

# CONSUMER TRENDS IN HEALTH 2013-2020

Delivering Sustainable OTC Growth  
via Global Consumer Insight

A guest author report from Chris Middleton

2013 - 2020



**Nicholas**  
**Hall**

Benchmarking the world of OTC

in association with **futurescoaching**

STATEMENTS  
CONCLUSIONS

Introduction | Executive Summary

## Insights

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- Importance of social change
- Socio-culture vs Socio-demographics
- Tradition vs Modernity
- Role of social trends
- Global map of socio-cultural values
- Key trends (incl. Anti-anxiety, Always On, Search for Meaning) and their OTC impacts 2013-20
- Introducing 5 active social trends for 2013 and beyond
- Conclusion

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  - Fear Marketing; FMCG Mindsets; Localism; Focus on Carers; Stripped Down; Online Communities; Embracing Complexity; Web 2.0 & Social Media, and more...

Conclusions

## About the Author

Strategy consultant, thought leader, author and conference speaker, Chris Middleton is English and has lived in France for the last 20 years. His life's work has been dedicated to understanding how global society is changing and how organisations and brands must rejuvenate to stay relevant.



Chris runs his own successful strategy and trends agency, Futures Coaching – [www.futurescoaching.com](http://www.futurescoaching.com) – where he helps build brands for the future. Here, he works across businesses, sectors and geographies to deliver robust business plans and inspiring marketing strategies. Recent client projects include FMCG work with Unilever and Wrigleys, fundraising work for Cancer Research UK and banking projects for Lloyds Banking Group. He has also been deeply involved in health brand marketing for Merck in China, India, Indonesia, Philippines and Latin America.

Over the years, Chris has advised some of the world's most recognised international companies – Tesco, Nokia, Suez, Accor, Ford, Ericsson, Metro – and, in healthcare, added value to the likes of BUPA, Boots Healthcare International, AESGP, Merck and Warner-Lambert. This report is the third such publishing collaboration with Nicholas Hall, while Chris has also spoken at the Nicholas Hall annual conference.

Formerly, Chris was Group Board Director of The Sociovision Group – probably Europe's longest standing socio-cultural research institute. Here he spent 8 years looking at global consumer trends and consumer segments and translating this into marketing strategies.

From Toronto to Taipei, Chris has enthused conference audiences with his vision of the implications of social change. His book about personal rejuvenation "You Can Be As Young As You Think" was published in 2009.

You can find out more about Chris Middleton at <http://fr.linkedin.com/in/futurescoaching>

Meanwhile subscribe to his blog here: <http://futurescoaching.typepad.com>

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# Executive Summary

At the end of the day, it all comes down to humans – as consumers, as technology users, as patients – as well as politicians, pharmacists and OTC managers. And since people are the real agents (not ‘the economy’ nor ‘the law’), business managers have to study how people will change in the future.

In this report we look at how the environment for OTC is shifting – and significantly so. We cover social dynamics and consumer trends, before focusing on health trends and health segments. Finally, we look at three scenarios for plausible futures and examine what this means for OTC strategy.

It is frequently heard that change is accelerating. How can we ignore some of the facts revealed in this report?:

- ◇ Facebook now reaches 12.1% of mankind
- ◇ There are 325mn Sina Weibo users in China
- ◇ Across the world, we walk 10% faster today than in 1990
- ◇ Global mail order sales will rise to \$835bn by 2015
- ◇ There will be another billion smartphones sold 2012-2015

And the change dynamics are playing out in the health arena. Facts uncovered include:

- ◇ People trusting pharmaceutical companies fell by 5% in the year to 2012
- ◇ In India, the VMS market has grown 30% 2008 to 2011

- ◇ Cosmeceuticals will grow almost 30% globally between 2010-2014
- ◇ Doctissimo.fr has 43mn visits per month
- ◇ Hypochondriacs cost the British Health Service, €2.25bn (US\$2.9bn) yearly
- ◇ The recession means 900,000 fewer Britons eat 5 fruit and vegetables a day compared to two years ago.

Of course, this is not just a report about facts & figures. What interests us are some of the big shifts in values. A rise in individuality comes through loud and clear. We talk about how self-determinism is changing the way people control their health, how learning is important, the impact of savvy consumers’ requirement on suppliers. And we explore how wanting to look beautiful and become intelligent is driving markets around the world.

There is also a big move towards finding meaning in life and a moral pathway. This report covers the way people are looking to improve ethics and authenticity, to ‘green’ the planet, to use nature’s resources and even draw inspiration from their Faith.

Technology is a major undercurrent. The report ranges from how smartphone apps are changing the way people run their lives, to digital footprints and social media. Throughout, we analyse technological changes from people’s perspective. What is interesting is not the next device *per se*, but what it means in people’s lives, and in respect to their health.

Huge themes are tackled within this report. Here are just a few:

- ◇ the ageing society
- ◇ the speed of change
- ◇ the meaning of failure and success
- ◇ the state of sustainability and green fatigue
- ◇ global, local and glocal perspectives
- ◇ changing attitudes to sex
- ◇ the collapse of care networks
- ◇ the boom of online networks
- ◇ reconciling our desire for simplicity in a complex world
- ◇ ownership of consumers’ digital footprints

Importantly, these themes, and many more like them, are all related back directly and immediately to their impacts on OTC – in terms of marketing and management. We talk about OTC marketing strategies, about targeting and positioning, about promotions and packing, communications tone and feel – and on into business models and portfolio footprints.

In many cases, our trend insights have some response from the OTC community; there is no sense that the industry is completely missing the boat. However, in a school scorecard, the comment to the OTC industry would be “must do better”. This report will reveal blind spots – as well as threats and opportunities.

Case studies are used to highlight pertinent insights, both from within the OTC industry and outside it.

This report aims for a global reach. We contrast patterns in the West with the East, developed countries with developing nations, recession economies with growth economies. There are fascinating findings about inter-cultural views on key values and on health specifically, as well as deep dives into consumer health patterns in China, India and Mexico.

We also take a look beyond trends, at a value-based segmentation of health. Lessons for OTC are teased out along the way.

The report looks at operational issues too – about pharmacy opening hours, pharmacy training and issues around wider distribution of OTC products. We tackle some of the consumer dilemmas of the moment: spending vs saving; price vs quality; need for more information vs simplicity.

The second part of the report goes beyond trends and looks at how the world might be in future. What kind of world are we heading towards and what difference will it make for the success and failure of OTC Challenger Strategies? The scope takes us from Fear Marketing to Localism to Open Innovation.

The World is changing and changing fast. Read this report and prepare for the future!

## Socio-cultural or Socio-demographic?



Many marketers and managers fix on socio-demographics in order to understand people's attitudes and behaviours. Banks love to look at life events in order to anticipate consumer demands for, say, a mortgage or a pension. In OTC healthcare, whole product categories divide between male and female, juniors and seniors.

Of course, marketers are not wrong to use socio-demographics, and certainly get to a 'closer truth' than an undifferentiated approach to the marketplace. Meanwhile, demographics have the advantage of being quantified by government census statistics (sometimes linked to spending data), allowing for easy calculations of market size and share.

However, the stark truth is that demographics are no longer destiny. We are far from the days when most women systematically stayed at home and therefore invariably had incomes lower than men. Today, it is altogether possible for two seniors to share similar demographic profiles but have entirely different values and therefore make entirely different healthcare choices.

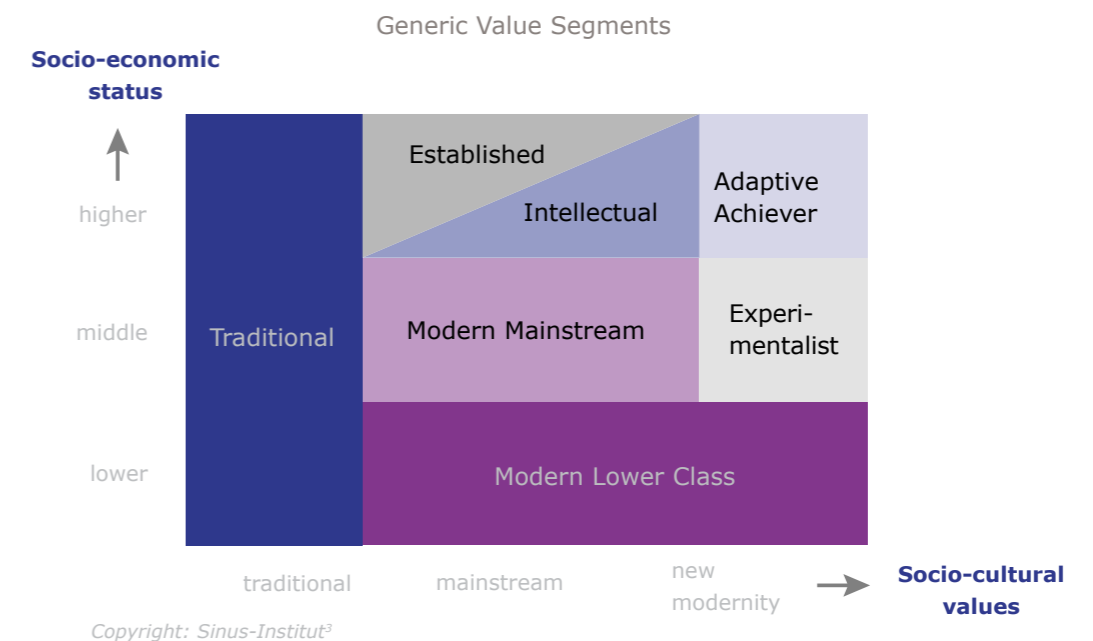
Given this, brand managers would do much better to study customers from a socio-cultural perspective, e.g. understanding which people have traditional, mainstream or modern value sets.



A European study by Sinus-Institut<sup>3</sup>, across different markets, showed that age and income explained just 60% of the differences in spending. The same research demonstrated that by adding in socio-cultural variables, spending differentials could be statistically explained much better. In short, taking a socio-cultural approach allows healthcare companies to get much closer to consumers' everyday lives.

One way to work with consumer realities is through segmentation typologies, based on socio-cultural social values rather than more orthodox socio-demographic lifestyles. Social typologies are a great way to analyse growth in the healthcare marketplace. The illustration below is a mapping of social value groupings in Western Europe.

To illustrate the insights of such social segmentation, let us briefly use vitamins & mineral supplements as an example. Targeting these OTC products to different segments requires entirely different positioning and communications. A 'Traditional' audience requires white coat endorsement and an emphasis on avoiding illness. The same VMS product for the 'Modern Mainstream' can be positioned around managing balance and families. An 'Adaptive Achiever', however, will be deaf to either of these positionings. To trigger their spending will require dynamic messages around vitality, performance and living-for-the-day themes



## No.9 Always On

Definition	Information technology devices are portals to living a fuller, more informed life. Convergence, interconnectivity and invention will continue to evolve the way people interact with the outside world.
Philosophy	I'm not living unless I'm connected ... where's the nearest WiFi?

Readers of this report will recognise this trend from the way they are required to receive and respond to emails from work at any hour of the day. Even holidays are no longer sacred as workers stay connected to their office.

However, being Always On is not only about constraints. Many people actively encourage this feeling – it gives a sense of belonging, of being in the flow, of participation. Here are examples:

- ◇ Starbucks and McDonalds have understood the Always On Trend for some time and have deliberately used this tactic to shape their Third Place status
- ◇ Many cities now have WiFi / WiMax obtainable everywhere (Kuala Lumpur, Singapore, Taipei, Wellington, La Plata...)<sup>25</sup>
- ◇ Wireless charging of mobile device batteries is set to become widespread. Visteon has introduced such a system into cars, and airports like Charles de Gaulle in France have installed the service.
- ◇ Some consumers now say that shopping in physical retail outlets (like a crowded shopping mall) is actually a *lonely* experience: far better to be shopping at home on Polyvore or Facebook and make it into a social experience
- ◇ Banks are now installing WiFi across the branch network (e.g Britain's Halifax) to allow customers to browse while they queue
- ◇ It is far less frequent these days to find hotels which do not offer internet connectivity in guest rooms – sometimes free of charge



Another innovative system for wire-free charging of mobile devices.

## OTC impact:

At first glance, this trend does not seem to have immediate relevance to OTC medicine. But it certainly does.

It is very conceivable that the biggest drugstores and pharmacies will want to give WiFi access to customers in the near future. Why would they not want customers to benefit from scanning barcodes with their 'Flashcode' mobile apps and getting real-time access to information about products – even including competitive price comparisons? It is already being used by big box retailers and will be coming to community pharmacies over the next 10 years.

This also suggests that OTC players had better get used to QR codes and Microsoft tags on their products and promotions. Always On customers will come into contact with your products, armed with their smartphones, and you will want to interact.

Here are just 4 ways OTC players could be using QR codes today:

- ◇ To show consumers that the OTC they are selecting isn't contraindicated for any prescription medication they are taking
- ◇ To suggest complimentary products, e.g. when users scan a QR code on a cough & cold product, they could be recommended a vitamin supplement
- ◇ Patients taking home sensors or telemedicine devices (e.g. diabetic readers) will be able to scan the QR code on the machine to get a "how-to" video on using it
- ◇ Ads in magazines and newspapers with QR codes allow readers to get health information and health product coupons

In fact, it will be so common for the whole healthcare network to be linked that even community pharmacies will have their own websites in future. One entrepreneurial UK company is offering bespoke website solutions for individual pharmacies and internet pharmacies here: <http://www.signetsolutions.co.uk/index.html>

## Health & Technology

Looking at many trends sites, it would be tempting to believe that the only source of change in the world is technology. Technology drives new perceptions, new behaviours and new relationships. Thanks to an ever-increasing array of intelligent devices, clever software and global networks, the 21<sup>st</sup> Century has been transformed into 'the connection economy'.

The reality is different, of course. Social, political, legal and economic dynamics also drive our modern world. But there is no getting away from the transformation that increasing individuals' access to technology has brought.

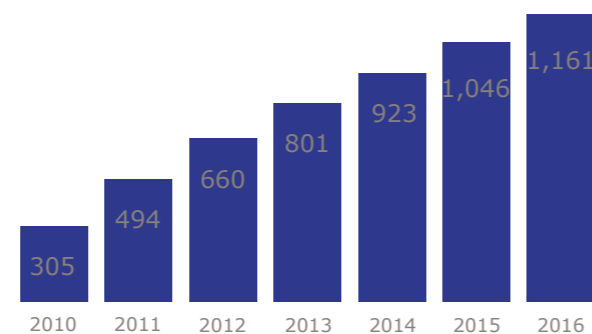
One of the easier predictions for the next decade is the rise and rise of apps. *Wired* magazine ran this headline in September 2010, "The Web is Dead: Long Live the Internet". What it was getting at is the rapid shift in behaviour moving people away from websites and towards apps.

The growth of apps allows people to surf the internet without ever typing a URL or quizzing Google. Access is rapidly moving to semi-closed platforms where the internet is used for transport but the browser is not deployed for display. For app fans, these dedicated platforms work better and fit more easily into their lives. Whether it is a map of the city, the latest news headline or Angry Birds, it seems like there is now an app for everyone and everything.

Moreover, the phenomenal spread of smartphones and tablets only further cements the trend. The more mobile the technology, the more people find apps

an easier interface; and, in turn, more apps means that mobile devices get more attractive. And the fact is, that it is easier for companies to monetise Apple or Android apps than to make money from websites.

Worldwide smartphone shipments from 2010 to 2016 (in million units)



Source: IDC

As the chart above shows, as early as 2015, it is expected that smartphone sales will exceed a billion units! Meanwhile, according to a report by Transparency Market Research<sup>11</sup>, tablet sales are accelerating by almost 40% annually meaning that by 2015, there will be shipments well in excess of a quarter of a billion tablets. The highest share of sales (around 35%) will be in the Asia-Pacific region (including Japan).

There are two other key shifts under way in technology. First is the proportion of bandwidth being taken over by video. Tomorrow's internet will be even more visual than today's. More information will come to us by way of videoclips and, with the gradual arrival of 4G networks, we will see this trend accelerate as more and more people watch TV and make video calls on their smartphones.

For some regions of the world this movement is already well under way – in Japan or South Korea for example. In many countries, progress will be slower. In India, for example, corruption has meant that the 3G auction winners have had their license revoked and the country is basically back to 2G connectivity.

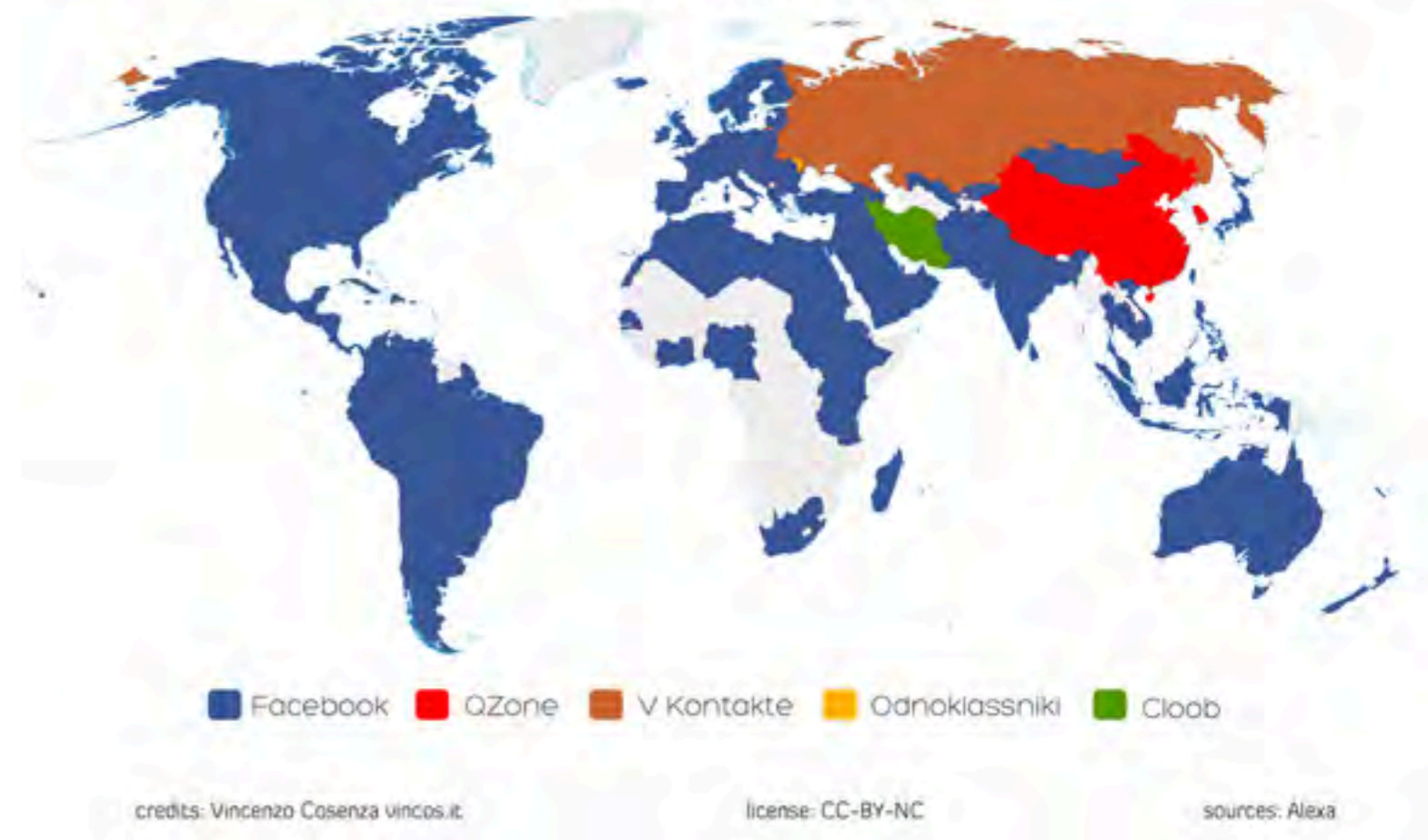
The other phenomenon, of course, is social media. So much has been written

about this trend that little needs to be said here. One thing to note is that the rise and rise of Facebook does not mean it has global reach quite yet. It is getting there, but marketers would be wise to note that there is still a regional game to play.

In June 2012, there were 232mn active users of Facebook in Europe, 222mn in the USA and 219mn in Asia<sup>12</sup>.

## WORLD MAP OF SOCIAL NETWORKS

December 2012



# Three Global Socio-Political Scenarios 2013-2020

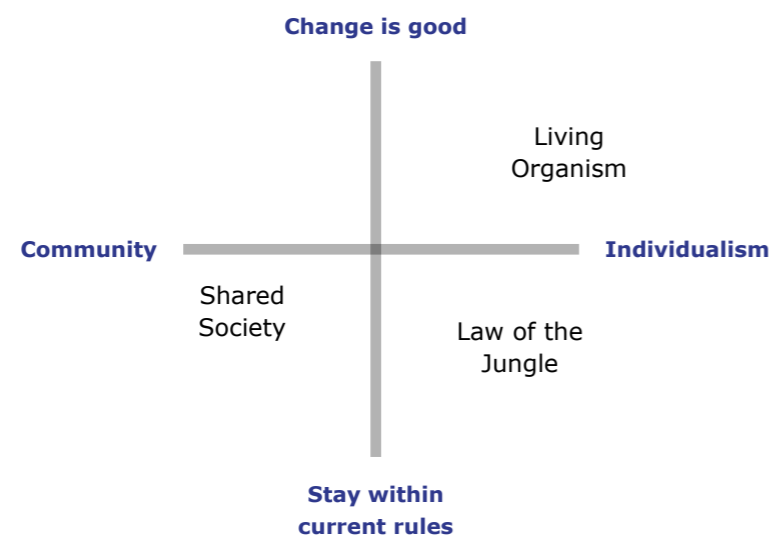
Scenarios can be developed at any level – from product management to geo-political. The scenarios presented below are societal in their scope. They describe broad future landscapes that will potentially spread in the period 2013-2020.

We will describe each scenario 'story' one by one. Then, we will look at 15 Challenger Strategies for OTC, 5 arising from each scenario respectively. Finally, in the conclusion we will develop a holistic coordinating logic which will bring the Insights from Part 1 and the Growth Opportunities from Part 2 together and show how the outcome of the scenarios will determine the relative potential of each.

The three scenarios are:

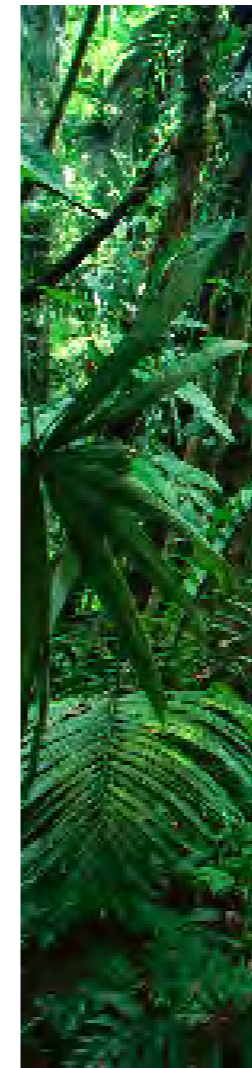
1. Law of the Jungle
2. Shared Society
3. Living Organism

These can be mapped on two fundamental axes describing the essence of people's mental maps.



Source: Futures Coaching, 2012

## No.1 Law of the Jungle



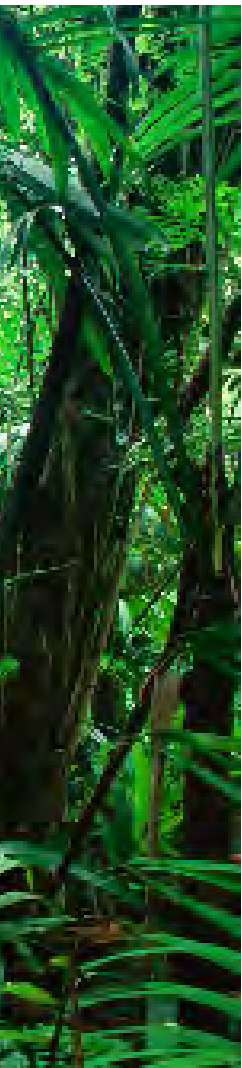
It is commonly reported that Deng Xiaoping, Chinese leader from 1978-1992, said "to get rich is glorious". Meanwhile, in the West, Gordon Gekko, a fictional capitalist, was saying in the film Wall Street "greed is good".

What both quotes have in common is that they come from a mental map where making money is more than just acceptable – it is the responsibility of every individual. Deng was also famous for saying that "practice is the sole criterion of truth", and also "it does not matter if a cat is black or white so long as it catches the mouse". So the point is not whether policy and direction are capitalist or communist but whether economic growth is the prime motive.

A scenario based on the Law of the Jungle is a future where competition is encouraged in all walks of life – from ambitious parents and school sports, to tendering for local government services and beating the shop next door. It's a scenario where there will be winners and losers; where it is good to win and a moral failing to lose. And it is a perspective where every citizen has the duty to perform to the best of his/her ability.

Other dimensions of the Law of the Jungle are:

- ◇ What works is what's right
- ◇ Poor decisions have consequences; creative destruction purifies the system
- ◇ Society should pay whatever it takes for top talent
- ◇ Markets should be lightly regulated
- ◇ Politics is always a matter of power
- ◇ Culture and spirituality are private matters
- ◇ Individualism rules; society is debatable
- ◇ Stick & carrot methods are effective
- ◇ Things get measured
- ◇ Everything and everyone has his/her price.





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