



**China Pharmaceutical Chain Industry  
Report, 2011**

**Jan. 2012**

## STUDY GOAL AND OBJECTIVES

This report provides the industry executives with strategically significant competitor information, analysis, insight and projection on the competitive pattern and key companies in the industry, crucial to the development and implementation of effective business, marketing and R&D programs.

## REPORT OBJECTIVES

- ◆ To establish a comprehensive, factual, annually updated and cost-effective information base on market size, competition patterns, market segments, goals and strategies of the leading players in the market, reviews and forecasts.
- ◆ To assist potential market entrants in evaluating prospective acquisition and joint venture candidates.
- ◆ To complement the organizations' internal competitor information gathering efforts with strategic analysis, data interpretation and insight.
- ◆ To suggest for concerned investors in line with the current development of this industry as well as the development tendency.
- ◆ To help company to succeed in a competitive market, and

## METHODOLOGY

Both primary and secondary research methodologies were used in preparing this study. Initially, a comprehensive and exhaustive search of the literature on this industry was conducted. These sources included related books and journals, trade literature, marketing literature, other product/promotional literature, annual reports, security analyst reports, and other publications. Subsequently, telephone interviews or email correspondence was conducted with marketing executives etc. Other sources included related magazines, academics, and consulting companies.

## INFORMATION SOURCES

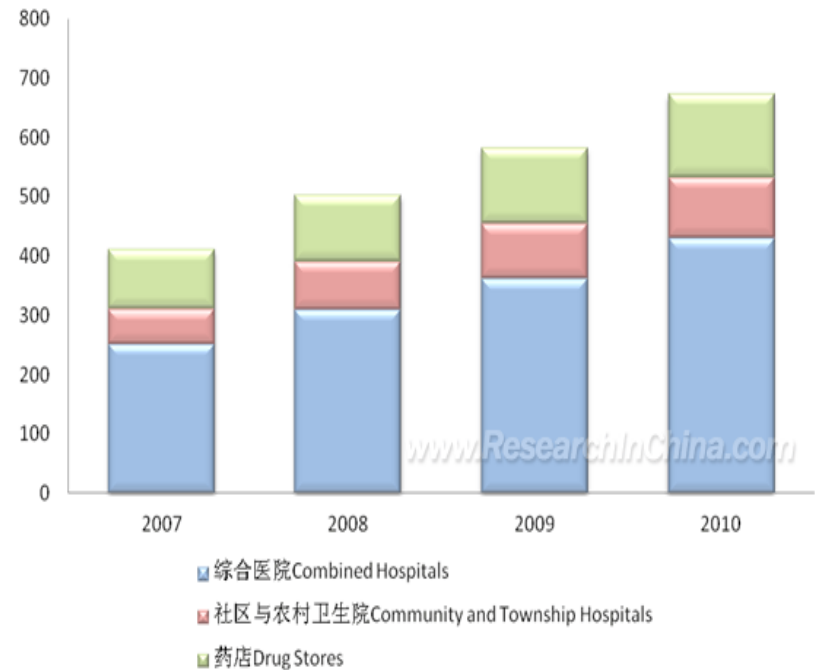
The primary information sources include NBS(National Bureau of Statistics of China), Wind, and Ministry of Health of the People's Republic of China etc.

## Abstract

In China, the pharmaceutical circulation enterprises see relatively low profit margin due to many circulation links. By sales value, some 20% drugs are sold to consumers through pharmaceutical retail firms, and the rest 80% are sold out through hospitals (with general hospitals, community and township hospitals included).

In 2010, the sales of drug stores in China increased by 10.16% year on-year to RMB140.8 billion, accounting for 20.98%; while that of hospitals rose 16.96% year-on-year to RMB531 billion, making up 79.02%. In recent three years, the average sales value for drug stores has maintained moderate growth by 12.16%.

Drug Sales in China, 2007-2010 (by Sales Terminal) (Unit: RMB bn)



Source: Ministry of Health of the People's Republic of China; ResearchInChina

**The report introduces pharmaceutical circulation industry and pharmaceutical chain industry of China. Besides, it highlights the development, outlet distribution, sales structure and operation of the top 100 China-based pharmaceutical chain enterprises.** At length, the report summarizes the industry and development tendency through conducting a detailed analysis on key players.

Since 2008, the number of Chinese pharmaceutical chain enterprises has been declining year after year, but the outlet scale for individual enterprise has presented a rising trend. In 2007-2010, the number of drug stores in China showed an average growth rate of roughly 7%, indicating that the concentration rate is improving although the rate in the overall industry is at a low level.

China Nepstar Chain Drugstore Ltd. is a drug store chain enterprise with the largest number of retail outlets in Chinese Mainland, with the drugstore stretching 74 cities in 14 provinces across China. As of September 30, 2011, the company boasted 2,927 regular chain outlets. In Q1-Q3, 2011, the operating revenue of China Nepstar Chain Drugstore Ltd. surged by 6% year-on-year to RMB1.833 billion, with the net income of RMB18.27 million. By contrast, the loss in 2010Q1-Q3 hit RMB401, 000.??

For Chongqing Tongjunge Pharmacy, it employs franchise business model for further development. As of September 30, 2011, the company had 1,272 regular chain stores and 6,438 franchised outlets. In 2011, the sales of the company registered RMB3.36 billion, up 33% from a year earlier.

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