

Over the Moon for OTC

Several trends are converging and pushing OTC sales up

By Carol Radice

More than ever, consumers are relying on cost-effective, over-the-counter medications to address their health-and-wellness needs. Like nearly everything else these days, the pandemic has had a hand in this, but so, too, has the rising geriatric population in the United States, a group that heavily depends on OTC products to maintain their health.

According to Fortune Business Insights, the OTC market is expected to increase substantially from \$157 billion in 2021 to \$233 billion by 2028. The major areas of growth include analgesics, cough-cold and flu, vitamins and minerals (particularly those that offer immune-boosting properties), digestive aids, skin care, sleep aids, eye care, first aid, and weight loss.

And, when you consider the expanding number of people interested in self-care, natural, organic and eco-sustainability, it becomes clear why the OTC category is seeing exponential growth as of late.

Experts we spoke with said today's younger generation possesses greater knowledge and understanding of their health-and-wellness needs, which has increased the demand for natural OTC products — especially homeopathics. A recent survey of over 5,000 natural product consumers found that 44% of participants are now taking more preventative health measures than they were a year ago. Nearly half said they will keep buying “healthier” products in the future.

There's no ignoring the fact that interest in self-care has exploded, said Nathan Jones, president of American Fork, Utah-based Xlear. As more people come to realize that there is a wide variety of products that can be used to lessen the incidence and severity of health concerns, including COVID, it has caused them to revisit existing products and be open to trying new ones as well, he said.



“As more studies highlight the efficacy of simple OTC products, such as nasal sprays and irrigations, people who were not regular shoppers in the category are seeking out these products,” Jones said.

Ongoing pandemic, increased demand on medical resources and fears of exposure to COVID have curtailed the consumer's desire and ability to walk in or schedule appointments for medical care, said Marsha Garcia, president of Doctor Easy Medical Products in Orange Park, Fla. For conditions where at-home solutions exist, she said consumers are increasingly opting to address health issues on their own.

“For self-care treatments, consumers continue to seek out products that are convenient, easy to use and contain natural ingredients. Products made in the U.S. are once again gaining popularity as well,” Garcia said. These factors have contributed to significant growth in the ear care category. According to IRI, for the 52 weeks ending

Sept. 5, the category has experienced an almost 5% uptick in year-over-year growth. This unexpected rise has category managers and retail executives taking notice of the sometimes-sleepy ear category, she said.

In addition to the rising cost of health care pushing more people to turn to OTCs, Ken Bianchi, executive vice president at Safetec of America, in Buffalo, N.Y., said increased access is also driving interest. “The average consumer today is looking for alternative treatments, cost-effective solutions and information that allows them to meet their wellness needs on their terms.”

In examining the reasons behind the growing interest in OTCs, Ivan Balcarce, director of professional business development at Manhattan, N.Y.-based Rhinomed, said he sees a direct correlation between the attitude shift toward self-care and the prevalence of enormous medical bills and skyrocketing health insurance premiums. “People have been awakened to the fact

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STORE BRAND INTEREST PEAKS

Sales of private label OTCs have been on the rise as value-seeking consumers continue to look for healthcare products at an affordable price point. More consumers have come to realize these products are just as effective as their name-brand counterparts.

Consumers have grown increasingly comfortable buying private label OTC products online. A recent report found 25% of OTC sales take place online as convenience, breadth of products and the ability to price compare appeal to online shoppers.

“A majority of U.S. brands are being overshadowed as more consumers are choosing to buy OTC medicine from private label brands,” said Chris Beland, vice president and analyst at Stamford, Conn.-based Gartner.

“Such consumer trends have been reflected in the drastic increases in unit sales of private label OTC products and have also inspired new participants in the private label OTC space.”

Key private label OTC segments growing in popularity include pain, cough-cold, allergy, digestive aids, sleep aides and smoking cessation products.

“Consumers increased the number of private label products they purchased during the past year, making it almost essential for pharmacies to offer a comparable store brand,” said Ken Bianchi, executive vice president at Buffalo, N.Y.-based Safetec of America. He said this increased interest has led to a demand for more unique packaging options and sizes to help products stand out.

Bianchi said he believes the pandemic has forever changed consumer buying habits. “The pandemic has fueled the buy local and U.S.-made brand trends, accelerated interest in private label offerings, and pushed more consumers to seek out free-from, vegan and natural formulations,” he said.

Additionally, Bianchi sees more consumers looking to understand the ingredients in their topical ointments. “People are living differently, buying differently and, in many ways, thinking differently today. Consumers everywhere are looking at products and brands through a new lens,” he said.



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that the best way to care for themselves is to develop wellness habits that keep them out of the doctor’s office,” he said. “People feel empowered when the small changes they make help them feel better. The current pandemic has also accelerated and augmented what was an already growing awareness of how sleeping, breathing, eating and exercising affect our immune system and our long-term health.”

Geolyn Gonzalez, vice president of sales and marketing at Total Resources International in Walnut, Calif., said today’s consumers are focused on two things — convenience and education. Products that make their life easier, safer, more secure and provide health-and-wellness benefits are their primary focus, she noted. More importantly, she said she believes consumers gravitate toward affordable and practical solutions designed with progress and innovation in mind.

“Recent issues with supply chains have created a significant need for products built and manufactured in the U.S.,” Gonzalez said. “And if it gives back, contributes to a greater good, uplifts communities and transforms lives, you really can’t get any better than that.”

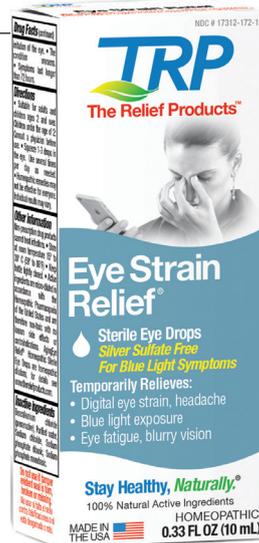
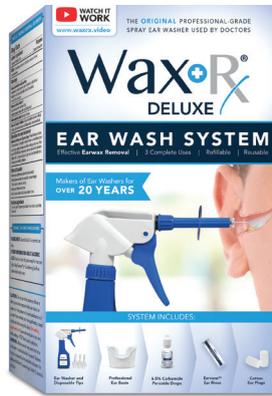
Buying Habits are Changing

As consumers continue to adjust to the realities of the new world we live in, retailers and their supplier partners need to be mindful that these new habits are here to stay. Most notably is a renewed focus on personal accountability when it comes to health and wellness, said Susan Hanson, COO of The Relief Products company in Reno, Nev.

“Consumers are looking for natural alternatives that can help maintain or improve overall health without the use of harsh chemicals or hidden ingredients,” she said. “For this reason, homeopathic products are appealing to an increasingly larger demographic based on three main factors: safety, effectiveness and the inclusion of natural, active ingredients.”

While people have begun shopping in person again, Hanson said many will continue to shop online. Insightful brands will create a competitive advantage by working with retail partners to optimize e-commerce platforms for their customers, she said.

Before the pandemic, consumers would head to the store to find a remedy for a cold or headache, but as Jones noted, shoppers are becoming more proactive about their health. “People have gone from buying products that treat the symptoms to buying products that can help to prevent getting sick in the first



place,” Jones said. “The terms ‘getting sick’ have taken on a whole new meaning as a result of COVID. People are not willing to risk getting even the most mundane of illnesses anymore.”

As people have become more mindful about the chemicals they put in and on

their bodies, they are open to trying drug-free solutions and natural products before seeking professional help. “People are more open to trying devices, such as nasal dilators, oral appliances and mouth tape, in an effort to better breathe through their nose and snore less so they can wake up

headache-free, dry-mouth-free and more refreshed,” Balcarce said.

Louis Machin, managing director of Lifelab Health in Coconut Creek, Fla. said the demand for certified organic OTC products continues to escalate as consumers flock to products featuring simple profiles, natural

United States Postal Service
Statement of Ownership, Management, and Circulation (Requester Publications Only)

1. Publication Title Drug Store News	2. Publication Number 0448-2900	3. Filing Date 10/1/2021
4. Issue Frequency Monthly	5. Number of Issues Published Annually 12	6. Annual Subscription Price \$125.00
7. Complete Mailing Address of Known Office of Publication (Not printer) (Street, city, county, state, and ZIP+4) EnsembleIQ 8550 W. Bryn Mawr Suite 300 Chicago, IL 60631		Contact Person Lina Trunina Telephone 416-830-3773
8. Complete Mailing Address of Headquarters or General Business Office of Publisher (Not printer) EnsembleIQ 8550 W. Bryn Mawr Suite 300 Chicago, IL 60631		
9. Full Names and Complete Mailing Addresses of Publisher, Editor, and Managing Editor (Do not leave blank)		
Publisher (Name and complete mailing address) John Kenlon EnsembleIQ 8550 W. Bryn Mawr Suite 300 Chicago, IL 60631		
Editor (Name and complete mailing address) Nigel Maynard EnsembleIQ 8550 W. Bryn Mawr Suite 300 Chicago, IL 60631		
Managing Editor (Name and complete mailing address) David Salazar EnsembleIQ 8550 W. Bryn Mawr Suite 300 Chicago, IL 60631		
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Full Name EnsembleIQ	Complete Mailing Address 8550 W. Bryn Mawr Suite 300 Chicago, IL 60631	
11. Known Bondholders, Mortgagees, and Other Security Holders Owning or Holding 1 Percent or More of Total Amount of Bonds, Mortgages or Other Securities. If none, check box <input type="checkbox"/> None		
Full Name	Complete Mailing Address	
12. Tax Status (For completion by nonprofit organizations authorized to mail at nonprofit rate) (Check one) The purpose, function, and nonprofit status of this organization and the exempt status for federal income tax purposes: <input type="checkbox"/> Has Not Changed During Preceding 12 Months (Publisher must submit explanation of change with this statement) <input type="checkbox"/> Has Changed During the Preceding 12 Months		

PS Form 3526, July 2014 (Page 1 of 3 (Instructions Page 3)) PSN 7530-01-000-9931 PRIVACY NOTICE: See our privacy policy on www.usps.com

13. Publication Title Drug Store News	14. Issue Date for Circulation Data Below Sep-21	
15. Extent and Nature of Circulation	Average No. Copies Each Issue During Preceding 12 Months	No. Copies of Single Issue Published Nearest to Filing Date
a. Total Number of Copies (Net press run)	30,277	30,354
(1) Outside-County Paid/Requested Mail Subscriptions stated on PS Form 3541 (include direct written request from recipient, telemarketing and internet requests from recipient, paid subscriptions including nominal rate subscriptions employer requests, advertiser's proof copies, and exchange copies.)	18,289	13,139
b. Legitimate Paid Paid and/or Requested (By Mail and Outside the Mail)	0	0
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(3) Sales Through Dealers and Carriers, Street Vendors, Counter Sales, and Other Paid or Requested Distribution Outside USPS	0	0
(4) Requested Copies Distributed by Other Mail Classes Through the USPS (e.g. First-Class Mail)	0	0
c. Total Paid and/or Requested Distribution (Sum of 15b, (1), (2), (3), and (4))	18,289	13,139
d. Nonrequested Distribution (By Mail and Outside the Mail)	6,658	4,955
(1) Outside County Nonrequested Copies as stated on PS Form 3541 Sample Copies, Requests Over 3 years old, Requests Induced by a Premium Sales and Requests including Association Requests, Name obtained from Business Directories, Lists, and other sources.)	0	0
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(3) Nonrequested Copies Distributed Through the USPS by Other C Mail (e.g. First-Class Mail, Nonrequester Copies mailed in excess of Limit mailed at Standard Mail or Package Services Rates)	0	0
(4) Nonrequested Copies Distributed Outside the Mail (include Pickup Stands, Trade Shows, Showrooms and Other Sources)	273	261
e. Total Nonrequested Distribution (Sum of 15d, (1), (2), (3), and (4))	6,930	5,216
f. Total Distribution (Sum of 15c, and 15e.)	25,219	18,355
g. Copies not Distributed (See Instructions to Publishers #4 (page #3))	0	0
h. Total (Sum of 15f, and 15g.)	25,219	18,355
i. Percent Paid and/or Requested (15c, Divided by 15f, times 100)	72.5%	71.6%
PS Form 3526-R, July 2014 (Page 2 of 4)		
16. Electronic Copy Circulation	Average No. Copies Each Issue During Preceding 12 Months	No. Copies of Single Issue Published Nearest to Filing Date
a. Requested and Paid Electronic Copies	3,641	3,850
b. Total Requested and Paid Print Copies (Line 15c) + Requested/Paid Electronic Copies (line 16a)	21,929	16,989
c. Total Requested Copy Distribution (Line 15f) + Requested/Paid Electronic Copies (line 16a)	28,860	22,205
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17. Publication of Statement of Ownership Publication of the Statement of Ownership for a Requester Publication is required and will be printed in the Nov-21 issue of this publication.		
18. Signature and Title of Editor, Publisher, Business Manager, or Owner <i>Lina Trunina</i>	Date 09/30/2021	
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ingredients and free-from labels. This past year, sales of the company's Honeyworks USDA organic cough syrups and throat sprays saw a marked increase, which he surmised, had a lot to do with their on-trend ingredient profile, featuring a unique blend of dark honey, ivy leaf extract and zinc. "These products also provide immune support, another feature consumers demand," he said. The company has recently launched BerryWorks, black elderberry chewable tablets for immune support for children and adults.

When the WaxRx Ear Wash System was introduced in chain drug stores two years ago, it brought professional grade ear wax removal options that consumers had never seen. The timing could not have been more significant. "The new availability of a professional grade ear wax solution at the pharmacy created the opportunity for consumers to avoid the doctor's office," Garcia

said. Looking to offer comprehensive ear care solutions for home use, retailers have been expanding their ear care offerings to include Doctor Easy's WaxRx Refill and Earvana Ear Rinse for itchy ears to their lineups in the past year.

The pandemic provided valuable insight into the shifts in shopping behavior and the approach to mindful consumption. With e-commerce being the trustworthy hero throughout this pandemic, Gonzalez said it forced consumers to adapt. Online consumption quickly went from convenience to necessity because no other options were available, she said.

"Society as a whole now has the time and resources to shop mindfully — educating themselves, doing research, reading reviews, comparing products and pricing online before making a purchase," Gonzalez said. "More and more, we are seeing consumers want

products with clear, defined benefits in preparation for activities that fit their lifestyles."

Earlier this year, Total Resources International launched 13 new products at Walmart Outdoors under its Be Smart Get Prepared line. Gonzalez said the comprehensive set addresses the different needs of first aid, safety and emergency survival for any outdoor situation. Be Smart Get Prepared represents a significant opportunity to make first aid relevant by encouraging consumers to become proactive instead of reactive, according to Gonzalez. "With an elevated and curated direction for outdoor safety, supported with purposeful, functional and playful packaging, the line targets millennials and Gen Z families," she said. "Road trips, camping, hiking, heat relief, personal hygiene, pet care, blisters and insect repellent — we identified all the gaps and filled them in accordingly." **dsn**



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