[Report to Pharmaceutical Manufacturers Association]

TRENDS IN MARKET SHARES FOR ETHICAL PHARMACEUTICAL PRODUCTS

I. SUMMARY

A. PURPOSE AND SCOPE

The purpose of this study is to examine the competition between ethical pharmaceutical products in selected therapeutic classes over the ten year period, 1956 through 1965. Competitive products have been evaluated on the basis of relative market shares of leading products within a defined product grouping or class. Over the ten year period, we were able to identify new introductions, growth, decline and obsolescence. The products are grouped into therapeutic classifications agreed upon by the pharmaceutical manufacturers and several market research companies whose pharmaceutical audits serve the industry. Although the therapeutic classes are not mutually exclusive, they provide a framework for classifying products to measure their market performance.

Since individual product sales are confidential in nature, the leading products in each class shown in this report are designated by code number. The report does not explain the reasons for competitive changes over the time period since this would require revealing product names and company strategy.

Seventeen classes are analysed, generally representing the largest sales volume of the ten year period. These seventeen classes account for approximately 58% of the 1965 dollar sales volume out of a total of 137 product classes. They include:

- Non-narcotic analgesics.
- Non-steroidal antiarthritics.
- Broad and medium spectrum antibiotics.
- Penicillin.
- Antihistamines.
- Antiobesity—Amphetamines.
- Ataraxics.
- Rauwolfia—Diuretic Combinations.
- Coronary Vasodilators.
- Diabetic—Other than Insulin.
- Corticoid hormones.
- Corticoids with Anti-infectives.
- Oral muscle relaxants.
- Psychostimulants.
- Sedatives—Barbiturate.
- Sulfonamides.

B. CONCLUSIONS

Over the last ten years, the total ethical prescription market has grown about 75% from over 554 million prescriptions written and filled in 1956 to 967 million in 1965. The sales volume in manufacturers dollars increased from $765 million to $1.61 billion or 110%. As a result of the advances in research and product development in major therapeutic areas, the market growth is due largely to the increased use of new chemotherapeutic agents and combinations of agents, i.e. antibiotics, ataraxies, cardiovascular products, diuretics, rauwolfia-diuretic combinations, hormones, etc. These new products have been introduced to cure or alleviate conditions more effectively than older products or other therapeutic methods have in the past. Many new products gained rapid acceptance by the medical profession, seeking additional agents to meet the needs of their practice. Some new products were accepted initially but lost market share to newer products or equally effective older ones.

With this growth has come increasing and more dynamic competition. In eight of the major classes studied, the leading products of 1956 have declined dramatically or dropped from the market completely. In the other nine classes the leading product in 1956 also declined in market share although more slowly as demonstrated in the non-steroidal, antiarthritics, antihistamines, ataraxics, coronary vasodilators, and sulfonamides. Often products introduced during the