

GENERAL FINDINGS

1. The U.S. market for hospital and lab products and supplies is large and growing. There are 7,200 hospitals and more than 14,000 hospital and commercial clinical laboratories.
2. The U.S. market for the three product categories - disposable and consumable hospital products, cardiac equipment and clinical lab and diagnostic products -- is large and growing. Total 1978 sales of these three product categories are 19.4 billion dollars -- \$16.5 billion in consumable/disposables; \$2.25 billion in lab products and \$650 million in cardiac equipment and supplies. All three markets have enjoyed real growth. Yet, there is a large variance across products and product categories. There is a strong movement toward the use of disposable products and increased emphasis on diagnostic and preventive medicine.
3. The Mid-Atlantic states -- Eastern Pennsylvania, Virginia, Maryland, Washington, D.C., Delaware and Southern New Jersey, are a large and attractive market for hospital and lab products and supplies. It has a large population base (29.6 million individuals) and a large hospital base (699 hospitals with 199,920 beds). (Appendix B shows a detailed breakdown of hospital statistics for this region). In addition, most of the major laboratories (SK&F, Med Path, Denam and others) are concentrated in an area within 100 miles of Philadelphia, with easy access to most of the Northeast and Southeastern U.S. This market also has a large number of distributors who would consider carrying Canadian products. Furthermore, this market can be viewed as a good test market for the entire U.S. It is large and varied enough to include all forms of medical care, and an entry strategy which is successful here can be implemented nationally. This market is also a sophisticated one and success here can be used as a strong "selling" point in other parts of the country.
4. Hospital and lab purchase decisions involve a number of participants. For medical equipment more than \$100,000, HSA approval is also required (see Appendix A for a brief discussion of HSA).
5. In all three product categories, distributors play an important role and should be considered as one of the ways of entering the U.S. market.
6. Canadian manufacturers overall have a good image in this market, but they have to compete effectively against U.S. and other manufacturers; i.e., being Canadian does not offer any competitive advantage. It is also important for the Canadian manufacturers to overcome certain perceived obstacles to entry into the U.S. market (for a summary of these concerns, see Appendix C).