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Wednesday 1st July: 3:00pm – 4pm CEST

Self-Care Redefined: Values & Behaviours Shaped by COVID-19

Marcus Osbourne, Vice President, Health & Wellness Transformation, Walmart

Thibaut Mongon, Executive Vice President & Worldwide Chairman, Consumer Health, Johnson & Johnson

Manoj K. Raghunandan, President, Global Self Care and Office of Marketing Value, Johnson & Johnson Consumer Health

Moderator: Wai-Chan Chan, Managing Director, The Consumer Goods Forum

The penultimate session of the CGF's Virtual Knowledge Series opened with an overview of the past few weeks, with Wai-Chan calling attention to the exceptional group of industry leaders who have assembled to make this possible. Today, he said, we're here to talk about healthcare and self-care, and how that's being redefined. Health is always important and is really being brought to the fore with COVID-19. Health is something we at the CGF are very passionate about. In fact, Wai-Chan noted, one of today's speakers, Marcus, is Co-Chair of the CGF's Collaboration for Healthier Lives (CHL). After introducing each of the three speakers, who represent both the manufacturing and retail perspectives, Wai-Chan reminded the audience that they are welcome to send in questions to fuel the ensuing Q&A with the panellists.

1. **Wai-Chan kicked off the Q&A session with a question for Thibaut & Marcus. Consumers and shoppers are at the heart of your purpose, he said. Can you tell us what you have done, especially during the pandemic, to keep this focus. What's changed and what's remained?**

With COVID, Thibaut answered, we've seen an acceleration. What we thought would take a couple of years, is now happening very fast. We are heavily involved in developing a vaccine, and we are aiming to manufacture a billion doses by the end of 2021. So, we are very active on this front, he said. On the consumer health front, we serve with our brands. What we saw during the pandemic, is that the consumer needs to be in control, both of their health, and of which products they choose to use. Trust matters more than ever, Thibaut stressed. We saw consumers moving to brands and retailers they trust. They were getting their information from healthcare professionals, but also from the media and social media. And we saw consumers being much more open to holistic solutions in terms of healthcare. We have seen an evolution – at the



VIRTUAL KNOWLEDGE SERIES



beginning, consumers were much more focussed on immediate actions, but as the pandemic continued to evolve, we saw a broadening effort to link healthcare to diet and generally to a broader definition of healthcare. This is strongly linked to what we see in the CGF's CHL Coalition.

As a company, we had to change many things, Thibaut said, particularly in the way we were organised. Because of the impact on the supply chain, we had to react very quickly to adapt to big swings in demand around the world. And more than ever, we had to work closely with consumers and retail partners to be able to recognise demand signals and respond creatively. Sharing information also took a front seat. Sharing science-based and fact-based information was critical, both information in regard to COVID and general information on the best ways to increase hygiene and take care of your health in these challenging times.

Marcus joked that he never imagined he'd be doing a webinar from his garage, where he had been banished by his family for this teleworking call, but "this is the age we live in". From a Walmart perspective, Marcus said, it became evident that we as a retailer had to enhance the overall shopping experience to create a strong sense of safety. There were a number of things we did that were about reducing risk, and in full transparency, there were other things that we did which had more of an optical effect, really geared at increasing the sense of safety for our shoppers.

The second thing is fundamentally understanding that we had to significantly speed up our omnichannel efforts. We needed to give customers greater options in addressing their retail needs. We already had store pick up options and almost overnight, every single slot got filled. We also had to expand home delivery. How do you do that overnight? We saw these sites being hit hard, almost overwhelmed and it became a question of how to expand capacity at pace. From a healthcare perspective, we looked at telehealth options to enable people to access care without having to physically come in.

We never imagined we'd play a role in diagnostics, but we were able to support in parking lot diagnostics as well, to alleviate some of the demand on the existing healthcare system. Now we're on track to have permanent diagnostic centres going forward. Then there was the challenge of managing the total supply chain, running an efficient and effective network and what you need to do to stay in stock. There were the obvious things like food products, but also some surprises with items like sewing machines, which also went down in stock within moments.

If you think about it, situations that require us to be flexible, like natural disasters for instance, happen all the time and if you are in the retail business, your supply chains are going to be impacted by these strange and extraordinary events in perpetuity. The extraordinary becomes ordinary. The good news is that we have gotten used to some of these disruptions, which has enabled us to act effectively. You've seen that in our ability to get back in stock in this situation and thank goodness for the phenomenal manufacturer and suppliers we work with.



2. Wai-Chan then changed gears, saying COVID has accelerated certain behaviours as it regards healthcare; what about self-care?

Manoj answered that self-care has emerged and expanded in a big way. Just four years ago, he said, we referred to this section as OTC (over-the-counter). Self-care is a relatively new term in the industry. These elements existed before, but we separated everything for the consumer. We've seen movements towards naturals, healthy diets, exercise, probiotics and mindfulness. Consumers understand that this is important to their health and they want to manage their health holistically. Retailers and manufactures weren't ready for the advent of self-care and the industry didn't move to self-care nomenclature recently, in the last three years. It influences how you think about serving your customers; it changes the way the point of sale looks.

At the same time, social media is playing a big role. Many people use "Doctor Google", turning to the internet before their doctor. We are seeing people using digital interaction and platforms to self-treat. Coronavirus has simply exacerbated the change. Now I'm at home, I'm afraid to go places to get quality care; how am I going to get what I need to take care of myself and my family? We've seen the impact on major trends, including naturals and preventative care. Consumers are now taking things into their own hands. People who would never had considered something like telemedicine are adopting it because of COVID. It's changing the whole game. Patients want greater control and our role is being able to provide them trusted quality care and advice. The pharmacist in store plays a bigger role and the same goes for store platforms that provide the opportunity to chat and connect. Consumers are relying on brands for quality and holistic offerings to help them with their macro experience.

3. Marcus, do you see any other trends from a retailer perspective that people should be aware of?

Marcus answered that there were three. The first is the use of telehealth and AI-driven care. He described telehealth as the ability to essentially web conference with your medical provider, while AI-driven care is the ability to interact and engage with a piece of technology that can assess, and potentially even diagnose, your condition. We've seen a big trend here, he said, and I think it will stick to a certain degree. In particular, I think there is an inevitable climb around AI-driven care, he noted. It's not going to sustain at COVID levels, when there were massive jumps in telehealth adoption for instance, but it is likely a significant number will stick, which still represents an extraordinary change. Both telehealth and AI-driven health are attractive service channel for retailers.

A second trend we are seeing, particularly in the US, is greater use of non-traditional medical professionals to get care. From a regulatory point of view, there have been a lot of changes due to COVID, such as the authorisation for nurses and pharmacists to issue diagnoses and prescriptions. I think that absolutely sticks. Governments have let the genie out of the bottle, so to speak, and it will be hard to go back on these.



VIRTUAL KNOWLEDGE SERIES



The third trend really represents the rounding out of the self-care opportunity and is around standalone diagnostic services and self-care diagnostics. We've had things like pregnancy tests and other OTC self-diagnostic tests, but we're seeing great consumer interest in the idea of going to a counter and buying a self-diagnostic test for any infectious disease or chronic illness. If a consumer can self-diagnose and self-treat, while leveraging AI-driven tools to self-assess, this creates a very different consumer experience. It's about what the individual can manage on their own using technology and brand products they can access from their local retailer, without having to see a doctor.

Thibaut remarked that at J&J, they have been exploring and investing in each of these areas for some time now. He added that for them, it's more important than ever to bring easily understood, meaningful science to consumers. There is a responsibility for companies to take ownership for bringing the information consumers need, he stressed, and to make a clear, focused effort on eliminating pseudo-science across our industry so we can be a trusted partner of healthcare systems and a trusted source of information for consumers. We have more work to do.

We also need to look at the totality of the healthcare journey and make sure we bring holistic solutions to the table. Whether it be minor acute conditions or chronic conditions, skin health, nutrition – everything goes hand in hand. Finally, more than ever, we will be successful if we work together as manufacturers and retailers. How do we create an ecosystem to support consumers in maintaining good health? That's what society expects from us and that's where CGF members can play a big role.

4. Wai-Chan observed that relationships with General Practitioners are fundamentally changing, with COVID expanding on those touchpoints and shining light on different ways of accessing the care you need. This creates new opportunities, he said. What else do you believe retailers and manufacturers can do to capitalise on these opportunities?

Marcus answered that there are two things. The first is to be willing to go deeper on the healthcare needs of consumers, not playing on the fringes. Sometimes, he said, traditional players have done a good job scaring off retailers from playing a bigger role in healthcare. We are now seeing more willingness to go to the core needs people are facing. We are all hopeful that COVID as a pandemic burns itself out, but even then, we are not in great shape from a health perspective. We are still battling chronic disease, heart disease, diabetes, breathing challenges, and more. There is an enormous opportunity for us to recognise and address consumer angst about healthcare, and its affordability, accessibility and complexity. We have a role to play here.

We also need to partner strategically in different ways to go after these opportunities. For instance, the partnership between J&J and Walmart has been phenomenal. Health assessments are a great illustration of what's possible. We created national screening events, called Walmart Wellness days, where people can come do tests for things like blood pressure, glucose, cholesterol, allergies, BMI and others. It's a real healthcare event.



VIRTUAL KNOWLEDGE SERIES



We need to go beyond the products to the brands' service capabilities and educational materials. It's about creating a more holistic approach. And no one can do this alone.

5. Wai-Chan then asked a question from the audience: how does this vary between countries? Is it a global phenomenon?

Yes, it is global, Thibaut answered. We see it around the world with differing levels of intensity, but globally, consumers are obsessed with their health, they want to take control of their health and they are looking for holistic solutions to do so. Every time you see a successful industry partnership, regardless of the public healthcare system the country has in place, you see vast consumer response. In the US, this success is often driven by the high cost of healthcare. In China, there may be limited access to healthcare depending on where you live. Honestly, even in countries with nationalised healthcare services like the UK or Canada, we see robust healthcare markets. It's nuanced but there's not a market where we don't see strength in this area.

6. Wai-Chan noted that the pandemic has impacted some minority groups and income levels more than others. Some may be more exposed based on their working conditions or living conditions, for instance. Both from a pandemic perspective and a recession perspective, what should the industry do to help the underprivileged?

Manoj stared by thanking Wai-Chan for asking such an important question. The pandemic is simply shining light on a problem that has been an issue for a long time, he said. This spans redlining, access to education and access to fair home loans, etc. I believe the industry has a responsibility to put better healthcare in reach and we have to do it now. We need to do our part in serving underprivileged markets. Going to Walmart is something that is in their reach and already established in their behaviour, so putting healthcare at Walmart is putting healthcare in their reach. We have to take a more active role in disadvantaged communities.

We need data on the job to be done to look at how best to solve it and create customised solutions for those markets. We need to partner with community leaders to help us get the message out about healthcare. At J&J, we are committed to helping address challenges in access to healthcare. We've already committed to providing a vaccine as a non-for-profit and to getting those out to communities who are disproportionately impacted. We also need to look at diversity and belonging. We need to ask ourselves, how inclusive are our solutions? From our products to the stores we develop to the accessibility we create. This is particularly important in healthcare, and we all have the opportunity to do a bit more.

Marcus emphasised that the murder of George Floyd has really done a lot to shine a light on social inequity. The greatest inequity, he said, is related to healthcare access. Coming out of that, our commitment has been to double down on what we're doing from a healthcare services aspect. To give you an idea: on a typical healthcare event of ours, lasting just four hours, we get more than four thousand individuals coming to get a health



VIRTUAL KNOWLEDGE SERIES



screening. And more than half of those tell us they've not had a health screening in five years, if ever. Disproportionally, these are lower income individuals, African Americans or Hispanics.

We've launched a new platform – Walmart Health – which brings together everything we were doing from a healthcare perspective. We're opening centres that integrate all the core services that people need, such as primary care, labs, imaging, behavioural health, mental health, dental, digital, hearing, dental and women's health. We're connecting that to the self-care experience. We found that we already had the answers, but we needed to move faster and scale up. Our biggest focus now is to scale up around the world. The more we can address healthcare inequities, the more we can address social inequities.

Thibaut agreed, saying that consumers are waiting, and the industry has a role to play. Now is the time, in a big way, around the world. If we do our part, consumers will respond, and will look at our industry in a different way. It's a once-in-a-generation opportunity and we need to embrace it diligently but with a lot of energy. We can do a lot of good around the world if we get our act together, he concluded.

7. How can we accelerate the CGF's Collaboration for Healthier Lives (CHL) Coalition?

Manoj responded with an appeal to all the leaders on this call. He said there is a level of empathy, vulnerability and transparency that's required to get a great partnership. Put the patient first and realise you cannot do it on your own. Have those challenging conversations in your meetings today and define where you need help. Put the patient in the middle; that will let you identify the people who can help you get there.

Thibaut added that it's great to see a number of companies joining the Coalition. Before, he reflected, there was more of a focus on food and healthy diets, whereas now it's time to be comprehensive, and it's good to see both food and non-food companies getting involved. Whether it's personal care or managing one's health holistically, if we want to broaden impact our impact, we need even stronger collaborations, across food and non-food, across retail and manufacturing.

Marcus concluded: collaboration is key. But on a deeper level than ever before. As humans, we are not our parts – our limbs, eyes, ears, etc. – we are a whole. Collaboration demands a holistic approach. At Walmart, we live in both worlds – food and non-food retail. For instance, I think about a consumer who is having sleeping difficulties and looking for a solution, and I wonder, what does that look like from a customer perspective? It could be bedding, pillows, food, heating, air filters, prescription drugs, OTC items, education, monitoring, exercise, etc. The solutions consumers are looking for are not isolated. They are looking to improve or maintain health and we need to ensure we are working together to bring them those holistic solutions, to address their needs in totality and not just a part of it. This requires a greater depth than what we've ever had to do before.