Challenging but poised for growth

An introduction to the dental market in the People’s Republic of China

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With its long history, rich culture and large population, China has been the focus of attention for centuries. Particularly its rapid economic growth in the last two decades has triggered increasing interest from Western businesses, who have sought to participate in this vast market. After having experienced all the highs in the initial days, as well as the disappointing lows as China’s realities set in, many have found themselves wondering whether the Chinese market is still as attractive as it appeared at first, and how to ultimately succeed in the market. There are many successful foreign companies in the market now.

Whitney Consulting is a regulatory consulting company exclusively focusing on Chinese regulatory affairs, including product registration, regulatory strategies and regulatory compliance. Its sister company, Whitney Research, is a market research company specialising in Chinese market research, competitive analyses, reimbursement research, business strategies and investment advice. Both companies also work closely with international trade groups to bring international suppliers and their advanced medical products into the Chinese market.

In 20 years of operating in China, we at Whitney Consulting and Whitney Research have seen the ups and downs of this exciting market, and weathered the economic and political storms. This feature article is an attempt to share our knowledge, experiences and observations on market trends with readers of Dental Tribune Asia Pacific.

It’s first necessary to consider background information to the Chinese dental market. Currently, it is estimated that China has a population of 1.3 billion people, of whom more than two-thirds are under 54 years of age, and the number of men slightly exceeding the number of women. In contrast to many developing countries, the elderly demographic is relatively small, with less than 10 per cent over the age of 65. The country is the largest economy in Asia and the second largest in the world after the US. According to the National Bureau of Statistics of China, the national average disposable income of urban residents in 2015 was ¥26,955 (US$4,383), which at the current (11 August) exchange rate (US$1 = ¥6.15) equals a net growth of 7 per cent compared with the year before. The top five municipalities and provinces ranked by disposable income level in 2012 were the Shanghai Municipality, Beijing Municipality, Jiangsu Province, Tianjin Municipality and Shan-dong Province.

An underdeveloped market

Dental diseases are traditionally considered non-acute illnesses (i.e. not life/death situations). Therefore, knowledge of dental care and treatment is generally lacking. According to the Third National Oral Health Epidemiology Investigation Report published in 2008, 94 per cent of the population had some form of dental problem, of which the most prevalent were cavities (97 per cent), caries (88 per cent) and periodontal disease (85 per cent). Dental sensitivity, plaque and malocclusion were also highly prevalent. The report also found that 66 per cent of children aged five had cavities. Almost one-third of children aged 12 also had cavities in the permanent teeth. In the adult population, it was found that adults between the ages of 35 and 44 had cavities, and only 8.4 per cent of the teeth with cavities had been treated. Periodontal disease was rather rare and only affected 14 per cent of the population. Tooth loss affected more than every third person between the ages of 55 and 44 and almost one in ten people between the ages of 65 and 74. Between 10 and 42.6 per cent of adults wore dentures. Despite the obvious demand for dental care services in the population, the Chinese market remains under-developed. For every one million people, there are only 100 dentists, compared with 500–1,000 dentists in the US or EU countries. Even Brazil, another developing nation, has a better dentist-patient ratio.

Chinese dental schools produce 15,000 new dentists each year, a number that is expected to accelerate through newly established dental hospitals and clinics. There are approximately 300 dental specialty hospitals in the country. The major providers of dental care to the public, however, are still the thousands of state-run dental hospitals, which offer the full range of dental services and rely on their long history, reputation, experience and large number of patients. In recent years, small private clinics have sprung up in large numbers, taking advantage of the relaxed government regulations for private health care centres. Over 50,000 of these are estimated to be in operation to date. As the private health care market is still largely in its infancy and relatively under-organised, these clinics will face difficulties and probably losses in the near future.

The medical device market in China is dominated by international high-end suppliers. Lately, the annual imports of dental X-ray systems have been growing in double digits each year, as have the imports of dental materials and equipment, such as chairs. While Chinese manufacturers have traditionally served the medium and lower end of the market, they are now gaining ground owing to improvements in technology, higher product quality, and financial and policy support from the government, among other factors.

International companies looking to enter the Chinese dental market typically use trade shows as avenues to showcase their products, meet with prospective dental customers, as well as obtain an overview of the competitive landscape. One of the most shows in China, the China Dental Show, which is co-sponsored by the Chinese Stomatological Association and will be held in Shanghai from 25 to 28 September this year, will focus on dental implants and feature the best products, suppliers and customers in this field around the world.

The information provided above offers only a brief synopsis of this challenging market. Other important subjects, such as the changing public view on dental care, the role of advertising, regulations, policies, reimbursement and medical treatment, which many companies find difficult to understand and navigate, will be explored in future articles.

It is evident that China is poised for high growth in the dental industry because it has the health needs, number of patients, financial availability and increased awareness of the benefits of good oral health. In order to be successful and survive in China, businesses must have the tenacity to undertake prolonged research, the ability to adapt and the determination to overcome obstacles, while fulfilling the expectations of the public concerning health benefits.

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