A.T. Kearney

Winning the Battle for Consumer Healthcare

Mobilizing for Action

A new market of consumer-focused healthcare products is emerging to occupy the space between consumer goods and pharmaceuticals—and becoming a battleground that giants in both industries are gearing up to dominate.

Many factors—consumer awareness of health issues, higher personal incomes, more focus on fitness, and the urbanization of emerging economies, just to name a few—have combined to create a new market for healthcare products. And the world's leading pharmaceutical and consumer goods companies are eager to do battle for this new market's seemingly unlimited potential.

These companies bring different strengths—and weaknesses—to the battle. We believe the consumer health company of the future will be an amalgam of the two industries, able to engage consumers and prove the clinical effectiveness of their products and as adept at dealing with medical professionals as negotiating supermarket shelf space. Even more important, such a company will have the ability to identify unmet consumer needs and develop innovative ways to unlock true value in the marketplace.

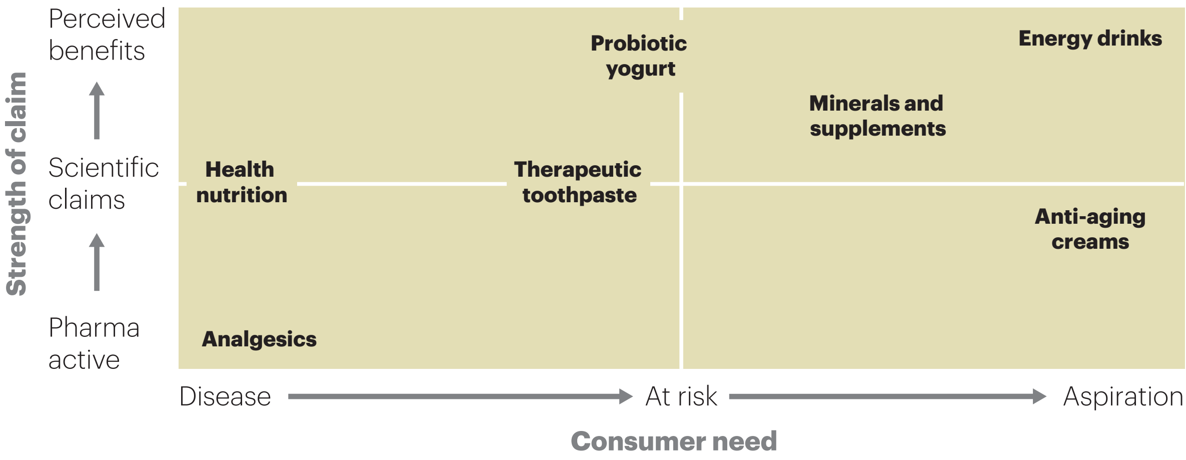
In this second paper in a series on the consumer health industry, we explore answers to questions our consumer health clients are asking.[1] Which categories should we focus on? Can we succeed with global products and brands, or is this a local market play? How should the product be positioned between consumer goods and prescription drugs? Where should we focus—on developed or developing markets, or both? How do we manage specialist and mass-market channels? What's the best operating model for us?

The fight for the consumer health market is a war with multiple fronts, and participants will have to organize effectively, move swiftly, and know which battles they must take on and which tactics will ensure victory.

Defining Consumer Health

The consumer health market covers a wide range of categories and products, all of which claim to improve some aspect of health or wellbeing and are not generally reimbursed by healthcare systems. Product characteristics vary widely, with the two most essential dimensions being the consumer needs they address and the strength of the claims they make (see figure 1).

Figure 1
Defining the consumer health market



Source: A.T. Kearney analysis

[1] The first paper, *Winning the Battle for Consumer Health: Science versus the Marketers*, is available at www.atkearney.com.

Needs addressed by product. Consumers' needs vary widely depending on their state of health. For people who are generally healthy, product need is associated with some aspirational state, such as having more energy, being fitter, or looking younger. People who are not healthy need treatments for their maladies. In between are people who are neither really healthy nor really ill—they just need to relieve a headache, soothe aching muscles, or do what they can to prevent future illnesses.

The differences between being healthy and ill, of course, are far from clear-cut, and there are plenty of examples of medicalization, where a natural human condition—erectile dysfunction, for example—gets classified as a medical condition. This is often driven by the emergence of products that treat the condition. There is also a trend to promote products as being preventive in nature, which generates a more predictable buying pattern and higher revenue. While some products claim only to soothe an upset stomach or ease a headache, others claim to prevent far more serious afflictions. Some of these products have been clinically proven to do what they claim, such as the use of low-dose aspirin to reduce heart-attack risks and, more recently, ward off cancer metastasis. Others, such as some mineral supplements, may, at best, do no harm. For example, the *Journal of the National Cancer Institute* found that there is "little to no scientific evidence that supplements reduce cancer risk" but that "high doses of some supplements (such as beta carotene) increase cancer risk."[2]

The consumer health war is shaping up on two fronts: pharma with scientifically proven products and consumer packaged goods with compelling marketing stories.

Strength of the claim. The second dimension is the strength of the product's claim. Any product made with a pharmaceutically active ingredient is subject to stringent standards of proof of efficacy and safety, and this encompasses much of the over-the-counter (OTC) market. The limits are clear about what claims can be made and, often, the channels through which these products can be sold. However, the limits are fuzzy for less-regulated products about which manufacturers sometimes make plainly untrue assertions about effectiveness. For example, it's hard to prove that hydration is not best performed by water.

The burden of proof required to make any health claims is increasing. In May 2012, for example, the European Commission (EC) approved 222 health claims on food and rejected 1,700. The commission now requires companies to substantiate their claims. Food isn't the only category drawing more regulatory scrutiny in Europe. The EC now requires scientific proof of sunscreen protection factors, and manufacturers of products made with the Chinese curative ginseng are being challenged in some markets to prove its powers. Indeed, in markets such as Spain, ginseng is regulated as a pharmaceutical ingredient in several jurisdictions. The EC has also recently tightened the regulation of traditional herbal remedies and now requires such medicines to be assessed by national regulatory agencies before they can go on sale.

[2] "Dietary Supplements and Cancer Prevention: Balancing Potential Benefits Against Proven Harms," April 2012, *Journal of the National Cancer Institute*

Manufacturers are also making moves to emphasize scientific claims as a way of capturing market share or justifying a price premium. Boots No7 skincare products, for example, are promoted as being clinically proven treatments for wrinkles and other skin flaws, and L'Oréal has invested in large randomized trials for its facial creams. The latter claims that its Vichy LiftActiv Retinol HA anti-aging skincare product is backed by a clinical trial involving 52 women, while its Vichy Night Care anti-wrinkle cream has undergone no fewer than seven clinical trials involving 300 women.

In short, the consumer health war is shaping up on two fronts. On one side, the pharma industry is addressing explicit health needs with scientifically proven products, and learning how to market these products more effectively. On the other side, the consumer packaged goods industry is using compelling marketing stories about how quality of life can be improved, and learning to back up those claims with scientific evidence.

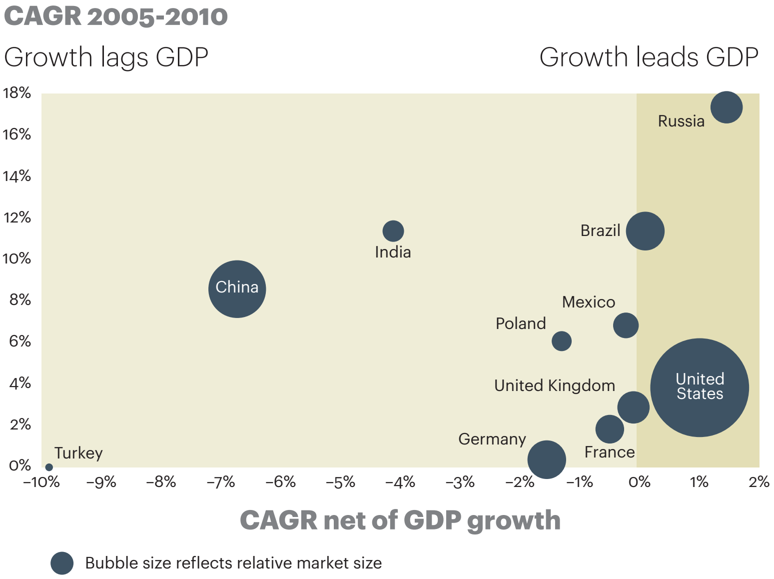
Choosing the Battlefield

With such a wide range of product categories to choose from, the question becomes which battle to fight—and where? Which categories are hot? Which markets are driving the most growth? Given the rise of chronic diseases, higher household incomes, and more consumer knowledge and awareness about health, one would expect the consumer health market to be growing by leaps and bounds everywhere. This is not the case.

Globally, consumer health markets are growing at an average of 5.7 percent but are lagging overall GDP growth (see figure 2). Compared to other categories, consumer health grows at

Figure 2

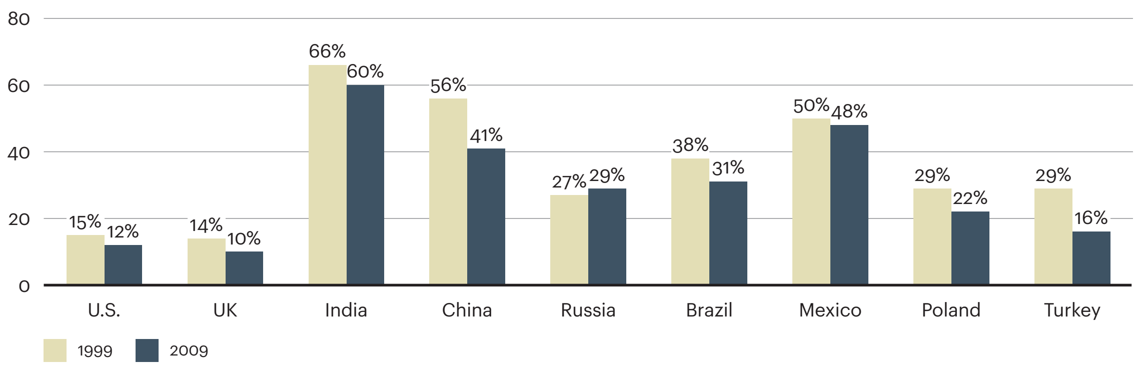
Consumer healthcare in most markets is barely keeping up with gross domestic product (GDP)



Notes: Consumer healthcare is defined here as over-the-counter, sport nutrition, vitamins and dietary supplements, weight management, herbal and traditional, allergy products, and child-specific products. Historic data at constant Economist Intelligence Unit average 2010 exchange rates to $.

Sources: Euromonitor; A.T. Kearney analysis a snail's pace, particularly when times are good. For example, between 2005 and 2012, consumer health categories in India grew by less than 13 percent a year, but the cosmetics market grew more than 27 percent per year. There is also a common belief that the market is being driven by consumers bearing an increasing burden of health costs. Not so: The proportion is actually falling, and consumer health spending generally lags overall health spending (see figure 3).

Figure 3
Out-of-pocket payments as percent of healthcare spend



Sources: World Health Organization; Health Status and Health Service Utilisation Q3 2008, Central Statistics Office; Health and Safety Executive Annual Report 2008

Several things are responsible for this relatively slow growth. First, getting people to become more health conscious is not easy. According to Eurostat, 80 percent of the UK population believe themselves to be in good or very good health, and only 5 percent consider themselves to be in bad health—this in a country where 23 percent of the people are obese and more than 30 percent have hypertension. Even when people do know they're unhealthy, they look to their health system for treatment rather than address the problem themselves.

Relatively new lifestyle categories, such as **food supplements and energy drinks, are driving market growth, signaling a shift from illness to wellness.**

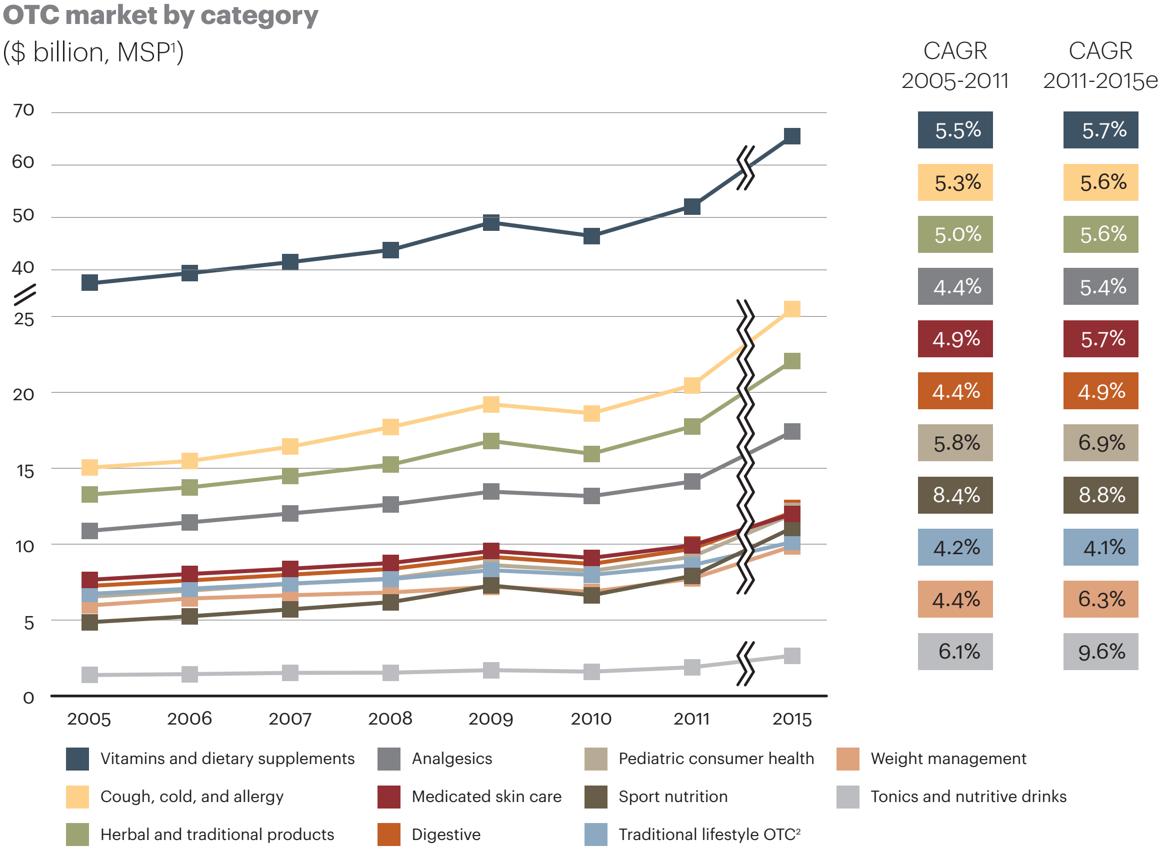
Second, the market faces a real innovation deficit. Portfolios of leading consumer health companies feature products that are an average of 30 to 50 years old. The OTC market has historically been driven by so-called Rx-to-OTC switches, where drugs containing certain pharmaceutical ingredients and available only with a prescription are licensed for sale over the counter once their safety profile is well established (and, typically, once the product has lost its patent protection). However, only a handful of active ingredients have achieved OTC-switch status in the United States over the past five years. Meanwhile, the pipeline of new pharmaceutical ingredients coming off patent is drying up, and the few that do exist, such as anti-psychotics and biopharmaceuticals, are unlikely to be suitable for purchase over the counter. In this market, innovation has been basically limited to marketing and product variants rather than scientific efforts.

This isn't to say the market lacks sweet spots of significant growth opportunities. A look at historical growth rates reveals that the relatively new lifestyle categories, such as food supplements and energy drinks, are driving market growth, signalling a shift from illness to wellness as the new consumer motivator (see figure 4).

Potential Hot Markets

Not surprisingly, emerging markets such as Brazil and India are showing the greatest growth rate in consumer health, just as they are in many other categories. But these markets are still relatively small compared with the huge U.S. and Western Europe markets. The true picture

Figure 4
Growth of OTC market, 2005-2015e



Note: OTC is over-the-counter; MSP is manufacturer's selling price.

[1] Sales data: retail value MSP/$ billion, historic constant 2011 prices, forecast constant 2011 prices, historic fixed 2011 exchange rates, forecast fixed 2011 exchange rates

[2] Includes calming and sleeping, wound care, ear care, eye care, smoking cessation using nicotine replacement therapy, emergency contraception, OTC triptans, and adult mouth care.

Sources: Euromonitor, 2010: Consumer Health, Passport database; A.T. Kearney analysis emerges when we look at combinations of categories and geographies to find the hot spots for growth (see figure 5).

Figure 5
Hot spots for growth

Top 25 segment opportunities, 2006-2011
($ million, MSP[1])

	North America	Western Europe	Asia Pacific	Latin America	Eastern Europe	Middle East and Africa	Australasia
Vitamins and dietary supplements	3,371	941	5,671	1,022	767	386	
Herbal and traditional products			2,529	387			
Digestive				590			
Cough, cold, and allergy	990		1,264	1,090	812		
Analgesics			657	866			
Sport nutrition	1,583	480					
Pediatric consumer health			1,098	445			
Medicated skin care			1,008	423			
Weight management			651	389			
Tonic and nutritive drinks			389				
Traditional lifestyle OTC[2]			381				

High growth · Higher growth · Highest growth

Note: MSP is manufacturer's selling price.
[1] Sales data: retail value MSP/$ billion, historic constant 2011 prices, forecast constant 2011 prices, historic fixed 2011 exchange rates, forecast fixed 2011 exchange rates
[2] Includes calming and sleeping, wound care, ear care, eye care, smoking cessation using nicotine replacement therapy, emergency contraception, OTC triptans, and adult mouth care.
Sources: Euromonitor, 2010: Consumer Health, Passport database; A.T. Kearney analysis

Perhaps the most disappointing statistic we see is the lack of growth in Western Europe. This is particularly surprising given that health needs increase with age, and Western Europe will hold more than 35 percent of the world's "gray wealth" over the next decade—more than twice that of Brazil, Russia, India, and China combined, providing a huge and largely untapped market.[3] However, a glance at the pharmacy and supermarket shelf shows that consumer health companies seem satisfied promoting trendy health supplements to young people who do not need them, rather than providing solutions to the very real health problems older people face.

Generally speaking, choosing the right battles has been the strategy for success in the consumer health market. We analyzed the performance of leading consumer health companies to see what had driven their growth. After stripping out the impact of acquisitions, we found that 20 to 35 percent of all growth could be explained by the natural growth of local categories, largely driven by demographics, with another 50 to70 percent being driven by acquisitions. Only 10 to 15 percent came from any type of market-share growth. This is proof that being in the right place—or choosing the right battlefield—matters. The battle still has to be won, however, and that's where tactics come into play.

[3] United States Department of Agriculture Economic Research Service International Macroeconomic Data Set (January 2012); United Nations, Department of Economic and Social Affairs, Population Division (2011)

Winning Tactics

Given their respective histories, one would expect our two protagonists to approach the market battle with very different mindsets. Consumer goods companies would try to build global brands and use marketing muscle to win supermarket shelf space. Pharma, on the other hand, would use Rx-to-OTC switches as a source of innovation, maintaining their grip on pharmacy and specialist channels and building a portfolio of local assets. Indeed, this is pretty much what we found: Players apply the tactics they are most comfortable with and apply much the same approach across the portfolio.

It is difficult to say which is the winning model. In fact, we aren't convinced that either approach is inherently superior. The best tactics will depend on the category and the geography and the type of company you want to be. The two most important decisions will be the brand's role and the distribution channels.

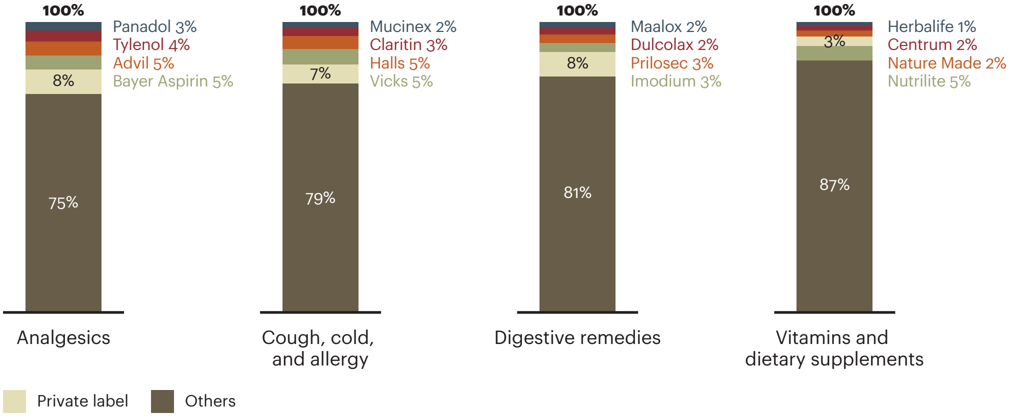
Brand versus Category

Consumer goods and pharma companies define "brand" quite differently. To a consumer goods company, a brand is the articulation of a relationship with a consumer, encompassing personal aspirations, trust, and promises of performance. To a pharmaceutical company, a brand is a molecule—and the value of some of these molecules is enormous. Lipitor, a cholesterol-lowering drug, has achieved sales of more than $25 billion a year. To put this into perspective, Coca-Cola generated $31 billion in revenue in 2009.

Unfortunately, it is hard to find any consumer health category where global brands under either definition have made any significant impact. A look at top brands across categories shows that global brands rarely achieve more than a few percentage points of market share (see figure 6).

Figure 6
Top brands have achieved only small market share

Top five brands in five categories
(% of global market share, 2011[1])



[1] Retail selling price
Figures may not resolve due to rounding.
Sources: Euromonitor; A.T. Kearney analysis

This is especially true in Asian growth markets, where local brands are king. A good example is traditional medicine, which dominates China's fast-growing minerals and supplements market.

This does not mean that trying to build global brands is a pointless strategy. Big brands are a proven way to access growing mass-market channels. One need look no further than the story of Yakult and Danone probiotic health drinks, which clearly demonstrates how a large global company with a brand-led marketing strategy can overwhelm a local specialist (see sidebar: A Tale of Two Brands). Global brands are also a good strategy for genuinely innovative products—though as we have mentioned, product innovation is sadly lacking in the consumer health industry.

A Tale of Two Brands

The story of small innovator Yakult and fast follower Danone reveals how a large global consumer company can overpower a local specialist, even in an industry where proof of health claims is critical (see figure).

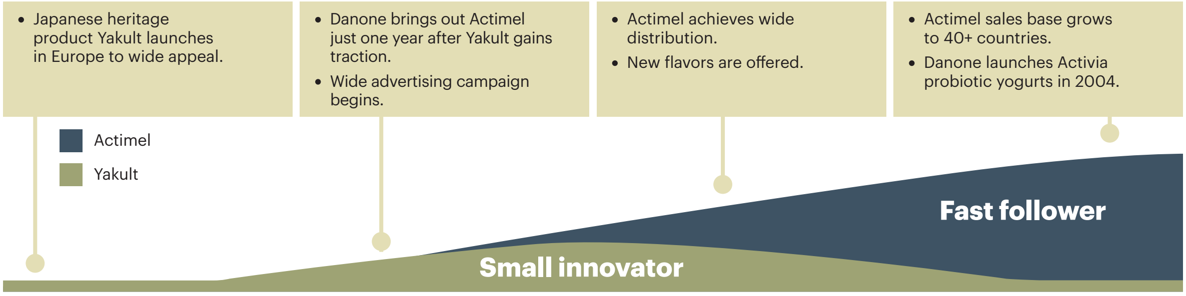
In 1935, Yakult, a small Japanese company, launched a probiotic yogurt-like drink containing the *Lactobacillus casei Shirota* bacteria. The company claimed the product helped improve stomach health by promoting good bacteria—and had the evidence to prove it. It was generally distributed through health food shops and pharmacies.

In 1994, global giant Danone, known as Dannon in the United States, saw the market potential and launched Actimel, a yogurt drink sold as DanActive in the United States and Canada. It features *Lactobacillus casei DN-114001* (commonly marketed as *Lactobacillus casei Defensis or Immunitas)* bacteria, which the company claimed had stomach-soothing effects similar to the bacteria in Yakult's drink. Danone's product was supported by a huge marketing campaign in major supermarket chains and within a couple of years, Actimel was the market leader.

However, the aggressive marketing approach adopted by Danone resulted in it being caught by the increasing regulation of health claims. Activia had been marketed as easing the digestive system, and Actimel claimed to reinforce the body's protection against disease. In 2010 Danone was sanctioned by the European Commission for false product claims, stating that the evidence did not support its advertising claims. Despite the necessary change in the claims being made, Actimel remains the market leader.

In a final twist to the tale, in 2000, Danone took a 3 percent stake in the company that manufactures Yakult and is currently looking to increase that stake above its current 20 percent. Yakult's president opposes the increase, saying it could impact the company's independence.[4] Discussions between the two companies continue.

Figure
The brand battle for the probiotic drink market



Sources: Mintel, company websites; A.T. Kearney insight and analysis

[4] "Yakult President Opposed to Danone's Stake Increase," June 2012, *Daily Yomiuri Online*, www.yomiuri.co.jp

However, the reality is that in most markets, consumer health companies will have to build on existing local brands that embody trusted relationships and are tailored to local needs. For this reason, it is probably more productive to pursue category leadership than building global brands.

We believe that if consumer health is to achieve its full potential, it needs to grow beyond Rx-to-OTC switches and clever marketing. It needs to develop science that truly addresses the health needs of the aging and chronically ill and build the expertise to reach out to consumers and help them embrace their own health needs. It needs to convince consumers and health professionals alike that its products are safe and effective, and generate the evidence to prove it.

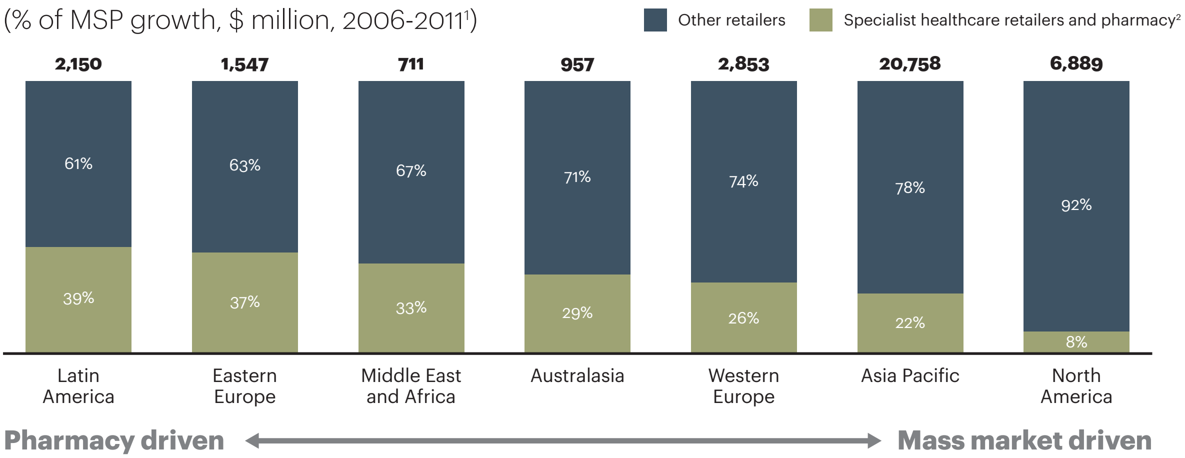
It is enlightening to look at the evolution of the food industry, where many companies are adopting the category platform model. Innovation, technology, product concepts, and formats are shared across countries, while the brands with very strong local consumer loyalty are maintained.

Specialist versus Mass-Market Channels

Nothing illustrates the battle for consumer healthcare more clearly than the choice of distribution channels. Historically, pharmacies have been the dominant consumer health channel, protected by both tough regulation and customer expectations of where health products should be sold. However, there is a trend for deregulation, supermarkets are becoming more credible for health and beauty products, and much of the growth is coming from lifestyle products. Also, while developing countries such as India and China are seeing an expansion of pharmacies, pharmacy floor area in most developed markets—and even in Russia and Brazil—is declining, according to Datamonitor.

Overall, this means that most of the growth in consumer health sales, even OTC medicines, is occurring in mass-market channels (see figure 7).

Figure 7
Share of OTC growth per channel and region



Note: OTC is over-the-counter; MSP is manufacturer's selling price.

[1] Projected 2011 sales data: $ million, historic constant 2011 prices, forecast constant 2011 prices, historic fixed 2011 exchange rates, forecast fixed 2011 exchange rates

[2] Specialist healthcare retailers and pharmacy category include chemists and pharmacies, parapharmacies and drugstores, and other healthcare specialists; other retailers include non-store retailing, other non-grocery retailers, and mixed retailers.

Source: Euromonitor, 2010: Consumer Health, Passport database

Do pharmacies and specialist channels matter anymore? Absolutely. First, pharmacy deregulation has proved to be incredibly slow in most markets, so pharmacies remain the only route to market for many products. Second, margins generated in pharmacies and specialist channels are generally far higher than in supermarkets. Finally, specialist channels such as pharmacies and dentists provide the expert endorsements that justify premium pricing, which can carry over to the supermarket shelf.

The key for the successful consumer health company is to use specialist channels to maintain clinical credibility while using mass-market channels to achieve wide distribution—easier said than done, to be sure. In the oral care area, for example, some manufacturers have achieved such a channel triple play with distribution through dentists, pharmacists, and supermarkets, positioning their products as professionally endorsed and therefore retaining a significant premium price point as a result. This requires the kind of multichannel mastery that few consumer health companies can achieve.

Four Strategies for Success

With this in mind, A.T. Kearney developed four basic strategies that build on the traditional strengths of both the pharmaceutical and consumer goods industries. Appropriately enough, they take as their starting point either the consumer or science-based industries (see figure 8).

Figure 8
Battle strategies for consumer healthcare

Consumer goods

Mass-market maximizers

Category and channel champions

Pharmaceuticals

Discovery-driven disruptors

Scientific specialists

Characteristics

Niche products to the mass market
- Brand-led consumer marketing
- Mass-market distribution
- Line extensions, offers

Trusted supplier for customer health needs
- Specialist (and sometimes mass) channels
- Segmented products and needs
- Professional endorsement

Consumer-oriented solutions to health problems
- Specialist channels
- Scientific proof and patents
- Professional endorsement and recommendation

Non-reimbursed medical products
- Specialist channels (including hospitals)
- Scientific proof and patents
- Professional recommendation

Discretionary
Lifestyle
Broad population

Needs driven
Scientifically differentiated
Regulated claims and distribution

Source: A.T. Kearney analysis

Mass-market maximizer. This is a traditional consumer goods play. The idea is to identify niche products currently confined to specialist channels and use brand-led marketing to grow—as we saw in the probiotic health drink example. In this strategy, the premium of professional endorsement is sacrificed for volume. Shelf space is maximized through traditional tools of flavors and multi-packs, and retail collaboration is increasingly the source of innovation. This works well for aspirational products, for which professional recommendations are less important.

Category champion. A refinement of the mass-market maximizer strategy, the category champion positions the consumer health company as trusted supplier for specific health needs. Scientific credibility, professional endorsement, wide distribution, consumer insight, and smart marketing are all key requirements. Oral care and baby care are good examples, and this will probably be the winning strategy for areas such as diabetic food. This strategy requires a broad mix of pharmaceutical and consumer goods capabilities and the ability to apply science to consumer needs and create innovative ways of engaging consumers. It requires both sales skills to medical professionals and old-fashioned shelf-space battles in retail channels.

Generally speaking, **choosing the right battles has been the strategy for success in the consumer health market.**

Discovery-driven disruptor. For companies that boast genuinely new science, the discovery-driven disruptor emerges as a strategic option. The market potential is immense for any company able to develop consumer products that delay the onset of dementia or diabetes, for example—but the science has to work. Products in this category include foods and drinks, and also services and technology. Addressing chronic diseases may well require more than consumers buying a product—it will require them to get involved in a program that changes their behavior. The weight-loss market provides a good example. Virtually every "magic pill" has failed to take off, as was the case with GlaxoSmithKline's Alli, a weight-loss product that, despite a skillful global launch, exhibited distressing side effects that rendered it unsuitable for unsupervised use.[5] Meanwhile, behavioral programs such as Weight Watchers thrive. Such health-oriented programs are a challenge to pull off successfully: Getting people to manage their weight is analogous to Nike's decades-long campaign to get them to run.

But with Rx-to-OTC switches coming to an end, where will innovation come from? Every pharma company has a large parts bin of rejected molecules that failed to provide sufficient benefit in clinical trials or weren't patentable or worth reimbursement.[6] This would be a good place to start looking. Remember, Viagra is just a failed heart drug.

Scientific specialist. The scientific specialist produces products that meet health needs but are not reimbursed or are given as adjuvant therapies to more conventional medical interventions; a typical example would be dysphagia (difficulty in swallowing) and specialist nutrition. Distribution will be through specialist retailers or health professionals, with professional and peer recommendations the essential selling tools. This is probably the easiest area for pharma companies to enter, although consumer goods companies such as Nestlé and Danone are significantly invested in this strategy.

[5] "Slim pickings for a new drug strategy," *Financial Times*, June 25, 2012

[6] See Executive Agenda article, *Looking at Failure with a Fresh Eye*, at www.atkearney.com.

Which strategy is the right one? The answer will depend on the battleground—the category and geography—as much as the heritage of the company itself. This raises the question as to how many diverse strategies an individual company can pursue and what breadth of portfolio it can successfully support.

Organizing for Success

Most consumer health companies face two major organizational decisions: the degree to which the business should be decentralized or globally driven and whether consumer health is such a different business that it needs to be run independently of the main business, be it pharma or consumer goods.

Not surprisingly, leading consumer health companies tend to build their organizational model around that used by the "mother ship." Consumer goods companies tend toward centralized brand management and innovation, global manufacturing, and local brand activation. Pharma companies tend to be more localized. Given that growth for most of these companies has come through local acquisition, many are an organizational mess of fragmented, underpowered portfolios and complexity.

Where will innovation come from?
Every pharma company has a large parts bin of rejected molecules ... This is a good place to start looking.

We believe there are obvious areas that can—indeed, should—be leveraged globally. The science and expertise that drive a product's efficacy are definite assets that should be leveraged, and there is a glaring need for a strong strategic center to manage acquisitions and the overall portfolio. At the same time, however, we believe multiple geographic hubs could become essential for acquiring exposure to alternative sciences and reacting to varied consumer attitudes toward healthcare. For many products, global sourcing and manufacturing make sense. A global brand or category-led approach will tend to lead to centralized marketing activities, leaving sales, trade management, and brand activation as the core responsibility of the local affiliates.

Now we come to the key question of whether consumer health should be run as a separate business. Our answer is an emphatic yes. Applying pharmaceutical approaches to quality management makes consumer products too expensive and innovation too slow, and we have seen consumer healthcare portfolios destroyed by overzealous lawyers and regulatory officers applying pharma standards of claims and risk. And pharma manufacturing and supply-chain organizations have nowhere near the flexibility required of a promotions-driven business.

On the other hand, the cavalier approach consumer goods companies often take can cause huge problems for a company that relies on the strength of its health claims. Marketers have difficulty dealing with the rigors of regulatory filings, even when they know that the consequences of failing to meet standards for a health product can be catastrophic.

Consumer health is a unique industry, different from either of its parents. When determining the right organization model, consumer health companies should remember that form follows function. Start from an understanding of what will drive success on the chosen battleground and organize accordingly.

Who Will Be the Winners?

To quote Prussian military theorist Carl von Clausewitz, "Given the same amount of intelligence, timidity will do a thousand times more damage than audacity." In other words, no matter how good the strategy and tactics, the inability to mobilize always results in defeat.

From our first paper, it would be easy to conclude that consumer goods companies will win the consumer health war. Recent strategic moves by consumer giants seem to confirm this conclusion. Procter & Gamble, for example, is seeking to accelerate the build-up of its regulatory capabilities by joining forces with Teva, a global leader in generic drugs. Nestlé is investing $500 million in a health science division. Danone is transforming into a healthcare company. Pharma companies' moves—minor OTC portfolio reshuffles and a few acquisitions—are rather tentative by comparison. Herr von Clausewitz would not approve.

A closer look at two factors, however, makes the overall outcome less certain. First, while the consumer health industry is bound to consolidate, it will happen by category, and the sheer number of categories guarantees a fragmented industry with room for many players, both large and small, for the foreseeable future. Second, regulation is the wild card. In many large markets, regulators are intervening aggressively, thus changing market rules. If consumer goods companies cannot adapt to these more highly regulated and complex environments, they risk being constrained by categories without serious health claims. The result: missing out on areas with the most potential.

As in all types of evolution, the winners will be those that adapt best to their rapidly changing environment. The winners in consumer health will be an entirely new species, but it is far from clear which gene set will prevail.

Authors

Jonathan Anscombe, partner, London
jonathan.anscombe@atkearney.com

Michael Thomas, partner, London
michaelwilliam.thomas@atkearney.com

Emmanuel Hembert, principal, Zurich
emmanuel.hembert@atkearney.com

The authors wish to thank their colleagues Sandra Guedj, Isabelle Jamin, and Tamara Gilberto and her team for their valuable contributions to this report.

A.T. Kearney is a global team of forward-thinking, collaborative partners that delivers immediate, meaningful results and long-term transformative advantage to clients. Since 1926, we have been trusted advisors on CEO-agenda issues to the world's leading organizations across all major industries and sectors. A.T. Kearney's offices are located in major business centers in 39 countries.

Americas	Atlanta Calgary Chicago Dallas	Detroit Houston Mexico City New York	San Francisco São Paulo Toronto Washington, D.C.
Europe	Amsterdam Berlin Brussels Bucharest Budapest Copenhagen Düsseldorf Frankfurt Helsinki	Istanbul Kiev Lisbon Ljubljana London Madrid Milan Moscow Munich	Oslo Paris Prague Rome Stockholm Stuttgart Vienna Warsaw Zurich
Asia Pacific	Bangkok Beijing Hong Kong Jakarta Kuala Lumpur	Melbourne Mumbai New Delhi Seoul Shanghai	Singapore Sydney Tokyo
Middle East and Africa	Abu Dhabi Dubai	Johannesburg Manama	Riyadh

For more information, permission to reprint or translate this work, and all other correspondence, please email: insight@atkearney.com.

The signature of our namesake and founder, Andrew Thomas Kearney, on the cover of this document represents our pledge to live the values he instilled in our firm and uphold his commitment to ensuring "essential rightness" in all that we do.