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Author:

Adam Davidson

Analyst

COVID-19 is
accelerating the future
of the ultrasound
market, not reshaping it

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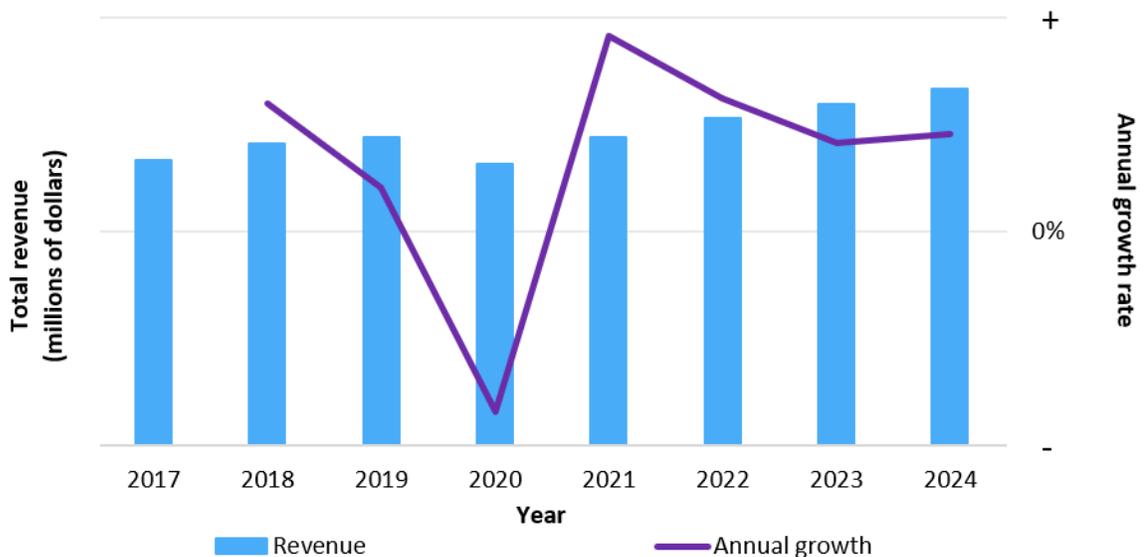
Coronavirus disease 2019 (COVID-19) has had an unimaginable impact on the world and has altered virtually every industry. The pandemic has had a complex and unprecedented effect on the ultrasound market (see [Scanning for certainty: Navigating the ultrasound market during the COVID-19 pandemic](#) for Omdia’s in-depth COVID-19 ultrasound impact analysis). Healthcare providers are using ultrasound systems, primarily designed for point-of-care (POC) applications, for the triage, monitoring, and diagnosis of COVID-19 patients. Nonetheless, ultrasound is not considered the primary diagnostic tool for COVID-19 and most government funds are being allocated to purchase other equipment such as CT, X-ray, and ventilators. Omdia expects global ultrasound revenue to contract by 8.4% year-over-year (YoY) in 2020, as the health crisis causes limited funding, postponed procedures, and delayed tenders. In 2021, the ultrasound equipment market is expected to begin its recovery with a 9.2% YoY revenue growth, driven by pent-up demand.

2019: The calm before the storm

While COVID-19 will have a drastic impact on the ultrasound market, it is essential to analyze pre-pandemic trends and data to understand the current and future state of the market. There were several key takeaways from the 2019 ultrasound equipment market that should not be overlooked. These trends help explain the impact of COVID-19 and how the market will look after the pandemic. After years of mid- to high single-digit revenue growth YoY, global ultrasound equipment revenue only grew 2.0% from 2018 to 2019. The decelerating growth rate was primarily a result of worldwide political and economic uncertainty, especially in signature ultrasound markets.

image-21

The market for ultrasound equipment: World



Source: Omdia

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The US: The leader in ultrasound and COVID-19 cases

The US remained the world's largest ultrasound revenue market in 2019, despite only experiencing minimal revenue growth. The ongoing political battle over healthcare legislation hampered the market, as the Republican Party repeatedly attempted to repeal the Affordable Care Act (ACA). The elimination of the ACA would cause millions of Americans to lose their health insurance and would significantly damage the ultrasound market. The Republicans' efforts failed, but the prospect of a dramatic legislative change left healthcare providers uneasy. The US' political instability has contributed to the US government's handling of the COVID-19 pandemic. The US has the world's largest confirmed case and death totals, its economy significantly contracted, and Omdia forecasts a double-digit YoY ultrasound revenue decline in 2020.

The US ultrasound market remained highly skewed toward advanced and dedicated cart systems in 2019, making it susceptible to a significant decline in revenue in 2020. Resources are being reallocated away from advanced and dedicated cart systems to treat COVID-19 patients and non-essential procedures are being delayed. Following the health crisis, pent-up demand for these dedicated systems will drive a high revenue growth in 2021.

In 2019, the compact market experienced a high unit shipment growth, driven by the rapidly expanding handheld and POC ultrasound markets. Butterfly Network played a pivotal role in this expansion as its much-anticipated chip-based handheld system, Butterfly iQ, had its first full year of sales in the US. The device was eagerly adopted for POC and primary care applications because of its versatility and affordability. To compete with the Butterfly iQ, GE Healthcare and Philips Healthcare reduced the prices of their handheld systems. Other medical imaging vendors also increased their presence in the market with new products. The large influx of new and low-cost handheld devices drove rapid adoption of handheld and POC systems, both in the US and worldwide. While novelty and price drove growth for the handheld and POC ultrasound markets in 2019, COVID-19 will be the primary influence in 2020. Omdia expects the US ultrasound market to return to growth in 2021 through 2024, driven by high demand for handheld and POC ultrasound systems that are demonstrating their value by helping healthcare providers address the pandemic.

Mainland China: COVID-19 adds to a difficult economic situation

Mainland China, the world's second largest revenue market, experienced a significant revenue growth slowdown in 2019 after years of double-digit revenue growth. In 2019, the economy in mainland China expanded at the slowest rate since the early 1990s, resulting in limited healthcare expenditure. The US-China trade war, a struggling commercial bank system, an ailing housing market, and the African Swine Fever—which devastated mainland China's pork industry—hindered the economy and subsequently the ultrasound market in 2019. In 2020, the Chinese government was able to control the virus relatively early in the year, allowing the economy and the ultrasound market to begin rebounding. While significant damage to the market may be avoided in 2020, the future of the mainland Chinese ultrasound market remains uncertain due to the nation's economic situation. The additional strain caused by COVID-19 only makes the task of overcoming these economic issues more difficult.

Developing markets: The pandemic will exploit vulnerabilities

The rapid revenue growth of many developing markets in 2018 was derailed by economic and political instability in 2019. Major currency devaluation and delayed tenders caused revenues in several Middle Eastern markets to decline by double-digits in 2019, after growing by double-digits the year prior. The

struggling economies and weak infrastructures of these sub-regions will be exploited by COVID-19, resulting in severe ultrasound revenue contractions in 2020, followed by difficulty to fully recover for several years.

In 2019, Indian ultrasound revenue growth decelerated, and Brazilian ultrasound revenue contracted, as the nations faced political challenges. Like other developing markets, COVID-19 will cause major market contraction for the Indian and Brazilian ultrasound markets. However, Omdia expects strong revenue growth to return to these markets following the health crisis. In recent years, both governments have appeared poised to improve access to healthcare for their large populations, a task that would generate sizeable demand for ultrasound systems.

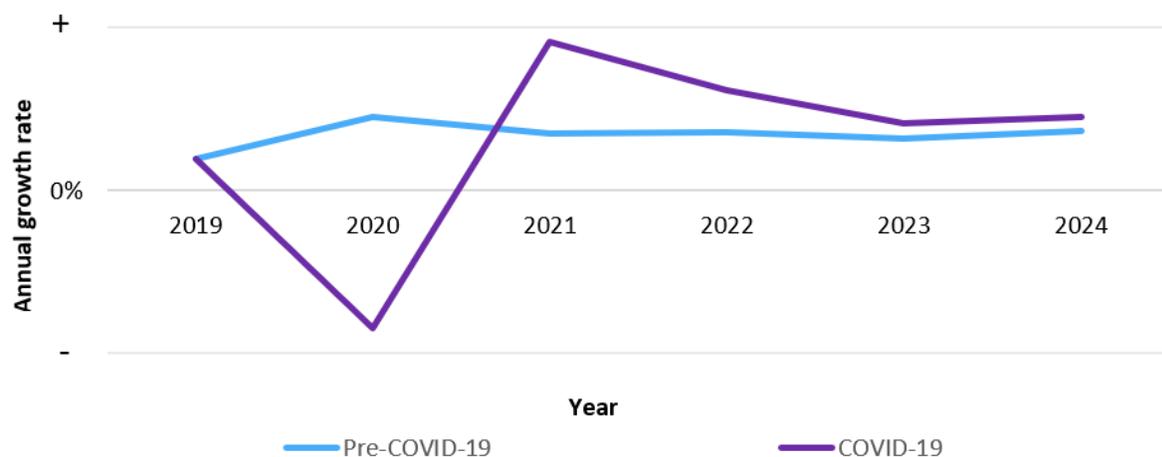
Mature markets: COVID-19 will intensify challenges

Political and economic uncertainty generally hinders revenue growth, but in 2019 several key markets benefitted from uncertainty. Ultrasound revenue spiked in the UK and Irish market in 2019 as healthcare practitioners rushed to purchase equipment prior to the decision on Brexit in January 2020. Similarly, the Japanese ultrasound market experienced an uncharacteristically high revenue growth, driven by the anticipation of the consumption tax hike in October 2019. Under normal circumstances, these surges in demand would result in a market contraction following the anticipated deadline. The unprecedented situation caused by COVID-19 will intensify revenue declines in 2020 and generate market volatility in the following years.

In 2019, healthcare providers in most mature markets of Western Europe faced uncertainty surrounding budgets as costs were extremely constrained. Price erosion was accelerated by hospital consolidation and competitive equipment tenders. The imminent threat of COVID-19 will free up budgets for efforts to address the virus. Such spending will bleed into future budgets for healthcare equipment following the pandemic, resulting in even more intense cost-containment policies. Nonetheless, like the US, handheld and POC ultrasound will drive most growth in Western Europe during the next few years following the health crisis.

image-33

The impact of COVID-19 on the global ultrasound market



Source: Omdia
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***The post-pandemic ultrasound market: Trends will be rooted in the past***

COVID-19 has accelerated many trends that were already evident in the ultrasound market. The pandemic will intensify the impact of political and economic challenges, but also the emergence and acceleration of ultrasound technology. Handheld and POC ultrasound systems are expected to become more prominent as they are demonstrating their immense value by helping to address the pandemic. Additionally, artificial intelligence vendors are developing solutions to help healthcare providers meet the demands of the health crisis. These solutions will likely enhance ultrasound long after the pandemic. While on the surface COVID-19 appears to have completely altered the landscape of the ultrasound market, most of the expected outcomes will be rooted in trends that defined 2019.

Omdia will continue to follow the developments of COVID-19 and other major trends in the ultrasound market as part of the [Ultrasound Intelligence Service](#).

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CONTACT US

omdia.com

askananalyst@omdia.com