

GSK Capital Markets Day: Haleon

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Haleon: Competitive capabilities to outperform in the market

Video

Haleon: World class portfolio of category leading brands addressing real consumer health needs

Hello everyone. I'm Tamara Rogers, the Chief Marketing Officer of Haleon and I'm Franck Riot, our Head of Research and Development. Today Franck and I will be talking to you about our world class portfolio of great brands and the competitive advantage we have from combining our deep human understanding and trusted science.

You will hear about the leading R&D capabilities which are fuelling our innovation and we will provide insights into future growth spaces we see for our company.

We will showcase some of our highly effective brand building programmes enabled by excellent digital capabilities. And lastly, we will show you the powerful differentiator that is our relationship with the global Healthcare Professional community.

World class portfolio of category leading brands

Everything starts with our brands. This portfolio of exceptional brands, as you heard from Brian earlier, allows us to enjoy leadership positions in our 5 priority categories.

Our brands address real consumer health needs, underpinning future growth

Our brands are inherently purposeful. Many have been in existence for over 50 years, and demonstrate, above all, that we are not only in the treatment business – we're in the quality of life business.

Voltaren's proposition is not just inflammation and pain relief, it's about rediscovering the joy of movement – the fulfilment that comes from being able to participate in activities with friends and loved ones again. Not isolated in an armchair, locked in pain.

And Sensodyne is not just about sensitivity relief, although it most certainly does that. It's really about enabling consumers to reclaim life's basic pleasures like the first sip of a cold drink quenching your thirst on a hot day, without a short sharp shock to the teeth ruining the moment.

Significant penetration growth headroom across categories

Brian showed the headroom for growth for 3 of our brands earlier – this is true across our portfolio – just another three examples here. Many of our brands are leaders in their fields but the data on how many people just don't treat their health issue is surprising. It's this gap which gives us significant opportunity to recruit and grow penetration.

It's our job in marketing and R&D to truly identify the barriers that prevents people taking action and then act on 'the why'. Why people haven't taken what would seem to be the obvious step to make themselves better.

Deep human understanding provides insight to address consumer health needs

We start with deep human understanding.

We are 100% focused on consumer health - how it affects us, why we act, or why we try and ignore an issue, and what gets in the way of taking action.

Which means that, at our heart, we are behaviour change specialists. Our deep human understanding is focused on enabling us to mobilise people to change something as fundamental as their health behaviours.

Which is why we have a very special suite of resources, mostly proprietary – whether its in-house shopper research facilities, a vast consumer knowledge capability, future trend spotting tools, or the ability to test concepts and claims overnight. Our social listening capability draws real insight from over 70 million posts, and our proprietary 'Observatory' library holds over 53,000 documents, each a precious finding on concepts or conditions or culture, all as it relates to health. We use this deep insight to guide us on where and how we can make the biggest impact.

Competitive advantage

Our deep human understanding combined with our trusted science means we focus on what matters and how we can use innovation to try and solve the unmet everyday health needs for people. This brings us a real competitive advantage.

Franck – over to you.

Trusted Science underpinned by leading R&D capabilities

Thanks, Tamara.

It is that deep Human Understanding that provides the amazing rich springboard for our R&D community, as well as our marketing teams.

R&D is a powerful growth and innovation engine for the company, a fantastic driving force of trusted science.

This is really an End-to-End R&D organisation, from Consumer Science to Medical and Regulatory strategies, including an experienced formulation team designing superior products & solutions.

We run a global network with 3 centres of excellence combined with local hubs, giving us the best of both worlds – the scale and expertise to deliver breakthrough innovations, and the agility to quickly serve the needs of local markets.

All the network will be standalone to GSK, like the majority is today, and dedicated to Haleon.

Deep scientific expertise, with 1,400 highly skilled scientists

Of course, it is the people who make the difference.

And we are fortunate to be supported by 1,400 highly skilled scientists with a great mix of both FMCG and Pharma experience.

Indeed, our R&D organisation covers a broad set of expertise and includes dentists, pharmacists, medics, as well as engineers, chemists, developers and flavourists.

Our state-of-the-art facilities and capabilities give us the ability to explore and develop any type of formulation, formats and delivery mechanisms, via our sensory & development labs.

We always fast prototype and stress test new formulations before we move to the factory.

Science can sometimes be difficult to explain to consumers and customers, even to Healthcare Professionals.

But our imaging expertise makes the invisible, visible.

Strong scientific track record with competitive investment

Our world class regulatory and medical teams, embedded across multiple markets, have successfully secured over 19,000 regulatory approvals in the last 3 years.

Our dedicated Rx-to-OTC Switch team has delivered 4 Rx to OTC switches in the last 8 years, more than any other company, as Brian mentioned.

We've run 66 large scale clinical studies involving 6,000 consumers in the last 5 years, and had 296 publications in high quality peer-reviewed journals.

Our science is comprehensive, highly innovative and externally recognised for being so.

And all of this, underpinned by consistent and competitive investment.

Innovation strategy to drive sustainable growth

How do we actually go about creating innovation to drive sustainable growth?

Well, we have an established innovation strategy designed to capitalise on both current and future everyday health consumer needs.

We have a robust pipeline, which includes fast to market, responsive to near-term trends, as well as innovations which require investment in clinical studies.

Our pipeline provides resources for growth in the short, medium and long term.

The majority of these resources are focused on growing our core portfolio.

It is mainly about strengthening the quality of the experience of our products, or creating even more personalised propositions at scale, or unlocking local & tailored opportunities.

We also have a strong focus on expanding our offering, reflecting new trends like 'Naturals'. And, extending our brands beyond their 'treatment' heartlands, into prevention and maintenance.

RX-to-OTC Switch is, and will, remain a critical focus.

And, we are also making good headway in the development of digital services.

And finally, we have a firm eye on the disruptive new – exploring holistic health and integrated technology solutions to better manage overall wellbeing.

Here is a quick flavour of some concepts we brought to market.

Video

Growth through superior science

Let me share a few examples, to illustrate our strategy.

Growing the portfolio via superior science is one of our top priorities, and we do this across our portfolio.

A great example is our Sensodyne Repair & Protect franchise. It was first launched in 2010 and the latest upgrade, Sensodyne Repair & Protect with Deep Repair, was introduced in early 2021, delivering 8% growth vs 2020.

From a clear Consumer insight “enjoying the food without tooth pain”, our scientists understood the root cause of dentine hypersensitivity and what activates the nerves in the dentinal tubules causing that pain.

Our scientists have most recently developed a novel formulation that we have shown, through superior science, delivers deep dentin tubule occlusion.

Let's see how the science behind Deep Repair works.

Video

Innovation tailored to local market

Let's move next to a very different example: Centrum.

The insight and under-met need here is: “I want what's right for me and my body, not everybody”.

This has helped us evolve the brand from a single ‘multivitamin pill’ to the personalisation that you see today.

Which is why we have successfully developed new SKUs for gut health immunity and probiotic propositions in China, gummies and minis in the US, and in Australia a new benefits range, which provides solutions for being calm and collected, movement and mobility, and mind and memory.

Very importantly, all these innovations have scientifically proven benefits, generated through our medical and regulatory expertise, supporting consumer uptake and growth.

Portfolio expansion with Rx-to-OTC switch

Now some examples of how we expand our portfolio, starting with Rx-to-OTC switch.

What I want to highlight here is the specificity of the skills and organisation required to win in this complex area.

We have the depth and breadth of expertise it takes from a dedicated cross-functional team, with experienced Regulatory and Medical scientists, partnering with a broad ecosystem - from Board of Health to Retailers - and understanding the full consumer experience.

Our capabilities and track record here make Haleon a potential partner of choice and we have a robust pipeline.

I have covered our capabilities here, and Lisa will bring this to life later, with the example of our most recent successful switch, Voltaren in the United States.

Portfolio expansion into ‘naturals’

Let's now look at an example of how we ‘expand the offering’.

Increasing numbers of consumers want natural solutions, but not at the expense of efficacy.

For us, “Green Science” means leveraging the power of nature to create products that delight consumers looking for a more natural experience, but which are also safe and effective.

We have also invested in new technical capabilities and external partnerships, to enable more sustainable solutions and our Green Science agenda.

So, the organically certified VoltaNatura - just launched - soothes and cools tense, contracted muscles with the power of 6 plants.

Our new Emergen-C range is infused with the natural goodness of plant-based botanicals.

And, our new range from Sensodyne, Sensodyne Nourish – with proven sensitivity protection, natural mint and essential oils - is packed in fully recyclable packaging.

Clearly, these propositions are highly appealing to current non-users of the brand.

Our Green Science is a powerful lever of our penetration strategy, and as Brian mentioned, we have landed 10 launches in the last 12 months, with over 30 more projects in the pipeline.

Expand the offering beyond treatment

Thanks Franck. This is an example of how we are unlocking new growth - moving beyond ‘treatment’. Otrivin is moving from a brand focused on seasonal decongestion, to one that has a relevant role every day, all year round.

Nasal congestion impacts sleep, focus, emotions and energy levels. Every day of the year, not just for a couple of sniffly weeks.

Your nose is amazing. It filters 20,000 litres of air daily, and it needs regular care and cleaning to do its job better. That’s why Otrivin now has a complete suite of nasal care products, both medicated and non-medicated, for adults and children, covering treatment when suffering but going beyond to support daily maintenance – a healthy nose helps us breathe better.

Otrivin BreatheClean, featured here, helps protect you from environmental aggressors, like pollen, dust and pollution - clearing, moisturising and soothing irritated nasal passages. To help you breathe well. We are just getting underway, but where we have launched, we are achieving up to 30% share of segment in some markets.

Back to you Franck to cover Disruptive New.

Disruptive New to capture future consumer trends

We have started exploring new ways of delivering better everyday health, focussing on holistic health and integrated technology.

Let me start with the example on the left-hand side: a new Haleon funded venture, Alligator Dental. This is a simple, digital-first platform, providing convenient, flexible, affordable on-demand access to dentists and treatment plans in the US.

The second example I’d like to share is a new vehicle to open up disruptive new partnerships, new innovations, and new growth opportunities.

This is what we call NEXT Re/Wire Health studio – which we launched in October 2021 and will be expanded through 2022.

We are working with the next wave of digital health innovators in a truly collaborative way, providing expertise and support. We had over 80 applications in our first cohort and we have been working with several exciting start-ups on initiatives across Oral Health, Women's everyday wellness, and mental resilience. Subjects covered have included microbiome, diagnostics, care plans, personalised products and AI-based virtual consultation.

That covers innovation, which is one driver of growth for our brands, but Tamara there is more to it, right?

Significant consumer need; beyond physiological

Yes there is Franck. We understand that our brands are making a difference beyond just treating the issue – in all the categories we are in. There is a lot on this chart showing how consumer needs go beyond the physiological. Let's take Pain Relief - it's not just pain that we're talking about. Pain is not just a physiological problem, it also takes a huge emotional, financial and social toll.

Our brands really matter.

Proven Brand Building

And that's why we build brands with humanity. Brands trusted by Healthcare Professionals and consumers, that will help us deliver above-market growth in the coming years.

The Forrester Brand Humanity Index demonstrated how people were 1.6 times more likely to buy brands perceived to be acting like people. Engaging and persuasive in human ways, not patronising as many brands do. That's critical in a world where the consumer is in control, curating what they experience.

And remember, we set out to change behaviour. The logic of a product claim such as "10 times faster relief" only gets you so far. To drive real behaviour change you have to go deep, and understand the person beyond the condition, not just their painful knee, deep into how they live their lives.

We know to effect lasting behaviour change you need to make somebody feel something, to make them to want and desire to do something different. Very simply, the more people feel, the more people are inclined to take action, and buy.

Here's an example of some work we've done on Voltaren, which illustrates how we inspire people to a better quality of life, to change behaviour. This has no functional product demo but it's one of our most persuasive ads and has delivered a significant increase in ROI versus our previous approach.

Video

Transformed brand building capabilities

Our brand building capability has significantly strengthened over the last 3 years, and our mindset is focused on continuously learning, adapting and modernising.

Firstly, it's a high calibre organisation – with a leadership team having significant FMCG experience, such as P&G and Unilever, as well as other consumer health companies and digital agencies. It is ethnically diverse and 67% female. We have co-located R&D and

marketing in global hubs, an Expert Marketing centre of excellence team and the very best agency holding companies as partners.

We have in-housed expertise where we see advantage – with our CaST studio network around the world creating and adapting content against brand briefs, based on audience and search data, and unlocking production cost savings.

In addition, we have a talented Experience Design team integrated with our brand teams, and a shopper science lab which enables us to experiment with retail experiences and provide category management analysis in partnership with retailers.

We operate in a digitally enabled world. E-commerce accounted for 8% of Haleon sales in 2021, as Brian mentioned, and we are fast building our capabilities – both people and tools. We have a range of tools available including digital asset and product information management. All of our employees are offered advanced training, including our exclusive mini MBA in digital commerce, if eligible, which is accredited by, and done in collaboration with, University College London.

We were the first consumer healthcare company to bring in-house a Google Tech Stack, creating direct ownership of audience data. In conjunction with a leading cloud-based audience platform with our media agency, called Peoplecloud, this allows us to better identify and connect with our growth audiences and have full transparency on performance.

This wealth of data, including patterns we see in search, enables us to create relevant and targeted content and then optimise it dynamically. Globally, PeopleCloud, which we ran in 16 markets, provided a more than 40% higher ROI than our digital channels and over 125% better ROI compared to our traditional channels. Another important partnership is with Google and Picasso labs. This partnership has resulted in an industry first – an AI tool that scans assets to measure creative effectiveness enabling us to optimise pre-going live. We have achieved up to 34% lifts in ad recall and up to 22% gains in purchase intent.

Lastly, our proprietary tool, Trigr, pulls in data signals to help efficiency, for example with seasonal categories – tracking weather and search data to signal when we buy media – so we don't waste valuable media spend – only going live when cold and flu or allergies are rising.

All of this means we connect with the right person, at the right moment with the right message and creative.

Highly effective, award-winning marketing

We invest well behind our brands, and disproportionately behind our Power Brands, because we see strong return on investment.

We spend more than 45% of our media on digital - a reflection of our audience media consumption habits and our excellent digital capabilities, to engage with them where they are.

Our bar is set high in terms of the type of marketing we want to do - we compete and frequently win at globally recognised industry awards such as Cannes, the Effies and IPA, which is the gold standard in effectiveness.

We have exceptional, category leading brands because we believe in the power of brands – and the power they have as vehicles for us to help change people's lives for the better. There is perhaps no better example than the work we did on Panadol, at the height of COVID, to help guide consumers on what they can do.

Video

Healthcare Professionals are significant and highly valuable partners

This ad also brings me on nicely to our relationship with Healthcare professionals. During COVID, Healthcare Professionals were inundated with questions around how best to handle symptoms, what is safe. We saw that by providing this kind of information we could contribute to supporting both consumers and the demands on Healthcare professionals' time.

This is a great illustration of the type of marketing we do, and includes a really special element - advocacy by Healthcare professionals.

Dentists, hygienists, pharmacists, GPs - in all likelihood, you may know yours by name. Healthcare professionals are the world's local, trusted, community influencers.

There are approximately 10 million healthcare professionals globally addressing the conditions we serve, and collectively they have the capacity to make an astonishing 52 billion recommendations every year. They are not paid to do this. They recommend products if they believe that it can complement their first line treatment.

And, consumers listen. Up to 75% of patients with our conditions consult a Healthcare professional, and the Healthcare professional response has considerable influence on both first time and repeat usage. For example, up to 85% of pharmacist recommendations lead to a purchase.

Underpinning all of this, is trust – the trust patients have in their Healthcare professionals, the trust Healthcare professionals have in us and our brands. We know that through effective relationships and trust in our products, Healthcare professionals that we engage with will recommend up to 5 times more per week, every week.

Expert marketing to HCPs a key differentiator and competitive advantage

Healthcare Professionals' advocacy is a key priority for us, nurturing and growing the trust in our brands. This is a key differentiator for our company, and a capability most consumer companies don't have.

We have direct relationships with over a third of these 10 million Healthcare professionals, thanks to the combination of our proprietary field force and strong digital relationships.

We also work with key external partners, such as the World Dental Federation, the International Association for the Study of Pain and the International Pharmaceutical Federation.

Many of our brands are number one recommended, in multiple markets, by their respective experts. Recommendation is the gold standard of trust.

So, you've heard about our brand building and expert marketing prowess, our capabilities, our digital orientation, but how does this all come together, to create integrated brand programmes?

I have chosen Sensodyne because you have seen a number of the individual elements already today, and this film illustrates how the sum of these parts combine, from the consumer's perspective.

Video

Haleon: World class portfolio of category leading brands addressing real consumer health needs

And finally, we end where we started.

We are fortunate stewards of an exceptional portfolio of brands.

We have competitive advantage in the combination of deep human understanding and trusted science.

Our R&D capabilities are world class, driving consistent innovation across our categories and a robust and well-balanced pipeline.

Healthcare professional advocacy is a powerful element of our marketing mix, complementing our advanced digital capabilities and supported by a highly experienced team.

And, with our understanding of new and emerging health needs, we are well positioned for future growth.

With that, we will now pause for a break before Lisa. We will see you again in 15 minutes. Thank you.