

C dric Ertl  General Director, Laboratoires Expanscience Iberia, Spain



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C dric Ertl , general director of Laboratoires Expanscience Iberia, talks about his strategy to turn around the affiliate's dermo cosmetic range in what is a shrinking Spanish market and his goal of introducing a rheumatology portfolio, as he did in Mexico. Furthermore, he discusses the importance of being a B-Corp company.

How would you describe the current market for Laboratoires Expanscience Spain?

Globally, the company focuses on two therapeutic sectors; dermo cosmetics, for children and pregnant woman, and rheumatology. Within the Spanish market, Laboratoires Expanscience is only present within dermo cosmetics. The issues with this are indicated by recent IQVIA data that shows this market has decreased some eight percent in September 2018 compared to previous years, and this downward trend has been the case for the last two years.

This decreasing value actually correlates in parallel with another dropping number – the number of births in Spain. If we compare this to Mexico, the market I formerly worked in, with 2.3 million annual births and rising, Spain only has 390,000 annual births and has dropped around 25 percent since 2008 percent per year.

Nevertheless, using month to month analysis, we have witnessed only growth in two competitor brands, and it is quite interesting to understand why this is so. Europeans in today's market have a tendency to purchase naturally based formulas. Mustela has these properties, though, we need to do a better job in displaying this natural perception to the Spanish public, who are ultimately our customers.

Another brand, for atopic skin, is also performing well, and we believe this is due to the fact it is quite affordable within its dermo cosmetic class.

What do you see as the main challenges in fighting back against the declining market?

We definitely need to communicate a lot more directly towards our customers, as they are the ones that tell us exactly what they need. We notice that Spanish people are quite afraid of applying cream to a baby's skin, so our role is to show them what is the benefit in doing so with specific and appropriate products. In fact, a recent scientific study performed using Musela® and applying the product to skin in-vitro shows it can preserve even the stem cells for a sustained period of time. This benefit is even more crucial for a baby, as they have immature skin and must use highly specialized treatments. For all this, we are committed to natural ingredients, but each ingredient has to be earned its place in our formulas and above all the products must be safe, effective and pleasant to use.

How are you going about educating the Spanish people about the benefits of your products?

We must communicate more, but not only that, but we must transform the way we communicate also. When I arrived a few months ago, we were using an old-school method of communication, samples. This is great if a customer enjoys using the cream, though in the end, they know nothing about the important information about the product, such as what it is made up of, how it works, what are the benefits etc. They only have a practical one-off opinion on it.

What we have done since is spoken more with doctors and pharmacists, while in the meantime communicating more towards our consumers through TV and radio campaigns, as well as increasing our digital media presence. Everybody today is on their iPad or smartphone, so we must take advantage of this.

Furthermore, we are talking specifically in these media outlets about the benefits and naturality of what we offer. We know, and Spain knows, that Mustela®, for example, is proven to work at an amazingly high efficiency and is a safe product for babies to use. Though this information, along with the natural formula of Mustela®, is what Spaniards must know to fully trust and subsequently

purchase it.

If the dermo cosmetic market in Spain within your class is steadily decreasing, what is preventing you to introduce the company's rheumatological products to the market?

This is something we are looking to develop and is a concept I was successful in launching for the company in the past within Mexico. As aforementioned, the number of births in Spain is decreasing, though we see a counter effect on the other end with the population ageing, which in turn brings about rheumatoid age-related issues, such as osteoarthritis.

This plan at the moment is more of a dream, though thorough analysis of the market, we could launch rheumatoid products over the next year. We have some registered and have to register others, though we believe that with this new class of drugs for Laboratoires Expanscience Spain could foreseeably double the affiliate's turnover in three years, like what was done in the past in Mexico.

What is the strategic importance of Spain for the company?

We are the third largest subsidiary for the group and the second if we take in account only the dermo cosmetics division despite the downward trend of the dermo cosmetic environment. We must work hard to fight against the competition to grow our market share, while in the meantime grow in the new sector of rheumatology.

What are your short-term expectations?

Launch new products in rheumatology, though this will be a challenge as we are starting from scratch. We see in our other keys markets, Mexico and France, both sectors work very well together.

But in Spain, we must approach our operations differently to other nations. For example, in Mexico they are very advanced in communication via TV campaigns and products are distributed at supermarkets. Therefore, you have big companies merchandising products with a lot of direct company to consumer interaction. In Spain, treatments can only be found in pharmacies and perfume shops; meaning, the interaction with the pharmacies is crucial as you must convince them to merchandise your products. Moreover, there are no large pharmacy chains, so you must do this for each independent pharmacy.

The company was recently awarded the prestigious award as a B-Corp organization. What exactly does this encompass and how do you enact this approach within your Spanish team?

To be a B-Corp company entails incorporating corporate social responsibility in everything you do for a sustained period of time - a company does not just one day decide to achieve this. It is a long process that takes years of dedication towards positively impacting society. This is from our natural and environmentally safe products to our recyclable packaging.

What are your first steps to moving the company in a positive direction?

Firstly, to fight with Mustela. It is a very important product and we must consolidate our position as the leader in the market. As mentioned, this is changing how we communicate and what we communicate. The second step is to launch rheumatology products to counter the dropping dermo cosmetic market. This means starting to educate the people about our products and building relationships with key opinion leaders.

What do you envision in the next 5 years?

Today my goal is a dream, but I hope to make it a reality. This is to bring growth back to Mustela®. This will be done by creating a feeling of naturality around the product range so when Spaniards think naturality, they automatically think Mustela.

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