

Celebrex rivals battle as pharmacy profits

'Day one' launches are important, but it's also a good idea to get the opening price right. On 13 November last year, the day patents protecting Pfizer's Celebrex (celecoxib) expired, three of the UK's largest generics firms were poised to introduce 60-capsule packs of celecoxib 100mg and 30-capsule packs of celecoxib 200mg. They had taken a view on how far and how fast the brand's trade price of £21.55 (US\$33.90) for both presentations was going to fall before settling on their launch trade prices.

Based on factors like the market size for the analgesic and the number of likely rivals, Teva opted for a list price for both strengths of £4.31 as its offer to independent community pharmacists and dispensing doctors. This represented exactly 80% off the brand price. Mylan, meanwhile, was expecting more of a fight and wanted to stake an early claim for market share. It decided that £2.70 was the price that would meet its objectives, thereby undercutting the brand price by 87.5%. More bullish than Teva, but not quite as daring as Mylan, Actavis put out a press release claiming a 'day one' launch and a list price of £3.14, or an 85.4% discount to the brand price, although no price offers were picked up by WaveData in the marketplace.

With wholesalers and other suppliers entering the fray, the average launch prices for November were £3.16 for the 100mg strength and £4.28 for the 200mg presentation (see Figures 1 and 2). Mylan's price had substantially undercut the market, while Actavis was closest to the average for the 100mg strength and Teva was nearest for 200mg. Teva held its price firm for the following month, according to WaveData's market intelligence, as did Mylan. Price offers made by Actavis in December showed its price had slid to £2.32, representing an 89% discount. Meanwhile, average prices converged at about £3.50.

January saw both average prices increase, slightly in the case of the 100mg strength, but more noticeably for the 200mg presentation to £3.87. By this time, Walgreens Boots Alliance's Almus generics operation had entered the market at £2.95, a price that Teva undermined by £0.02, while Mylan had cut both its prices still further to £1.99.

Pharmacists had been happy with a launch discount to Celebrex of 80% or 87.5% because they were getting exactly the same figure as a dispensing profit margin, based on a Drug Tariff price of £21.55, the trade price of the brand. By March of this year, they were benefitting from an average margin of 86% – from an average price of £3.11 for the 100mg strength and £3.10 for 200mg. And shopping around for the lowest price could boost their margin to 94% for both strengths, based on the same lowest price of £1.24 (see Figures 3 and 4).

By the time April came around, however, the Department of Health had enough price data to put celecoxib in category M of the Drug Tariff, which is based on quarterly market prices. Overnight, pharmacists saw their margins shrink to about 30% on average for the 100mg strength and 27% for the 200mg pack, based on Drug Tariff prices of £4.20 and £3.86. But thanks to further average price falls this month – to £2.16 and £2.14 respectively – their dispensing margins have bounced back to nearer 50%. Teva has settled on prices of £2.05 for the 100mg packs and £2.20 for the 200mg. Both now offer a 90% discount to the brand, in contrast to 80% six months ago at launch. **G**

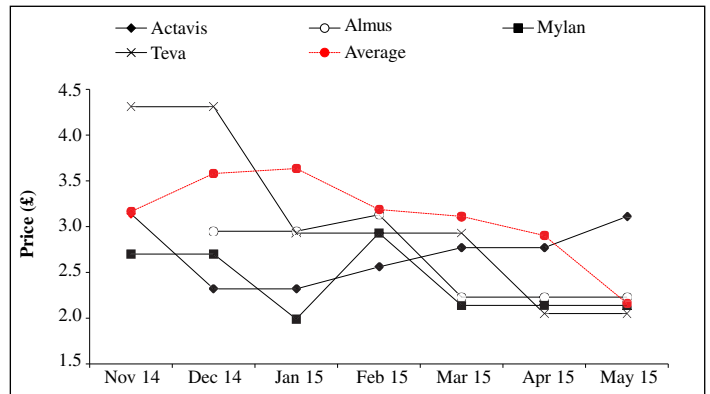


Figure 1: Trade price offers for 60-capsule packs of celecoxib 100mg from leading suppliers since launch as well as market average prices (Source – WaveData)

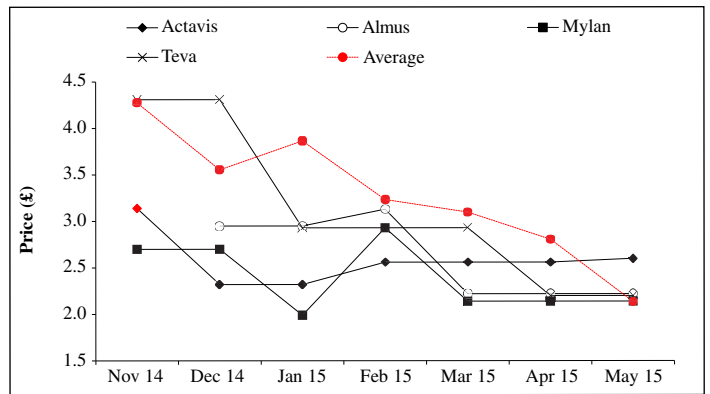


Figure 2: Trade price offers for 30-capsule packs of celecoxib 200mg from leading suppliers since launch as well as market average prices (Source – WaveData)

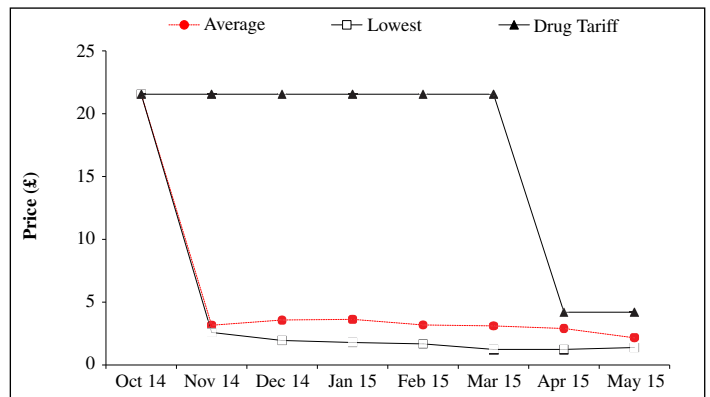


Figure 3: Average and lowest trade prices as well as Drug Tariff reimbursement prices for 60-capsule packs of celecoxib 100mg since launch (Source – WaveData)

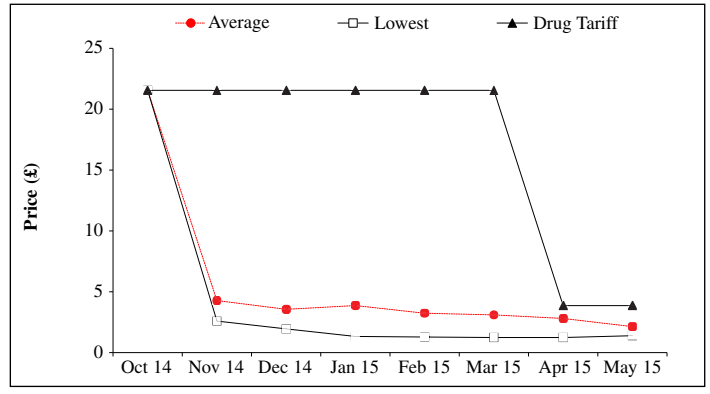


Figure 4: Average and lowest trade prices as well as Drug Tariff reimbursement prices for 30-capsule packs of celecoxib 200mg since launch (Source – WaveData)

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