

Number of UK players keeps on rising

The number of active generics companies in the UK market has been steadily on the increase over the past decade, according to WaveData's research. Back in August 2000, there were 25 generic licence holders active in the marketplace. Between them, they made 759 price offers to independent pharmacists and dispensing doctors during the month. By August of this year, however, the number of active generics players had risen to 66 (see Figure 1), and their total price offers had reached 9,300 (see Figure 2).

Not only had the number of generics players almost tripled, but their sales activity was over 10-times more insistent. Charles Joynson, WaveData's managing director, attributes the rise in company numbers to small new firms and/or niche players. "The number of firms active in the UK continues to increase as more specialist niches are discovered," he comments, noting almost 100 names in WaveData's records.

Commercial activity, though, was at its peak way back in 2003. In March 2003, for example, 46 generics firms were energetically promoting their product portfolios in the marketplace. Feverishly promoting might be a better description for the 17,785 price offers they made during the month, or an average of nearly 400 each.

Noting that Teva and Ivax were competing head-to-head at the time for pharmacists' attention, Joynson observes that Teva's pricing activity has decreased over the years. In April 2003, Teva made 6,789 price offers and Ivax made 1,762, a few hundred down on the 1,962 a month earlier. In August this year, however, WaveData noted 2,372 price offers from Teva, or about a third of the number it was making at the market peak.

"The number of monthly offers from Teva has decreased over the years as the firm has assimilated Ivax' expertise and increased its partner distribution schemes," comments Joynson, who notes that introducing category M into the Drug Tariff list of reimbursement prices in April 2005 may also have had an effect. Category M prices are based on actual volume-weighted sales in the marketplace. "The overall decrease in the number of offers was noticeably close to the introduction of category M, which may have caused generics firms to cut their marketing as important products became less profitable."

Offers from Almus, the generics operation of the leading retailer and wholesaler Alliance Boots, have steadily increased since 2006, as Figure 3 shows. Joynson points out that Alliance Healthcare has used the wholesaling muscle of its OTC Direct and Cordia units to distribute Almus generics. Almus made 15,667 price offers in the eight months to August 2010, a figure only beaten by Teva with 15,950 (see Figure 4). Joynson notes that Ivax and Teva still seem to operate as separate selling organisations, with both producing their own price lists.

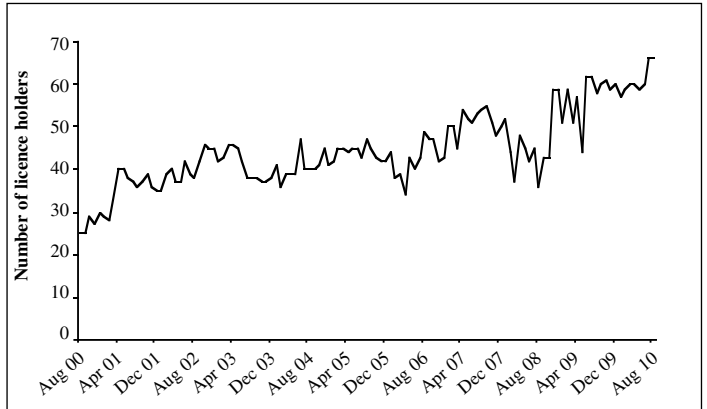


Figure 1: Number of active generics players in the UK market over the past decade as indicated by their monthly price offers (Source - WaveData)

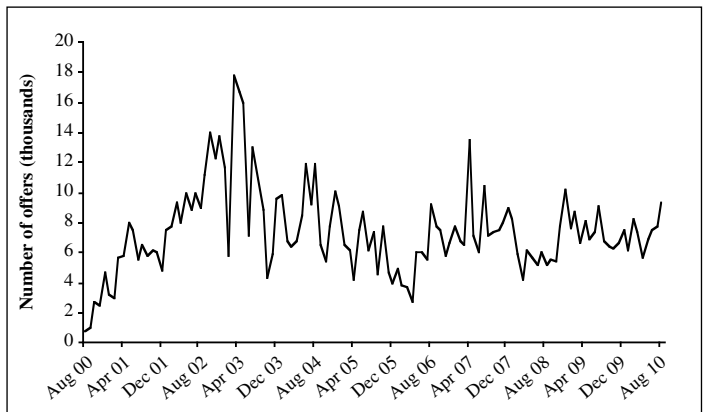


Figure 2: Commercial activity in the UK generics market over the past decade, as measured by the total number of monthly price offers (Source - WaveData)

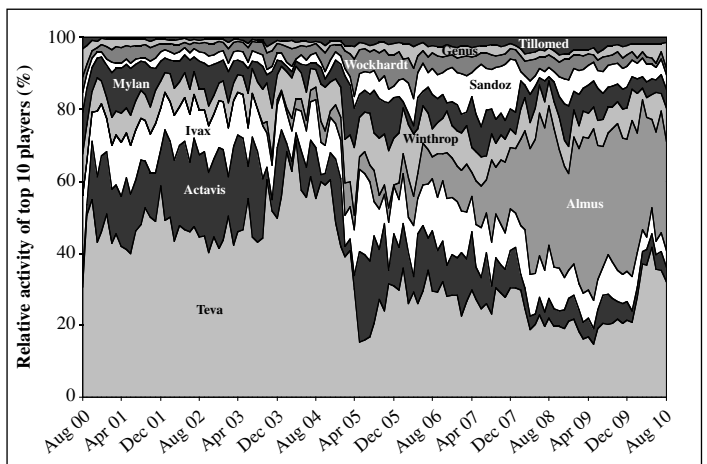


Figure 3: Relative activity in the UK market, showing the monthly price offers of the top 10 players as a proportion of the top 10 total (Source - WaveData)

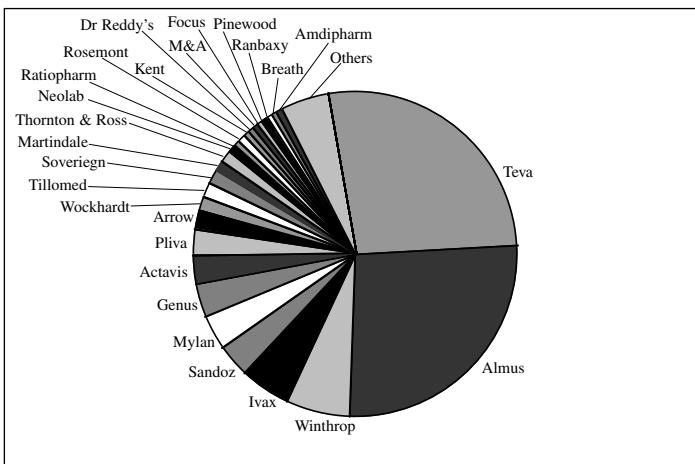


Figure 4: Total number of price offers by the UK's leading generics players in the period January 2010 to August 2010 (Source - WaveData)

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