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Focus on:
The Italian Dental Industry

With a population of 60.6 million and a dental market valued at €1 billion, Italy is one of the top manufacturers and exporters of dental equipment and instruments worldwide. The Italian oral health market benefits from universal health coverage and extensive prevention campaigns educating population to oral health awareness, with constant demand for new technologies and services from laboratories and practitioners. The comprehensive public health system provides universal health coverage through public taxation. Each Italian region is responsible for healthcare policies and determines the size and type of public dental services provided, included in the so called LEA ("Livelli Essenziali di Assistenza", basic assistance levels). LEA generally include prevention and diagnostic services, treatment of caries and related complications, parodontal diseases, emergencies, treatment of dental occlusion and dental bone-related problems. Italian public oral health expenditure is valued at €10 billion, 1.5% of the total health expenditure.

However, only 12.5% of patients is treated in public or semi-public facilities, 5% receive completely free dental care and 86% have to pay totally out-of-pocket for their dental treatment. Due to the economic crisis, the average annual number of dental visits has decreased and only half of Italians go to the dentist at least once a year, while one on ten has not ever seen a dentist. Southern Italy is particularly underserved.

Currently, public dental care covers dental emergencies, but excludes other services in high demand. For instance, only abouy 27% of children between 3 and 5 years has access to completely free dental care, and even less in the 6 to 10 years group (12%) and between 11 and 13 years (10%). A recent proposal advanced to the Italian government asks to shift part of the public oral healthcare services to the 20 Italian dental faculties, by privileging population groups who need more urgent treatment but cannot afford private dental care. In general, long waiting time and uneven, often insufficient quality of public care push the majority of people seek dental treatment privately, usually in one-man practices run by an autonomous dentist, which form the majority of private dental practices, followed by clinics belonging to companies or associated professionals. The dental sector comprises 54,110 dentists, of which 3,500 work for the public health system or in contracted structures, while the majority works in the 41,000 private dental practices scattered across the national territory with a prevalence in Northern regions, accounting for over 45% of the total number of practices. As a general trend, the private health sector in Italy is increasing in importance and number of structures, due to the faster service and higher quality offered as well as in consequence of the possibility to be treated under co-payment schemes allowing patients to receive care in private structures contracted by the National Health System.

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Profile of private dental practices in Italy

Small-sized dental practices: 13,308
Large-sized dental practices: 4,510
Practices specialized in prostheses: 4,816
Owners of more than one practice in a small-sized structure: 4,330
Owners of more than one practice in a large-sized structure: 928
Practices shared by the dentist with other professionals: 2,828
Dentists working for third-owned dental practices: 2,334
Practices with implantology, parodontology and oral surgery activities: 2,870
Practices specialized in orthodontics: 846
Dentists working for private health facilities: 1,094
Practices manufacturing dental prostheses and orthodontic appliances: 402
Practices contracted with the National Health System: 595
Associated practices: 566
Dentists specialized in orthodontics working for third-owned practices: 1,032

Source: Agenzia delle Entrate (Tax Agency)

The Italian dental industry employs 6,300 people, plus some thousands of agents and sales representatives. The manufacturing sector alone employs 52% of this workforce, 30% is employed in retail distribution and 18% in wholesale distribution. The sell-in market includes national and foreign manufacturers, importers and wholesalers. Distribution goes through dealers, depots and their sales network, and correspondence sales.

Italy ranks third in terms of dental market turnover, after the U.S. and Germany, enjoying a leading position in technical innovation, reliability and attractive design. Although the market has been increasing at an annual average rate of 7.3% until 2008, the Federation of European Dental Industry estimated a negative value of -5.9% for Italian dental market in 2009. In particular, dental equipment sales, including furnishing and lighting, is estimated to have decreased by -4.8% in 2009, totaling €298 million against €313.2 million in 2008. Implants market as well contracted by 4.6% registering the same 2007 value of €236 million. Consumer products accounted for €423 million, of which €342 from sales of implants. Artificial teeth registered €22 million turnover, also on a decreasing trend compared to the previous year. The market for equipment totaled €292 million, with 3,200 new dental units and 2,300 x-ray instruments installed in 2009, prevalently intraoral (60%), panoramic (17%) and 3D (8%). CAD/CAM market is still to develop, and relies mainly on direct sales from manufacturers.
According to figures released by the Italian Dental Industries Association (UNIDI), the Italian manufacturing sector covers approximately 64% of the domestic market. An insight into the turnover for each product category classified by UNIDI shows that equipment is the most important segment of Italian dental production, as dental equipment for surgeries, laboratories, radiology, fittings and sterilization account for about 60% of the total production.

The domestic market absorbs roughly half of the total production, while the other half is destined to exports, with an increasing share year on year. Exports in the period 2005-2008 were in fact growing at a faster pace (6.4%) than sales to the domestic market. About 90% of the export market is accounted for by Italian manufacturers, and once again dental equipment is the main export segment. Consumables and sterilization products show the fastest growing trend, but according to UNIDI's analysis, all categories except for alloys have a full developed business, even in those countries where the Italian dental industry has been present for many years.

As regards the import market, direct imports by the distribution channel account for a limited quota, ranging between 11% and 13% of the total, but they have been growing by 16% in the period 2005-2007. For instance, almost half of the radiographic equipment imported into Italy is distributed directly by foreign producers to national dealers. Export quota by foreign producers by-passing importers (imports by depots) in some cases also relates to direct foreign sales to end clients (especially for orthodontics and alloys). About 20% of orthodontics imported goes directly to Italian dentists, although these figures are mainly related to the year 2007.

Production values and trends, 2008

Product Category	Ex-factory value, million €	Incidence	2006-2008 trend
Radiography	38.6	6.3%	-1.3%
Hygiene and Sterilisation	51.6	8.5%	2%
Orthodontics	10.8	1.8%	4.3%
Implants	66.1	10.9%	7.6%
Pharmaceuticals	6.2	1%	11%
Equipment for Dental Technicians	38.3	6.3%	6.8%
Consumables for Dental Technicians	36,4	6%	2.4%
Consumables for Dentists	107.7	17.7%	5.5%
Precious and non-precious Alloys	32	5.3%	-2.4%
Equipment for Dentists	185.2	30.4%	2.3%
Furnishing and Lighting	35.9	5.9%	0.9%

Source: UNIDI

The wholesale distribution business grew at an average annual rate of 7% between 2005 and 2007, totaling €646 million. Of this turnover, €621 million came from distribution to the domestic market and €34 million from distribution via exports. Italian wholesalers are usually importers, while only 12% of wholesales regards products of domestic origin, and their share is decreasing. According to the Italian Tax Agency, in 2009 there were 445 wholesalers of dental equipment and products in Italy, mainly selling dental consumer products (74% of turnover) to dentists (52% of turnover) and dental laboratories (34%).

In recent years, direct sales of dental products and equipment by producers and importers to the end users, including exclusive or private labels by large dental depots, have increased more than sales through depots or catalogues (or indirect sales). This trend is mainly due to the development of implants and new technologies. Imported goods quota is over 60% and growing. As regards indirect sales, there are 290 dental depots in Italy, with €715 million turnover in 2009. 18% of sales is done through mail order catalog, while sales on the internet account for only 8% of the total. 80% of sales of Italian dental depots are dental practices, and about 20% laboratories. The main category is consumer products, accounting for 42,1%, followed by equipment and furnishing for 29% and implants for 23.5%.

Export values and trends, 2008

Product Category	Value, million €	Incidence	2006-2008 trend
Radiography	24.3	6.9%	0.5%
Hygiene and Sterilisation	40.8	11.6%	2%
Orthodontics	3.9	1.1%	6.4%
Implants	12.8	3.6%	15.2%
Pharmaceuticals	2.2	0.6%	33.6%
Equipment for Dental Technicians	21.2	6%	8.9%
Consumables for Dental Technicians	22.3	6.3%	4%
Consumables for Dentists	68.5	19.4%	8.6%
Precious and non-precious Alloys	7.6	2.1%	-8.4%
Equipment for Dentists	128.9	36.5%	4.2%
Furnishing and Lighting	20.6	5.8%	3.2%

Source: UNIDI

Import values and trends, 2007

Product Category	Value, million €	Incidence	2005-2007 trend
Radiography	27.3	7.3%	15.5%
Hygiene and Sterilisation	8.6	2.3%	6%
Orthodontics	22.7	6.1%	12.3%
Implants	91.2	24.5%	10.2%
Pharmaceuticals	4.3	1.2%	3.1%
Equip. for Dental Technicians	12.7	3.4%	-0.1%
Consumables for Dental Technicians	34.4	9.3%	4.4%
Consumables for Dentists	104.3	28.1%	9.1%
Precious and non-precious Alloys	16.3	4.4%	11.6%
Equipment for Dentists	48.9	13.1%	0.4%
Furnishing and Lighting	1	0.3%	-5.6%

Source: UNIDI

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Composition of wholesale distribution, 2005-2007

Origin of goods	2005		2006		2007	
	Million €	%	Million €	%	Million €	%
Domestic	78	86.1	73	88	74	88.6
Foreign	484	13.9	540	12	572	11.4
Total	563		614		646	

Source: UNIDI

Wholesale distribution values and trends, 2008

Product Category	Value, million €	Incidence	2005-2007 trend
Radiography	23	3.6%	8.5%
Hygiene and Sterilisation	18.8	2.9%	9.3%
Orthodontics	32.1	5%	4.4%
Implants	176.6	27.5%	14.2%
Pharmaceuticals	9.5	1.5 %	4.0%
Equipment for Dental Technicians	23.9	3.7%	-0.8%
Consumables for Dental Technicians	61.8	9.6%	4%
Consumables for Dentists	179.1	27. 9%	7%
Precious and non-precious Alloys	29.4	4.6%	5.5%
Equipment for Dentists	85.2	13.3%	1.2%
Furnishing and lighting	2.7	0.4%	0.4%

Source: UNIDI

Sell-out market values, trends and origin of goods, 2007

Product Category	Sell-out price value, million €	Incidence	2005-2007 trend	Imported goods
Services	11.3	-	14.4%	-
Radiography	65	5.7%	15.3%	70%
Hygiene and Sterilisation	36.6	3.2%	8.2%	45%
Orthodontics	51.1	4.5%	6.7%	78%
Implants	242.6	21.3%	12.9%	72%
Pharmaceuticals	17.2	1.5%	4.1%	62%
Equip. for Dental Technicians	51.1	4.5%	4.1%	46%
Consumables for Dental Technicians	102	8.9%	3%	72%
Consumables for Dentists	308.9	27.1%	7.3%	72%
Precious and non-precious Alloys	58.6	5.1%	6.7%	44%
Equipment for Dentists	180.9	15.9%	2.2%	48%
Furnishing and Lighting	25.4	2.2%	4.4%	7%

Source: UNIDI

Main dental events:

Amici di Brugg
Rimini, May 26-28, 2011
www.amicidibrugg.it

International Expodental
Rome, October 6-8, 2011
www.expodental.it

Useful contacts:

UNIDI
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ANDI – National Association of Italian Dentists
www.andi.it
AIO – Association of Italian Dentists
www.aio.it

Sources:

National Statistical Institute (www.istat.it)
OECD - Organization for Economic Cooperation and Development (www.oecd.org)
UNIDI - Italian Dental Industries Association (www.unidi.it)
SIC – Healthcare in figures (www.sanitaincifre.it)
National Tax Agency – (www.agenziaentrate.gov.it)
ANCAD – Italian Dental Trade Association (www.ancad.it)