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The Hidden Cost of Being the Fifth Entrant

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India's 2026 semaglutide market shows dynamic playing out in real time and even faster

First-mover advantage gets studied to death in pharma strategy. Almost nobody studies the other end of the queue- what it actually costs to be approval number five into an already-crowded molecule. In India's generics and specialty-generics landscape, that number is where a lot of investment cases quietly stop making sense, well before anyone updates the model to say so.

The market doesn't split five ways- it splits after four price cuts

Each new approval into a molecule doesn't just add a competitor to divide the pie- it resets the price floor for everyone entering after it. By the time a molecule reaches its fifth entrant, average selling price has typically fallen well below whatever the pre-launch model assumed at position one or two. The fifth entrant doesn't inherit a fifth of the category average; it inherits whatever floor the first four have already carved out. The go/no-go question worth asking isn't what the category is worth today- it's what realistic entry price looks like specifically at position five, not position one.

The US FDA has also measured this trend directly, across its entire generics market. Its own pricing analysis found that with a single generic competitor, prices average 39% below the pre-competition brand price. With two competitors, that reaches 54% lower. With four, 79% lower. With six or more, prices fall by more than 95%. Each additional entrant keeps moving the floor, not just the first few ones- which is precisely why treating ‘generic entry’ as a single event, rather than a sequence with a measurable price attached to each position in the queue, misses where the actual commercial risk sits.

India's 2026 semaglutide market shows this dynamic playing out in real time and even faster. When the drug's patent expired in March 2026, more than 30 generic entrants rushed in within weeks. Novo Nordisk's own branded price had stood around â?¹8,800–10,000 a month; the first wave of generics launched at â?¹3,400–4,200, and within the same window, later entrants were already undercutting them further, down to â?¹1,290–1,760. By the time a dozen-plus companies were competing for the same molecule, the ‘market’ wasn't one price point anymore- it was a race to whichever floor the most recent entrant had just set.

Another well documented example is **India’s hepatitis C market**. Gilead licensed seven Indian manufacturers to produce sofosbuvir in September 2014, a number that grew to eleven within about two years as more companies entered. The drug launched in India in late 2015 at roughly $1,000 for a full 12-week course. Within that same year, as additional manufacturers entered the field, on-the-ground pricing had already fallen to around $483 a course, and a multi-manufacturer price survey conducted around the same period found courses ranging anywhere from $161 to $312 depending on which licensed generic was dispensed. By 2016–17, once state governments began procuring the drug through tenders, prices had collapsed further still: Haryana's state tender secured a 12-week combination course for roughly â?¹5,250 (about $80 at the time), and Punjab's for around â?¹7,200 (about $110). Every additional entrant after the first movers wasn't dividing a stable market- it was competing into a floor that kept dropping under it, year over year, tender by tender.

In tender markets, the fifth bidder isn't competing on quality anymore

Institutional and government procurement channels award almost entirely on L1- lowest price. Every additional approved entrant adds one more bidder willing to go lower, and by the time a molecule has five approved players, margins at the winning bid are frequently sitting at or below the point where fulfilling the contract still makes commercial sense. Winning the tender and the contract being worth having are two different outcomes, and it's worth checking which one a fifth-entrant bid actually delivers before treating a tender win as a commercial success in itself.

The sofosbuvir tenders case reinforce this: once enough manufacturers were competing for the same state contracts, winning L1 bids landed at $80–$110 a course- a fraction of the roughly $1,000 launch price just a year or two earlier, and a level that left little room above raw production cost for whichever manufacturer actually won. That's the real mechanics of a tender-driven market: it isn't a fixed prize divided among bidders, it's a floor that gets renegotiated downward with every additional company willing to bid for it. Entering a tender-heavy molecule at position five means underwriting a business case against a price that hasn't been set yet- it's set by whoever bids lowest on the day, and that number tends to fall, not hold, as more approved competitors enter the pool.

More formulators chasing the same molecule doesn't lower API cost- it raises it

When five or more companies are competing for the same active ingredient from the same two or three approved sources, procurement leverage shifts to the supplier, not the buyer. Earlier entrants typically lock in volume commitments and preferential terms first; the fifth entrant is usually left negotiating from a weaker position, often the least favorable pricing and the shortest supply security in the group. The real diligence question at that point isn't whether the molecule is attractive- it's who actually controls upstream supply once five buyers are chasing the same two or three sources; unless the sources increase.

This isn't a hypothetical risk. China currently supplies an estimated 70–80% of the world's antibiotic API production and roughly 80% of the intermediates used to manufacture APIs globally- and for specific inputs, the concentration is tighter still: five Chinese manufacturers alone control more than four-fifths of global production of 6-APA, the key starting material behind penicillin-class antibiotics. When that many downstream formulators are drawing on that few upstream sources, a late entrant isn't negotiating a commodity price- it's negotiating access to a chokepoint, and the negotiating leverage sits entirely on the other side of the table.

By the time approval five clears the queue, the opportunity it was built for has often closed

Regulatory review timelines create their own timing trap. A filing decision made when only two competitors existed in a category can result in a launch landing into a market that now has four. The competitive landscape that justified the original investment case rarely still exists by the time the approval actually lands- which means the question that matters isn't what the market looks like on the filing date, but what it will look like on the approval date.

Being early isn't the goal- being early enough to still matter is

The right strategic question isn't ‘should we enter this molecule.’ It's ‘at what entrant position does this stop being worth entering- and where do we actually sit relative to that number today.’ That threshold moves with every molecule, every market, and every cost structure involved, and it's rarely sitting where the original go/no-go call assumed it would be. Treating entrant position as a footnote, rather than the central variable in the decision, is how a defensible business case at the modeling stage turns into a fifth-entrant margin problem at launch.

Karishma Shah, Director and Founder, PharmAnalytica