The New Consumer Health Landscape: High Growth, High Expectations

What FMCG can teach consumer health about speed, experience, & innovation

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INTRODUCTION

Over the past few years, several major pharmaceutical companies have carved out or spun off their consumer healthcare (CHC) divisions, creating standalone organizations with the scale and scientific heritage of pharma but the commercial ambitions of fast-moving consumer brands. High-profile examples include Kenvue from Johnson & Johnson, Haleon from GSK and Opella from Sanofi, moves intended to unlock greater focus, agility and capital efficiency in businesses that operate under different market dynamics from prescription pharmaceuticals.

At the same time, the CHC market is expanding rapidly, outpacing many prescription pharmaceutical categories. Valued at USD 349.88 billion in 2025 and projected to grow from USD 375.45 billion in 2026 to USD 668.89bn by 2034 (Straits Research, 2026). Growth is being driven by rising consumer awareness of self-care, increasing demand for OTC medicines and supplements, and a growing focus on preventative health (Consumer Healthcare Market Report, 2025). Digital technologies, e-commerce and evolving pharmacy retail models are also accelerating innovation and competition across the sector (Market Data Forecast, 2025, Shukla, 2025).

These newly independent CHC companies inherit the pharma-grade quality systems and regulatory rigor of their parent organizations, but they are now expected to operate with the speed and consumer focus of FMCG companies. This brings pressure to deliver faster innovation, stronger brand differentiation and sustainable growth while maintaining strict compliance standards. It requires new ways of working across teams – bringing together different mindsets and profiles, from consumer marketers and data-driven growth specialists to formulation scientists, engineers, quality and regulatory experts. It also calls for new skills, and stronger cross-functional leadership to align speed with compliance.

This shift is fundamentally changing how products are conceived, developed and manufactured – elevating user experience from taste and swallowability to convenience and usability – from a secondary consideration to a commercial imperative.

A MARKET THAT MOVES FASTER THAN TRADITIONAL PHARMA

The CHC market is not only expanding but also becoming more competitive. At the same time, product categories are becoming increasingly fragmented. Segments such as vitamins, immune health, probiotics, sleep support, digestive health and pain relief now contain hundreds of competing SKUs, with frequent new entrants targeting increasingly specific consumer needs.

Digital-native and wellness-focused brands are accelerating this pace of change, often launching new formulations or product variations several times per year. By contrast, organizations rooted in pharmaceutical development environments typically operate within longer planning and validation cycles designed to ensure quality, safety and compliance.

CHANGING CONSUMER BEHAVIOR & DECLINING BRAND LOYALTY

Brand-specific consumer loyalty is also showing signs of erosion. Some research suggests that 57% of U.S. shoppers do not consider themselves loyal to brands producing everyday consumer products, including food, soft drinks, health products and other daily goods (SAP Emarsys News, 2025). While cost continues to be important, increasing value is put on convenience and personalized experiences during purchasing decisions.

Buying behavior in the category is often situational: 43% of consumers purchase health products only when they need them, making impulse decisions more likely (PWC, 2023), while studies show an increase in preventative health interest, with 81% of consumers reportedly embracing preventative healthcare efforts (Simon-Kucher, 2025). Some consumers are also willing to experiment. While 68% tend to buy the same product most of the time, 81% say they are open to trying new products (Reach3 Insights, 2026). In crowded categories, this increases pressure on companies to deliver products that consistently meet evolving consumer expectations.

PHARMA HERITAGE MEETS CONSUMER-BRAND AMBITION

Many CHC companies that originated within large pharmaceutical organizations retain significant strengths, including validated development processes, clinical and regulatory expertise, and robust manufacturing and supply chains. These capabilities remain essential in a sector where safety, compliance, and product reliability are non-negotiable.

However, these companies now compete in fast-moving Consumer Health and wellness markets shaped by different dynamics. Consumers increasingly evaluate products in the same way they assess other consumer goods, placing greater emphasis on convenience, usability, taste, and format. In crowded categories where ingredients and claims are often similar, the overall product experience can become a key driver of purchasing decisions.

RISING EXPECTATIONS AROUND TRUST & TRANSPARENCY

Consumer expectations are also evolving. Shoppers increasingly look for clear, evidence-based benefits, not just claims, alongside clean, natural and transparent formulations with simple ingredient lists and minimal additives. Transparency around ingredient sourcing and production is becoming just as important as product efficacy.

Credibility therefore plays a central role. Third-party certifications such as organic, non-GMO, or vegan labels, along with science-backed communication and authentic brand narratives, help reinforce trust and encourage repeat purchase. At the same time, consumers increasingly seek products that align with their broader personal health goals.

BRIDGING PHARMA RIGOR & FMCG AGILITY

Adapting to these expectations can challenge organizations whose cultures were built around pharmaceutical development. Processes designed for rigorous validation and regulatory oversight can make it harder to adopt the faster, insight-driven product development cycles common in FMCG sectors.

As a result, gaps can emerge between consumer ambition and technical feasibility. Many consumer health companies are responding by blending pharmaceutical expertise with leadership from FMCG and consumer-brand industries, helping accelerate innovation while maintaining the scientific and regulatory rigor the sector demands.

Increasingly, this blending of mindsets extends beyond internal teams. Involving an external innovation partner at the very start of product development, when concepts are taking shape, is where the greatest value is created for the consumer. At this early stage, insight into consumer preferences, formulation feasibility and manufacturability can steer concepts in the right direction before significant time and budget are committed, turning the partner from a service provider into a genuine driver of innovation.

TRADITIONAL DEVELOPMENT MODELS CAN SLOW CHC INNOVATION

Many CHC companies still rely on development processes shaped by pharmaceutical drug development. These models emphasize validation, risk mitigation, and regulatory review. While essential for quality and compliance, they can slow innovation cycles in CHC and wellness categories where faster product updates are expected.

Functional silos can add further friction. R&D, regulatory, and marketing teams often work sequentially rather than iteratively. As a result, technical or regulatory constraints may only emerge late in development, when changes are more costly and time-consuming.

ORGANIZATIONAL COMPLEXITY & LATE FEASIBILITY CHALLENGES

Centralized decision-making can also slow progress. Multiple approval layers extend timelines and increase cost-to-market in categories where speed is increasingly important.

Limited early feasibility assessment creates additional risk. Product concepts may appear attractive from a marketing perspective but prove difficult to manufacture or stabilize at scale. When these issues emerge late in development, reformulation can add several months and, in some cases, a year or more to timelines. In fast-moving CHC markets, such delays can undermine differentiation and commercial success.

Many of these risks can be designed out from the beginning. When an experienced innovation partner is involved during first-concept discussions, feasibility, stability and scale-up considerations inform product decisions from day one, and costly late-stage surprises become far less likely. This early window, before specifications are fixed and investments are made, is where an external partner creates the greatest value for the customer.

HOW CHC COMPANIES NEED TO ADAPT

Consumers now judge CHC products on more than their active ingredients. Taste, mouthfeel, swallowability, dissolution time, ease of opening, and dosing convenience all shape purchasing decisions. In many cases, ease of use ranks as highly as safety and efficacy when consumers choose between similar products.

Practical usability also influences adherence. Tablets that are difficult to swallow or products that are inconvenient to take are more likely to be avoided. Poor sensory experiences such as unpleasant taste or texture can also reduce repeat purchase and weaken brand trust, particularly in highly competitive categories such as vitamins or digestive health.

TRANSLATING CONSUMER INSIGHTS INTO TECHNICAL REALITY

Delivering the attributes consumers want is not always straightforward. User-friendly formats are often more hygroscopic and more sensitive to temperature and humidity. Fast-dissolving products may require high porosity or specific excipients, which may reduce mechanical strength or stability. Taste masking can require coatings that increase formulation complexity and cost, while sugar-free expectations restrict excipient choices and make taste optimization more difficult.

These demands often require complex excipient systems and formulation expertise. Sweeteners, polyols, and flavor systems can interact chemically or physically with APIs over time, creating stability risks that must be carefully managed.

Manufacturability introduces further constraints. Highly engineered excipient systems are more sensitive to compression force, mixing order, dwell time, and environmental conditions. If feasibility is not assessed early, appealing product concepts may prove difficult to scale reliably. This gap between consumer insight and technical execution is a common cause of late reformulation, longer timelines, and budget overruns.

THE CASE FOR DESIGN THINKING IN ORAL SOLID DEVELOPMENT

Design thinking offers a structured way to bring consumer needs into product development from the outset. Rather than treating consumer insight, technical feasibility, and manufacturing considerations as separate, sequential stages, this approach integrates them early in the process. The goal is to ensure that product concepts reflect real consumer expectations while remaining technically and commercially viable.

A design thinking approach encourages faster and lower-risk iteration cycles. Early prototypes can be tested through sensory evaluation and consumer feedback, allowing teams to refine formats, flavors, and usability before development is fully locked in. This reduces the likelihood that fundamental issues will emerge after significant investment in formulation or scale-up.

TRANSLATING CONSUMER INSIGHTS INTO BETTER PRODUCT DECISIONS

Direct engagement with consumers helps companies validate assumptions early. Feedback from target users can confirm whether proposed product formats, tastes, and usage concepts align with real expectations before technical development is locked in.

Consumer input can also reveal barriers that are not obvious from technical specifications alone. Perceived effort to dissolve a product, unpleasant mouthfeel, difficult to open packaging or aversion to certain flavors or textures may influence acceptance even when the formulation performs well in laboratory testing.

Early co-creation also helps teams focus on the attributes that matter most. By prioritizing sensory and usability factors that influence consumer choice and repeat purchase, development teams can avoid over-engineering features that add complexity without improving the user experience.

REDUCING RISK & STRENGTHENING DEVELOPMENT OUTCOMES

Iterative prototyping helps align consumer desirability with technical feasibility much earlier in development. This reduces the risk of misalignment between marketing concepts and formulation realities and can significantly lower the likelihood of costly late-stage reformulation.

Validating consumer desirability alongside feasibility also increases confidence in go-to-market decisions. When products have been tested with target users during development, teams can move forward with clearer expectations around consumer uptake and differentiation.

Specialized development partners can play an important role in this design-thinking approach. CDMOs with expertise in user-friendly oral dosage forms are well positioned to apply design thinking within regulated development environments, helping translate consumer insight into technically robust and manufacturable products.

PARTNERING EARLY: DE-RISKING DECISIONS, DRIVING INNOVATION

Experienced development and manufacturing partners can provide a valuable feasibility perspective early in concept development. Their input helps identify risks related to stability, manufacturability, regulatory acceptability, and scale-up before significant time and

resources are invested. The value of these partnerships extends beyond risk reduction. Increasingly, CDMOs serve as external innovation partners, bringing consumer insights and formulation experience into the earliest stages of product design and helping shape concepts before development formally begins. This is where the economics of early collaboration are most compelling. At the concept stage, every parameter is still unconfirmed, meaning expert input can be acted on at minimal cost. Once the development has been locked in, the same insight can often only be applied through reformulation, delay and additional spend. The earlier the innovation partner is involved, the greater the value created both for the manufacturer as well as the consumer.

Early collaboration also enables development activities to run in parallel rather than in series. Addressing formulation, regulatory, and manufacturing considerations at the same time can accelerate timelines without compromising quality or compliance.

ACCESSING SPECIALIZED EXPERTISE & TECHNOLOGY

Specialist partners bring format-specific expertise that allows them to validate dosage-form choices earlier and more efficiently. By combining dedicated pilot infrastructure, cross-project insight, and scale-up experience, they can assess feasibility quickly in ways that are difficult to replicate internally across broad portfolios. Specialists in user-friendly oral dosage forms also provide access to established development technologies such as taste masking, high-shear granulation, and hot melt coating.

By identifying non-viable concepts early and optimizing promising ones, experienced partners can help shorten development timelines. Early involvement also improves specification quality and reduces misalignment between commercial teams and formulation scientists.

External collaboration can support internal agility by absorbing technical complexity and development risk, allowing internal teams to focus on strategic priorities such as brand differentiation and launch execution.

COMMERCIAL SUCCESS AT THE INTERSECTION OF INSIGHT, SCIENCE & SPEED

CHC companies best positioned for growth will be those that unite consumer desirability, technical feasibility, and manufacturing excellence. In increasingly competitive categories, success depends on delivering differentiated products while maintaining the quality and regulatory standards the sector demands. CHC organizations face increasing pressure to operate with the speed and consumer focus associated with FMCG markets.

Collaboration with experienced development and manufacturing partners can help organizations achieve this balance. Specialized CDMOs bring technical expertise, infrastructure, and scale-up experience that enable companies to translate consumer insight into compliant, manufacturable products more efficiently.

Success in modern consumer health therefore requires new development models. Design thinking, early feasibility assessment, and closer cross-functional collaboration help align marketing ambition with formulation and manufacturing realities.

The most effective innovation approaches bring science, insight, and speed together, not sequentially, allowing CHC companies to move faster while delivering products consumers trust and choose repeatedly. ◆

BIOGRAPHY



Dr. Jürgen Ott is CEO of HERMES PHARMA, the leading expert in user-friendly dosage forms. With more than 23 years of experience across sales, marketing, and general management in pharma, life sciences, and healthcare, he has held senior leadership roles at Procter & Gamble, Bionorica, and Dermapharm. Drawing on his background in both multinational and family-owned businesses, he brings a consumer-first mindset to the traditionally more technical world of drug development in the CDMO space. At HERMES PHARMA, he is spearheading a cultural and strategic shift that integrates consumer insights early into product development — helping OTC and CHC brands achieve higher success rates, greater loyalty, and faster time to market.