Georg Boonen – CEO, Max Zeller

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Georg Boonen, CEO of Switzerland's leading phytopharmaceutical player Max Zeller, discusses the company's expanded market position at home and abroad, how COVID-19 and a reconsideration of preventive healthcare could be an inflection point for phytopharma, and what keeps him motivated after 22 years at the firm.

How has Max Zeller evolved since our last conversation in 2017?

Since 2017 we have been able to further expand our market position in our home market of Switzerland. At the beginning of 2018, we launched an OTC version of our herbal antiallergic Tesalin under the brand name "Zeller Heuschnupfen i.e. "Zeller Hayfever". The product is available over the counter (OTC) in pharmacies and drugstores and is developing very well.

One year later, in January 2019, we were able to offer Angocin, a herbal antiinfective based on mustard oils that is used for acute inflammation of the bronchial tubes and sinuses as well as for urinary tract infections.

Another year later, in early 2020, we were able to complement our portfolio with the Ginsana products (Ginsana, Gincosan, Equazen IQ and Prostatonin). This enabled us to significantly expand our range of CNS products.

The launch of new products and the good development of the existing portfolio have consolidated our position as No. 1 in the Swiss phytopharmaceutical market.

While our focus area remains phytopharmaceuticals, we are preparing to launch a probiotics line in the summer of 2021. We are convinced that pre- and probiotics will be an excellent complement to our product range. Gut health is becoming more and more important in many of the diseases we treat with our phytopharmaceuticals.

From your perspective as a manager, how challenging was 2020?

It was very challenging but overall, we managed the crisis well. We saw the COVID-19 pandemic coming relatively early because of our frequent dialogue with partner companies in Asia and created a pandemic team to look at the measures that we could implement. The first action we took was preparing ourselves to avoid a stoppage in production; we wanted to be six to eight weeks ahead of production to avoid shortages.

A period of organisational work in our local environment followed because pharmacies and doctors were running low on disinfectants and we were able to step in and help. One of the beautiful things about Switzerland is that everybody knows everybody, and we were able to fill in the gaps where needed. In addition, we were able to respond early and strongly because we were designated as a “system-relevant company” by Bern.

What strategy did you implement to navigate 2020?

Like other companies, we had to reinvent ourselves in many areas during 2020. A key element of our marketing strategy is live events at training courses, congresses, and trade fairs. This was and is no longer possible since the outbreak of the pandemic.

We very quickly switched to video conferencing and offered larger online training formats. Particularly in the international arena, we now see the advantage of being able to bring our customers and opinion leaders together with much less effort than before. Participation in video conferences can take place from anywhere and so today, we often see more participants compared with live events.

The change of our work environment with most of the team working from home has also presented us with new challenges. I do not know which elements will prevail post-COVID, but I am already looking forward to meeting with my team and our customers. Additionally, COVID has further accelerated the digitalisation process that was already underway.

What are some of the key trends in the natural health product market today and has the COVID-19 pandemic accelerated any of them?

COVID has led to a kind of reconsideration. Healthy food, sufficient exercise and preventive healthcare have become the focus of attention for many people. Last year, many patients were afraid of catching the disease during a visit to the doctor. This has certainly also contributed to the increased demand for phytopharmaceuticals available without prescription in pharmacies and drugstores. Today, many patients actively ask doctors about natural products and doctors, in turn, want to see the evidence behind them.

Our portfolio has provided us with stability during the pandemic. Classic phyto indications in the cold segment showed strong sales declines, as all infectious diseases were strongly suppressed by the hygiene measures, home office, and partial lockdowns. In contrast, demand for our CNS products in the indications of depression, anxiety and sleep disorders significantly increased. Other categories such as our gynaecological products which are mostly taken over a longer period, were not affected.

In 2017, phytopharmaceuticals only represented 3.5 percent of the total Swiss pharmaceutical market value. Has there been progress made towards greater market share?

The total market share of all phytopharmaceuticals on the Swiss market is still only four percent; however, a detailed look at our products shows a different picture. For example, one of our products is the market leader in the entire menopausal complaint indication, including hormone replacement therapy (HRT) products. The same applies for Premenstrual Syndrome (PMS), where our product holds the market leadership. Another example from our portfolio is our product for sleep disorders. This valerian-hops combination is the No. 1 OTC sleep aid on the Swiss market. In recent years, we have been able to develop more and more from a niche player to a supplier of standard of care products.

What are some of the challenges that Zeller is facing in terms of the adoption and perception of phytopharmaceuticals?

Zeller is one of the few phyto companies in the world that controls the entire value chain – from seed to patient. We make efforts in selecting the optimal seed, controlling the cultivation, proper harvesting and post-harvest techniques and the best possible extraction conditions. With our subsidiary, VitaPlant, we grow a wide range of medicinal plants in controlled and good agricultural practise (GACP)-compliant cultivation at our own sites. Additionally, we continue to produce locally in Switzerland.

We are convinced that this great effort is reflected in outstanding quality. Our Swiss heritage along with the "seed to patient" approach allows us a strong differentiation from the competitive environment.

In addition, we differentiate our products through preclinical and clinical studies. For phytopharmaceuticals, the process defines the product. Phyto-generics are therefore only possible if the manufacturing process and the quality of the plant material used is almost identical. The scientific evidence is therefore product-specific and cannot be used by competitors.

Phytopharmaceuticals are increasingly being characterised as a complement rather than a competitor to synthetic medicines. Is this something that plays into Zeller's strategy?

Due to their very good benefit-risk profile, phytopharmaceuticals are often prescribed or recommended as first-line therapy.

From my point of view, there is an essential difference between phytopharmaceuticals and synthetic drugs. Many patients see the need and benefit in a therapy with synthetic drugs. However, there often remains an uneasy feeling about taking them – perhaps because of an underlying fear that side effects mentioned in the package leaflet will occur. Therapy with phytopharmaceuticals feels different for many patients. This is probably also the reason for higher compliance when taking phytopharmaceuticals.

However, there are limits to the use of phytopharmaceuticals. We see phytopharmaceuticals as an important and popular addition to the synthetic medicinal product range.

How has Max Zeller's internationalisation strategy developed and what do you look for in potential partners?

Today, our phytopharmaceuticals are represented in over 25 markets. However, as our products are largely marketed under the umbrella brand of the partner company, Zeller is still little known internationally, although we have a very prominent brand in our home market of Switzerland.

In the past, we have focused on foreign markets where phytopharmaceuticals can be approved as medicines. Today, our products are available in Europe, the Middle East, Asia and Latin America. Our product for pre-menstrual syndrome was one of the first phytopharmaceuticals to receive regulatory approval in Japan.

To market our products internationally in the best possible way, we are seeking partner companies with an appropriate portfolio fit. There is no single recipe for the international marketing of our products, as the regulatory classification of phytopharmaceuticals, as well as the recognition by physicians and pharmacists, vary greatly from country to country.

What are some of the challenges of obtaining regulatory approvals in markets like Japan?

Obtaining this approval was extremely challenging and the process took many years. However, we are accustomed to this process because Zeller is often the first company to achieve regulatory approval for these kinds of products in a market. This links to the information and education work we have had to do in many countries, because, while Europe has a clear regulatory pathway for phytopharmaceuticals, countries in Asia and Latin America often do not.

Given the fact that the Zeller brand is little known outside of Switzerland, will marketing the products under your own brand become part of the company's international strategy moving forward?

Despite the Zeller brand being less known internationally, we do have strong brand names like Remotiv, our antidepressant, which people know but which are marketed by other companies.

In terms of the next steps, building subsidiaries in other countries is a challenge. We come from a small home market and must carefully decide where to spend money, given our substantial R&D programme and focus on top quality.

We have experience operating the subsidiaries of our daughter company VitaPlant in Kenya and Uganda, and I see how much attention it requires. I would not discard taking the Zeller brand globally as an option in the long-term, but for now, we are taking a step-by-step approach to internationalisation.

While we are currently in 25 countries, it is difficult to bring our entire portfolio to market through just one partner. Therefore, we must look for different partners for different therapeutic areas. The issue is the nature of our products since we are still considered a niche.

Do you think doctors are given enough information about phytopharmaceuticals in their training? What role can a company like Zeller play in pushing academic institutions to include phytopharmaceuticals in their medical education systems?

Zeller first pioneered this trend more than 20 years ago with the founding of Zeller Medical. We were the first player in the Swiss market to approach doctors, showing the portfolio and applying for full reimbursement. A lot of our work has been on education, going to hospitals, speaking with, and presenting data to doctors. These doctors are often amazed by the quality of our clinical work and how much we have to offer. It is important that all doctors have a greater understanding of phytopharmaceuticals. A really positive trend is the openness of younger doctors to these treatments and a willingness to complement their existing knowledge.

After an incredible 22 years with Max Zeller, what keeps you motivated in your work?

Looking back, I can only say that I never regretted applying to Zeller as a young pharmacist. I am very lucky to work in a field that has always fascinated me. As a pharmaceutical biologist, I have a great scientific interest in medicinal plants and the pharmacology of plant-based ingredients and had already worked on the phyto-anxiolytic Kava-Kava in my doctoral thesis.

In Switzerland, I was then able to complement my scientific education with a master’s degree in business management in St. Gallen. This background helps me, in my role as CEO of Zeller, to understand the interrelationships and enables me to discuss with experts from the various disciplines.

It is also a fantastic privilege to work in an industry that makes an important contribution to the health of the population. In these 22 years, I have been able to meet many interesting people in this industry, both nationally and internationally.

To remain happy in one workplace for 22 years, you need dynamics and challenge, which I have never lacked. However, the most important thing is the people you get to work with, whether in your own team or in the partner companies. I consider it a great privilege to be able to work in an exceptional team of outstanding experts. When you work for Zeller, you become part of the “Zeller family”. For me, Zeller remains the place where I want to work.

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