

# Impact of Recessions on the U.S. OTC Market

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**Based on data from Kline's *Nonprescription Drugs USA* study from the 1980s, 1990s, and 2000s**

A comprehensive assessment of how the U.S. OTC market performed during past economic recessions in the 1980s, 1990s, and 2000s. Using data and analysis of the industry during past recessions, this report provides historical perspective to estimate expected impacts of the current recession on the OTC market, as well as answers the following questions:

- What are the most impacted/susceptible OTC categories during a recession and why?
- Which are the least impacted/susceptible OTC categories during a recession and why?
- How well do Rx-to-OTC switch brands fare during a recession?
- What were private-label sales performance and shifts in market shares?
- How has innovation helped to insulate categories and brands from the effects of the recession?
- What were ad spending trends during recessions and how much of an impact did they have?
- What other major events impacted sales during these timeframes?
- What are expected market performance and forecasts during the current recession and through 2011?

## Report Scope

*Impact of Recessions on the U.S. OTC Market* is designed to provide historical perspective on industry performance during recessions over the past three decades in order to assess the expected impacts of the current economic recession on sales performance. By understanding past and relative performance of various OTC product classes, subscribers are better equipped to formulate forecasts and strategies for their OTC businesses during these uncertain times.

Sales data and other insights on past OTC market performance are sourced from Kline's annual analysis *Nonprescription Drugs USA*.

The report assesses the following OTC product classes:

- Allergy, asthma, and sinus products
- Cough and cold preparations
- Digestive products
- Feminine products
- Internal analgesics
- Nutritional products
- Topical products
- Other products

## Key Benefits

This comprehensive assessment helps subscribers formulate more certain business plans for the upcoming three years by providing necessary historical perspective in order to understand how the OTC industry has performed in past recessions. By relying on Kline's unmatched expertise and wealth of insights and information on the OTC industry, subscribers to this study can feel confident in their plans since they are grounded in the realities of the recent past. Specifically, this study assists subscribers by providing:

- A reliable and comprehensive assessment of OTC performance during past recessions
- A clear understanding of past recessions' impacts on OTC performance at product class and category levels
- The ability to forecast expected private-label performance by product class and category levels during the current recession
- A tool to help formulate strategies for OTC businesses and brands during the current recession
- A multifaceted assessment that considers past OTC performance in light of key economic indicators including CPI/inflation, unemployment, and GDP
- Depth of knowledge of the industry from Kline's experts which also considers major events that impacted OTC categories in the past such as Rx-to-OTC switches, regulatory changes, and major new product launches

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## Report Contents

### 1. INTRODUCTION

### 2. EXECUTIVE SUMMARY

### 3. HISTORICAL MARKET PERFORMANCE

*This section provides data from Kline's Nonprescription Drugs USA study and economic indicator data from secondary sources. The product categories that are covered are shown in Table 1.*

- 1980-2007 total OTC sales
- 1980-2007 sales by product class
- 1980-2007 key product category sales
- Key economic indicators including GDP, CPI/inflation, and unemployment rate for the recessionary periods analyzed

### 4. RECESSIONARY PERIODS ASSESSMENT

*This section includes specific assessments of market performance from 1980-1982, 1990-1991, and 2001-2002.*

- OTC sales performance
- Private-label sales performance and shift in market shares
- The role innovation plays in minimizing declines suffered by OTC categories during recession
- Ad spending by major brands
- Other major events that may have impacted sales during these timeframes
- What are the most impacted/susceptible OTC categories during a recession and why?
- Which are the least impacted/susceptible OTC categories during a recession and why?
- How well do Rx-to-OTC switch brands fare during a recession?

### 5. FORECASTS OF CURRENT RECESSIONS' IMPACT ON THE OTC MARKET

*This section provides analysis of all the data above and examines factors that may show signs of improvement such as retail sales and consumer confidence to provide:*

- Best-case sales forecasts and expected market performance for next one to three years by product class
- Likely-case sales forecasts and expected market performance for next one to three years by product class
- Worst-case sales forecasts and expected market performance for next one to three years by product class
- Forecasts for private-label OTC performance for next one to three years by product class
- Estimates for which OTC categories Kline forecasts will be the least and most impacted during this recession and why?

**Table 1**  
**Product Categories Covered**

#### Allergy, Asthma, and Sinus Products

- Allergy relief products
- Asthma medications
- Sinus medications

#### Cough and Cold Preparations

- Cold medications
- Cough drops and lozenges
- Cough syrups
- Nasal decongestants
- Sore throat remedies
- Topical vapor products

#### Digestive Products

- Antacids and antigas products
- Antidiarrheal preparations
- Antinausea preparations
- Laxatives

#### Feminine Products

- Contraceptive products
- Feminine deodorants and itching remedies
- Feminine yeast infection remedies
- Personal lubricants

#### Internal Analgesics

- Arthritis pain relievers
- General pain relievers
- Menstrual relief products

#### Nutritional Products

- Herbal products
- Vitamins and minerals

#### Topical Products

- Anti-itch products
- Corn, callus, and wart removers
- Diaper rash products
- Eye care products
- First aid products
- Fungicidal preparations
- Hair regrowth treatments
- Hemorrhoidal preparations
- Oral care products
- Topical analgesics

#### Other Products

- Home diagnostic test kits
- Sleeping aids
- Smoking cessation aids
- Weight loss medications

NOTE: May vary based on historical coverage of markets in *Nonprescription Drugs USA*.

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## Methodology

Kline is unmatched in its ability to gather hard-to-get market and competitive intelligence with a high degree of confidence. We have published our comprehensive analysis of the U.S. OTC industry annually over the past three decades through our *Nonprescription Drugs USA* study. This resource provides Kline's experienced analysts with a wealth of historical information and insights on the industry. The *Nonprescription Drugs USA* study is based on hundreds of interviews conducted each year with a wide range of knowledgeable industry participants and opinion leaders, including nonprescription drug manufacturers, retailers, suppliers, and industry associations. This approach has proven to be the most effective and reliable approach to obtaining accurate market data, capturing expert insights, and identifying business opportunities.

Secondary sources were used to gather economic indicator data during past recession periods including unemployment rates, inflation rates, GDP, and CPI.

Armed with this historical information, Kline's professional staff of industry experts performed analysis and formed conclusions and forecasts based on 30+ years of sales and economic data.

Because this analysis is multifaceted and takes into account economic indicators, new product launches, Rx-to-OTC switches, and regulatory changes the end result provides subscribers with forecasts grounded in market realities.

## Kline Credentials

Kline is a worldwide consulting and research firm dedicated to providing the kind of insight and knowledge that helps companies find a clear path to success. The firm has served the management consulting and market research needs of organizations in the chemicals, materials, energy, life sciences, and consumer products industries for 50 years.

Kline's research and consulting services extend across the entire personal care industry value chain. Our solutions have helped clients develop better ways to create and profit from new business opportunities, respond to competitive and economic threats, improve productivity, achieve sustainable growth, and optimize performance. Kline provides clients with facts, forecasts, and recommendations based solidly on the realities of the market.

Our market research reports and services are designed to provide subscribers with a deeper understanding of their markets, an outlook for their business, and accurate information about their competitors. Our clients tell us they often use Kline's market research to validate their own internal analysis, and many clients rely on Kline reports as their most critical source of information.

For more information about this study or Kline's other services, e-mail us at [sales@klinegroup.com](mailto:sales@klinegroup.com), visit our website at [www.KlineGroup.com](http://www.KlineGroup.com), or contact us at any of our regional offices listed below.

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### Recently published or in-progress research for the Healthcare industry includes:

- Nonprescription Drugs USA 2008
- U.S. Retailers' Perceptions of OTC Drug Marketers
- Active Delivery Systems for OTC Drugs: Opportunities in Innovation - A Kline FlashPoint Report
- OTC Innovations USA: Analysis of Factors for Success
- International Rx-to-OTC Switch Forecasts
- OTC Competitor Cost Structures USA
- Rx-to-OTC Switch Strategies USA
- U.S. Consumers' Perceptions of OTC Drugs

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