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Looking ahead in US consumer health: An interview with Scott Melville



Scott Melville

Self-care, digital health, and e-commerce will all play a central role in shaping the future of wellness, says the CEO of the Consumer Healthcare Products Association.

Perhaps at no other time in recent memory have people worldwide paid more attention to keeping themselves and their loved ones healthy. Amid the COVID-19 pandemic, many companies that make or sell health-related products have experienced unprecedented spikes in demand. Consumer demand will remain high even after COVID-19 subsides, predicts Scott Melville, a 30-year veteran of the healthcare industry who for the past decade has been president and CEO of the Consumer Healthcare Products Association (CHPA). Based in Washington, DC, CHPA's 60-plus active member companies are manufacturers or distributors of over-the-counter (OTC) drugs, dietary supplements, and consumer medical devices.

In this interview with McKinsey's Shaun Callaghan, Melville shares his take on recent—and future—changes in the US consumer-health industry. The following are edited excerpts of their conversation.

McKinsey: The field of wellness has been evolving quite rapidly. What are some of the biggest changes you've seen in recent years?

Scott Melville: Wellness has evolved from an emphasis on treatment to an emphasis on prevention. And we've seen a huge demand in consumers wanting to take charge of their health. This has been driven by lots of different factors. One is technology: consumers have been empowered by technology, they're accessing more information than ever before, and they're able to make choices about their own healthcare, whereas in the past perhaps they would have relied upon their doctor to make those choices for them.

The evolution toward self-care is also being facilitated by incentives. The cost of healthcare is placing such a challenge on governments that they are incentivizing individuals to pay for more of their healthcare, and that is causing consumer behavior to change. Rather than always going to

a doctor or trying to get a prescription for a product, consumers—at least in the United States—are now looking for more cost-effective options, and often, they start by looking at self-care and self-treatment. I don't see that changing, as government budgets continue to be in deficit. So, more costs being passed on to the consumer is likely to keep happening over the next ten, 20, 30 years.

McKinsey: What impact has COVID-19 had on these trends?

Scott Melville: The pandemic has certainly made self-care an even more important part of healthcare. In the past, self-care was viewed as convenient and cost effective, but this past year has shown us that it's not just a choice—it's a necessity.

Over-the-counter drugs, dietary supplements, and consumer medical devices were used for diagnosis, treatment, and prevention. And these products kept people at home safely; they allowed people, for the most part, to self-treat if they were afflicted with COVID-19 symptoms, freeing up scarce medical resources for patients who really needed a higher level of care.

Digital health is an expanding area as well. I myself had my first telehealth visit this year and found it to be very effective and efficient.

McKinsey: Consumer medical devices just became part of CHPA's expanded scope in 2020. Say more about the future of consumer medical devices and digital health. How do you see those trends playing out in a post-COVID-19 world?

Scott Melville: I think the integration of digital health into healthcare and self-care is here to stay, and we're just at the very early stages. Think of Apple Watch, which is getting better with each iteration. As consumers get more familiar with its capabilities, technology is going to be something that not just consumers but also providers rely on—for example, to keep in touch with their patients or to monitor them remotely. Digital devices will allow consumers to accurately and safely monitor their blood pressure, their cholesterol levels, and other measurements. Devices will alert consumers earlier to conditions that they can then self-treat or seek professional treatment for.

Technology could perhaps even facilitate the introduction of OTC drugs that previously haven't been available over the counter, because some of these digital devices can play the role of the learned intermediary that a doctor or pharmacist would normally play. I think digital technology can help make sure that the consumer can self-diagnose and self-treat, which is the standard for making a product available as an OTC product.

McKinsey: Another trend that we've seen during the pandemic is a shift toward e-commerce. Consumers bought OTC products online at a much higher rate than ever before. Do you think that will continue even when the pandemic is over?

Scott Melville: Compared with other consumer categories, personal healthcare has been a bit of a laggard when it comes to e-commerce. Consumers often want to go to their pharmacy to pick up healthcare products; there's a level of comfort that they get in going to the pharmacy. Obviously, COVID-19 has had an impact on that. People are now increasingly relying on e-commerce, which in the long run is a good thing.

It can level the playing field in the industry. It is tough for a small company to get on the shelf of a brick-and-mortar chain or a big-box store; there's only so much shelf space. But with e-commerce, there's unlimited shelf space, so many new consumer-health brands and products have come to market exclusively via e-commerce.

Scott Melville biography

Vital statistics

Born in 1963 in Philadelphia
Married, with two adult children

Education

Earned a JD from George Mason University and a bachelor's degree in economics and political science from Bucknell University

Career highlights

Consumer Healthcare Products Association
(2010–present)
President and CEO

Healthcare Distribution Alliance
(2004–10)

Senior vice president, government affairs and general counsel

Cephalon
(1996–2004)

Senior director, government affairs

Hoffmann-La Roche
(1994–96)

Assistant director, public policy and communications

Fast facts

Serves on the boards of the CHPA Educational Foundation and the Global Self-Care Federation

Is an avid golfer and Philadelphia Phillies sports fan

There are some negatives as well. We do see healthcare products on e-commerce that are counterfeit or stolen. Also, if people are relying on e-commerce exclusively, they could be getting advice that isn't always accurate. There are a lot of "experts" on the web giving advice on how to treat this or that, and sometimes people rely on those experts and circumvent their healthcare professional or their pharmacy. There is a long history of quackery in healthcare. People go online and believe all sorts of outrageous claims. We saw this early in the pandemic: we were responding almost weekly to new claims in the marketplace about ingredients that could make COVID-19 symptoms either better or worse.

Now, by no means are brick-and-mortar pharmacies going away. There's actually a bit of a renaissance going on with brick-and-mortar pharmacies as centers for healthcare delivery. But for day-to-day purchasing of consumer-health products, e-commerce is certainly going to be a bigger part of the market.

McKinsey: As you said, e-commerce is ushering in some smaller players. How will the competitive landscape in consumer health change in the coming years?

Scott Melville: There has been a lot of churn and change in the industry over the past few years. Many of the players who were in the industry ten, 20, 30 years ago are not in the industry anymore. There have been a lot of acquisitions and consolidation.

Companies have made conscious decisions to either move in or move out of the category. CHPA used to have nine or ten prescription-drug companies that had a consumer division. Many of those companies—Merck, Boehringer Ingelheim, Pfizer, and so on—have since made strategic decisions to get out of the consumer-health space and focus on prescription drugs.

That has opened up opportunities for more traditional consumer-packaged-goods companies and food companies to get into the consumer-health space. That's what the consumer wants; they're just following the consumer. Whether it's healthier eating or dietary supplements, it's easy to see how this movement from food and beauty products and consumer household goods

into the healthcare space can happen. The consumer says, “I have a problem and I want to treat it,” or, “I want to prevent a problem,” and they really don’t care about the regulatory distinctions. Companies have to meet consumers where they are.

Having said that, there are important regulatory distinctions, both at the federal and state level, between foods and drugs and devices and services. From a regulatory perspective, you have to make sure that you stay in your swim lane. For example, if a company wants to make a drug claim, that product should be a drug—not a dietary supplement.

But consumers want choices. They want nondrug treatments when possible, so our industry is evolving to provide what they want for their particular condition. It can be a drug, a dietary supplement, or, increasingly, a device. And the one thing I can guarantee is that the industry will continue to evolve.

McKinsey: Another trend that we’ve seen in our research in the broader consumer sector is a growing preference for natural and “clean” products. Are you seeing that trend in the consumer-health space as well?

Scott Melville: Yes. The regulatory definitions of “natural” aren’t consistent across the board, but there’s certainly a demand for natural nondrug treatments and preventative products.

I think a great example is sleep. In the environment we’ve all been living in for the past year, where we’re all anxious and have a lot on our minds, it’s no surprise that sleep has been disrupted in a big way. Traditionally, sleep problems were treated with prescription products, but as science, regulation, and consumer preferences have evolved, more choices have come to market. Diphenhydramine, an OTC product, is very popular with consumers who want a nonprescription-drug option. We’re seeing devices that can enhance sleep as well, whether through music or massages or other treatments. And we’re seeing natural dietary supplements that can enhance sleep, like melatonin. So, there are many ways to treat sleep issues and promote healthy sleep, and consumers are choosing what’s best for them.

McKinsey: Thanks for your time today, Scott, and I hope you yourself are getting some good sleep. Final question: What do you do for your own health and wellness?

Scott Melville: I take a combination of healthcare products, both prescription medicines and dietary supplements. I also have a personal trainer whom I’ve been working with for the past six months as gyms have been closed. I use Zoom to have a personal-training appointment in my house.

I exercise, I eat right, and I take medicine or supplements as needed for self-care or in consultation with my physician. As a result, I’ve never felt better. I’m coming up on a big birthday in a couple of years, and I feel half my age—so I’m going to keep doing what I’m doing because it appears to be working.

Scott Melville is president and CEO of the Consumer Healthcare Products Association. This interview was conducted by **Shaun Callaghan**, a partner in McKinsey’s New Jersey office.

[For more from Scott Melville, see the videos accompanying this article on McKinsey.com.](#)

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