
EXPANDING THE BOUNDARIES OF SELF-MEDICATION IN A GLOBAL CONTEXT

Creating a global brand

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As background for today's topic "Global brands: how does self-medication score?", let me briefly introduce my company to you. Procter & Gamble markets approximately 300 brands to nearly five billion consumers in over 140 countries. We compete in a wide number of consumer categories. In healthcare, we are in both the prescription and non-prescription market segments. I am very hopeful many of the brands are familiar to you. Many of these brands are global. Of those that are not, most are working on it. Procter & Gamble has headquarter operations in Belgium, Venezuela, Japan and the United States and on the ground operations in an additional 70 countries.

This brief company overview and my personal background should give you some confidence that I am a qualified speaker on today's subject. I certainly do not have all the answers. But I am confident I can trigger a productive dialogue on some very important issues.

Now, turning to today's discussion, I would like to comment briefly on responsible self-medication.

Encouraging responsible self-medication benefits consumers and society as a whole. The case that establishes the critical importance of responsible self-medication on a global basis has been made by numerous institutions. These include the World Health Organization, government and regulatory authorities across the globe and, of course, the World Self-Medication Industry Federation, WSMI. Even the United Nations itself has recognised consumer right of access. Access to safe and effective medicines plays a part in that.

Additionally, responsible self-medication directly benefits governments and healthcare systems. The publi-

cation Tony Jamison spoke of this morning references numerous economic studies from countries such as Canada, the United States, Germany, the U.K., France and Italy. These studies document specific benefits including significant reductions in healthcare system costs and the opportunity to dedicate limited healthcare resources to important issues that are inappropriate for self care. Given these very critical benefits to consumers and society as a whole, advancing responsible self-care is a critical issue on the global agenda.

I will not spend more time embellishing the case for responsible self-care as it's been very well made and broadly accepted. My talk will focus on better delivering against the goal of encouraging responsible self-medication. I will offer the perspective that global brands in non-prescription healthcare can and should dramatically help progress towards this goal. And making progress towards this goal is a win-win-win proposition. For consumers, government and regulatory authorities and the industry as a whole. But, there are several barriers in the way of making this happen.

I would like to set the stage by first talking briefly about brands and global brands in particular so we are starting from a place of common understanding.

A brand can be most simply defined as a trusted trademark. But a truly successful brand can be more fully and accurately defined as a product or line of products that: 1) stands for something very specific in consumers' minds; and 2) establishes a trusted relationship with consumers based on its performance and relevance in their lives. Everyone in this room has brands in their lives that fit this description.

The definition of a global brand simply builds on this. A global brand has a clear and consistent identity with consumers across geographies. It is positioned the same from one country to another; it has essentially the same formula; it delivers the same benefit and is presented consistently to the consumer through consistent advertising and packaging.

There are numerous brands within P&G that meet this consistency definition. Ones you are likely familiar with outside of Healthcare are Pantene (110), Pringles (105) and Pampers (102). And as you can see from the chart detailing the number of countries they are sold in, they are available to consumers in both developed and developing countries.

This is a very, very important point. Global presence offers economies of scale which can allow very high quality products to be offered with state of the art technology, and a variety of sizes, packs and absolute consumer cash outlays. This allows access by several economic levels. As an example, the size and scope of our global Pantene business has resulted in the brand's common formula being upgraded in performance several times in the past 8 years. And the line up has been extended from a shampoo only to a full line of hair care products including conditioners, styling aids and treatments. The brand's scale also makes selling 5 mill sachets in China for 60 You On (about 7 cents U.S.) an affordable value to the consumer and an acceptable return as a business proposition. Without the global scale underpinning the brand, the selling of this very advanced product technology in such small sizes would not be viable.

This same story is true on Pampers. Over the past 12 years, global scale has allowed us to fund numerous enhanced Pampers products in over 90 countries. Without the ability to globalise, development costs would have been prohibitive and the availability of new, superior products would have been severely limited.

Of course, there are numerous great examples of global brands outside of P&G. Two of the very best are Coke, found in 180 countries, and McDonalds, found in 110 countries. Now since we are in Germany, automotive examples would seem appropriate. Let us consider BMW and Mercedes. Both have more than 113 of their sales outside of Europe. Each has better than a 20% market share in the luxury car markets in the United States and Japan. From a broader European perspective, Volvo sells half their cars outside of Europe.

What's common across all these global examples? Consumers are aware of these brands globally, they are widely available and consistently executed in brand name, advertising and actual product. This consistency leads to trust and ease of choice. Even more fundamental and relevant, all are examples of superior quality products, offered at a competitive value that broadens consumer choices. That is what it takes to win. You cannot just say, "let's go global" and it happens. You must have a product and positioning that are competitive on a world-wide basis. That can be a winning business proposition country after country. This is a much greater challenge than winning in any one country or region.

The consumer is the ultimate winner. At a minimum, their local choices are broadened and increased competition keeps pricing competitive in the market. But in many, many cases the presence of global brands brings with it superior products in terms of technology, benefit and quality. Offered at a competitive value. Said another way, global brands often raise the standard. In healthcare, this can mean efficacy, safety and meeting GMPs. This is

a critical point. A global brand raises the stakes for a manufacturer. A problem in any one country can impact the entire global proposition and Company reputation. The incentive to get it right and keep it right is very high. Once you have successfully executed and supported a brand of this scale, it is a business large enough to generate funds to invest further in continuing to improve that brand and invent new ones. A very productive cycle for the consumer.

This is not just theory. At P&G, we are moving even faster with entirely new global products. Just two weeks ago, we announced the launch of two entirely new global brands. One is Dryel; a product that allows consumers to clean and freshen "dry clean only" clothes at home. The other is Swiffer; a new cleaning system for dry household surfaces. From their inception, Dryel and Swiffer were developed with global expansion in mind. As a result, both products will be rolled out across North America, Western Europe and portions of Asia and Latin America over the next 18 months. The roll out of each product includes a single brand name and uniform packaging, brand positioning and advertising.

With this as background, let us turn to today's specific question.

"Global brands: how does self-medication score?" Despite the fact that global healthcare consumers want and deserve access to safe, efficacious, quality brands that offer the very best standard of care, the answer is "very low" when compared to other categories.

Based on our internal analysis, the most global non-prescription Healthcare brand is Vicks which is available in over 85 countries. This is followed by Halls found in 60 countries, and Ricola found in 45 countries. Tylenol – far and away the largest non-prescription brand in the U.S. – is available in only 17 countries. Compared to the non-healthcare brand examples, this is a very dramatic difference in global presence. And I should emphasise this is just a comparison of presence, not consistency across borders. The differences in presentation consistency are even greater. For perspective, while a Vicks entry can be found in over 85 countries, the same form can be found in only 41 countries and the same formula can be found in only 29.

So why is the self-medication score so low? Around the world, the differences and inconsistencies in freedom to market criteria for non-prescription brands creates a barrier that makes global branding exceptionally difficult, complex and expensive to execute. Unfortunately, there is a very long list of key areas of inconsistency. It includes:

- brand name usage
- advertising limitations
- approved non-prescription actives
- dose levels and forms
- claims and indications
- dossier filing requirements
- pricing freedom
- distribution channels and shelf placement

All these differences despite the fact that the consumer needs in self-medication are very consistent around the world. You are all aware of these differences. But you may not be fully aware of how they limit global branding. For global branding to be effectively achieved, the ability to commercialise consistently is essential.

I have been asked to discuss two of these areas specifically: the use of brand names and advertising. Speakers that follow me today will touch on several of the others.

The key issue with respect to brand names is the inability to use a brand name consistently around the world. As an example, some countries allow umbrella branding for products within the same product group; other countries do not. Additionally, some allow use of the Rx name when switched to OTC; some do not. For perspective, we looked at 16 countries across Europe. There were 13 different approaches to these branding issues. These very different criteria result in complexity, confusion, increased costs and ultimately fewer consumer choices. That's because the investment required to establish numerous brand names all too often prohibits geographic expansion.

Using the same brand name across countries and across products in a similar product group is essential to successful global branding. The consumer benefits from a harmonised approach to brand names that consistently allows umbrella branding and recognisable use of the parent Rx brand name when switching. This is critical to clear and trusted understanding of efficacy and safety across geographies. Further, this consistency and trust help make more informed choices, more easily and quickly.

On the subject of advertising, the key issue is wide differences exist in which non-prescription brands can be advertised and how. These communication inconsistencies create a major obstacle for global brands. Some countries allow direct to consumer advertising for non-prescription products; some do not. Within those countries that do allow advertising, some have written requirements for direct to consumer advertising; some do not and take decisions on a case by case basis. Further, when advertising is allowed, it is often with severe limitations or qualifications resulting in complex advertising that is confusing to the consumer and diminishes their ability to make informed choices.

To establish a global brand successfully, a consistent advertising message is absolutely essential. The key role of television advertising is to establish awareness of product choices appropriate for self-medication and to articulate the key benefit to a mass audience. This advertising must be simple and consumer friendly to be effective. That is true of any product and category. A 30-second commercial just cannot tell all. In non-prescription healthcare, the advertising must be thought of as one key element in a communication system that includes the label and package insert.

A harmonised approach that would allow consistent communication across advertising, the package label and insert leaflet would be a huge win for consumers, government and the industry. Consistency and clarity of communication across these three elements will lead to

more responsible product usage. This is true in non healthcare categories. It is arguably even more important in Healthcare because of the role these products play in consumers' quality of life.

I must comment briefly on the topic of variance in approved actives and doses as consumer presentation consistency is highly dependent on this issue being addressed as well. As I noted in the definition of a global brand, the product formula should be consistent across geographies. That maintains the integrity of the benefit and brand equity. As such, the inability to use actives consistently across geographies is a major issue limiting global brands. For example, acetaminophen or paracetamol is arguably the most widely approved non-prescription ingredient. Yet, there is a wide range of allowed doses. For perspective, we looked at 12 major countries across Europe, North America and Asia. Across those twelve, there were six different approved dosage levels. This creates complexity, inconsistency in benefit and higher costs.

Dextromethorphan is an even more complex example as it has both wide variation in regulatory status – Rx or non-prescription – and wide variation in dose level. In an analysis of 29 countries across the world, 8 classify dextromethorphan as Rx only; 5 have both an OTC and Rx dose; 16 have two dose levels approved as non-prescription. This means, in one country, Brand A may promise cough relief with 30 milligrams of dextromethorphan; in another, 20 milligrams; and in yet another, use an entirely different active because dextromethorphan is approved as Rx only.

Stepping back, this overall situation just does not make sense in today's global world. Everyone loses: consumers, governments and manufacturers. The consumer pays the ultimate price. Lack of broad geographic availability:

1. limits consumer access to choices and often the best currently available care; and
2. limits funding for Research and Development efforts to find new, even better future healthcare solutions.

It simply should not be this way. Global brands should be broadly available to consumers in non-prescription healthcare just like in other categories. The rationale is straightforward:

- First, consumer needs in non-prescription categories are fundamentally the same all around the world.
- Second, today's global consumers are more diverse, educated, mobile, proactive and aware of what the world has to offer. The world is indeed tiny due to global broadcast media like the BBC and CNN and, of course, the worldwide web. A study cited in a recent WSMI publication indicated 40% of Internet users were looking for Healthcare information. They know new developments are out there, proactively search to find them and do not want to be limited in terms of access to them.
- Third, consistent presentation – brand name, advertising, labelling and product profile reduces consumer and professional confusion and administrative complexity and cost. A consistent global menu of available products and marketing parameters should make

for an even lower cost, and a better focused healthcare system for government authorities.

- Fourth, a global brand's scale can best support a competent infrastructure that assures ongoing safety, efficacy and quality at the highest levels. Brands sold consistently on a global basis have dramatically larger consumer exposure and experience allowing for a much more substantial safety database.
- And, finally, what it takes to win with the global consumer in non-prescription healthcare is exactly the same as in other categories. That is: top quality products offered at a competitive value. What could be better for the consumer?

In summary, dramatically increasing the number of truly global brands would be a great step forward for consumers to responsibly self-medicate. Harmonisation is

required in key areas of presentation consistency to accomplish this. And I believe it is possible. The work the International Conference on Harmonization has done in aligning registration requirements for Rx drugs on a global basis is truly impressive. It demonstrates progress on issues such as these can be made if there is focus and commitment. I realise many country Boards of Health and industry associations – including the AESGP and WSMI – are working these issues. This is truly critical work. To those of you who may not have engaged on this, I encourage you to do so.

The bottom line. Global brands can and should mean more and better choices; made available faster, more simply, in a more responsible way. Everyone wins.

