

Citalopram prices prompt fond memories

The UK market was not always so cut-throat if the price history of 28-tablet packs of citalopram 20mg is any guide. At first glance, the two graphs in Figure 1 of generic price decay following UK launch appear fairly typical. Prices start falling away dramatically before tailing off just above the baseline. However, while alendronate's launch in April 2005 was quickly followed by rapid price erosion, citalopram first came onto the market in January 2002, and it was some while before prices started dropping appreciably.

Today, three years after alendronate's launch and more than six years since citalopram became generic, the average price of four-tablet packs of alendronate 70mg is just £1.08 (US\$2.15); while that of citalopram 20mg is only £0.45. This represents a discount to the brand price of 97%, slightly more than alendronate at 95%.

The delay while citalopram's price held up is clearly shown by comparing Figures 1 and 2. The latter shows market activity – as measured by the number of price offers per month received by pharmacists and dispensing doctors – and covers the same time period as Figure 1. Generic citalopram was clearly available in the market early in 2002, but initially the average price of the antidepressant was little different from that of its brand equivalent. In marked contrast, the number of price offers for alendronate shot up at launch, and the osteoporosis treatment's price plummeted downwards at a similar rate.

Noting the clear link between the increase in market activity and the rate of price decay, Charles Joynson, managing director of WaveData, points out that there appears to be a threshold value for post-launch market activity, above which the price tips over into freefall. "The price does not begin to decline until there are approximately 60 price offers each month," he observes.

Figures 3 and 4 show what he means. While the number of price offers per month remained below 60, the average generic price remained high. But as soon as the number grew, the price fell dramatically. For citalopram, this took about 18 months.

Joynson adds that the noise generated in the market also depends on the number of market rivals. The volume of price offers seems directly related to the number of active wholesalers in an almost straight-line relationship, he says, and the more generics firms offering the same product, the more price offers are made to pharmacists.

Getting back to alendronate and citalopram, how many generics firms had to be in operating in the UK market before prices started to fall rapidly? Put another way, how many were needed to make 60 or more price offers per month?

The answer, according to Joynson, was just three. Once there were three generics firms competing for market share, he says, prices fell rapidly. It is therefore not surprising that UK generics prices have been falling so fast after launch when there have been 15 or more generics firms shouting to make themselves heard above the 100 or more price offers being made by their rivals each month.

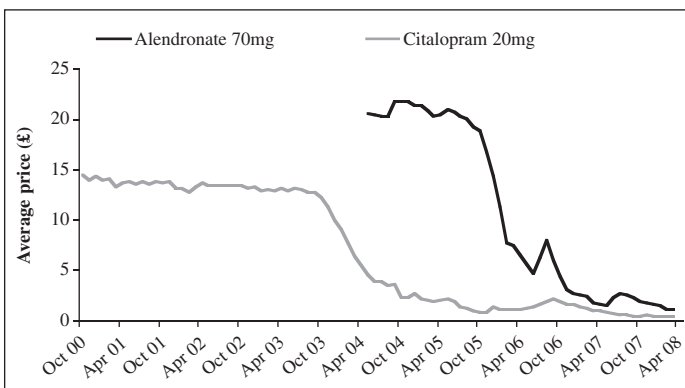


Figure 1: Decay in average market prices each month of four-tablet packs of alendronate 70mg and 28-tablet packs of citalopram 20mg (Source - WaveData)

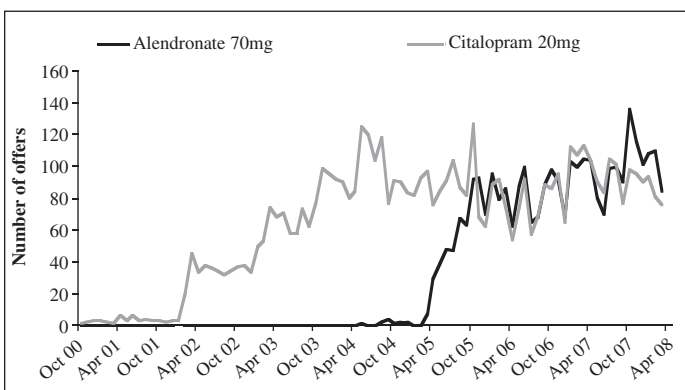


Figure 2: Price offers for four-tablet packs of alendronate 70mg and 28-tablet packs of citalopram 20mg made each month to pharmacists (Source - WaveData)

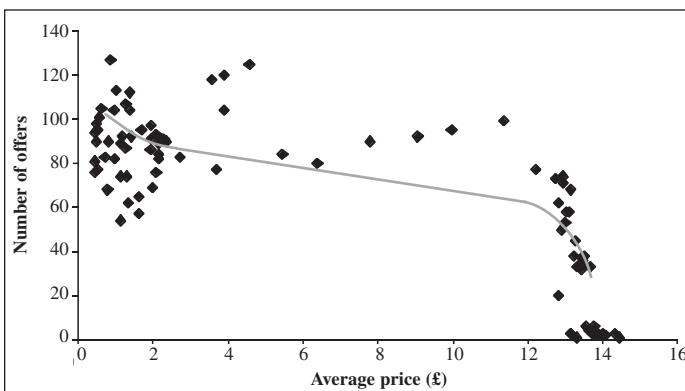


Figure 3: The average price of 28-tablet packs of citalopram 20mg each month compared with the number of price offers made to pharmacists (Source - WaveData)

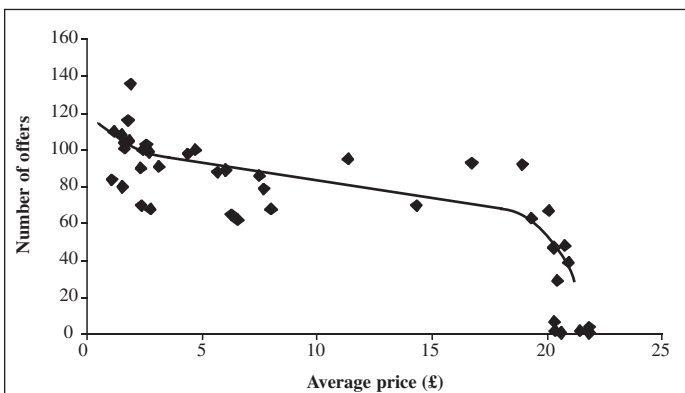


Figure 4: The average price of four-tablet packs of alendronate 70mg each month compared with the number of price offers made to pharmacists (Source - WaveData)

PRICE WATCH UK highlights generics price changes in the UK market and appears exclusively in every issue of *Generics bulletin*, courtesy of the Pharma TouchStone service of WaveData.

WaveData collects and collates pricing information from a number of European countries. In the UK, pricing information about generics, brands and parallel imports is gathered from offers made to independent retail pharmacists and dispensing doctors by wholesalers, suppliers and product manufacturers. WaveData collates this data and publishes the results giving customers fast, accurate, real-time access to current generic prices. WaveData's Profesy price-forecasting tool can be found at www.wavedata.biz.

■ For further information see www.wavedata.net or contact Charles Joynson, WaveData Limited, Concorde House, Comet Way, Eastwood, Essex SS2 6GD, UK Tel: +44 (0)1702 425125; Fax +44(0)1702 425129; E-mail cjoynson@wavedata.co.uk. Website: www.wavedata.co.uk.