Facing new challenges in sales and marketing
How the dental industry can maintain economic success

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Price pressure and competition are on the rise in the dental industry. In order to maintain their market presence, manufacturers of dental products and services will have to rethink their current approaches and structures in sales and marketing, for instance.

Influenced by significant changes in the market, business expectations for the dental industry in Europe, for example, are changing. This applies as much as leading dental manufacturers there anticipate single-digit revenue and profit growth for the next two years. Under these conditions, rising customer demand and highly innovative products which will in turn drive growth from the supply side, are considered to be two main factors for growth.

Demand-driven industry growth has resulted primarily from stronger customer interest in cosmetic treatments and dental implants owing to higher patient awareness and the availability of treatments that are more affordable. The increasing number of qualified and specialised dentists who perform these types of treatments has further driven this growth. Moreover, manufacturers are experiencing higher demand for services and integrated solutions. The reason for this is the shifting service spectrum and higher demand for process optimisation in dental practices and laboratories. The growing number of manufacturers are therefore seeking to differentiate themselves by extending their existing portfolio and offering integrated solutions to meet the changing demands of their customers.

According to leading dental manufacturers, product and service innovations in conjunction with related product areas (synergies) will also play a critical role in achieving sustainable business growth. Ongoing digitalisation in areas such as prosthetics, IT solutions to enhance process efficiency, and new materials are among the main focus of growth and innovation (Table 1).

Increasing competition and constant price pressure
Despite solid market growth, businesses are expecting slightly stronger competition saddled with constant price pressure over the next three years. In particular, many regard the competitive pressure from wholesalers that develop and market their own brands as a crucial factor of the competitive dynamics in the dental industry.

Wholesalers, whose own brands have continuously improved their position in the European dental materials market over the last few years. While they may have considerably lower market share compared with that of manufacturers of dental products, their growth rates are significantly higher than those of the rest of the industry, and offer sophisticated consulting services and training seminars, placing them in direct competition with manufacturers. While manufacturers are facing competition on their own brands in the channel, they also want to distinguish themselves from their as far as possible. It comes down to creating a balance between efficient wholesaler management and the highest possible level of differentiation.

On the demand side, consolation and integration of dental practices and laboratories (e.g. dentists joining laboratory chains or practice laboratories) pose new challenges for manufacturers. End-customers’ escalating cost pressure and market competition, but also their increasing levels of digital and relational integration are undoubtedly responsible for these developments. In this context, manufacturers will have to deal with the growing negotiating power of providers and their increasing price sensitivity, making the battle over customers increasingly tougher.

Supply and demand challenges
The market developments yield four primary challenges for manufacturers of dental products (Fig. 1), which require adaptations in their portfolio, as well as in their marketing and sales approaches.

On the supply side, the rising competition from wholesalers at product and service level presents a considerable challenge. With regard to products, they offer their own brands as well as expanding product spectrum. They are also increasingly investing in developing integrated process solutions (IT/workflow integration), and offer sophisticated consulting services and training seminars, placing them in direct competition with manufacturers. While manufacturers are facing competition on their own brands in the channel, they also want to distinguish themselves from their as far as possible. It comes down to creating a balance between efficient wholesaler management and the highest possible level of differentiation.

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Need for action
In order to compete successfully in a changing market environment, manufacturers of dental products have identified the need for action in four main areas (Fig. 2).

Rethink sales structures and push forward integration
Manufacturers of complex products and solutions (e.g. CAD/CAM and imaging, particularly on planning) are introducing or strengthening direct sales structures to better meet the demand and supply-side challenges in the dental market. Forward integration, for example, taking over laboratory or manufacturing services for dental practices, is another option for manufacturers in innovative product areas to address these challenges. In market segments with comparably low service and consultation services, the wholesaler will retain its importance.

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