Interview: Jean-Paul Berthomé – CEO, Laboratoires Expanscience, France



19.04.2016

Tags: Pharma, Pharmaceuticals, France, Expanscience, Global, Strategy, Management, Expanscience, Interview, Insight, Executive, Free, Exclusive

Jean-Paul Berthomé, the CEO of Laboratoires Expanscience, talks about the company's global ambitions, flagship products and strategies to tackle challenges in emerging economies. With a presence in highly saturated markets, proper positioning has been at the heart of their branding success.

Laboratoires Expanscience has over 60 years' history, with well-known products that are now distributed throughout the world. What have been some recent highlights of the company?

First and foremost, our main highlight is the fact that we have increased our international presence over the past few years. We have a goal of reaching 75 percent of our turnover outside of France by the year 2020. We are a very dynamic company as evidenced by the fact that we have established five subsidiaries in the last three years. Aside from our international ambitions, we also want to retain our strong presence in France as we have an established headquarters here in Courbevoie. We have different activities within our rheumatology, dermatology, and dermo-cosmetics, as well as a unique set-up in our facilities given that we have the pharmaceuticals on one side and dermo-cosmetics on the other.

Among your diverse portfolio, there are two brands within the skincare line that truly stand out – *Mustela* and *Noviderm*. In a competitive market, how do you showcase the differentiation for your products?

I am confident to say that we are the European leader in pharmacy in dermo-cosmetics for baby care and pregnant women's care and while our competitors are large, they do not show the same level of leadership as we do in this field. The competition is typically centered on the adult market. We understand that our targeted market is not large, but is nonetheless a market focused on two very crucial moments of life – pregnancy and child care. Our customers are very loyal to us and really resonate with our products.

For example, our *Mustela* customers can easily recognize our iconic scent and this is fondly associated with their childhood. Given this level of attachment to our brand, the mode of consumption is also different. This has proven to be a very effective branding method for us as our products are highly personal and memorable. *Mustela* is typically used for children from birth to seven years of age. This is an age when parents must address very specific needs of their children, and elements such as trust, quality and efficiency are of paramount importance.

Given that this is a rapidly changing market, could you please provide us an idea of the upcoming products in your portfolio pipeline at the moment?

As with any product, there needs ~~be~~ to be a large amount of effort dedicated to innovation, and this is a value that we strive to live up to. For example, we have one Research & Development team specifically focused on skin typology, crafting solutions specifically for babies with products designed for dry skin, sensitive skin, and normal skin. We aim to continuously provide products that cater to the nuanced needs of the market and maintain our recognition as a specialist in our field.

Recently, we have just launched a new *Mustela* baby range/product for a specific skin type, which will be launched globally this year. It will begin to be fully marketed in France in June. This is a perfect example of our overarching vision for the *Mustela* baby brand, which is catering to a specific need. We have a constant relationship with our pediatricians and practitioners to keep redefining our expertise and properly positioning our brand.

Moving to the other side of your portfolio that focuses on rheumatology, how do you see this side of the business evolving, especially given the aging population in Europe?

We believe that aging population is a global reality, and therefore there is a lot of market potential. One potential region to which we are directing close attention right now is the Latin American market. In many markets around the globe, there have been universal lifestyle changes and subsequent illnesses, such as obesity, that exacerbate symptoms that can lead to osteoarthritis.

Even people from the opposite end of the spectrum who live very active lifestyles are vulnerable to osteoarthritis after a certain age, especially with knee joints. Among the main focal points to care for osteoarthritis sufferers is to improve mobility, quality of life, and provide a balanced diet. For osteoarthritis, it is not just an issue of providing the right medication, but also providing coaching and education, as both are necessary. Thus, it is important for us to promote our brand amongst the physicians because these are key influencers for the patients.

Could you please describe to us your brand development strategies? What is the breakdown of your portfolio between dermatological and rheumatologic products?

Currently, we are available in about 100 countries and we cultivate our brands accordingly in different markets. The division of the two lines is typically about 55 percent dermo-cosmetics and 45 percent rheumatology. In the future, we aim to develop them as equally as possible. Currently in our pipeline, we have a portfolio of innovative dermo-cosmetic products as well as new rheumatology products in order to remain competitive.

For the latter, as much as possible, we try to acquire these products from the French ecosystem to produce a more coherent quality of service. We consider ourselves a generalist in rheumatology, so we want to capture as much of the market as possible. We currently have a Mexican subsidiary where both divisions are present that is particularly focused on developing the rheumatology part of our portfolio. Our R&D strategy for dermo-cosmetics is however also focused on active ingredients with plant extract origins. For example, we have an active cosmetic ingredient coming from avocado oil. The oil is manufactured in Peru and ultimately processed in our other company facilities in Epernon.

In terms of international market presence, Expanscience entered the American market in 1989. As the US market is notoriously difficult to enter, can you share your experience there?

Our strategy for American market penetration is essentially aligned with our global strategy as a whole, to position ourselves as a premium brand for dermo-cosmetic baby care products. With that said, we were also equally present in both the CVS drugstores, Target, and mass specialty stores, such as Babies ‘R’ Us and Buy Buy Baby, so that we can be visible to different types of clientele.

Overall, we had a very good experience in the US market, especially given the fact that Americans are sensible consumers. Americans typically resonate more with brand names that they are familiar with, yet our brand has fared well.

We can’t deny, however, the tough market landscape in the US. This is especially the case for our dermo-cosmetic products, given the FDA regulations at hand, creating particular challenges for our dossier. Given that most of our products come from vegetal sources, they are sometimes considered “natural products”, which does not convey the efficacy and safety image of our brands properly. Therefore, we have a specific focus on baby care for the US market.

What about your experience in emerging economies? What are your market strategies to tackle the current political and economic uncertainties of these markets?

We have had a presence in Russia since 2002 and we have maintained a great distribution channel there, mostly in the baby care and pregnant women markets. Last year we opened a new subsidiary in Moscow with an Expanscience team. Our goal for this market is to increase distribution and elevate the “premiumness” reputation of our brand Mustela. We are more than confident that we will do well in emerging markets, especially those with similar conditions to Russia, because there is a wealth of potential.

Turkey is another market that has been very receptive to us. Our distributors there have worked hard in establishing our brand throughout the country. This could be attributed to the fact that we have our own team there since 2013 who are truly passionate about our company and have made a genuine effort to make brand visibility a priority. Having our own people associated in distribution teams has definitely made a difference in our success in the region.

Another market where we currently have a very similar situation and business model is Brazil. Since 2013, we have our own subsidiary in the country. We are progressing gradually in these markets, beginning by approaching pharmacy chains at this point in time.

In the objective of reaching 75 percent of revenue from international contributions by 2020, what priorities have been set to achieve this goal?

At the moment, we have reached levels of 51 percent of revenues generated from international sales, so we are highly optimistic. I believe that the markets that are going to play a key role are the United States, Latin America, China and the Middle East. These are the markets where we typically experience strong expansion opportunities.

Despite this progress, we cannot ignore the strength of our French market, which stands at 49 percent of our operations as a whole, which is far greater than most companies could say. In order to establish strategies, we are really looking at our sales performance and the reception of our brands in these markets. Our main criteria at the moment for these economies is the quality of distributors available, followed by the potential of these regional distribution hubs to develop a subsidiary in the future. Our medium and long-term strategies are dependent upon these factors.

Expanscience has committed to CSR for over a decade now, even receiving accolades for “exemplary” contributions in sustainable development. What initiatives has Expanscience put in place recently to continue this convention of the company?

Expanscience has taken a holistic approach when addressing CSR-related issues. Our initiatives range from expanding our patient care services to ensure that our company maintains a minimal environmental footprint. For example, in regards to developing a greater support system for those suffering from osteoarthritis, we have launched an innovate initiative entitled Arthrocoach.com. It is a website and online community providing insight, coaching, and advice for those suffering from the disease.

As represented by our AFAQ AFNOR certification for the environment, Expanscience has been keen to utilize sustainably sourced materials in our products, and also minimize our waste following our production processes. For example, the company has reduced water, gas, and electricity consumption respectively by -22%, -25%, -16% between 2010 and 2015.

In addition to caring for our suppliers and the environment in which we work, Expanscience has made efforts to also ensure quality of life among employees, demonstrated by highly positive results of internal satisfaction polls among company staff. Initiatives have been established throughout the company to raise awareness, and improve standards of health and well-being of all employees. These are all examples of the various ways that Expanscience is striving to not only be an efficient company, but a morally conscious one as well.

In the big picture, what are the main points you wish to convey regarding the growth of Expanscience to our French and international audience?

An important attribute of Expanscience is that we maintain a clear sense of company direction. We take pride in our stable managerial landscape and we have a team of empowered people who are autonomous and highly motivated for success. As we grow, we aim to understand the specificities of each market in which we are entering in order to truly understand our consumers and provide for their nuanced needs. We have a great potential globally and we are very optimistic about our

growth.

Click here to read more articles and interviews from France, and to download the latest free pharma report on the country.

See more interviews