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## Spring 2006

## The Future for Skincare in Self-medication in Europe

Review of James Dudley's 6-country 2006 study.

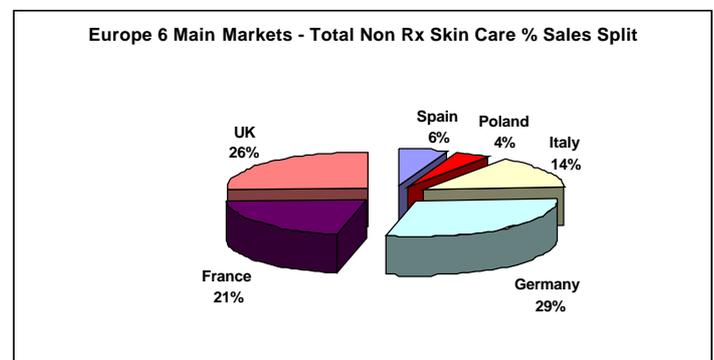
The European market for non-prescription and OTC self-medication skincare medication is undergoing a major period of transition from prescription based demand to consumer driven demand and most major companies in this market recognize this.

While prescription dependent dermatological brands, particularly in Germany, are adjusting to new healthcare reforms, consumers are driving demand in the UK, Spain, Poland and Italy.

There is also a good track record of product development through Rx to OTC switches, inward licensing and innovative line extension strategies by many of the major manufacturers. So while prescription demand will continue to decline there are considerable opportunities to drive consumer demand, so says a new report 'Skincare in Self-medication in Europe the 2006 edition' from one of Europe's leading consumer healthcare marketing strategists James Dudley.

The largest market is Germany with 29% share of sales out of the six markets under study, followed by the UK with 26% and France with 21%. Italy has 14% and Spain and Poland with 6% and 4% respectively.

%Share of the European Non-prescription Skincare Market by country

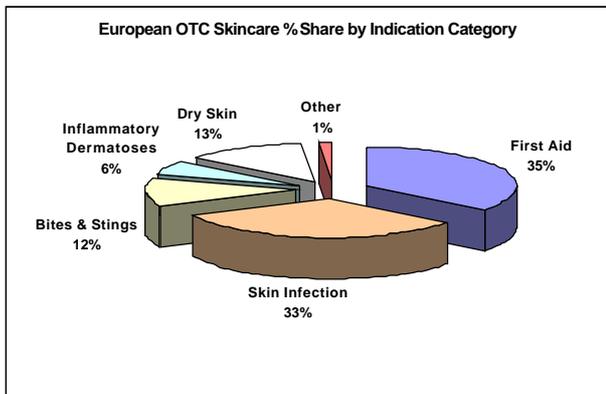


Source: Skincare in Self-medication in Europe 2006 edition

The European non-prescription and OTC self-medication skincare market has grown by around 14% since 1999.

### Difficulties in the prescription sector

Difficulties in the prescription sector for non-prescription bound skincare medication have contributed to a market slow down and will deprive it of strong growth over the next five years. This said, consumer demand has driven growth in some segments of the market, especially for non-prescription treatments for skin infections, products for sunburn, bites and stings and treatments for dry skin in most European markets except France.



The European non-prescription skincare market is made up of five main dermatological therapeutic groups providing medication and treatments for conditions that meet consumers' needs for OTC self-medication and prescription medicines for GPs and dermatologists.

The largest therapeutic group in Europe is first aid consisting of topical anti-septic products and wound healing agents. The next largest group is for treatments for skin infection and this includes topical products for fungal infections of the skin, viral infections such as cold sores, warts and veruccas and bacterial related conditions such as acne. In third place are treatments for dry skin and these include emollients and skin protectors.

In fourth place, are products for skin injury caused by sunburn, bites and stings. This group is made up of anti-histamines and other anti-pruritics or counter-irritants such as camphor or calamine.

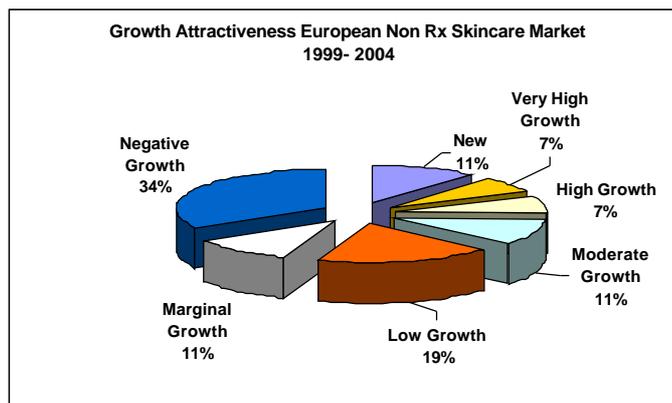
The smallest group is for products for inflammatory and itching dermatoses and used in self-medication for eczema, dermatitis and psoriasis. This group largely consists of hydrocortisone based topical steroids available without a prescription and is a heavily consumer driven market category. This category has grown out prescription to OTC switches.

Brand	Company	Category
Zovirax	GlaxoSmithKLine	Anti-viral
Benpanthen	Bayer	Wound Healing
Betadine	Viartis	Antiseptic
Pevaryl	J&J	Anti-fungal
E 45 Cream	Boots	Emollient
Canesten	Bayer	Anti-fungal
Oilatum	Stiefel	Emollient
Dettol	Reckitt Benckiser	Antiseptic
Fenistil	Novartis	Antihistamine
Dexeryl	Pierre Farbre	Emollient

Leading Brands - James Dudley Management Skincare in Self-medication in Europe the 2006 edition – March 2006

Taking the six main European non-prescription and OTC self-medication skincare markets, France, Germany, Italy, Poland, Spain and the UK, as a whole around 55% of sales are made from brands that are either new or are showing low to high growth.

Conversely 45% of sales are from brands that are either showing marginal growth or are in decline. Indeed, 34% of sales are from brands with declining sales.



Source: James Dudley Management Skincare in Self-medication in Europe the 2006 edition – March 2006

Growth performance of the European skincare market has varied considerably between the six main European markets over the last five years.

In France and Germany the skincare market has been very reliant on prescription business and a high reliance on pharmacy distribution. Around 50% of sales in France are prescription based. In Germany this figure is slightly lower at 44%. Health reforms in these two markets have retarded growth. Indeed, in Germany the main product groups prescribed by dermatologists have all declined sharply since 1999.

By contrast market growth for skincare medication in the UK, Spain and Italy has been driven by consumer demand for self-medication, particularly for treatments for skin infections, such as athlete's foot, warts and verrucas and acne. Treatments for dry skin have also increased in sales.

Furthermore, an expanding non-pharmacy market especially in supermarkets has helped drive the UK demand for non-prescription and OTC skincare medication.

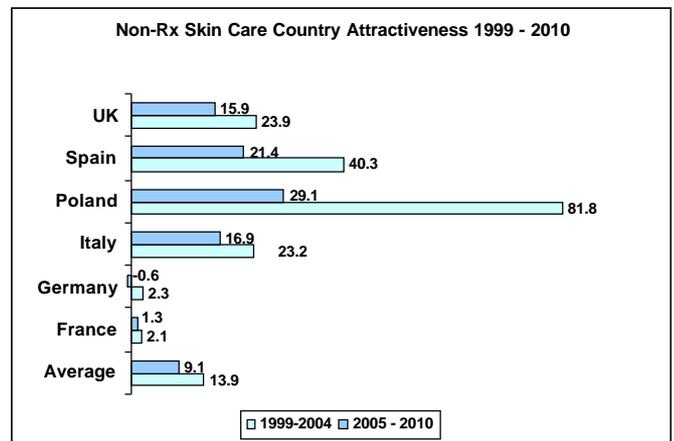
Poland has shown strong growth in most non-prescription categories and skincare has not been an exception. However, growth has been particularly strong for anti-fungal OTC medication and non-prescription treatments for dry skin.

Looking to the future, overall European growth of the non-prescription skincare medication market is likely to show lower growth in the next five years compared to the previous five years. The most attractive country markets are expected to be Poland and Spain, followed by the UK and Italy. France and Germany are forecast to experience very low growth, based on current trends.

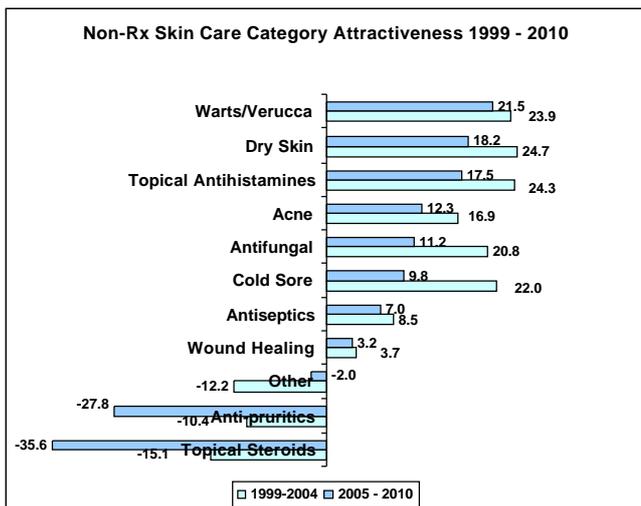
The most attractive market growth categories for non-prescription dermatological products are expected to be wart and verruca treatments, within the skin infection treatments group, dry skin treatments and anti-histamines in the sunburn bites and stings group.

Anti-fungal and cold sore treatments are expected to begin to enter a period of maturity in Europe's main markets over the next five years. This will be partly due to the growth of generics (clotrimazole and terbinafin) and private label brands as well as reduced prescribing in Germany.

The least attractive market categories include topical steroids and anti-pruritics based on current trends.



Source: James Dudley Management Skincare in Self-medication in Europe the 2006 edition – March 2006



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# New Market Reports for 2006

From James Dudley

## OTC Distribution in Europe

**The 2005 Edition – Embracing Change - 18 Country Study**

The 2005 edition of OTC Distribution in Europe is the fifth edition of one of the most bought major industry studies. Published every two years, this essential strategic study has been exploring the unfolding themes of change influencing the European market for non-prescription and OTC self-medication medicines since 1992.

## Pain Relief in Self-medication in Europe – The 2005 edition

### 6 Country Study

This is the third edition of this important and extensive market report covering Europe's six largest markets – France, Germany, Italy, Poland, Spain and the UK. This third edition has been expanded to explore self-medication opportunities for joint and muscle pain relief, teething and mouth ulcer pain, dysmenorrhoea and migraine as well as general pain analgesics and topical medication. This is a statistically based consultancy study researched and written by the James Dudley Management team. Most current data is to 2004.

## Vitamins, Minerals, Supplements and Tonics in Self-Medication in Europe - The 2004 Edition

### 8 Country Study

This is the fourth edition of the major strategic analysis of the dietary supplements market in Europe, which explores the trends and drivers in this expanding sector of the market. This is a statistically based consultancy study researched and written by the James Dudley Management team

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