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Research has established that proper nutrition during hospitalization helps to reduce the number of infections, the duration of treatment needed for recovery, and reduce the readmission rateCecily Gu discusses her move from traditional pharma to a broader healthcare company, the significance of the Greater China region to the global Nestlé Health Science group, brand perception, and her strategic priorities for the future.

Cecily, after nearly 12 years, you left Bayer to join Nestlé Health Science (NHSc) China in 2012. What was the rationale behind this move?

In 2012, Nestlé Health Science (NHSc) decided to carve out the China business from the Asia business into an independent region, starting with the Chinese infant FSMP (Food for Special Medical Purpose) business segment. I was, therefore, employee number one of the NHSc Chinese affiliate!

When Nestle approached me for this opportunity, I was initially a little unsure because the Nestlé brand is so strong in areas like coffee and water – consumables – that I was not sure about my move from a pharma company to a broader healthcare company, and by extension, a ‘new’ industry. However, after careful consideration, I realized that while NHSc talks about consumer focus instead of patient focus, at the end of the day, everyone is a consumer. Patients are just

special consumers. The purpose of the pharma industry is to save lives and meet unmet medical needs. However, even after patients are discharged from the hospitals, their recovery journey continues. At NHSc, we are there to help these patients-turned-consumers to continue to take care of their lives in all aspects, including mobility, cognition, gut health and so on. This brings health and happiness to people.

This is why the tagline for NHSc is ‘encouraging healthier lives’. I was very attracted to this mission of improving people’s lives from the very beginning through promoting healthier lifestyles and healthier nutrition. When we established the affiliate in China in 2012, this was still a very new mentality. In the past seven years, we have seen a lot more awareness of the important role that nutrition plays in health.

Many top executives at NHSc come from a pharma background, including most notably your CEO, Greg Behar. How is the company trying to position itself within the healthcare space?

Nestlé as a whole is transforming from a traditional, consumer-driven fast-moving consumer goods company into a ‘healthier’ company as a whole. We seek to promote healthier lifestyles and healthier societies globally. For instance, in our other business units, we are taking initiatives to reduce sugar, reduce calories and so on – to make every recipe we have healthier.

This is part of the reason why NHSc is interested in bringing pharma executives on board. We have a more global and fundamental understanding of what ‘health’ means to people. After all, we used to work for an industry whose fundamental purpose was to meet unmet medical needs. We care deeply about the root of the issue: helping people return to health.

Previously at Bayer, I had been quite successful in building the primary care business, including the launch of products in diabetes and hypertension. Nutrition is also a very important aspect of primary care because patients often have to follow a special diet during their hospitalization to promote faster recovery. After that, when they return to the community, they usually still require a lot of care and nutritional support.

We are also used to working with different stakeholders to promote healthier lives. For instance, in China, there are insufficient dieticians in local hospitals. We are collaborating with the Chinese Nutrition Society to train and certify more dieticians. We are also hiring well-trained and certified US-registered dieticians to join NHSc in China. Usually, these are top young talents from famous

universities. They not only help build up our own organizational capabilities but also support the local ecosystem by bringing in new concepts and collaborating with local doctors. The local doctors have been very receptive to such new ideas.

Across Nestlé's business as a whole, China is the second-largest market after the US. How important is the Chinese affiliate for NHSc globally?

In terms of business size, we are in the top five globally, which is impressive considering that our affiliate is so new. Other affiliates in the top five were established many years earlier than us. More importantly, I think the global organization recognizes that China represents the largest opportunity for this business segment globally.

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Of China's nearly 1.4 billion population, every year around 110 million visit the hospital. Out of that, 40 percent are hospitalized, and therefore face a nutritional risk because they are taking different drugs and therapies. Usually, the nutritional aspect of their treatment and recovery is only an afterthought. In such cases, the risk of malnutrition can be significant, and this can trigger many problems such as infections.

Research has established that proper nutrition during hospitalization helps to reduce the number of infections, the duration of treatment needed for recovery, and reduce the readmission rate. The role of medical nutrition is therefore clear, not only to promote patients' well-being and quicker recovery but also in terms of reducing hospitalization costs and the overall healthcare burden on the government and society.

NHSc operates across three business segments: Consumer Care, Medical Nutrition, and Novel Therapeutic Nutrition (NTNs). How are they represented here in China?

Medical nutrition is the core of our business in China so far. There have been some regulatory changes in China, which means that nutritional therapies are better positioned than before, with better regulatory support. As I mentioned earlier, the awareness and quality of medical nutritional care in China is still very low. For NHSc, it is a top priority to educate the population on the

importance of medical nutrition, starting with healthcare professionals, then moving down to caregivers and finally, consumers.

Our business in China is very interesting because our medical nutrition segment covers the sick and also the elderly in hospitals, while our consumer care segment is focused mainly on the younger generation. This way, we provide nutrition and health to both young and old! For the younger generation, the focus is on healthy living, healthy ageing, as well as beauty.

In terms of timelines, for a general nutritional formula, approval takes around eight months. For a disease-specific formulation, the required clinical studies add another 18 months to that, so for such special formulas, the average time is around two to three years. In this sense, the regulatory pathway is not so different from a pharmaceutical drug, though of course, the timelines are shorter.

In terms of novel therapeutic nutrition, as these are prescription therapies and need to go through the standard drug regulatory approval process, there is still some uncertainty about them in China's – and even the global – regulatory landscape. For NHSc as an organization, we will first see how other mature markets like the US and EU, in which we have some NTNs undergoing clinical trials, handle this area.

NHSc's slogan is 'where nutrition becomes therapy'. Since China also has Traditional Chinese Medicine (TCM) as a major healthcare segment, is this concept of 'nutrition as therapy' perhaps more accepted within Chinese society than other markets?

This principle is definitely well-embedded and integrated into the lives of Chinese people. As you mention, TCM is very well-established here. People sometimes even prefer relying on traditional family recipes to promote health rather than taking pharmaceutical drugs!

However, we must be very careful to specify the nutritional value of our products. We take a very science-based approach to nutrition and we want to communicate this clearly. We include full nutritional composition breakdowns on our product packaging and we deliver very sharply defined messages about the specific benefits that our products can deliver, whether it is improving mobility or supporting better cognition.

Within the clinical setting as well, the Enhanced Recovery After Surgery (ERAS) guidelines are very well-accepted in Chinese hospitals. However, the implementation or execution can be patchy because doctors are often overloaded and extremely busy. We try to offer our support here by

educating primary caregivers within the community about these guidelines and their importance to patients' recovery.

How do you manage these different channels and consumer groups?

First and foremost, e-commerce brings great opportunities for us. For medical nutrition, for instance, patients may use our products in the hospital, where they also receive medical education on the benefits of the products from healthcare practitioners. After they are discharged, they will probably still need to continue their nutritional plan to promote recovery, so they become consumers and access our products, either through retail or online channels. This also means that we need to actively engage these consumers also. For instance, our packaging and design for such consumer products will be more attractive to appeal to consumers. Through our online sales channel, we also provide educational materials to provide more information to consumers.

For these products, patient societies are also a very important channel because they organize many events and there is a lot of interaction and communication between users, especially on social media.

Social media is another very important channel, particularly for consumer care and with the younger generation. Since 2018, we have a line of organic, nutritional health products under the 'Garden of Life' brand launched in China. As you know, healthy eating, veganism, organic food and so on are all growing trends, globally and in China. The concept of 'inner beauty' emanating from inside to out, through a healthy diet and healthy living, is very popular. As a company, we need to capitalize on this – but not in a heavy-handed way.

The key to using social media is to plant the concept and let the consumers drive it viral. It is about finding the right wording or a catchphrase that captures the audience. For instance, we have a very popular organic coconut oil product in China. On social media, people have promoted the use of it from cooking to skin care to hair care – all on their own, very organically! This changes the perception of the product and keeps the image fresh. Some of these social media 'influencers' called it 'magic oil' ('□□□ ') because of the many uses, and this got many people curious about our product.

In the pharmaceutical industry, this is less easy to do because the industry is so highly regulated, especially when it comes to communication with consumers or patients.

As you mention, the brand of Nestlé is very synonymous with food and beverage products, like water, coffee and cereal, to name just a few. How is the brand of NHSc perceived in China today?

I am very proud that NHSc is perceived as a very professional brand by healthcare practitioners and consumers. We deliver value to consumers. For instance, on the medical nutrition side, usually, we also bring delight to our patients because we offer more advanced and better-tasting recipes to make our products tastier to drink. This is very important to patients in the hospital setting or at home because they are already suffering from an illness. We hope our products will not only make them healthier but also make them happier.

As mentioned, we also work with patient associations and hospitals to educate and support the community. For instance, we collaborated with the Chinese Stroke Association recently to launch a product for dysphagia (difficulty in swallowing). Stroke is one of the most common causes of dysphagia; it is estimated that between 3.4 and 7.4 million patients are suffering from dysphagia in China, leaving them vulnerable to dehydration, malnutrition and aspiration pneumonia. As part of the collaboration, NHSc will launch Thicken Up in leading hospitals in 25 provinces and municipalities in China. Thicken Up is an innovative thickening agent that enables tailored texture modification of food and liquids to help patients overcome swallowing difficulty. NHSc will also collaborate and share resources with the Chinese Stroke Association (CSA) on the introduction of clinical innovation and best practice standards in China’s leading stroke centers. For non-hospitalized patients, NHSc has also launched an ‘Easy Eating’ hotline.

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We are also working with the top five Chinese medical centres to develop our first cancer-specific medical nutrition recipe. In addition, we are looking to work with other medical associations to collect local data about the role of nutrition in health and recovery to further build our credibility and professional image.

A final message from NHSc China to our international audience?

Looking to the future, our priority for the next few years is to build our organizational capabilities. In April 2018, we announced the establishment of the first Foods for Special Medical Purpose (FSMP) manufacturing factory in China, so we are going to hire more people on the manufacturing side. We also need R&D people to support us here, including experienced people with the industrial

know-how from the US and Europe.

We also need to recruit people for market access since our medical nutrition products go through the drug regulatory pathways.

Overall, I am very excited about the future growth of NHSc in China. We are a true pioneer in a new category: to use nutrition and food to benefit the population here and promote healthier lives.

I am also the Chairman of the Chinese Nutrition and Health Food FSMP Industry Alliance in China, as well as the Chair of the FSMP Advisory Committee of the European Chamber in China. Through these roles as well as my work with NHSc, I hope to show that Nestlé as a company is not only working for ourselves but working to build and advance a new industry. We are a very unique company focusing on medical and consumer nutrition.

Personally, my key learning in the past seven years has been that it is much more impactful to contribute to the health sector from a nutritional and wellness perspective because these products are much more integrated into people's daily lives. By comparison, drugs are used during the darker sides of life! If you think about the products from the Nestlé family, we offer coffee, water, food, healthcare, medical nutrition, and so on. I truly feel part of a big family and we have the opportunity to work with these other business segments to really drive our mission of 'Empowering Healthier Lives' for the Chinese market.

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