

GSK Consumer Healthcare â?? Diego Gonzalez Monin, General Manager for Argentina, Paraguay, Uruguay & Bolivia



23.09.2014

Tags:

[consumer healthcare](#), [OTC](#), [innovation](#), [export](#), [regional](#)

GSKâ??s Consumer Healthcareâ??s regional manager for the southern cone discusses the countries longstanding commitment to the Argentinian consumer and how this history allows them to succeed in a country typically dominated by strong domestic brands.

There was recently a wave of M&A in Chile and elsewhere, do you see this occurring in Argentina?

Anytime there is a large macroeconomic change, opportunities are created for an investor who is willing to take some risk. However, at the same time the volatility will make many investors cautious, so there may be some opportunities that are not taken advantage of. Iâ??m sure there will be some consolidation during this volatile period, but on the whole I doubt the â??waveâ?• of M&A will be a particularly large one.

As I said before, this company has been in Argentina for over 90 years. Regardless of where you are, if you spend this long time in any country you will face good and bad times, times of plenty and times of scarcity, and if a company wants to do business worldwide and have operate on a truly global scale, they have to develop local capabilities so that they can properly understand each of the markets they participate in. When times get rough, they are best served by being calm, exercising reasonable but not excessive caution, and remembering that any business operating in more than a few countries will survive for long enough to outlast the temporary instability.

Could you give us an overview of your manufacturing capacity in Argentina?

GSK has a long history in Argentina, we can trace our history back to 1922 under different names, and we have one large plant that we are currently adding a wing to. We export to most other Latin

American markets, and a few products to markets elsewhere, and the majority of our sales in Argentina are of goods made at our facilities here. Having local manufacturing capabilities has always been an asset to GSK Argentina, and will continue to be as long as we can continue to expand our capacity to keep pace with the market.

Considering the strength of many of the local brands in Argentina, what strategy have you employed to compete effectively?

GSK Consumer Healthcare has a strong global strategy, and in the case of Argentina, the strategy fits the local market quite well. We only localize the strategy to the extent necessary to achieve our corporate mission, which is to be the best and the first Fast Moving Consumer Healthcare (FMCH) Company, based on values and science, in each market that we participate in. Since all of the brands we currently sell in Argentina are first or second in their category, which is exceptional when compared to our market position in other countries, it is not necessary to significantly modify the global strategy.

In Argentina, we are fortunate to have one of the strongest portfolios in the region, even worldwide, for GSK Consumer Healthcare, since we have developed most of our global portfolio here. In Wellness, or OTC, our main products are our feminine analgesic (Ibuevanol), effervescent salts (Alikal and Uvasal), and Smoking cessation (Niquitin), among other products. Our Oral Health portfolio has expanded rapidly in the last six years (Sensodyne, Parodontax, Aquafresh, and Corega); specifically, our toothpaste brands doubled their market share in that period. Finally in Skin Health, Hinds is the leading brand in volume in the hands & body cream market in Argentina. The only category from the global portfolio that doesn't have presence in Argentina is our Nutritional portfolio.

The OTC market share, at roughly 10 percent of pharmaceutical sales, is very low in Argentina; any thoughts to how you might stimulate the growth of OTC sales?

Fifteen years ago, GSK's consumer healthcare business was almost exclusively OTC products, but today OTC sales account for only 35 percent of our sales. This is a strength of the company as it gives us a much more diversified business and allows us to have a more stable evolution and a better proposal for retailers and customers. Keeping this in mind, we certainly strive to grow our OTC sales and have largely succeeded; we have beaten the market growth rate for effervescent salts and feminine pain analgesics for the last three years. We launched NiQuitin in 2008, which became the number one Smoking Cessation Lozenge product after three years, and have plans to launch products in several other categories in the near future.

Which product segments do you see having the most growth potential over the next three to five years?

At this point Skin and Oral Care sales are growing the most quickly, and I see this persisting for maybe two years. Beyond that, everything will depend on the finalization of the joint venture with Novartis. If it finally happens, I'm sure we will find many exciting opportunities once we have access to their products and are able to strengthen our portfolio with theirs, and our business will continue to remain well balanced across the Wellness, Oral Care, and Skin Care segments.

Do you employ a similar strategy in Paraguay, Uruguay, Bolivia?

The name of the game for FMCH companies is volume. Everything is driven by scale and volume, and Paraguay, Uruguay and Bolivia don't have the critical mass to be particularly active from a global standpoint. Since the resources there are relatively limited, we do our best to support the local teams from here in Argentina. In Uruguay we have a very similar portfolio to the Argentinian portfolio

since we've been in that market for many years, and are able to coordinate effectively with them. Our position in Paraguay and Bolivia is much weaker as we entered the markets recently, but as things move forward we will continue to expand their portfolios to mirror Argentina's. Each country has a different landscape and different sets of opportunities for our various brands, so we customize our strategy and marketing campaigns for these countries to some extent and update the balance every two to three years.

With so much history in Argentina, what is GSK's social or moral contract with the rest of the industry and your customers?

We have two contracts in some way with our customers and distributors, one based on our shared history and the other that is a clear part of our marketing strategy. Our corporate mission is to be the first and the best FMCH based on science and values, and our values have a very long tradition, stemming from our conscientious behavior in the market, in dealing with authorities, and with our consumers. The best proof of this is the age of our brands; the oldest are over 90 years old and many people have lived their entire lives with and love. For consumers to trust us in this way, we have to deliver a consistent product and conduct ourselves with honesty and integrity, and receiving this trust and commitment year after year is by far the most meaningful seal of quality and approval that a business can receive.

To read more articles and interviews from Argentina, and to download the latest free report on the country, [click here](#).

[See more interviews](#)
