

Ceuticals Industry Analysis

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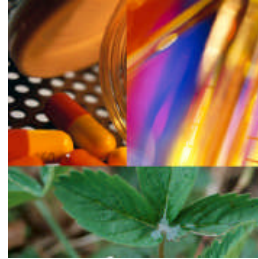
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Executive Summary of the Ceutical Industry

Ceuticals, as an industry, is a mixture of Pharmaceuticals and Nutraceuticals – although Biotechnology is blowing apart industry boundaries. Pharma/ Nutraceuticals serve the same consumers in very different ways. Pharmaceuticals treat our conditions, while nutraceuticals boost the human state to prevent illness/ disease. Runaway medical technology and the explosion of medical knowledge perplex both consumers and medical professionals. Despite this, Self-care is a huge undercurrent sweeping through America and the world.

Today, the global market for Pharma/ Nutraceuticals is close to \$500 billion. The U.S., EU, and Japan represent 80% + of the world market – although China is an emerging force. Within the U.S., the overall market breaks down to about \$252 Billion for Drugs, \$21 Billion for Supplements, and \$16 Billion for Over-the-Counter Products. Furthermore, an estimated \$24 Billion is spent on Functional Foods.

Dwindling drug pipelines, copycat industry practices, and public perception are giving the Pharmaceutical Industry a migraine, as Biotechnology continues its upward march. Although some consolidation is occurring, Nutraceuticals is extraordinarily fragmented because barriers to entry are minimal. Exaggerated claims and outright fraud taint the industry. Attempts at stricter FDA regulations, and global Codex standards are giving Nutraceutical firms indigestion.

Overall, the healthcare market will continue its upward surge. An aging population and an ever demanding quest for better health virtually guarantee future growth. The only question is – who will create and capture future profits. Consumers are in the driver's seat for two reasons 1) Behavior drives healthcare needs, and 2) Consumer-driven healthcare is shifting decision-making power to end-consumers. The leading determinants of health are: Food, Environment, Medical, and Activity (FEMA). FEMA drives the percentage of healthcare spending dedicated to medical care vs. wellness.

Within Ceuticals there are many competing forces. Demand is increasing, and rising costs are causing problems – prompting cries for more government regulation. However, it's Biotechnology and Self-Care that will cause the most turmoil and tear down traditional industry boundaries.

Although pharmaceutical drugs are great at treating serious illness/ disease, they cover up and disguise many of the underlying problems of early stage conditions. Unfortunately, many perverse incentives exist within the financing and delivery of healthcare.

Huge growth opportunities exist throughout the Ceuticals market, such as bio-derived products, advanced-diagnostics, information coordination, and self-care. All that's needed is a new breed of entrepreneurial, disruptive spirit.