

EXHIBIT B

Part 1



HOMEOPATHY FOCUS GROUPS

REPORT

Prepared for:
THE FEDERAL TRADE COMMISSION
601 New Jersey Avenue, NW
Washington DC 20001

Prepared by:
SHUGOLL RESEARCH
7475 Wisconsin Avenue, Suite 200
Bethesda, Maryland 20814
(301) 656-0310
www.shugollresearch.com



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Study Overview



Background and Objectives

- ◆ The Federal Trade Commission (FTC) is exploring consumer understanding of various non-prescription products including conventional, herbal and homeopathic products. Market research was conducted to explore the understanding and knowledge of non-prescription products among two key consumer segments: General Adults and Parents.
- ◆ The overall objective of the research is to understand the extent to which consumers may be confused about the differences between conventional, herbal and homeopathic non-prescription products. Specific objectives include the following:
 - Identify non-prescription products commonly used to treat cold symptoms
 - Obtain reactions to sample non-prescription products
 - Explore perceived differences by product category (including evidentiary support and regulatory oversight)
 - Determine awareness and perceptions of homeopathic products



Methodology

- ◆ Qualitative research in the form of focus groups was the recommended methodology because they allow for an in-depth exploration of consumer behaviors and perceptions as well as reactions to stimuli.
- ◆ A total of two focus groups were conducted in Baltimore, Maryland on December 8, 2010.
 - One focus group was conducted with General Adults
 - One focus group was conducted among Parents
- ◆ Shugoll Research, with input from the FTC, developed two screening questionnaires to recruit focus group respondents. The principal criteria for participation in the General Adult group were:
 - Purchased at least one non-prescription product to treat cold symptoms in the past year
 - Is the sole decision maker or shares in the responsibility for deciding which non-prescription products to buy to treat cold symptom
 - A mix of non-prescription category users including conventional, herbal and homeopathic products
 - A mix of ages between 30 and 69
 - A mix of demographic characteristics including education, employment, household income and ethnicity



Methodology

- ◆ The principal criteria for participation in the Parent focus group were:
 - Must have a child between the ages of 4 and 10.
 - Purchased at least one non-prescription products to treat cold symptoms for their children between the ages of 4 and 10 in the past year
 - Is the sole decision maker or share in the responsibility for deciding which non-prescription products to buy to treat cold symptoms for their children
 - A mix of ages, predominantly ages 25 to 54
 - A mix of demographic characteristics including education, employment, household income and ethnicity
- ◆ A total of 16 consumers (8 General Adults and 8 Parents) participated in the research. A summary of the respondent profile may be found in Appendix A.



Limitations

- ◆ A qualitative research methodology seeks to develop directions rather than quantitatively precise or absolute measures. The limited number of respondents involved in this type of research means the study should be regarded as exploratory in nature, and the results used to generate hypotheses for decision making and further testing. The non-statistical nature of qualitative research means the results cannot be generalized to the population under study with a known level of statistical precision.

Key Findings

Identify Non-Prescription Products Commonly Used to Treat Cold Symptoms



Non-Prescription Products Commonly Used to Treat Cold Symptoms

- ◆ Awareness of non-prescription cold products is very high.
 - General Adults and Parents readily list a dozen or more non-prescription cold products. Frequently cited products on an unaided basis include:
 - Zicam
 - Aspirin
 - Tylenol
 - Motrin
 - Robitussin
 - Vick's Vapor Rub
 - Sudafed
 - Airborne
 - Vitamin C
 - Echinacea
 - Orange Juice
 - Dimetapp
- ◆ Most keep several products on hand, primarily conventional products.
 - General Adults tend to keep products designed to treat cold symptoms.

"Sudafed." (General Adult)

"Cough syrup." (General Adult)

"Airborne if it's just starting." (General Adult)

"I have Nyquil, Vitamin C, cough syrup." (General Adult)



Non-Prescription Products Commonly Used to Treat Cold Symptoms

- Parents are likely to have fever reducing products in their medicine cabinets in addition to those designed to treat cold symptoms.

"I have every one of them. I swear to you." (Parent)

"You'll definitely find the fever reducers, but not so much the cough [products]." (Parent)

"Triaminic, Robitussin." (Parent)

"Dimetapp PM and Robitussin." (Parent)

"I have Children's Tylenol and Children's Advil and a lot of Vick's and I do have these strips." (Parent)

- Several Parents note that they are frequently shopping for a product to treat cold symptoms in response to a sick child.

- ◆ **General Adults and Parents are likely to group or categorize products in a number of ways including conventional versus "natural" products.**

- General Adults cited the following ways to categorize or group products:

- Stage of the cold: onset vs. full blown
 - Time of day: daytime vs. nighttime
 - Natural or homeopathic vs. chemical based drugs
 - Age: children vs. adults
 - Symptoms: single vs. multiple
 - Strength: aggressive vs. more lax



Non-Prescription Products Commonly Used to Treat Cold Symptoms

- When asked to identify products that belong in the “natural” group, General Adults listed herbs and vitamins, orange juice, lemon, hot tea and Echinacea. Noticeably absent from this group was Airborne. Aspirin, Tylenol, Robitussin, and Zicam were categorized as conventional products.
- Parents did not categorize the products by conventional vs. non-conventional. Rather, they grouped the children cold products in the following ways:
 - Stage of the cold: prevention vs. onset vs. full blown
 - Time of day: daytime vs. nighttime
 - Age: age of the child
 - Symptoms: fever vs. cough vs. runny nose
 - Familiarity: trusted brand/product vs. unknown

- ◆ **There are few products consumers avoid and none are explicitly avoiding herbal or homeopathic products.**

- General Adults and Parents are inclined to avoid certain conventional non-prescription products based on past experience and/or hearsay.

“I won’t use Zicam. I heard bad things about that on TV and on the Internet.” (General Adult)

“I won’t use Mucinex. It didn’t work.” (General Adult)

“I don’t really like Robitussin. I had a bad experience with it.” (Parent)

- Some Parents expressed concern for products that cause drowsiness or ones that are perceived as “too strong.”

“I wouldn’t use Mucinex [for my child], even though I have it for myself. My kids are too young for that because it’s strong, very strong.” (Parent)

Obtain Reactions to Sample Non-Prescription Products

Reactions to Sample Non-Prescription Products General Adults



- ◆ Consumers reject the herbal Kold Kare and homeopathic Cold Care.

- General Adults were exposed to three non-prescription product samples designed to treat cold symptoms. They immediately reject the herbal and homeopathic products primarily due to the product names and packaging. General Adults are skeptical toward products that feature misspelled words.

"It's not even spelled right. K-o-l-d. It looks like something that they're giving away. 'Here, try this.'"
(General Adult)

"A generic brand." (General Adult)

- Many adults are in the habit of searching for and reading active ingredients on non-prescription cold products.

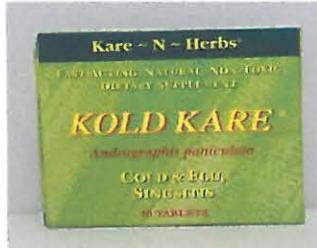
"The number one thing that stood out for me is I didn't see a list of active ingredients."
(General Adult)

"[With Tylenol] I know what I'm putting in my body. It's a chemical reaction and an understood situation. But I know how much I'm putting in. Whereas with this one [Kold Kare], it doesn't tell you." (General Adult)

- One consumer questioned the ingredients in the herbal product.

"I would feel differently if I was more aware of what the stuff is or what it does. If I knew what leaf extract was or the benefits, then I wouldn't be as leery." (General Adult)

Reactions to Sample Non-Prescription Products General Adults



- ◆ **Several adults dislike the Cold Care Kit packaging.**

- Specifically, some adults are unclear how the product is supposed to be administered.

"It looks like something that you'd probably get by injection. Reading the package doesn't tell me how to take it." (General Adult)

"It does look like it's little vials of something." (General Adult)

- ◆ **Consumers group the three products into two categories: Known versus Unknown.**

Known

- Tylenol Cold

Unknown

- Kold Kare
- Cold Care Kit Boiron

"Well, it's known versus unknown. I'd group them by saying Kold Kare and the Care Kit against the Tylenol." (General Adult)

"It [homeopathic] means not chemical." (General Adult)

"Better effectiveness [Tylenol] versus questionable effectiveness [Kold Care and Care Kit]." (General Adult)

"Homeopathic versus traditional." (General Adult)

Reactions to Non-Prescription Products Parents



- ◆ Parents, particularly mothers, immediately focus on the visuals and the text on the front of the packages.
 - Parents were exposed to four sample products. Most immediately focused on the information on the front of each product package. On the Similasan product, for example, parents immediately commented on the elephant visual and the stated age range for kids. On the Hyland's Cold 'n Cough product, they noted the "Sugar Free" claim and on the Sudafed PE product, they commented on the "non-drowsy" claim.

"This Hyland's Homeopathic. I noticed the safe age was right on front, so you don't have to look for it. And it was sugar free; I like that. And 100% natural." (Parent)

"That actually caught my eye [Sugar Free]." (Parent)

"I would buy it [Similasan] for that elephant." (Parent)

"The Similasan has the age right on the front. It's easily found, right on the front, not like on the Triaminic and the Sudafed, where you actually have to read the dosing to find if your child is old enough to take it or not." (Parent)

Reactions to Non-Prescription Products Parents



- ◆ Parents grouped the four products into two categories: Familiar versus Homeopathic

Familiar

- Tylenol Cold
- Triaminic Day Time Cold & Cough

- Parents immediately identified two categories for the four sample products.

"Two homeopathic versus big name pharmaceuticals." (Parent)

"You have the two homeopathic products, and then the two that you hear commercials on a million times a day." (Parent)

- A few parents clearly state that they prefer the familiar products.

"I still favor these two [Triaminic and Sudafed] over these two [Cold 'n Cough and Cold & Mucus Relief], all the time. I personally believe brand names work better than the generics." (Parent)

"I know if I give my child Tylenol as a fever reducer, it will reduce the fever." (Parent)