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Contract Research Organization Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 115 pages | Mordor Intelligence

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Report description:

The contract research organization market was valued at USD 44,049.76 million in 2021. It is expected to witness a revenue of USD 66,106.81 million in 2027, with a CAGR of 7.0% over the forecast period.

The impact of the COVID-19 pandemic on the contract research organization market has been significant due to the ongoing clinical trials to develop effective therapeutics and vaccines against the SARS-CoV2 virus. For instance, in January 2021, ICON PLC announced a collaboration with Pfizer Inc. and BioNTech to provide clinical trial services for the development of Pfizer and BioNTech's investigational COVID-19 vaccine program. As a part of this program, ICON worked in more than 153 sites in Europe, South Africa, the United States, and Latin America for the recruitment of 44,000 participants for the clinical trial studies. It also provided site training, document management, and operational support for patient informed consent form review. ICON also coordinated eConsent in most countries and assisted with clinical supply management services. In July 2020, IQVIA and AstraZeneca collaborated to aid in developing AstraZeneca's COVID-19 vaccine as a part of the US government's Operation Warp Speed Project, focused on the development, manufacturing, and distribution of COVID-19 vaccines, therapeutics, and diagnostics. Thus, due to the increased focus on vaccine development against COVID-19, there has been an increase in clinical trials, which is expected to boost the contract research organization market during the forecast period.

Contract research organizations support the pharmaceutical, biotechnology, and medical device industries. The market growth can be attributed to the growing R&D expenditure, increased outsourcing of R&D activities, and a rising number of clinical trials. Efficiency is considered the most crucial factor in light of the financial burden faced by pharmaceutical companies from all directions. Patent expiries leading to generic rivalry and stringent demands from regulators continue to impact the bottom lines of pharmaceutical companies.

According to the Pharmaceutical Research and Manufacturers of America (PhRMA), the PhRMA members had invested nearly USD 83 billion in R&D activities in 2019. Furthermore, more than 260 vaccines are in the pipeline by the biopharmaceutical companies for various diseases, including COVID-19, as per PhRMA, 2020. As per the article published by UK Parliament, 2021, the total expenditure on R&D was EUR 37.1 billion, which accounted for EUR 558 per head, or the equivalent of 1.7% of GDP in 2018 in the United Kingdom. Hence, with strong investments in R&D activities with a pipeline of therapeutics under development, the outsourcing services are expected to witness growth, leading to the growth of the contract research organization market during the forecast period.

The increasing number of services offered by CROs and the rising trend of collaborations are also driving the market's growth. For instance, in October 2020, PPD Inc. announced its expansion by opening a new multipurpose clinical research laboratory in Suzhou, China, to offer bioanalytical, biomarker, and vaccine services for clinical trials across all phases of pharmaceutical development. Thus, due to these factors, the market is expected to register significant growth over the forecast period.

Contract Research Organization Market Trends

The Early-phase Development Services Segment is Poised to Witness Robust Growth During the Forecast Period

With a growing number of patents expiring, the competition from generic counterparts of drugs is increasing, and drug makers are under pressure to replace the revenue loss due to generics. R&D costs are increasing due to the complexity of drug molecules and more stringent regulatory requirements. Drug discovery and development processes are becoming increasingly complex. Pharmaceutical firms are outsourcing early drug development processes to counter this complexity and streamline operations. Additionally, leading CROs have developed significant expertise in the field of early-phase development, and CROs are leveraging this expertise to offer highly efficient and accurate early-phase development services. CROs are also allowing small- and mid-size firms to enter the complex drug development process without significant investment in capital equipment. Due to these reasons, the early-phase development services segment is poised to register robust growth.

Additionally, as per clinical trials.gov, as of March 2020, nearly 1,058 clinical trials were being conducted globally in the early phase development stage in oncology. In November 2020, Parexel International also entered a strategic partnership with Parexel's Early Phase Clinical Unit (EPCU) in Berlin, Germany, and Clinical Trial Center (CTC) North, a full-service CRO located at the University Medical Center Hamburg-Eppendorf (UKE), to meet the increasing demand for the early phase clinical trials during the COVID-19 pandemic. Thus, such factors are expected to boost the early-phase development services segment over the forecast period.

North America Captured the Largest Market Share and is Expected to Retain its Dominance During the Forecast Period

Pricing pressure due to the changing reimbursement scenario and generic competition is causing major pharmaceutical firms to outsource R&D and clinical trials, which is supplementing the growth of CRO services in North America. The increasing R&D investment by pharmaceutical companies in developing novel therapeutics is driving the market's growth in the region. In October 2020, the FDA awarded six new grants worth USD 16 million for four years to fund the clinical trials by academia and industry players through the Orphan Products Grants Program. This program aims to advance the development of therapeutics in the treatment of rare diseases.

Additionally, as per the US Research and Development Funding and Performance: Fact Sheet, 2020, the R&D expenditures in the United States in 2018 were estimated at USD 580 billion, of which USD 96.5 billion was invested on basic research, USD 115.0 billion on applied research, and USD 368.5 billion was employed in the development sector. The presence of key players in the region and strategic collaborations by these companies are driving the market's growth. For instance, in February 2021, Parexel International partnered with Neogenomics to enable the application of Neogenomics' real-world genomics data in oncology clinical trials, thereby leading to increased efficiency in patient matching and optimizing trial design, site selection, clinical development, and translational research. Thus, the high R&D investment and initiatives by key players in the expansion of the product portfolio are expected to boost the development of new drugs, thus increasing the demand for outsourcing services for clinical trials and drug development. Thus, these factors are expected to boost the growth of the contract research organization market in North America.

Contract Research Organization Market Competitor Analysis

The contract research organization market is highly competitive and consists of many players. However, few large players control a major share of the market globally. The remaining market share is heavily fragmented, with the presence of several local and niche players. Companies like IQVIA, ICON PLC, Charles River Laboratories, Envigo, and PPD Inc. lead the contract research organization market. The major players in the market accumulated a huge amount of data, which is being employed to attain a competitive edge in the market. Additionally, the key players are involved in strategic alliances to secure a position in the market. For instance, in September 2020, PPD Inc. collaborated with LUPUS Therapeutics with a strategy to expand and enhance lupus clinical research for PPD's pharmaceutical and biotech customers.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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