

Lack of terrorism hinders respiratory market

19 February 2013 | Analysis | By BioSpectrum Bureau



Singapore: A new study by Frost & Sullivan's Chemicals, Materials and Food practice finds that the respiratory protection market earned revenue of \$405.3 million in 2011 and estimates this to reach \$610.4 million in 2016. Widespread fears of terrorism and diseases in the early 2000s caused a boom in the respiratory protection market leading to a surge in demand and funding.

However, as the occurrence of such events has decreased, demand has leveled off. Improved safety regulations and enforcement efforts by Chinese government agencies are expected to offset this reduction in demand. Established Chinese companies normally do not sell high-end respirators, rather, tend to participate in the low-end segments that require less technology, such as disposable or non-disposable respirators. As a result, low-end segments are highly saturated with several small competitors.

Frost & Sullivan research analyst Mr Roland Heinze, said that, "Previous quality control standards in China were inadequate, thus increasing the transaction costs that end users incurred when selecting and testing respiratory protection. As a result, inexpensive products dominated the market and lowered the quality of respirators in China relative to that of Europe and the US. As foreign manufacturers are increasingly looking at the Chinese market for growth opportunities, sales of sophisticated products are predicted to grow faster than those in saturated, low-end segments. Increased product variety is likely to have positive implications for market growth by allowing manufacturers to target high-end consumers and earn additional funds from them."

Over the past 10 years, Chinese regulatory agencies have increased their efforts to develop improved standards for respiratory protection. Standards which are over five years old have been revised, along with new ones created, keeping in mind the technical requirements and testing methods under American, European, and International Safety Organization (ISO) standards. Competition under new policy is expected to encourage suppliers to adhere to higher quality control standards in order to remain competitive in the market. These factors will lower transaction costs for end users and increase the likelihood that the correct type of respiratory protection is used in suggested end applications.

As the Chinese market's distribution networks continue to develop, sales of more sophisticated products are expected to grow faster than those in more saturated, low-end segments, as these products have yet to grow in availability and find their way into being used more in suggested end applications. A younger workforce and modern safety norms have also

generated an increase in end-user awareness regarding the benefits of respiratory protection, which will have a significant impact on future market growth.