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F&S: Medical devices market highly fragmented

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Medical devices distribution market highly fragmented: Frost & Sullivan



Singapore: A new analysis from Frost & Sullivan, titled Medical Devices Distributor Profiling in Vietnam, Indonesia, Thailand and South Korea (VITSK), revealed that the medical devices distribution market in these countries is highly fragmented, with 1428 distributors in Vietnam alone.This is due to the need for focused and specialized expertise to distribute highly diversified medical devices in different therapeutic areas and the peculiar nature of the medical devices distribution landscape.

The report finds that original equipment manufacturers (OEMs) should form partnerships after a careful analysis of the complete profile of each distributor, which includes product focus areas, SWOT, geographic and customer coverage, and financial health. It is also important to carefully analyze the competitive landscape and segmentation of distributors.

"The unique medical devices distribution ecosystem comprises smaller, provincial or local, and family-owned distributors," said Frost & Sullivan research analyst Mr Nitin Dixit. "Most of these distributors are not managed and operated as professional channel partners and lack professional sales and marketing skills, customer support and technology."

While the medical device market is highly attractive to foreign manufacturers, they have to be careful while selecting a partner, because distributor selection is critical. They will be hard pressed to home in on a channel partner that best matches their product portfolio and market plans.

"In the VITSK market, convergence is likely to happen in the long term, mostly among several family-run businesses," noted Mr Dixit. "Bigger distributors are likely to buy smaller ones and manufacturers are likely to buy distributors or hire their

employees."