Leaders

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2005 New Publications List from James Dudley

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Spring/Summer 2005

The Future for Pain Relief in Self-medication in Europe

Review of James Dudley's 6-country 2005 study.

Overall, the European pain relief market as measured in the six major markets France, Germany, Italy, Poland, Spain and the UK, is entering a period of maturity. This is presenting a challenge to manufacturers. Yet, though there are clear threats emerging, there remains considerable scope for companies to seek out growth strategies for individual brands.

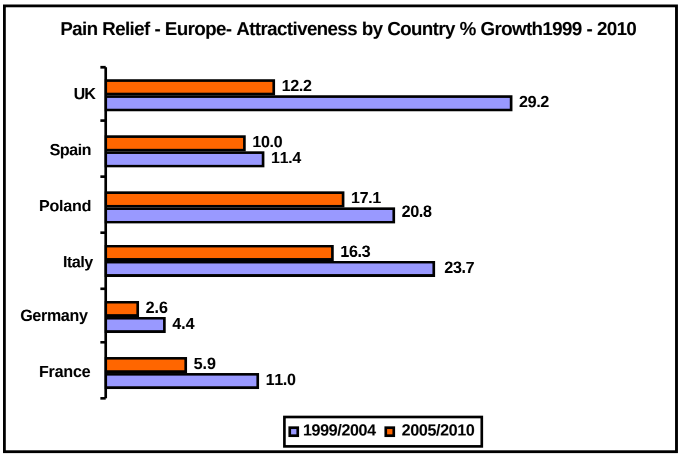

Figure 1: Growth by Country - % 1999 – 2004 and 2005 - 2010

While the market (as defined in the study) is made up medicinal products not requiring a doctor's prescription, a significant proportion of European sales are generated through prescription business. Yet, this hitherto lucrative sector is under threat. Much of Europe no longer reimburses prescriptions for pain relievers and those countries that do are both encouraging generic substitution and forcing prices down. Hence the prescription sector for pain relievers is declining in most European markets.

Conversely, OTC self-medication of pain relief products in Europe provides a growth opportunity.

While Poland and Italy are expected to show the strongest growth for pain relief products overall, Germany and France offer very weak growth prospects. The UK and Spain are both expected to show fairly modest growth to 2010. (Continued on page 2)

Marketingpirula LIVE – Great Success

James Dudley was one of several distinguished speakers at Marketingpirula LIVE in Budapest (See page 3)

Market growth for all sub-categories is expected to be lower in the 2005 to 2010 period than for the 1999 to 2004.

Attractive Sub-categories

The most attractive growth sub-categories are migraine, period pain and mouth pain. Even so, these are the smallest sub-categories. Systemic muscle and joint pain relief is expected to show the least attractiveness with very low growth expectations. This sub-category is coming under increasing competition from nutritional products from health food stores and drugstores. Topical pain relief is also likely to show relatively flat growth.

The largest category, general pain analgesics, will grow by less than 2% a year on average - based on current trends.

Around 2% of the European market for non-prescription pain relief products is made up by brands launched since 1999. This said, Novartis' topical diclofenac brand Voltaren was switched from prescription only between 1996 and 1999. Also, Aleve, originally launched by Roche, was the first naproxen based systemic switch in Europe. First launched in the Netherlands in 1997 and then gradually rolled out across Europe - Italy in1998, Belgium and Poland in 2000 and Austria and Germany in 2002.

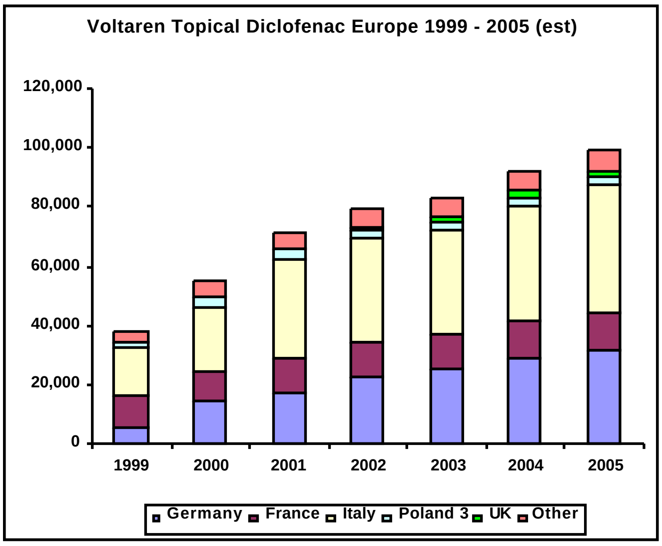

Figure 2: Voltaren Topical diclofenac Growth €000s at Manufacturers' Selling Price.

Source: The Future for Pain Relief in Self-medication in Europe

Market Worries

The more worrying aspect of the market is that 83% of total sales in the six countries under study were made up by brands with declining sales. Brands showing growth represented only 15% of the market.

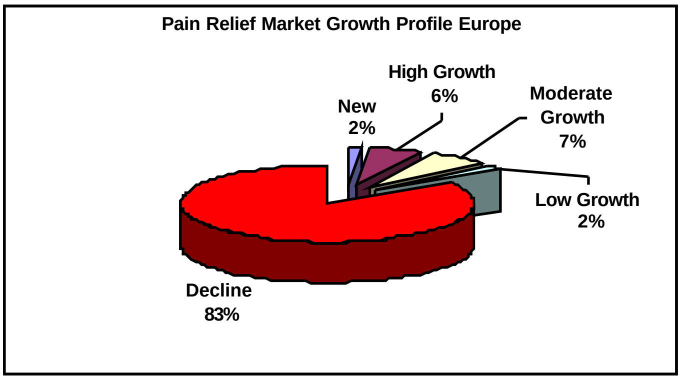

Figure 3: % Share of the European Pain Relief Market by Brands showing Growth or Decline.

Source: The Future for Pain Relief in Self-medication in Europe

Even so, the major consumer brands such as Aspirin (Bayer), Dolormin (Woelm/J&J Merck) and Nurofen (Boots H.I.) are leading the way with well targeted line extensions including period pain, migraine and cold and flu antipyretics.

Minor undifferentiated Brands under Threat

Consolidation of wholesalers at both national and regional levels, together with the growth of virtual chains (owned by the major wholesaling groups) is leading to a concentration of buying power that will lead to a reduction in the number of brands listed.

Concentration of buying power could adversely impact on smaller undifferentiated brands but may benefit major consumer brands in the medium term. To this can be added the medium term probability that some pain relief brands will gain general sale list status (GSL) in more European markets - thus providing a mass-market opportunity for major brands. (See also OTC Distribution in Europe – The 2005 edition)

New Business Models Unfolding

In broad terms three new business model scenarios are unfolding. These reflect the changing business environment,

First, products with low differentiation from low cost producers will gradually supercede proprietary brands targeting doctors (France, Spain and UK) as generics or as private label brands for wholesalers and retail chains

The second is a transitional scenario with brands moving from prescription based demand to consumer demand. This is, in many ways, an actuality in Germany, Poland and the UK. It has yet to emerge in France or Spain basically because the largest pain relief sub-category, general pain analgesics, is reimbursed in both countries.

The third scenario involves a rationalization of the number of consumer brands and much greater focus on consumer needs and their fulfillment. While this evolving scenario is already under way and to some extent reflects the position of the market in the UK for general analgesics, it will be consolidation of wholesalers and the growth of retail pharmacy chains across Europe that will accelerate it.

Marketingpirula LIVE Budapest

Petnaházy Club Hotel 24th March 2005

Peter Juhasz AESGP, GSK Consumer Health Hungary GM offered some provoking thoughts about the challenges to the pharmaceutical industry. Krisztina Székely, president of the Association of International Pharmaceutical Manufacturers (Pfizer Hungary goverment affairs director) discussed the public's perception about the value of medicines. György Leitner, GSK Pharma Hungary, GM offered some useful advice on brand building, creating value in the pharmaceutical industry

Zsuzsa Beke, Richter Gedeon, PR Manager explained value creation of a local multinational company. Antal Feller, Hungaropharma, COO discussed the issues of the growing number of medicines in Hungary. János Csébfalvy, Custwell Consulting introduced ideas about the future and is there any alternative to doctor detailing James Dudley, introduced some thoughts and ideas about brand lifecycle planning and successful switch strategies. Other speakers included Zoltán Lantos, LHS, Klára Csík, Indeed, András Réz, and Robin Skelding, Pharmaceutical Marketing Europe.

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OTC Distribution in Europe - the 2005 edition - Embracing Change	1,495	2,545	2,718		
Pain Relief in Self-medication in Europe -2005 edition	1,495	2,545	2,718		
Vitamins, Minerals, Supplements and Tonic in Self-medication in Europe -2004 edition	1,995	3,396	3,627		
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