

Low-Priced Generics Likely to Attract Large Share of Prescription Drug Sales

A new Wall Street Journal Online/Harris Interactive Health-Care Poll suggests that the low-priced generic drugs soon to be sold by stores such as Wal-Mart, Target and Kmart are likely to attract a big share of the market for prescription drugs. Two trends appear to be highly probable – the substitution of generic drugs for brand name drugs, and the use of mega-stores to buy generics at lower prices.

These are some of the results of an online survey of 2,493 U.S. adults, ages 18 and older, conducted by Harris Interactive between October 4 and 6, 2006 for The Wall Street Journal Online's Health Industry Edition (www.wsj.com/health).

Of all adults, those who purchase prescription drugs (93%) are most likely to say they go to chain drug stores, like Walgreens, CVS or Eckerd to buy them for themselves or a family member (39%). While substantially fewer say they currently go to the pharmacy at a discount store like Wal-Mart, Target or Sam's Club (13%), this may soon change.

Recently, Wal-Mart, Target and Kmart announced that they will begin selling some generic prescription drugs at discounted prices in some parts of the country. Wal-Mart and Target will sell a 30-day supply of these drugs for \$4.00 and Kmart will sell a 90-day supply for \$15.00. Half (50%) of those who purchase prescription drugs say they will be likely (17%), very likely (20%) or absolutely certain (13%) to fill their prescriptions at these stores, compared with another 25 percent who say they will be somewhat likely and only 26 percent who say they are not at all likely to do so.

This could be a huge advantage for these mega-stores, considering a majority (68%) of adults who buy prescription drugs say they would choose to buy a generic drug more often than they would a brand name drug. Large minorities say they would pay up to \$10.00 (40%), or even between \$10.01 and \$25.00 (36%), out of pocket for a 30-day supply of generic prescription drugs, so the proposed cost of \$4 per month is likely to be considered a bargain. It will be interesting to see how much this leads to increased traffic and sales in these stores overall.

Health-Care Poll

TABLE 1

Where People Go Most Often to Buy Prescription Drugs

“Where do you go most often to buy prescription drugs for yourself or a family member? Please select one answer only.”

Base: All adults

	Total
	%
Purchase Prescription Drugs (NET)	93
A chain drug store like Walgreens, CVS or Eckerd	39
The pharmacy at a discount store like Wal-Mart, Target or Sam’s Club	13
A local independent pharmacy	12
Online or by mail order	11
The pharmacy at a supermarket like Safeway, Shop Rite or Kroger	10
The pharmacy at a hospital or medical center	5
Somewhere else	3
Never purchase prescription drugs	7

Note: Percentages may not add up to exactly 100% due to rounding.

TABLE 2

Preference for Generic or Brand Name Drugs

“If you had a choice between getting a brand name prescription drug or a generic drug, how often would you choose one over the other?”

Base: Those who purchase prescription drugs

	Total
	%
Would Choose Generic More Often (NET)	68
I would always choose to buy generic drugs over brand name	23
I would much more often choose to buy generic drugs than brand name	28
I would somewhat more often choose to buy generic drugs than brand name	17
Would Choose Brand Name More Often (NET)	32
I would somewhat more often choose to buy brand name drugs than generic	14
I would much more often choose to buy brand name drugs than generic	10
I would always choose to buy brand name prescription drugs over generic	9

Note: Percentages may not add up to exactly 100% due to rounding.

Health-Care Poll

TABLE 3

Acceptable Price People Willing to Pay for 30-Day Supply of Generic Drugs

“What is the most you would be willing to pay out-of-pocket for a 30-day supply of generic prescription drugs?”

Base: Those who purchase prescription drugs who would choose to purchase a generic drug

	Total
	%
Nothing	5
\$10.00 or less	40
\$10.01 - \$25.00	36
\$25.01 - \$50.00	15
More than \$50.00	5

Note: Percentages may not add up to exactly 100% due to rounding.

TABLE 4

Likelihood of Filling Prescriptions with Generic Drugs from Discount Retailers

“Wal-Mart, Target and Kmart announced that they will begin selling some generic prescription drugs at discounted prices in some parts of the country. Wal-Mart and Target will sell a 30-day supply of these drugs for \$4.00 and Kmart will sell a 90-day supply for \$15.00. How likely will you be to fill your prescriptions with generic drugs purchased in these stores?”

Base: Those who purchase prescription drugs

	Total
	%
Absolutely Certain/Very Likely/Likely (NET)	50
Absolutely certain that I will	13
Very likely	20
Likely	17
Not at All/Somewhat Likely (NET)	50
Somewhat likely	25
Not at all likely	26

Note: Percentages may not add up to exactly 100% due to rounding.

Health-Care Poll

Downloadable PDFs of Wall Street Journal Online/Harris Interactive Health-Care Polls are posted at http://www.harrisinteractive.com/news/newsletters_wsj.asp.

Methodology

Harris Interactive conducted this online survey within the United States between October 4 and 6, 2006 among a national cross section of 2,493 adults, ages 18 years and over. Figures for age, gender, race/ethnicity, education, income and region were weighted where necessary to align with population proportions. Propensity score weighting was also used to adjust for respondents' propensity to be online.

All surveys are subject to several sources of error. These include: sampling error (because only a sample of a population is interviewed); measurement error due to question wording and/or question order, deliberately or unintentionally inaccurate responses, nonresponse (including refusals), interviewer effects (when live interviewers are used) and weighting.

With one exception (sampling error) the magnitude of the errors that result cannot be estimated. There is, therefore, no way to calculate a finite "margin of error" for any survey and the use of these words should be avoided.

With pure probability samples, with 100 percent response rates, it is possible to calculate the probability that the sampling error (but not other sources of error) is not greater than some number. With pure probability samples of 2,493, one could say with a ninety-five percent probability that the results have a sampling error of +/- 3 percentage points. Sampling error for data based on subsamples would be higher and would vary. However, that does not take other sources of error into account. This online survey is not based on a probability sample and therefore no theoretical sampling error can be calculated.

About The Wall Street Journal Online

The Wall Street Journal Online at WSJ.com, published by Dow Jones & Company (NYSE: DJ; www.dowjones.com), is the largest paid subscription news site on the Web. Launched in 1996, the Online Journal continues to attract quality subscribers that are at the top of their industries, with 766,000 subscribers world-wide as of Q2, 2006.

The Online Journal provides in-depth business news and financial information 24 hours a day, seven days a week, with insight and analysis, including breaking business and technology news and analysis from around the world. It draws on the Dow Jones network of nearly 1,900 business and financial news staff—the largest network of business and financial journalists in the world. The Online Journal also features exclusive content, including interactive graphics on business and world news, and online-only columns about the automotive industry, technology, personal finance and more.

The Online Journal offers three industry-specific verticals: the award-winning Health, Media & Marketing and now Law. Health offers authoritative analysis,

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breaking news and commentary from top industry journalists. Media & Marketing is designed for professionals in the advertising, marketing, entertainment and media industries. Law is designed to provide law firms and attorneys timely information on events and trends important to the legal market. Subscribers to all also get access to the full content of the Online Journal.

In 2005, the Online Journal was awarded a Codie Award for Best Online News Service for the second consecutive year, and its Health Industry Edition was awarded Best Online Science or Technology Service for the third consecutive year. In 2004, the Online Journal received an Eppy Award for Best Internet Business Service over 1 million monthly visitors. The Wall Street Journal Online network includes CareerJournal.com, OpinionJournal.com, StartupJournal.com, RealEstateJournal.com and CollegeJournal.com.

About Harris Interactive

Harris Interactive is the 12th largest and fastest-growing market research firm in the world. The company provides research-driven insights and strategic advice to help its clients make more confident decisions which lead to measurable and enduring improvements in performance. Harris Interactive is widely known for *The Harris Poll*, one of the longest running, independent opinion polls and for pioneering online market research methods. The company has built what could conceivably be the world's largest panel of survey respondents, the Harris Poll Online. Harris Interactive serves clients worldwide through its United States, Europe and Asia offices, its wholly-owned subsidiary Novatris in France and through a global network of independent market research firms. The service bureau, HISB, provides its market research industry clients with mixed-mode data collection, panel development services as well as syndicated and tracking research consultation. More information about Harris Interactive may be obtained at www.harrisinteractive.com.

To become a member of the Harris Poll Online and be invited to participate in online surveys, register at <http://go.hpolsurveys.com/Health>.

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