

Generics Generate Competition

More post-patent products mean more market players.
Do branded manufacturers feel threatened?

BY LARRY AYLWARD, EDITOR

Branded vs. Generic. It's not exactly King Kong vs. Godzilla, but this product match-up is making the chemical market much more competitive in the golf course maintenance industry.

More generic and less-expensive post-patent products are on the way. In fact, chemical industry insiders say that 80 percent of the active ingredients in branded chemicals will be available in post-patent products in the next five years. Comparatively, basic manufacturers will not be bringing a hoard of new patented and branded chemicals to the market in the next five years.

So the big question is: Where's the chemical market heading and what impact will it have on the industry and end-users?

Mike Fisher, who heads Fisher & Son

Co., a regional distributor in Malvern, Pa., says branded manufacturers should be concerned that more generic products in the market will mean more competition and perhaps lost market share for them. But increased competition is not such a bad thing, he adds. "It benefits end-users to a certain extent because branded manufacturers then have to look for ways to improve the quality and performance of their products," he says.

From a branded manufacturer's standpoint, the natural response is to feel challenged by the generic competition, says William Strickland, BASF Professional Turf's marketing manager for herbicides and soil fumigants. Strickland realizes that generics have become an integral part of the business model.

"We've branded products, we've cre-

ated a certain amount of value from the market associated to those brands, and we've had to adjust those models for the entrance of generic products," he says.

Strickland, echoing Fisher's philosophy, has nothing against the competition. "Competition in any business at any level makes for better business for the end-user," he says.

Joe DiPaola, golf market manager for Syngenta Professional Products, knows more generic products will be introduced in the next few years, but he doesn't expect Syngenta to be knocked from its perch as one of the industry's top chemical manufacturers. That's because he says Syngenta has the right products, people and technical support in place to serve superintendents. "We're in a good position to serve the marketplace at a level superintendents have come to appreciate," he says.

Bob Yarborough, business manager of turf and ornamental for Sipcam Agro USA, a Roswell, Ga.-based manufacturer and supplier of generic fungicides and

Continued on page 40

Continued from page 36

herbicides, says branded manufacturers shouldn't feel threatened by generic manufacturers. He says there's room for both branded and generic products to succeed.

The game

Gary Curl, president of Specialty Products Consultants in Mendham, N.J., says basic manufacturers will be less inclined to invest in research and development for new products if their profits potentially decline at the hands of generic manufacturers.

"As profits go down, the market isn't as attractive and a company invests less to provide a greater return to shareholders," Curl says. "In the long term, you'll see a decline in the number of new products coming into the market from the basic manufacturers."

Curl says it's difficult to define the "long term." But he says an influx of new chemicals in the next five or 10 years is not realistic, especially since manufacturers have to jump through so many hoops and spend millions of dollars to bring them to market. "But there are incentives for the big companies to defend and continue to grow their businesses, especially if there are no new active ingredients in development," he notes.

Curl expects basic manufacturers to put more emphasis on product formulations to give them a leg up on the generic competition, as well as a new angle for marketing.

"There will be more of an emphasis on the handling and formulation characteristics of different products," Curl says. "Improvement doesn't necessarily mean a change in the active ingredient, but it can be a concentrated effort to enhance the properties of the formulation. Maybe the product becomes easier to mix in a tank or easier to apply. Or maybe it can be applied on a 28-day schedule instead of a 21-day schedule because it has better binding characteristics to the leaf surface."

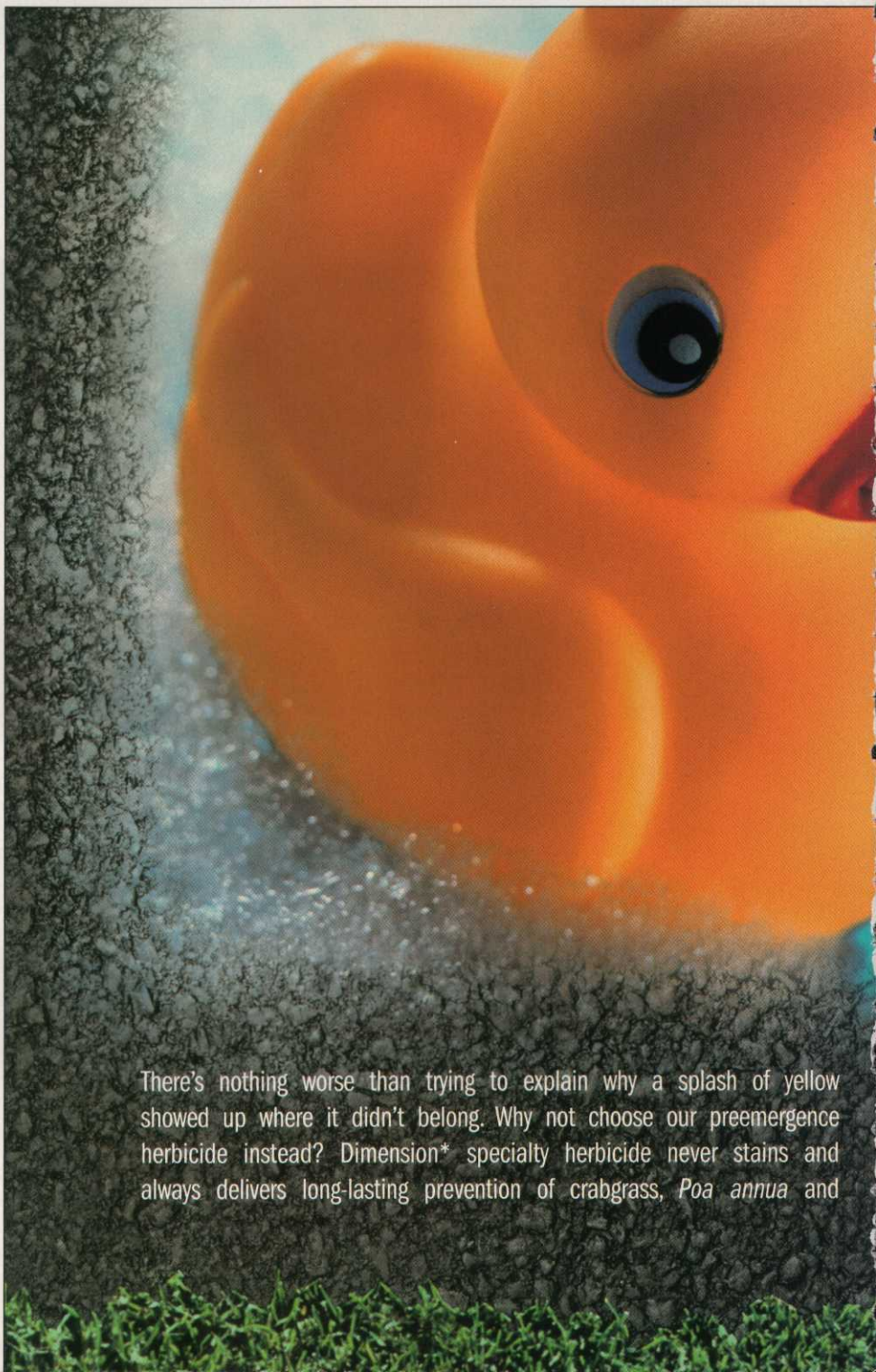
BASF's Strickland acknowledges that basic manufacturers are more targeted in the new chemicals they introduce be-

cause of the substantial investment (in the range of \$100 million, he says) it takes to bring one to the market. But he stresses that BASF will continue to market its products aggressively based on a variety of factors, especially service and ongoing studies to back the products' performances. Strickland believes most generic manufacturers can't match the

service and product research provided by branded manufacturers.

The future

Strickland says he's concerned the chemical market will become driven by economics if generic products continue to secure more market share. If that happens, university studies and customer



There's nothing worse than trying to explain why a splash of yellow showed up where it didn't belong. Why not choose our preemergence herbicide instead? Dimension* specialty herbicide never stains and always delivers long-lasting prevention of crabgrass, *Poa annua* and

service for products could suffer because there wouldn't be enough money for manufacturers to fund them.

Yarborough admits that branded manufacturers give back more to the industry in terms of money and time than generic companies like Sipcam Agro. However, he doesn't apologize for it.

"We give it back to the superintendent



"We're in a good position to serve the market at a level superintendents have come to appreciate."

JOE DIPAOLO, GOLF MARKET MANAGER,
SYNGENTA PROFESSIONAL PRODUCTS

and the golf course owner in terms of cost savings, and that's the bottom line,"

Yarborough says. "You won't find us with 35 booths at the GCSAA show — we'll be there with one booth. You won't find us with 10 pages of media in your magazine — we're not there with any."

Fisher believes the most successful generic products will be the ones that have created their own brands, much like Griffin LLC has done with Concorde, he says.

"In other words, those successful generic products are not going to come out as chlorothalonil X," Fisher says. "They will try to establish their own identities and their own levels of quality."

Some generic suppliers believe they're at a different level than other generic manufacturers. These same suppliers believe all generic manufacturers shouldn't be lumped together when they're targeted for alleged poor customer service and insufficient research for their products.

For instance, Yarborough believes Sipcam Agro has more to offer than other generic suppliers. He says buyers need to be aware of some generic companies who can't market their products based on solid performance data garnered from studies.

"We have more than 200 studies demonstrating our product [Echo's] efficacy on various crops, including turfgrass," Yarborough says. "But in some cases, a generic producer may not be able to provide data. Superintendents need to use discretion in their purchasing decisions, but they should be open to alternatives."

Yarborough says more generic manufacturers — "names you don't recognize" — will soon surface. "There will be a blend of post-patent and branded products."

While Strickland questions the business practices of some generic manufacturers, he realizes that post-patent products will remain part of the business. In fact, he expects more basic manufacturers to embrace generic manufacturers.

Continued on page 42



**Some things
are supposed
to be yellow.**

**Your course isn't
one of them.**

several broadleaf weeds, including spurge and oxalis. It even offers early postemergent crabgrass control.

NEVER STAINS

*Trademark of Dow AgroSciences LLC www.dowagro.com/turf
1-800-255-3726 Always read and follow label directions.

 Dow AgroSciences

Dimension*

Specialty Herbicide

Continued from page 41

BASF Professional Turf's parent company, BASF Corp., has already done that. In 1998, it acquired a majority stake in Micro Flo, a Lakeland, Fla.-based company that formulates and markets a range of generic crop protection products.

Top Pro Specialties, a generic supplier of pesticides to the turf industry, is also a unit of BASF. In fact, BASF is going through an integration process with Top-Pro Specialties that will involve many of the TopPro products becoming an integral part of the BASF Professional Turf & Ornamental group.

One thing is for sure, the chemical market is a busy place these days for its manufacturing players.

"It's exciting because you're participating in the dynamics of the market," Strickland says. "You have the opportunity to put a stamp on the market and say, 'Hey, I was there.' ■

Product Portfolio

Some examples of branded products that now have generic counterparts.

COMMON NAME	TYPE	BRAND/COMPANY	POST-PATENT/COMPANY
Glyphosate	Herbicide	Roundup/Monsanto	Prosecutor/Nufarm
Pyrethroid	Insecticide	Astro/FMC Corp.	Permethrin Pro/Top Pro Specialties
Mancozeb	Fungicide	Fore/Dow Ag	Junction/Griffin LLC
Chlorothalonil	Fungicide	Daconil/Syngenta	Concorde/Griffin LLC Echo/Sipcam Agro USA
Mefenoxan	Fungicide	Subdue Maxx/Syngenta	Mefenoxan 2/Sipcam Agro USA

About Patents, Brands and Generics

- A patent is a document issued by the U.S. federal government that grants its owner protection from others from making, using or selling the invention claimed in the document for 20 years.
- It can take seven to 10 years to obtain EPA approval for a new pesticide. It can cost an average of \$50 million and up to \$100 million to bring a new pesticide to market.
- After a patent's expiration, a generic manufacturer can offer to pay compensation for EPA data submitted by the basic manufacturer for a particular pesticide. A generic producer of an active ingredient must demonstrate to the EPA through tests that its product is virtually identical to the basic manufacturer's product.



Utility Vehicle Organizer Racks

UNORGANIZED?



Vinyl Coated Racks



ORGANIZED!

Why Organize?

- ✿ Maximize Utility Vehicle Bed Space
- ✿ Convey a Professional Image
- ✿ Increase Productivity
- ✿ Reduce Damage to Power Equipment

Call for Fleet Quotes

www.green-touch.com (800) 621-6919