

# New tech, bundling and commoditisation are affecting the future of restorative dentistry products

By Graeme Fell & Jeffrey Wong, iData Research

■ The global market for restorative dentistry products is experiencing persistent growth despite an interesting and contradictory set of market factors. This growth is primarily being driven by the rising market penetration of dental implants, as well as CAD/CAM-produced prostheses and final abutments. While discount pricing, commoditisation and product bundling have limited revenues, the growing acceptance of and demand for dental implants and new restorative products will sustain market growth.

## Strong growth trends for restorative dentistry

The dental implant and final abutment market is expected to ex-

perience strong growth over the next few years, even in more penetrated markets such as Europe and the US. The market is growing in response to increasing demand from dentists, particularly general dental practitioners, who are placing implants in greater numbers. Consumer awareness of implant-supported restorations is also growing owing to effective marketing and positive patient outcomes. In the US, marketing campaigns aimed directly at the patient are being run on a national basis, and implant-supported restorations are gaining recognition in emerging markets.

Typically, final abutments fabricated using CAD/CAM technol-

ogy have commanded a significantly higher price than have standard stock abutments, but substantial price declines and streamlined production methods have resulted in CAD/CAM products gaining an increasing share of the final abutment market. The average selling price of a CAD/CAM abutment has notably declined in the US over the last two years alone. The efficiency of CAD/CAM technology is improving owing to major investments in equipment by the foremost implant companies. These improvements will inspire greater use of CAD/CAM technology and drive the market for these higher-priced final abutments.

## Growing implant technology markets

Surgical guides for implant placement have attracted increased attention in recent years, resulting in high levels of market growth. The adoption rate of surgical guides is expected to grow, and surgical guides will be used in a significant percentage of implant placements, particularly in more developed dental markets. Markets for treatment planning software and dental implant instrument kits will also continue to grow with the procedural volume increase, but are limited by the number of complimentary units bundled with large implant purchases. The dental implant instrument kit market consists of specialised products used to perform dental implant procedures, such as drills, reamers, ratchets and inserters/retrievers. Instrument kits are bundled because they are important for successful implant procedures, especially for dental specialists who place hundreds of implants per year.

Geographically, emerging markets are continuing to adopt implants at an increasing rate. Double-digit growth in the Asia Pacific region can be found in China and India, alongside encouraging acceptance of digital dentistry.

## Commoditisation and other market limiters

The dental implant market experienced a shift towards more affordable products in 2018, with established premium brands facing increased competition from their low-cost counterparts. The growing demographic of general dental practitioners who place implants has prompted new consumer preferences, such as less brand loyalty and more price sensitivity. Therefore, implants in the value (mid-level) and discount (most affordable) pricing brackets are attracting new customers who are less likely to differentiate between the numerous brands currently on the market. In emerging markets, greater value is being placed on affordability, thus speeding up this transition. In addition, lower-priced implants are more popular in countries that are home to several discount and value implant producers, such as Israel and South Korea.

The various product bundles offered by dental implant companies will apply additional downward pressure on revenues. Treatment planning software and dental instrument kits are not the only products being given away free. Regenerative products such as dental bone graft substitutes and barrier membranes are also being bundled with implant orders. Moreover, the regenerative market itself is experiencing a strong commoditisation trend across allograft, xenograft and synthetic products. Despite regulatory pressure in some markets, the global market for dental regenerative prod-

ucts involves established competitors, small local suppliers and now nearly every major implant company. The commoditisation of dental implants has applied negative pressure on revenues in recent years, and will continue to do so until 2025.

## The competitive landscape for dental implants in 2019

Established global premium implant companies such as Dentsply Sirona, Nobel Biocare, Straumann and Zimmer Biomet have long been the dominant forces in the global dental implant and final abutment markets. That being said, the competitive landscape is becoming ever more crowded owing to the rise of value and discount implant brands. Value and discount competitors are especially popular among the new wave of general dental practitioners practising implantology, who show less brand loyalty and are more likely to seek to minimise treatment costs.

Premium companies have adapted to changes by pursuing acquisitions of companies that sell more affordable implants, thus maintaining their brand image while still expanding their market coverage into segments with high growth potential. Two examples of this are Straumann's acquisition of Neodent and Dentsply Sirona's acquisition of MIS Implants. Under the Danaher umbrella, Nobel Biocare operates alongside its mid-priced counterpart, Implant Direct. In July 2018, Danaher announced it would be spinning off its dental business into a publicly traded company in 2019. Other brands to watch out for include BioHorizons, often regarded as a somewhat more affordable premium option in the US, and OSSTEM IMPLANT. Headquartered in South Korea, OSSTEM IMPLANT has grown beyond its domestic competitors to gain a leading share of the Asia Pacific market and an expanding presence elsewhere.

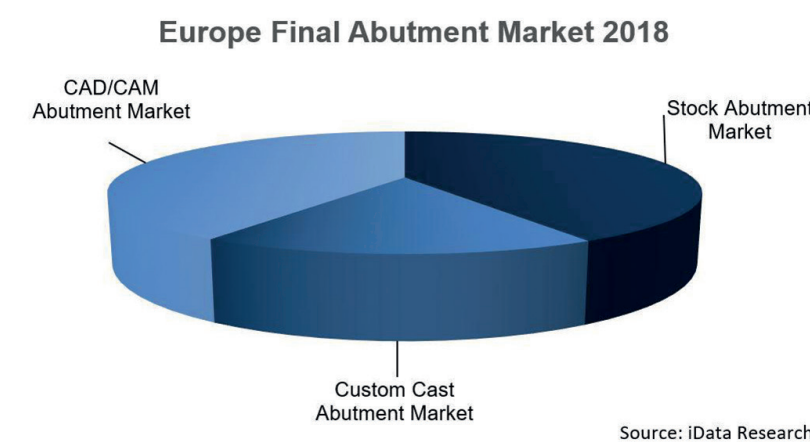
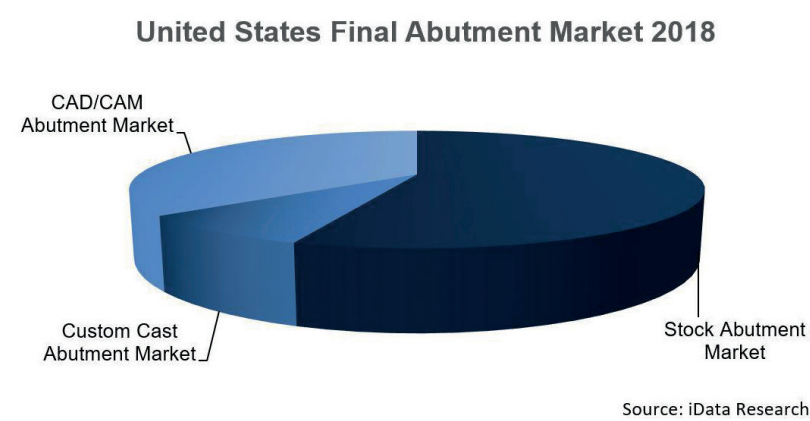
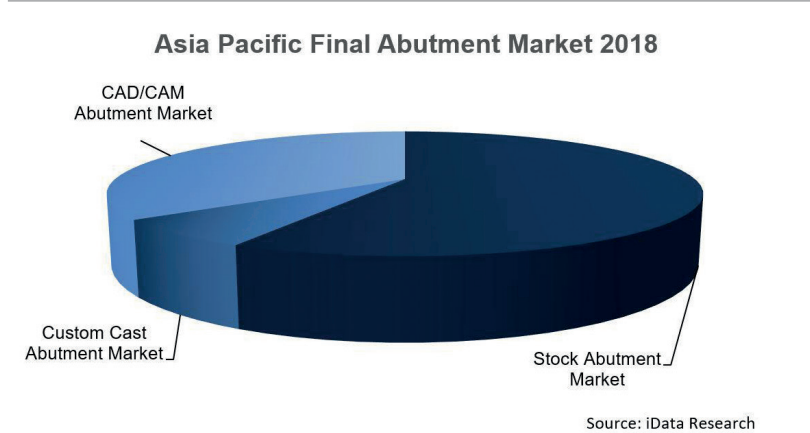
## About the authors

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## About iData Research

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