

White Paper

## Getting Ahead of Consumer Health (OTC) trends across the Middle East Region in 2022

*IQVIA Consumer Health help you to better navigate your consumer healthcare marketplace and uncover your pathway to success*

**HENRY ROSAS**, Consultant – Middle East, IQVIA Consumer Health

**AMIT SHUKLA**, Vice President, Global Consumer Health Consulting Services,  
IQVIA Consumer Health



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The global consumer health industry continued an amazing recovery in the second half of 2021, clocking a FY2021 growth of +6.7% (vs. 2020). This is a record for our industry and reflects on the resilience, innovation and confidence of our consumers, retailers, manufacturers, and the potential of this industry.

Nowhere in the world is this Consumer health potential more visible than across the Middle East markets. The region's growing 300 million population, rapid adoption of digital and mobile, commitment of the national governments to advance their economic development and closely working together within the GCC and beyond, is laying the foundation for an even stronger Consumer health market growth in the years to come!



**Amit Shukla**  
Global Vice President -  
Consulting Services,  
IQVIA Consumer Health

## Introduction

The Middle East is one of the fastest changing regions in the world, with ambitious states transforming day-to-day life and embracing the digital world, which is reflected in how citizens across the region are engaging with their health.

Empowered by digital technologies and broader access to health information, consumers in the Middle East are becoming more health-conscious and are looking for better ways to manage their health.

In 2022, these consumers will continue to seek out new ways to meet their health needs in a post-pandemic world, and for industry these new habits open-up new business opportunities.

In Gulf Cooperation Council (GCC) countries, growth in the US\$9 billion Consumer Health market is being fueled by an increased interest in health and wellness and easy access to more convenient shopping options and personalised digital services.

This increasing access to information is changing the way businesses think about health care in the region, with forward-looking companies accelerating the development of innovative and long-term solutions to some health issues and instigating research for new ways to prevent or minimise the impacts of certain diseases.

Businesses that investigate and understand these trends may now improve product and service development, implement more effective marketing strategies, maintain consumer loyalty, and prepare to perform in the future successfully.



***In Gulf Cooperation Council (GCC) countries, growth in the US\$9 billion Consumer Health market is being fueled by an increased interest in health and wellness***

## The OTC Market performance in the Middle East

The latest update from the IQVIA Consumer Health Global OTC Insights database shows that in MAT Q3 2021, the OTC Middle East market advanced by +7.4% (See Exhibit 1), a continued improvement over results seen throughout the year (vs 5.9% for MAT Q2).

- Vitamins, Minerals & Supplements (+19.2%) remains the fastest-growing category. Stabilising immune-associated subcategory still contributes to a healthy topline performance as consumers bolster natural defences.
- Skin growth advanced to +11.2%, positively impacted by the performance of antiseptics, disinfectants and wound care products.
- Gastrointestinal growth improved (+9.2%), helped by “normal” day to day activities like travelling or dining out returning to normal.
- Analgesics saw a further improvement overall (+9.7%) boosted by systemic and topical formats.
- Cough, Cold & Allergy remains negative, with sales retracting by 10.6% MAT Q3 2021.

## Trends that are changing the consumer health market in GCC countries

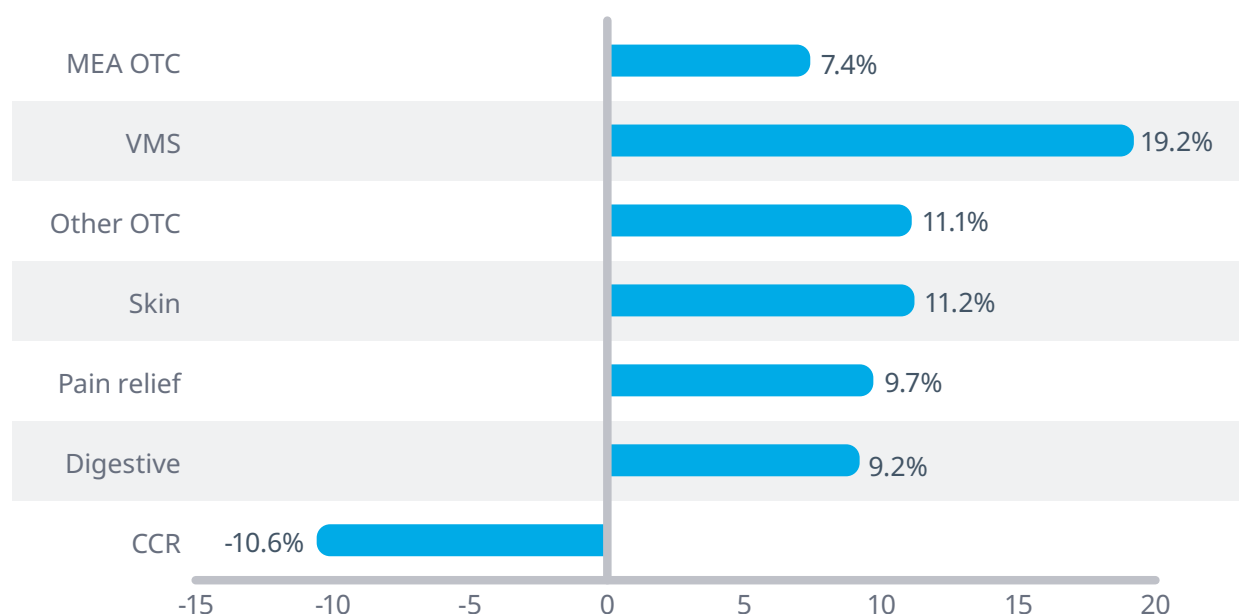
Based on the prevailing dynamics and consistent past growth performance, the Consumer Health market is expected to reach USD 12.3 billion by 2026, at a +6-8% CAGR in the GCC Countries as consumers continue to take more control over their health, distribution channels – both online and offline – reshape and more OTC products enter the market.

### CHANGING CONSUMER BEHAVIOUR TOWARDS SELF-CARE

In a time of uncertainty, consumers are focusing more on prevention and becoming more involved in their healthcare decisions - not only because of ongoing concerns about contracting COVID-19, but also recognising that people who follow a balanced lifestyle have better future life outcomes.

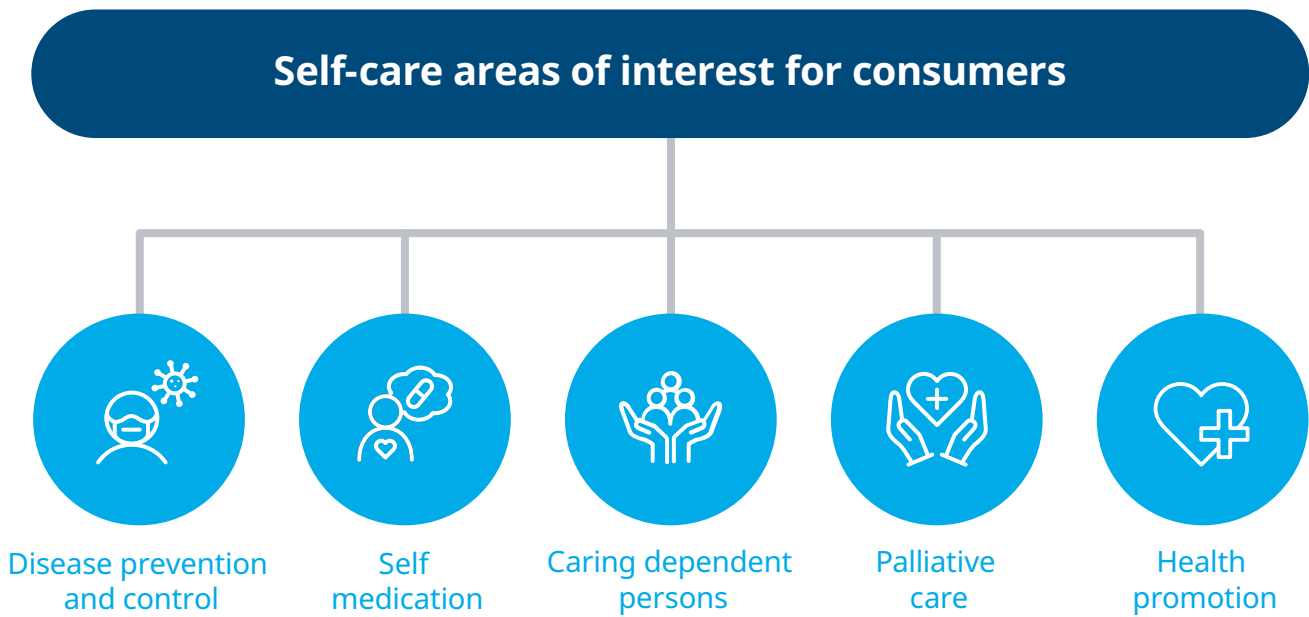
Self-care is a lifestyle shift that’s here to stay, accelerated by the COVID-19 pandemic. In Saudi Arabia, for example, up to 81.4% of the general population has reported using medicine without a prescription at some point in their lives to treat minor illnesses<sup>1</sup>.

Exhibit 1: OTC categories value growth MAT Q3 2021 in Middle East



IQVIA CH Global OTC Insights, MAT Q3 2021

Exhibit 2: Areas where individuals manage their health care<sup>2</sup>



Rather than seeking medical treatment, more consumers are opting for self-care interventions for various reasons, including convenience, confidentiality, and cost; extending to areas such as fitness, mental wellbeing, and diet to prevent illnesses and ailments; and boosting their natural immunity for the future (Exhibit 2).

However, due to hectic lifestyles and day-to-day pressures, not all consumers can dedicate the time necessary to live healthy and balanced lifestyles. Instead, people turn to over-the-counter (OTC) medicines

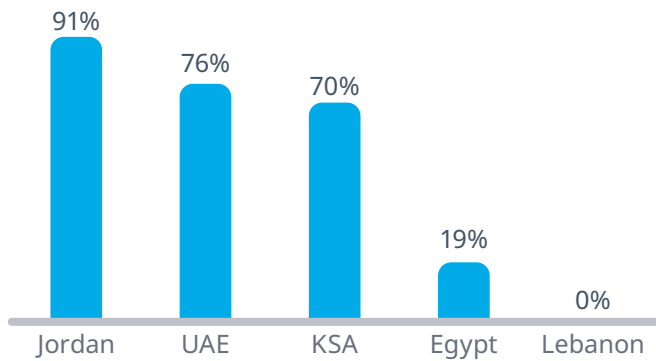
with 24/7 access for symptomatic relief or vitamins and nutritional supplements to focus on wellbeing.

As consumers shift their focus towards a more holistic approach to healthcare, brands and companies must ensure that their products and services are seen with the same view, taking into account (1) better consumer education on the safety and responsible use of OTC products, (2) review of their product and service portfolio, and (3) a more sophisticated and personalised marketing strategy.

#### ACTION POINTS

- Empower your teams through data – ensure they have access to market and consumer data needed to stay on top of trends and drive growth.
- Go to where consumers live – deploy social listening technologies, consumer shopper journey trackers to get a full picture of how consumers engage with your brand online.
- Upgrade your team – ensure you have the expertise either in-house or through partners to stay ahead of evolving consumer trends.

**Exhibit 3: Pharmacy chain contribution to total pharmacy retail market by country**



Source: IQVIA OTC Global Insights, MAT Oct 2021

**THE PHARMACY LANDSCAPE: CONSOLIDATION ACROSS THE GCC COUNTRIES**

The pharmacy channel has changed dramatically in the GCC countries over the last decade: larger and mid-sized pharmacy retail chains are organically expanding by acquiring or merging with smaller chains and independent pharmacies to either enhance their geographic presence or expand their product and service portfolio (See Exhibit 3).

The consolidation of pharmacies has resulted in a market dominated by large chain pharmacies with clear objectives: (1) increase economies of scale, (2) establish financial strength, (3) streamline the patient experience, and (4) improve overall consumer care services.

With the number of consolidations taking place in the region, effectively engaging with the Pharmacy channel is a critical challenge in the consumer health business today. Driven by changing consumer behaviors and

**Exhibit 4 : Benefits of better industry/pharmacy engagement**



the rise of e-commerce and digital services, Consumer Health organizations should continue to rethink their business models and search for opportunities to serve their consumers in new ways, ensuring a unique patient experience (see Exhibit 4).

To remain relevant, the industry needs to deep dive into the market and uncover new ways to meet changing consumer needs while tackling competition from aggressive and nimble new players across the OTC medicines, nutritional supplements, and personal care sectors.

**ACTION POINTS**

- Optimise your channel strategy by region ensuring your commercial analytics technologies are orchestrated across business units and are easily adaptable.
- Tweak pricing and promotion strategies – deploy technologies that enable your team to monitor pricing and consumer behaviour to make fast adjustments to your model.
- Forecasting for the future – ensure your data set includes forecasting models for quick, agile planning.

## Exhibit 5 : IQVIA Consumer Health's key components for success in e-pharmacy



### THE RISE OF E-PHARMACY AND THE NEW DIGITAL SHOPPER

The COVID-19 pandemic has rapidly accelerated the shift to e-commerce, and e-Pharmacy has solidified its position as a critical component of the consumer health omnichannel retail world.

The market for pharmacy home delivery in the region has been steadily growing. Still, the current epidemic has resulted in a significant increase in demand, with people obliged to avoid retail malls. With one of the highest percentages of smartphone penetration globally, most people today prefer to order their OTC and personal care products online rather than go out and buy them. Pharmacies offer a safe and easy online platform for purchasing essential healthcare supplies.

Between October 2020 and September 2021, traffic to major online pharmacy websites in the UAE and Saudi Arabia surged by 103 percent<sup>3</sup>. This shift in purchasing behaviors is projected to continue in the coming years, establishing e-Commerce as a core channel for Consumer Health companies rather than an add-on.

Using digital automation and machine learning to analyze shopper behaviour and deliver targeted advertising and product recommendations based on previous purchases, similar consumer patterns, and online shopping behaviour can provide a winning strategy in e-Pharmacy (See Exhibit 5).

### ACTION POINTS

- Make sure your business understands the business function and correctly manages all touchpoints on the consumer digital journey.
- Every aspect of business will be impacted by digital – now is the time to execute on end-to-end digital transformation plans.
- Create digital platforms – be present and loud in the digital space, but with the right message, to increase consumer acquisition, engagement, and retention.

## CHANGING REGULATORY LANDSCAPE

The Gulf Cooperation Council (GCC) countries are aiming to review and update pharmacy standards for over-the-counter products with the support of patient groups, healthcare providers, public health groups, and industry. Reforms are being implemented to modernise OTC regulations to better serve patients, consumers, and companies by streamlining and improving the timeliness of activities, spurring consumer innovation, and, in some cases, developing domestic manufacturing capabilities to reduce dependency on imports.

GCC regulations stipulate that producers in member nations are not required to get registration or licenses to export to Saudi Arabia; regional producers are essentially given preferential treatment for entry into the Saudi market, particularly in the tendering system.

The Health Authorities advocate expanding access to OTC products across the region. The oversight of the marketplace to assure the safety and effectiveness of OTC medications has defined specific dispensing criteria. An over-the-counter (OTC) medicine is a medicinal substance obtained without a prescription from a doctor and is sold in pharmacies. Furthermore, under restricted storage circumstances, some OTC drugs may be sold in non-pharmaceutical outlets (such as medium-sized grocery stores, large grocery stores, and supermarkets); nevertheless, the acquisition must be made through a licensed medical store only.

More OTC products on the shelves mean more choices for consumers and more opportunities for retailers and Consumer Health organizations. But at the same time, it means more regulations, products, markets, data and sources, and more ground to cover for the companies with limited resources.

### Exhibit 6 :IQVIA's regulatory service delivery



#### ACTION POINTS

- Efficiency is key to smooth market entry - reduce your administrative load throughout the product lifecycle.
- Optimize opportunities with country- or region-specific evidence-based regulatory and market authorization approaches for bringing products to market.
- Utilize external local and global experience to scope out the path before committing resources or money to ensure you don't waste resources (See Exhibit 6).



**Exhibit 7 : Common challenges for consumer health organizations in GCC**

### Consumer health challenges in GCC



**External Challenges**

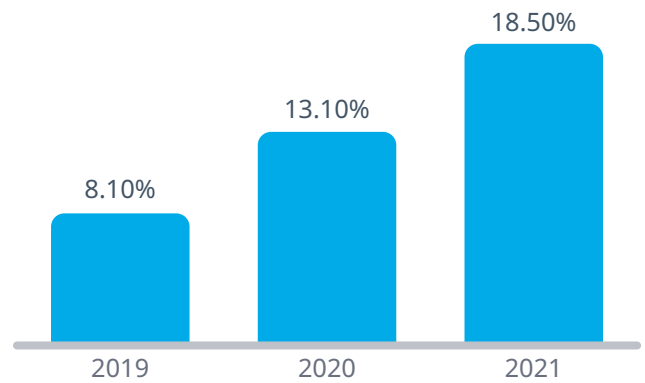
- Differentiation in a crowded market
- Regulatory changes management
- Lack of regional harmonization
- New market entrants



**Internal Challenges**

- Speed to market
- Pressure on costs
- Limited resources and capabilities
- Misalignment between margin expectations vs required commercial efforts

**Exhibit 8: New products value contribution to OTC market (KSA, UAE, Kuwait)**



Source: IQVIA OTC Global Insights, MAT Oct 2021

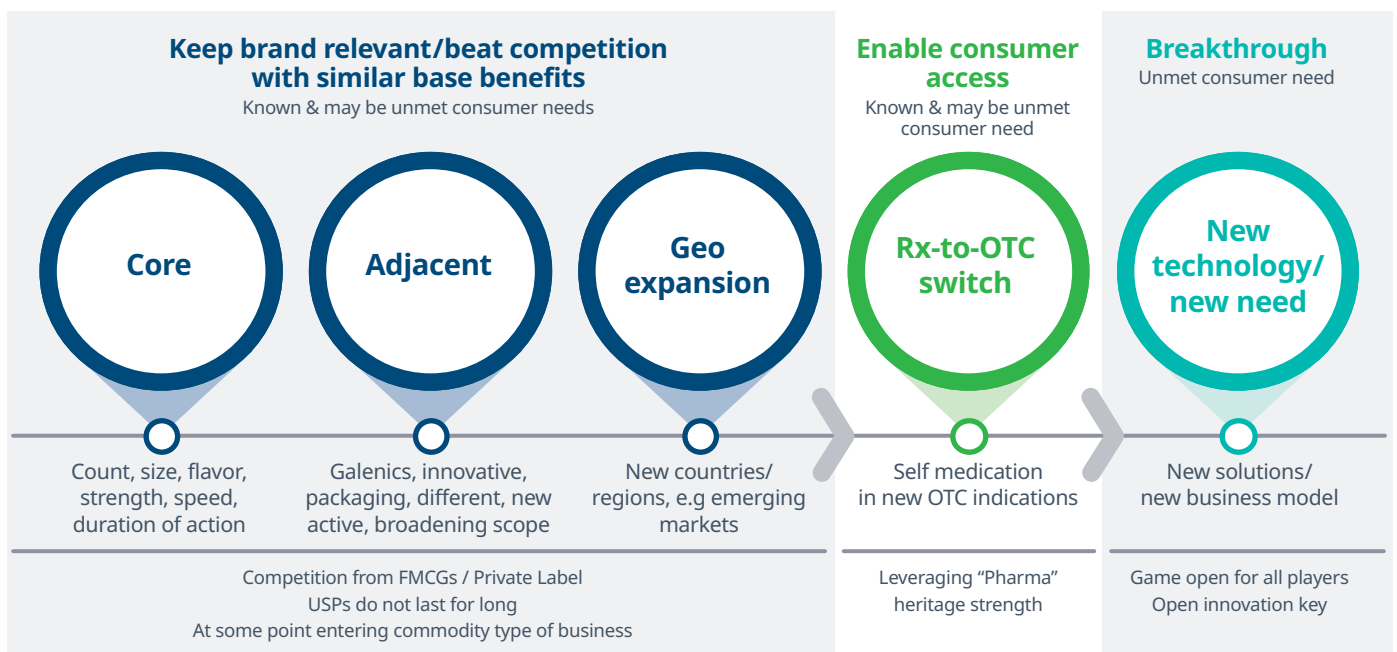
The contribution of innovation to the OTC market in the GCC has increased over the last three years, reaching 18.5 percent in MAT November 2021 (Exhibit 8).

The industry needs innovation strategies that disrupt the status quo to boost sales and profits. The existing innovation models in the OTC industry are summarised in Exhibit 9. GCC countries have traditionally had a low R&D intensity compared to other regions, but they are now taking steps to rectify that. How long will this transition from technology adopters to breakthrough innovators last?

**INCREASE IN OTC LAUNCHES IN GCC**

Consumer Health companies must respond to changing consumer preferences, fierce competition, shifting shopper behaviour and technology advancements (See Exhibit 7), all of which force companies to invest in new products to succeed or survive while also addressing external and internal corporate challenges.

**Exhibit 9 : Summary of current OTC innovation models**



The insight-discovery phase is critical for successful innovation since it helps to uncover the consumer needs that drive business changes and a grasp of the entire market, mega-trends, and current technological breakthroughs. Today, many businesses in the

region are struggling to deal with the complexities of addressing market demands due to a lack of organizational structures, competencies and resources to support and scale “new” ideas and concepts.

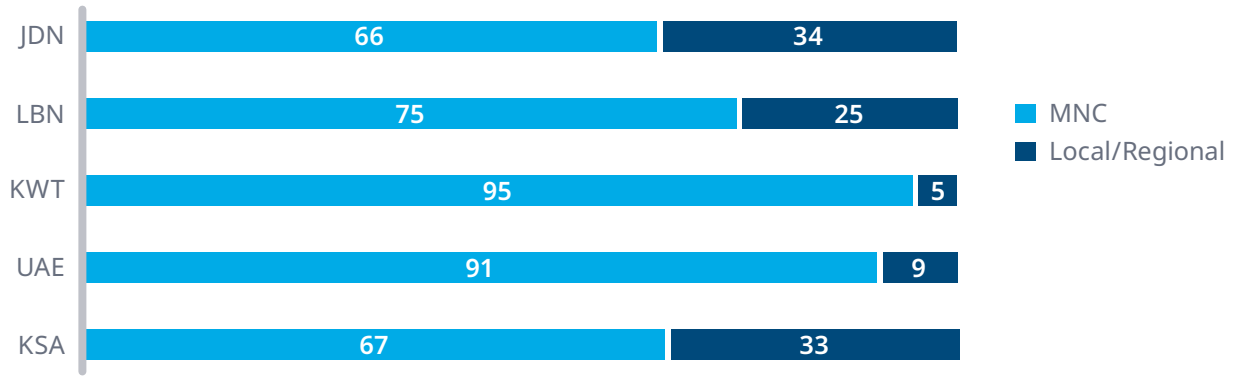
**Exhibit 10 : IQVIA Consumer Health’s key components for innovation success**



### ACTION POINTS

- Break out of the “traditional adopter role” in the Middle East - invest in developing strategies to drive core, adjacent and transformational innovation while also adapting internal culture and processes.
- Get granular – ensure your data gives you the full picture - including key drivers of growth, benchmarks vs competition, depth down to pack level – and is available through easy-to-use reporting technology tools.
- Audit and analysis innovation processes to make sure they are fit for purpose (see Exhibit 10).

**Exhibit 11 : Multinational vs local/ regional companies value market share (%) in the gulf region**



Source: IQVIA Flexview, MAT Oct 2021

**LOCAL VS MULTINATIONAL FIRMS IN GCC**

While international corporations hold 76 percent of the market (See Exhibit 11), local/ regional companies continue to grow quicker, taking away market share from multinational companies. Spimaco, Jamjoom Pharma, Tabuk Pharmaceutical Manufacturing, Jazeera Pharmaceutical Industries, and Julphar are the region’s leading local players.

GCC governments have made significant investments to establish centres of excellence and strengthen the economic, scientific, regulatory, technological and healthcare infrastructure to address the quality gap in health service delivery rather than just the physical infrastructure demand-supply imbalance, ensuring that patients are cared for from beginning to end.

Saudi Arabia is the largest pharmaceutical market in the Gulf region, accounting for 49 percent of the regional market, followed by the UAE and Lebanon<sup>4</sup>. Furthermore, the UAE and Saudi Arabia governments support local manufacturing initiatives by providing incentives to both multinational subsidiaries and domestic companies. Free property leases, interest-free loans, and government subsidies are only a few examples of the stimuli.

Those companies that are aware of their strengths and weaknesses and have the strategic agility to navigate the changing market environment effectively will have the best chance of succeeding in the market (See Exhibit 12).

**Exhibit 12 : Opportunities for multinational and local/regional players in GCC**

**Consumer health players in GCC**



**MULTINATIONAL COMPANIES**  
**Explore localizing operations**

- Explore revenues by gaining access to growing market, getting tender preference for a government healthcare system, and/or achieving faster regulatory approval.
- Higher margins by reduced import tariffs and/or accessing free trade zones.



**LOCAL/ REGIONAL COMPANIES**  
**Generate new source of revenues**

- Evaluate strategic positioning in the market considering footprint expansion by increasing their presence in the OTC market.
- Promoting a variety of Consumer Health products could help to raise brand awareness and sustainable future growth.

## THE GROWTH OF PRIVATE LABEL RETAIL BRANDS

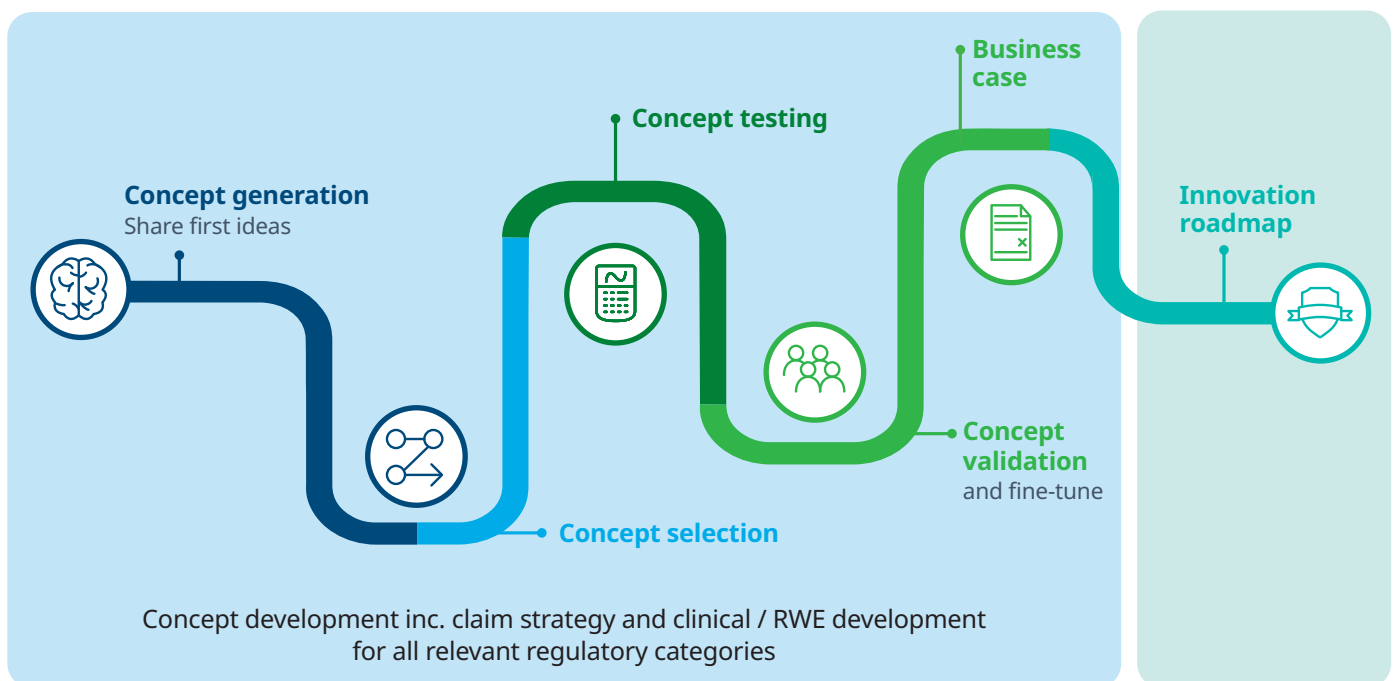
The proliferation of private label (store brands) and the shedding of slower-moving branded products are changing the pharmacy shopping experience, notably in categories like VMS, dermo-cosmetics, and personal-care products; translating into stiff competition for in-store shelf space and margins.

Competing against private-label brands isn't easy. Consumer Health organizations must step up to the challenge: developing category strategies that recognize the role of private label and their brands,

and being innovative to fulfil current needs and changes in consumer behaviour with an emphasis on enhancing the brand's perceived superiority through consistent brand equity investment and innovating wisely to compete.

Private labels will continue to advance and take up more shelf space until a balance is established (we track approx. 20-30% value contribution from private label brands across Europe and NA; even higher in volume contribution).

Exhibit 13 : IQVIA Consumer Health's Concept Development and claim development process



### ACTION POINTS

- Ensure you are leveraging your brand's unique selling points to stand out on crowded shelves.
- Utilize advanced data analytics-based tools and expertise to find new defenses against generic products.
- Audit your innovation processes – ensure you are folding in new tools, such as Real-World Evidence (RWE) to uncover fresh extensions/claims for existing products and bold, unique claims for new products (see Exhibit 13).

## Conclusion

COVID-19 has caused a significant surge in demand for consumer health products, with industry revenue rising as consumers become more aware of their susceptibility to diseases and the importance of preventative care and non-prescription treatment for minor ailments.

This has caused certain consumer health trends in the Middle East - such as self-care popularity, rethinking on the pharmacy channel offering, the rise of e-pharmacies, reforms in the regulatory space and the increase of new launches – to accelerate as we move into 2022.

Companies need to put consumers at the centre of their thinking and coordinate touchpoints with multiple stakeholders who impact consumers’ decisions and behaviour to succeed long-term. Educating consumers, reviewing product portfolios, rethinking channel strategies, and improving marketing capabilities are critical actions in today’s market environment.

Whether you are a consumer health company, pharmaceutical conglomerate, medical device manufacturer or offer health and beauty products, IQVIA Consumer Health provides solutions to grow your consumer health business.

## Our solutions

IQVIA Consumer Health gives your organization the connected intelligence you need to reveal fresh opportunities by bringing together our unparalleled data, advanced analytics, new technologies and cutting-edge services across the concept-to-consumer journey, so you are ready for the future of self-care.

IQVIA Consumer Health experts work seamlessly with your teams to identify the best opportunities to grow in the Middle East Region. Our solutions cover the breadth of your product’s lifecycle, from strategy formulation to pre-launch planning to execution and post-launch tracking (See Exhibit 14).

Exhibit 14 : IQVIA services to keep your consumer health business agile and your brands relevant

**Allocate your resources effectively. Improve your performance.  
And deliver stronger sustainable results.**



# Keep your business agile and your brands relevant.

We connect the right data, technologies,  
and expertise across the consumer health  
ecosystem enabling you to centralize data  
and streamline decision making, so you can  
optimize portfolios and maximize profits.

By using connected intelligence, we make  
your decisions easy.

## Introducing IQVIA Connected Intelligence™.

[iqviaconsumerhealth.com](https://iqviaconsumerhealth.com)



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CONSUMER HEALTH

# About the authors



**HENRY ROSAS**  
Consultant – Middle East,  
IQVIA Consumer Health

Henry Rosas joined the IQVIA Consumer Health team in the Middle East in late 2021 to help drive projects and also source new business from local and MNC clients in the region.

A seasoned executive, Rosas has over 26 years of experience driving growth for Consumer Health and FMCG organizations, including Warner-Lambert (acquired by Pfizer), Johnson & Johnson, Unilever and MundiPharma.

Most recently, as a partner in Strategy Tools, Henry was part of a global consultancy team delivering EBITDA impacting outcomes to clients through 3 distinct global offerings to Consumer Health Organizations - Strategy Definition; Strategic Transformation; and Value Creation.



**AMIT SHUKLA**  
Vice President,  
Global Consumer Health  
Consulting Services,  
IQVIA Consumer Health

Based in New Jersey, Amit leads IQVIA Consumer Health's Global Consumer Health Consulting Services, partnering with clients to deliver and maximize on their business objectives. Prior to joining IQVIA Consumer Health in April 2020, Amit worked in a number of general management, marketing and strategy roles with 3 of the top 10 global OTC and Consumer Health companies — P&G; GSK and Novartis Consumer Health — gaining vast experience in a number of Consumer Healthcare strategic areas including commercial strategy, new product innovation, brand management, emerging geographies, category management, and digital/social marketing strategies.

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**CONTACT US**

37 The Point,  
North Wharf Road, Paddington,  
London, W2 1AF  
consumer.health@iqvia.com  
**iqviaconsumerhealth.com**

