

Q&A on Branded and Generic / Own Label OTC Medicines

What are generics and own label medicines?

- Generics are copies of branded medicines that are no longer on patent, containing the same active ingredient but different excipients (the rest of the ingredients which make up a tablet, syrup or ointment). Their packaging indicates the active ingredient(s) and quantity per tablet.
- Own label is the term for generics supplied by major pharmacy chains and supermarkets e.g. Boots, Tesco. They often have an additional name such as Allergy Relief Tablets. Customers need to check the labels carefully since allergy relief from one retailer may contain a different ingredient (or a different dose of the same ingredient) from allergy relief from another.
- Not all branded medicines are copied. Generics are generally developed when the sales of the branded products are reasonably high and the medicine is purchased often.
- Most generics are found mainly in categories where the brand leaders are single ingredient products particularly in the categories of pain relief, cold remedies and hay fever.
- People prefer brands and stick with them. Over 80% of people choose a product because it is a well known brand they have used before¹.

Are generic medicines as effective as branded products?

- Generic medicines aren't always as effective as branded medicines. Branded products tend to have more complex formulations which mean they often work faster, last longer or are easier to take. For example, a caplet shaped tablet which is also film coated for ease of swallowing, or an enteric-coated tablet which is gentler on the stomach and delivers the medicine to the right part of the body.
- There is evidence to suggest that branded products are more effective than their generic equivalents, even if they contain the same active ingredients. This may be because of the trust and confidence and experience which is attached to the brand name or because the price influences the consumer's expectations of how well the product will work².

How can consumers tell if what they are getting in a generic product is the same as a branded product?

- Consumers should check the labelling to see if the active ingredients are the same and the quantity per dose is the same. They should also check that the format (e.g. caplet, tablet, liquid-filled capsule) is the type they want to take.

Is it advisable for consumers to save money by using generic products with the same ingredients in?

- This is a matter of personal choice. However, generic equivalents do not exist for all types of over-the-counter medicines. This is particularly the case for branded products that include a combination of different active ingredients, or are contained in a unique format e.g. dissolve on the tongue tablets which do not need to be taken with water.

Why are generics cheaper?

- The difference in cost between brands and generics should be put into perspective. Most people only buy medicines when they need something to treat a symptom. Most find one or two doses work – the cost per dose for branded medicines is low (e.g. around 10-15p per dose for a product in tablet form and around 20p for a liquid dose).
- Manufacturers of brands have costs which the generic company does not. The branded manufacturer pays for:
 - Cost of goods and production

- Marketing and advertising
- Distribution
- Research into new medicines and product improvement.
- Generic and own label companies have to pay for the cost of goods and production but they have no research, little or no marketing or advertising costs. Distribution costs are also lower as they are supplied to a limited range of shops.
- Some generic and own label prices are set exceptionally low and might not reflect the cost of the product. This might be part of a retailer's overall programme of discounting and low pricing policies to attract customers (so called 'loss-leaders').

What kind of research is done?

- Although the ingredients in OTC medicines are always well known, manufacturers carry out new clinical research if they change the dose or present the drug in a different way – such as a once daily dose. Manufacturers also carry out clinical work to examine the efficacy and safety of medicines to better understand how to use them.
- When two or more ingredients are combined manufacturers have to carry out clinical work to show that the combined product works in the same way as the individual drugs.
- A lot of the research is into new ways of presenting the drugs e.g. skin patches, nasal sprays, effervescent tablets, tablets that dissolve on the tongue, sachets and single dose containers for convenience.
- Manufacturers are involved in switching drugs from prescription-only to OTC status, and clinical research may be conducted to support entirely new categories of medicine becoming available over-the-counter. This represents several years' expensive work, which brings benefits to the consumer by making more efficacious drugs available to them without the need to consult a doctor. E.g. Sumatriptan was switched in 2006 for migraine, Azithromycin in 2008 for chlamydia and Orlistat in 2009 as an aid to weight loss.

How much of the retail price goes to the manufacturer and what is the profit?

- The average cost of an OTC medicine is £3.50
- The manufacturer's price is about half the retail price. The profit before tax is about 9%.

Is there anything else that consumers looking for cheaper medicines should avoid?

- People should read the label instructions and check the ingredients carefully, particularly if buying a product they have not bought before. This is especially important if the person has allergies to any particular ingredients.
- If you are unsure, a pharmacist can help you choose which is the most appropriate medicine to treat your symptoms.

Can I believe the claims that are made in the advertising of OTC products?

- All claims made on the packs of such medicines have to be agreed as part of the product's Marketing Authorisation. Appropriate evidence must be shown to support the claim. Claims made in advertising must also be in line with the Marketing Authorisation.
- The Marketing Authorisation is approved by the Medicines and Healthcare products Regulatory Agency (MHRA). The MHRA is the government agency responsible for ensuring that medicines work, and are acceptably safe.
- In addition, PAGB pre-vets the claims made on member companies' packs and advertising for compliance with the law and the PAGB self regulatory Code of Advertising Practice.
- PAGB has been pre-vetting the advertising of OTC medicines successfully since 1919. There are very few complaints about the advertising of OTC products.



*Representing the Consumer
Healthcare Industry*

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¹ PAGB / Reader's Digest / NOP, 2005, A Picture of Health

² The Journal of the American Medical Association (JAMA), Vol. 299 No. 9, March 5, 2008, Commercial features of placebo and therapeutic efficacy.