

U.S. Prescription Market Share by Distribution Channel, 2002

	2002 Sales (US\$ Billions)	Percent Growth Year-Over-Year	Market Share In 2002
1. Chain Stores	56.1	8.8	29.2
2. Independents	31.3	9.3	16.3
3. Mail Service	24.8	20.6	12.9
4. Non-Federal Hospitals	18.5	6.9	9.6
5. Food Stores	17.4	11.1	9.0
6. Clinics	16.0	18.3	8.3
7. Mass Merchandisers	13.8	14.7	7.2
8. Long-Term Care	6.6	16.9	3.4
9. Federal Facilities	3.4	16.0	1.8
10. Home Health Care	2.1	11.6	1.1
11. HMO (Staff Model)	1.4	-1.0	0.8
12. Miscellaneous	0.8	14.2	0.4
Total	192.2	11.8	100

*Wholesale prices, sales include prescription products only
Source: IMS Retail and Provider Perspective™, 1/2003*

Apex Pharmaceuticals will employ key distributors and wholesalers in its target markets to speed up the sales in those areas. A comprehensive list of international pharma wholesalers is included in the Exhibit 3 section.

2.2 Sales Reps

The pharmaceutical market is unique in its reliance on person-to-person communication rather than mass media as the main thrust of the marketing effort. The pharma salesperson, through whom most communications to the customer are channelized, can make or break the marketing strategy. Skilled field staff is an asset that must be retained.



Medical advances and competition in the pharmaceutical industry are driving an incredible number of sales initiatives aimed at influencing physicians' prescribing habits. Managed care drives doctors to see more patients each day; so the knowledge sales reps convey to physicians about new FDA-approved drugs is a valuable benefit, eliminating hours of physician research. Yet, a high-prescribing physician may have 50 or more sales reps calling on a regular basis. Many now place limits on sales visitations, resulting in sales calls lasting, on average, two to four minutes.

To be effective, pharma companies need to put concise data into sales reps' hands along with a targeted message to deliver during their brief interaction with a doctor. Conveying useful data enables a rep to get back in the door with additional information later, building on a previous call.