Laboratory Purchasing Trends Study

Laboratory Products Association
Society for Laboratory Automation and Screening

Europe

January 2016

K.C.
Associates

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Laboratory Purchasing Trends Study
North America and Europe
for the
Laboratory Products Association (LPA)
Society for Laboratory Automation and Screening (SLAS)

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Situation Analysis

The Laboratory Products Association (LPA) represents manufacturers and distributors of laboratory equipment and supplies. The LPA provides economic and market information to its members. The Society for Laboratory Automation and Screening (SLAS) has participated in this project since 2009. This study collects data and customer input to give their view of what is happening in the laboratory market. With more emphasis on the global market, the study was also conducted in Europe.

Methodology

K.C. Associates conducted a Baseline Study of Purchasing Trends in 2002, 2003 and 2004 and again in 2007 through 2016. The products included in this study, as defined by LPA members, were listed in nine categories:

- Chemicals, reagents, solvents
- Glassware, plasticware
- Consumables excluding chemicals
- Laboratory equipment <$2,500
- Laboratory equipment >$2,500
- Laboratory instruments <$5,000
- Laboratory instruments >$5,000
- Laboratory furniture
- Laboratory automation

Specific segments of the market have been identified. Information for each of these overall (North American and Europe combined) segments is included in the spreadsheets. These segments include the **Types of Organizations:**

- Industry
- Hospital
- Government
- College/University
- Independent/Contract Lab

Specific **Product and Services** areas include:

- Basic Research
- Biotechnology
- Chemicals
- Clinical
- Environmental
- Pharmaceutical

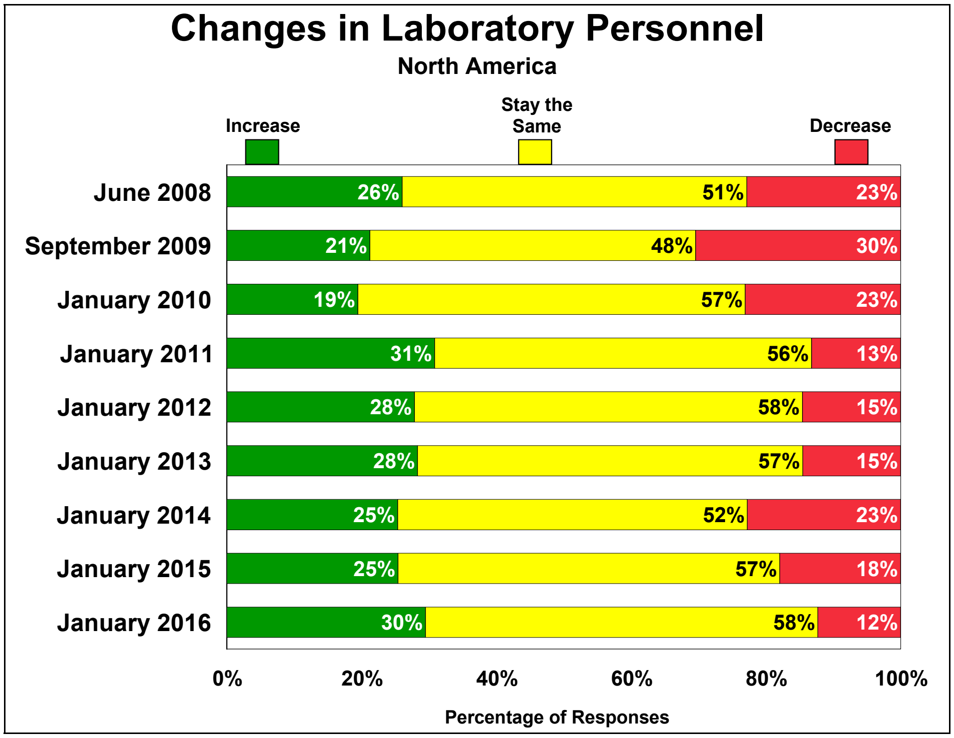
Findings

There were 963 responses overall with 751 for the US and Canada (North America) and 212 for Europe. Overall in the Baseline Trending Study for 2016 this provides a Confidence Level of 95% ± 3.1.

	Number of Responses	Confidence Level 95% ±
Overall	963	3.1
North America	751	3.6
Europe	212	6.7

The summary information is for the overall responses. The comparisons presented on the following pages represent the responses to the SAME questions from each of the surveys (2002, 2003, 2004, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015 and 2016).

If there was one phrase to characterize the respondents' view of 2016 it would be "cautiously optimistic". Respondents are looking for a slightly larger workforce with increased workload. For their purchases, there is continued growth in consumables such as chemicals, kits and solvents. There is a somewhat restrained purchase activity for non-capital items. The expensive instruments show some increases.



<u>Overall</u> Types of Organizations: The changes in personnel differ by the type of organization being represented.

One way of examining the data is to look at the **difference** between the percent of respondents indicating there will be an increase versus those respondents indicating there will be a decrease. This can indicate growth in that market segment. The "Stay the same" are not considered since they are at a static point.

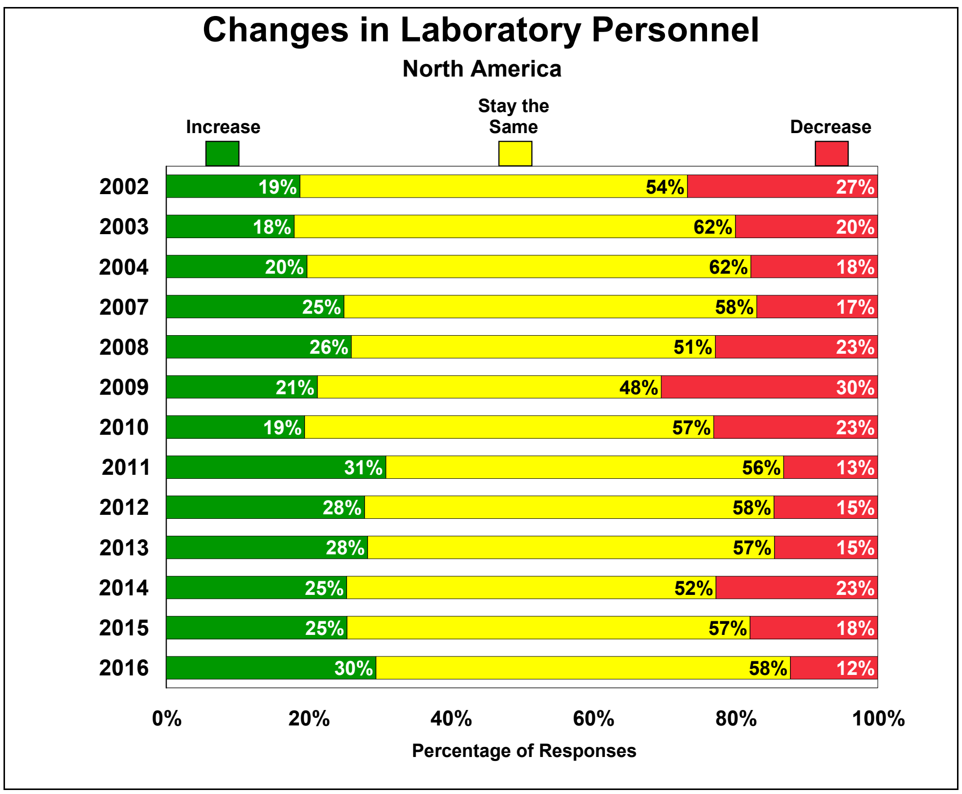
The "Independent/Contract Labs" show the largest difference which tells us that +33% of the respondents (44% increase minus 11% decrease) will see an increase in laboratory personnel. "Industry" (+24%) and "Hospitals" (+25%) also show positive growth. The "College/University" with only +7% and "Government" with +11% have the lowest growth rates.

Overall	Increase	Decrease	Difference
Industry	34%	10%	24%
Hospital	37%	12%	25%
Government	22%	11%	11%
College/University	24%	17%	7%
Independent/Contract Lab	44%	11%	33%

<u>Overall</u> Market Segments: The "Biotechnology" (+40%) and "Pharmaceutical" (+39%) segments show the strongest growth. This corresponds to the "Industry" and "Independent/Contract Lab" in the Types of Organizations listing above.

"Basic Research" (+9%) and "Environmental" (+13%) show the lowest growth. These segments are closely associated with "Government" in the Types of Organizations listing above.

Overall	Increase	Decrease	Difference
Basic Research	29%	20%	9%
Biotechnology	50%	10%	40%
Chemicals	34%	10%	24%
Clinical	36%	14%	22%
Environmental	25%	11%	13%
Pharmaceutical	47%	8%	39%



Overall Market Segments: For all of the segments if the workload stays the same it is mixed, for some the staff will increase for 12% to 22% of the respondents. If it stays the same, 8% to 20% of the respondents indicate there will be a decrease in personnel. However, 65% to 80% of the segments will keep the staff the same if the workload is the same.

Spending for Laboratory Products 2016 versus 2015 (Question 4)
Respondents were asked to indicate whether their spending in the laboratory would increase, decrease or stay the same for the nine product categories listed previously.

Note: The percentages discussed in the following section is the percentage of the RESPONDENTS, not the actual percent of increase or decrease. See the graphics and spreadsheets for the percentages of increase or decrease.

Chemicals, Reagents, Solvents
North America: The spending for 2007 and 2008, as indicated by the respondents, showed sizeable increases for "Chemicals, Reagents, and Solvents" when compared to earlier years. In 2009, there was a marked increase in the percent of respondents who said they would be decreasing their purchases of chemicals, reagents and solvents. In 2010, this stabilized.

In 2011, nearly half of the respondents indicated their spending on these products would “stay the same” with 42% indicating an increase. Only 11% said there would be a decrease. The spending in 2012 was anticipated to be slightly down with 40% showing an increase, 46% staying the same and 14% having a decrease in spending.

For 2013, there is little change with 39% showing an increase, 47% staying the same and 14% having a decrease in spending. Participants saw a little change in 2014 with 40% increasing their spending on Chemicals, Reagents and Solvents, 44% staying the same and 16% decreasing their spending on Chemicals, Reagents and Solvents.

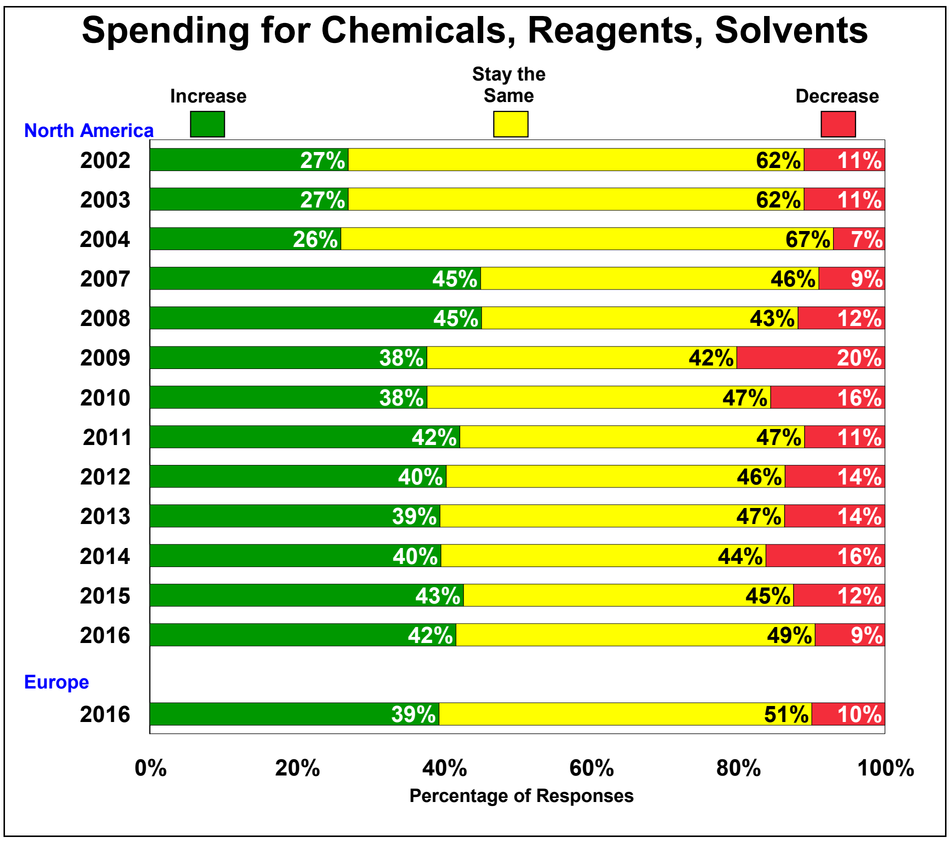
For 2015, 43% of the participants indicated their organizations would **spend more** on Chemicals, Reagents and Solvents. Additionally, 45% would spend the same as in 2014 and 12% said they would spend less. When asked why there would be more spending on these products, 61% of those indicating an increase said it was because of “Increased workload/New business/projects”.

For 2016, 42% of the participants indicated their organizations will **spend more** on Chemicals, Reagents and Solvents. An additional 49% will spend the same as in 2015 and 9% said they would spend less. When asked why there would be more spending on these products, 59% of those indicating an increase said it was because of “Increased workload/New business/projects”.

If they indicated they would spend less, it was usually because of the budget or availability of funds. For those who stated their spending would be the same as 2015 it was usually because of "No change in the Budget" or "No change in the workload".

Europe: For Europe in 2016, 39% of the participants indicated their organizations will **spend more** on Chemicals, Reagents and Solvents. An additional 51% will spend the same as in 2015 and 10% said they would spend less.

When asked why there would be more spending on these products, 65% of those indicating an increase said it was because of "Increased workload/New business/projects". The Budget/Funds is the main reason some of the participants (58%) would be spending less on these products in 2016.



Overall Types of Organizations: For Chemicals, Reagents and Solvents, "Independent/Contract Lab" is the highest with 51% of the participants indicating there would be an increase. "Industry" is the second highest with 43%. "College/University" is the lowest with 36% of the respondents showing an increase.

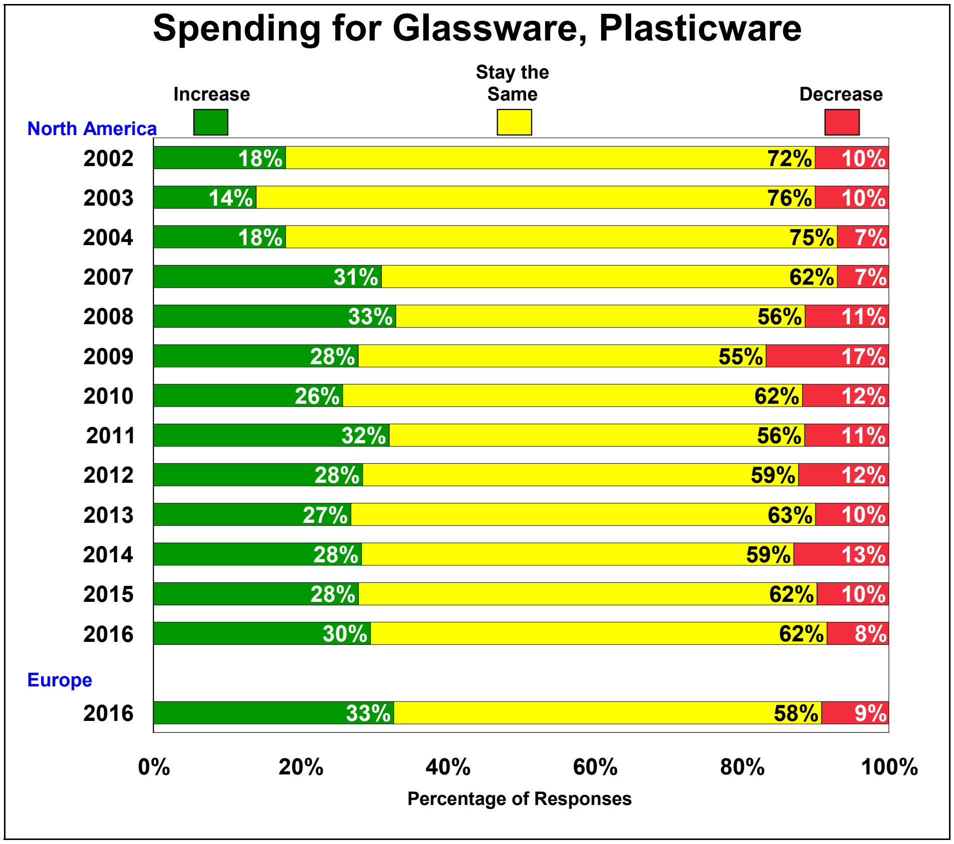
<u>Overall</u> Market Segments: For all of the market segments, purchases of Chemicals, Reagents and Solvents, all of the segments will increase from 38% to 48%. For those who stated their purchases will stay the same (39% to 47%), the main reasons are there has been no change in the budgets or the projects.

Glassware, Plasticware
<u>North America:</u> For 2012, the spending for these products was similar to 2011 with 87% of the respondents saying spending "will be the same (59%) or increase (28%)" from 2011. For 2013, 90% indicated their spending will be the same (63%) or increased (27%) from 2011.

For 2014, 87% of the respondents indicated their spending for Glassware, Plasticware would be the same (59%) or increase (28%) from 2013. For 2015, 62% stated that they would spend the same as in 2014 while 28% said they would increase spending and 10% would decrease.

For 2016, 62% of the participants indicated their purchases of Glassware, Plasticware would remain the same as in 2015. An additional 30% said these purchases would increase. Only 9% said there would be a decrease.

<u>Europe:</u> The results are very similar in Europe. For 2016, 58% of the participants indicated their purchases of Glassware, Plasticware would remain the same as in 2015. An additional 33% said these purchases would increase. Only 9% said there would be a decrease.



<u>Overall</u> Types of Organizations: The indication for spending for Glassware, Plasticware will be higher for 20% to 35% of the types of organizations. "Independent/ Contract Labs" are the highest with 35% of the participants indicating an increase. The "Government" has the highest percent of participants indicating their purchases will remain the same (73%).

<u>Overall</u> Market Segments: Nearly all of the segments indicate a similar increase in spending with between 30% to 35% indicating increased purchases of Glassware, Plasticware. "Basic Research" participants show the largest decrease (14%).

Consumables Excluding Chemicals

<u>North America:</u> The spending for Consumables Excluding Chemicals in 2011 rebounded from 2010. In 2008, 89% of the respondents said their spending would increase (39%) or stay the same (50%). This dropped to 84% in 2009 and was up to 88% in 2010 and higher in 2011 at 90%. After falling slightly in 2012 to 88% (36% increase and 52% the same) it seemed to rebound in 2013 to 90% (34% increase and 56% the same) with only 10% indicating a decrease. In 2014, 35% anticipated an increase while 53% would stay the same and 12% would decrease.