

Allergy Sufferer Qualitative Research

Summary Report

for:

AllerPrive, Inc.

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by:

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Research Objectives

- Six focus groups were conducted for this research, on June 3rd in New York City and June 5th in Seattle. The purpose of the research is to develop a better understanding of the mindsets of allergy sufferers with varying degrees of allergy severity. The aim is to collect insights into their existing attitudes, behaviors, and needs; in particular, how well sufferers understand their conditions, and the treatment choices available to them.
- There is also a need to understand whether there is an opportunity to differentiate AllerPrive from other treatments among various allergy sufferer segments.
- Each focus group represents a distinct type of allergy sufferer:

Composition of Groups:

Group 1

Current users of 2nd generation OTC brands (Alavert, Claratin, or private label generics made with Loratadine)

Group 2

Primarily users of Rx allergy brands (Allegra, Clarinex, Flonase, Singulaire, Zyrtec), with some current use of various OTC brands

Group 3

Current users of 1st generation OTC brands (Benadryl, Sudafed, Advil Allergy Sinus or Cold & Sinus, Tylenol Allergy, Chlor-Trimeton)

Caveat

These findings are based on the statements of at least one, and sometimes several, group participants. This openness can bring to light the breadth and expression of opinions in a way that can aid marketing decision-makers, researchers, advertising agencies, and service providers.

In reading this report, it is important to remember that the findings are qualitative in nature. Although qualitative research provides useful insight for understanding a particular audience's attitudes and perceptions, it is not designed to provide objective, representative findings. Samples are small and not randomly selected. The focus group moderator exercises judgment in following up on comments or occasionally suppressing discussion. Furthermore, the dynamics of group discussions themselves can shape the expression of individual viewpoints. Hence, the interpretation of the findings is necessarily selective and may not properly weight different opinions.

Verbatim comments by participants are included when they add additional insight. These comments are italicized.

Findings

- The group participants represent a fairly broad range of allergy symptom severity. Some are lifelong allergy sufferers while others have only mild, seasonal symptoms. There are quite a lot of differences among them in terms of their understanding of what allergies they actually have, as well as what triggers them. The disparity in awareness and education of allergies is striking. The same holds for their awareness of allergy treatments. Some sophisticated sufferers are quite knowledgeable about many of the Rx and OTC products available, having used in some cases a large number of them through trial and error—and sticking with “what works” for them. At the other extreme are mild sufferers whose frequency of symptoms are infrequent enough that they have never bothered to learn more about their allergic conditions, and for whom any number of first-generation OTC treatments work just fine. If asked, many such sufferers are unable to articulate what they are allergic to, and what triggers their onset of symptoms. They are more likely to wait until symptoms occur before taking action (like staying inside when pollen counts are high), and generally take medications on an as-needed basis rather than prophylactically. Their awareness of the available OTC brands is somewhat more limited than more sophisticated sufferers, though none of the participants is particularly receptive to allergy advertising and marketing efforts in general.
- There are some common behaviors and attitudes shared by participants. First, whatever the severity of their allergies, all regard their condition as being disruptive to their lives to some degree, but not life threatening. Hence, they seek relief of their symptoms through medication. Whatever their reluctance to taking medicine and its effect on their bodies, all sufferers concur that relieving their symptoms, when they occur, is essential. They want the medication to block their symptoms, and do it in a way that doesn't affect them adversely. Non-drowsy products are attractive to sufferers due to quality-of-life considerations (although there are some misconceptions about drowsy vs. non-drowsy with respect to efficacy). As a whole, there is very little brand switching—through trial and error, sufferers ultimately become loyal to one (or several) brands that are effective in relieving their particular symptoms. The adage, “if it ain't broke, don't fix it” certainly holds true.

- At all levels of allergy severity, consumers are surprisingly price-sensitive. Mild sufferers are more likely to make OTC brand selection based on price, since many different brands are effective. They may buy-forward using sales or promotions, or select generic store brands because of price. As the degree of severity increases or for certain symptoms, sufferers do trade off efficacy (and other brand dimensions such as quality perceptions, manufacturer standing, trustworthiness, etc.) for price. For instance, there is strong evidence that some Rx users continue with the inconvenience of obtaining prescription medications because their health insurance reimburses them for Rx drugs. There is also the general sense among participants that their allergies are lifelong conditions; hence, there will be an unending outlay of money for allergy medications.

"There is no cure. So you just resign yourself to your condition."

- Participants do not appear to place great value in media as sources of information on allergies, and available treatments. Sufferers are far more likely to rely on word of mouth (friend, relative, co-worker), doctor recommendations, etc. for learning about what medications to use, particularly OTC. The more sophisticated sufferers (read, severe conditions) do take advantage of published materials (e.g., package inserts, pharmacy-provided literature, etc.), online (e.g., WebMD), etc. Their "research" is an ongoing process, and additive over time. However, occasional sufferers seem to utilize TV commercials and print ads for the allergy information they need.

"TV. I don't do research because the commercials tell you everything."

"Research is really an ongoing thing. You just add to your knowledge."

HIGHLIGHTS OF OTHER FINDINGS

- *How Allergies Affect People's Lives*

- Participants are able to distinguish between being sick and having allergy symptoms. It's not precise. For most, allergy symptoms are like being sick, but without the other signs of a cold. It is also very easy to mis-diagnose the symptoms.

"Cold symptoms without the cold."

"If you don't have aches and pains, but you're suffering, you probably have some sort of allergy."

"I use a 5-7 day test. If my symptoms last longer, it's an allergy."

- Across the whole range of allergy suffering, participants generally agree that their allergies disrupt their lives. Not only must they deal with their symptoms when they occur, many have learned that they must also exercise some forms of prevention where necessary (e.g., staying inside when pollen is high, asking friends to segregate their pets when visiting, etc.). This requires an effort, and also limits their sense of freedom.
- Since allergies are thought by many to be a lifelong condition, participants are careful not to over-medicate. The general sense for most is that one should take only the medication necessary to alleviate their symptoms, and no more. This poses a dilemma for some severe sufferers because they must medicate daily to prevent their symptoms. Some sufferers are reluctant to treat their symptoms because they still believe medications cause drowsiness or other side effects.

"They suppress my symptoms. So when it wears off, the symptoms are a little duller."

"I don't like taking medications in general. So I take allergy medication only as needed."

- **OTC vs. DTC—Brand Selection**

- Severe sufferers tend to use prescription brands as their primary treatment. They also actively use OTC treatments in some situations—based on severity or type of symptoms, as a back up if their prescriptions run out, and for general convenience. Efficacy is crucial. Moderate sufferers are well served by the OTC offerings, but are particular about the brands they use, primarily due to efficacy issues. Occasional sufferers, in contrast, are much more likely to use a variety of OTC brands. Many brands work for them, and many users interchange brands.
- As discussed, participants regard the process of making an appointment, getting a doctor’s diagnosis, then filling the prescription at a pharmacy, as very inconvenient. When an OTC medication works just as well, the Rx route doesn’t seem worth the effort. True, some do feel that a doctor’s recommendation, and care, is worth it, but most do not. (Pharmacists apparently do not have a great influence in brand recommendation.) Many sufferers continue to use prescription drugs only because they are essentially free after being reimbursed by their health insurance provider. Fear of addiction does not appear to be a direct determinant in using DTC vs. OTC medications.

“OTC is taking medicine. Taking a prescription is taking a drug.”

“It’s just more convenient to buy whatever works OTC.”

“I only go to the doctor if my situation gets a lot worse. And I take my prescription as a last resort, after I’ve used my store-bought medicine.”

- When asked how receptive they would be to an “ideal” OTC medication, participants indicate the following order of importance of product benefits:

Lasts 24 hours—most important

Fast-acting—important

From a trustworthy company—probably of some value

Most effective—meaningless

- **Media & Taglines**

- Participants say they utilize printed material in adding to their “research knowledge.” As discussed, TV advertising is very valuable, to break through the clutter of brands, and to provide sufficient information for making a brand selection for those sufferers who have limited interest in learning more. Many prefer print advertising because it allows for “fuller disclosure” (e.g., side effects, indications, etc.). There does not appear to be much enthusiasm for in-store displays and such, though it is not clear that they are ineffective.

“Too many brands out there. I can’t keep track of them. It’s overload.”

“I don’t like the full-disclosure requirements on TV ads.”

“If you don’t have aches and pains, but you’re suffering, you probably have some sort of allergy.”

- Several current OTC taglines were presented to participants. Correct recall is minimal, at best.

Approved to treat both indoor and outdoor allergies. [Zyrtec] Reactions to this tagline were split. Some don’t want to take (and pay for) a medication that treats some symptoms they don’t need. There is a perception of over-medicating.

Allergy relief without the risk of drowsiness. [Allegra] The most straightforward, and probably the best liked. No drowsiness is an enviable positioning, one that AllerPrive must overcome from its key competitor.

There’s clear, then there’s Claritin. Most thought this tagline confusing.

Right when you need it, wherever you are. [Alavert] Participants like it, but without the copy describing the fast-dissolve pill form, the tagline is vague.

Conclusions

- Although participants were placed, for discussion purposes, into separate focus groups based on the brands of medication used, a natural segmentation of allergy sufferers is observed over all. The defining feature of the segmentation is the degree of severity of the sufferer's allergic condition. Other dimensions appear to be well correlated to severity:
 - First, the type of medication used is highly correlated. Severe sufferers tend to use prescription allergy brands as their primary treatment. They also actively use OTC treatments in some situations—based on severity of symptoms, as a back up if their prescriptions run out, and for general convenience. Efficacy is crucial. Moderate sufferers are well served by the OTC offerings, but are particular about the brands they use, primarily due to efficacy issues. Many now use the OTC version of the Rx brand they formerly used. Occasional sufferers, in contrast, are much more likely to use a variety of OTC brands, and first-generation ones at that. It seems that almost any brand works for them, and many users interchange brands.
 - Allergy knowledge is also positively correlated to severity. The most severe sufferers, understandably, know the specific triggers to their allergies, and use tried-and-true treatment strategies. This group has learned to modify their lifestyles on a situational basis to prevent symptom onsets, and are generally more proactive in preventing allergy attacks than sufferers with milder symptoms. Severe sufferers also have a better knowledge of what brands are available, and which ones work for them (both generally, and for specific symptoms). At the other extreme, occasional sufferers tend to have very poor knowledge of their allergies, what triggers them, and how to prevent symptom onsets. Fortunately, occasional sufferers report that most OTC treatments are effective. Mild sufferers are the least likely to be aware of the distinction between first-and second-generation OTC offerings (seen in the context of “drowsiness”).
 - There is a weaker, though positive, correlation between length of suffering and severity. Generally, the more severe the sufferer, the longer his or her length of suffering. The

average length of suffering among the Rx group is 19.8 years; among the second-generation OTC user group it is 14 years; and for mild sufferers it is 12.6 years.

- Three other components are present in the segmentation, but do not correlate well to severity. Brand loyalty is high because efficacy is a critical concern for all allergy sufferers. This is true across all degrees of symptom severity. Consequently, brand switching is limited to situations when a sufferer's current brand ceases to be effective. Second, advertising awareness is quite low, across the board. This is largely due to strong brand loyalty as well as a proliferation of advertised DTC and OTC allergy brands (as well as adjacent cold remedies). Finally, price is a major factor in the type and brand of treatment used. The cost of the medication holds considerable sway in brand selection (and whether to use national vs. generic brands) among all levels of sufferers. Severe sufferers appear to use health insurance reimbursement as a reason for continuing with Rx treatments in spite of the inconvenience of using them.
- The allergy sufferer segmentation suggested by the groups poses some fairly significant constraints for future marketing and marcom efforts for AllerPrive. The price premium that the brand (and FexoOral) commands is probably the greatest obstacle to increased trial. This is especially true for mild sufferers because the OTC medications they now take are generally effective. The question would be, are 1st generation treatment users willing to pay more for a treatment that doesn't cause drowsiness? Were it not for the pricing issue, mild sufferers would otherwise make an attractive target—they are the least brand loyal, and the least educated about their condition and the types of treatments available to them (e.g., non-drowsy second-generation offerings). Educational efforts would be especially effective for this group, as would introductory trial inducements.
- More severe sufferers are probably better targets for AllerPrive marketing. Cost issues aside, the sophisticated allergy treatment user seems to be a better space in the marketplace for AllerPrive to position itself. There are several reasons for this. First, OTC users with more severe allergy conditions should see the positive benefits of switching to second-generation treatments, if they haven't already done so. This is a fairly simple quality-of-life argument with respect to AllerPrive's product features—the non-drowsy formulation, dosage (one pill a day), and form (quick-dissolve pills) are desirable enhancements over older treatment technologies. The main obstacle

to this positioning is that FexoOral is a formidable competitor, with a much higher marketing and advertising spend.

- In spite of the direct competition with FexoOral in the second-generation sector, this is a sensible long-range positioning, given the current trend in bringing to market OTC formulations of Rx drugs. The rationale for staking out a more refined (and differentiated) positioning now is that the marketplace will soon fill up. AllerPrime's efforts now, however difficult in the face of FexoOral's marketing strength, should be rewarded later with a distinct positioning in place before other second-generation brands arrive.
- The velocity of Rx-to-OTC offerings also suggests that Rx users should not be ignored. It is quite clear that, provided they work for a particular sufferer, OTC formulations are far more convenient to use than prescription drugs, which require a doctor visit and that a prescription be written, then filled at a pharmacy. Again, cost considerations aside (insurance reimbursement for Rx drugs keeps many sufferers from switching to OTC), there is every reason to expect that market conditions, aided by competitor spending, will lure many Rx users to second-generation brands over time.

APPENDIX

Discussion Guide