

Over-the-counter (OTC) remedies rescue consumers from skin and health issues that are—at the time—more pressing than fine lines and wrinkles

From aches and pains to zits and rashes, the over-the-counter (OTC) health care sector addresses a number of wellness and appearance issues that consumers can't wait to alleviate. And while they are pressing, these minor calamities are far from life threatening, which means consumers won't dish out a co-pay for a cure. Instead, they'll cough up cash for a medicated OTC treatment.

Breaking down key areas of the OTC market, sales of topical analgesic products at US multi-outlets rose an impressive 7.15% to \$506.7 million, according to IRI's data for the 52 weeks ended Dec. 28, 2014. Anti-itch treatments, including calamine, posted a similar gain, up 6.93% to \$539.9 million and first aid ointments/antiseptics tallied a 4.19% gain to \$849.1 million (for more categories, see chart).

These types of products, while not nearly as sexy as an anti-aging serum or hand-held laser, are in the wheelhouse of companies such as Chattem, Inc., which makes products like Gold Bond, Icy Hot and Cortizone-10, and baby care and first aid behemoth Johnson & Johnson.

Another player is Clarion Brands, a new holding company formed in late 2014 by PE firm Swander Pace Capital to acquire six niche OTC brands from DSE Healthcare Solutions. Clarion's roster includes Absorbine Jr., a topical pain reliever, Anti-Monkey Butt (a powder that absorbs excess sweat), Albolene makeup remover, treatments for tinnitus and excessive underarm sweating, as well as pain reliever that helps women manage the discomfort of urinary tract infections.

While Anti-Monkey Butt and Albolene are new to Swander, the OTC sector isn't; the firm's prior investments have included Prestige Brands and until recently, Insight Pharmaceuticals, which Swander sold to Prestige in September 2014 for \$750 million.

OTC was always a draw for the firm, according to Mo Stout, managing director at Swander Pace. "We have a long history with consumer healthcare. It has good long-term demographics, given the overall cost of health care, people are seeking alternatives and self medication," Stout told Happi in a phone interview.

Under Swander's control, Insight's sales rose from \$80 million to more than \$200 million through sales of well known products like e.p.t. home pregnancy tests, Monistat and a bevy of additional SKUs that stretched from cough/cold to pain relief to skin care to lice treatment.

Stout and the new management team that's been created to lead Clarion expect a similar level of success this time around.

"We hope to do same thing we did with Prestige; build a nice portfolio of niche consumer healthcare brands," said Stout.

"Fundamentally, we have a great management team that we have a lot of trust in."

Putting a Stop to Pain

Trusting a formulation's efficacy is equally as important to consumers who are suffering from conditions that range from cold sores and rashes to pulled muscles and dandruff.

Venerable brands such as Carmex enjoy that trust already. After all, Carmex is a remedy that pharmacists have been talking about for years—16 in a row to be specific, according to the 1999-2014 Pharmacy Times Survey of Pharmacists' OTC Recommendations.

The long-standing brand manufactured by Carma Laboratories continues to garner attention for its new formulations, including new Carmex Cold Sore Treatment, which was recently named the 2015 winner in the specialty skin treatment category by Product of the Year USA. The treatment immediately acts to relieve pain and itch with 10% benzocaine, while optical diffusion technologies work in tandem to minimize the appearance of the sore. The formula also contains a blend of silicone elastomers, commonly used in high-end skincare products, to give the product a smooth, silky feel, according to the firm, which is based in Franklin, WI.

Tiger Balm—which also enjoys a long lineage in topical pain relief—is keeping current too, having formalized an endorsement deal with professional flatland BMX rider Terry Adams. According to Prince of Peace Enterprises, Inc.—the sole licensed US distributor for all Tiger Balm products—Tiger's brand image is bold and strong, making it an ideal fit for extreme sports athletes such as Adams who take their bodies to the limit with daring and bold high-impact stunts that can cause sore muscles, strains and sprains.

But the brand's not forgetting the average Joe. In addition to the endorsement deal with Adams, Tiger Balm has bulked up its roster with a new SKU called Tiger Balm Neck & Shoulder Rub. This SKU is designed for a less extreme activity, but one that's proliferated in modern times—think neck and shoulder strain from too much time in front of the laptop or tablet, or even the rigors of the daily grind.

“These stresses can cause tightness, tension and pain around the neck and shoulder areas. Tiger Balm Neck & Shoulder Rub was developed to bring attention to and address this need,” said Wellington Quan, general manager, American Market Division, Prince of Peace Enterprises, Inc.

According to Quan, the medicinal scent of topical pain relieving products could be “barrier for a person to use such a product during the daytime, especially at work.” But, he continued, “Tiger Balm Neck & Shoulder Rub has a vanishing scent, which dissipates in about 5-10 minutes, which makes it appropriate for any social situation.”

“Consumer awareness of the side effects of prescription drugs and pills has grown in recent years, so there have been more consumers switching over to topical applications. And, as more consumers increase their desire for living healthy, the trend for topical pain relievers will continue to grow,” said Quan.

Axing Acne at Home

Taking matters into one's own hands has been a strategy employed by many teens suffering from acne, making these treatments another cornerstone of the OTC marketplace.

Treating breakouts at home is something that even prescription specialist Galderma has undertaken with the rollout of Benzac Acne Solutions. The launch marks Galderma's first-ever OTC acne regimen.

“We make the No. 1 prescription acne topical brand, and to help simplify and eliminate the guess work out of treating acne over-the-counter, we created the Benzac Complete Acne Solution Regimen—there are more than 1,300 acne products available over-the-counter, so it can be tough for people to know what works and what doesn't,” said Miles Harrison, vice president and general manager, US self medication, Galderma Laboratories, L.P. “Unlike many other acne treatments that don't live up to their claims, the Benzac regimen has clinically proven technology to treat stubborn acne and minimize irritation.”

According to Harrison, in a study, 91% of people saw an improvement in their acne after using the regimen for two weeks.

The formulation is fueled by a pharmaceutical grade of East Indian sandalwood oil—an ingredient that has been used for thousands of years in Eastern medicine and is known to have antibacterial and anti-inflammatory properties. The oil contains antioxidants and moisturizing fatty acids, and when used topically, it soothes redness and irritation. Compared to other types of sandalwood oils, this variety has the highest level of santalols (an organic compound naturally produced by a variety of plants), which is known to give the oil a more potent antibacterial and anti-inflammatory effect, according to Galderma.

According to Harrison, Benzac builds on Galderma’s “long-standing heritage in prescription acne treatments and commitment to providing innovative dermatological solutions” by offering an effective, non-irritating solution for the nearly 100% of teens and up to 50 million Americans who suffer from mild-to-moderate acne.

“We want to help patients avoid the frustration of experimenting and skin irritation from multiple OTC products,” Harrison said.

Galderma is entering a crowded category, but is looking to cut through the clutter with an advertising campaign that kicks off this month, and it has been using social media channels like YouTube, Twitter and Facebook to spread the word about this new OTC regimen, which includes Benzac Skin Balancing Foaming Cleanser, Benzac Intensive Spot Treatment and Benzac Blemish Clearing Hydrator. The firm does note that if people haven’t experienced clearer skin after using the Benzac regimen for two weeks, it’s time to visit the doctor for prescription treatment.

La Lumiere is also making waves in the mass market acne care sector with Illumask, which uses the same red and blue light wavelength technology as in the dermatologist’s office to uniformly distribute acne-fighting light over the entire face.

FDA-cleared for the treatment of mild to moderate acne, clinical testing showed that more than 93% of users saw overall skin improvement in as little as two weeks, the number of inflammatory acne lesions was reduced by 100%, and the number of non-inflammatory lesions was reduced by over 73%, according to the company, which recently secured a \$20 million Series B financing that included Johnson & Johnson Development Corporation as a backer.

The most intriguing aspect of Illumask is the price point. At \$30, it is an affordable device and it currently has shelf space at the three biggest retailers in the country.

“We cut through shelf clutter by not having the same thing,” said Jake Tapper, founder of Illumask who noted that direct response has been the best means of exposure for the product.

According to Tapper, with the start of a new direct response media campaign, Illumask became the No. 1 acne item at Ulta, Target and Walmart. (You can learn more about Illumask and other skin care devices in a recent video interview with Kline & Company, “The Dynamics of Beauty Devices,” which can be found online at Happi.com).

The OTC sector serves as a savior for other skin-related issues that often affect consumer’s self-esteem.

Derma e, Simi Valley, CA, has recently rolled out Scalp Relief Hair Care, a new shampoo and conditioner pair that treats issues such as dandruff, eczema and psoriasis. This doctor-developed regimen helps alleviate symptoms through use of highly effective natural ingredients, according to Jennifer Norman VP of marketing for Derma e.

The formulas contain key ingredients from Derma e’s Psorzema products, specifically neem, burdock and bearberry.

“This therapeutic Psorzema herbal blend helps gently soothe the scalp and encourage natural healing,” said Norman.

In addition, Scalp Relief formulas contain tea tree, menthol and salicylic acid. The trio offers powerful antiseptic, antibacterial and antifungal properties; cools and calms itch on contact; and penetrates to lift away excess flakes and surface buildup, respectively.

Unlike other therapeutic hair care products that may only address one cause of scalp problems, Scalp Relief formulas work in four healthy ways to provide more complete relief, according to Norman.

“Furthermore, you can feel good knowing both formulas are clinically tested, allergy tested, coal tar-free, pine tar-free, steroid-free, prescription-free and safe for color-treated hair,” she said.

OTC Keeps the Doc Away

It appears the vast majority of Americans see real value in OTC remedies.

According to the Consumer Healthcare Products Association (CPHA) 93% of US adults prefer to treat their minor ailments with OTC medicines before seeking professional care. And they’re putting that preference into practice. The average US consumer makes 26 trips a year to purchase OTC products—but they only visit doctors, on average, three times a year, noted CPHA.

That’s a trend that could cure the sales ills of any OTC product manufacturer.

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