand authority.

Sudocrem®

Sudocrem, one of the UK's top baby brands, created one of the most popular and influential parenting blogs online with fresh content posted almost daily. Now every month its diverse content engages 1.1 million on Facebook, 1.4 million on Twitter, and over 250,000 on YouTube.

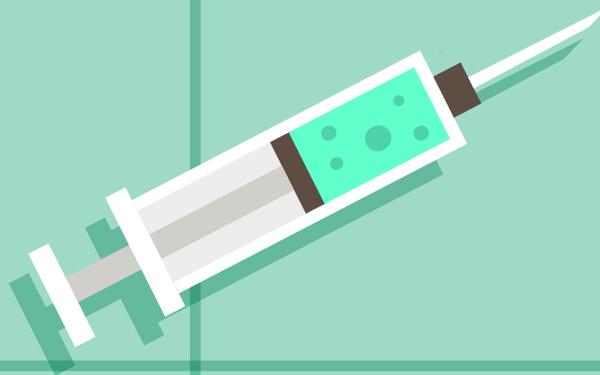
NOVARTIS

Swiss brand Novartis publishes a NERD blog as an outlet for its research, publishing high-quality reporting from both freelance writers and internal contributors on topics ranging from curing leukemia to how giraffes stay alive with high blood pressure. Using this platform is important for driving its overall reputation and telling its company's story.

6

INVEST IN BOTH SEASONAL & CONTINUITY CAMPAIGNS

OTC products like those for allergies, colds and flu are often inherently tied to key seasons, or resonate with different consumers at different times of the year. Continuity programs and seasonal activations can be an effective way to foster brand loyalty and can provide OTC brands with a way to leverage their seasonal benefits.



Henkel, GlaxoSmithKline, and Scotties wanted to develop a partnership program for cough and cold season to drive basket and market share of all three companies. Snipp created a promotion that required consumers to make multiple product purchases of each brand to be eligible for movie rental prizes, redeemable via a simple receipt upload.



lovate needed a way to foster trial and affiliation with its Hydroxycut weight loss product. Snipp created a continuity rewards program that allowed consumers to earn coupons off their first three purchases, a process that could be repeated for ongoing savings.



7

INCORPORATE INFLUENCERS IN MARKETING

Influencer Marketing is especially useful for an industry like OTC, where people tend to not be particularly receptive to advertising – and where advertising formats are limited by regulations. But people do trust familiar faces talking about a brand – be they friends, family members, or others they admire. Authentic information coming from trustworthy influencers in online health communities and social forums can go a long way in creating affinity with an OTC brand.

76%

OF PEOPLE SURVEYED PLACED GREATER TRUST IN CONTENT GENERATED BY OTHERS ON SIMILAR HEALTH JOURNEYS

8

CO-BRANDED LOYALTY PROGRAMS

In contrast to CPG, consumers tend to think of buying OTC products on an ad-hoc basis, and less due to impulse. For OTC manufacturers and retailers, successfully planning production and promotions-from supply chain management to media buying strategies-requires more accurate and granular data insights. Loyalty programs offer this kind of data, which is why they can be key to long-term growth and success. OTC brands and retailers can look into co-branding such loyalty initiatives with CPG brands, or with each other.



Allergy brand Flonase relied on a set of influencers chosen due to their impressive social media followings to form its “Eh Bee” family campaign. Flonase sent them on “The Greater American Road Trip,” chronicling their adventures in popular but pollen-y places on their website and on social media, even adding a sweepstakes element as part of the promotion. The campaign, which lasted two weeks, generated more than 1 million views, 1.3 billion impressions, and generated sales of \$100 million in the first 16 weeks after its launch.

toppharm

Neuenhofer Apotheke

A cooperative of independent pharmacies has banded together under one loyalty initiative – the TopPharm Card Plus Loyalty Program. Under this program, Snipp has created a central loyalty program with central processes, that still allows each pharmacy the freedom of individual promotions. Linked with each pharmacy’s POS, customers can earn points that can be redeemed for financial vouchers, and, with each redemption, the program gains more customer analytics.

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A larger version of the SNIPP logo, consisting of the word "SNIPP" in white, bold, sans-serif font, followed by a white smartphone icon with a checkmark.

Snipp is a global loyalty and promotions company with a singular focus: to develop disruptive engagement platforms that generate insights and drive sales. Our solutions include shopper marketing promotions, loyalty, rewards, rebates and data analytics, all of which are seamlessly integrated to provide a one-stop marketing technology platform. We also provide the services and expertise to design, execute and promote client programs. SnippCheck, our receipt processing engine, is the market leader for receipt-based purchase validation; SnippLoyalty is the only unified loyalty solution in the market for CPG brands. Snipp has powered hundreds of programs for Fortune 1000 brands and world-class agencies and partners.

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