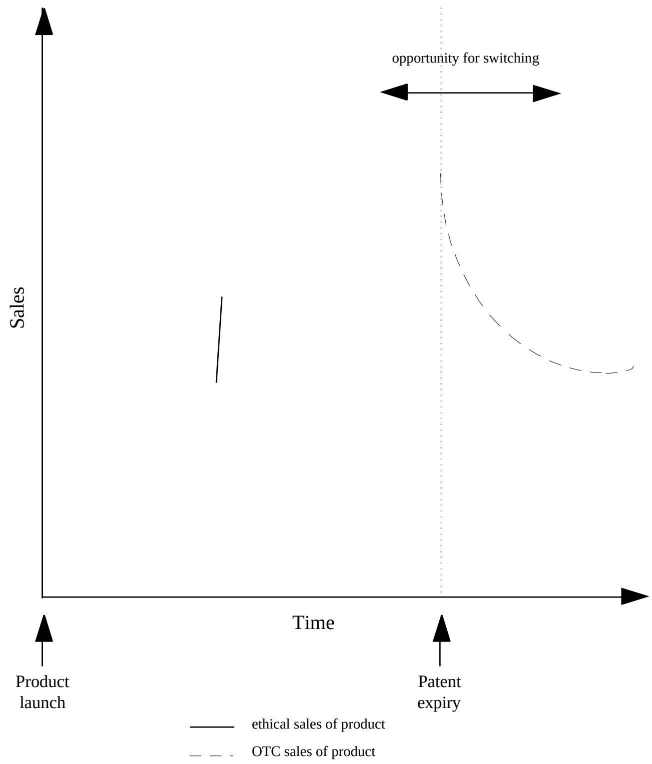
BUSINESS INSIGHTS

The Pharmaceutical OTC Outlook to 2010

by Kate Bradley

The life cycle of a pharmaceutical product with and without a switch to OTC status



"Success within the OTC market can extend the life of an Rx product that has been switched. In order to increase the likelihood that a product is successful post-switch, the manufacturer will often switch to OTC status as the product approaches patent expiry, rather than afterwards."

The Pharmaceutical OTC Outlook to 2010

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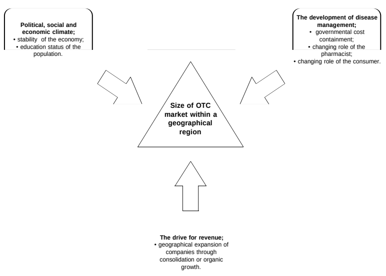
Your guide to success

Factors affecting the growth of the OTC market within different geographic regions



"The switching of ethical drugs to OTC status has been driven primarily by the commercial interests of individual pharmaceutical companies and by the desire of individual governments to curtail the growth of their national drug bills".

The Pharmaceutical OTC Outlook to 2010

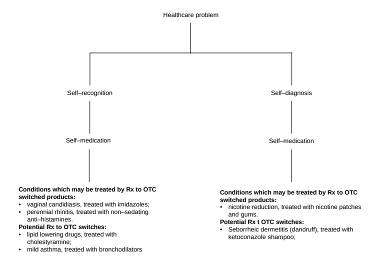
This report focuses on the development of the OTC market in terms of the current dynamics and future evolution. Within this framework, detailed analysis of the drivers for growth and the barriers to expansion is conducted, covering pharmaceutical to OTC switches, changes in political climate and the development of OTC industry as a cost containment tool.

The major players in the OTC market are identified and profiled, along with the products that drive these companies. Individual markets are also examined. These include the US, as the leading market in OTC products, Japan, the largest Asian market and the major European markets of Germany, France, Spain, Italy and the UK. The current and potential value of these countries is assessed, as is the potential for expansion into emerging markets.

Detailed forecasts of leading products and companies are also provided, along with predictions for future trends enabling current gaps and future opportunities in OTC medicines to be highlighted.

Research methodology

Examples of self-recognised and self-diagnosed conditions which may be treated by Rx to OTC switched products



"Diagnosis is traditionally the domain of physicians, as superior medical knowledge can avoid costly and inaccurate treatment decisions. However, with the increasing availability of test kits and improving public knowledge of health issues, self-diagnosis is becoming more accurate and commonplace".

The Pharmaceutical OTC Outlook to 2010

The Pharmaceutical OTC Outlook to 2010 benefits from over **100 in-depth interviews** with senior executives in all the major pharmaceutical and healthcare sectors to ascertain each company's strategic positioning and future plans, together with their individual view of the marketplace in which they operate:

50 members of national and international nonprescription drug associations

25 US and European marketing executives within the major companies in the OTC market

16 international OTC product/business managers

10 press agencies of the major companies within the OTC market

Structure and scope

Total savings in US healthcare provision attributable to prescription to OTC switched products

Category	% of category switched	Total OTC savings ($m)	Savings attributable switched products ($m)
Headached, arthritic and backache	44.0	6,945	3,056
Common cold	97.4	3,093	3,013
Allergy	99.4	2,076	2,064
Heartburn/indigestion	38.6	3,661	1,413
Sinusitis	100.0	1,067	1,067
Athlete's foot/jock itch	69.1	1,337	924
Rash/itchy skin	54.7	1,167	638
Vaginal yeast infection	100.0	531	531
Acne	24.0	744	179
Total		20,621	12,885

Source: Datamonitor, Non-prescription drug manufacturers association

"Rx-to-OTC switching has been pivotal to the growth of the Japanese OTC market, which is currently the second largest in the world. It has provided the research-based industry within Japan an entry into the self-medication market and an escape from the downwards price spiral in the reimbursed sector".

The Pharmaceutical OTC Outlook to 2010

Survey - Datamonitor's survey identifies the role that the OTC market plays within the healthcare environment and the current and future dynamics of the industry in terms of OTC therapies and individual countries.

Country specific outlines - the current OTC environments of the European community, the US and Japan. The role of OTC within the healthcare systems of these countries in terms of governmental cost containment measures, and consumer and healthcare provider attitudes.

Key benefits

Sales of SmithKline Beecham's Consumer Healthcare products by sector, 1997

Therapeutic area	Major product in portfolio	Sales 1997 ($m)
Smoking cessation	Nicorette and Nicoderm CQ	448
Analgesics	Panadol available in over 100 countries	254
Gastrointestinal	Tums	177
Respiratory tract	Contac available in over 40 countries	108
Dermatological	OXY available in over 35 countries	75
Vitamins and tonics	Abtei	71
Sales of other consumer healthcare products		2,767
Total OTC sales		2,280
Total Consumer Healthcare sales		3,900

Source: Datamonitor, SmithKline Beecham Annual Report 1997

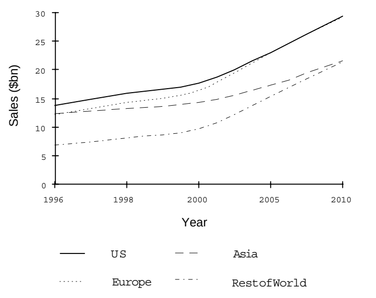
"...the volatile nature of this (the smoking cessation) market is evidence that consumers regard smoking cessation products as a fad, which may have been reflected by the difficulties companies have encountered in developing brand loyalty"

The Pharmaceutical OTC Outlook to 2010

- **Identify** potential commercial value
- **Evaluate** what factors influence the OTC market
- **Analyse** the drivers for growth and the barriers to expansion within the global OTC market
- **Assess** the status of the OTC industry within the US, as the leading market in OTC products, Japan, as the largest Asian market and the major European markets
- **Identify** current gaps and future opportunities in the OTC pharmaceuticals market
- **Analyse** the key drivers in the expansion of the OTC market
- **Understand** the role of OTC medication within disease management and cost containment
- **Highlight** how the industry is evolving and which areas provide the most significant opportunities

The industry standard

OTC sales forecast by geographical region, 1996-2010



"Of the more developed markets (the US, Europe, Japan), it is forecast that Europe will display the strongest growth into the next century. Growth of 7% is predicted between 1998 and 2005, falling to 5% thereafter".

The Pharmaceutical OTC Outlook to 2010

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Do the sources of information that you are using fully meet your needs?

Business Insights provides you with a comprehensive and detailed analysis of opportunities for pharmaceutical and OTC companies, based on a combination of in-depth primary research with key personnel and opinion leaders, and the utilisation of reliable in-house databases.

Who can benefit from this report?

Legal classification of OTC pharmaceuticals in four major markets

Country	Code	Distribution
US	OTC	Retail outlets
UK	P medicines GSL medicines	pharmacy–only any lockable sales outlet
Japan	Designated Product OTC	pharmacy and first class drug stores pharmacy and all drugstores
France	Grand public Produits conseil	any advertising media only point–of–sale advertising
Germany	Pharmacy sale	non–prescription–bound medicines which may be purchased with or without a prescription
	Free sale	Free sale non–prescription–bound medicines for general sale without prescription

"OTC products tend to be categorised according to the method by which they are distributed. In certain countries, such as the US, all OTC products are available from retail outlets over and above pharmacists. However, in the majority of countries there are legal subclasses which can involve some products being restricted to certain distribution outlets".

The Pharmaceutical OTC Outlook to 2010

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Job title	Company type: Ethical Manufacturers	Company type: OTC Companies
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