

Shanghai surprise



For those tempted to make the trip east to source relatively inexpensive lenses or frames direct from manufacturers, it is difficult to know which of the four major shows to choose from. **Mark Mackenzie** reports from Shanghai

Until two years ago anyone interested in frame or lens purchasing asking which Asian exhibition would suit them best would probably be advised to go for the Hong Kong Optical Fair, held every November.

Preceding Hong Kong in the year are IOFT in Japan (October), the China Beijing Optical Trade Fair (September) and the China Shanghai Optical Trade Fair (February). Times are changing and the Shanghai and Beijing Optical Trade Fairs have grown in importance. The 5th Optics Fair in Shanghai, held on February 24-27, showed the high strategic priority which China occupies in the world vision care market.

In 2004 the optical industry in China achieved an export value of \$915m. This corresponds to an 18 per cent increase over the previous year. Against this stands an import of optical goods of just \$111m.

However, this represents an increase of more than 35 per cent.

With an exhibition area of 35,000sq m, the trade fair in the Shanghai Everbright Convention & Exhibition Centre is not only about 12 per cent larger than last year, but also larger than the 2004 fair in Beijing with 28,000sq m.

Although the number of exhibitors is still smaller than its sister show (650 versus 700), it rose this year by more than 20 per cent. According to the organisers, exhibitors came from Denmark, France, Austria, Germany, Israel, Italy, Luxembourg, Spain, Switzerland and England, as well as the US. From Asia the following countries were also present: Hong Kong, Japan, Korea, Taiwan, Thailand and Singapore. Altogether, over 200 exhibitors came from a foreign country.

An estimated 40,000 visitors attended this year's fair. As the counting method has probably been adapted to the method used in Europe, one has to take into account in this number, visitors who came more than once.

BRAND INTELLIGENCE

The offers of frames are difficult to oversee. Beside cheap models, which are partly shown as additional offers, many brand names were exhibited. The designs of the stands showed that the Chinese clearly understand how to market brands. Product presentations were accompanied by fashion shows and

by very loud music.

The copying of individual models and/or designer labels and/or slight amending of brand names could not be completely prevented. This in spite of much firmer controls which the Chinese government has implemented. So, for example, you could find an exhibitor with a very exclusive stand offering glasses under the brand name Jaguar which had nothing to do with Menrad.

The number of lens exhibitors showed clearly how broad the range of ophthalmic lenses on offer was. However, for the first time, we gauged that price levels for CR39 are no longer in decline.

Chinese employees are being exposed to a high level of information on the internet and through satellite television which will probably lead in the near future to higher wage demands. On the other side, the weak US dollar rate and rising raw material prices have influenced manufacturing margins.

In the opinion of Strategy With Vision (SWV) the declining margins have been partly compensated by lower quality. As regards pricing there were some rumours that lenses and frames would, in future, be priced in euros. However, a strong statement made by Guo Shuging, the director of the State Administration of Foreign Exchange and a vice-chairman of the central bank, ruling out any large-scale appreciation of the Chinese Yuan against the dollar seems to make this possibility less likely in the short term.



ASIAN EXHIBITION DATES

China International Optics Fair (Beijing)
September 21-23 2005
www.chinaoptics.com

International Optics Fair Tokyo
October 12-14 2005
www.ioft.jp

Hong Kong Optical Fair
November 2-4 2005
www.hkopticalfair.com

China International Optics Fair (Shanghai) February 22-24 2006
www.chinaoptics.com

FOCUS ON LENSES

Ophthalmic lenses exhibited ranged from simple ready readers which were offered in huge quantities with photo-copied price lists (within the US cent range) up to high-quality prescription lenses from international suppliers.

Rodenstock made a big appearance at the fair with the slogan '2005 Rodenstock develop whole range of products to China'. The advertising films shown at the Rodenstock stand were only in English language. Here it should be noticed that foreign languages are not yet common with Chinese opticians. Essilor, however, has already linguistically adjusted itself to the market, as has Sola.

Essilor's focus was, beside the Essilor lenses, optical workshop tools. Sola offered its complete product range up to the Sola One. American Optical was only to be found as a by-product on the two last pages of the product brochure. A connection to Zeiss was not seen.

It was interesting for a developing

market such as China that the 'IQ Solutions by Sola' concept occupied a large part of the stand's space. How many Chinese opticians will measure the visual habits of their customers remains questionable, but as a marketing effect it was a very good idea.

One of the largest Chinese manufacturers of lenses, Wanxin, presented for the first time its laboratory prescription lens offer at the show.

Due to the small national demand one should assume that a majority of the capacity of the prescription lenses is intended for export. SWV estimates total sales of bifocal and progressive ophthalmic lenses in China in 2003 to be 1.6 million lenses. This will surely accelerate the trend to prescription lenses being 'made in Asia'.

Companies such as Nika Optics have been selling prescription lenses in Germany and achieving the tight delivery deadlines expected. One should take notice of this development since it could lead to a downward movement in

prescription glass prices in Europe.

The sales volume of ophthalmic lenses is still achieved with lenses in 1.5 and 1.6 indexes. For lenses in higher indexes the suitable monomer is missing. Therefore lenses in 1.6 index are offered with hard coating and antireflection for approximately US\$4 per pair, however not in MR8. Such a product will probably not be sold in Europe – you can see the yellow tint when you lay the lenses on a white sheet of paper.

SALES POTENTIAL

Not only is China a market for inexpensive export products but also a potential sales market for foreign companies. For example, Optic Europe from The Netherlands had, for the first time, a stand at the Shanghai fair where it exhibited optical equipment. Great interest was generated by its tracer. In China the tracer will probably not be used by the optician to send lens data by modem, but by the quality control department of the numerous frame manufacturers who have had problems maintaining tolerances.

Apart from the frames and lenses on display, a number of exhibitors showed high-quality cases for spectacles.

For buyers of commercial articles in optics such as tools and cleaning cloths this trade fair was an ideal opportunity to extend their own range of products.

For small practice chains wanting to do business direct with Chinese manufacturers or British distributors looking for new product lines to stock, the Shanghai show offers an opportunity to do business with a growing number of exhibitors.

With direct flights if you book ahead available for less than £500, a trip to Shanghai could be just the ticket.

♦ *Mark Mackenzie was formerly international business development director for Carl Zeiss and European regional director for Sola. He is now a market analyst with Strategy With Vision, which carries out market research and data investigation*

