Summary

OTC market is becoming a new distribution system in China pharmaceutical industry although this market accounts for 10% to entire drug market (hospital and clinic have the majority). The development experience of other countries indicates a fact that once a major pharmaceutical market grows to a certain degree, it naturally forms OTC market as the supplementary supplying channel to meet with the increasing demands. OTC market is quite different from hospitals and clinics. It seems more similar to consumer products. As in the beginning stage of China OTC market, there are two key question marks in the mind of investors when they are facing this high potential and high risk market: *When should I enter this market? And where is the target for a new brand?*

To answer the first question mark, thesis will do analyze on opportunities and threats of OTC market by reviewing the market situation and trend of global and especially the China market from overall angles, such as market size, economy, consumption ability, regulation influences, pricing, distribution. It suggests that the formation of China OTC is natural and out of control by government. It is worthy of entering this market now since a lot of potential. However, the market is forming and with high risk since of constrict regulations. And the market is high fragmented. For a new entrance, it is feasible to adopt nich-marketing strategy by deep investigation in customer buying behaviors. This is the key success factor for competition.

To answer the second question mark, thesis use cold & flu market as the example. A market survey is done through questionnaires to 500 customers in drugstore in eastern region of China. The result tells that the cold & flu market is high fragmented.

Join-venture brands are superior to local although the local brands are cheaper, since this market is not high price sensitive. However, unit price exceed RMB12 is difficult to be accept since consumers' medication time is around 3 to 4 days. TV commercial is the most effective approach to make consumer aware the brand.

Through data analysis, thesis recommends that the target market segment for a new cold & flu brand should be young females in Nanjing city. And statistical tools like t test, two-tail test and chi-square test are used in data analysis.

For successfully launching a new cold & flu brand in target market segment, thesis just establishs the first step. Further deep investigations are necessary, such as analysis in cold & flu market in Nanjing city, competitive advantages of major players, the dissatisfactions and needs of young females and so on.