

DocMorris Opens First Two pharmacies in Sweden

DocMorris Pharmacy opened its second store in Sweden in Billdal in February. The first pharmacy under the DocMorris Banner was opened in Eskilstuna in January.

Celesio, the German based pharmaceutical distributor, which owns the DocMorris brand announced in 2009 that it would open a 100 new pharmacies in Sweden rather than compete in the public auction for part of the State owned Apoteket group.

The new store in Billdal, is situated just south of Gothenburg and is the second in a series of planned openings before the summer.

During the spring DocMorris Pharmacy plans to continue to open new pharmacies. The company has gained authorisations for three more pharmacies to be based in Kalmar, Karlskrona and Flemingsberg. These will open in March.

The DocMorris Pharmacy breaks with traditional retail pharmacy layout. In addition to a new interior design and a much expanded product range, customer flow is organized to reduce queuing. Customers can pick up and pay for prescription drugs in a single cash transaction. The store facilitates self-selection for non-prescription medicines and other OTC products.

Other chains are also emerging. The pharmacy chain Medstop kicked off at the end of January in Stockholm with the first 21 out of a total of 62 pharmacies acquired from state ownership. More branches in Gothenburg and Malmö are due to open in the spring.

Phoenix, a major pharmaceutical distributor in Sweden, is also planning to create a pharmacy chain based on its successful Norwegian brand "Apotek 1".

Features



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The new store in Billdal Photo DocMorris

Teva Acquires Ratiopharm

Teva, the Israeli generics company, outbid competitors, Pfizer and Actavis to take over the German generic pharmaceutical and OTC self-medication company Ratiopharm GmbH.

The \$5 billion (€3.625 billion) deal was announced on Thursday 18th March and is being financed with cash and credit. The deal is subject to certain conditions including relevant regulatory approvals. On a pro forma basis, the combined company would have had 2009 revenues of \$16.2 billion. Teva expects to complete the transaction by year-end 2010.

The Ratiopharm purchase is the second major acquisition by Teva in the last two years. The company previously bought Barr Pharmaceuticals for \$7.4 billion. The latest acquisition will provide Teva with a major share of the German generics and OTC market and become the number two supplier. Germany is the second largest generic drug market in the world worth around \$8.8 billion (including sales to hospitals and OTC). (Continued page 4)

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Germany - Mail Order and Internet Pharmacy Feature

German OTC Mail Order Grows 29% over 2008

Sales of non-prescription drugs and health products by mail order increased by 29% in 2009 to €622 million compared to 2008 in an otherwise static market according to IMS Health Versandhandels Bericht.

This is equivalent to between 9% and 10% share of the German non-prescription and self-medication healthcare market. The figure, however, excludes health food outlets which account for around 1% of the market.

The mail order pharmacy industry’s own figures estimate that about 8% or 9% for non-prescription medicines are acquired by customers through mail order pharmacies.



Figure 1: Growth of mail order sales for non-prescription medicines and OTC healthcare in Germany.
Source: IMS Health/BVDA 2010

Germans buying medicines on the Internet tend to be younger

German mail order pharmacies represent some 3.1% of the total pharmaceutical and healthcare market – equivalent to the sales value from between 700 and 800 pharmacies. By comparison, in Switzerland and the United States pharmacy mail order market share is currently in the order of 4% and 15 % respectively.

While over 10% of German pharmacies have a mail order capability it is thought that between 300 and 500 pharmacies are active. It is estimated that out of the 2,677 pharmacists who have applied to run a mail order business less than 60 are dispatching more than 1,000 packages a day. Of these, around 20 have developed sizeable mail order businesses according to the German mail order pharmacy trade association the BVDVA.

Since the mail order pharmacy channel was legalized in Germany at the beginning of 2004 it has grown in significance with some 3 million adults using online access to buy non-prescription medicines.

Germans buying medicines on the Internet tend to be younger than those who purchase from pharmacies. The pharmacy shopper profile

claims 63.8% of adults under 60 years of age compared with around a third over that age. Whereas the under sixties represent 86.4% of those who shop for medicines on the Internet.

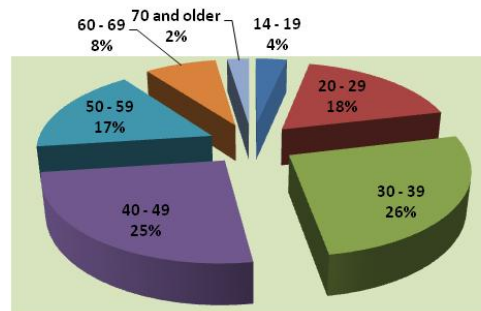


Figure 2: Profile of German consumers purchasing medicines on the Internet by age
Source: 2010 Axel Springer AG, Bauer Media Group

According to TNS Infratest Germans spent approximately €15.5 billion via the Internet for goods and services in 2009 and this represented an increase of 16 percent over the previous year. Based on the mail order pharmacy industry’s sales estimates, for non-prescription and prescription medicines, German consumer mail order healthcare purchases represent roughly 8% of total German Internet turnover.

The main reasons that consumers use the Internet and mail order for purchasing medicines are price advantage, convenience and anonymity. There is a high demand for blood circulation products, estimated at 15% of category sales according to IMS Health, as well as immunostimulants, for protection against colds and treatments for muscle and joint pain.



Figure 3: Share of the German OTC Self-medication market by channel including health food stores (prescription sales represent turnover of medicines not requiring a doctor’s prescription but for which a prescription has been written – such sales are through pharmacies only)
Source: James Dudley Management
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Germans Log-on to OTC Pet care



Photo: BVDVA

Germany is to allow pet owners to purchase OTC medicines by mail order. Changes to regulations will apply to animal health products for companion and other animals not bred for food production.

The Federal Government had announced in October last year, in a letter to the European Commission, that it would make legal adjustments permitting mail order pharmacies to trade in OTC animal health medicines for small animals not involved in food production. Last year the Commission had threatened to begin proceedings as the exclusion of mail order pharmacies in Germany from distributing OTC animal health medicines for companion animals was not in line with European Law.

Over a third of all German households own a companion animal amounting to a staggering 23.3 million pets and their owners lavish €3.5 billion a year on making sure they are healthy. While cats seem most popular with households owning 8.2 million, dogs number 5.5 million. There are also 6.2 million other small animals classified as pets. In Germany, more than half of medicines not requiring a vet's prescription for cats and dogs are purchased from pharmacies.

Global Nutrition Market hits \$270bn

Despite the impact of the recession the global nutrition market grew 8% in 2008 to \$269.8 bn. and sales are expected to rise another 6% to 10% in 2009.

Europe, including Russia, represents just over 30% of the world nutrition market. However, the pace of growth is split between east and west so while sales grew by 7.1% in Western Europe, the market in Eastern Europe and Russia advanced by over 21%.

The global nutrition industry has expanded to cover an array of products, including dietary supplements, fortified and functional foods and beverages, organic and naturally healthy food and drinks as well as nutritional products aimed at specific health problems and food allergies and intolerances.

A number of factors supporting the global nutrition industry sales include an aging worldwide population; the continued increase in diabetes, heart disease and other chronic health problems linked to diet; a consumer trend towards self-care and natural treatments and a health orientated expanding middle class in developing countries.

The worldwide recession had its impact on nutrition industry sales in 2008 but growth continued in the vast majority of markets despite this according to the publishers of the report - **Nutrition Business Journal**.

Region	% Share by Region	% Growth
W. Europe	28.2	7.1
E. Europe	2.3	21.3
Japan	14.2	3.2
China	4.4	10.8
Latin America	2.9	14.6
USA	37.7	8.7
Other	10.2	8.9
Total	100.0	8.0

Figure 1: Regional split by value of the global nutrition market and percent market growth 2007/2008

Source: *The 2010 Global Supplement & Nutrition Industry Report Nutrition Business Journal*

Supplements, which represent 29% of the global nutrition market, are especially benefitting in sales terms from the outbreak of the H1N1 flu which emerged in Mexico in April 2009 and became a global pandemic by August last year.

Product	% Share by Product	% Growth
Supplements	29	6.0
Natural & Organic Foods	26	12.0
Natural & Organic Personal Care & Household Products	10	11.5
Functional Foods	35	5.8

Figure 2: Product split by value of the global nutrition market 2008 and percent market growth 2007/2008

Source: *The 2010 Global Supplement & Nutrition Industry Report Nutrition Business Journal*

The established nutritional markets are largely based around Western Europe and North America but include developed parts of Eastern Europe, Asia and South America. Developing economies especially Brazil, Russia, India and China are growing significantly and are expected to contribute to a global expansion of dietary supplements in the future. For details visit <http://nutritionbusinessjournal.com>

GSL share leaps in Sweden

A general sale list of medicines for sale outside pharmacies was introduced into Sweden in November 2009. In the first two months of trading supermarkets and petrol stations claimed around 10 percent of the Swedish non-prescription OTC medicines market.

According to supermarket trade magazine Fri Köpenskap, retail outlets have already achieved OTC medication sales equivalent to 350 million crowns a year.

(Continued from front page)

Teva Acquires Ratiopharm



Picture Ratiopharm

The combined company will hold the leading market position in 10 European markets, including the UK, Hungary, Italy, Spain, Portugal and the Netherlands as well as a top three ranking in 17 countries, including Germany, Poland, France and the Czech Republic. Furthermore, the deal will nearly double Teva's sales in Canada.

Shlomo Yanai, Teva's President and Chief Executive Officer, said: "This is an important acquisition for Teva. This transaction is perfectly aligned with our long-term strategy in which Europe is an important pillar and growth driver. Ratiopharm will provide us with the ideal platform to strengthen our leadership position in key European markets, most notably in Germany, as well as rapidly growing generic markets such as Spain, Italy and France."

Annual cost synergies of US\$400 million would be realized within three years, Yanai said, highlighting opportunities to eliminate overlaps in national infrastructure and research and development pipelines, as well as to use Teva's active pharmaceutical ingredients (APIs) to reduce Ratiopharm's cost of goods.

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This is the seventh edition of James Dudley's highly regarded 18 country consultancy report - *OTC Distribution in Europe*. This much expanded 2010 edition is the largest and most up to date strategic analysis of the supply network serving the non-prescription and OTC Self-medication sectors in Europe With over **460 pages and 200 graphs, tables & figures**

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Sanofi-Aventis Completes Acquisition of Chattem, Inc.

On the 11th March Sanofi-Aventis announced that it had completed its acquisition of 100% of Chattem, Inc., which is now a wholly-owned subsidiary of the Sanofi-Aventis Group.

By strengthening its presence in the U.S. consumer healthcare market Sanofi-Aventis is building an important platform for future growth and further securing its position as a worldwide diversified healthcare company. This acquisition also provides new channels for maximizing the potential of converting Sanofi-Aventis' prescription medicines to over-the-counter (OTC) products, beginning with Allegra® (fexofenadine hydrochloride), which is expected to be an important growth driver for Sanofi-Aventis.

"The addition of Chattem to our worldwide portfolio of leading Consumer Healthcare businesses represents an important milestone in Sanofi-Aventis' strategy to become a global diversified healthcare leader," said Christopher A. Viehbacher, Chief Executive Officer of Sanofi-Aventis.



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