

Sandeep Verma - Country Head, Consumer Health, Bayer India



The focus is on expanding the market itself rather than gaining market share

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Sandeep Verma shares his journey of establishing Bayer's consumer healthcare division in India and reflects on the challenges faced during the division's inception amidst the COVID-19 pandemic, emphasizing the importance of trust in collaborations with manufacturing units. He delves into Bayer's strategies for market expansion, dispelling myths about self-care in India, and highlights the pivotal role of technology in reaching underserved populations. As Bayer aims to make healthcare accessible and sustainable, Verma sheds light on the keys to success in India's dynamic consumer healthcare landscape.

Can you explain your background and the journey that brought you to this position as head of the consumer health division at Bayer India?

Prior to joining Bayer, I had a consumer healthcare and fast-moving consumer goods (FMCG) background, representing brands like Lifebuoy, Sunsil, Domestos, Sunlight etc. When Bayer approached me, it was to establish a consumer healthcare division in India for the first time, adding a third arm to its existing crop science and pharma divisions in the country. My role was to set up this division, select the right products, and enable the fundamentals for growth. I started this project in December 2019, and by May 2021, we had the division established, including full product supply and distribution setup, despite the challenges that the COVID-19 pandemic presented.

In the establishment of the division, were there specific challenges encountered in dealing with third-party manufacturing deals? What insights did you gain from this experience?

Indeed, we needed to set up a smooth supply side setup through manufacturing agreements with multiple CMOs, while ensuring that their quality and other standards matched those of Bayer and ensuring a smooth sales process from them onwards. The unique aspect was starting the division from scratch during the pandemic virtually, a rather uncommon scenario. This was an insightful experience, setting up an entire business unit from its inception with all the restrictions around mobility during the pandemic.

Could you walk us through the challenges faced while building the consumer health division team in India and share insights into the learnings from this unique journey?

Initially, the primary focus was to set up a proper team. Many individuals were drawn to this space, which was aided by the heightened awareness of healthcare due to COVID. This fostered a group of talented professionals eager to work in healthcare. It resulted in the formation of a team composed of like-minded individuals from good companies, essentially acting as co-founders in a startup-like scenario. The team operated with a flat hierarchy and horizontal structure, facilitating a very modular and inclusive environment. Then, regarding the manufacturing plan, the decision from day one was to achieve 100 percent locally manufactured products due to supply chain uncertainties during COVID. This involved virtual audits of factories and distributors, which, while challenging, ensured the viability of their products in one million stores.

Trust seems crucial in your relationships. What did you learn about trust during this process, particularly when working with manufacturing units in India where trust levels might not always be high?

Trust was indeed a significant factor. Initially, we sought out manufacturers with credible track records and those had been associated with like-minded companies. We did not have too much flexibility to explore too many newer, potentially more accessible manufacturers due to our focus on timely market accessibility. Our priority was to get the products out quickly, particularly one of our multivitamin products, which had faced regular shortages with distributors. This urgency drove

the decision to prioritize market access.

In setting targets, what is your focus and strategy and how are they adapted to Indian market realities?

The focus is on expanding the market itself rather than gaining market share. The penetration of healthcare products in India is below ten percent, yet India ranks as one of the largest markets globally. Our goal is to increase the number of households using our products. From a starting point of approximately 35 million households, we've already increased this to around 50 million since 2021. The aim is to quadruple this number within the next four years to reach around 100 million households.

Historically, the Indian healthcare system has often steered people away from using self-care products. How are you trying to change this?

Our journey began with a focus on multivitamins. In India, there's a common belief that Indian food, being highly nutritious due to the abundance of vegetables and herbs used in daily meals, is enough for our regular requirement of all micro-nutrients. We conducted a survey among around 2,000 doctors in India to assess the existence of micronutrient deficiencies. Shockingly, as per the doctors, even with a balanced diet, Indians get only around 70 percent of their daily micronutrient requirements. Thus, our key insight is that while a balanced diet is essential, a supplement is crucial to fulfill the remaining 30 percent of micronutrient needs. We're educating consumers that although the food might have been sufficient earlier, due to several factors such as environmental pollution and changing food habits, it no longer fulfills all our nutritional needs. Therefore, additional supplements are necessary for achieving a balanced diet and proper nutrition.

What insights have you gained regarding the Indian population's approach to health issues?

We've uncovered interesting insights about headache remedies in India. Despite the country having one of the highest headache incidences globally, fewer than five percent of Indians opt for headache medication. This tendency arises from the Indian psyche where enduring pain is seen as a display of resilience and heroism. Our focus is to change this perspective. We advocate that true

heroism doesn't come from tolerating pain but from winning over it. This insight not only applies to our brand but aims to increase the use of headache medication in general.

How do you effectively convey messages in such a large market space?

Different categories have different approaches. In the case of multivitamins, besides normal advertising, doctors play a significant role as influencers in India. Doctor recommendations in India hold substantial weight, making them influential in guiding consumers' choices. Even in advertisements for basic products like soap, including a doctor increases credibility and consumer trust in the brand being advertised. For many personal care products, film or sports celebrities can have a very significant impact. However, for healthcare products, doctors' recommendations are the key influencers. Besides doctors, pharmacists or chemists in smaller towns, where access to doctors might be limited, also influence consumer choices significantly.

How does consumer purchasing power affect the market, especially in terms of affordability?

India has a unique market structure with a very substantial middle class which is larger than the total population of most of the European countries. Also, all our products are highly affordable. For instance, our leading multivitamin brand is one of the most cost-effective in the market. The goal is to make healthcare accessible to everyone, not just the elite. Over the past few years, we've expanded our distribution to ensure product availability in smaller towns, focusing on both affordability and accessibility.

How does Bayer's low-cost manufacturing footprint in India align with its environmental, sustainability, and governance (ESG) goals?

The production being localized in India has enabled us to maintain affordability and sustainably. Indian pharma manufacturing is top-notch, meeting global quality standards. These local manufacturing facilities are regularly audited to meet Bayer quality and manufacturing standards. Additionally, these practices align with our sustainability goals. At a global level, our objective is to reach 100 million underserved consumers by 2030, and our localized production in India is a pivotal part of our sustainability efforts.

Our nation, unfortunately, grapples with a substantial issue of malnutrition, with nearly 70 to 75 percent of the population facing malnourishment. Almost half of the world's malnourished individuals reside in India, primarily struggling with micronutrient deficiencies rather than hunger. We've undertaken initiatives as part of our sustainability endeavours, including a program with REACH 52, aimed at educating and providing samples of products to rural areas in states like Karnataka and Uttar Pradesh. This proactive approach is crucial to our mission of reaching underserved populations and addressing significant health concerns like micronutrient deficiencies prevalent in India.

In terms of technology, we've explored innovative solutions targeting 400 million non-smartphone users, who in general also lack access to quality healthcare. Leveraging voice-based AI technology, we transformed their regular (non-smart)phones into health management tools. For instance, in pain management, users can call a specific number, engage in voice-based communication, and receive relief instructions, entertainment, and stress management strategies tailored to their needs. The pilot project in certain regions showed promising outcomes, demonstrating the potential to expand this approach to other underserved areas without smartphone accessibility. Despite dialect and learning curve challenges, the program showcased high engagement and acceptance within the communities.

This application of technology not only paves the way for healthcare accessibility in areas with limited medical resources but also opens avenues for various health-related communications and reminders, offering immense potential to bridge the healthcare gap in a vast country like India.

You show an evident enthusiasm for the breadth of offerings that India presents, particularly in terms of its technological expertise and potential. Does this enthusiasm resonate within your headquarters and do they view India as a promising market?

While we're relatively new in this endeavor, India is one of the four key countries that have gained significant global traction as an emerging focal market, especially in the realm of consumer health. The attention on India stems from multiple factors, including its technological advancements, the pool of talent, the sheer size of the market, and the Indian consumers' eagerness to explore and adapt to new innovations. Their value-centric approach indicates that they prioritize the worth of a product or service over its price point. If convinced of a product's value, Indians are willing to invest in it.

What will be the keys to Bayer's success in consumer healthcare in India, moving forward?

The most important driver of our success will be our consumer-centricity and our ability to merge local insights with Bayer's global expertise to drive self-care habits amongst Indians. I also believe that the substantial change we're aiming for in building a self-care ecosystem in India isn't something that can be achieved by one or two entities alone. It necessitates partnerships, including government alliances, private sector involvement, and even cooperation between competitive entities. The shared objective should be expanding the overall market and moving away from just the constant pursuit of numbers, towards genuinely caring for and serving consumers will create a positive shift. So the other driver of our success will lie in the quality of partnerships we've forged till now and in the future ideally with companies who share our values of reshaping the overall self-care ecosystem of this country.

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