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Table SC1: Descriptive Statistics for Demand Estimation

	<b>Group A</b> (1387 obs)		<b>Group C</b> (810 obs)		<b>Group J</b> (2463 obs)		<b>Group M</b> (914 obs)		<b>Group N</b> (1351 obs)	
	<u>Mean</u>	<u>Std Dev</u>	<u>Mean</u>	<u>Std Dev</u>	<u>Mean</u>	<u>Std Dev</u>	<u>Mean</u>	<u>Std Dev</u>	<u>Mean</u>	<u>Std Dev</u>
LnShareDiff	-7.63	2.58	-8.24	2.68	-8.81	2.37	-7.56	2.32	-7.36	2.56
Price	5.10	5.24	7.43	6.56	21.33	22.3	2.55	1.86	8.01	11.01
LnCondShare	-5.04	2.42	-4.7	2.82	-5.44	2.45	-5.66	2.33	-4.15	2.53
MolAge	10.05	6.63	10.46	6.02	14.16	7.71	9.27	7.69	13.61	9.87
FirmExp	5.29	5.34	7.46	6.39	7.24	6.20	6.19	6.38	7.73	7.53
BigDom	0.18	0.38	0.26	0.44	0.13	0.36	0.15	0.35	0.28	0.44
Foreign	0.04	0.20	0.06	0.24	0.04	0.19	0.03	0.17	0.03	0.18
MktPres	0.43	0.23	0.31	0.15	0.39	0.21	0.40	0.23	0.40	0.22
FormNo	1.02	0.14	1.04	0.2	1.5	0.81	1.03	0.19	1.07	0.29
Branded	0.94	0.23	0.99	0.08	0.87	0.33	0.95	0.21	0.97	0.16

Table SC2: Demand Estimation, Full Sample

	<u>OLS</u>	<u>IV</u>	<u>OLS</u>	<u>IV</u>
Price	-0.04 (0.001)	-0.08 (0.004)	-0.03 (0.001)	-0.07 (0.004)
LnCondShare	0.85 (0.007)	0.44 (0.026)	0.87 (0.006)	0.49 (0.037)
MolAge	7.70E-03 (0.002)	-0.03 (0.003)	0.01 (0.002)	-0.03 (0.003)
FirmExp	-0.01 (0.002)	0.03 (0.004)	-0.01 (0.002)	0.02 (0.005)
BigDom	-0.06 (0.043)	0.32 (0.065)	0.01 (0.041)	0.47 (0.066)
Foreign	0.08 (0.079)	1.37 (0.110)	0.08 (0.075)	0.85 (0.104)
MktPres	-0.05 -0.077	0.82 (0.109)	-0.24 (0.074)	0.6 (0.115)
FormNo	0.55 (0.029)	1.05 (0.051)	0.54 (0.029)	0.95 (0.042)
Branded	0.19 (0.061)	0.84 (0.084)	0.22 (0.058)	0.81 (0.081)
Group FE	No	No	Yes	Yes
Obs	6925	6925	6925	6925
F, 1 <sup>st</sup> Stage (Price)		150.57		254.71
F, 1st Stage (CondShare)		174.63		114.95
*Dependent Variable is LnShareDiff = Ln(sj) -Ln(so). Ln(sj) is the number of daily doses of a molecule sold by a firm as a proportion of the total market size. Ln(so) is the log of the outside good share. Standard errors in parentheses.				

Table SC3: Fixed Cost Estimation, by Therapeutic Group and Market

<u>Therapeutic Group</u>	<u>Market</u>	<u>BigDom</u>	<u>Foreign</u>	<u>SmallDom</u>
A				
	Anti-Emetic	14.84 (0.28)	14.73 (0.35)	13.49 (0.27)
	GI Prokinetic	15.00 (0.40)	13.44 (0.49)	13.54 (0.37)
	H2 Antagonists	16.36 (0.39)	16.14 (0.42)	13.57 (0.44)
	Meglitinides	12.35 (0.74)	12.74 (0.69)	11.22 (0.61)
	PPI's	17.32 (0.28)	15.80 (0.29)	15.33 (0.28)
	Sulfonyureas	16.47 (0.35)	16.97 (0.35)	15.53 (0.32)
	Thiazolidinediones	14.89 (0.43)	15.15 (0.56)	14.24 (0.43)
C				
	Ace Inhibitors	13.88 (0.34)	14.72 (0.34)	11.87 (0.31)
	Alphablockers	14.90 (0.32)	15.50 (0.41)	10.96 (0.37)
	ARB'S	13.81 (0.33)	14.04 (0.98)	12.17 (0.37)
	Betablockers	16.45 (0.32)	15.90 (0.35)	13.61 (0.30)
	Ca Channel Blockers	15.96 (0.27)	15.73 (0.31)	14.25 (0.28)
	Diuretics	15.43 (0.47)	15.69 (0.36)	13.16 (0.33)
J				
	Anti-Viral	11.07 (0.74)	12.45 (0.99)	10.77 (0.74)
	Cephalosporins	17.17 (0.25)	16.25 (0.24)	15.98 (0.24)
	Lincosamide	– –	11.20 (0.50)	9.44 (0.43)
	Macrolides	14.63 (0.32)	14.20 (0.31)	12.81 (0.32)
	PCN	15.29 (0.38)	12.79 (0.37)	14.30 (0.33)
	Quinolones	15.57 (0.21)	16.17 (0.25)	15.02 (0.22)
	Tetracyclines	13.89 (0.42)	14.13 (0.46)	12.22 (0.39)
M				
	Anti-Arthritis	14.55 (0.26)	13.45 (0.32)	12.95 (0.26)
	Coxibs	14.19 (0.41)	14.96 (0.44)	13.58 (0.37)
N				
	Anti-Anxiety	16.38 (0.32)	18.60 (0.45)	13.22 (0.29)
	Anti-Cholinergic	16.36 (0.62)	16.44 (0.42)	15.71 (0.37)
	Anti-Epilepsy	15.16 (0.20)	16.71 (0.26)	14.45 (0.20)
	Dopaminergic	14.68 (0.62)	12.26 (0.99)	10.23 (0.44)
	Insomnia	15.49 (0.32)	15.02 (0.56)	14.13 (0.32)
	Novel	15.69 (0.28)	14.92 (0.57)	13.78 (0.32)
	SRI's	14.99 (0.26)	15.97 (0.49)	13.69 (0.31)
	Tricyclic	15.68 (0.23)	16.42 (0.42)	13.32 (0.23)
	Typical	14.32 (0.35)	13.20 (0.39)	12.71 (0.30)

Standard errors in parentheses.