“Dentistry nowadays has become a field of constant technological challenge”

An interview with Guido Bartels, Sales Fellas, Germany

Guido Bartels

Latest reports from the industry suggest that manufacturers were affected little by the global recession. However, changes are taking place that will affect the customer behaviour and the industry itself. So, what does the future hold for dental products manufacturers?

Dental Tribune Asia Pacific: Mr Bartels, recent market surveys show that the dental industry appears to have defied the global recession. Have we finally overcome the crisis?

Guido Bartels: In the past, this industry has been one of the industrial sectors first affected by changing consumer behaviour and decreasing investments. At the same time, the industry has also been the first to recover from a crisis. However, we must not forget that even in economically challenging times, the dental industry in Germany, for example, is strongly supported by the public-health insurance system. This will definitely change in the future. Owing to the demographic shift in our societies, existing social security systems will be altered, leaving individuals with greater responsibility regarding their health. This development will possibly influence the outcome of future crises.

What conclusion should the industry draw from the crisis?

Change always entails the recognition of new opportunities. The industry has visibly been on an upward curve in recent years. At first, this change happened gradually, mainly because previous metals manufacturers tried their utmost to keep their dominant position in the market against alternative ceramic materials. There are a number of new materials available now, especially ceramics, that can make the production of dental prostheses more cost-effective in the long run. Similar to other industries, dentistry nowadays has become a field of constant technological challenge in implementing innovative thinking for technically advanced solutions. Considered product concepts and cost reduction are only one side of the coin. Paradigms concerning consumer loyalty and service have to be revised, as the way we communicate and gather information in our society has changed dramatically through the Internet.

Mergers and acquisitions have become part of daily business in dentistry. Are we experiencing market concentration?

In this regard, while the dental industry is a late comer, it will not be able to escape this global market trend. Once again, the main reason for this is the constant availability of goods and services through the Internet. The resulting increase in international economic competition has become a driving factor behind thought patterns not only in production processes, but also in consumer expectations. This trend cannot be halted and will be further driven by concentrated development of promising business concepts.

Should companies focus on their core competencies in the current situation or invest in additional, rather unfamiliar product segments?

Business concepts focusing on core competencies will always be successful in the long run. Other competences that are controllable through good management, however, can be bought in through business acquisitions or mergers. The latest examples from the industry demonstrate that companies with all-in-one solutions can be successful and that the market is open to their offerings.

Significant investments are flowing into the digital manufacturing of dentures. Is this a novel market potential, and will traditional production processes be replaced?

While other industries have already undergone similar developments, we are experiencing only the beginning of a new development chain. Centralised and low-cost production will have a significant effect on dental industries in the long run. Apart from digital imaging and CAD/CAM technologies that are already available, there will be a trend to medium-sized and large production centres that will replace the laboratory next door.

What other developments do you think will shape the market?

It is increasingly obvious that our health care systems are dramatically changing and starting to compete not only for patients, but also for health professionals. Following this trend, insurance companies will likely develop new concepts that focus on loyalty towards patients, health professionals and medical centres. In dentistry, I consider that competitive edge and lower costs for dental prostheses will be decisive factors.

Many dental companies have announced large investments in the Asian market. Is the market potential really that high?

In terms of market potential, India and China indeed offer enormous business opportunities.

Approximately 250 million Chinese, residing primarily in and around large cities like Shanghai, already have an average monthly salary of 6,000 at their disposal and the Chinese government is working on further improving the prosperity of their population in accordance with its five-year plan. The country is also striving to establish some of its own commercial brands on the global market within the next five years. Therefore, you can expect some prominent acquisitions of international brands and companies by Chinese manufacturers. However, when you consider the market potential in Asia you have to remember that it is often difficult to gain access to these markets because of differences in culture and consumer behaviour. Often, importing goods there entails costly registration processes, which means that small and medium-sized companies are reluctant to enter these markets.

Thank you very much for the interview.

(Translation provided by Annemarie Fischer)