



# The Portuguese Self Medication market!

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# AGENDA for today

## . : . Portuguese Self Medication Market

- OTC: New Legislation
  - Market evolution
  - OTC forecast



# After September 2005



- Until 2005, prescription and non-prescription pharmaceuticals were available only through retail and hospital pharmacies.
- OTC availability at new retail outlets “Parapharmacies” was introduced in September 2005.
- Sales of reimbursable OTC lines continues to be confined to pharmacies
- New retail outlets need approval from the Medicines Government Agency (INFARMED).
- One qualified pharmacy technician can be responsible for the sale of OTCs in up to five retail outlets within a 50km range.

# First Year: 2006

- Non reimbursable OTC products were left free from pricing restrictions in September 2005.

- Following the liberalisation of the OTC market in 2005, there haven't been general consensus on the effect of increased competition on OTC prices.

- In general, studies have shown that prices in the mass market, with the exception of some supermarkets, are similar to pharmacy prices before liberalisation.

- INFARMED stated that 613 outlets are now supplying these medicines in 2007, compared with 186 in 2006.

# 2007

- As part of the Portuguese government's cost-saving measures in its 2007 budget, reduced drug prices and reimbursement rates were implemented at the start of the New Year
  - On January 31st 2007 the government imposed a 6% cut in retail prices on all reimbursed drugs.
  - From November 2007, new legislation allows pharmacy ownership of up to four pharmacies to non-pharmacists (excluding doctors, wholesalers, manufacturers and healthcare providers).
  - In addition to this, mail order and online drug sales are allowed, although specific regulations have yet to be developed to ensure safety via this form of dispensing.

# More in 2007

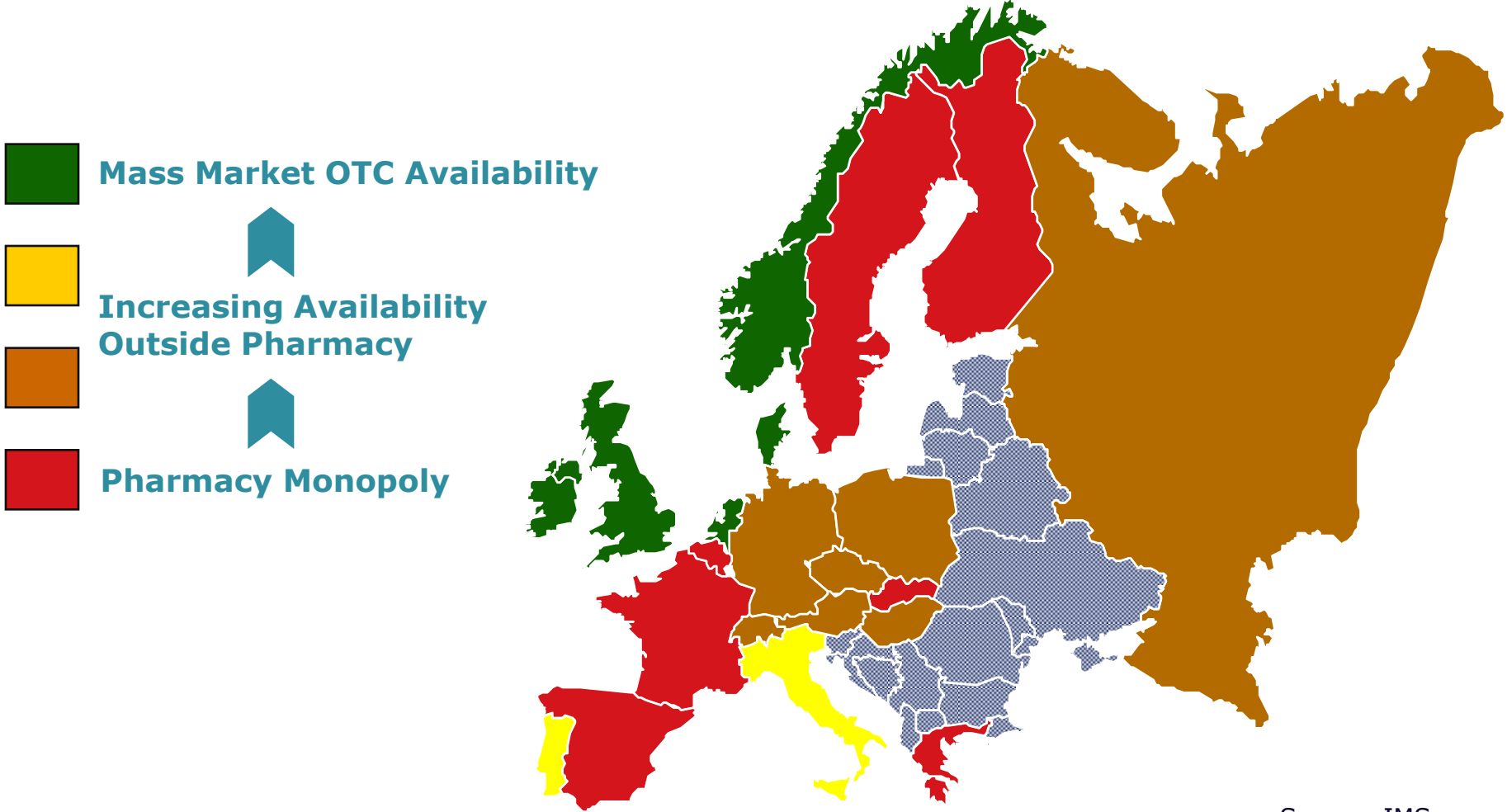
 Reduced distances between pharmacies from 500m to 350m (to serve 3,500 citizens per pharmacy).

● Patient access to medicines improved in 2007 following the implementation in May of:

- **new pharmacy opening hours (a minimum of 55 hours per week)**
- **publicly-owned pharmacies within hospitals to be open 24 hours a day all year round.**

● Pharmacy discounts and flexible pharmacy pricing approved in March 2007.

# New reality :the emergence of Mass Market.



Source: IMS

# The structure of pharmacy in Portugal



## **Independent Pharmacies**

A pharmacy owned by a pharmacist (Only 1 outlet).



## **NEW: Multiple Pharmacies**

When one pharmacist or not, owned more than 1 pharmacy ( limited to 4 pharmacies).

# The structure of Para-pharmacy in Portugal



## **Independent Para-Pharmacies**

A Para-pharmacy owned by a pharmacist or not (Only 1/2 outlet).



## **Groups & Franchising : Multiple Para-Pharmacies**

More than 3 Para- pharmacy belong to either one pharmacist or company ( No limit).



## **Modern Distribution: Para-Pharmacies inside Hyper markets**

When the Para-pharmacy belong to a Hyper market /Mass market .

# 2007: Number of pharmacies remained static ?

## ••••• Independent Pharmacies: 2800

- **Para-Pharmacies: 613**
  - **115 Modern distribution**
  - **498 Independent**
- **Portuguese Population: 10595 million**

During the last 2 years the number of independent pharmacies has remained static and the number of Para-pharmacies increase.

New outlets account for 18% MS

2007:MD Para-Farmacies opened: 115  
**Target Universe: 700 shops?**



# Para-pharmacies

## Shop Characterization

- IMS definition of shop “Parapharmacy”
- Face to face inquiry to all shops
- **Field work on Mar/April 2007**
- **304 Shops inquired**

### Parapharmacy definition

Parapharmacy: shops trading mainly cosmetics (PEC), child welfare, orthopedics, phytoterapy and, eventually, Non RX products (OTC) usually traded in pharmacies. Although with some similarities to the pharmacy channel, these shops are not allowed to trade on pharma Rx products.



# Para-pharmacies with permission to sell OTCs

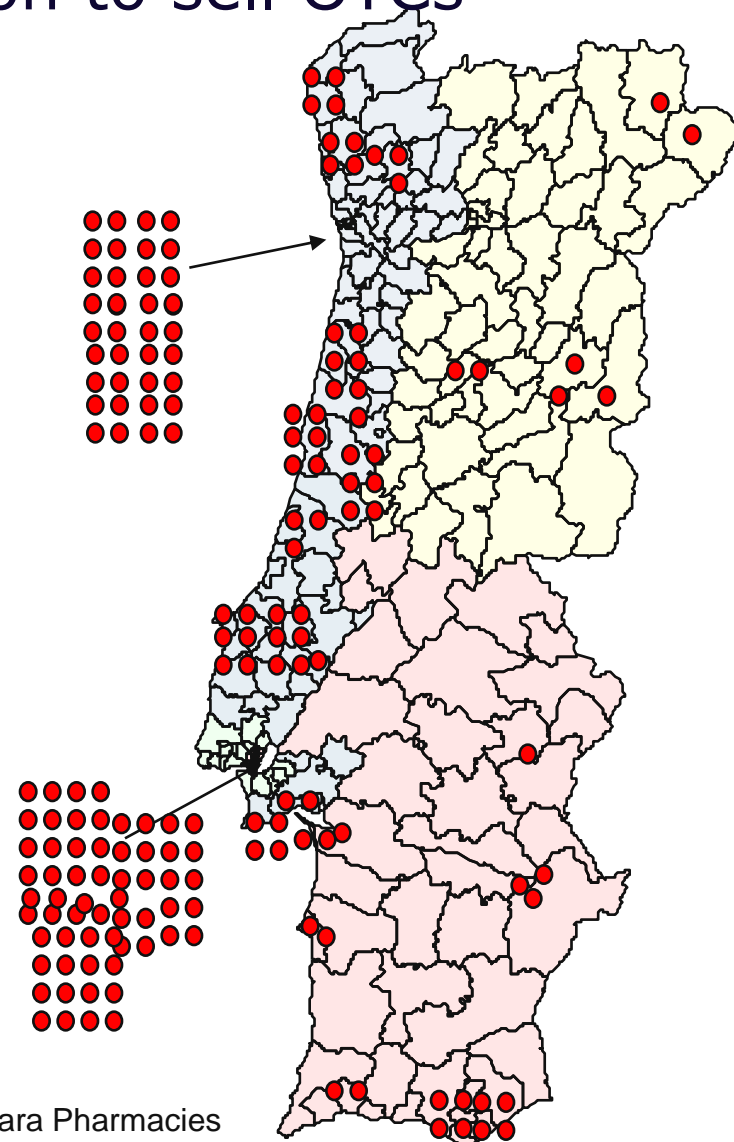


## Parapharmacies by District

• Aveiro	35	• Santarém	25
• Beja	7	• Setubal	49
• Braga	51	• Viseu	23
• Coimbra	29	• Bragança	5
• Évora	9	• V. Real	8
• Faro	50	• V. do Castelo	16
• Leiria	27	• Guarda	5
• Lisboa	<b>158</b>	• C. Branco	9
• Porto	<b>101</b>	• Portalegre	6

**Total=613 Parapharmacies  
(24 Parapharmacies bankrupt after opening)**

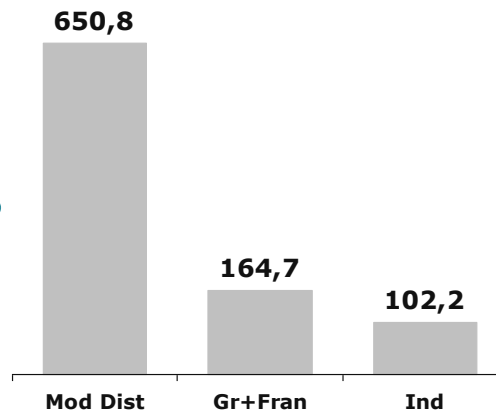
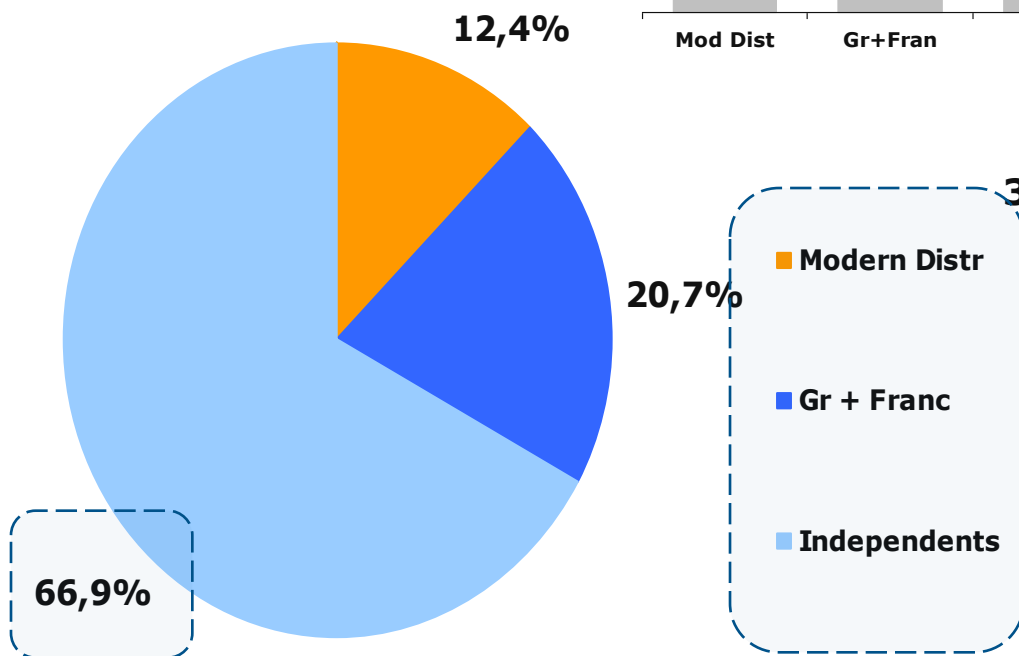
**18% of new shops for OTC**



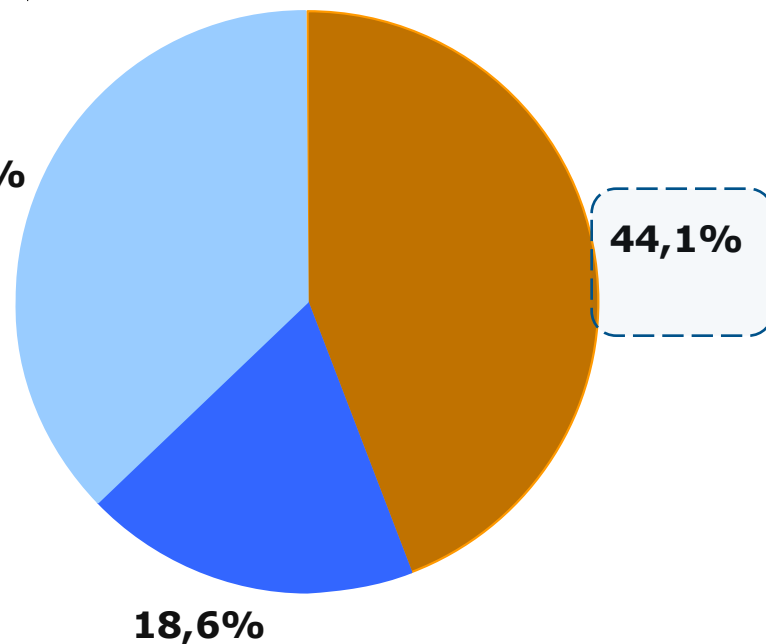
# Para-pharmacies ownership

Average Annual Invoice / Shop (000 €)

## Number of shops

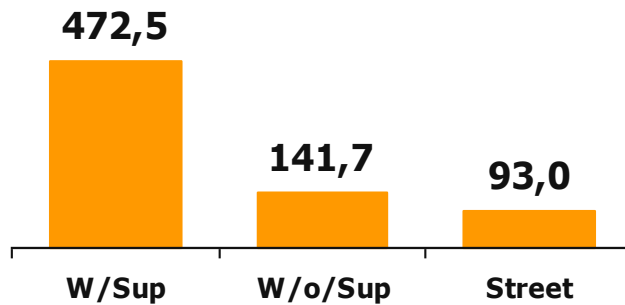


## Revenues by

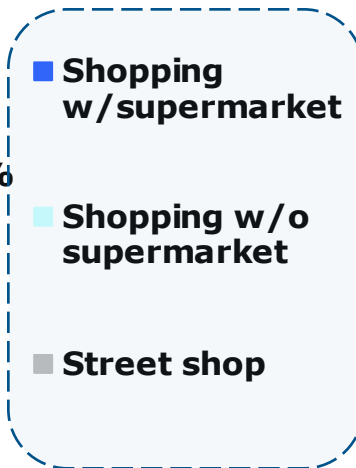
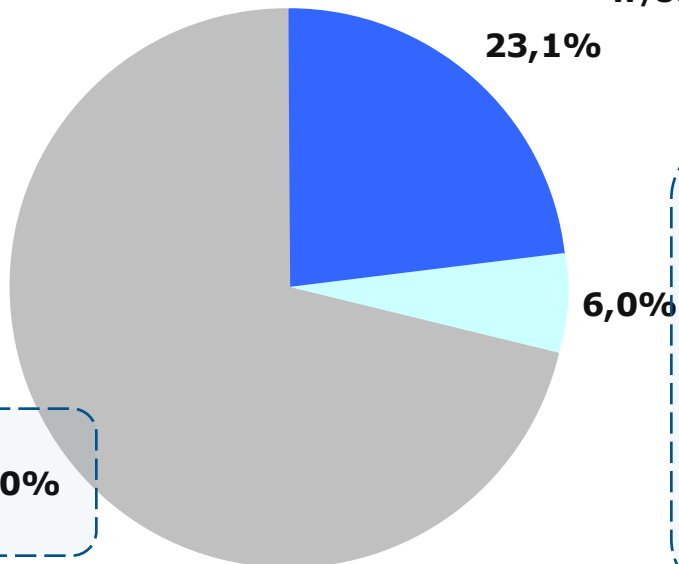


# Para-pharmacies by location

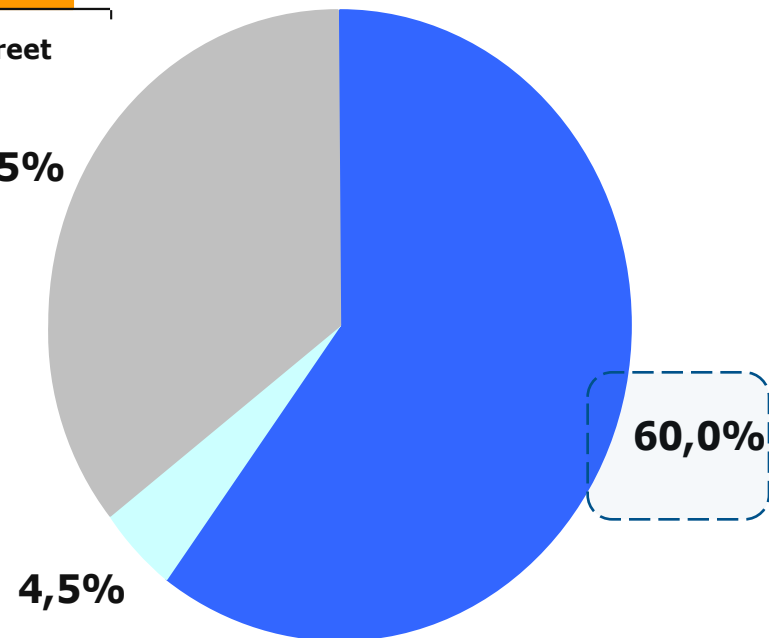
Average Invoice / Shop (000 €)



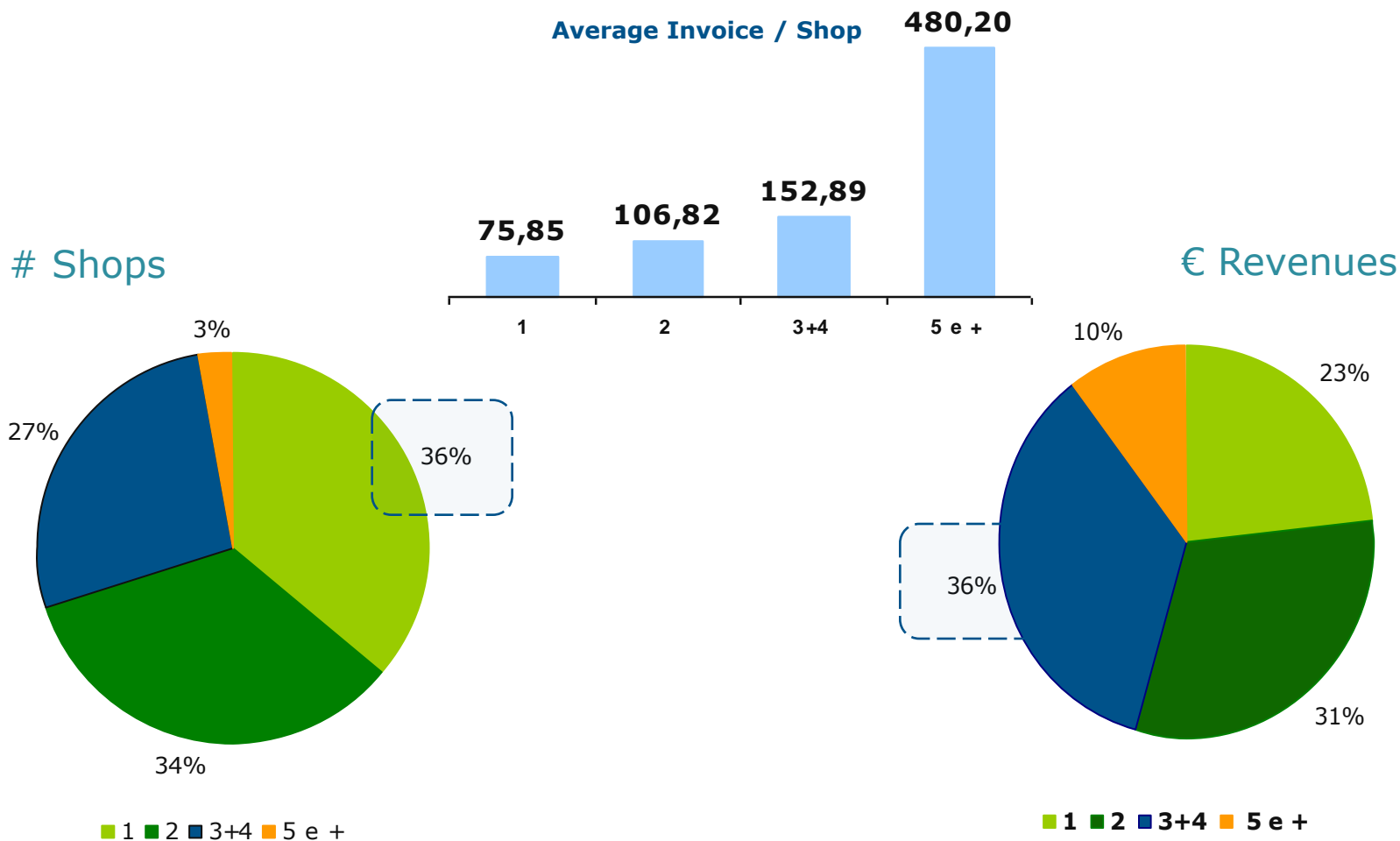
## # Shops



## € Revenues



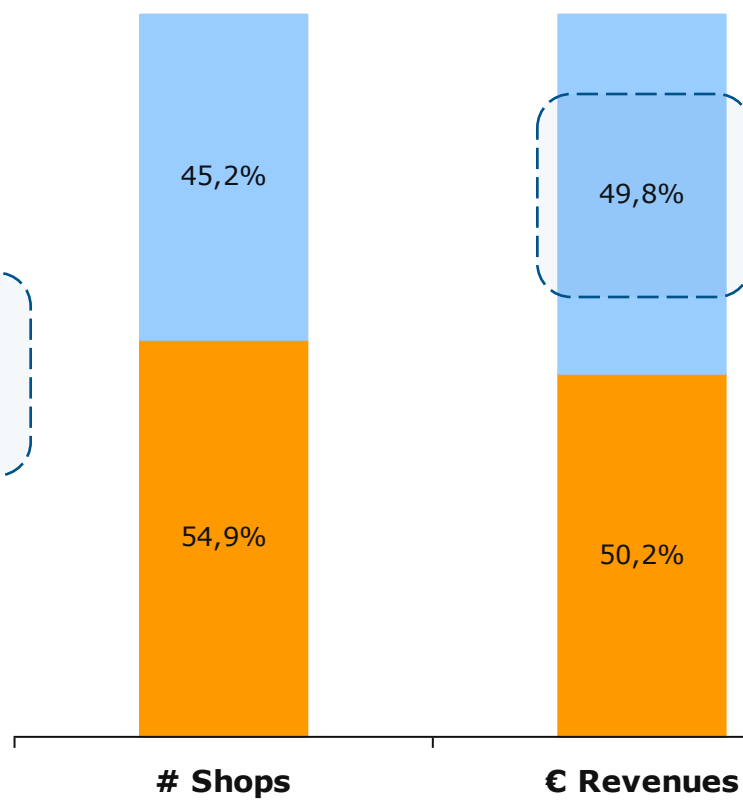
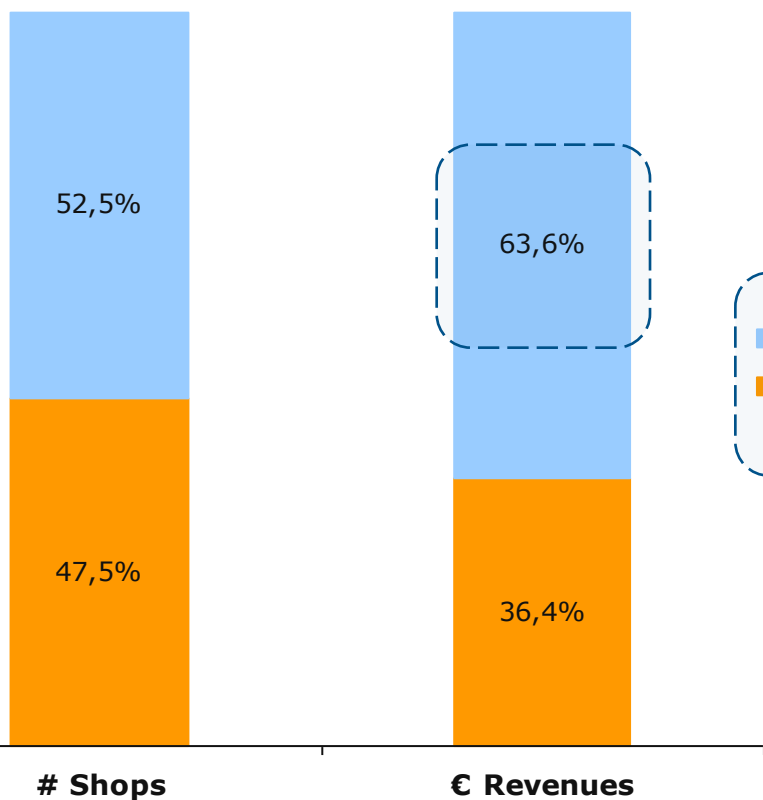
# Number of Workers by Independent + groups shop



# Independents + Groups by With/out other services

## Groups+Franchisings

## Independents

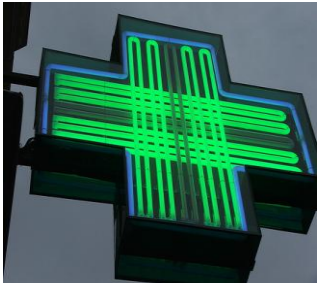


■ With  
■ Without

# Para- pharmacies



# Pharmacies:



# Own-labels NOT available...

**TESCO**

**PARACETAMOL**

**CAPLETS**  
Effective Pain Relief.  
Easy to swallow shape.



**16** TABLETS  
500mg

**TESCO**

**EXTRA POWER**

**PAIN RELIEVER**  
Extra strong pain relief.  
Easy to swallow shape.

**CONTAINS ASPIRIN  
& PARACETAMOL**



**16** CAPLETS

**TESCO**

**ASPIRIN**

**CAPLETS**  
Effective Pain Relief.  
Easy to Swallow Shape.



**16** CAPLETS  
300mg

**TESCO**

**IBUPROFEN**

**CAPLETS** 200 mg  
Effective Pain Relief.  
Easy to swallow shape.




**16** CAPLETS

**TESCO**

**PARACETAMOL  
SUSPENSION**

120mg/5ml  
For Fast Relief of Pain  
and Feverishness Associated  
with Teething, Toothache,  
Headache, Colds and Flu and  
Post Immunisation Fever.



- Sugar Free
- Cherry Flavour
- Easy to Pour
- Gentle on the Stomach
- Contains No Aspirin

150ml e

# AGENDA for today

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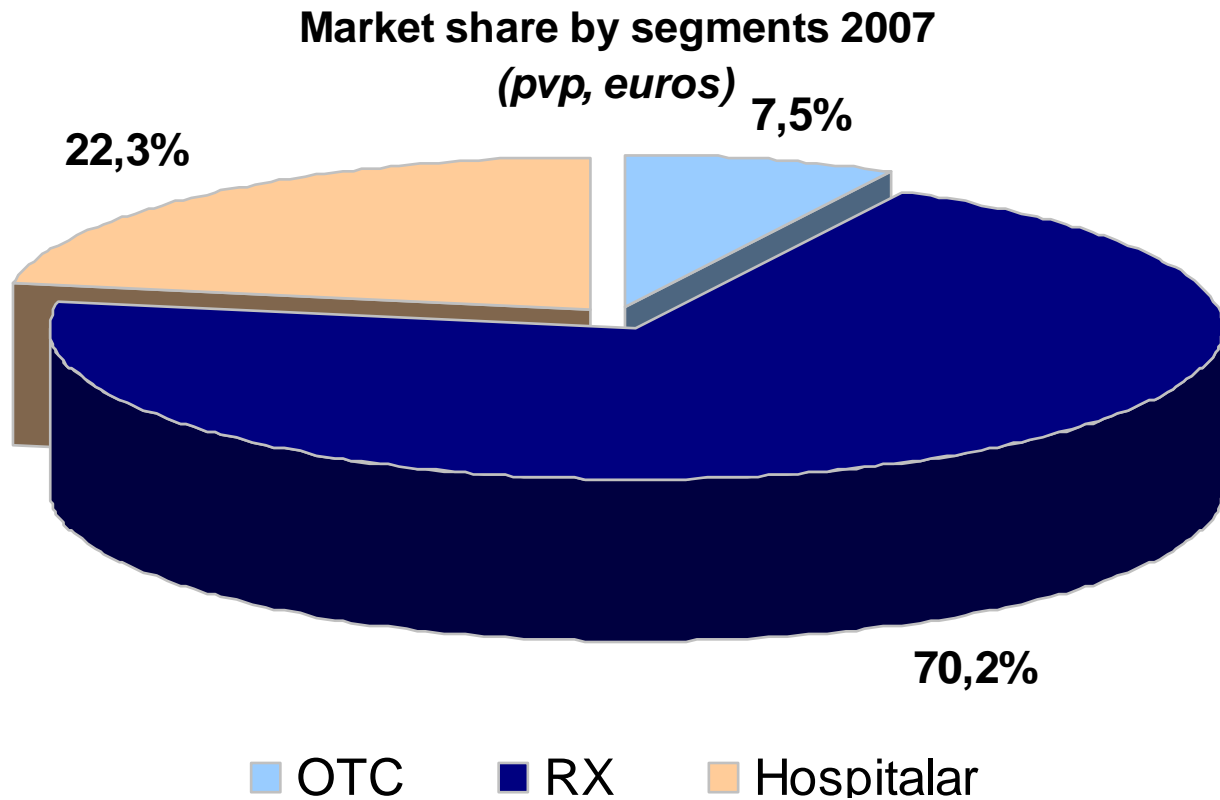
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# Pharmaceutical Market (Pharmacy)

## 2007



(12/2007, Euros)

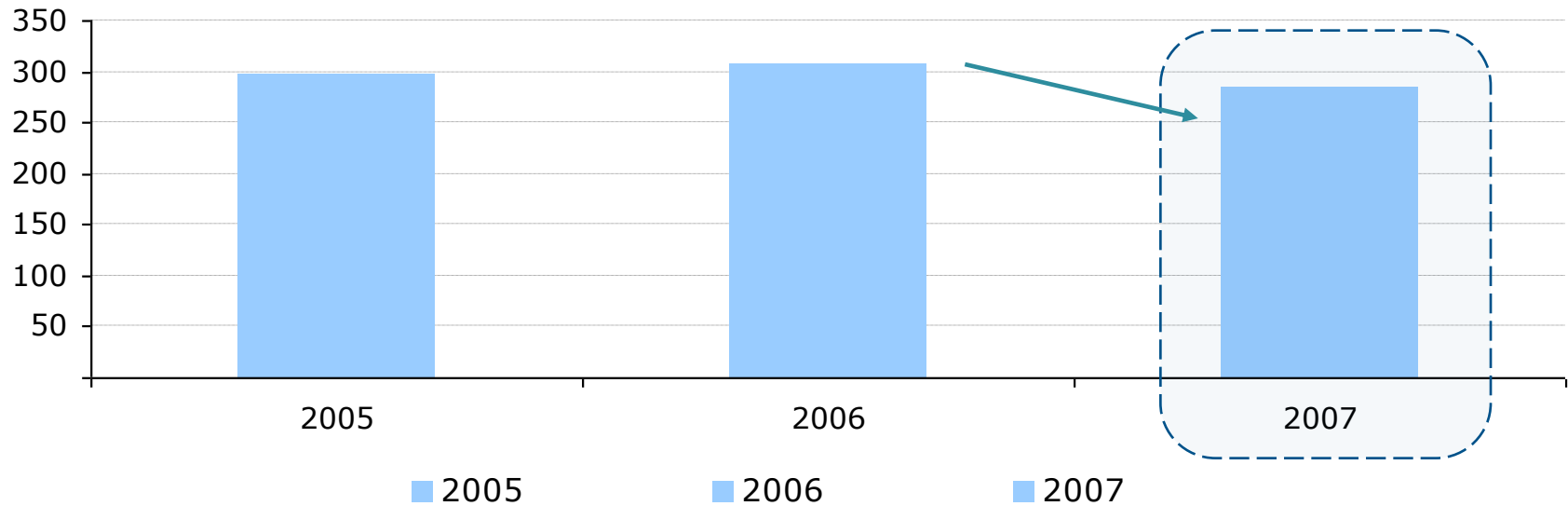


# OTC Market (Pharmacy)

## 2006/ 2007 Value (millions)

OTC	06	07	Growth 07 %
Sales €	306,4	284,5	-7%
Sales Units	53,0	49,3	-7%

OTC Market €



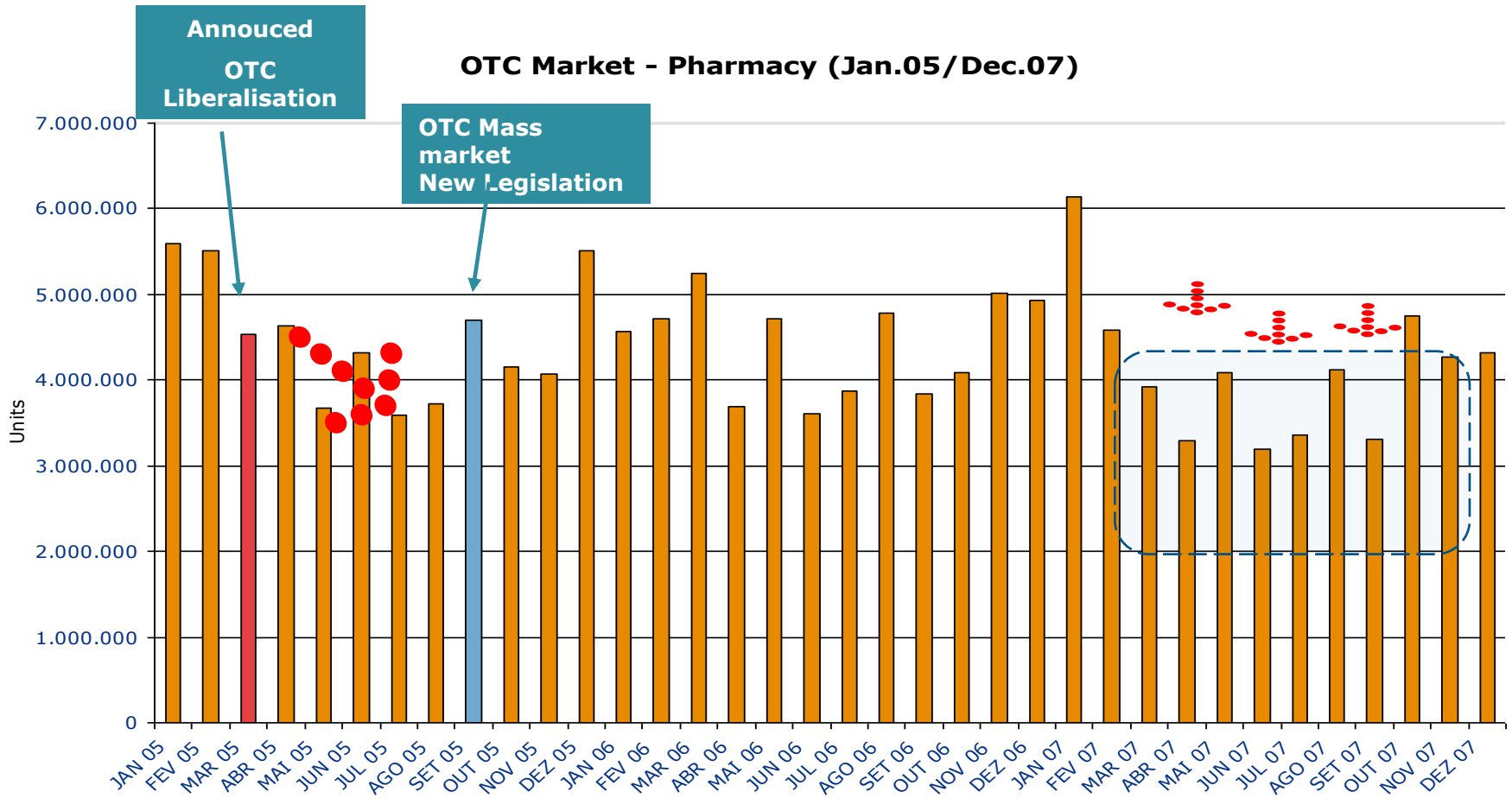
# Consumer Spending...



*It is estimated that each "adult" spends approximately 35 € per annum on Over-The-Counter (OTC) Medicines in Portugal*

# OTC Market (Pharmacy)

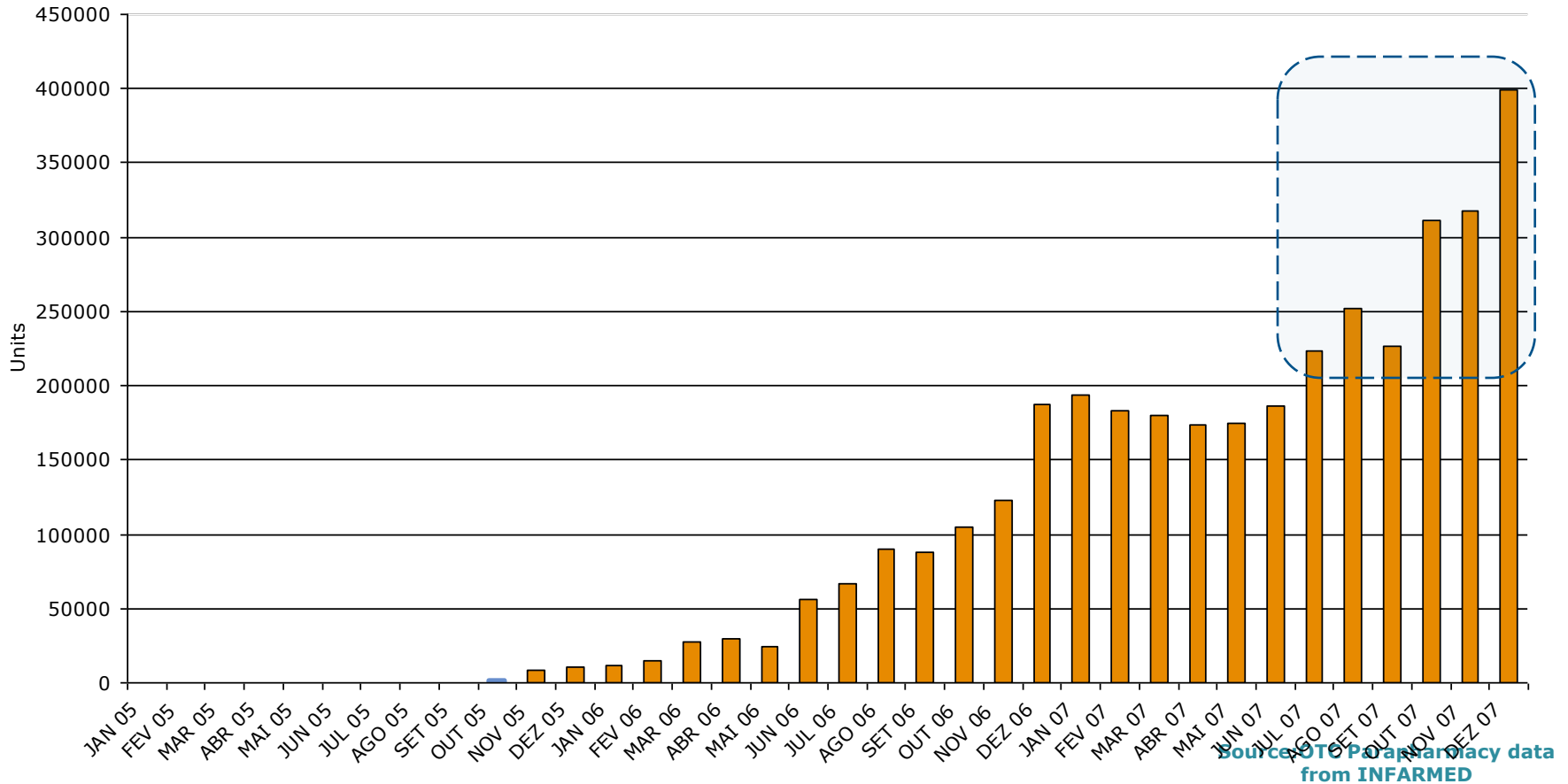
Evolution by month Jan05 – Dec 07 - Units



# OTC Market (ParaPharmacy)

## Evolution by Month – Units – 2006/07

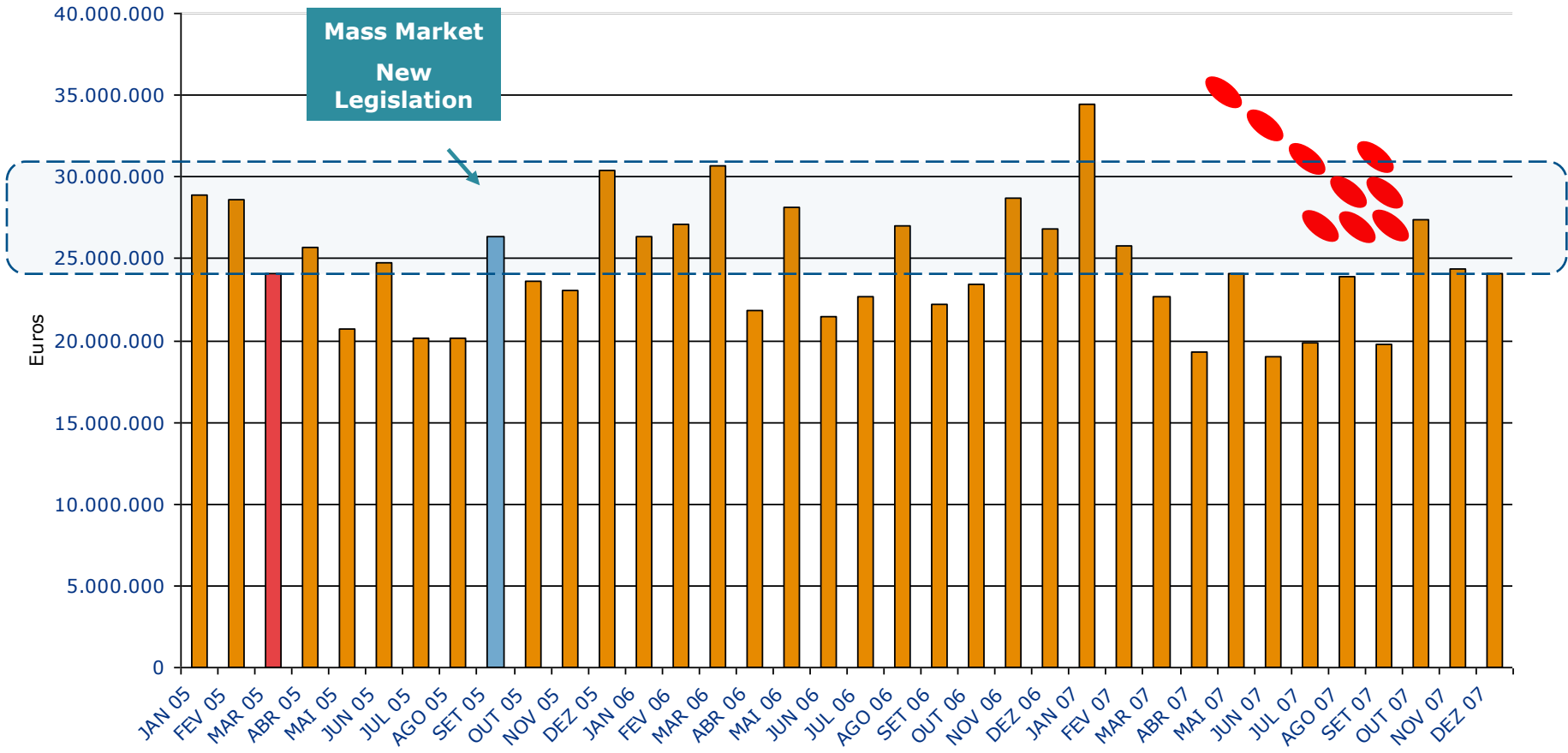
Portuguese OTC Market - Para-Pharmacies



# OTC Market (Pharmacy)

Evolution by Month – Euros – Jan05-Dec 07

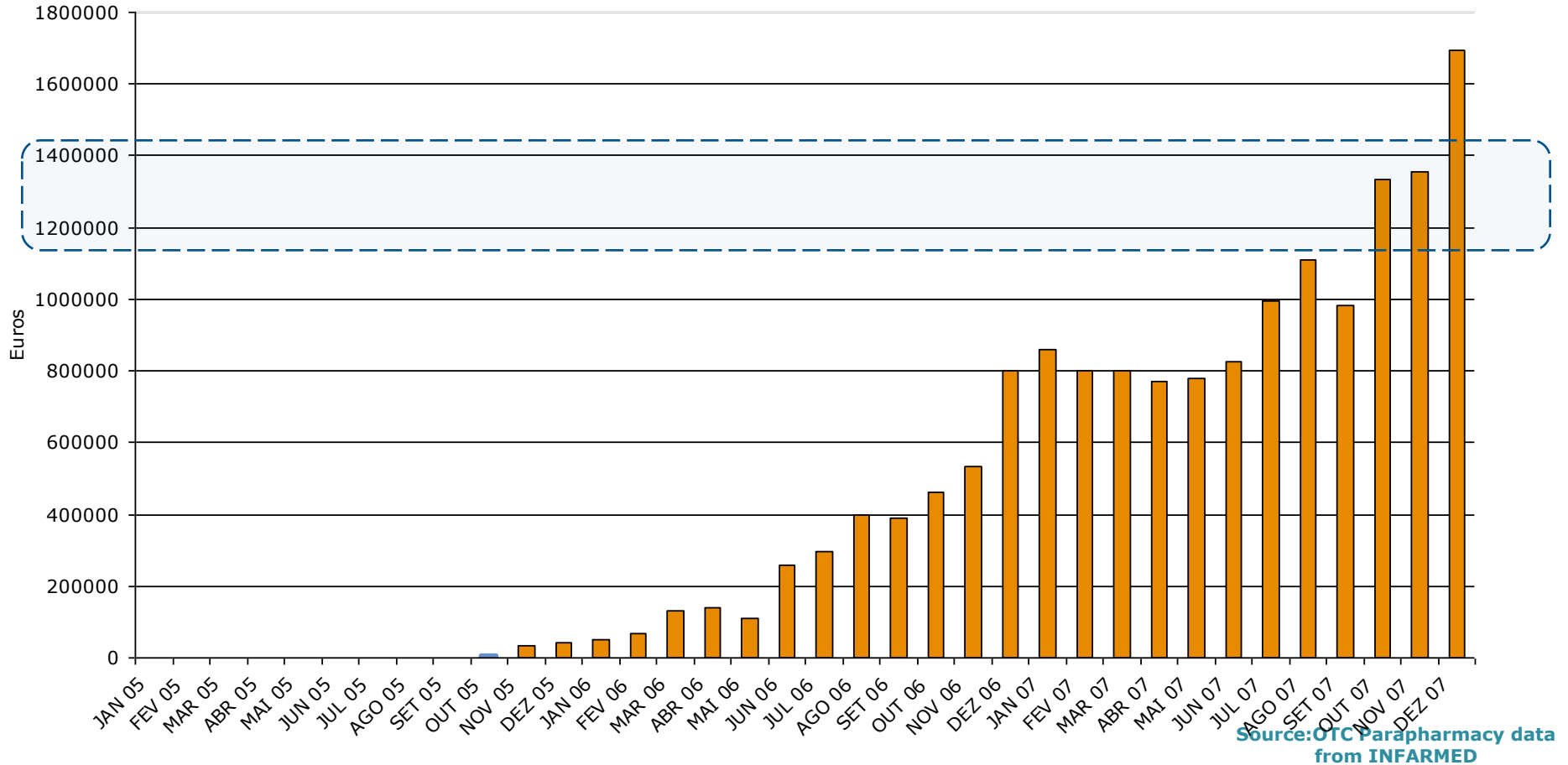
OTC Market - Pharmacy (Jan.05/Dec.07)



# OTC Market (ParaPharmacy)

## Evolution by Month – Euros – 2006/07

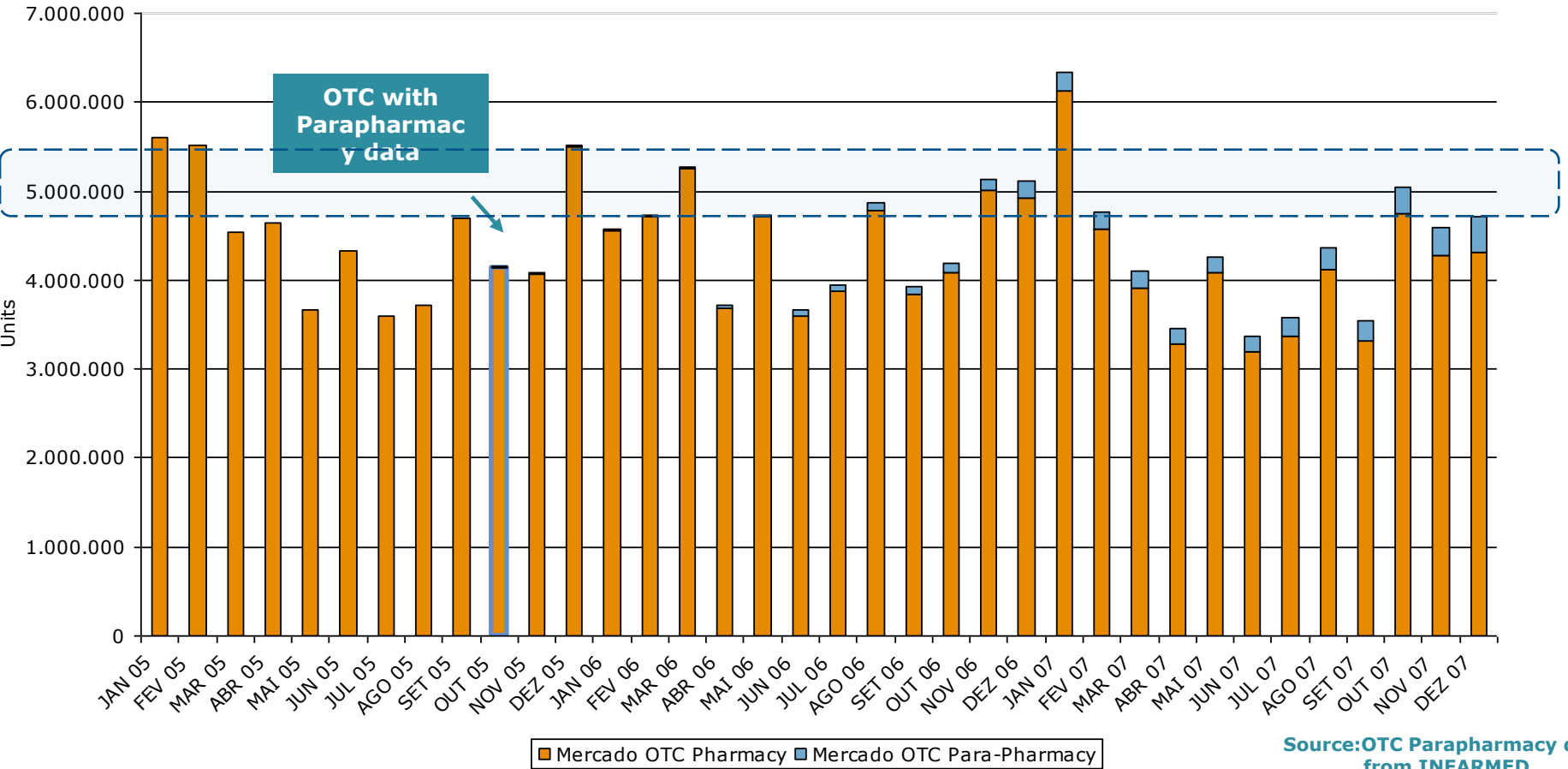
### Portuguese OTC Market - Para-Pharmacies



# OTC Market (Pharmacy + ParaPharmacy)

## Evolution by Month – Units – 2006/2007

### Portuguese OTC Market

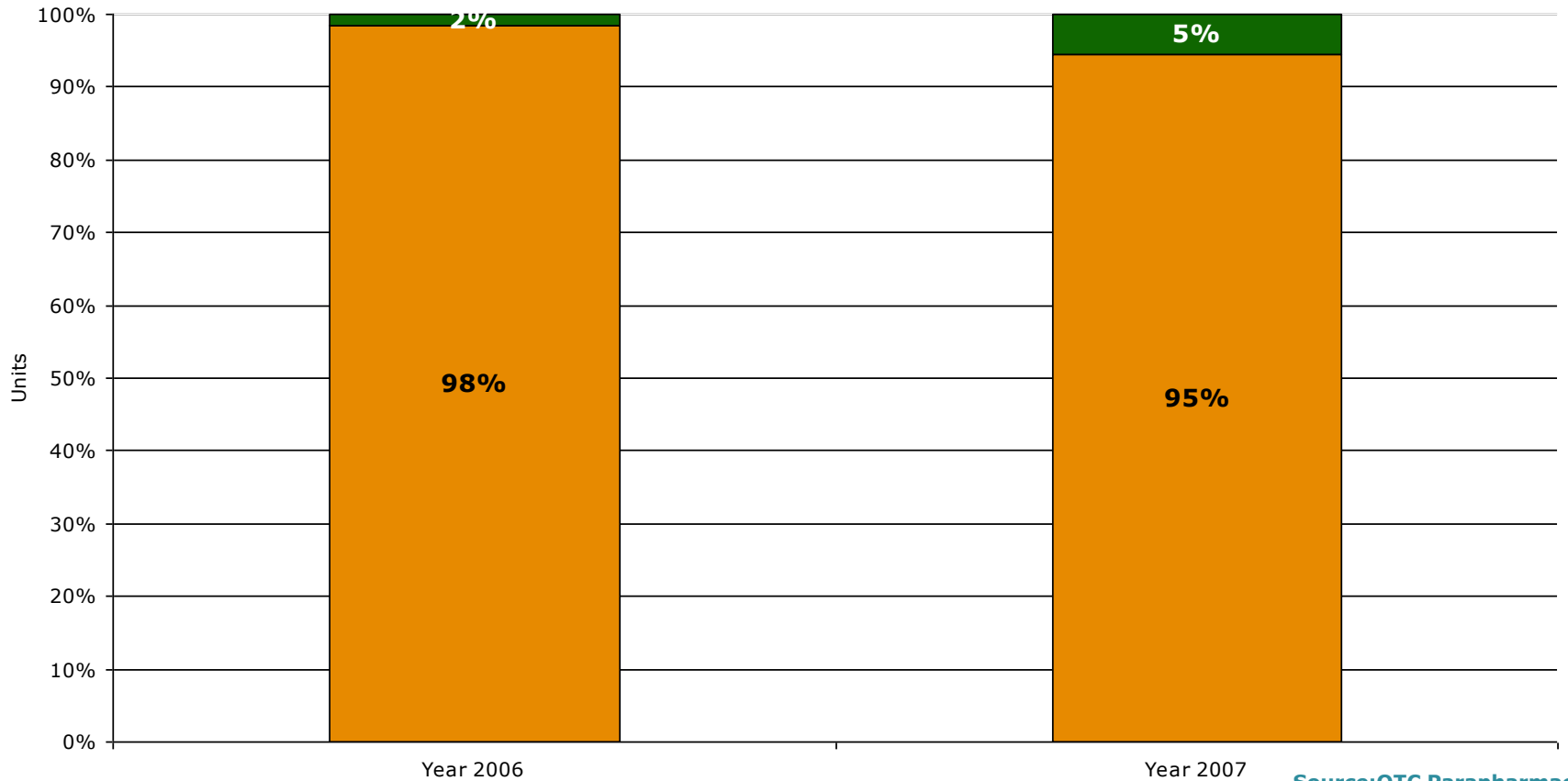


Source: OTC Parapharmacy data from INFARMED

# OTC Units Share

2007 : Para-pharmacies with **5%** in Units

Portuguese OTC Market - Market share Units

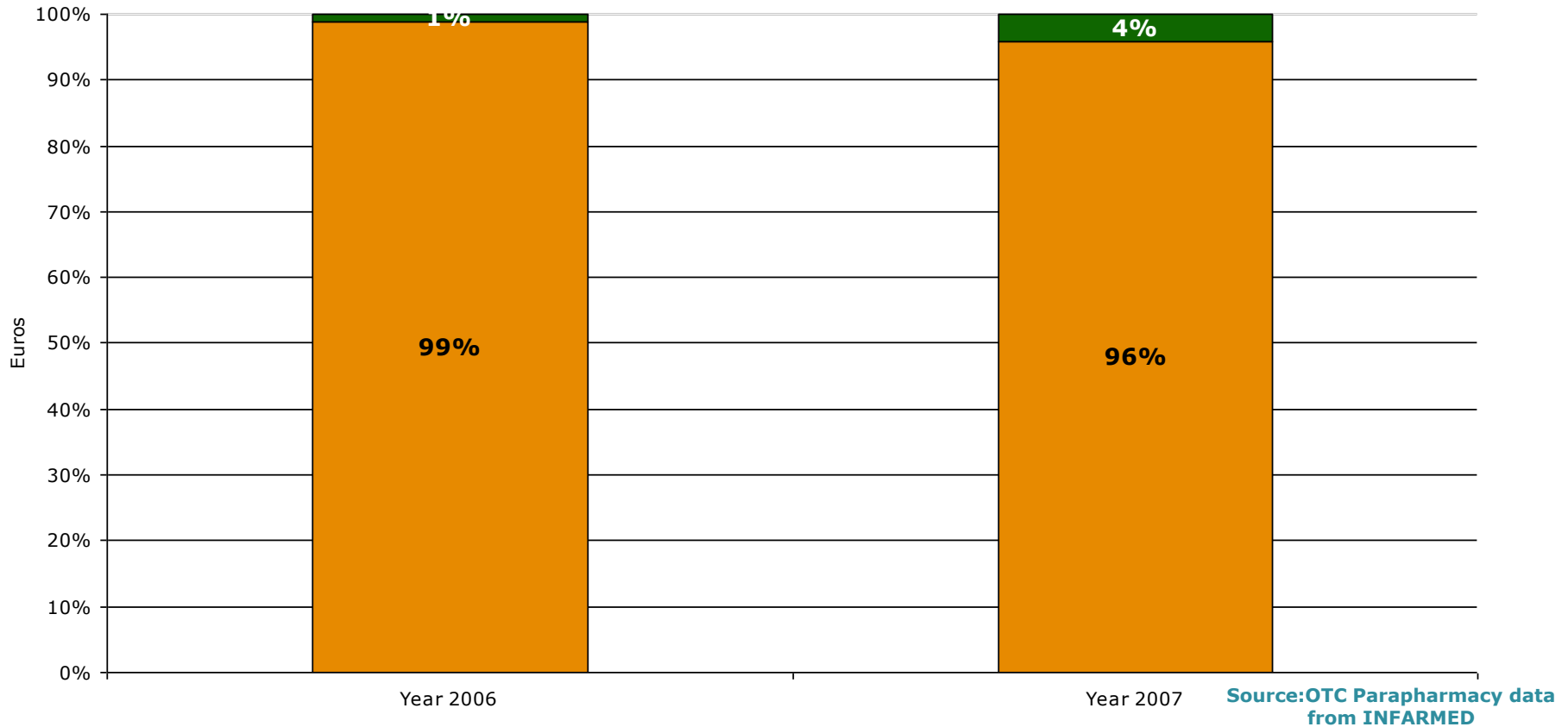


Source: OTC Parapharmacy data from INFARMED

# OTC Values Share

2007 : Para-pharmacies with **4%** in EUROS

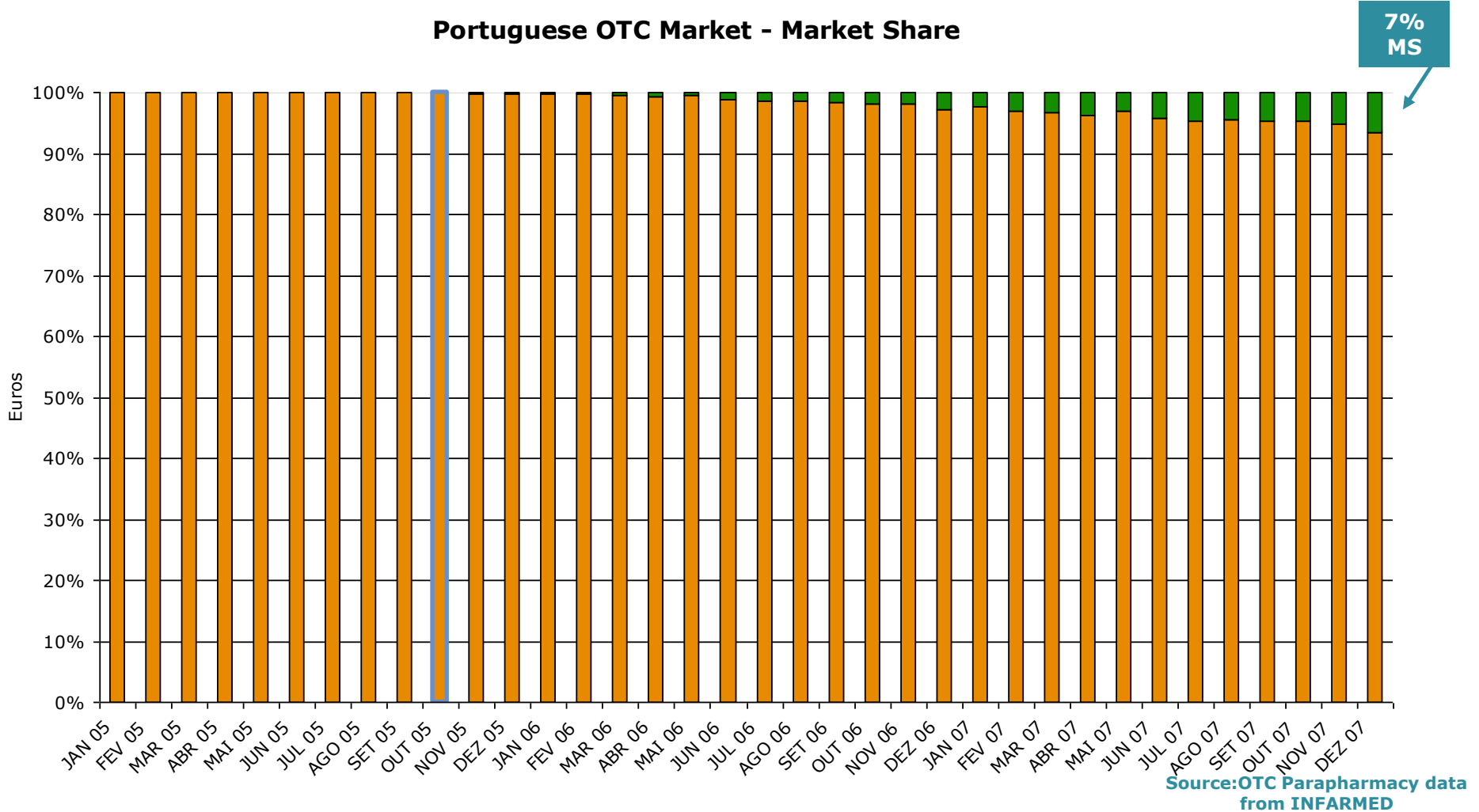
**Portuguese OTC Market - Market Share Euros**



# OTC Market

Dec 2007 : Para-pharmacies achieved 7 % in Value – Dec07

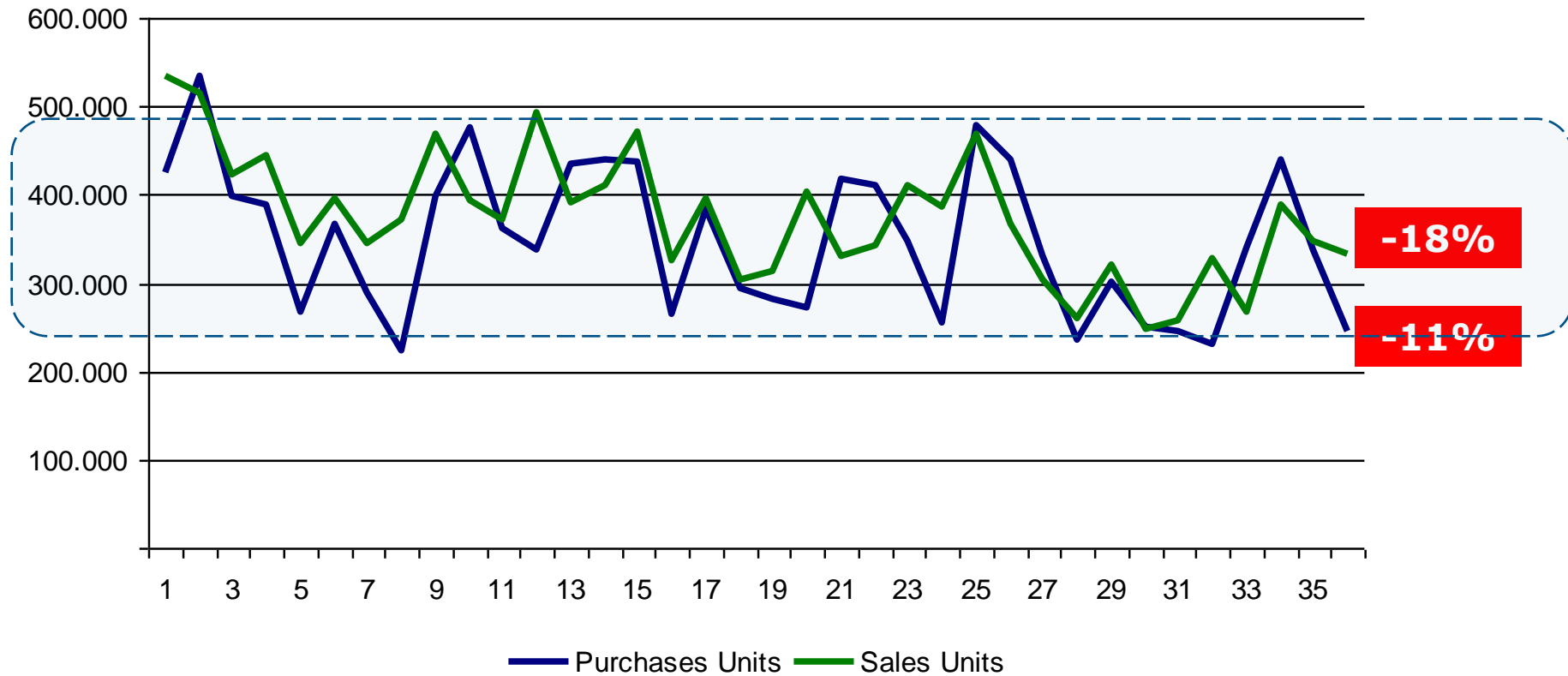
Portuguese OTC Market - Market Share



Source: OTC Parapharmacy data from INFARMED

# Analgesics at Pharmacies

2007 : Pharmacies decrease 18% in Sales



# Analgesics market share

2007 : Para-pharmacies achieved 11 % in Units

## PAIN RELIEF (O2A) 2007



Pharmacy

- 4,7 million units

89%

- 13,4 million euros

92%



Mass Market

- 0,6 million units

11%

- 1,1 million euros

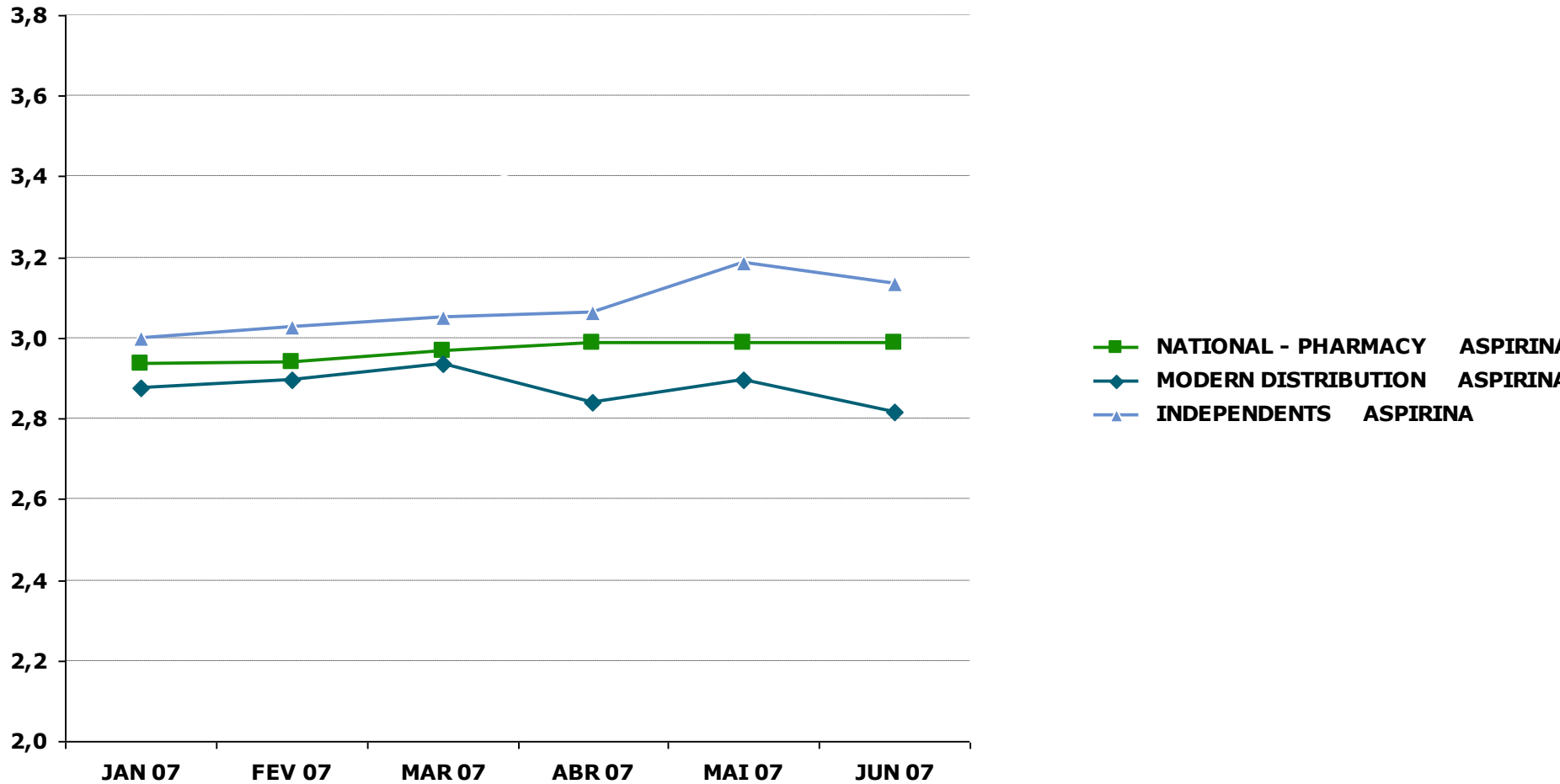
8%

Source: OTC Parapharmacy data  
from INFARMED

SOURCE: CNS Total, Infarmed, IMS market specialists

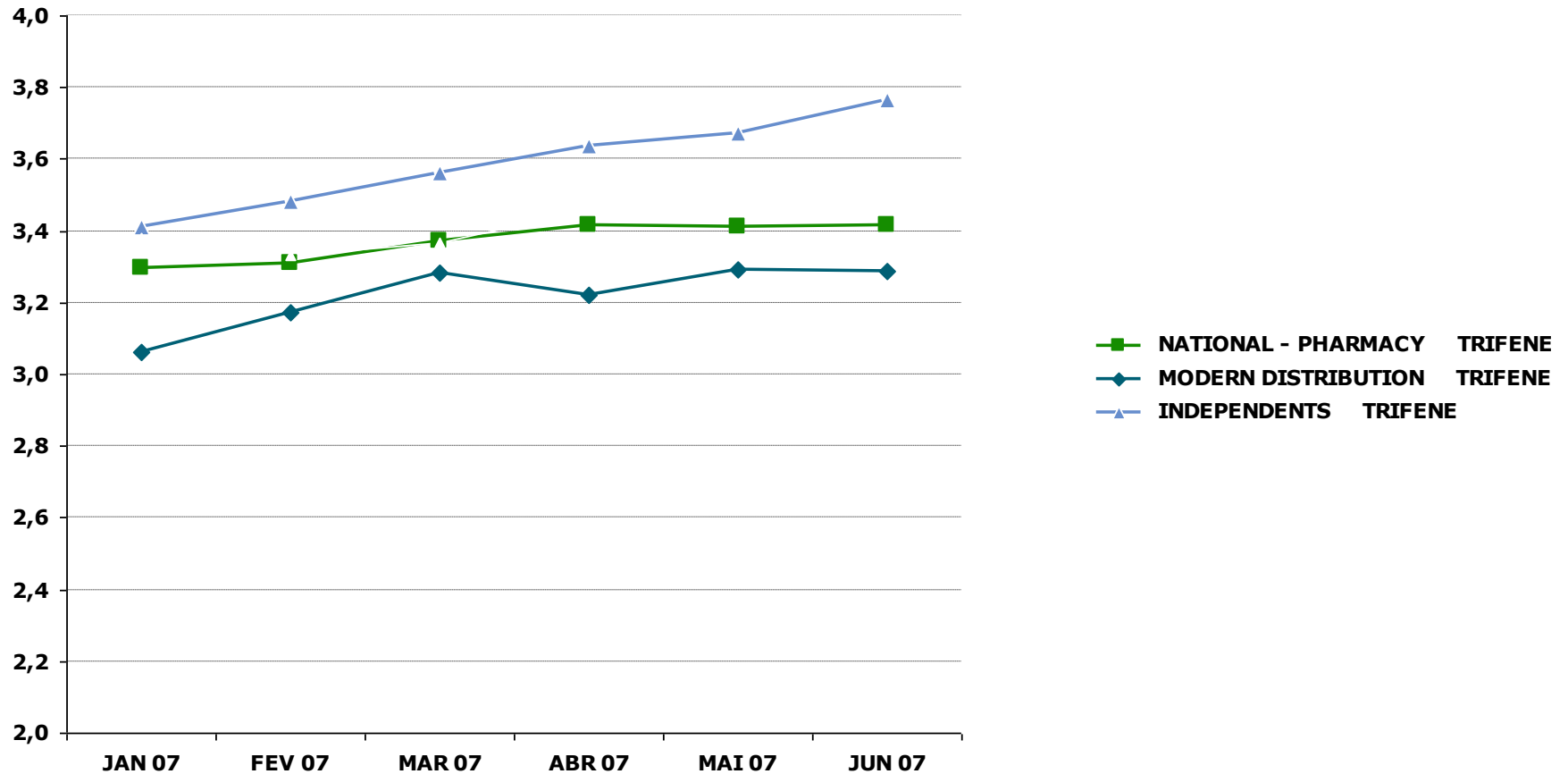
# Analgesics at Para-Pharmacies

## ASPIRINA – Price effect €



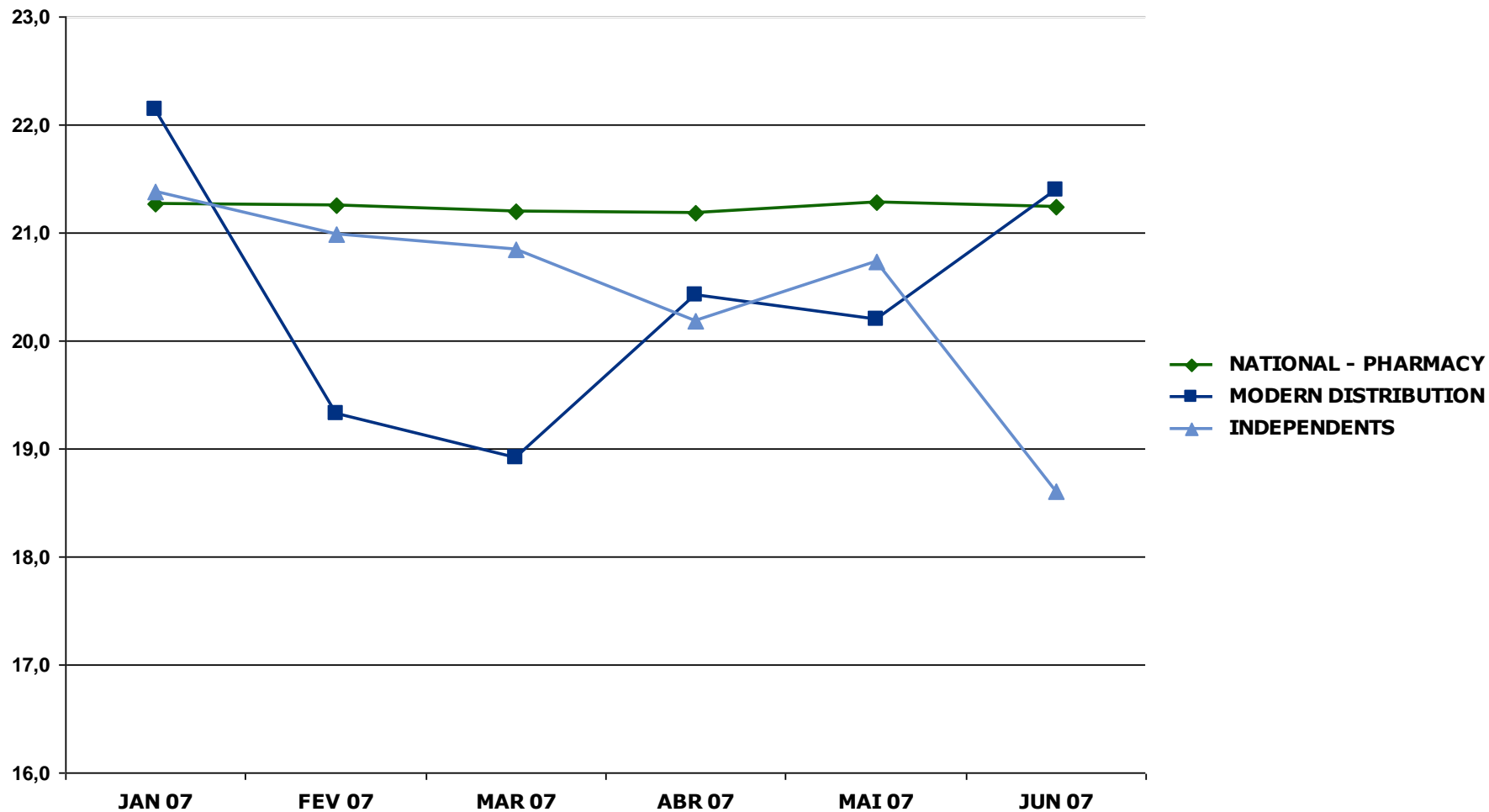
# Analgesics at Para-Pharmacies

## TRIFENE – Price effect



# Vitamins Para-Pharmacies

## CENTRUM Select 50 – Price effect €



# 3 Quarter 2007: Modern Distribution sell 3 times traditional Pharmacies - how to compete?



**Modern Distribution: Ave**  
**17.400 packs/Q3**



**3x**

**Pharmacy: Ave 6.082**  
**packs/Q3**



**Independent ParaPharmacy: Ave**  
**2.129 packs/Q3**



**3x**

Source:IMS



# New Para-pharmacies Industry Insights



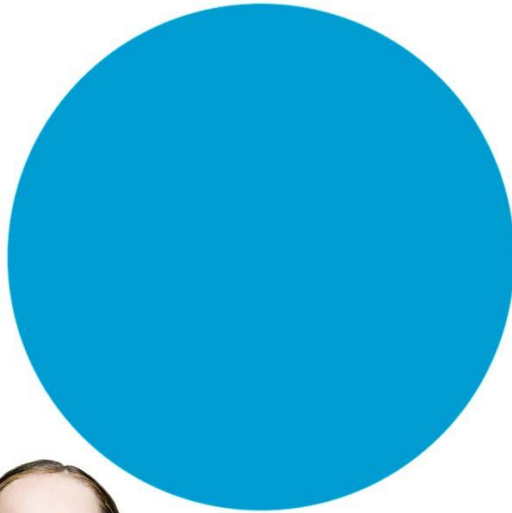
**Industry** are happy with Consumers: responsibly Selfmedication

- Increase the consumer contact with their medicines
- More sales by shop
- OTC remain Visible
- New shops need to:
  - improve section layouts: confusion
  - Recognise that medicines are seasonal products
- Some business risk

**lack of product knowledge amongst store staff**



# New Para-pharmacies Consumers Insights



**Consumers** are happy to purchase medicines from outlets.

They don't need to wait  
They could park easy at hyper markets

OTC are visible

OTC medicines as a normal part of their supermarket shopping?

**OTC medicines ....  
a commodity item?**



# New Para-pharmacies ParaPharmacy Insights



## **lack of OTC Training for Staff**

**New Shops** are happy with Consumers:

- OTC brings more traffic
- PEC products fast growth
- They have “availability” for consumers.
- Modern Dist = More sales by shop
  
- New shops need to communicate the sales & prices to Infarmed
  
- Payments terms
  
- OTC slower growth

# Changes for Manufacturers

- Decline in the number of representatives
- Power moving to the multiples/modern distribution: Hyper
- Key Account Managers becoming more important
- Channel Management is key

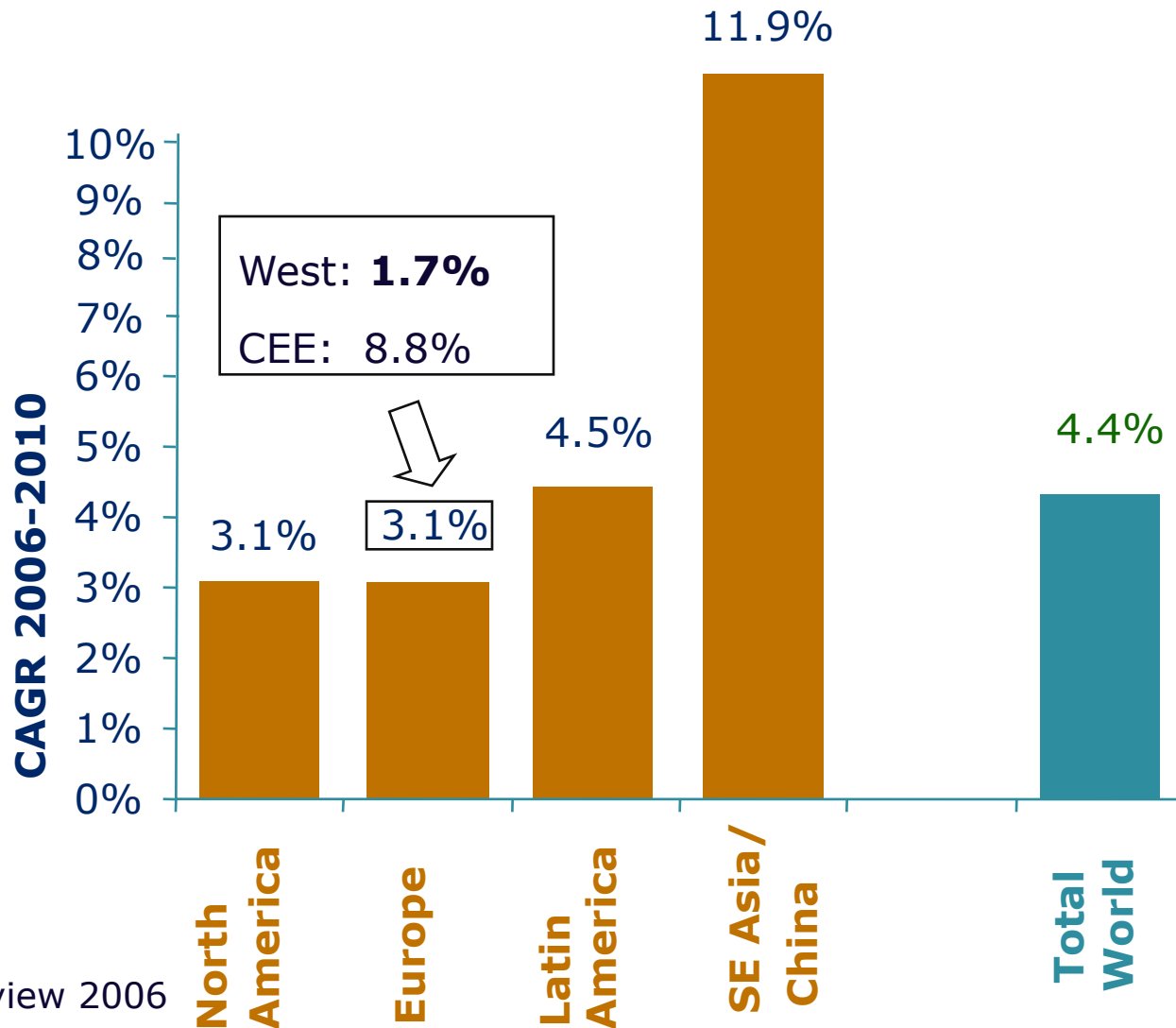
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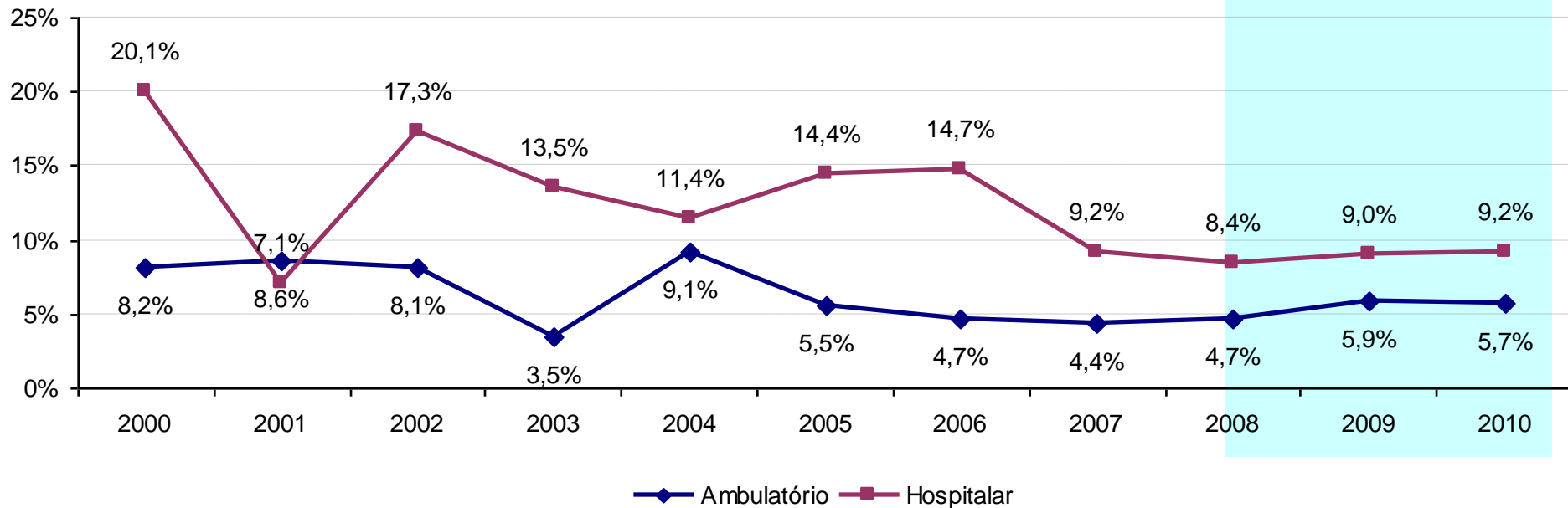
# Forecast OTC Global Market - 2010



Source: OTC Review 2006

# Pharmaceutical Market Forecast - Portugal

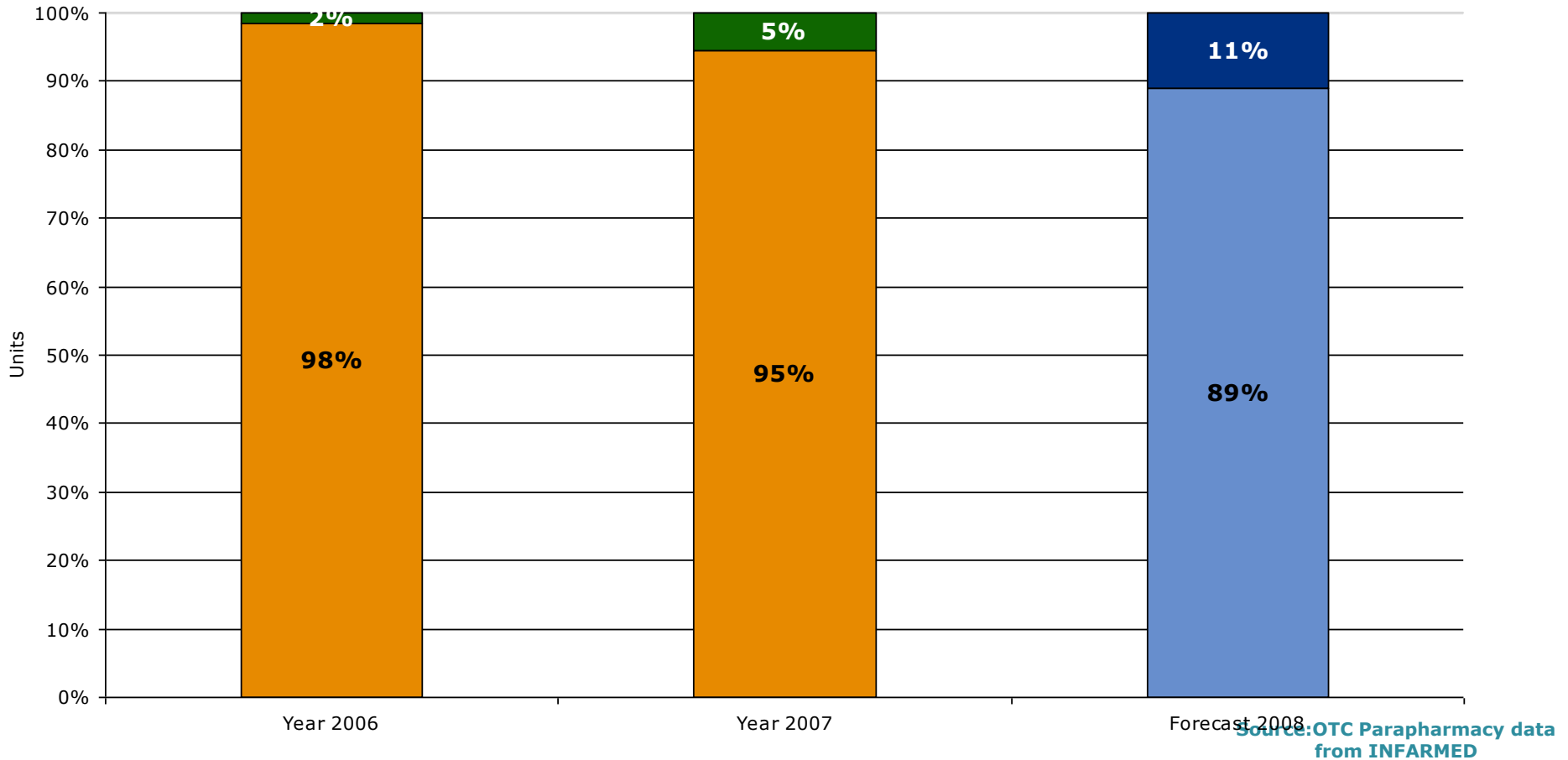
## 2008 -2010, Euros



# OTC Units Forecast

2008 FORECAST: Para-pharmacies with **11%** in Units

Portuguese OTC Market - Market share Units



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# Thank You!

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