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Perrigo Exploring The CBD Opportunity

by David Ridley

Perrigo doesn't want to miss out on the opportunity presented by CBD to offer consumers a new type of self-care product, according to the firm's managing director, UK & Ireland, and International vice president, Neil Lister.

Perrigo Co. PLC is exploring the opportunity presented by cannabidiol (CBD) to offer consumers a new type of self-care product, according to the firm's managing director, UK & Ireland, and International vice president, Neil Lister.

With the global CBD market looking increasingly likely to become more tightly regulated in the near future, Lister told *HBW Insight* that Perrigo was considering its options.



PERRIGO'S NEIL LISTER

"I think there's a genuine opportunity for the first company to show leadership and get it right," Lister insisted. "Because the reality is, when it's regulated – and it needs to be – a lot of products on the market at the moment will disappear."

"It will be the company that can bring order to this situation, bring in products that you can trust and that work and have the right claims and the right evidence that will succeed," he argued.

"Perrigo wants to be at the forefront of all self-care innovation," he revealed. "In line with our strategy to offer innovation across branded and store brand products to meet consumer needs, we don't want to miss the opportunity that CBD offers, because it's a big, virgin, global megatrend now."

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In Line With Strategy

As the international market for CBD products continues to expand, all eyes are on the global OTC industry to see which of the big players will enter the market first. (Also see "*CBD On OTC Industry Radar As Regulatory Questions Cloud Runway*" - HBW Insight, 25 Mar, 2019.)

One of the major obstacles preventing these incumbents from making a move is a lack of clarity in how these products are regulated, with many comparing the situation to the "wild west" of the American 19th century frontier. (Also see "*'CBD Is Not Going Anywhere' – Global Industry Leaders On The 'Green Rush'*" - HBW Insight, 12 Jun, 2019.)

In Europe, national authorities are still weighing up how to implement the European Commission's decision to add CBD to its Novel Food Catalogue at the beginning of 2019, after it decided that a "history of consumption has not been demonstrated." (Also see "*EU Wellness Market In 2019: The CBD Green Rush*" - HBW Insight, 7 Jan, 2020.)

Meanwhile in the US, the Food and Drug Administration is currently pondering how to best to proceed after receiving no less than 776 comments to its "Scientific Data and Information about Products Containing Cannabis or Cannabis-Derived Compounds" docket in May last year. (Also see "*US Wellness Market In 2019: Farm Bill Made Cultivating Cannabidiol Policy FDA's Main Course In Supplements*" - HBW Insight, 3 Jan, 2020.)

Capitalising on global megatrends like CBD by offering trusted, good-value OTC products – in either branded or private-label form – was key to new Perrigo CEO Murray Kessler's turnaround strategy, Lister pointed out.

Joining in November 2018, Kessler's plan for returning Perrigo to growth after a prolonged earnings slump has meant going back to the firm's previously successful strategy of offering private label equivalents of branded OTCs, as well as making bolt-on acquisitions to expand into additional consumer health categories.

"We just walked away from it a little bit," Kessler said at an investor conference at the end of last year. "In essence, all we've done over the last year is to put back in place the model that worked so well. And we're now starting to see those results." (Also see "*Perrigo Returns To 'Model' For Success, Expects Surprises From 2020 Launches* " - HBW Insight, 4 Dec, 2019.)

Reflecting on Kessler's impact since joining Perrigo, Lister said he had made a "phenomenal difference" by defining more clearly the company's true purpose.

"Perrigo for many years bought a lot of companies around the world, and wasn't always guided by a single-minded vision," Lister conceded. "Now, everything we do links back to our original vision: making lives better by bringing quality, affordable self-care products that consumers trust

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wherever they are sold."

Many of the brands inherited via Perrigo's acquisition of Omega Pharma in 2015 – which the firm bought to provide a gateway into the European OTC market – that did not have a good fit with the firm's existing portfolio had now been "weeded out," Lister said.

Shaving Off The Excess

While the company was "comfortable" having a larger basket of brands than its competitors – including some "local jewels" like the XLS Medical slimming product, marketed by Perrigo within the European Union – "anything that doesn't fit with our strategy around self-care will be potentially up for review," he revealed.

Nevertheless, Lister echoed Kessler's insistence that the firm was still interested in "bolt-on" acquisitions, especially those that would "help grow our existing brands and our existing portfolio."

Perrigo's acquisition of oral-care specialists Ranir – snapped up in May 2018 for $750m – was a good example, Lister noted. (Also see "*Ranir Oral Care Deal Could Brighten Perrigo's Turnaround Chances*" - HBW Insight, 13 May, 2019.)

Ranir has also provided Perrigo with a vehicle for further expansion into oral care, with the firm announcing earlier this month that it had, through its Ranir Global Holdings LLC subsidiary, acquired the Steripod brand of toothbrush and razor accessories for an undisclosed amount from Bonfit America Inc.

Commenting on the Steripod acquisition, Kessler suggested Perrigo planned to expand the line into Europe. (Also see "*Steripod Bolt-on Deal Extends Perrigo Into Toothbrush and Razor Accessories*" - HBW Insight, 6 Jan, 2020.)

For Lister, Ranir's portfolio of oral care products was a "natural adjacency" to Perrigo's core OTC proposition. "What we brought with Ranir is a global platform that extends what we've done in OTC for 130 years into oral care," he noted.

While OTCs needed to be "at the core of what we do," Lister argued that moves into oral care via Ranir and Steripod and further into naturals, such as the potential for CBD, provided the company with an opportunity to "define what's relevant within the self-care agenda."

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