

Data firm sees 2011 drug sales rising 5-7 percent

October 7 2010, By LINDA A. JOHNSON , AP Business Writer

(AP) -- Revenue from global prescription drug sales should increase 5 percent to 7 percent next year, reaching at least \$880 billion, fueled by new drugs and rising sales in developing countries, according to drug data firm IMS Health.

The company's annual forecast sees the market recovering a bit from this year, when [sales](#) are on pace to total about \$845 billion, up just 4 percent to 5 percent over 2008. That was the lowest growth rate over the past decade, when sales jumped 6 percent to 12 percent each year.

The IMS Market Prognosis report attributes the expected revenue increase to the anticipated launch of new potential blockbusters, rising [gross domestic product](#) in about two dozen of the top developed and emerging markets, and strong economic growth in China and other emerging markets, which are spending more on health care.

"China is out in front" in prescription drug sales growth, said Murray Aitken, an IMS Health senior vice president. "It will grow, we expect, 25 percent next year."

That will move China past Germany to become the world's third-largest pharmaceutical market, with more than \$50 billion in sales next year.

Spending on [prescription drugs](#) next year is expected to rise, on average, about 16 percent in China and 16 other emerging countries now heavily targeted by drugmakers. That's because their governments have been

increasing their spending on health care and they have a growing middle class that can afford more medicines.

Those countries each are expected to increase annual spending on prescription drugs by at least \$1 billion by 2015. For instance, the lowest spender in the group, Vietnam, would double its drug expenditures, from \$1 billion this year to \$2 billion in 2015.

Prescription sales will grow far less in developed markets because insurers and government health programs, particularly in Europe and the U.S., are working to hold down what they spend on prescription drugs. Strategies include requiring pre-authorizations for more medications, saddling patients with bigger copayments and, in some European countries, reducing reimbursement levels.

Prescription revenues in Canada and in Europe's five biggest markets - Germany, France, Italy, Spain and the United Kingdom - will grow at just 1 percent to 3 percent next year, IMS forecasts. In the U.S., the world's biggest pharmaceutical market, growth is expected to be about 4 percent, for a total of about \$325 billion next year.

Prices the companies charge will stay in line with this year's levels, IMS said.

The report notes new drugs are coming that could bring big advances against diseases in which patients need better treatments, from skin cancer and stroke prevention to multiple sclerosis and hepatitis C.

Meanwhile, new generic competition is on the way for some blockbuster drugs, as medicines with sales totaling more than \$30 billion just in the world's top eight markets lose patent protection by the end of 2011. Those include a number of what Aitken called "iconic products," such as cholesterol fighter Lipitor, the world's top-selling drug; antipsychotic

drug Zyprexa; and antibiotic Levaquin. Anticlotting drug Plavix, the world's No. 2 seller, is expected to face generic competition in May 2012.

"We're seeing the end of an era," said Aitken, adding, "Much of the impact won't be felt until 2012 (when) there'll be another raft of products losing exclusivity."

The IMS report is in line with what executives at many top drugmakers have been saying for a few years now about their plans to wring more sales out of emerging markets. Most are adding more sales representatives and building new research facilities and low-cost factories in those countries.

But Merck Chief Financial Officer Peter Kellogg, speaking Tuesday at a conference of pharmaceutical and health care analysts, cautioned that rapid sales growth in those countries is not a sure thing.

"Emerging markets are very small today from a pharmaceutical sales standpoint," Kellogg said, according to a transcript. "Just as an example, in China, the top Western pharmaceutical company only has about a 3 percent or 4 percent market share of the total therapeutics in that market."

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