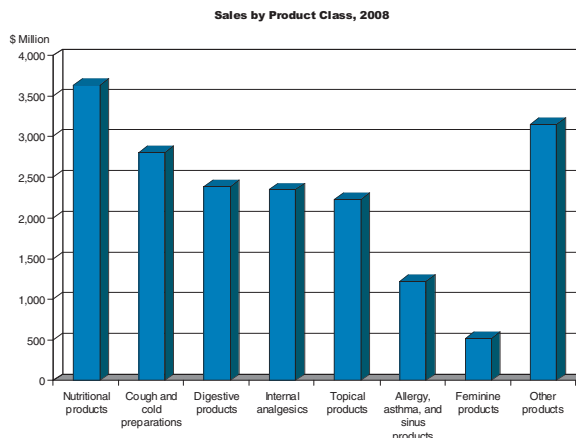


Nonprescription Drugs USA 2008

Fact Sheet

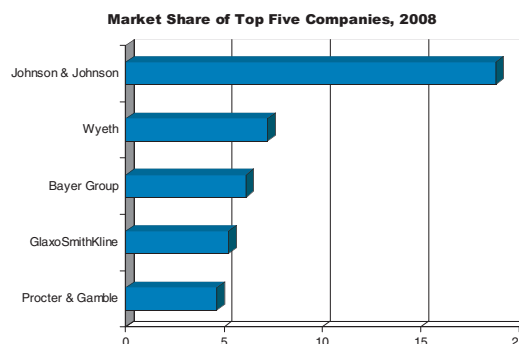
The Market

In 2008, U.S. sales of nonprescription drugs through retail outlets rose 2.7% from the previous year's levels to \$18.3 billion. Vitamins and minerals is the largest category in terms of dollar volume at \$2.7 billion, however, the allergy relief category grows at the fastest pace up 20.3% to reach \$1.0 billion in 2008.



Companies

In 2008, the U.S. nonprescription drug industry remains a tightly held market which a small group of established companies dominate. About 100 companies market products in the 36 categories covered in this study; however, most sales are generated by a minority of companies. Ten companies each generate over \$250 million in nonprescription drug sales, and the top three companies—Johnson & Johnson, Wyeth, and Bayer Group—each achieve more than \$1 billion in over-the-counter (OTC) drug sales.



Retail Channels

The three main retail outlets—drug stores, food stores, and mass merchandisers—try to carve out larger market shares in the retail environment, but other outlets, such as the internet, convenience stores and health food stores, are offering more competition. Drug stores, with 35% of distribution in 2008, remain the primary distribution channel for OTC products; however, share of distribution declines slightly from 36% in 2007. Mass merchandisers gain share from 28% in 2007 to 29% in 2008 as consumers seek value pricing for their OTCs.



Future Outlook

Under the best-case scenario, the U.S. nonprescription drugs market is forecast to grow by 4.0% annually to reach \$22.3 billion by 2013 from \$18.3 billion in 2008. Key growth drivers include upcoming Rx-to-OTC switches in existing OTC categories and those that will create entirely new categories, if approved. Increased levels of advertising and new product and line extensions of existing brands will also drive growth. Consumers' propensity for private-label products will hamper dollar sales somewhat and will limit price increases for the industry overall.

