

Generics Market Heats Up As Patents Keep Expiring

by Aaron Baar, Monday, Apr 28, 2008

As the patents for well-known branded prescription drugs expire, the market for generics has grown into a \$36 billion entity and is becoming a competitive threat for pharmaceutical companies in the process, according to new research from Kalorama Information.

According to Kalorama Information, applications for generic drugs have more than tripled from 307 in 2002 to 973 in 2006. Another \$60 billion worth of brand-name drugs will lose their patent protection in the next decade, increasing the market for generics.

"With a stronger generic threat than ever, the strategy right now seems to be, 'If you can't beat them, join them,'" said Mary Anne Crandall, a Kalorama analyst, in a statement. "To defend their turf, companies such as Novartis, Pfizer and Boehringer Ingelheim are seeing the benefit of incorporating a generic unit."

According to the Generic Pharmaceutical Association, the pharmaceutical industry spends about \$30 billion promoting brand-name drugs. To counter that spending, the association has advocated measures that help consumers and doctors understand the availability of generics, primarily through physician education programs.

"Certainly brand companies are spending a lot of money promoting their medicines," Andrea Hofelich, a representative of the association, tells *Marketing Daily*. "We don't do the advertising the companies do. We can pass those savings on to consumers. But it's important to let the doctors know that the generics do provide the same medicines as the brands at a much lower cost."

However, there is some evidence that generics can receive a halo effect left over from their branded origins. A recent study by comScore Pharmaceutical Solutions found that Prozac, which has been available in generic form for years, was one of the top 15 most-searched prescription drugs during the month of February.

Meanwhile, pharmaceutical companies are coming under increased scrutiny for allegedly being overly aggressive in their marketing to consumers. Earlier this year, the *New England Journal of Medicine* published an article saying the makers of branded antidepressants had misled consumers and physicians about their effectiveness in marketing materials.