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Dear Interested Party

Re: Proposed acquisition by GlaxoSmithKline plc of the global consumer healthcare business of Pfizer Inc

The Australian Competition and Consumer Commission (**ACCC**) is seeking your views on the proposed acquisition by GlaxoSmithKline plc (GSK) of the global consumer healthcare business of Pfizer Inc (Pfizer) (the **proposed acquisition**).

GSK is a UK multinational pharmaceutical company that is active in research, development, manufacturing and marketing of prescription medicines. Via its consumer healthcare business it manufactures and markets over the counter (**OTC**) medicines which are available without prescription. Pfizer is a US multinational pharmaceutical company. Its global consumer healthcare business develops, manufactures and markets OTC products. Further details regarding the acquisition can be found at **Attachment A**.

The ACCC's investigation is focused on the impact on competition. In particular, we are seeking your views on:

- the importance of the Panadol, Voltaren and Advil brands
- whether GSK and Pfizer compete closely in the supply of pain relief, gastrointestinal and cold and flu relief products
- Whether generic and/or private label products would act to constrain the combined entity's ability to increase prices
- the operation of supply chains for OTC medicines

Further issues you may wish to address are set out in **Attachment B**.

This matter is public and you can forward this letter to anybody who may be interested.

The legal test which the ACCC applies in considering the proposed acquisition is in section 50 of the *Competition and Consumer Act 2010*. Section 50 prohibits acquisitions that are likely to have the effect of substantially lessening competition in a market.

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Please provide your response by no later than **5pm on Wednesday, 13 March 2019**. Responses may be emailed to mergers@acc.gov.au with the title: *Submission re: the proposed acquisition by GlaxoSmithKline plc of the global consumer healthcare business of Pfizer Inc - attention Nigel Vise*. If you would like to arrange a time to discuss the matter with ACCC officers, or have any questions about this letter, please contact Nigel Vise on 03 9290 or Yong Xu 03 9290 6933.

Updates regarding the ACCC's investigation will be available on the ACCC's Public Mergers Register at ([ACCC mergers register](#)).

Confidentiality of submissions

The ACCC will not publish submissions regarding the proposed acquisition. We will not disclose submissions to third parties (except our advisors/consultants) unless compelled by law (for example, under freedom of information legislation or during court proceedings) or in accordance with s155AAA of the *Competition and Consumer Act 2010*. Where the ACCC is required to disclose confidential information, the ACCC will notify you in advance where possible so that you may have an opportunity to be heard. Therefore, if the information provided to the ACCC is of a confidential nature, please indicate as such. Our [Informal Merger Review Process Guidelines](#) contain more information on confidentiality.

Yours sincerely



Tom Leuner
General Manager
Merger Investigations

Attachment A

The proposed transaction

GSK proposes to acquire the consumer health business of Pfizer. The parties anticipate that the consumer health businesses of GSK and Pfizer will then be combined into a joint entity under the control of GSK. GSK will have 68% of the equity in the entity and Pfizer will receive 32%.

The parties

GSK is a publicly listed healthcare company, listed on the London and New York stock exchanges and headquartered in London. GSK is active in three primary areas: pharmaceuticals, vaccines and consumer healthcare. GSK has commercial operations in more than 150 countries, with a network of 86 manufacturing sites in 36 countries and large research and development centres in the UK, USA, Spain, Belgium and China.

GSK develops and markets a range of consumer healthcare products in five main categories: Pain relief, Respiratory, Oral Care, Nutrition and digestive health, and Skin health.

GSK's consumer healthcare brands include Panadol, Voltaren and Flixonase.

Pfizer is a publicly listed healthcare company, listed on the New York stock exchange and headquartered in New York. Pfizer sells pharmaceuticals in 125 countries and has 58 manufacturing sites worldwide.

Pfizer's consumer healthcare business is one part of its business. Pfizer Consumer Healthcare covers non-prescription medicines, vitamins and nutritional products. It markets products in five major categories: Pain management, Gastrointestinal health, Respiratory, Dietary supplements and Personal care products.

Pfizer's consumer healthcare products include Advil, Dimetapp and Robitussin.

Relevant overlaps between the parties

The ACCC understands that GSK and Pfizer supply overlapping products in the following areas:

- **Pain relief** (GSK supplies the paracetamol product Panadol, the diclofenac product Voltaren Rapid and Pfizer supplies the ibuprofen product Advil)
- **Gastrointestinal products** (GSK supplies an antacid - ENO. Pfizer supplies an anti-flatulent - De-Gas and a heartburn treatment – Nexium 24HR)
- **Cold and flu products** (GSK supplies Panadol Cold and Flu and Otrivin. Pfizer supplies the Robitussin and Dimetapp lines of products)

Attachment B

1. Please outline the reasons for your interest in the proposed acquisition, including any commercial relationship/s with either of GSK or Pfizer.

Relevant market(s)

2. To what extent are GSK and Pfizer's:
 - pain relief products substitutes for each other
 - gastrointestinal products substitutes for each other
 - cold & flu products substitutes for each other?

Please explain your answer, with reference to factors such as use; mode of administration and design; consumer preferences or any other factors customers take into account when considering which products to use.

3. Please identify any OTC pharmaceuticals your business purchases that compete with GSK and/or Pfizer's OTC products listed in Attachment A.
4. What are the price differences between branded and generic pain relief, gastrointestinal and cold & flu products?

Supply chains

5. How do you source OTC pharmaceutical products? For example, by tender, directly from the manufacturer or via a wholesaler?
6. Do you source OTC products:
 - from the same or separate suppliers (wholesaler or manufacturer)
 - on an individual product-by-product basis, or
 - as a bundle of all products

7. To what extent do consumer health care products sold through supermarket chains and convenience stores compete with products sold through pharmacies?
8. How are consumer healthcare products distributed to pharmacies and/or supermarkets?

Pain relief

9. What factors do you and/or consumers take into account when choosing between branded and generic pain relief products with the same active ingredient?
10. To what extent are pain relief products with different active ingredients (for example paracetamol or ibuprofen, or both) substitutes for each other? Also consider the extent to which generic and branded products act as substitutes.
11. How important is brand (for example, Panadol, Nurofen, Advil) in consumer choice of pain relief product?

Cold & flu

12. To what extent are different types of cold and flu treatments substitutes for each other?
13. To what extent do cold and flu symptoms (such as runny nose, dry cough, chesty cough, blocked sinuses etc) influence consumers' choice of treatment?
14. Are there any generic substitutes for the parties' cold and flu products?

Gastrointestinal

15. Are the parties' gastrointestinal products specific to particular symptoms, or are they each able to treat similar or the same symptoms?
16. What alternative products are there that treat the same symptoms as each of the gastrointestinal products supplied by the parties?
17. Are ENO and Nexium close competitors?
18. Are there any generic substitutes for the parties' gastrointestinal products?

Competitive dynamics

19. Is 'Australian made' an important consideration for consumers of OTC products?
20. Please address the closeness of competition between the merger parties for supply of their:
 - Pain relief products
 - Gastrointestinal products
 - Cold and flu treatments

Relevant factors may include their brands, product ranges, geographic areas of supply, responding to each other's promotional activity, winning and losing customers between each other, and/or participating in tender processes. Please provide specific examples where possible.

21. How important are private label products and do they capture market share from branded products?
22. Please address the role played by suppliers of generic products and whether they limit the extent to which GSK and Pfizer can lift the price of their branded products (such as Panadol and Advil).
23. Please address the importance of products that combine paracetamol and ibuprofen (for example Nuromol). To what extent is the market share of these products growing? Are they taking market share from branded products or generics?
24. Please address the presence of any especially vigorous or effective competitor in the market, such as in terms of price discounting, promotional activity, product innovation or new technologies. Please provide specific examples where possible.

25. Please identify suppliers of products, and the products (either branded or generic), that compete with each of GSK and Pfizer's:

- Pain relief products
- Gastrointestinal products
- Cold and flu products.

26. Do pharmaceutical companies bundle OTC and patented or prescription products?

27. Do pharmaceutical companies bundle products with strong brands with products with weaker brands?

Potential competitive constraints

28. How easy is it for generic suppliers to source new supplies of OTC products from international manufacturers?

29. Please address the ability of competing suppliers to expand supply in response to the combined "GSK/Pfizer" attempting to increase prices by, for example, 10%. In addressing this point, please consider competing suppliers' excess capacities and any obstacles to expansion.

Other information or competition issues

30. Please provide any additional information or comments, or identify other competition issues, that you consider relevant.