

products. For instance, 'Stelazine', our major tranquilizer, was introduced in

— 22 —

1958, and it has now been prescribed for millions of patients throughout the world. However, here in Canada, as elsewhere, we continue to set up new studies of its therapeutic performance. A recent study involving some 30 physicians provided detailed data relating to 540 patients.

Naturally, the physicians taking part in these clinical studies are very carefully selected according to their specialty, training and established interest in this type of undertaking. They include members of university faculties, other specialists and general practitioners.

Medical Department physicians perform a number of other essential functions. They act as an information service on company products for the Canadian medical profession, answering queries and requests for documentation that come direct to the department or are first received by our representatives. More than 300 such enquiries were handled in 1965. They collect and analyse reports of any side effects with our products that are signalled in Canada, and receive and study reports from other members of the SK&F organization. Information on side effects is immediately channeled to the Food and Drug Directorate.

The medical staff also edits the material developed by the Marketing Department to inform physicians and advertise our products, and assists in the training of field representatives.

Finally, the department controls the distribution of products which are not marketed commercially, but are employed in research studies or have proved valuable in the treatment of rare diseases and conditions.

— 23 —

MARKETING

Distribution Policy

The entire range of our prescription products must be available throughout Canada at all times. We believe this can be best attained through use of the wholesaling network, and do not distribute direct to either retail pharmacies or dispensing physicians.

Hospitals, government and other institutions usually purchase products direct from the company.

Pricing Practices

The general considerations on product pricing set out in the PMAC brief (Section 5) cover our own practices. We would only add that Smith Kline & French in Canada has full responsibility for establishing its own prices; these are determined in the light of Canadian operating costs and the Canadian market. The prices of most of our products, expressed in U.S. dollars, are somewhat lower than in the United States, even with the Federal sales tax included.

There has been no increase in the prices of any of our products since 1958 except as required by a change in the rate of sales tax. During this period the Consumer Price Index has risen by 19 per cent and the index of disposable income per capita by 31 per cent.

It is the company's policy to sell to all customers, including both pharmacists and hospitals, at the same price for the same package size. Usually the unit