

Phillips®

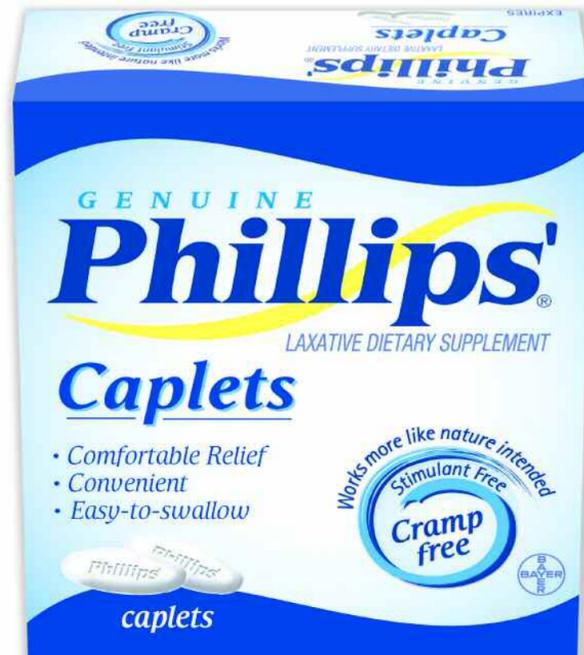
THE MARKET

Sooner or later, regardless of age, nearly everyone suffers from constipation. While it's usually not a serious problem, it can cause great discomfort. Symptoms may include bloating and sluggishness, loss of energy, the feeling that clothes are too tight, and possibly even dull headaches. Most people can avoid constipation by getting enough exercise, drinking up to eight glasses of water a day, and making sure their diet consists of foods rich in fiber.

If irregularity lasts long enough, many people become irritable and may not feel like going out and doing things as they normally do. But there's no need to keep suffering. Phillips® makes a family of products that can both relieve constipation and keep you on the road to regularity. Phillips' products are safe, gentle, and stimulant-free. Phillips' Milk of Magnesia has provided stimulant-free relief of constipation for over 125 years.

ACHIEVEMENTS

Phillips' is unique among laxative brands. Unlike other brands that work "overnight" (relief within 6 to 12 hours), Phillips'



does not make use of stimulants that affect the motility of the intestines. Magnesium Hydroxide (the main ingredient in most current Phillips'

products) draws water into the bowel from the adjacent tissue and thus softens and lubricates stool, making it easier to pass. Because Phillips' works more naturally with one's body than stimulant-based laxatives, the main benefit to consumers is that Phillips' will not cause cramps, unlike stimulants, which can lead to cramping that only aggravates the discomfort of the user.

In 2006, the Phillips' brand name celebrates its 100-year anniversary of trademark registration. Generations of families have trusted Phillips' products for their health, comfort, and well-being — a relationship that shows no signs of slowing down for the next 100 years.

HISTORY

Chas. H. Phillips invented the original Phillips' formula in 1873, manufacturing it through the Chas. H. Phillips Chemical Company. This organization dates back to 1819, when Charles H. Phillips entered the pharmaceutical manufacturing business. To operate his company, Phillips acquired a tract of land in Glenbrook, Connecticut, in 1849, where Phillips' Milk of Magnesia was manufactured until 1976.

Chas. H. Phillips ran the company until his death in 1882. The company was incorporated in 1885 as the Chas. H. Phillips Chemical Company and was then run by his four sons, A. N. Phillips, C. E. H. Phillips, W. D. Phillips, and J. B. Phillips.

In 1923, Sterling Products acquired the Chas. H. Phillips Chemical Company. Sterling created three Phillips' products: Phillips' Milk of Magnesia Toothpaste (1924), Phillips' Dental Magnesia & Tooth Powder (1925), and Phillips' Milk of Magnesia Tablets (1931).

An important early figure in Phillips' history is



Forde Morgan, MD. Morgan became associated with the Chas. H. Phillips Chemical Company in 1897 in the capacity of detail man, interviewing doctors, dentists, hospitals, and druggists and promoting the company's products, particularly Milk of Magnesia. He demonstrated products at medical and dental con-

ventions and prepared and revised labels and literature. When Sterling acquired the company, Dr. Morgan was selected as medical director and manager of detail men. He held this position until his death in 1938.

Bayer HealthCare, one of the world's top-three suppliers of nonprescription medicines, acquired the North American operations of Sterling Products in 1995, primarily to reclaim the trademark rights to its name ("Bayer®"), which the American government auctioned off to Sterling during the First World War. Since then, the Phillips' franchise has become an important part of Bayer's portfolio in the United States, being marketed alongside other heritage brands like Bayer Aspirin and Alka-Seltzer®. Phillips'

Milk of Magnesia is now manufactured at Bayer's facilities in Myerstown, Pennsylvania.

THE PRODUCT

Phillips' Milk of Magnesia contains magnesium hydroxide and generally produces a bowel movement in anywhere from 30 minutes to six hours after taking it. Phillips' is also available in a Stool Softener, which contains docusate sodium, the number-one doctor-recommended stool softening ingredient. Stool Softeners, which were introduced in 1997, do not actually stimulate a bowel movement, but rather allow a bowel movement without straining.

To appeal to different consumer preferences, Phillips' Milk of Magnesia is available in a variety of forms: the Original liquid formula, Chewable Tablets, Soft Chews, and Caplets. All contain the same basic ingredient. The dates of introduction and the different Phillips' flavors are as follows:

- Phillips' Milk of Magnesia Original (1872), Fresh Mint (1956), and Wild Cherry (1992) formulas.
 - Phillips' Milk of Magnesia Chewable Tablets (1931): Mint flavor.
 - Phillips' Milk of Magnesia Concentrated (1990): Fresh Strawberry flavor.
 - Phillips' Soft Chews (2003): Chocolate Crème flavor.
- Phillips' Caplets appeared in 2004.



Over 50 percent of people who frequently suffer from constipation also suffer from hemorrhoids. The makers of Phillips' also make extra-gentle Phillips' M-O®. It contains mineral oil, a lubricant, to help the stool pass, providing soothing comfort for people suffering from hemorrhoids. This formula is available in a Refreshing Mint Flavor.

RECENT DEVELOPMENTS

Phillips' was for a long time only available as "MOM" (Milk of Magnesia). In 2004 the company formulated a Caplet form that is easy to swallow. This product form has resulted in much success for the brand recently, and the brand has shifted advertising to focus on this form.

PROMOTION

For almost 15 years, Phillips' utilized the same main characters, "Raymond and Maureen," in their advertising. The couple delivered Phillips' message in an always light and funny fashion, which is quite an accomplishment given the sensitive and rather personal nature of the service that the product offers. While "Raymond and Maureen" was a successful approach to marketing the Phillips' line, because of the untimely death of Gail Neely ("Maureen"), the brand has departed from those characters and introduced its similarly lighthearted "Librarian" commercial, which continues to drive success for Phillips' Caplets and the franchise.

BRAND VALUES

Phillips' is a brand that people trust with one of the most intimate of functions. The values most associated with the Phillips' brand are

- *Trust.* Phillips' has a long heritage and been trusted for over 100 years. The products are a staple in many households.
- *Gentle.* Consumers use the word "gentle" to describe Phillips' products not only on their own

but also because this characteristic is what makes Phillips' different from other brands in the category.

- *Light.* With a somewhat unpleasant topic like constipation, the brand positions itself with a message that has a positive and light feel that avoids taking itself too seriously.
- *Comfort.* In a word, consumers feel comfort when they use and have used Phillips' — a testament not only to the action of the product itself, but also the relationship that the brand has established with consumers for more than a century.



THINGS YOU DIDN'T KNOW ABOUT PHILLIPS' LAXATIVES

- Phillips' products have been recommended for uses other than relieving constipation. In 1898, Phillips' Milk of Magnesia was discovered to minimize nausea following operations under anesthesia (especially chloroform). In that year also, the product was recommended for children's oral hygiene.
- For a number of years, Phillips' marketed Milk of Magnesia Cleansing Cream.
- Phillips' Milk of Magnesia was featured in the 1939 New York World's Fair Hall of Pharmacy, promoted by "The Girl in the Mystery Box" (an early version of television), who gave information about the product and answered inquiries from Fairgoers.
- Chas. H. Phillips patented "hydrate of magnesia mixed in water"; he coined the term "Milk of Magnesia" due to its milky appearance.

Phillips'

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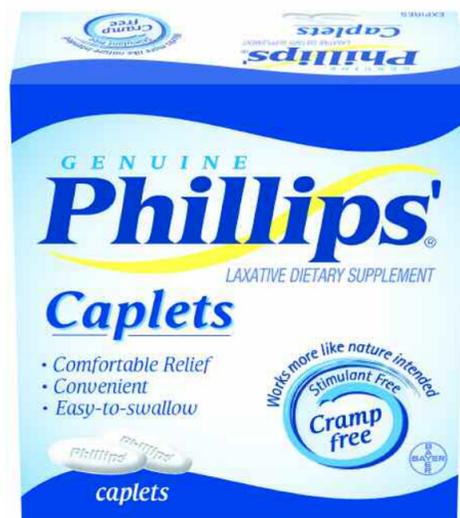
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