The Structure Analysis of Chinese Medical Equipment Market

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Abstract. Chinese medical equipment industries are switching from traditional manufacture to high-tech development. Strategy of multiple demands, fierce competition between industries and capital resource promote industry consolidation. In the process of comprehensive and professional development, it is a trend that Chinese medical instrument enterprises will emerge into several industry giants. Strategic positioning is decisive for the future development. The three patterns of development recommended by this paper include focusing on market segments, focusing on emerging and becoming comprehensive giants and focusing on science and technology.

Keywords: Medical equipment, market, structure construction.

Introduction

Behind the booming medical equipment market in China, it has hidden worry. Similar to the pharmaceutical industry in our country, these problems also exist in China's medical equipment industry, small scale, low industry concentration, the investment insufficiency and the weak innovation ability. In fact, the medical device industry is a multidisciplinary cross, knowledge intensive, capital intensive and high technology industries and high entry barriers, and although the number of medical equipment enterprises in our country is more, but most can only seek survival in the low-end market, or to provide spare parts for foreign enterprises, in the high-end market share, products on the quality of life and have a certain gap with foreign enterprises [1]. At present a lot of all kinds of medical equipment company registered in China, a handful of sales over one hundred million yuan, the vast majority of medical device
manufacturing enterprise can only focus on the low-end market. According to statistics, China's medical equipment market, sold in high-end medical equipment product is much higher than the global average [2].

**The Trend of Market in China**

**Domestic policy.** At present, the new medical system reform direction has been basically clear, the country will increase year by year the public health system, rural and urban community construction of grass-roots health basic-level hospital equipment standards and relevant policy, which means that the future medical and health institutions at various levels in China have a strong demand for medical equipment [3]. Countries to invest in rural medical system, a large scale for medical equipment, medical equipment industry for the first time included the development planning in the guidance of the national development and reform commission.

In addition, the policy of the micro level, the state drug charge limit, the state practices the government through the drug pricing, abolish hospitals to purchasing and centralized bidding for purchasing system, gradually reduce the dependence on the drug income level hospital [4]. For hospitals, if not the drug income support, rely on subsidies are hard to survive in such a case, through reforming hospital software and hardware conditions, improve the medical service income is the important way to reduce dependence on the drug income level of the hospital, the hospital medical service income will gradually become a leading role, which will produce the good quality, multi-functional middle-grade therapeutic instrument medical equipment needs more intense.

To support medical health care, the government invests in funds, reduce the medical device industry development difficult. And for the corresponding domestic new reform implementation, the medical system in broad increase in the province, health system for universal coverage, increase the demand of medical device in local medical institutions. Above policy is to make medical instrument industry there are good prospects for development, so as to increase efforts to attract, attract investment enterprises to join and promote the development of medical equipment industry [5]. Pure medical apparatus and instruments in the market, financing case number four new cases of the medical treatment apparatus profession, the investment institutions increased interest in the medical equipment investment, to some extent, solve the problem of medical equipment industry funds, increase the medical device industry development pace [6].

**Technological progress and economic development factors.** As technology advances and the rapid development of our economy, speed up the pace of our country in line with international standards, to promote the upgrading of domestic equipment, expand the medical equipment market capacity. Along with technical progress, with high and new technology in our country, the medical equipment in applicability, early diagnosis, trace analysis, sensitivity, the specificity and effectiveness of the diagnosis and treatment, etc, have greatly improved, which will promote a large number of retired in advance of the old
ones, trigger a new medical device market demand [7]. Judging from the past, the overall level of medical equipment of medical institutions in China is lower, the national medical and health institutions, medical instrument and equipment, they upgrade process is a process of demand release, therefore this will ensure that the next 10 years or even a longer period of time the rapid growth of the Chinese medical equipment market.

The government advocates health care reform, increased government support for the pharmaceutical and healthcare fields, largely for medical equipment industry development opportunities. Make health care dramatically increased demand for medical devices, more and more strict [8]. For public health and medical service technology to raise the level of medical and health services and equipment, should be vigorously introduce excellent innovative talents, to expand the scale of medical equipment, form a virtuous cycle, to the principle of independent innovation to create new medical equipment industry, promote the overall development level, to avoid repeating the low level of equipment, increase in high-end equipment research and development strength, reduce the import quantity of high-end equipment, increased from overall level and international competition strength of our country's medical apparatus and instruments [9].

Suggestions for Construction of the Market

**Focusing on market segments.** Faced with the huge potential of China's medical equipment market foreign medical device company with high-tech products successfully take the high-end medical equipment field in our country, make the import of large equipment of large hospital has become saturated, and targeted low-standard medical apparatus and instruments and China's potential market of medical apparatus and instruments, and began the action, make a strategic adjustment, participate in the competition of the potential market. Started with medical devices to perfection of domestic enterprises is not and should not be the handing of medical apparatus and instruments market, competition is inevitable [10]. Some experts pointed out: to strengthen research and development, improve the level of marketing, adjust the industrial structure and attach importance to quality management will become the necessary way for China's medical equipment industry to cope with competition. Also has the expert points out, the advantages and disadvantages of domestic enterprises is very obvious, cheap medical equipment point more noodles wide, a native of experience, networking is particularly valuable, but the domestic enterprise technical force is weak, insufficient funds and human resources reserves.

**Focusing on emerging and becoming comprehensive giants.** Priority is for the construction of each county has at least one hospital. In rural areas, the county hospital is the best hospital in equipment, data according to the provisions of the state to cover living population. According to plan, the central government will provide the construction of township hospitals and improvement to provide funds for other hospitals. The central government will also establish rural clinics in remote areas, every village has at least one such clinics. Country is to make the national disease in the efforts of all to want,
autonomous regions and the provincial government, especially in some big cities, more and more efforts to attract private and foreign capital into the medical field, is used to increase the supply of health and development. The government is to teaching hospital investment, the purpose is to improve the technical level and human resources. To solve the medical care is the most important plan state of rural cooperative medical care plan [11]. Cooperative medical insurance scheme for primary care and treatment of a serious illness do not include costly intervention treatment. National rural cooperative medical care program will significantly increase disease screening, understand all kinds of disease condition and diagnosis. China has a very trying to achieve: all across the country, 2020 people will have health insurance.

**Focusing on science and technology.** At present, Chinese medical equipment market expands rapidly, had joined the United States and Japan after the world's third largest medical device market, China's rise has become a leading global market main area. In the next few years, if keep the pace of development, now China will surpass Japan as the world's second largest medical device market. Medical equipment and medicines are the two important means of health care, both in developed countries is about 1:1 proportion of sales, but our country is only a small portion, visible Chinese medical equipment market has huge potential [12]. Active medical equipment market in China, the national policy guidance and the upgrading of domestic medical and health institutions and equipment requirements, make China become a huge consumer market of medical equipment.

**Summary**

Chinese medical equipment market potential is tremendous, will maintain rapid growth. The global medical device industry growth is superior to the pharmaceuticals market. The future will maintain the compound growth rate of 10-15%. Although developed countries accounted for 78% of the market, but developing countries represented by China market is experiencing rapid growth, depend on the cost advantage of industry chain and research and development the cumulative promotion status. Increasing medical expenses, increasing spending power and health consciousness would be positive factors to promote the development of industry, medicine and health care system reform to inject extra power industry development, become a release of pent-up demand and open the induced potential future space. Allocation of resources and balance, upgrading and industry transfer, such as internal and external motivation are intertwined, and compound growth rate of China's medical equipment industry will remain in 20-30%. By the end of 2009, the national medical equipment industry output value has exceeded 90 billion yuan. The medical device industry share of GDP in 2009 was 0.27%. According to the eleventh five-year plan for medical devices industry, is expected in 2011 China's medical equipment industry output value will reach 100 billion yuan.

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