

3. Market Segments

The hospital market for cardiac equipment was segmented first on the basis of the major benefits sought in cardiac equipment and second, on the basis of the hospital personnel's attitudes toward Canadian manufacturers.

Three benefit segments were identified:

The Pro-U.S. Segment (15%). This segment consists of hospital personnel who strongly prefer U.S. manufacturers. Hospitals in this category tend to be relatively small and have a tendency to be growing more slowly than hospitals in the other segments. The occupancy rate in this segment has shown a greater increase in the last two years relative to the other segments.

The Cost/Quality Segment (49%). The two major purchase criteria for this segment are "will the product enhance productivity and cost savings?" and "will use of the product enhance quality of medical care?" hospitals in this segment are large, yet have less tendency to show an increase in occupancy than the other segments. In fact, several hospitals in this segment actually showed a decrease in occupancy rate in the last two years. On the other hand, this segment had a high representation of hospitals which finished 1977 in the black.

The Quality Segment (37%). This segment's major purchase criterion is "will use of the product enhance quality of medical care?" Hospitals in this segment tend to be larger than those in the other segments, and this segment finished 1977 in the red.

When further examined, based on their attitude toward Canadian manufacturers, about two-thirds of the respondents have a positive attitude toward Canadian manufacturers (this is primarily vs. Japanese firms -- they tend to prefer U.S. firms about equally). These hospitals are on the average larger and are primarily concerned with quality of medical care, operating costs (prefer high initial and low operating costs (vs. the opposite case of low initial cost and high operating cost) and are concerned with the hospitals' image.

4. Buying Process

The buying process involves a number of participants. The most active participants by stage of the buying decision process are:

<u>Stage</u>	<u>Most Active Participants</u>
Request Supplies	Chief of Lab
Set Specifications	Chief of Lab, Radiology Department
Seek Information	Chief of Lab, Purchasing Agent, Rad. Dept.
Set Criteria	Chief of Lab, Purch. Agt., Rad. Dept.
Evaluate Suppliers	Chief of Lab, Rad. Dept.
Set Budget	Administrative Committee
Negotiate w/Suppliers	Purch. Agt.
Make Purchase Decision	Administrative Committee, Chief of Lab, Rad. Dept.
Postpurchase Evaluation	Chief of Lab, Rad. Dept.