

20 CATEGORY INSIGHT 14 REPORT

OTC HEALTHCARE PRODUCTS: DIVERSE OFFERINGS FOR MARKET GROWTH

OVERVIEW

OTC healthcare products have experienced lackluster sales growth during the past few years and continue to face challenges in the market. Some product categories have fared better than others. For example, sleep aids charted moderate growth while there were flat sales in cough, cold & allergy, and declining sales in digestive health.

With increasing competition from private labels in all categories, leading brands continue to search for innovations to provide differentiation and enhance consumer appeal. Much of the recent product differentiation has involved new and improved flavors or dosage forms. In new and improved product launches, the proportion of flavored versions has grown from 35% to 50% during the past five years.

As far as dosage forms, the majority of launches are still in versions that are swallowed whole. These are mostly tablets or capsules/gelcaps, but other types are catching up. Liquids, lozenges, chewable tablets and gummies now account for about half of all new product launches in OTC meds overall, with even higher levels in some categories.



COUGH, COLD & ALLERGY

Lozenges and liquids now account for about 60% of new product launches in the cough, cold, & allergy category, but alternative dosage forms like fast-dissolving strips are also available for consumers.

LOZENGES

In lozenges, much of the activity involves warming and cooling. Intense cooling versions are offered by Halls, Ricola, and Cepacol, as well as Halls Plus® with icy syrup centers in lemon and strawberry flavors to soothe sore throats while cooling nasal passages.

On the warming front, Chloraseptic Warming lozenges have green tea with honey and honey lemon flavors with soothing liquid centers.

Can't decide? You can have it both ways with Halls® Warm-Ups, which provide menthol vapors to cool nasal passages and a warming sensation to soothe sore throats. Available in mocha mint and apple cider flavors.



COUGH, COLD & ALLERGY (continued)

LIQUIDS

Warming sensations are also found in liquid versions of cough, cold & allergy meds. Theraflu Warming syrups have cherry and orange flavors in several versions to treat a range of symptoms. Chloraseptic Warming Sore Throat Spray has a honey lemon flavor.



Other major brands offer a wide variety of flavored liquid products. For example, DayQuil and NyQuil products are offered in different versions for various symptoms in flavors such as berry, cherry, citrus and tropical. Delsym Cough+ liquids have a mixed berry flavor for cough + cold, and there is a cherry flavor for cough + chest congestion.

Children's syrups are also offered in a range of flavors. We see mixed berry in Children's Mucinex, orange, cherry, grape and tropical in Triaminic, and bubble gum flavored syrups in Triaminic and private label syrups.

COLD, COUGH, ALLERGY (continued)

ADD-TO-WATER

Other dosage forms in the cough, cold & allergy category include powders to dissolve in hot water, such as Alka-Seltzer Plus in honey lemon zest flavor, and a range of Theraflu powders in flavors such as honey, lemon, citrus, green tea, berry, apple cinnamon and menthol. Alka-Seltzer Plus also markets its effervescent tablets for cough, cold & flu in citrus, lemon, orange and cherry flavors. Zicam offers two unique dosage forms in the category: lemon-lime flavored crystals to pour directly into the mouth and strawberry flavored soft chews.



ALTERNATIVE DOSAGE FORMS

Several brands also have alternative dosage forms that dissolve quickly in the mouth, such as tablets and thin strips. Zyrtec Dissolve Tabs are available in citrus flavor, Zicam Rapidmelts are found in citrus, cherry, mint and lemon-lime flavors, Cold-Eeze Quick Melts in berry flavor, and Claritin Reditabs are mint flavored. Also, fast-dissolving thin strips are marketed in berry and grape flavors under the Children's Triaminic Thin Strips brand.



DIGESTIVE HEALTHCARE

The digestive healthcare market has evolved far beyond the old forms of chalky liquids and tablets. In recent years, the proportions of flavored liquids, chewable tablets and gummies have grown steadily and now account for over 50% of new and improved product launches, with fewer launches of unflavored tablets and capsules to swallow.

LIQUIDS

Liquid products now come in many different forms: ready-to-drink, throat sprays, powders, effervescent tablets added to water, and freezable water-ice pops. Flavored RTD liquids are offered by many brands such as Pepto-Bismol, Phillips, Rolaids, Imodium, Kaopectate, Maalox, Mylanta and Pedialyte. Most products for adults currently have mint, cherry, or berry flavors, while children's products also have grape and bubble gum flavors. Another liquid form is a cherry flavored throat spray from HeartBurn Out for quick relief of heartburn pain.



DIGESTIVE HEALTHCARE (continued)

ADD-TO-WATER

Add-to-water products include single- or multi-serving packs of fiber from Metamucil, Citrucel and Benefiber in flavors beyond the traditional orange, such as berry, pink lemonade, kiwi strawberry and cherry pomegranate.

Other add-to-water products are effervescent tablets from Alka-Seltzer in original and lemon-lime flavors, and powder stick packs from Pedialyte in strawberry, grape, apple and fruit punch flavors. And for kids who prefer a frozen treat, Pedialyte offers ready-to-freeze pops in grape, blue raspberry, cherry and orange flavors.



CHEWABLE

Chewable forms of digestive aids now come in a diverse array of tablets, gummies and soft chews. Many chewable tablets still have mint flavors, with some slight twists to wintergreen or spearmint flavors, or dual functions such as Tums antacid /breath freshener. Line extensions from Pepto-Bismol, Pepcid Complete, Alka-Seltzer, Gas-X and Tums include various other flavors such as cherry, berries, orange, lemon and tropical fruits.



DIGESTIVE HEALTHCARE (continued)

GUMMIES

Gummies are offered mostly as chewable fiber supplements, such as Phillips, L'il Critters and Fiber Choice, with assorted fruit flavors in each package. Antacid products can now be found in a range of soft chews, including Tums Chewy Delights and private labels, mostly in peppermint and cherry flavors.



FAST-DISSOLVING

Unlike other OTC meds, the digestive health category currently has relatively few fast-dissolving tablets and thin strips. Examples include Vedic Mantra GitON fast-dissolving probiotic tablets in lemon-lime flavor and Gas-X Thin Strips with peppermint and cinnamon flavors.



FLAVOR COATINGS

Another new development in recent years has been the addition of a flavored coating to tablets or caplets to be swallowed — not chewed. These products provide a flavor sensation in the mouth and throat when swallowed. Examples include Prilosec OTC in wildberry flavor and Zantac 150® in cool mint flavor.



SLEEP-AIDS

Recent years have seen growing numbers of liquid and chewable forms of sleep aids, in parallel with fewer launches of tablets to swallow.

LIQUIDS

In liquids, doses may be taken by the capful or droppers, as well “shots” in single-dose containers. Berry flavor has become the most prevalent, as in products from ZzzQuil and many private labels. Other flavors such as cherry and orange can be found in melatonin liquid products, such as Puritan’s Pride and Source Naturals, with dosages via droppers of the liquids taken directly or added to a beverage. And for added convenience, single-dose containers are offered by several brands, such as Dream Water, V!ah, and Alteril with liquid “shots” in flavors such as berry, fruit, citrus, and lemon tea.



CHEWABLE TABLETS & GUMMIES

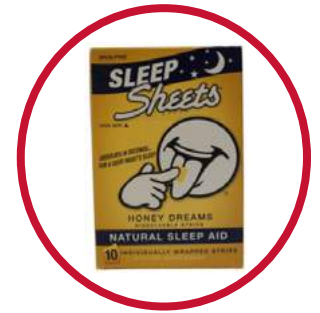
Chewable tablets and gummies have also become popular forms, especially in the melatonin sector. For example, vitafusion, Sundown Naturals, and Natrol offer melatonin gummies with various flavors such as white tea & passion fruit, strawberry, and mixed berry. Chewable tablets with melatonin include Pillow Mint brand with mint flavor and Nature Made with chocolate mint flavor.



SLEEP-AIDS (continued)

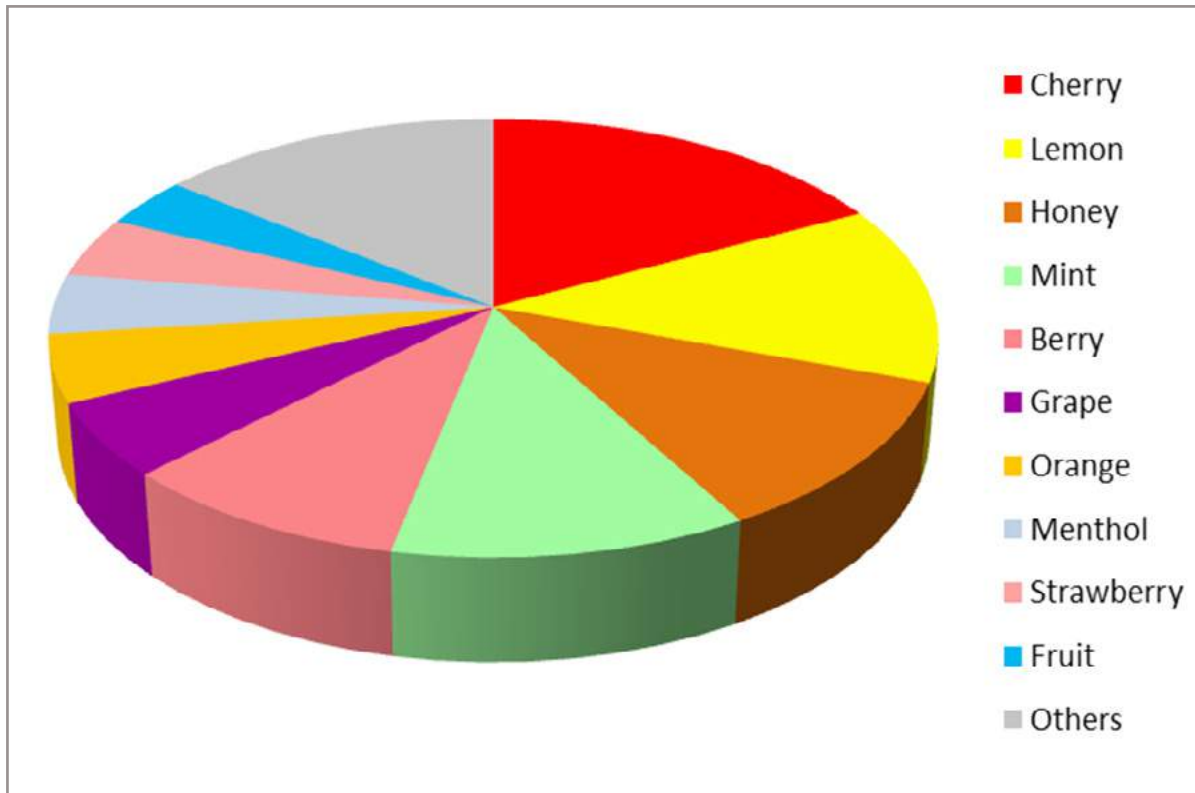
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POPULAR FLAVORS

New and improved OTC meds have come in many flavors during the past five years in the U.S. However, the top 10 flavors have accounted for more than 80% of the launches.



FONA CAN HELP!

Let FONA's market insight and research experts translate these trends into product category ideas for your brand. They can help you with concept and flavor pipeline development, ideation, consumer studies and white space analysis to pinpoint opportunities in the market.

Our flavor and product development experts are also at your service to help meet the labeling and flavor profile needs for your products to capitalize on this consumer trend. We understand how to mesh the complexities of flavor with your brand development, technical requirements and regulatory needs to deliver a complete taste solution. From concept to manufacturing, we're here every step of the way.

Contact our Sales Service Department at 630.578.8600 to request a flavor sample or visit www.fona.com.

Sources:

Mintel Global New Product Database

Mintel Food & Drink

Euromonitor International Consumer Health